



## **Councillor Cliff Lunn**

### **Lead Executive Member for Finance and Resources**

#### **Report to Council on 17 September 2019**

##### **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. Whilst this month's spending review announcement by the Chancellor is positive, the overarching thrust of the strategy remains unchanged. Our recommendations which at the time of writing, are subject to consultation with Policy Review Committee, are elsewhere on tonight's agenda.

##### **Financial Results and Budget Exceptions Report to 30th June 2019**

At the end of quarter one, the forecast outturn is a £291k deficit on the General Fund and a £112k 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. There are also pressures in recycling, commercial waste, planning and lifeline income which are being offset by a variety of compensating non-recurring savings. 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 in progress and we will continue to monitor closely.

The capital programme has some forecasted underspends in the General Fund, principally due to projects rolling over into the following year.

Programme for Growth projects are also progressing with significant spend forecasted for 2019/20 but projects are expected to be delivered over multiple years.

##### **Treasury Management – Quarterly Update Q1 2019/20**

Treasury performance continues to produce relatively positive returns compared to our benchmarks and approved interest budget. At quarter 1 we achieved average returns on our standard treasury investments of 0.95%.

Our property fund investments achieved a net return of 3.5% which included a small capital loss.

The uncertainty over Brexit is undoubtedly impacting on financial markets and we continue to monitor closely.

There were no changes to long term borrowing in the quarter.

## **Council Tax Reduction Scheme Consultation**

The council is looking to make significant changes to its Council Tax Reduction Scheme from April 2020. This is the support given to those working age residents who receive certain benefits or who have a low income. The changes being considered produce a simplified scheme for residents, which also works with wider welfare reforms and should reduce administration for staff.

We have looked at this together with all the other North Yorkshire authorities who have also been looking at changes to their schemes. The framework for all the authorities was very similar, that the schemes should be as cost neutral as possible and wherever possible there should be no customers who lose or gain a large amount of Council Tax Reduction. Each authority has then tailored the scheme according to demographics.

The main amendment being proposed is a move to a banded income grid scheme, with incomes within a certain band and household receiving a set percentage reduction, this will be much more transparent for customers rather than the current complicated means testing scheme. Other changes include a reduction in the capital limit and the standardising of certain disregards and deductions. It is proposed to increase the level of support from the current maximum of 90% to 100% for those on the lowest incomes and this is one of the areas that we are seeking comments on from residents and the preceptors. This will increase the cost of the scheme by an estimated £177k p.a. – a cost that would be shared with all major preceptors.

A consultation exercise has just been launched to seek the views of residents and other interested parties on the proposals. This will end on the 20 October 2019 and the final decision on the proposed scheme will be made at Full Council in December 2019.

### **Business Rates**

And finally I am delighted to report that we have been awarded funding for both the 2019 Tour de Yorkshire and the UCI World Championships for the North and West Yorkshire Business Rates Pool.

**Cliff Lunn**

**Lead Executive Member for Finance and Resources**