

Report To: Cabinet

Date of Meeting: 24th June 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 2014/15. 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 and confirm the agreed service budgets for 2014/15.

3. What are the Recommendations?

Members note the budgets set for 2014/15 and progress against the agreed budget strategy.

4. Report details

The report provides a summary of the council's revenue budget for 2014/15 detailed in (**Appendix 1**). The council's net revenue budget is £188m (£192m in 13/14). At this stage of the year there are no variances to report.

Appendix 2 to the report shows the savings agreed for the year. All are assumed to be deliverable but will be continually assessed throughout the year.

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?

At this stage there are no variances to report. The final 2013/14 position is being reported to cabinet today and will be taken to the next full council for final approval of the treatment of balances and reserves. The total net service and corporate budget is £124m (£128m last year).

While there are no variances to report, risks were reported within the Environment and Highways Service last month, particularly around school transport and car parking income. These risks are still apparent but actions are being taken to try to contain the pressures within the service budget.

Corporate Plan cash reserves at the beginning of 2014/15 will be £14.4m assuming all of the recommended transfers are made. Allowing for projected funding and expenditure during the year, the Corporate Plan balance at the end of the year is estimated to be £15.6m. The Plan is progressing and will be reviewed in more detail to take account of the final year-end position and latest assumptions around project costs and spend profile, capital receipts, cash and prudential borrowing.

Housing Revenue Account (HRA). The latest revenue position assumes an increase in balances at year end of £96k compared to a budgeted increase of £163k. Elements of housing management costs are estimated to be higher than the budgeted amount. The revenue budget assumes £943k will be used to fund capital expenditure. The Housing Capital Plan forecast expenditure is £6.1m. Formal consultation on the ending of the Housing Subsidy system in Wales has recently been issued and the council is developing its responses. Elected members will be involved in the consultation.

Treasury Management - At the end of May, the council's borrowing totalled £141.643m at an average rate of 5.63%. Investment balances were £33.3m at an average rate of 0.60%.

A summary of the council's **Capital Plan** is enclosed as **Appendix 3**. The approved general capital plan is £27.4m with expenditure to date of £1.5m. Also included within Appendix 3 is the proposed expenditure of £15.7m 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 to support the savings in this year's budget.

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

Prior to approval by County Council, the savings were agreed with Heads of Service and Lead Members, presented to member budget workshops and circulated to staff. The proposals to balance the budget were discussed in detail at member workshops and members were given the opportunity to raise issues prior to the final report going to Council. The Corporate Governance Committee was provided with regular updates as it has an oversight role in respect of the budget process.

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 or three 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.