

MID SUFFOLK DISTRICT COUNCIL CABINET MEMBER UPDATE

From: Councillor John Whitehead Cabinet Member for Finance	Report Number: CMU20
To: Council	Date of meeting: 26 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 MCa/17/65). 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 £2,410k for the General Fund and a surplus of £467k 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 and the Community Infrastructure Levy (CIL) contributed to the favourable end of year position.
- 3.4 Whilst this is indeed a bonus to our financial situation, 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 principle transfers to reserve were:
- £1,140k to Business Rates Equalisation
 - £768k to Community Infrastructure Levy (CIL)
 - £203k to Homelessness,
 - £155k to Planning for legal costs
 - £110k to other Government Grants
 - £50k to Strategic Planning

There was no additional money placed into our Transformation Fund (now called Growth and Efficiency Fund) and the balance as at 31st March 2018 stood at £9,328k. The Cabinet has subsequently made a number of key decisions, so that the uncommitted balance of the Growth and Efficiency Fund is now less than £2m although not all this money has been spent at this stage in the year.

- 3.5 The HRA year-end surplus of £467k was £1,181k better than the budget that was set in February 2017 with a deficit of £714k. Whilst there was a number of favourable and adverse variances across the range of budget headings, the final position is mainly attributable to a lower use of revenue to fund the capital programme than was planned. The final outturn position is a welcome addition to our HRA reserves as a means of contributing towards the challenges set out in the 30-year business plan.
- 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 an increase to the favourable variance of £139k and resulted in £1,279k being placed in the Business Rates Equalisation reserve rather than the £1,140k 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 £9,320k.
- 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 Babergh, so overall a tremendous workload. I hope you will join me in thanking them for all their hard work in completing the accounts in this 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 Bulletin to Overview and Scrutiny Committee

- 3.13 The Mid Suffolk Overview and Scrutiny Committee received an Information Bulletin from my area of responsibility in June. This was in relation to Staff Welfare following the move into Endeavour House. The bulletin provided valuable information on this topic and was discussed in detail at the Committee. I would encourage you to look at it to increase your knowledge and understanding of this subject area.

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. Councillors Derrick Haley and myself are your representatives on this Committee and Councillor Haley has been chosen as Chairman of the Committee every year since its inception in 2011. 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%	98.7%
Business rates collected	98.4%	99.0%
Average time taken to process new claims	24 days	26 days
Average time taken to process changes to claims	10 days	5.2 days
Local Authority Error (affects housing benefit subsidy payment to the Council)	< 0.48%	0.33%

- 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 and 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 from 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, whilst being beneficial did little to contribute to 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. I will present the first quarter budget monitoring report to Cabinet in August.

5. Conclusion

- 5.1 As my report has outlined, the past three months have seen a great deal of activity, not only in finance but across the several strands of my portfolio. The annual cycle of finance work continues with little respite in the workload, although I trust the Team will find some time to relax and refresh their batteries before the next budget cycle starts in earnest. We are far from immune to the financial challenges that generally face local government, but from a position of relative strength I feel that we can face the future and those challenges with confidence and enthusiasm.