



Committee and date

Council

20th September 2018

REPORT OF THE PORTFOLIO HOLDER FOR FINANCE

Contact: David Minnery
Email: David.minnery@shropshire.gov.uk

1.0 Introduction

1.1 This document identifies some of the work undertaken within the Finance Portfolio since December 2017 and details some of the aims and objectives for the future.

2.0 Financial Strategy

The Financial Strategy approved by Cabinet on 10th January 2018 identified and proposed a combination of approaches to close the projected funding gap over the current parliamentary period. These included raising more Council Tax as a result of new freedoms, putting forward further and extensive savings plans and the continued use of one off grants and reserves. These proposals for savings and council tax income were rolled into the projected expenditure and resources position.

In addition, changes to the value of the funding gap arose as a result of improved information including establishing final taxbase figures and collection fund outturns as well as changes brought about by the Provisional Local Government Settlement announced in December 2017 and the Final Settlement which was announced on 6th February 2018.

After application of the savings proposals, adjustments as a result of the provisional and final settlement, finalised taxbase and collection fund figures; one-off government funds were applied and the remaining gap was addressed through the use of earmarked reserves to deliver a balanced budget for 2018/19 and the financial strategy was approved by Council on 22 February 2018.

The first Financial Strategy for 2019/20 -2022/23 was approved by Cabinet on 4th July 2018 and focussed on the funding required to fund the amendments to the Pay and Reward Policy approved by Council on 17th May 2018. Outline proposals for savings have been identified within Public Health, Adult Services and Corporate Budgets that will provide the necessary funding to enable the Pay and Reward

Policy to be implemented from 1 October 2018. Following further scrutiny of these proposals Council will be in a position to approve these savings in December 2018.

3.0 Financial Oversight

- 3.1 Over the financial year it is important to ensure that an oversight of the Council's financial position is reported through to Cabinet. This is delivered by financial monitoring reports covering the revenue account, the capital programme and the cash position via treasury management updates.
- 3.2 The capital programme is being delivered and extended through a substantial number of additional, commercially focused schemes linked to the Financial Strategy. Details of these schemes will be reported over the coming months and progress monitored through quarterly reporting. One area that the Council is progressing well with is the delivery of the Digital Transformation Programme which will be substantially delivered within 2018/19. This programme is a major investment for the Council and it is pleasing that progress is being made well within the identified budget with the potential to deliver savings through increased efficiency running into the many millions.
- 3.3 The Treasury Management approach adopted by the Council continues to deliver above benchmark returns, providing additional much needed cash without undertaking unnecessary risk on the capital employed.
- 3.4 The Council's current year revenue position is under strain as a result of pressures particularly within Adult Services, Children's services and Highways and Transport. A recruitment freeze has been implemented across the Council and we are looking at other initiatives to bring the projected overspend into balance before the end of the year.

4.0 Services within the Portfolio

- 4.1 A number of initiatives have been or are being implemented by services directly within the Finance Portfolio.
- 4.2 Following the securing of a government grant worth £1.308m in 2017/18 a local discretionary business scheme was created during 2017 and this funding was allocated to almost 1,000 business across Shropshire. The scheme has continued into 2018-19 and grant funding worth £635,000 has been awarded to over 900 businesses across Shropshire for year 2 of the scheme. These funds help businesses cover the transitional costs of business rates revaluation from April 2017 and is an important boost to Shropshire's business economy.
- 4.3 The business rate discretionary rate relief policy has been reviewed during 2018 with some amendments being made to the qualifying criteria to ensure that rate relief is applied to charities fairly across Shropshire. A full consultation on proposed

changes to the scheme ran for six weeks during the summer. A review of entitlement to discretionary business rate relief against the agreed criteria will take place in the autumn 2018.

