

Mr Mayor

I have pleasure in moving the Financial Outturn Report for 2013/14 and the Quarterly Budget Monitoring Report for the period ending May 2014.

As one of Charles Dickens's characters memorably said: **"Annual income twenty pounds, annual expenditure nineteen pounds nineteen and six, result happiness. Annual income twenty pounds, annual expenditure twenty pounds nought and six, result misery!"**

I am happy to report to the Council that we are in the realm of happiness.

Members will see that the council has ended the financial year £490,000 under budget,

This is a good result for the council and the town. £490,000 is less than one per cent of the council's gross annual budget and I think most organisations would be happy to end their financial year within one per cent of budget. Many of these savings have not been achieved easily but have been the result of council staff working hard to deliver their services as efficiently and cost-effectively as they can.

However, this result also makes it possible to recycle the money saved and put it to good use.

Among other things, I am proposing that £100,000 should be used to speed up the delivery of our five-year programme of investment in information technology. It is essential that the council should have modern, accessible IT, not just for our staff but for our residents and customers. At the moment, shortage of specialist staff is slowing us down and I want to make sure we have the staff resources we need while our new systems are being installed and implemented.

I am also keen to do what we can to strengthen our reserves, given the uncertain economic climate we live in, so I am proposing that £97,000 should be not be spent immediately but held back for that purpose.

The budget saving also gives us the opportunity to set aside £100,000 of new money towards the restoration of the war memorial in the Promenade. This is keeping a promise that I made last month that we would launch a major restoration project to mark the centenary of the outbreak of the First World War.

Members will see that a number of budget allocations are being carried forward where projects overlap the end of the financial year or where there have been unavoidable delays. However there are a number of instances where budget savings have been made and the cabinet is asking to carry the money forward for slightly different purposes.

One example is a saving on the Town Hall, which we propose to use to fund further technical work towards the possible redevelopment of this iconic building. Another is a saving on the printing budget in Democratic Services which we proposed to use to provide all council members with ipads. Where this kind of carry-forward is proposed, it requires the specific approval of the Council.

**Mr Mayor there are a number of other points I want to highlight as evidence of our good financial management before turning to the capital programme.**

Where our lending and borrowing are concerned, we continue to work within our Prudential Indicators. We have significantly reduced our short-term borrowing by a more skilful use of internal borrowing which has cut our costs.

The pooling of Business Rates collection has proved a success, reducing the levy we pay to the Government from a potential 50% to just 19%

The Housing Revenue Account is also in a very healthy and robust condition, with a bigger revenue reserve being carried forward into 2014-15 than we originally expected.

For all of these achievements and many others I would like to thank officers across the organisation, and especially our finance team.

Can I now turn to the capital programme. Members will know that we have been working towards an expanded capital programme which draws on the £7.8 million of capital we received earlier this year. This gives us a unique opportunity to invest in the future of the town, but we need to make sure that we invest wisely and thoughtfully.

For that reason, I am approaching the capital programme cautiously. At appendix 9, I have tabled a long list of about £30 million worth of projects that members and officers have proposed. What I want to see is a discussion among councillors and the wider public about what our priorities should be, before I bring forward definitive proposals in October. I believe that the Budget Scrutiny Working Group can play a particularly useful part to play in this.

Mr Mayor, the outturn is always quite a long and complicated report. But one point I want to make is that it isn't just a mass of figures. There is a sense of purpose, which runs through all the major elements – the use of underspends, the carry-forwards, our initial proposals for the capital programme and our asset management strategy.

A driving force behind all our proposals is the need to cut costs and increase our revenue and therefore meet the continuing budget challenges of the next few years.

Over the past five years, on a like for like basis, we have lost roughly £4.2 million a year of our Government funding, almost half the total. In the next financial year we expect to face a further cut of about £835,000 or 15.3 per cent, making it the toughest year yet.

Over the past five years we have responded by finding £7.6 million pounds a year of savings and extra income. We have shown we have got what it takes to survive in almost impossible financial circumstances. But we know we have to do more.

That is why we are investing part of our budget saving in a major review of our Regulatory and Environmental Services to cut costs.

It is why we are using carry forwards to part-fund a review of our One Legal shared service, to see whether costs can be cut and revenue increased.

It is why we are pursuing the idea of a capital investment in the Town Hall that can increase revenues for the council.

It is why we are investing in setting up the Leisure and Culture Trust so that it can deliver very substantial revenue savings.

It is why we are looking at the possibility of setting up a solar farm on council land.

It is also why we are investing in creating a new car park on the Shopfitters site off St George's Place.

And it is why we are exploring the option of setting up a joint company with a number of other councils to cut overheads.

At the same time, we are not just about counting beans. We are about shaping the future. If we do things right, we can transform a large part of Cheltenham in the next few years. We can bring derelict sites to life. We can make Cheltenham a pleasanter place to live and do business. We can strengthen our position as an international cultural centre.

This is what an effective budget and particularly an effective capital programme can deliver for the town.

Finally can I return briefly to the subject of the war memorial. This very day, 21<sup>st</sup> July 2014, work is starting on phase one of the war memorial restoration project, funded from the planned maintenance budget. This will see the paving and lighting renewed.

But of course I also want today to be the start of a much bigger project, what I have called Cheltenham Remembers, the War Memorial Restoration and Education Project.

We see this as a £450,000 scheme in total, including the current phase 1. Of this, £50,000 has now been found from planned maintenance, £100,000 is available today from budget savings and another £300,000 we hope to raise from grants from charitable trusts, sponsorship and donations.

Work is in hand to produce a detailed, expert assessment of the work that needs doing, after which we can get the appeal under way.

But I hope the first stage of the works between now and September will be a token of our seriousness about honouring our heritage and giving Cheltenham a war memorial worthy of those who died.