

Key Decision Required	No	In the Forward Plan	No
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CABINET

12 OCTOBER 2018

REFERENCE REPORT FROM RESOURCES AND SERVICES OVERVIEW AND SCRUTINY COMMITTEE OF 17 SEPTEMBER 2018

A.2 FINANCIAL PERFORMANCE REPORT – IN-YEAR PERFORMANCE AGAINST THE BUDGET AT END OF JULY 2018 AND LONG TERM FINANCIAL FORECAST UPDATE

(Report prepared by Ian Ford and Richard Barrett)

BACKGROUND

At the meeting of the Resources and Services Overview and Scrutiny Committee held on 17 September 2018 (Minute 29 refers) The Committee had before it a report of the Deputy Chief Executive (Corporate Services), which presented it with an overview of the Council's actual financial position against the budget as at the end of July 2018 and which also presented an updated forecast on an on-going basis as part of developing the budget for 2019/20 and beyond.

The Committee was made aware that, at its meeting held on 14 September 2018, Cabinet had considered the same report and had resolved:

“(1) That, in respect of the financial performance against the budget at the end of July 2018, -

- (a) the position be noted;*
- (b) the proposed in-year adjustments to the budget as set out in Appendix H be agreed;*
- (c) future amendments to in-year employee budgets to reflect organisational changes be delegated to the Chief Finance Officer on the basis that they do not increase the Council's overall net budget; and*
- (d) the decision to continue to be a member of the Essex Business Rates Pool and associated bid for pilot status in 2019/20 be delegated to the Finance and Corporate Resources Portfolio Holder if advantageous to the Council.*

(2) That, in respect of the Updated Long Term Forecast, -

(a) the updated forecast be agreed; and

(b) the Resources and Service Overview and Scrutiny Committee be consulted on the updated position.”

The Cabinet report referred to above was attached as Appendix A to the report A.1 for the Committee’s consideration.

Members raised questions and concerns which were responded to by the Head of Finance, Revenues and Benefits Services.

COMMITTEE COMMENTS AND RECOMMENDATIONS TO CABINET

Having considered and discussed the report it was:-

RESOLVED that this Committee comments and recommends to Cabinet that –

(1) the Committee proposes that in respect of the in-year position for 2018/19, the Committee notes the position regarding planning income which was expected at some point given the progress of the local plan. However, it is suggested that if this trend in planning income continues, Officers explore ways to manage the cash flow implications across financial years to alleviate any adverse implications on the budget in any one year.

(2) the Committee will remain alert to the rental income situation within the HRA and hope to see the position stabilise over the coming year. Although not necessarily for inclusion in future reports, it would be helpful for Members to receive more detailed information concerning void periods on a regular basis whilst the current adverse position continues.

(3) in respect of the money owed by one public sector debtor, it would be helpful to the Council’s cash flow position if the relevant service took whatever steps necessary to ensure that money is recovered as soon as possible during the year.

(4) in respect of the Updated Forecast, the Committee notes the updated forecast but in respect of the cost pressure allowance figure of £150k, which is recognised as one of the highest risks to the forecast, the Committee waits to see the level of cost pressures submitted by Services for 2019/20.

(5) the Committee hopes that the Council and its Essex neighbours are successful in forming a business rate pilot/pool in 2019/20 given the level of additional income that this is likely to generate in the area.

(6) when Cabinet see the recommendations from this Committee, Cabinet's recommendations and comments are to go forward onto this Committee's next agenda.

Cabinet is now asked to consider the comments and recommendations of the Resources and Services Overview and Scrutiny Committee.

PORTFOLIO HOLDER'S COMMENTS AND RECOMMENDATIONS TO CABINET

Comments

The Finance and Corporate Resources Portfolio Holder thanks the Resources and Services Overview and Scrutiny Committee (RSOSC) for its recommendations and comments as follows:-

- “(a) That in respect of point (1), it is recognised that this is a significant risk to the forecast and will be kept under review, with Officers requested to explore how such cash flow implications can be managed across financial years if required; but we need to recognise that planning Income was always going to level out, once the onslaught of speculative applications decreased, but rest assured that this will continue to be monitored;*
- (b) that in respect of point (2), I agree, and this is something I have already flagged up previously, therefore Officers are requested to provide Members with additional detail in respect of void periods within the HRA to support their role in reviewing the financial position of the Council as part of the on-going budget management process;*
- (c) that in respect of point (3), the relevant service is requested to review the current situation to see if they can identify opportunities to improve the time taken to recover money owed to the Council;*
- (d) that in respect of point (4), information relating to future cost pressures will form part of the new on-going approach to reporting the financial forecast and will be available as part of the next report in November;*
- (e) that in respect of point (5), Cabinet joins the Committee in hoping that this Council, along with other authorities in Essex, are successful in their bid to form a business rates pool and pilot in 2019/20. The application was made on 25 September and we should hear if we have been successful or not by late November / early December, although we are disappointed that Thurrock have taken the decision of not joining the Pilot, and it's very much hoped that this will not weaken the bid; and*

(f) that in respect of point (6), Cabinet's recommendations are always freely available. The replies to comments from RSOSC are given as a genuine response to those specific comments, and should not be construed as the start of a secondary debate."

Recommendations to Cabinet

That Cabinet notes the Resources and Services Overview and Scrutiny Committee's comments and recommendations and endorses the responses of the Finance and Corporate Resources Portfolio Holder thereto.