

Nigel Barnett – Deputy Chief Executive

Budget Statement – 27th February 2013

Madam Mayor

Members will no doubt be aware that the ongoing difficulties facing the UK economy continues to have a significant impact on public finances.

Our settlement from Welsh Government shows a 1.08% uplift for 2013/14 after making adjustments for new responsibilities this year. In reality, this modest increase will place significant pressure on our decreasing budgets.

Also, the capital allocations available to us in the RSG and from the General Capital Grant have decreased by £957k from the previous year.

Despite these obvious pressures, I present to Council a balanced budget and Members will be pleased to note that Caerphilly County Borough Council is in a strong position and well placed to meet the challenges that lie ahead.

Turning now to the report, I would like to briefly mention a few key aspects:

Section 2 – the SUMMARY

The net revenue budget for the Council, if approved, would be £337,466 m for 2013/14.

As always, the headline-grabbing decision for local authorities every year is the Council Tax rate. This year we are proposing a **2.35%** increase - as

agreed last year as part of the MTFP. This modest increase, which equates to just 40.5p per week for Band D properties, will help us achieve our financial targets and balance our books.

Even with a 2.35% rise we will remain amongst the lowest in Wales, and below the Welsh average of 2.83%.

Section 4 - ECONOMIC OUTLOOK – MEDIUM TERM FINANCIAL STRATEGY

Our current sound financial position can be attributed to the success of our forward planning as set out in the Council's Medium Term Financial Plan and is proving to be a robust strategy and is helping us navigate through these turbulent economic times.

The Deputy Leader of the Council recently said in a media statement that he feels he is 'at the helm of a steady ship' and I firmly believe this is an accurate reflection of our current position.

Looking to the near future, the indicative RSG for 2014/15 is a further uplift of 0.63 % and in the absence of any indicative data an assumption of 0% must be made for 2015/16.

The revised Cash Savings targets for the Council for the next 3 years are summarised in sections 4.5 and 4.6.

Looking further ahead, a report by the Institute of Fiscal Studies predicts that funding will continue to fall each year up to and including 2020. There is, therefore, little prospect, at this stage, of future additional funding to protect service provision going forward.

This will, therefore, require Members to fully engage on the Scrutiny Process over the coming months to identify what efficiencies and cuts are to be prioritised to meet this challenge.

Section 5 - BUDGET STRATEGY PROPOSALS

As stated, this section of the report sets out the key strategic proposals for consideration for the financial year ahead.

The whole authority cost pressures totalling £4.3million are set out in Table 2 in the report.

Table 3 details our Service Pressures and Additional Funding

The savings that have been achieved to date thanks to our sound financial management are outlined in Table 4 and you will see that over £5million has been achieved.

Given that the financial modelling identifies to date the need to continue to provide additional funding going forward, it is prudent to consider an uplift in Council Tax of 2.35% for the next 3 financial years, subject to review, following receipt of the Welsh Government's Funding announcements.

Section 5.7 outlines the Council's Outcome Agreement of £1.869 million which will be used to support the Council's key priorities and is in line with Welsh Government guidance.

Section 6 - CAPITAL PROGRAMME

In terms of capital expenditure, the county borough is set to benefit from major investment in a number of exciting projects over the next 12 months that will bring benefits to people of all ages from all sections of the community.

These include:

- A major new sporting centre of excellence in Ystrad Mynach
- New multiplex cinema in Bargoed
- A new Library and Customer Service Centre in Caerphilly
- An ambitious 21st Century Schools programme

The Council will also make an extra investment of £2.45 m in Social Services (and additional £1.2 m above the cash pledge) to meet the increasing demographic pressures in Social Care, particularly of the elderly and frail who require care and support to retain their dignity and independence.

Section 7 - GENERAL FUND BALANCES

Our General Fund balances projected to 31 March 2013 are £10.597 m and are detailed in Table 6 of the report.

Please note that there is limited scope for any significant additional surpluses or receipts available to replenish the fund. This is down to growing service pressures in key areas, the need to meet government initiatives (such as welfare reform); and ongoing reductions in RSG funding.

As requested by Cabinet on 15 January, provision has been made to fund the cost of the Living Wage increase for the period 1 November 2012 to 31 March 2013. Members will no doubt be pleased that we are leading the way in Wales in terms of supporting our lowest paid staff across the organisation.

Section 8 – EQUALITY IMPACT

Members will note the proactive steps we are taking an authority to protect the most vulnerable people in our communities and how we are also promoting the interests of young people through innovative training and employment opportunities. Again, we are leading the way in this area.

Section 9 – PERSONNEL IMPLICATIONS

Our Workforce Strategy was approved and adopted by Cabinet back in 2010 and is designed to reduce the impact on staff and to avoid, wherever possible, compulsory redundancies.

As in previous years, this continues to be the Council's commitment going forward.

The reinvestment of savings into the capital programme, the "Passport Scheme" and our WHQS Procurement Strategy are all designed to attract people into employment.

As mentioned previously, the budget proposals include provision to pay the living wage, which will place the minimum hourly rate for any employee at £7.45 per hour.

In terms of consultation, this report has been subject to a thorough consultation process and all key stakeholders have been engaged.

Section 11 – RECOMMENDATIONS

Finally, I would like to direct Members to the five recommendations outlined in the report:

11.1.1 The Revenue Budget proposals for 2013/14 of £337.466 m as set out in this report be approved.

11.1.2 The Council Tax level for the financial year 2013/14 be increased by 2.35% re: Council Tax Band D - £918.84 per annum be approved.

11.1.3 The indicative proposals contained in the Medium Term Financial Planning assumptions be approved as the basis for delivering a balanced budget over the forthcoming 3 years.

11.1.4 The Capital Programme for the period 1 April 2013 to 31 March 2016 is set out in Appendix 3 be approved.

11.1.5 The use of the general fund balances as detailed in Section 7 (Table 6) be approved.

Thank You

Nigel Barnett

Deputy Chief Executive