

**SWYDDFA CYMORTH Y CABINET
CABINET SUPPORT OFFICE**

Fy Nghyf / My Ref:
Eich Cyf / Your ref: RDB/RP/CW/14.02.2018

Dyddiad / Date: 15 February 2018



Appendix 2i
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Councillor Patel
Chairperson – Environmental Scrutiny Committee
Room 278
Atlantic Wharf
County Hall
Cardiff. CF10 4UW

Dear Ramesh

Environmental Scrutiny Committee – 14 February 2018

Thank you for your letter dated 15 February 2018 and the useful comments raised. I can assure you that Cabinet was able to reflect on the points raised prior to our meeting on 15 February 2018.

Corporate Overview

To begin, it would be helpful to bring Members attention to paragraph 437 of the Budget Report which states that whilst approving the Capital Programme for the period up to 2022/23, members should be aware that the later years of the programme will be subject to an on-going review of the Council's financial resilience

To elaborate further in relation to the committee's comments, the Capital Programme as set out in the Cabinet Budget Proposal has been thoroughly reviewed both by officers and in discussions with Cabinet members over an extensive period of time prior to finalising the budget proposals. As set out in the Budget Report, the S151 Officer is content that the Programme is affordable both in relation to 2018/19 and over the longer term. There are clearly significant financial challenges in the future though and these are set out in the Medium Term Financial Plan overview within the report. In this regard any further capital investment over this period and in the future will need to be carefully considered within the overall context of future budgets and the financial resilience of the Council. This is made clear by the S151 Officer within the report.

It was explained to the Committee that in line with the CIPFA Prudential Code for Capital Finance in Local Authorities a number of financial indicators are included within the Budget Report. This includes an additional local indicator to identify the trend in relation to the level of capital financing costs expressed as a percentage of the Council's controllable budget. This shows that by 2022/23 the net capital financing cost is estimated to be 16.65% of the controllable budget. This is an important indicator for members to note when setting the budget and whilst the S151 Officer is content

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that this can be managed within the current budget proposal it is clear that further increases in this percentage in the future will put added pressure on the Council's Revenue Account. The Prudential Code was updated in December 2017 and as part of the 2019/20 Budget full Council will receive and be asked to approve a Capital Strategy that sets out the long term context in which both capital expenditure and investment decisions are made. The Budget Strategy Report in July 2018 will consider the main requirements of the Capital Strategy and set out the timescales for approval by Council.

With regard to borrowing decisions and the current position in relation to interest rates I would remind the Committee that the Budget Report includes the Treasury Management Strategy for 2018/19 and this will be considered by and requires approval from Council. This Strategy sets out the basis on which decisions around borrowing and investment will be made in the forthcoming year. I would also remind the Committee that as previously stated by the S151 Officer, the Council can only borrow in line with this strategy and is precluded from borrowing in advance of need.

Strategic Planning & Transport Portfolio

Your comments on these points are noted. The Directorate will arrange for any further information or presentations to be provided as required. With regard to member training on how highway asset funding decisions are taken Finance staff have agreed to support the Directorate in providing this training.

Clean Streets, Recycling & Environment Portfolio

Your comments on these points are noted. The Directorate will arrange for any further information or presentations to be provided as required.

I hope that this letter captures all the points raised in your letter and thank you again for your support in the budget process.

Yn gwyir/Yours sincerely



Y Cyngorydd/Councillor Christopher Weaver
Aelod Cabinet dros Gyllid, Moderneiddio a Pherfformiad/Cabinet member for
Finance, Modernisation & Performance