- 4.4 A revised Council's Council Tax Support Scheme was introduced with effect from 1 April 2018 introducing a minimum payment which brings the scheme into line with the majority of Councils across the country. The scheme was scrutinised in depth by the Performance Management Scrutiny Committee in November/December 2017. Implementation of the scheme will deliver up to an additional £1.2m per year, achieved by more of Shropshire's population making a contribution through Council Tax, which will help prevent future cuts in some of our much-valued services. These changes were reflected in council tax bills sent in March 2018.
- 4.5 For the 2017-18 financial year the Revenues and Benefits Service achieved a 98.4% collection rate for council tax collection which is the 5th highest out of 56 Unitary Authorities. The team also achieved a 98.9% collection rate for business rates collection which is the 8th highest out of 56 Unitary Authorities.
- 4.6 For the 2017-18 financial year the Revenues and Benefits Service achieved average speed of processing for new housing benefit claims of 27 days, and average speed of processing for housing benefit changes in circumstances of 6 days, against a national average of 22 days and 7 days respectively.
- 4.7 The Council's Statement of Accounts and Annual Governance Statement was completed in line with the early closedown timetable for 2017/18 and published by the end of July 2018. The Council's external auditors, Grant Thornton, issued an unqualified opinion on the accounts and an unqualified Value for Money Opinion.
- 4.8 Work continues with Finance on the implementation of the new Enterprise Resource System for the Council. The team have now entered user acceptance testing on the system and are highlighting any defects or changes required to be made to the system in order that the system is in line with the Council's requirements for the go live date.
- 4.9 The Treasury team have outperformed their investment benchmark by 0.24% in 2017/18 and performance for the last three years is 0.28% per annum above the benchmark. Treasury activities during the year have been within approved prudential and treasury indicators set and have complied with the Treasury Strategy.
- 4.10 Within the Commissioning & Procurement service, as well as providing support to the rest of the Council, the team have continued to work with senior officers to achieve a more consistent and efficient approach from commissioning and contracting with reduced risk of contractor failure or non-performance. Work this year has focused on key risk contract assurance and monitoring, contract management of key corporate expenditure and specific work around how the

procurement of agency staff is undertaken to reduce expenditure and provide more control. The team have facilitated contract management training and the use of a contractor and expenditure analysis tool. The corporate e-tendering system has been further developed with increased use of the tool throughout the Council and with the introduction of a Dynamic Purchasing System module. Current work is focused on savings delivery from contract renegotiations and procurement and the roll out of contract negotiation training to key staff this Autumn.

In connection with the work on Commissioning I am pleased to be able to confirm that the Leader has asked Councillor Roger Hughes to work closely with me on Commissioning

- 4.11 In addition to the quarterly strategic risk update a risk workshop has taken place with Directors where all of the 16 strategic risks were challenged by Directors. All risk definitions, risk scores and target scores were discussed together with a discussion regarding the risk appetite of the authority. The latter confirmed that Directors felt the risk appetite for the authority is represented correctly in the Opportunity Risk Management Strategy. This position is then considered and reviewed by Cabinet Members.
- 4.12 Finally, it has been agreed that a full review of the base budget should be carried out. It is important that we address the budget framework alongside the Digital Transformation work so that the budget estimates for 2019/20 more closely reflect the future shape of the Council and the funding we have available. I am particularly keen to address the impact of change and to test the belief that the projected savings can be realised.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Financial Strategy 2018/19 to 2022/23 – Cabinet 10 January 2018

Financial Strategy 2018/19 to 2022/23 – Cabinet 14 February 2018, Council 22 February 2018

Financial Strategy 2019/20 to 2021/22 – Cabinet 4 July 2018

Financial Monitoring Report Quarter 3 2017/18 – Cabinet 14 February 2018

Financial Monitoring Report Quarter 2 2017/18 – Cabinet 15 November 2017

Robustness of Estimates and Adequacy of Reserves – Cabinet 14 February 2018

Fees and Charges 2018/19 – Cabinet 14 February 2018, Council 22 February 2018

Estimated Collection Fund Outturn 2017/18 – Cabinet 14 February 2018

Council Tax Resolution 2018/19 – Council 22 February 2018

Financial Outturn 2017/18 – Cabinet 23 May 2018, Council 26 July 2018

Statement of Accounts 2017/18 – Council 26 July 2018

Treasury Strategy 2018/19 – Cabinet 14 February 2018, Council 22 February 2018

Treasury Management Update Quarter 3 2017/18 – Cabinet 14 February 2018

Treasury Management Update Quarter 4 2017/18 – Cabinet 4 July 2018

Business Rates Revaluation Discretionary Relief Scheme 2018-19 – Cabinet 14 February 2018

Shropshire Council - Council Tax Support Scheme 2018/19 – Council 14 December 2017

Review of Non Domestic Rates Discretionary Relief and Council Tax Discretionary Discounts – Cabinet 4 July 2018

Cabinet Member (Portfolio Holder)

David Minnery

Local Member

All

Appendices

None.