

People Select Committee Overview Meeting 2016

7th November 2016

Report from Director of Finance and Business Services

Finance and Business Services

Context

Members are well aware that as a Council we have had to adapt to funding reductions of £52 million over the last five years and that we are still confronted with having to find further savings. In relation to Finance and Business Services this has meant delivering efficiencies and savings within the following areas:

- Finance & Assets
- Procurement & Governance

Business Support, which was recently consolidated into the service from across the Council will be subject to a review before the end of the financial year and the Revenue & Benefit Service is currently undergoing a merger.

Whilst we acknowledge that we have a strong track record of sound financial management and we have been dealing with these problems successfully for many years, it will not be easy to address the additional loss of government funding of over £20 million by 2019/20. Moving forward, expectations will need to be realistic as many more difficult decisions will need to be made.

It is both acknowledged and accepted that we can't continue to do all the things we currently do and that we won't be able to work in the same way. For Finance & Business Services this will mean reducing transactions, focussing activity on priority areas.

The challenge for all Members is to ensure that decisions about the basis on which services will be delivered are within the resources available, taking account of a number of factors such as reduced budget allocation, changing demographics, increasing demand, new national legislation and policy direction. Members are reminded of the four policy principles that support our decision-making:

- **Protecting the vulnerable through targeted intervention**, particularly those people in our communities who are subject to, or at risk of harm, people who are homeless or at risk of becoming homeless and those who are financially excluded or whose circumstances make them vulnerable.
- **Promoting equality of opportunity through targeted intervention**, specifically in relation to tackling health inequalities, meeting the skills gap and improving access to job opportunities, tackling fuel poverty, improving education and training opportunities, access to affordable housing and financial and digital inclusion.
- **Developing strong and healthy communities** through the provision of mainstream and preventive services that are available to all those who choose to access them.
- **Creating economic prosperity** across the Borough

It is within this context that the select committee is invited to undertake their overview duties.

What has been achieved?

1. Savings included in Medium Term Financial Plan are on target to be achieved.
2. Preparation work to understand proposals around further localisation of Business Rates has been undertaken and a formal response to consultation prepared.
3. Reviews have been completed of Finance & Assets and a review of Revenue and Benefits is underway.
4. Revised the financial support to Tees Valley Combined Authority with the allocation of Senior Finance Manager
5. Agreement to develop shared Internal Audit Service
6. Sales have been agreed for a number of site including former Education Centre and Blakeston School
7. School Investment Strategy approved by Cabinet
8. Numerous accommodation moves to support service reviews, including relocation of Member accommodation.
9. Revised Council Plan and performance reporting formal introduced which increases focus on achievements.
10. Annual Accounts and Governance Statement approved and audited by external auditor.

Challenges

11. The business rate revaluation information was released in October. This will potentially impact on resource levels which will be clarified in the Local Government Finance Settlement. There are also a number of businesses with significant movements and this is outside of the Council's control.
12. Medium Term Financial Plan is being updated to take account of the number of emerging pressures.
13. A number of clients are impacted by changes in benefit cap and work is ongoing to identify and support those affected.
14. There is a need to maintain performance standard, particularly in relation to Council Tax and Housing Benefits during the period of review. Performance is currently on target.

Emerging Issues

15. Potential increased financial risks around localisation of business rates and the revaluation process.
16. Autumn Statement is due which will in turn result in an announcement around Local Government Funding.
17. Review of Councils approach to Commissioning and Procurement.

18. Review underway of Constitution of Combined Authority.

Possible Areas for In Depth Review

19. Impact of Welfare Reform changes and support provided.