



**To/
Councillor Rob Stewart
Cabinet Member for Economy and
Strategy**

BY EMAIL

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Overview & Scrutiny

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30th August 2019

Summary: This is a letter from the Service Improvement and Finance Performance Panel to the Cabinet Member for Business Transformation and Performance. It follows the meeting on 19th August 2019. The letter concerns the Revenue and Capital Budget Monitoring Report 18/19, Revenue Financial Outturn 18/19, Revenue Outturn 18/19 (HRA) and Capital Outturn and Financing 18/19.

Dear Councillor Stewart,

On the 19th August 2019 the Panel met to discuss the Revenue and Capital Budget Monitoring Report 18/19, Revenue Financial Outturn 18/19, Revenue Outturn 18/19 (HRA) and Capital Outturn and Financing 18/19.

The Panel are grateful to all who attended to provide information and answer questions. The Panel do have some thoughts and observations to share with you.

We heard how recommendations were approved by Cabinet for Directors to bring proposals to rebalance the budget and not spend wherever possible. We heard that the majority of budget proposals are on track but overall we are still financially 'adrift' as a Council.

We were told that the budget has been propped up with emergency one off Welsh Government grants and the base budget cannot afford new pressures. We were told that the base budget has £3.45m for contingency but this has been doubled this year as a one off using drawdowns from reserves. Although the budget is legally technically balanced this year, reserve draws cannot continue indefinitely. We heard how future years will be much harder to deliver with the pace and scale of delivery of in year savings targets still proving a fundamental challenge for the Council.

Although there is still an underspend on the Capital budget we understand that major projects can sometimes be subject to delay. We queried the Capital Equalisation Reserve but heard how this is necessary and prudent with the extent of the planned capital projects and is in line with the Wellbeing of Future Generations Act 2015.

OVERVIEW & SCRUTINY / TROSOLWG A CHRAFFU

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Questions arising from the meeting

We have a query about electricity costs. The Director of Place identified in the Revenue and Capital Budget Monitoring 1st Quarter Report 19/20 that there has been '*Significant increased electricity costs of £246k*'.

1. Can you explain the increase?

We discussed the Revenue Financial Outturn 2018/19 and it is clear that headroom still needs to be made in revenue to allow for financing of the capital programme borrowing.

2. Are you confident this is being achieved?

We discussed the amount of the Capital Equalisation Reserve. We considered this in light of the short fall in the revenue budget when we are closing/reducing some of our services. We question if the amount we are putting in the fund is going to adversely impact the ongoing pressures on our revenue account.

3. We believe there will be an impact on revenue, and ask you how much impact you think there will be going forward?

We also discussed the environment and it seems that there is still little financial commitment to this issue despite the new environmental objectives and legal obligations. We hope this improves going forward and will continue to monitor this.

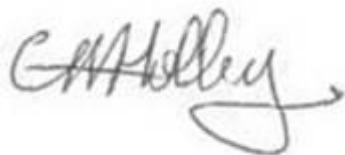
4. Do you feel this area could be better financed?

Regarding the Capital Outturn and Financing 18/19 report could we have some clarification on Appendix C HRA.

5. What does C1/C2/C3 represent in the Kitchen & Bathrooms columns?

We would be grateful if you could respond to this letter by 20th September 2019 and welcome any thoughts you may have.

Yours sincerely,



Councillor Chris Holley
Convener, Service Improvement and Finance Scrutiny Performance Panel
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