SELBY DISTRICT COUNCIL

Councillor Cliff Lunn

Executive Member for Finance and Resources

Report to Council on 18 September 2018

Medium Term Financial Strategy

Over the summer my Executive colleagues and I have been considering the future of the Council's finances as we reviewed the Medium Term Financial Strategy. The overarching thrust of the strategy remains unchanged but the challenges are growing as there is further funding uncertainty ahead with the Government continuing its review of Local Government Funding and planning an alternative to New Homes Bonus. Our recommendations which at the time of writing, are subject to consultation with Policy Review Committee, are elsewhere on tonight's agenda.

Business Rates

The Government has announced another round of business rates pilots for 2019/20. Unlike the current pilots which are 100% retention the next round will be 75% - with no 'no detriment clause', which means greater risk for local government.

At the time of writing, officers from North Yorkshire, East Riding and the North Yorkshire Districts are assessing the options and the Executive has delegated authority for the Chief Finance Officer to submit an application as part of a wider North Yorkshire pool, on behalf of the Council, should this present a favourable outcome.

I will update Council on progress at the meeting.

Treasury Management

Treasury performance continues to produce relatively positive returns compared to our benchmarks and approved interest budget. We have seen an increase in the Bank Base Rate (from 0.5% to 0.75%) which will improve returns over the remainder of the year.

Conscious of the need to improve returns further this report also sought approval for the adoption of a procurement process undertaken by our NYCC Treasury Team, to select a number of property funds for investment purposes.

This is in line with our approved strategy and we look forward to placing the funds – we will report on performance through the quarterly treasury updates.

The fees associated with the Property Funds are to be funded from the Property Acquisition Fund within the Programme for Growth.

Financial Results and Budget Exceptions Report to 30th June 2018

At the end of quarter one, the forecast outturn is a £30k deficit on the General Fund and a £386k surplus on the HRA, although at this early stage in the year these forecasts are only indicative.

The General Fund is made up of a number of variances, the most significant being the shortfall on planned savings and changes to the lifeline service. These are offset by staff savings and higher investment income. The HRA surplus is driven by lower external borrowing requirements.

Planned savings are expected to fall short of target, in particular in planning and asset rationalisation. Work to identify mitigation for the shortfalls is underway, with vacancies being held where possible to generate a saving in year.

The capital programme has small forecasted underspends in the General Fund, principally due to projects rolling over into the following year. Retained receipts from the sale of houses under right to buy are lower than anticipated but sales will continue to be monitored.

Programme for Growth projects are well underway. There is an underspend indicated for the current year, but this is where projects are expected to be delivered over multiple years.

Purchase of Nat West Banks in Tadcaster and Selby

SDC have finalised the purchase of the former Nat West Bank in Tadcaster. Officers are now preparing a business case for the Executive to refurbish it and bring it back into use as soon as possible. Our offer on the former bank at Selby has been accepted and completion is expected within the next few weeks. Both purchases are funded from the Commercial Property Acquisition Fund which is part of the Programme for Growth.

Cliff Lunn