

Report to the Council

Committee: Cabinet

Date: 16 December 2014

Subject: Finance

Portfolio Holder: Councillor S Stavrou

Recommending:

That the report of the Finance Portfolio Holder be noted.

Accountancy

The publication deadline for this agenda requires this report to be written before the Chancellor's Autumn Statement on 3 December and the date of the meeting itself is before our grant figures are likely to be confirmed. Recent economic data has shown ongoing stresses in the overall public finances and it is unlikely that we will see any easing of the funding reductions for local government. If there is either something of particular significance in the Autumn Statement or our grant figures appear earlier than anticipated I will provide an oral update.

The Accountancy section is always busy at this time of year working on the budget and this year they have to adjust for phase two of the restructure and produce the budget in the amended four directorate structure. The broad assumptions and allocations necessary last year to produce the first budget in the new structure are being revisited. Until the process is complete I do not want to say too much but it is likely that there will be fluctuations between the original and revised estimates as the new structure settles down.

Benefits

Later on the agenda we have the Council's scheme for Local Council Tax Support for 2015/16. This is similar to the scheme that has been in place for 2014/15. As the current scheme is working well so far, Cabinet on 1 December decided against any significant changes.

As part of the scheme for 2015/16 we looked at the possibility of a residency qualification but had to think again when a qualification of this type at another authority was ruled ultra vires in the High Court.

Due to the changes being introduced by the Department for Work and Pensions, to consolidate the investigation of Housing Benefit fraud under a Single Fraud Investigation Service, it has been necessary to restructure the Benefits Division. This is also being considered by Cabinet on 1 December and should put the Division on a sound basis to continue the good work it does for our residents. A further review will be needed when Universal Credit eventually replaces Housing Benefit but that is still some way off in the future.

Revenues

At Cabinet on 3 November, the previous in principle decision to enter a pool for business rates for 2015/16 was confirmed. Not all of the eligible authorities in Essex decided to join the pool but ten have. The outcomes from the pool will be determined by how the economies of the participating districts perform during 2015/16. If current economic trends continue there should be some growth within the pool. Although it is worth highlighting that the financial modelling undertaken shows a benefit in excess of £3 million across the pool even with no growth. Our share could be approximately £100,000 but as this is not certain and we always take a prudent view on potential income it will not be included in the budget for 2015/16.