

BABERGH DISTRICT COUNCIL CABINET MEMBER UPDATE

From: Councillor John Ward Cabinet Member for Finance	Report Number: CMU24
To: Council	Date of meeting: 23 October 2018

TO PROVIDE AN UPDATE FROM THE CABINET MEMBER FOR FINANCE

1. Overview of Portfolio

- 1.1 I am pleased to present my first report to Council in my new capacity as Cabinet Member for Finance, having taken over from Councillor Peter Patrick in July. My report covers the key areas of activity over the last 3 months and what is coming up for the next 3 months for the breadth of my portfolio which includes Finance, Commissioning and Procurement, HR and Organisational Development and the Shared Revenues Partnership.

2. Recommendations

- 2.1 That Council notes the report.

3. Key Activities/Issues Over the Past Three Months

2017/18 Statement of Accounts

- 3.1 Since the last report to Council in July, the external auditors Ernst & Young (EY) have been undertaking their work on the 2017/18 Statement of Accounts.
- 3.2 The Joint Audit & Standards Committee received a report from the auditors at their meeting on 30th July 2018, but unfortunately not all their work was complete at that date, so they were unable to sign off the accounts by the earlier deadline of 31st July. Finalisation of the accounts was delegated to the Section 151 Officer in consultation with the Chair of the Joint Audit and Standards Committee.
- 3.3 I can report to Council that the accounts have now been finalised, were signed off by EY with an unqualified audit opinion on 27th September and are now on the Council's website.
- 3.4 It is likely that the original deadline would only have been missed by about one week, if the loan agreement for CIFCO had been signed off by the Board and the Councils. The reason that it has taken longer to complete, in addition to completing the loan agreement, is that on the expectation that the work would be finished at the end of July, annual leave had been arranged by both teams and EY had alternative commitments including auditing the housing benefit subsidy.
- 3.5 Public Sector Audit Appointments Ltd confirmed during September that, as this was the first year of the tighter timescales, if local authorities were able to get their accounts signed off by the end of September then they would not appear on a list of authorities that had failed to meet the new timescales. Whilst I am disappointed that

the audit was not finished by 31st July, I am pleased that the Council will not be named on this list.

- 3.6 The Finance Team held their own internal lessons learned workshop and a similar exercise was carried out with EY in the week that they signed off our accounts. Following this, I and the Section 151 Officer are confident that we will be able to achieve the tighter deadline for the audited accounts for 2018/19.
- 3.7 I would like to take this opportunity to remind councillors that in the last report to Council it was reported that the unaudited accounts were published within the required timescale of 31st May, so we just need to improve the work with the auditors.

2018/19 Budget Monitoring

- 3.8 The first budget monitoring reports for 2018/19 for both the General Fund and Housing Revenue Account (HRA) were presented to Cabinet in August (reports BCa/18/22 and BCa/18/23 respectively).
- 3.9 The General Fund report identified a shortfall in funding of £223k, with the HRA report identifying a shortfall of £252k at this early stage in the year. The position will continue to be monitored on a quarterly basis by Cabinet.
- 3.10 The two reports include a lot more detail than I can cover in this report to Council, so I would encourage you to look at the two reports to gain a more in depth understanding of our current financial position for 2018/19.

Business Rates

- 3.11 I know a number of you took advantage of attending the Joint Member Briefing session on 8th August 2018 that focussed on business rates and was presented by Katherine Steel and Andrew Wilcock.
- 3.12 I hope you will agree with me that there was a lot of useful information for us within the presentation from the perspective of talking to businesses in our wards who are impacted by business rates, but also the impact that it has on the Council's finances.
- 3.13 The slides were subsequently shared with all councillors, so that those who were unable to attend on the day could also benefit from the work that had been put into the presentation.
- 3.14 The presentation will form the basis of a module for the councillor induction programme following next year's election, so I know the officers are keen to receive any further feedback as to how it could be improved for that purpose.
- 3.15 The business rates retention pilot for 2018/19 is well underway, but the Government has confirmed that it will be for one year only. A report was presented to Cabinet earlier in October (report BCa/18/39) to earmark some of the additional funds, that will be received by the Council from the pilot, to specific projects. Individual business cases have been or will be approved by Cabinet before the earmarked sums are used.
- 3.16 The Government has announced its intention to pilot 75% retention of business rates in 2019/20 and invited bids from interested local authorities to be considered for pilot status. Suffolk, through the Public Sector Leaders, agreed to apply again for pilot

