Report to the Council

Committee: Cabinet **Date: 21 April 2015**

Subject: Finance

Portfolio Holder: Councillor S Stavrou **Item:**

Recommending:

That the report of the Finance Portfolio Holder be noted

Accountancy

Since our last meeting the Chancellor of the Exchequer has delivered his Budget and I thought Members would find it helpful if I highlighted a few key points. In terms of overall spending, the Government's assumption is that Total Managed Expenditure (TME) will fall in real terms in 2016/17 and 2017/18 at the same rate as over the period 2010/11 to 2014/15. TME will then stay flat in real terms in 2018/19 before increasing in line with nominal Gross Domestic Product in 2019/20. This spending plan is not as drastic as many had anticipated, but clearly within the overall plan some areas of Government spending will be hit harder than others.

A review of the future structure of business rates is now underway and this should report back by the 2016 Budget. This is one area of policy that has widespread political support as the current system is clearly no longer fit for purpose. It would be good to see the current limited local retention of business rates extended and proper reward being given to districts that have a track record of using economic development to increase the number and size of businesses in their area.

As the Council has many mature and experienced Members I thought the changes on pensions might be of interest. From April 2016 the tax rules will change to allow people who are already receiving income from an annuity to sell that income to a third party. The proceeds of the sale could then be taken directly or drawn down over a number of years.

The Budget also included announcements on service integration, devolution, apprenticeships, planning and housing. If Members are interested in finding out more of the detail I would strongly recommend the on the day briefing note provided by the Local Government Association. This is written in relatively plain English and at only thirteen pages is rather less intimidating than the Budget itself.

Of course the extent to which any or all of the above are implemented will be determined by the general election. The Medium Term Financial Strategy approved as part of the Council's budget in February did allow for reductions in funding in future years and these estimates will be re-evaluated as more information becomes available. Over a number of years our prudent financial management has put the Council in a strong position and this will allow us to manage whatever adjustments are necessary in a structured and controlled manner.

Benefits

Last year the Budget saw the introduction of a welfare spending cap for the years 2015/16 to 2018/19. For 2015/16 the level of spending is now predicted to be £120.6 billion which will exceed the cap of £119.7 billion. However, this is within the allowed margin of 2% of the forecast of the Office for Budget Responsibility. It is interesting looking forward that by 2019/20 spending on welfare is predicted to be £3.3 billion inside the cap.

The year-end position on the key performance indicators will be considered at the June meeting of the Resources Panel, but I will take this opportunity to give a brief update. The average time taken on processing a new claim was below 22 days, which is well ahead of the target of 25 days. The other processing indicator is for changes of circumstance and this is also performing better than the target of 6 days.

Revenues

This is always a very busy time of year for staff in both Benefits and Revenues as the new-year bills and notifications generate a lot of calls and correspondence. As always, help and advice is being offered to support both residents and businesses that are facing changes in their bills.

The key performance indicators at the end of the year are positive for both Council Tax and Non-Domestic Rates. At the end of March the in-year collection rate for Council Tax was 97.79% which was ahead of the target of 97.0%. Similarly, Non-Domestic Rates was also ahead of the target of 97.7% with 97.86% having been collected.