

Report To: Cabinet

Date of Meeting: 29th April 2014

Lead Member / Officer: Councillor Julian Thompson-Hill /Paul McGrady

Report Author: Richard Weigh, Chief Accountant

Title: Finance Report

1. What is the report about?

The report gives details of the council's revenue budget and savings as agreed for 2013/14. The report also provides a summary update of the Capital Plan as well as the Housing Revenue Account and Housing Capital Plan.

2. What is the reason for making this report?

The purpose of the report is to provide an update on the council's current financial position.

3. What are the Recommendations?

Members note the progress against the agreed budget strategy.

4. Report details

The report provides a summary of the council's revenue budget for 2013/14 (**Appendix 1**). The council's net budget is £192m. At the end of March, there is a forecast under spend on service and corporate budgets of £1.578m (£1.412k last month) which represents a variance of 1.24%.

Appendix 2 to the report shows the progress to date against the savings highlighted in the Medium Term Financial Plan for 2013/14. A savings target of £3.061m was agreed for the year and 94% have been achieved totalling £2.862m.

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

Effective management of the council's revenue and capital budgets and delivery of the agreed budget strategy underpins activity in all areas, including corporate priorities.

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

Narrative supporting service forecasts where necessary is detailed below:

Business Improvement and Modernisation – The under spend has increased by £12k, due to a delay in the progress of the digitisation project,

and is now showing an under spend of £99k. It is recommended that this further under spend is used to fund the digitisation project in 2014/15 which forms part of the overall modernisation agenda.

Legal & Democratic Services - The movement of £50k relates to legal fees received in respect of the West Rhyl Housing Improvement Project.

Highways & Environment Services – the under spend remains as forecast last month. The level of the projections still involve a number of assumptions which will continue to be assessed over the coming weeks and reported on in final outturn report. The outturn assumes resources are drawn from the Winter Maintenance Reserve in respect of the costs incurred during April 2013 following the heavy snow at the end of March.

Planning & Public Protection – the movement from last month relates to planning fees received in advance being taken to a planning fees reserve as agreed by cabinet in March.

Adults & Business Services – the under spend has increased by £74k from last month. Part of the movement relates to grant for 2013/14 being awarded after the end of the financial year. The main reasons for the service under spend are the impact of savings made against the 2014/15 budget being realised early and Charging Policy income exceeding the budgeted amount. Part of the under spend (£31k) is required in 2014/15 to fund termination costs related to grant funded posts. The service proposal is for the remainder to be used to fund two spend to save projects – one aimed at developing a team of vocationally trained workers to reduce the workload of professionally trained staff and a second to develop a team to help reassess care packages.

Children's Services - the forecast under spend is now £574k (£549K reported last month). The additional savings are as a result of the delay in the completion of the fostering/adoption marketing campaign which is now rolling forward into 14/15 and late notification of additional grant funding. Approximately £96k of the under spend is needed to fund ICT modernisation equipment (hand held devices, etc) that has been ordered but will not be received until the summer.

The service is also considering invest to save proposals that could facilitate improvements to some foster carers' accommodation that would potentially reduce the numbers of foster placements purchased from independent providers. The proposal is still being developed but a £250k investment could create five additional places. The average saving per place could be approximately £37k per place, per year.

Communications, Marketing & Leisure – The two main reasons for the improvement of £46k are additional grant funding being awarded to the Family Information Service and Flying Start Childcare initiatives, plus increased membership at leisure facilities. The service proposals are that the under spend is carried forward to fund works to improve the foyer at Rhyl Pavilion Theatre, improvements to the changing facilities at Ruthin Leisure Centre and

the purchase of a marquee (approximately £20k) which will save money on annual hire costs.

Strategic HR – the under spend has reduced as the service has repaid prudential borrowing early to create a revenue saving next year.

ICT and Business Transformation – The service is now showing an under spend of £174k. The slight increase is related to delays in the delivery of committed expenditure on the Server Room power distribution unit (£12k) and the Load Balancers relating to the service provided to schools (14k). It is recommended that these amounts are carried forward to fund this committed expenditure in 2014/15. As previously reported, the remainder of the under spend relates to the implementation of the ICT Strategy which is committed expenditure in 2014/15.

School Improvement & Inclusion – The service is now showing an under spend of £71k. The service requests that £14k of this under spend is used to help manage the reduction of grant funding in 2014/15. The service has previously requested that £45k of the under spend is carried forward in order to help fund costs relating to restructures that support efficiencies in 2014/15.

Schools - at the end of March the projection for school balances is £3.405m, which is a positive movement of £535k on the balances brought forward from 2012/13 (£2.870m). The council supports two schools in financial difficulty and will continue this support through the recovery process into 2014/15. The Non-delegated budget is currently projected to under spend by £99k.

Corporate budgets – the movement relates to the council's proportion of liabilities associated with the winding up of the regional CCTV project (£28k). The total estimated write-offs in the year for NNDR are expected to be £520k (£252k last year) and £182k for Council Tax (£228k last year).

Corporate Plan cash reserves are forecast to be £14.7m by the end of the year, leaving a cash requirement of approximately £5.5m required to deliver the Plan.

Treasury Management - At the end of March, the council's borrowing totalled £141.648m at an average rate of 5.63%. Investment balances were £32.5m at an average rate of 0.66%.

The **Housing Revenue Account (HRA)**. The latest revenue position assumes an increase in balances at year end of £170k, which is an improvement of £272k on the budgeted assumption. The Housing Capital Plan forecast is £7.1m (£8.1m budget). The capital programme under spend includes savings made from contract tendering and a high number of 'refusals' on this year's improvement programme works. The Welsh Housing Quality Standard will be achieved in April 2014. Debt write-offs for the HRA are estimated to be £67k in the current year (£9k last year) which is in line with the forecast in the budget.

A summary of the **Capital Plan** is enclosed as **Appendix 3**. The approved general capital plan is £36.4m and expenditure to the end of March was £32.8m. Accruals will bring the final total in line with the planned amount of £36.4m. Also included within Appendix 3 is the proposed expenditure of £6.6m on the **Corporate Plan**.

Appendix 4 provides an update on the major projects included in the Capital Plan.

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision?

A summary EqIA was submitted to Council in February 2013.

8. What consultations have been carried out with Scrutiny and others?

Service challenges were held with each head of service and each challenge included representatives from scrutiny committee and Cabinet. Corporate Plan and Budget workshops were held with members in September, November and December. The capital plan was approved by council following scrutiny by the Strategic Investment Group and recommendation by cabinet.

9. Chief Finance Officer Statement

It is important that services continue to manage budgets prudently and that any in-year surpluses are considered in the context of the medium-term financial position, particularly given the scale of budget reductions required over the coming two years.

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

This is the most challenging financial period the council has faced and failure to deliver the agreed budget strategy will put further pressure on services in the current and future financial years. Effective budget monitoring and control will help ensure that the financial strategy is achieved.

11. Power to make the Decision

Local authorities are required under Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of their financial affairs.