

South Lakeland District Council
Council
18 December 2018
Executive Report – Mid Year 2018/19

Portfolio: Finance Portfolio
Report from: Cllr Andrew Jarvis

Portfolio Responsibilities

The development of strategic policy to ensure that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, i.e. Value for Money.

To ensure that the Council has proper arrangements in place for securing financial resilience.

Policies, Plans and Strategies

- Medium Term Financial Strategy
- Budget Framework
- Procurement Strategy
- Discretionary Benefit and Rate Relief Policies
- Council Tax Reduction Scheme

Key Areas:

- Strategic Finance
- Budget Monitoring
- Treasury Management
- Capital Programme
- Value for money
- Procurement
- Savings Programme
- Payments and Sundry Debtors
- Insurance and Risk Management
- Benefits Administration
- Council Tax Collection

Budgets and Medium Term Financial Strategy

The Medium Term Financial Plan (MTFP), which includes the Council's Financial Strategy, looks at projected income and expenditure over the next five years. The 2019/20 – 2023/24 MTFP was approved in July 2018. The plan highlighted the impact of ongoing cuts in funding, in particular with £613k impact of 'negative RSG' expected in 2019/20, as well as the uncertainty around future funding with a proposed 75% localisation of business rates and the Fair Funding review, which will determine how much business rate income will be retained by the Council in the future to fund services.

The MTFP is kept under regular review. A draft budget report elsewhere on this agenda updates the assumptions and financial projections within the MTFP, updates the latest position regarding Government funding plans and requests approval for an update of the Capital Programme for 2018/19 onwards.

Procurement Strategy

The Council's Sustainable Procurement & Commissioning Strategy 2016-2019 sets the framework for South Lakeland District Council ('the Council') to purchase goods, services, and works to deliver value for money and to meet the needs of local citizens. It incorporates the most appropriate elements of best practice in structure, policy and procedure, and will remain sufficiently flexible to respond to both internal and external change. Council approved a Procurement Schedule as part of the budget papers in February 2018. This delivers Council services in accordance with the Procurement Strategy. The strategy is being reviewed to ensure it meets best practice and is consistent with the LGA's National Procurement Strategy for Local Government in England 2018 and any updated will be reported to Overview and Scrutiny Committee and Cabinet in January 2019 and Council in February 2019.

Strategic Finance

Officers prepared the Council's statutory accounts, the Statement of Accounts, by the end of May 2018 in line with the statutory requirements. The accounts received an unqualified audit report in July 2018 from the Council's external auditors. The Finance Team are congratulated on achieving this stretching deadline without major issue.

Budget Monitoring

Although budget monitoring continues all year, the composite Corporate Financial Monitoring report commences from Quarter 2 with the report included elsewhere on this agenda. Monitoring to the end of period 7 (October 2018) projects a contribution of £112k will be made towards the savings target of £361k for 2018/19 and officers will continue to work to identify further budget savings in 2018/19 to deliver the remaining £249k to meet the full savings target. Quarters 2 and 3 will be considered by the Overview and Scrutiny Committee, Cabinet and Council during the year.

Treasury Management

Updates are provided as part of the aforementioned Financial Monitoring and Budget reports elsewhere on the agenda. The Treasury Management Framework Report for 2019/20 will be reported to Overview and Scrutiny Committee and Cabinet in January 2019 and Council in

February 2019. The framework will include a Capital Strategy to clearly link a Council's spending and financing plans for the medium/long term.

Capital Programme

The MTFP includes a Capital Strategy which sets out the sources of funding of capital expenditure, any restrictions on how that funding should be applied and the process for considering new bids for the capital programme. Work supported by our property advisors, Lambert Smith Hampton (LSH) has allowed the Cabinet to take a long-term view of the likely capital requirements facing the council. Subsequently, Cabinet on 28 November 2018 approved a Property and Land Management Strategy which has informed the long-term requirements and phasing for capital expenditure based on input from LSH. Bids for capital programme schemes have been prioritised during September 2018 with some included in the proposed capital programme and other requiring further business cases. All schemes in the existing programme will be reviewed to ensure they continue to reflect the Council Plan priorities.

Savings Programme

The majority of the savings incorporated into the budget for 2018/19 and later years relate to the Customer Connect programme. Progress in delivering these and other savings is incorporated into the Corporate Financial Monitoring and Budget reports.

Revenue and Benefits

The Revenue's and Benefits Service continues to make progress with the new software. All payment and recovery cycles are in place and collections are continuing as normal. Additional work resulting from the conversion still remains and continues alongside normal day to day processing.

Work is continuing with Capita and Meritec to assist with the council's Customer Connect project and should be fully implemented over the next 3/6 months. This will see residents being able to access their information and records on-line. In addition a full set of interactive processes will be available including the ability for customers to make arrangements, apply for discounts and notify changes in circumstance electronically direct into our new back office systems.

Benefits Administration

Performance of the benefits team continued to be sustained at a high level since the implementation of the new software. Changes in Circumstances for both Housing Benefit and Council Tax Reduction are being processed within the target times contained in the service plan. New claims are currently being processed within 27 days of receipt, with delays generally down to awaiting information from the customer. This is improving week on week.

Rollout of Universal Credit full service for those customers who fall under Kendal Jobcentre Plus (which deals with the majority of the District) took effect in September 2018, and Stage 2 full service takes effect from 05 December 2018 (Western Areas served by Barrow Jobcentre Plus). This means we are currently receiving a limited number of new claims for Housing Benefits for those who are exempt from receiving housing costs via Universal Credit in the Kendal area, and from all new claimants who fall under Barrow Jobcentre Plus until the gateway to claim is closed on 05 December 2018.

We are continuing to work in partnership with our colleagues at the DWP to ensure that the transition to Universal Credit for our customers is as seamless as possible, and we are providing assisted digital support to assist those residents are having difficulty in making a claim for Universal Credit, in addition to ensuring that we maximise benefit entitlement through Council Tax Reduction and Discretionary Housing Payments where appropriate.

Council Tax Collection

Council Tax collection at the end of Q2 was behind target however, recover procedures are now back in place after the implementation of the new system and it is expected that the collection rate will remain close to target.

Collections rates continue to be closely monitored. The collection rates as at 31 Oct 18 are as follows:

Council Tax – 67.75%

This is 0.07% below the target of 67.82%

NDR – 64.40%

NNDR Collection

Collections of Business Rates are 55.73% which is 0.2% lower than last year. Normal collection procedures were put back in place in mid-August and it is expected that collection rates will continue to move closer to target as recovery procedures continue to take effect.

There has been a continued increase in the number of businesses paying over 12 months rather than 10.

Collections as with Council Tax are closely monitored and where possible the council works with businesses to ensure business rate liabilities collected as sympathetically as possible

Fraud

The Council remains pro-active in tackling fraud. This involves working closely with the DWP on Housing Benefit fraud. The Council have also signed up to a joint working arrangement with DWP to prosecute Council Tax Reduction as part of a joint investigation.

Fraud assist South Lakes Housing with RTB application checks. The Council also takes part in the Cabinet Office National Fraud Initiative data matching exercises and will continue to do so.

A fraud risk-assessment has been carried out with all departments to ensure the Council has identified areas of potential fraud and has introduced appropriate anti-fraud measures.

New starters to the Council attend Fraud training as part of the induction process.