



To: Chair and Members of the
Corporate Governance Committee

Date: 10 December 2013

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Dear Councillor

I refer to this agenda for the meeting of the **CORPORATE GOVERNANCE COMMITTEE** to be held at **9.30 am** on **WEDNESDAY, 18 DECEMBER 2013** in **CONFERENCE ROOM 1A, COUNTY HALL, RUTHIN** and enclose the following Appendix to the Budget report.

**Agenda Item
No 6**

6 DRAFT BUDGET UPDATE (Pages 3 - 8)

To consider a report by the Head Finance and Assets (copy enclosed) which provides the third update with regard to the process of setting the Council's budget for 2014/15.

Yours sincerely

G Williams
Head of Legal and Democratic Services

MEMBERSHIP

Councillors

Brian Blakeley
Stuart Davies
Peter Duffy
Martyn Holland

Gwyneth Kensler
Jason McLellan
Paul Whitham

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Report To: Corporate Governance Committee

Date of Meeting: 18th December 2013

Lead Officer: Head of Finance & Assets

Report Author: Chief Accountant

Title: Budget 2014/15 - Update

1. What is the report about?

The report provides the third update with regard to the process of setting the council's budget for 2014/15.

2. What is the reason for making this report?

The Corporate Governance Committee has an oversight role with regard to the budget process.

3. What are the Recommendations?

That the Committee note the progress made to date and consider the proposed next steps.

4. Report details

Analysis of the Draft Local Government Settlement and the consequences for the council indicated that savings of approximately £8.5m would be required.

The budget process has so far resulted in savings of £1.7m for 2014/15 being approved by County Council in September (Phase 1) and £4.7m (Phase 2) on 3rd December.

The savings included in Phase 2 were presented to a member workshop on 21st October and each proposal was presented by lead cabinet members, providing details of the saving, the impact and an assessment of risk. Following the workshop, elected members were invited by the Lead Member for Finance & Assets and the Head of Finance & Assets to comment on any of the proposals prior to the council meeting in December. Responses were received in respect of savings proposed in the school music service (£52k) and a review of the work opportunity service for adults with a learning disability (£50k). The Head of School Improvement presented more detail in support of the music service saving as an appendix to the council report and a task and finish group involving elected members has been established to oversee the review of work opportunities.

The budget process so far has identified savings of £6.459m, leaving a gap of approximately £2.0m to find. This will be the focus of the next member

workshop to be held on December 9th. Feedback from this session will be presented to the Corporate Governance Committee as an appendix to follow this report.

In response to a request raised by this Committee, in order to allow elected members time to analyse papers to be presented at the budget workshop, all papers will be sent to members before the 6th December.

Final budget proposals and the level of Council Tax for 2014/15 will have to be agreed by County Council in February 2014.

5. How does the decision contribute to the Corporate Priorities?

The budget underpins the delivery of all priorities and council services.

6. What will it cost and how will it affect other services?

The saving target for 2014/15 is £8.5m. Savings of £6.5m have been identified leaving a gap of £2.0m to find.

7. What consultations have been carried out?

Savings agreed so far have been discussed with Heads of Service and Lead Members, presented to member budget workshops and have been circulated to staff. Members were invited to comment on all proposals before approval at County Council. The next set proposals will be discussed with members on 9th December.

8. Chief Finance Officer Statement

The council faces significant financial challenges over the coming years. The budget process has so far identified 76% of the savings required to deliver the budget for 14/15. Proposals to cover the remaining gap will be discussed with members on 9th December.

9. What risks are there and is there anything we can do to reduce them?

The service and financial impact of all proposals must be properly considered as part of the budget setting process.

The budget process and medium term financial plan assumptions are risks identified both in the corporate and departmental risk registers. The corporate risk register and mitigating actions is regularly reviewed by CET.

Appendix 1

Corporate Governance Committee

18th December 2013

Budget Update

Introduction

The notes below provide the latest update since the covering report was submitted for publication.

Final Local Government Settlement

The Final Settlement was published on 11th December and was largely unchanged from the Draft settlement. The most notable change was the transfer of a specific grant called the Council Tax Reduction Scheme Pensioner Grant to the Revenue Support Grant. It therefore now forms part of the council's base budget.

Third Budget Workshop

The third budget workshop for elected members was held on Monday 9th December. The event was attended by 31 members. The papers presented at the workshop were circulated in advance to all members and have been published on modern.gov (as a Council Briefing session) and are therefore available to all members to access.

The key theme was to present details and options to be considered to bridge the £2m budget gap for 2014/15.

The key information presented included:

- An update of the in-year position of social care and education budgets
- Analysis of school funding
- Options to increase school budgets
- Review of balances and reserves
- Corporate Plan update
- Council Tax options
- Additional Savings Proposals
- Recommendation

The additional saving proposals for 2014/15 relate to bringing forward savings previously identified for 2015/16 and total £395k. Of this, £95k relates to bringing forward restructures in Business Planning & Performance and £300k is the proposed removal of the budgeted contribution to balances one year earlier than originally planned. The recommendation included a proposal to use a general balances as part of the budget in 2014/15.

At the event, members were encouraged to raise any issues about the proposals with the Lead Member (Finance & Assets) or the Head of Finance & Assets prior to formal proposals being taken to County Council for approval. The Lead Member has subsequently written to all elected members, reiterating the offer to raise as individuals or in political groups, any questions or areas requiring further information.

Next Steps

Members have several weeks to raise any issues about the recommendation proposed to balance the 2014/15 budget. The final budget proposals will be presented to County Council on 27th January 2014. This will include a range of options and a recommendation for the level of Council Tax increase for 2014/15. To satisfy legal requirements, a detailed report on Council Tax levels has to be subsequently approved by County Council in February.

At the recent budget workshop, some views were expressed informally about what the level of Council Tax increase should be. It was apparent from the workshop that the Council Tax level is likely to be the key debate in the final phase of approving the 2014/15 budget as there was general acceptance of the other items recommended (granted of course that the workshop is an informal setting and no formal decisions were made). As noted above, the intention is to provide a range of Council Tax options and the financial implications of each one to County Council in January. The Lead Member and Head of Finance & Assets are keen to engage with members as much as possible before the full council meets. Therefore, in terms of the process, the views of the Corporate Governance Committee would be welcomed as to ways of encouraging engagement and debate with individual members or groups before the report is presented to County Council in January.

Planning for 2015/16 has already commenced and will escalate once the 2014/15 budget has been approved.