

Report to the Council

Committee: Cabinet

Date: 26 September 2017

Subject: Finance

Portfolio Holder: Councillor G Mohindra

Recommending:

That the report of the Finance Portfolio Holder be noted

Accountancy

There is a separate report elsewhere on the agenda on the Statutory Statement of Accounts so I will concentrate on other issues in this section. The Finance and Performance Management Cabinet Committee is scheduled to meet on 14 September and will be considering reports on the Treasury Management Outturn for 2016/17, Financial Monitoring for Quarter 1 of 2017/18 and the quarterly update of the Corporate Risk Register. The Treasury Management Outturn report confirms that the Council operated within the boundaries that were set for the year and complied with all of the Prudential Indicators. Financial Monitoring for Quarter 1 shows that at the moment both expenditure and income are broadly in line with the budget.

The annual Financial Issues Paper went to the July meeting of the Cabinet Committee and provided a discussion of the main financial challenges facing the Council and the budgetary outlook. This report had an update to the Medium Term Financial Strategy and suggested savings targets to work towards. Following agreement by Cabinet on 7 September of the recommendations from the Cabinet Committee, officers are continuing to work on a range of savings proposals that will be reported in due course as part of the normal budget process.

This time last year I highlighted the greater uncertainty than usual in terms of both the economic position of the country and the future financing of local authorities. The domestic policy agenda has had to take a back seat whilst work on Brexit progresses. This has meant the fair funding review, 100% local retention of business rates and other legislation on housing and planning have not progressed as we had hoped. Uncertainty in these key areas makes it difficult to construct robust estimates for the medium term. However, I can assure Members that we will continue to live within our means and that we are still planning on no increase in the Council Tax for 2018/19.

The August Inflation Report saw the official growth forecast for 2018 downgraded to 1.6%. This is against the backdrop of inflation, as measured by CPI, remaining above the Bank of England's target of 2% well into 2018. The combination of low growth and high inflation will limit the options open to the Chancellor of the Exchequer as he prepares the first autumn budget for more than twenty years. The previous Chancellor's timetable to achieve a surplus was discarded some time ago and it will be interesting to see when this is now predicted in the updated forecasts from the Office of Budget Responsibility. One thing we can be sure of is that austerity is nowhere near over.

Benefits

The items to be included in the consultation on the Council's scheme for Local Council Tax Support for 2018/19 were agreed by Cabinet on 11 July. In previous years the level of response to this consultation has been low. I am hopeful that this year a number of residents who are not in receipt of benefit will have responded as views on the scheme will not be balanced if we have only got comments from residents who currently receive support. Anyone who has not yet responded can do so by visiting either the Benefits or consultation areas of the Council's website.

I mentioned earlier the September meeting of the Finance and Performance Management Cabinet Committee and some of the reports going to that meeting. The meeting will also receive a report on progress against the targets for the key performance indicators at the end of the first quarter of 2017/18. Performance for processing new claims was slightly worse than the target of 21 days at 22.31 days. As performance in the first quarter is often the low point for the year, I am confident that the target should still be achieved for the year as a whole. The average processing time for changes of circumstance at the end of quarter 1 is 7.55 days, which is better than the target of 9 days.

Revenues

The report on progress against the targets for the key performance indicators at the end of the first quarter of 2017/18 includes Revenues items. A Council Tax collection rate of 27.64% had been achieved and this is better than both the target of 27.55% and the collection rate at this time last year. The collection of non-domestic rates was also above target at the end of June, with 29.25% achieved compared to the target of 28.84%.

After the revaluation of properties for non-domestic rates the Government announced some measures to provide transitional assistance to businesses suffering the greatest increases. Unfortunately the regulations supporting the policy were delayed so it was not possible to get a scheme set up as quickly as I would have liked. Now the regulations are in place and the necessary software has been tested officers are working on a draft scheme which should go to Cabinet in October for approval.