

Councillor Chris Holley
Convenor
Service Improvement and Finance Scrutiny
Performance Panel

BY EMAIL

Please ask for: Councillor Rob Stewart
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Our Ref: RS/CM
Your Ref:
Date: 18th September 2019

Dear Councillor Holley

Thank you for your letter of 30 August 2019, following on from the recent Improvement and Finance Scrutiny Performance Panel. I would respond to your specific follow up questions as follows:

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?

I can confirm Mr Smith's advice at the meeting which was that these arose from increased electricity contract prices for street lighting.

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?

Cabinet indeed endorses this position too and has recently resolved, on the basis of the S151 Officer advice, that all Directors must produce credible action plans to rebalance the 2019-20 position and up our pace and scale of delivery.

Furthermore the advice of the S151 Officer and resolutions of both Cabinet and Council, have been entirely consistent, with successive budgets and MTFPs presuming that revenue headroom will need to be found to deliver the Council's capital programme aspirations. This City needs substantial capital investment and the Council will undoubtedly have to lead the way in the continued face of austerity, despite the recently claimed largesse of the UK government.

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?

The only sums currently being set aside into the Capital Equalisation Reserve are underspends on capital financing due to capital programme slippage and the short term savings on the review of the Minimum Revenue Provision. Both are time limited one off savings for capital spend and financing that will come to pass in the future and I believe we are therefore being entirely prudent in following the S151 officer's clear advice. Indeed it would be imprudent to try and take this one off short term saving to artificially prop up revenue budgets in the light of austerity, however laudable the intention. The real impact on future revenue budgets is caused by the lack of funding from the UK government in the first place and I look forward, albeit with small hope and little optimism, that the rhetoric of the end of austerity is matched by funding that begins the long road to restoring the damage already caused.

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?

I would like to direct more resources to all priorities. I would also like UK and Welsh Government to match their warm words and legislation with clear identified funding to help pay for the costs of action. At present if this Council puts more into environmental priorities it must put less into other priorities.

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?

The Council appointed three contractors in September 2015 to undertake its kitchen & bathroom framework contract and the references C1/C2/C3 represent those individual contractors. Actual work allocation is based on the most advantageous tender submission based on a 70/30 cost/quality matrix and is divided up on a geographic area basis, the greater ratio of properties being allocated to the most competitive tenderer.

Yours sincerely



**COUNCILLOR ROB STEWART
LEADER OF THE COUNCIL**