status and the application was submitted by the deadline of 25th September. The successful areas are likely to be named in the 2019/20 provisional local government finance settlement published in December.

Staff Survey

- 3.17 A workshop was held with councillors on 11th September to focus on one topic from the staff survey. This was the relationship and communication between officers and councillors. Approximately 25 councillors took the opportunity to participate in this session.
- 3.18 The outputs from the workshop will be included in the action plan that the Senior Leadership Team (SLT) will be signing off during October and will also help to inform the basis of how councillor and officer relationships are built following the election in May 2019.
- 3.19 Whilst the action plan has not yet been formally signed off and shared with staff, actions have already been taken to address some of the feedback and comments that were received through the survey.

Shared Revenues Partnership (SRP)

- 3.20 The most recent meeting of the SRP Joint Committee was on 5th September 2018. A key component of the work of the Committee is to keep the performance of SRP under review using a suite of performance measures that are reported against.
- 3.21 I am pleased to report that there are currently no measures that are giving the Committee cause for concern, but if you would like to see further information on the measures that are reported, the papers can be accessed via our website.
- 3.22 The other topics covered at the September meeting were discretionary housing payments, Universal Credit, the financial position of the partnership for 2018/19 to date and the business plan.

4. Future Key Activities

Medium Term Financial Sustainability

- 4.1 Over recent weeks SLT has been undertaking work to look at options as to how we can achieve a financial position in the medium term that not only shows a balanced position, but one where we generate some surplus to be invested in our district.
- 4.2 To get to this position, without relying on New Homes Bonus within our base budget to fund core services, will require us to find savings or generate income of approximately £2m over the next 4-year period.
- 4.3 A number of options are being considered and will initially be discussed informally with the Cabinets during October, then further refined during November to be in a position to pull together the first draft budget and Medium Term Financial Strategy (MTFS) report in December for presentation to Cabinet in early January 2019.

2018/19 Budget Monitoring

- 4.4 As mentioned earlier in my report, performance against the 2018/19 budget continues to be monitored on a quarterly basis. I will present the second report of 2018/19 to Cabinet in November and will include the key headlines in my next quarterly report to Council.

Information Bulletin to Overview and Scrutiny Committee

- 4.5 You may recall that the report to Council in July included the fact that an Information Bulletin on staff welfare was received by the Babergh Overview and Scrutiny Committee in June.
- 4.6 At that meeting the Committee requested that a general update be brought back to the Committee in 6 months. The update will be presented to the Overview and Scrutiny Committee in December. I will include the key findings in my next quarterly report to Council.

Modern Slavery Charter

- 4.7 As you are aware, a motion was put to Babergh Council about the Modern Slavery Charter and a debate on the motion was held at our meeting in September. It was agreed that a report would be presented to the Cabinets of both Councils in November because the main impact would be in our procurement and supply chains where we operate integrated processes across the two councils.
- 4.8 I will update Council on the outcome of the report to Cabinet in my next quarterly report.

5. Conclusion

- 5.1 As my first report to Council has outlined, the past three months have seen a great deal of activity, not only in finance but across the various strands of my new portfolio. The annual cycle of finance work continues with the initial work having already started for the next budget cycle.
- 5.2 The Council faces a challenge over the next 4 years to ensure that we are financially sustainable in the medium term, particularly in relation to our General Fund, but I look forward to working with you and our officers to bring forward proposals that will see us meet and exceed that challenge.

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