

Report to the Council

Committee: Cabinet

Date: 27 July 2017

Subject: Finance Portfolio

Portfolio Holder: Councillor G Mohindra

Recommending:

That the report of the Finance Portfolio Holder be noted

Accountancy

The Accountancy team are busy dealing with our external auditors as the audit of the draft Statutory Statement of Accounts is now underway. Once the audit has concluded the Accounts will be presented to Council on 26 September. The outturn reports for both revenue and capital were presented to the Finance and Performance Management Cabinet Committee on 22 June and the Resources Select Committee on 13 July. I do not want to repeat the contents of those reports but, as not all of you will have attended one of those meetings, it is worth giving you the headlines.

The revenue outturn showed that the Council had used more reserves than had been estimated. It was anticipated in the revised estimates that £0.777 million would be used from reserves, but the outturn actually saw £1.065 million of the General Fund balance being used. However, the outturn did include the use of an additional £1 million of revenue funding for the capital programme. The variance excluding the capital funding was an underspend of £929,000, of which £871,000 related to the opening Continuing Services Budget (CSB). The in-year changes on the CSB were £572,000 which was very close to the revised estimate of £630,000. The larger variance on the opening CSB was made up of savings on salaries, housing benefit, and consultancy. There was also a smaller movement than anticipated in the provision for bad and doubtful debts and higher rental income.

It should be remembered that the gross expenditure budget is approximately £74 million so the overall variance is not significant. It is also worth repeating that the use of reserves of £1.065 million was after charging £1 million of capital expenditure, so if we had decided to fund the capital expenditure in a different way the General Fund would have achieved a break even position for 2016/17.

The outturn on the Housing Revenue Account (HRA) was a surplus of £651,000. This was £157,000 better than the revised estimate, largely due to savings on revenue expenditure. Consequently the HRA revenue balance is higher than expected as is the balance on the Major Repairs Reserve. This will be reviewed when the financing of the capital programme for 2017/18 is considered. The combined balance on the Housing Repairs Fund, the Major Repairs Reserve and the HRA revenue balance is a healthy £17.64 million.

The capital outturn detailed spending of £37 million on a range of schemes, this was some £6.1 million below the revised estimate. The two largest areas of slippage on non-housing items were the road works for the shopping park (£1.06 million) and the

lease transaction with the car dealership (£0.99 million), which completed in April. Amounts of £3.1 million (General Fund) and £3.3 million (HRA) will be carried forward to 2017/18 to allow for completion of the various projects.

Having mentioned the outturn for 2016/17 I need to move on to the Council's budget for 2018/19. We will again start the budget cycle earlier by bringing forward the presentation of the Financial Issues Paper from the September meeting of the Finance and Performance Management Cabinet Committee to July. Last year this allowed for a wider consultation and consideration of the options to achieve the necessary savings. The extra meeting of the Cabinet Committee will take place on 20 July, after the deadline for the completion of this report but before Council, and the Financial Issues Paper will be presented to this meeting together with an update on the Medium Term Financial Strategy.

Benefits

On 22 June the Finance Cabinet Committee received the outturns for the Key Performance Indicators for 2016/17. I am pleased to report that both the performance targets for Benefits were achieved. Average performance of 21.83 days was achieved for processing new claims, which beat the target of 22 days. Changes of circumstance were processed in an average of 4.77 days which beat the target of 6 days.

On 11 July Cabinet approved the items to be consulted on as part of the process of constructing the Local Council Tax Support Scheme for 2018/19. The scheme is still operating effectively and no significant changes are planned for next year.

Revenues

The Key Performance Indicators for Revenues also met their targets for the year. The in year collection rate achieved for Council Tax for 2016/17 was 98% which exceeded the target of 97%. The in year collection rate of 97.75% for non-domestic rates was also better than the target of 97.7%.

A new rating list came into effect for non-domestic rates for 2017/18, together with a revised system for businesses to use if they want to check, challenge or appeal the valuation determined by the Valuation Office Agency. This has created a lot of additional work, with assistance and advice being given to many businesses.

The release of guidance on discretionary relief for business rates was delayed by the general election but has now been received. Officers are working with colleagues from across Essex to devise a scheme which should be available for Cabinet to consider in the autumn.