

<b>Report to</b>	Cabinet
<b>Date of meeting</b>	17 <sup>th</sup> December 2019
<b>Lead Member / Officer</b>	Julian Thompson Hill
<b>Report author</b>	Steve Gadd, Chief Accountant
<b>Title</b>	Finance Report (November 2019/20)

## 1. What is the report about?

The report gives details of the council's revenue budget and savings as agreed for 2019/20. 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 2019/20.

## 3. What are the Recommendations?

3.1 Members note the budgets set for 2019/20 and progress against the agreed strategy.

3.2 Members Approve the Council Tax Base for setting the 2020/21 budget as detailed in Appendix 6.

## 4. Report details

The report provides a summary of the council's revenue budget for 2019/20 detailed in Appendix 1. The council's net revenue budget is £198.538m (£194.418m in 18/19). The position on service and corporate budgets is a forecast overspend of £1.678m (£2.111m last month). Narrative around the current risks and assumptions underlying this assessment are outlined in Section 6 and Appendix 2.

The 2019/20 budget required savings and efficiencies of £5.672m to be identified and agreed as detailed below:

- Corporate savings identified in 2018/19 (£0.5m)
- Schools savings of 2% (£1.32m)
- Service efficiencies and savings (£3.852m)

These were reviewed thoroughly last month and resulted in the approved allocation of £616k from the Savings Achievement Contingency to offset known non-achievement of savings in year. This equates to approximately 11% of the total savings identified and therefore currently assumes that 89% of savings have been achieved.

A decision is required on the calculation of the Council Tax Base for the 2020/21 financial year. The Council Tax Base is an amount required by the Local Government Finance Act 1992 to be used in the calculation of council tax by billing authorities and major precepting authorities and in the calculation of the amount of a precept payable by each billing authority to a major precepting authority. The Council Tax Base is a measure of the tax raising capacity of an authority. It is expressed in terms of the number of Band D equivalent dwellings in an authority's area, taking into account exemptions, discounts, disablement relief and the authority's estimate of its collection rate for Council Tax.

## **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?**

Significant service narratives explaining variances and risks are detailed in Appendix 2, however the following should also be noted:

**Corporate Budgets** – Contingencies set aside during the budget process last year have been released in order to help fund the service overspends. The increase in the underspend relates to the Pensions Deficit. The three year actuarial review has shown that the Clwyd Pension Fund has performed better than projected and therefore £880k can be released in-year rather than transferring to the Pension Reserve. Members should be assured that the £2.6m already in the reserve is sufficient to fund the risk until the next triennial review. There may be further resources available (around Council Tax Yield etc)

later in the financial year, however if projections remain the same £1.678m would need to be funded from Base Level Reserves.

**Schools** - The budget agreed by Council for 2019/20 included a total net additional investment (excluding increases in Welsh Government grants) in schools delegated budgets of just over £1m. The latest projection for school balances to be carried forward into 2020/21 is a net deficit balance of £1.272m (£1.137m last month), which represents an increase of £1.101m on the deficit balances brought forward from 2019/20 of £0.171m. The figures include the application of a reserve set aside from Corporate underspends last financial year to fund the large deficit balance of Blessed Edward Jones as we, as the Local Education Authority, are legally obliged to do. There is a small underspend in non-delegated budget of £32k.

**The Housing Revenue Account (HRA).** The latest revenue position assumes a decrease in balances at year end of £305k which is £148k more than the budgeted decrease of £157k. HRA balances are therefore forecast to be £1.379m at the end of the year. The Capital budget of £14.3m is largely allocated between planned improvements to existing housings stock (£5.2m) and new build developments and acquisitions (£8.1m).

**Treasury Management** – At the end of November, the council's borrowing totalled £238m at an average rate of 4.04%. Investment balances were £12.2m at an average rate of 0.5%.

A summary of the council's **Capital Plan** is enclosed as Appendix 4. The approved capital plan is £37.31m with expenditure to date of £15.39m. Appendix 5 provides an update on the major projects included in the overall Capital Plan.

## **7. What are the main conclusions of the Well-being Impact Assessment?**

Well-being Impact Assessments for the savings included in Appendix 2 and the Council Tax rise was presented to Council on 29 January.

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

In addition to regular reports to the Corporate Governance Committee, the budget process has been considered by CET, SLT, Cabinet Briefing and Council Briefing meetings. There

were regular budget workshops held with elected members to examine service budgets and consider the budget proposals. All members of staff were kept informed about the budget setting process and affected staff have been or will be fully consulted, in accordance with the council's HR policies and procedures. Trade Unions have been consulted through Local Joint Consultative Committee.

## **9. Chief Finance Officer Statement**

Specific pressures remain evident in social care budgets (both Adults' and Children's), School Transport and Waste services despite the investment included in the 2019/20 budget. These are base budget and therefore ongoing pressures and the position for all areas will be monitored carefully and further considered as part of the budget process for 2020/21.

Forecasts indicate school balances will decrease this financial year, however it is still very early in the financial year and the position will be kept under close review. Not only are Education Finance working closely with schools to help develop robust plans, but chief and senior officers in Education and Finance meet regularly to review those plans and take remedial action if necessary. We are particularly working closely with a small number of schools who are experiencing particularly difficult circumstances.

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

This remains a challenging financial period 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. The Council's Constitution states that it is the responsibility of Cabinet to approve the calculation of the Council Tax Base.