

CITY OF CARDIFF COUNCIL CYNGOR DINAS CAERDYDD

AUDIT COMMITTEE:

18 SEPTEMBER 2017

FINANCIAL UPDATE

REPORT OF THE CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 5.1

Reason for this Report

1. The Audit Committee Terms of Reference sets out their responsibility for Governance, Risk & Control and also Financial Reporting. This report allows the Committee to be updated with reference to the above.

Background

2. This report will advise the Audit Committee on the latest position in relation to budget monitoring in the current year and also provide an update on the preparatory work for the 2018/19 Budget and the medium term.

Issues

Financial Monitoring

3. The Month Four Budget Monitoring Report is due to be considered by Cabinet on the 21 September 2017. This will include an update on both the revenue and capital position of the Council. Due to the timing of the meetings, details of the financial position cannot be set out in this report, however the Cabinet Report will be available prior to the Audit Committee meeting on the 18 September and copies will be circulated to members of the Committee in advance of that meeting.

2018/19 Budget Strategy

4. The Budget Strategy Report 2018/19 was approved by Cabinet in July 2017 and will be considered by Council in September 2017. Directorates have spent the Summer reviewing their savings proposals as part of establishing a balanced budget position for approval by Council in February 2018. The Budget Strategy Report indicated a budget gap of £73.5 million over the period 2018/19 - 2020/21, of which £23.5 million relates to 2018/19. Within the figures, directorate savings are expected to amount to £52 million, with the balance accounted for through other strategy assumptions including increases in Council Tax.
5. Public consultation commenced over the summer through the inclusion of budget themed questions within the Ask Cardiff Survey. This will pave the way for more detailed consultation in the autumn, with public consultation expected to commence in early November 2017. The Provisional Settlement is due on the 10

October 2017 with Final Settlement expected during the week commencing the 18 December 2017. It is of note that there will be a UK Budget in the Autumn this year which could have the potential for more change between provisional and final settlement than usual.

6. Whilst confirmation of funding levels remains a key risk, the Council's £4million financial resilience mechanism offers some protection against funding levels falling by more than the 1% that has been assumed within the Budget Strategy. The mechanism, which is equivalent to approximately 1% of Aggregate External Finance currently supports one off investment in priority areas and as such is available for immediate release in subsequent years in the event that the settlement is worse than assumed.

Reason for Recommendations

7. To inform Audit Committee of the current financial context for the Council.

Legal Implications

8. There are no direct legal implications arising from this information report.

Financial Implications

9. There are no direct financial implications arising from this information report.

RECOMMENDATIONS

10. That the Audit Committee note the latest position in respect of the Council's budget monitoring for the current year and the work being undertaken in respect of budget preparation for 2018/19 and the medium term.

CHRISTINE SALTER
CORPORATE DIRECTOR RESOURCES
September 2017