

Report To: Corporate Governance Committee

Date of Meeting: 6th November 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 an update of the latest position with regard to the process of setting the council's budget for 2014/15 and to consider the next batch of savings intended to be proposed to County Council for approval on 3rd December 2013. The saving proposals are attached as Appendix 1.

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 latest position and proposed next steps and considers the next phase of saving proposals being taken to County Council for formal approval in December.

4. Report details

The draft Local Government Settlement for Wales 2014/15 was published on 16th October 2013. The headline figures are:

- Average cash reduction across Wales of -3.5%
- Denbighshire has the worst settlement in Wales at -4.6%
- A damping mechanism has been applied to lessen the impact in 2014/15 but this will have an impact in 2015/16

At the time of writing the report, there are still uncertainties around some of the detail within the Settlement – specifically to do with the Council Tax Reduction Scheme funding and the treatment of additional Pupil Deprivation grant funding in relation to the requirement to protect school budgets. It is hoped that details will become clearer following a meeting of the Society of Welsh Treasurers on 25th October. In addition to the above, details are awaited of an actuarial review of the Clwyd Pension Scheme. It is expected that the review will increase employer's costs. The draft Settlement and other pressures mean that a savings target of approximately £8.5m has been set, though this may change as details become clearer. A more current update will

be presented to the Corporate Governance Committee on the day of the meeting.

The budget process has so far resulted in savings of £1.7m for 2014/15 being approved by County Council in September. On 21st October, a member workshop was held which presented additional proposals amounting to £4.5m. Each proposal was presented to elected members by lead cabinet members, providing details of the saving, the impact and an assessment of risk. The intention is to take this tranche of savings to County Council in December for approval. This will then mean that further savings required to balance the 2014/15 budget can be considered separately at the next member workshop arranged for 9th December and presented to County Council for approval in January/February 2014.

It is important that elected members have the opportunity to raise questions or concerns about any of the savings proposed for approval in the enclosed appendix. Both the Lead Member and Head of Finance & Assets are happy to discuss any of the proposals in more detail before presenting the report to County Council for approval.

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 appendix identifies savings of £4.5m for 2014/15. Savings of £1.7m have previously been agreed. The saving target for 2014/15 could be £8.5m.

7. What consultations have been carried out?

The saving proposals included as Appendix 1 have been proposed by Heads of Service. A series of meetings with services and finance have taken place, including meetings with the relevant lead members present. The saving proposals were discussed in detail at a member workshop in October. The proposals have been circulated to all elected members with an offer to discuss any of the proposals in detail before submission to County Council.

8. Chief Finance Officer Statement

The council faces significant financial challenges over the coming years. Formal agreement of the next phase of saving proposals will allow political and corporate effort to be focussed on the difficult task of identifying and agreeing the remaining measures required to set the budget for 2014/15.

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.