

Audit Committee

15 December 2015

Report title	Budget Update and Review	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Accountable director	Keith Ireland, Managing Director	
Originating service	Strategic Finance	
Accountable employee(s)	Mark Taylor Tel Email	Director of Finance 01902 554410 Mark.Taylor@wolverhampton.gov.uk
Report to be/has been considered by		

Recommendations for noting:

The Committee is recommended to:

1. Consider the arrangements for:
 - a. Ensuring adequate identification and management of budget risks;
 - b. Budget planning and forecasting for future years.

1.0 Purpose

- 1.1 To bring to the Committee's attention, information about the Council's finances that has been reported to either the Cabinet and/or Cabinet (Resources) Panel.
- 1.2 In order to minimise printing costs, the Committee Chair has agreed that full versions of the reports will not be circulated again. It is recommended, however, that Committee members review the reports ahead of the meeting, and are requested to please bring the full versions that were circulated with the relevant Cabinet and Cabinet (Resources) Panel agenda papers to this meeting. Summaries of the relevant reports are shown below.

2.0 Treasury Management – Annual Report 2014/15 and Activity Monitoring Quarter One 2015/16

- 2.1 This report, which was presented to Cabinet on 22 July 2015, set out the results of treasury management activities carried out in 2014/15, together with performance against the prudential indicators previously approved by Council. The Treasury Management – Annual Report 2014/15 and Activity Monitoring Quarter One 2015/16 report is [available via this link](#). The report also provided a monitoring and progress report on treasury management activity for the first quarter of 2015/16, in line with the Prudential Indicators approved by Council in March 2015.
- 2.2 The report recommended that Council note that the Authority operated within the approved Prudential and Treasury Management Indicators, and also within the requirements set out in the Council's approved Treasury Management Policy Statement during 2014/15.
- 2.3 The report also makes reference to revenue savings that were generated by the Treasury Management function in 2014/15 and projected savings for 2015/16, and recommended the creation of a Treasury Management Equalisation Reserve to ensure that the revenue implications of the capital programme do not impact adversely on the Council's financial standing.

3.0 Fees and Charges Review 2016/17

- 3.1 This purpose of this report, which was presented to Cabinet (Resources) Panel on 20 October 2015, was to carry out an annual review of the Council's fees and charges to take effect from 1 November 2015 (or as soon as possible thereafter). The Fees and Charges Review 2016/17 report is [available via this link](#).
- 3.2 The report also recommended that in the certain instances, authority to vary fees and charges be delegated to the responsible Strategic Director, in consultation with the Director of Finance or that authority be delegated (and considered via an Individual Executive Decision Notice) to the responsible Cabinet Member for the service and Cabinet Member for Resources, in consultation with the relevant Strategic Director or the Director of Finance as appropriate.

4.0 Revenue Budget Monitoring 2015/16

- 4.1 The main purpose of this report, which was presented to Cabinet (Resources) Panel on 17 November 2015, was to provide Cabinet (Resources) Panel with a projection of the latest likely revenue outturn position for the General Fund and Housing Revenue accounts, compared with the Council's approved revenue budgets for 2015/16 and related targets. The Revenue Budget Monitoring 2015/16 report is [available via this link](#).
- 4.2 The report identified that the overall projected outturn for the General Fund is in line with the approved budget. After funding £1.9 million of projected redundancy costs from the General Fund, the balance of these costs totalling £3.1 million will be met from the Budget Strategy Reserve. The projected redundancy costs remain subject to change dependent upon the actual redundancies approved by year end.
- 4.3 The projected outturn for the Housing Revenue account realises a surplus of £18.3 million compared with a budgeted surplus of £15.7 million. The projected increased surplus of £2.6 million will be used to redeem debt in line with the Housing Revenue account Business Plan.

5.0 Draft Budget 2016/17

- 5.1 At its meeting on 21 October 2015, the Council's Cabinet considered the Draft Budget for 2016/17. Cabinet approved this as the basis for budget consultation and scrutiny over the forthcoming months. The Draft Budget 2016/17 report is [available via this link](#).
- 5.2 The Cabinet report identified that due to the uncertain financial future, a full update of the MTFS 2016/17 – 2018/19 would only be conducted once the Spending Review and the Provisional Local Government Finance Settlement have been announced on 25 November and mid-December 2015 respectively.
- 5.3 The Cabinet report recommended that Savings Proposals amounting to £14.1 million in 2016/17 proceed to the formal consultation and scrutiny stages of the budget process.
- 5.4 The Cabinet report further identified that £7.1 million of Base Budget Revisions be incorporated into the 2016/17 Draft Budget.
- 5.5 Details of all the Council's individual savings proposals, including the latest to be considered by Cabinet on 21 October 2015, can be found on the council's website at: <http://www.wolverhampton.gov.uk/budgetsavings>

6.0 Financial implications

- 6.1 In accordance with current practice, relevant and timely budget review and update reports will be submitted regularly to this Committee. The financial implications are discussed in the body of this report, and also in the individual reports to Cabinet and Cabinet (Resources) Panel.
[MH/04122015/K]

7.0 Legal implications

- 7.1 The legal implications are discussed in the individual reports to Cabinet and Cabinet (Resources) Panel.
[TS/04122015/B]

8.0 Equalities implications

- 8.1 The equalities implications are discussed in the individual reports to Cabinet and Cabinet (Resources) Panel.

9.0 Environmental implications

- 9.1 The environmental implications are discussed in the individual reports to Cabinet and Cabinet (Resources) Panel.

10.0 Human resources implications

- 10.1 The human resources implications are discussed in the individual reports to Cabinet and Cabinet (Resources) Panel.

11.0 Schedule of background papers

Treasury Management – Annual Report 2014/15 and Activity Monitoring Quarter One 2015/16, report to Cabinet, 22 July 2015.

Fees and Charges Review 2016/17, report to Cabinet (Resources) Panel, 20 October 2015.

Revenue Budget Monitoring 2015/16, report to Cabinet (Resources) Panel, 17 November 2015.

Draft Budget 2016/17, Cabinet, 21 October 2015