

Report To: Cabinet

Date of Meeting: 24th November 2015

**Lead Member / Officer: Councillor Julian Thompson-Hill / Richard Weigh,
Chief Finance Officer**

Report Author: Steve Gadd, Chief Accountant

Title: Corporate Plan - Financial Update

1. What is the report about?

The report provides an updated financial position on the Corporate Plan as requested by Cabinet Members.

2. What is the reason for making this report?

The purpose of the report is to provide an update on the financial elements of the Corporate Plan.

3. What are the Recommendations?

Members confirm the assumptions noted within the Plan.

4. Report details

When the Corporate Plan was launched in 2012, it set out an ambitious programme of capital investment in schools, roads, social care and modernisation that underpinned the priorities the council set for the current administrative term. The ambition within the Plan was set against the financial reality of delivering significant investment in priorities at the same time as reducing expenditure in other areas.

The delivery of the Plan is reliant on the council securing revenue budget to fund borrowing and identifying and maintaining cash reserves. It also relies upon government grant to help deliver the 21st Century Schools programme and in previous financial years, government grant has also supported the funding of additional investment highways. However, in 2012, although a funding plan was identified, it was not certain that the costs identified and levels of resource to fund them could actually be secured.

Since 2012, as the Plan has developed, the funding underpinning it has moved from an aspirational forecast to a robust, affordable strategy. To make the Plan affordable, some revisions have been necessary alongside changes in planning assumptions. Such changes are inevitable in long-term financial planning.

In February 2015, as part of the proposals to set the budget for 2015/16, a decision was taken to prioritise the delivery of the Corporate Plan in future budget rounds. The key changes to the original Plan was the removal of the Office Accommodation project and a reduced estimated cost of the 21st Century Schools programme. In the report that went to Cabinet in June this year it was also agreed to increase Highways expenditure by £3.2m to £18.4m through the additional allocation of £800k per year which was possible due to lower borrowing costs than had been included in the original Corporate Plan.

As was reported in the June Cabinet report the key assumption in the Plan at that point was that funding of the faith school project under the 21st Century Schools programme was based on the council funding 15% of the total estimated cost of £23m. At that point Welsh Government had not confirmed that the remainder of the funding would be made available. After negotiations with Welsh Government a revised Strategic Outline Programme was submitted in June 2015 which allows the full Modernising Education Programme included in the Corporate Plan to be delivered. This Programme involved the inclusion of the four Corporate Plan Projects (the Rhuthun Town school, Ysgol Carreg Emlyn, Llanfair / Pentrecelyn Areas and Ysgol Pendref in Denbigh) into the wider 21st Century Schools Programme and funding all schemes at 50%. Latest indications are that this is acceptable to Welsh Government although formal written approval is still awaited.

A copy of the latest version of the Plan, based on the assumption that the revised 21st Century Schools Programme is formally approved, is shown as Appendix 1 and summarised below.

Corporate Plan - Summary	as at Nov 2015 £m
Schools – 21 st Century Programme	86.1
Social Care – Extra Care Housing	21.0
Cefndy Health Care Investment	0.5
Highways	18.4
Total Estimated Capital Cost	126.0
Funded By:	
Welsh Government Grant	48.0
Council Cash Reserves	24.0
Council Borrowing	40.0
External Contributions (Extra Care)	14.0
Total Funding	126.0

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

The capital element of the Corporate Plan aims to meet the investment requirements of the Corporate Priorities. In particular the capital investment included in this report will help deliver the priorities around improving education, roads and independent living, although it will also impact positively on other priorities such as modernisation and developing the local economy.

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

The financial details are contained within the report and appendix.

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

Individual Equality Impact Assessments for specific projects detailed within the Corporate Plan either have or will be developed at the appropriate stage.

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

The Corporate Plan for 2012-2017 was developed after a considerable amount of consultation and engagement work, focusing on residents, staff and Councillors.

9. Chief Finance Officer Statement

The Corporate Plan can only be delivered within the resources identified. Changes to the key assumptions underpinning the Plan or failure to secure the budget and cash required will result in projects being removed or delayed. However the amendments identified within this report around 21st Century Schools, along with the resources already identified and earmarked, mean that the Plan is now both affordable and deliverable.

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

There is a risk that the formal approval will not be forthcoming from the Welsh Government for the revised 21st Century Schools Strategic Outline Programme. The Corporate Plan would need to be revised and further reports brought to Members if the revised programme was not approved. Due to the scale of the projects included in the Corporate Plan there is always a risk of either slippage and/or overspends on projects. Careful financial and project management is in place to help mitigate against this risk.

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.