

Report to the Council

Committee: Cabinet

Date: 26 April 2016

Subject: Finance

Portfolio Holder: Councillor S Stavrou

Recommending:

That the report of the Finance Portfolio Holder be noted

Accountancy

Since our last meeting in February the Chancellor of the Exchequer has delivered his Budget and I thought Members would find it helpful if I highlighted a few key points. Unfortunately the estimates from the Office for Budget Responsibility have become rather less optimistic since the Autumn Statement. This means that additional savings are now required, although the Chancellor still expects to achieve his target of a budget surplus in 2019/20.

The Chancellor has recognised the significant savings achieved by local authorities and the extent of the funding pressure the sector is still under. This meant the Budget contained no further funding reductions for local government. Departmental spending more widely is to be the subject of an efficiency review. This is to be led by the Chief Secretary to the Treasury and the Paymaster General and will report in 2018 to inform future spending decisions.

There were several significant announcements on business rates, including the permanent doubling of Small Business Rate Relief and changing the basis of the annual indexation from the Retail Price Index (RPI) to the Consumer Price Index (CPI). The change in education policy to require schools to become academies will also reduce business rate income as the charitable status of academies means they qualify for mandatory rate relief. The Budget did include a promise that local government would be compensated for the loss of income from the business rates measures and this will be considered as part of the Government's consultation on the implementation of 100% business rates retention later this year.

The Budget also included announcements on devolution, a new national funding formula for schools, 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 twenty one pages is rather less intimidating than the Budget itself.

It will be interesting in the year ahead to see what emerges from the consultations on New Homes Bonus and business rates retention. The Medium Term Financial Strategy approved at our last meeting did allow for reductions in funding in future years and these estimates will be re-evaluated as more information becomes available.

Benefits

The Government introduced the Welfare Cap as part of the Budget in 2014 to strengthen control of welfare spending, support fiscal consolidation and improve Parliamentary accountability for the level of welfare spending. With the changes announced since the Budget it now seems that the Government will not be able to keep spending on welfare inside the cap for several years.

The year-end position on the key performance indicators will be considered at the July meeting of the Resources Select Committee, but I will take this opportunity to give a brief update. The average time taken on processing a new claim was 21.76 days, which is better than the target of 22 days. The other processing indicator is for changes of circumstance and at 4.47 days 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 98.03% which was ahead of the target of 97.0%. Similarly, Non-Domestic Rates was also ahead of the target of 97.7% with 97.84% having been collected.

I thought other Members may also be interested in some of the management information that the Revenues Service collects and the very high level of performance this illustrates for 2015/16. During 2015/16 46,770 direct dial calls were received and 97% were answered, there were 92,002 pieces of work actioned during the year with the outstanding items at the year-end reducing from 1,972 to 1,043. During the year the service was re-structured to provide more of a focus on customer service and this was reflected in the better performance figures over the recent annual billing period. The busiest week in March sees the service receive 2,000 phone calls of which only 36 were abandoned this year, compared to 158 the previous year, and the average wait for callers was reduced from 2 minutes 18 seconds to 1 minute 12 seconds. I would like to take this opportunity to thank the staff of the Revenues Service as their performance during 2015/16 was exceptionally good.