

Report To: County Council

Date of Meeting: 3rd December 2013

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

Report Author: Richard Weigh, Chief Accountant

Title: Revenue Budget 2014/15

1. What is the report about?

The report provides an update of the latest position with regard to setting the council's budget for 2014/15. The prime focus of this report is to approve the second phase of saving proposals for 2014/15.

2. What is the reason for making this report?

To provide an update of the latest budget position for 2014/15 and to approve the saving proposals listed in Appendix 1.

3. What are the Recommendations?

To note the latest position with regard to the budget for 2014/15.

To approve the savings proposals listed in Appendix 1.

4. Report details

The majority (around 78%) of the council's funding comes from Welsh Government via the Revenue Support Grant and redistribution of NNDR. In 2013/14, the final settlement for Denbighshire was £150.821m. The remainder of the council's funding is provided through Council Tax (£40.7m budgeted in 2013/14). Therefore the impact of movement on the settlement has a much more significant impact than movement on levels of Council Tax.

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
- Draft settlement figure for 2014/15 is £145.080m

Initial analysis of the Draft Settlement and the consequences for the council estimated that savings of approximately £8.5m might be required. Council approved Phase 1 savings of £1.7m in September. A member workshop on 21st October 2013 was presented with the details of further saving proposals

totalling £4.7m. These Phase 2 proposals are enclosed as Appendix 1. Where a proposal has an impact over two years, the estimated saving for 2015/16 is also highlighted. The details of all proposals were sent to all elected members and have been shared with staff. The details behind each proposal are included for reference as Appendix 2. Members were encouraged to raise any issues or concerns about any of the proposals. To date, the only issues raised have been about the proposal to review the Music and Arts Service (saving £52k). A detailed response to the issues raised is enclosed as Appendix 3.

If the savings proposed in Appendix 1 are agreed, it will mean that £6.5m (76%) of the target has been identified. The remainder will be discussed at the next member workshop (9th December) and brought back to Council for approval in February.

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

Effective management of the council's revenue budget 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?

The Phase 2 savings proposals identified in Appendix 1 total £4.723m. Savings previously agreed in Phase 1 totalled £1.736m.

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

Individual services are responsible for carrying out impact assessments on their saving proposals contained within the budget. A summary EqIA is enclosed as Appendix 4.

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

The Phase 2 saving proposals for 2014/15 were presented to a member workshop on 21st October 2013 and subsequently the detail behind each proposal has been sent to all members. Comments have been invited from members over the past five weeks. The proposals have also been shared with staff. An update on the budget position and the enclosed saving proposals were presented to the Corporate Governance Committee on 6th November 2013.

9. Chief Finance Officer Statement

The next three years will be extremely challenging. There are many uncertainties and caveats but it is clear that significant savings will be required. Elected members will have a key role to play in determining the council's response to the challenges ahead. Agreement to the proposals in

this report will mean that more effort can be focussed on the remainder of the task ahead to ensure the council delivers a sustainable budget for 2014/15 and a robust Medium Term Financial Plan for the coming three years.

Agreeing these proposals will still leave a budget gap of approximately £2m in 2014/15.

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

This is potentially the most challenging financial period the council has faced. 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.