



To: Executive Councillor for Finance and Resources

Report by: Head of Finance

Relevant scrutiny committee: Strategy & Resources 29 September 2014

Wards affected: All Wards

MID-YEAR FINANCIAL REVIEW (MFR) OCTOBER 2014

Key Decision

1. Executive Summary

- 1.1 This report presents and recommends the budget strategy for the 2015/16 budget cycle and specific implications, as outlined in the Mid-year Financial Review (MFR) October 2014 document, which is attached and to be agreed.
- 1.2 This report also recommends the approval of one new capital item and changes to phasing and funding proposals of the Council's Capital Plan which will be included in the updated version published separately on the Council's web site.
- 1.3 At this stage in the 2015/16 budget process the range of assumptions on which the Budget-Setting Report (BSR) published in February 2014 was based need to be reviewed, in light of the latest information available, to determine whether any aspects of the strategy need to be revised. This then provides the basis for updating the 2014/15 revised and 2015/16 budgets. All references in the recommendations to Appendices, pages and sections relate to the MFR Version 1.
- 1.4 The recommended budget strategy is based on the outcome of the review undertaken together with financial modelling and projections of the Council's expenditure and resources, in the light of local policies and priorities, national policy and economic context. Service managers have identified financial and budget issues and pressures and this information has been used to inform the MFR.

2. Recommendations

The Executive Councillor is asked to recommend to Council:

General Fund Revenue

- 2.1 To agree the budget strategy, process and timetable for the 2015/16 budget cycle as outlined in Section 1 [pages 6 to 7 refer] and Appendix A of the MFR document.
- 2.2 To agree incorporation of the budget savings and pressures, identified in Section 4 [pages 16 to 18 refer]. This provides an indication of the net savings requirements, by year for the next 5 years, and revised General Fund revenue, funding and reserves projections as shown in Section 5 [page 19 refers] of the MFR document.

Capital

- 2.3 To agree:
 - inclusion of a new scheme in the Capital Plan relating to the replacement of an air cooling system, at a cost of £166,950 (£70,000 from existing repairs and renewals funding, the remainder from available capital funding), subject to a detailed project appraisal
 - other changes to the Capital Plan, predominantly re-phasing

as set out in Section 6 [pages 20 to 23 refer] of the MFR document.

Note the proposal for a focused review of the processes and procedures underlying capital planning and delivery in advance of setting the 2015/16 budget in February 2015, with a view to delivering improved, fit for purpose processes and a sustainable capital plan, as set out in Section 6 [page 23 refers]

Reserves

- 2.4 To agree changes to General Fund Reserve levels, with the Prudent Minimum Balance being set at £4.40m and the target level at £5.28m as detailed in Section 7 [pages 24 to 25 refer].

3. Background

Mid-year Financial Review

- 3.1 The purpose of this report is to outline the overall financial position of the Council and to consider the prospects for the 2015/16 budget process within the context of projections over the medium-term. The detailed analysis undertaken to fulfil this is presented in the Mid-year Financial Review (MFR) October 2014 document appended to this report.
- 3.2 The document considers the General Fund revenue position and the Council's overall Capital Plan.
- 3.3 Revenue forecasts are presented for the 5-year projection period through to the year 2019/20, demonstrating the sustainability of the Council's financial planning with reference to the level of reserves held throughout this period. Underpinning this is a full 25-year financial model, and associated risk analysis.
- 3.4 The report considers the effects of external factors affecting budget preparation, including the overall economic climate, and external funding levels which can reasonably be expected; as well as the existing commitments of the Council.
- 3.5 Recommendations for approval of specific revenue and capital costs as identified, are included.
- 3.6 The analysis undertaken leads to a recommended integrated financial strategy for the 2015/16 detailed budget-setting process.

4. Implications

- 4.1 These are incorporated in the document and will be taken account of in the subsequent budget reports to all Executive Councillors / Scrutiny Committees.

5. Background Papers

These background papers were used in the preparation of this report:

MFR Working Papers on the 2014/15 and 2015/16 files

6. Appendices

MFR October 2014: 2014/15 to 2019/20 Document

7. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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