



**Councillor Cliff Lunn**

**Executive Member for Finance and Resources**

**Report to Council on 21<sup>th</sup> February 2019**

**Treasury Management Quarterly Update**

Another relatively positive quarter for investment returns with cash balances remaining buoyant. The increase in the Bank of England rate earlier in the year has resulted in an average rate of 0.77% over the first three quarters of the year on an average investment value of £64.3m. Returns are forecast to be £491k (£343k for the General Fund and £148k for the Housing Revenue Account). For the General Fund any amounts above £300k will be transferred to the Contingency Reserve in line with the approved Medium Term Financial Strategy.

Investments in two property funds (£2.5m each) were secured on 31 October 2018.

**Financial Results and Budget Exceptions to 31 December 2018**

The General Fund outturn at Q3 is forecasting a £71k surplus, a positive change from the deficit predicted at Q2. The HRA continues to report a surplus at £401k.

On the General Fund, in year salary savings and higher investment interest are partly offset by the shortfall on planned savings and changes to the lifeline service. The HRA surplus is driven by lower external borrowing requirements.

The planned savings shortfall has increased a little since Q2 but planning and asset rationalisation are still the main drivers of the variance. In year savings, in particular on salaries, are helping to mitigate this.

The capital programme is showing in year underspends in both the General Fund (£4.8m) and the HRA (£3.6m). General Fund is due to lower loans to the Selby and District Housing Trust plus lower spend on Disabled Facilities Grants, asset maintenance and ICT. The HRA will underspend mainly in three areas, the Housing Development Programme, the roofing scheme in Tadcaster which is still in consultation and the Empty Homes Programme. All of these are also expected to be spent, and will therefore be carried forward.

Programme for Growth is showing good progress across a number of Projects. Projects are expected to be delivered over a number of years. A report on the Economic Development Framework Delivery Plan approved a change in existing budget allocations to finance the required staffing measures identified for the ongoing delivery of the plan.

## **Housing Rents**

2019/20 will be the last year of the Government's 4 year policy to reduce housing rents by 1% year on year. From 2020/21 the Council will be allowed to increase rents by the level of the consumer price index (CPI) plus 1%.

## **Business Rate Retail Relief 2019/20**

In the Autumn Budget 2018 the government announced further measures to assist small businesses in the coming financial year. Local authorities are compensated in full for the new relief through Section 31 grant funding from central government.

The value of the relief is one third of the business rates bill (after all other eligible discounts have been applied.) This will benefit occupied properties with an RV of less than £51,000 for 2019/20 and 2020/21 that are wholly or mainly being used for the sale of goods or food or drink or the provision of services to visiting members of the public.

It has been identified using the government's criteria of what it does and does not consider being retail that 200 businesses across Selby District will benefit from this relief. To an amount of approximately £450,000 for 2019/20, subject to state aid limits. This relief will be applied automatically to those that have been identified as eligible once the software is available. This will not be in time for the 2019/20 annual bills so a letter will be issued to eligible businesses to advise them accordingly.

## **Business Rate Relief - New Rural Mobile Infrastructure**

It has been agreed across North Yorkshire and York to award a business rate relief for new rural mobile infrastructure where no mobile service is currently available. The relief will be from April 2019 for a period of seven years up to a value of £6,000 per year per mast to a maximum of £42,000. The relief will be awarded in accordance with Section 69 of the Localism Act and is therefore at a cost of 40% to the council.

## **Neighbourhood Officer (Local Taxation and Visiting) Progress Report**

In August 2017 we recruited to a new role within the Taxation and Benefits team. The role is to ensure new builds and business rates increases are monitored regularly and reported to the Valuation Office Agency promptly to ensure the income stream of council tax and national non-domestic rates is protected and maximised.

In the first year of the post additional business rates and council tax totalling £390,124 was brought in (Selby district's share is £131,173).

Closer relationships have also been formed within the council and information is shared promptly and effectively between departments, including planning enforcement, contracts and environmental health, this ensures the customer is given a better service and the Council maximises income.

## **Treasury Management Strategy**

The Executive considered the draft Treasury Management Strategy and the proposed strategy is presented later on this agenda.

## **Budget**

The Executive's proposed budget for 2019/20 and the Medium Term Financial Plan (to 2021/2) are also presented later on this agenda.

The proposals have been subject to public consultation, have been scrutinised by Policy Review Committee and have been discussed at all member briefings.

**Cliff Lunn**

**Lead Member for Finance and Resources**