

Report to the Council

Committee: Cabinet

Date: 29 July 2014

Subject: Finance

Portfolio Holder: Councillor S Stavrou

Recommending:

That the report of the Finance Portfolio Holder be noted.

Accountancy

In previous years the Accounts and Audit Regulations have required the approval at June Council of the draft Statutory Statement of Accounts. However, this is no longer the case so the Accounts will not be presented to Council until September, when the audited set will be on the agenda. The outturn reports for both revenue and capital were presented to the Finance and Performance Management Cabinet Committee on 26 June and the Finance and Performance Management Scrutiny Panel on 16 July. I do not want to repeat the contents of those reports but, as not all of you will have attended one of those meetings, it is worth giving you the headlines.

The revenue outturn showed that the Council had again proved more successful in delivering savings than had been anticipated. It was anticipated in the revised estimates that £160,000 of reserves would be used up, but the outturn actually saw £391,000 being added to the General Fund balance. The total variance of £551,000 comprised of £265,000 of savings on net expenditure and £286,000 of additional income from Government Grants and Local Taxation. Savings and additional income arose from a range of Council services including, development control, estates rents, and waste management. There was an unbudgeted saving of £213,000 on Housing Benefits, partly due to adjustments relating to prior years but also resulting from the identification of overpayments. The recovery of housing benefit overpayments is shown as income to the Council and so reduces net expenditure. In 2012/13 Housing Benefits staff created £1.3 million in debts for overpayments but 2013/14 saw this figure increase to £1.4 million. As gross expenditure on benefits exceeds £37 million even a small percentage variance can produce quite large under or overspends.

The outturn on the Housing Revenue Account was a deficit of £593,000. This was £700,000 worse than the revised estimate, largely due to the funding of the capital programme coming more from revenue than the Major Repairs Reserve. Consequently the HRA revenue balance is lower than expected but the balance on the Major Repairs Reserve is higher. This will be adjusted when the financing of the capital programme for 2014/15 is reviewed. The combined balance on the Housing Repairs Fund, the Major Repairs Reserve and the HRA revenue balance is still nearly £17 million.

The capital outturn detailed spending of £13 million on a range of schemes, this was some £2.6 million below the revised estimate. The two largest areas of slippage on

non-housing items were the purchase of Bridgeman House (£654,000) and the purchase of a property to expand the museum (£650,000). Amounts of £2.27 million (General Fund) and £0.8 million (HRA) will be carried forward to 2014/15 to allow for completion of the various projects.

Having mentioned the outturn for 2013/14 I need to move on to the budget for 2015/16. The budget cycle has traditionally started with the Financial Issues Paper being presented to the September meeting of the Finance and Performance Management Cabinet Committee. This year, to allow for a wider consultation and consideration of the options to achieve the necessary savings, the process has been brought forward. An extra meeting of the Cabinet Committee will take place on 28 July and the Financial Issues Paper will be presented to this meeting together with an update on the Medium Term Financial Strategy.

Benefits

We are now in the second year of Local Council Tax Support and there were no significant changes to the scheme for 2014/15. However, it may be necessary to make some changes for 2015/16 and as part of that process we will be issuing a consultation on alterations to the scheme. The key areas for consultation will be agreed at Cabinet on 21 July, which will allow the consultation to run from August to October. Once the responses have been considered a revised scheme will be put to Cabinet and Council in December. It is important to remember that the options chosen for this scheme may result in service reductions elsewhere, so as part of the consultation it would be helpful to hear from both those receiving the support and those who have to pay their Council Tax in full.

On 26 June the Finance Cabinet Committee received the outturns for the Key Performance Indicators for 2013/14. I am pleased to report that all of the performance targets for Benefits were achieved. The significant improvement in the processing of new claims is worth highlighting as an average performance of 23 days was achieved which beat the target of 30 days and the previous year's performance of 31.83 days.

Revenues

The Key Performance Indicators for Revenues also met their targets for the year. As 2013/14 was the first year of Local Council Tax Support we were concerned that the additional work on these cases could impact on the baulk of normal cases and the collection rate could suffer. Through partnership working with the major preceptors it was possible to agree additional funding for work on Local Council Tax Support cases and this has proved very effective. The in year collection rate achieved for 2013/14 was 97.62% which exceeded the target of 96.6% and only showed a small reduction on the previous year's rate of 97.82%.

The in year collection rate of 98.09% for non-domestic rates was also better than the target of 97.5%. This was a strong improvement on the 2012/13 collection rate of 96.85% and shows how effectively the additional CSB budget of £25,000 has been used in this area.