

GROWTH, ENVIRONMENT AND RESOURCES SCRUTINY COMMITTEE	AGENDA ITEM No. 8
6 NOVEMBER 2019	PUBLIC REPORT

Report of:	Peter Carpenter, Acting Corporate Director Resources	
Cabinet Member(s) responsible:	Councillor David Seaton, Cabinet Member for Finance	
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PORTFOLIO PROGRESS REPORT FOR THE CABINET MEMBER FOR FINANCE

R E C O M M E N D A T I O N S	
FROM: Peter Carpenter, Acting Director Corporate Resources	Deadline date: N/a
<p>It is recommended that Growth, Environment and Resources Scrutiny Committee:</p> <ol style="list-style-type: none"> Notes the contents of the report. 	

1. ORIGIN OF REPORT

1.1 This report is being presented by the Cabinet Member for Finance at the request of the Growth, Environment and Resources Scrutiny Committee.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to update the Scrutiny Committee on the progress of items under the responsibility of the Cabinet Member for Finance.

2.2 This report is for the Growth, Environment and Resources Scrutiny Committee to consider under its Terms of Reference Part 3, Section 4 - Overview Scrutiny Functions, paragraph No. 2.1 Functions determined by Council:

- 9. Strategic Financial Planning
- 10. Partnerships and Shared Services

2.4 This report sets out delivery in the Finance portfolio over the past year - these link to Corporate Priorities.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/a
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4. BACKGROUND AND KEY ISSUES

4.1 There were significant changes to Portfolio structures at the Council in May 2019. As such, this report now concentrates on those functions under the new Finance Portfolio for the Period 1st

April 2018 through to the 31st July 2019. This ensures that the full impact of financial decisions during the 2018/19 financial year are taken into account including the Audit of Accounts.

This report will cover the following area's:

- Budget Process 2018/19;
- Closure of Accounts 2017/18 and 2018/19;
- Budget Monitoring Process 2018/19;
- Delivery to Treasury Management and Prudential Indicator requirements;
- Delivery of Revenue and Benefits requirements;
- Financial control reports delivered through the Audit Committee;
- Specific Projects.

4.2 **Budget Process 2019/20**

The Council moved to a quarterly budgeting process for the 2019/20 MTFS process. The move was undertaken to ensure that savings items identified could be moved through the Governance processes as quickly as possible to ensure the maximum possible time for implementation.

The budget was presented to Council in July 2018, December 2018 and then March 2019 for approval. Overall, the Council reduced its planned use of one-off measures from £17m in 2018/19 to £13m in 2019/20. Overall, the final 2019/20 budget report presented to Council in March highlighted that the Council would have invested £11m in its services and delivered £21m of savings and use £3m of reserves to balance its budget. This included almost 90 different investment or savings proposals.

The process also included the Council being challenged by MHCLG on the use of capital receipts for capital repayment. Conversations took place over the spring and summer with MHCLG and in August the Council received a letter saying that MHCLG were closing their examination with no further actions.

4.3 **Closure of Accounts 2017/18 and 2018/19**

The 2017/18 accounts were closed with a £6.9m underspend on revenue and total Capital spending of £80.1m. This underspend was transferred into reserves. The Council closed its accounts to the new national timetable of the 31st July – with the final statements being signed off by the Chair of the Audit Committee and the Acting Corporate Director of Resources.

The 2018/19 Accounts were closed with a £2.1m overspend position (which was funded from Reserves) and £95m capital Programme expenditure. The closure process was made more complicated by the additional attention of MHCLG on the use of capital receipts. However, despite this, the Council still was one of only 60% of Councils across the Country that closed its accounts and had them properly signed off by its external auditors by the 31st of July. It was the only Council within Cambridgeshire that delivered to this timetable.

4.4 **Budget Monitoring Process 2018/19**

The Council's monitoring position was reported to Cabinet as each of its meetings. The July meeting highlighted additional pressures of £4.9m – mainly due to Children's Services for which there was an associated report at that meeting. The overspend rose to a potential £6m position in August 2018 before being managed down through the hard work of Officers and Members to £2.1m at year end.

Throughout the year, the Capital programme was scrutinised and managed down from its original £135m level to a final outturn position of £95m at year end.

4.5 **Delivery to Treasury Management and Prudential Indicator requirements**

As part of the overall Control process, the Council has to produce a Treasury Management Strategy as part of the budget process and then via half yearly and outturn reports ensure that

they have delivered to these strategies. Any adverse changes have to be reported to full council. The Treasury Management Strategy sets out how much and where the Council will borrow to fund its capital investment activities and also where it can invest surplus funds. The Treasury Management Strategy is reviewed via the Audit Committee.

4.6 Delivery of Revenue and Benefits requirements

The revenues and Benefits service is delivered through Serco.

In year Council Tax collection at 31 March 2019 was 95.83%, which is 0.06% less than the amount collected by this stage in 2017/18.

The amount of Council Tax arrears collected by the 31 March 2019 was 15.76%, achieved against a target of 14.31%. The arrears performance has benefited from the continuation of stringent recovery action during 2018, including the utilisation of enforcement agents where appropriate and complying with the updated Citizens Advice Bureau protocols.

The in-year collection of Non Domestic Rates as at 31 March 2019 was 97.9%, which is 0.1% above the target set and an increase of 0.09% compared with 2017/18.

During 2018/19 the business rates team also implemented the three new discretionary schemes announced in the Spring Budget which benefited small business, public houses and those rate payers most impacted by the 2017 revaluation.

In terms of Non Domestic rates arrears, the amount achieved was 33.53% during 2018/19 against a target of 30.00%.

In total, as a result of all four targets for Council Tax and Non Domestic Rates being exceeded, income received into the respective collection funds has been £600k higher than anticipated.

As part of the 2019/20 Budget process, the Council has introduced a revised Council Tax Support Scheme. As part of this, the way the overall calculation is made has been changed and a 1% increase of rate has been introduced in each of the next three years.

4.7 Financial control reports delivered through Audit Committee

Significant control reports are reported through the Audit Committee. These include (discounting the Statement of Accounts Reports already mentioned above):

- An updated Consultants and Agency Report which comes to every meeting to monitor levels of use;
- The Internal Audit Plan – which sets out areas of focus for the upcoming year;
- Risk Management Reports – which set out Council delivery risks;
- Write Off Reports – The Council wrote off £1.6m of debt in 2018/9 – the majority of this relating to Non Domestic Rates (companies moving into bankruptcy). Amounts are only written off when the full collection process has been exhausted;
- Fraud and Investigations reports – the Council has relatively low levels of fraud compared to other Councils.

4.8 Specific Projects

A number of specific projects have also been run during the year. These have included:

- Work has continued on exiting from the Councils Empower Loan agreement. This should now be concluded within the next 6 weeks;
- A change of ownership for the Hotel Project at Fletton Quays for which the Council is committed to a 2 year loan to aid regeneration of the area (which was called in by this Committee);
- Ensuring debt is collected (which apart from Health is at a low level) and that invoices are paid to suppliers within 30 days.

- Grant Thornton were engaged in an initial piece of work on the Council's financial position.

5. CONSULTATION

5.1 Not Applicable - this is an update report for information

6. IMPLICATIONS

6.1 There are no direct implications arising from this report. It is provided for information and comment.

7. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

1.1 Cabinet reports, Audit Committee reports and Cabinet Member Decision notices relating to the Cabinet Member for Finance for the Period 1st April 2018 through to the 31st July 2019.

11. APPENDICES

11.1 There are no appendices to this Report