

BABERGH DISTRICT COUNCIL CABINET MEMBER UPDATE

From: Cabinet Member for Finance	Report Number: CMU14
To: Council	Date of meeting: 24 July 2018

TO PROVIDE AN UPDATE FROM THE CABINET MEMBER FOR FINANCE

1. Overview of Portfolio

- 1.1 Whilst this report is from me as the Cabinet Member for Finance the remit of my portfolio also covers Commissioning and Procurement, HR and Organisational Development and the Shared Revenues Partnership. This report covers the key areas of activity over the last 3 months.

2. Recommendation

- 2.1 That Council notes the report.

3. Key Activities/Issues Over the Past Three Months

2017/18 Outturn and Closure of Accounts

- 3.1 The financial position for 2017/18 was reported to Cabinet in May (report BCa/17/68). There is a lot of detail within that report that I would encourage you to look at, so my report to Council will just cover the key headlines.
- 3.2 The report showed an overall favourable variance of £1,966k for the General Fund and a deficit of £577k for the Housing Revenue Account (HRA).
- 3.3 The General Fund outturn position showed that expenditure on services was generally in line with the budget that was set in February 2017, but the receipt of additional income from business rates, planning fees, the Community Infrastructure Levy (CIL) and waste services contributed to the favourable end of year position.
- 3.4 Whilst this could be regarded as very good news and the answer to our financial problems, I must highlight that this money is already committed and has been placed into a variety of earmarked reserves for use in 2018/19 and beyond. The transfers to reserve were:
- £892k to Business Rates Equalisation
 - £546k to Community Infrastructure Levy (CIL)
 - £143k to Homelessness,
 - £123k to Planning for legal costs
 - £119k to Waste for MRF costs
 - £96k to other Government Grants
 - £47k to Strategic Planning

There was no additional money placed into our Transformation Fund and the balance as at 31st March 2018 stood at just £609k, so we still have some challenges to face over the coming three years.

- 3.5 The HRA year-end deficit of £577k was just £51k greater than the budget that was set in February 2017 at £526k. Whilst there was a number of favourable and adverse variances across the range of budget headings, the final position is less than 1% variance against budget and keeps our HRA in a very favourable position to deliver new housing over the coming years.
- 3.6 The unaudited Statement of Accounts for 2017/18 has already been published on our website and the auditors are currently reviewing the accounts. Their report on the accounts will be presented to Joint Audit and Standards Committee on 30th July 2018.
- 3.7 Whilst preparing the Statement of Accounts, there was an adjustment that needed to be made to the outturn position to ensure that everything agreed with the General Ledger. This was a reduction to the favourable variance of £204k and resulted in £688k being placed in the Business Rates Equalisation reserve rather than the £892k reported to Cabinet in May. There was also a minor adjustment to the Transformation Fund leaving a revised balance as at 31st March 2018 of £606k.
- 3.8 The timescale for producing the unaudited accounts for 2017/18 was reduced by one month compared with previous years, with the requirement to publish being changed from 30th June to 31st May. The auditors also have one month less to undertake their work, so that they need to report their findings to those charged with governance by 31st July.
- 3.9 I am pleased to report that the Finance Team rose to this challenge and our Section 151 Officer was able to sign off and publish the unaudited accounts within the reduced timescale. They also had the added challenge of producing Group Accounts within the Statement of Accounts for the first time, resulting from the Holding Company and CIFCO being established in 2017. The Team was simultaneously working on producing similar documents for Mid Suffolk, so overall a tremendous workload. I hope you will join me in thanking them for all their hard work to complete the accounts in the very demanding timescale and I will report the outcome of the audit work to you in a future report to Council.

Staff Survey

- 3.10 Following the closure of the Staff Survey on 18th March, the results have been analysed in detail and a series of 11 briefing sessions for staff have been held at locations in the districts and at Endeavour House. These staff sessions have been a mixture of both giving feedback from the survey, whilst also seeking views and suggestions from our staff about what actions could be taken to address the issues that have emerged.
- 3.11 You will be aware that this was the topic for discussion at the Joint Member Briefing on 20th June where the key messages coming from this first survey were shared with us.

- 3.12 Following the briefing sessions, an action plan is being developed that will be monitored by the Senior Leadership Team, to ensure that the survey results in positive actions and change in the organisation. The outcome of these actions on staff opinion will be visible through future staff surveys.

Information Bulletins to Overview and Scrutiny Committee

- 3.13 The Babergh Overview and Scrutiny Committee received two Information Bulletins from my area of responsibility in June. These were in relation to an update on Off-Payroll Costs for 2017/18 and Staff Welfare following the move into Endeavour House. The bulletins provided valuable information on these topics and were discussed in detail at the Committee. I would encourage you to look at them to increase your knowledge and understanding of these subject areas.

Shared Revenues Partnership (SRP)

- 3.14 The performance of the Shared Revenues Partnership is reported to the Joint Committee on a regular basis and the papers are available on our website. Councillor Jan Osborne and myself are your representatives on this Committee. I would like to share with you the highlights of the SRP performance for last year as set out in the table below:

	Target	Actual
Council tax collected	98.4%	98.5%
Business rates collected	98.4%	98.5%
Average time taken to process new claims	24 days	26 days
Average time taken to process changes to claims	10 days	5.1 days
Local Authority Error (affects housing benefit subsidy payment to the Council)	< 0.48%	0.24%

- 3.15 As can be seen from the table above, all but one of the indicators were better than target for last year. The average time taken to process new claims was slightly above target at the end of last year because performance slipped between June and October 2017, following reconfiguration of the team and a new priority management system was put in place.
- 3.16 Two of the targets have been tightened for 2018/19. The average time taken to process new claims and changes to claims has been reduced from 14 days to 10 days. The average time taken to process changes to claims has been reduced from 10 days to 7 days.
- 3.17 I thought it might also be useful for councillors to be aware of the contents of a table that was included within the June 2018 Joint Committee papers, as this demonstrated the cumulative savings that have been achieved by the Shared Revenues Partnership, on behalf of the three partner councils, since its inception in April 2011. The table demonstrated that across the period 2011/12 to 2017/18, cumulative savings of £3.76m have been achieved across the three councils.

4. Future Key Activities

Medium Term Financial Sustainability

- 4.1 One of our key strategic priorities is to remain financially sustainable in the medium term. The updated MTFFS, approved by Council in February 2018, gives us an idea of the challenge that we face over the 3 years beyond 2018/19, in light of reductions in Revenue Support Grant and New Homes Bonus funding and the volatility surrounding business rates income.
- 4.2 The outturn position for 2017/18, as I outlined in the backward-looking section above, means that there is little respite in terms of the work that we need to undertake to achieve a balanced budget position over the next 3 years. The Senior Leadership Team has already started work on this by considering what the options could be and we will look at these in due course, as proposals are firmed up.

2018/19 Budget Monitoring

- 4.3 No sooner have we concluded the accounts for 2017/18 than we need to begin to monitor our performance against the budget for the current year, that we set at Council in February. The first quarter budget monitoring report will be reported to Cabinet in August.

5. Conclusion

- 5.1 There have been some key activities over the past three months as my report has outlined, but as ever with the annual cycle of finance work and the financial challenges that we face in the medium term, there is always much to do and as ever I would welcome suggestions from councillors that could contribute to our medium term financial position.