

## **CABINET MEMBERS REPORT TO COUNCIL**

**29 August 2024**

### **COUNCILLOR CHRIS MORLEY - CABINET MEMBER FOR FINANCE**

For the period 27<sup>th</sup> June to 15<sup>th</sup> August

#### **1 Progress on Portfolio Matters.**

##### **EXTERNAL STATEMENT OF ACCOUNTS**

We have a clean bill of health from our external auditors EY for the 2019/20 Statement but we are still waiting to secure an Opinion for any later years. There is a backlog across the country and the external audit system is broken. The delayed target dates offered by the last Government could not be met and Jim McMahon, Minister of State for Local Government, made a Statement to the House citing the broken audit system for Local Government in England. He stated the system has to be rebuilt to provide the public with an effective warning process.

Where audits have not been completed, external auditors can issue a "disclaimed" or "modified" opinion and such for a number of years.

The new target dates for clearance are: 2020/21, 2021/22 and 2022/23 by 13<sup>th</sup> December 2024.

2023/24 by February 25, 2024/25 by February 26, 2025/26 by 31 January 27.

However, although audit opinions may include a disclaimer, reports on Value For Money (VFM) will remain a high priority.

Unfortunately, our Assistant S151 Officer, who managed this process, has moved on to work elsewhere and we had no successful applicants for the post. We have therefore turned to an experienced accountant in Local Government finance through an Agency but this cannot be a long term solution and we will be seeking a suitable replacement in due course.

For our part we are ensuring that we have the necessary data available for the audit process, including the Annual Governance Statements I mentioned in my previous report, and resource to meet the demands of our external auditors questions to meet the December '24 timescale but these delays overlapping the beginning of the 2024 Budget and Financial planning cycle are, to say the least, not helpful.

If we fail to comply with this timetable or our VFM arrangements are not found satisfactory, we may be subject to further scrutiny.

As our Auditors may not complete the expected degree of activity when offering disclaimed opinions, the Public Sector Appointments Ltd (PSAA) will set scale fees for the work the external auditors complete. We have set aside reserves for these fees, let's trust we are on the right side of the ledger.

## **2023/2024 EXPENDITURE AGAINST BUDGET**

The revenue and capital year end reports went to cabinet on 30 July. Our revenue expenditure was slightly better than the plan set by the previous administration despite a late draw on our General Reserves for additional service activities and greater support to underpin Alive.

Despite the brouhaha over the '23 pay award and the last administration's decision, in an election year, not to increase fees and charges; through our cost control we have managed to deliver an even, balanced outturn, with a small favourable variance of £105K. You can see the full details on the published report.

The capital programme is undergoing a further review of the capital profile to ensure our budgets are in line with our expected spend and not over optimistic as it has been in previous years. A further report will be brought back on this in due course.

## **VALUE FOR MONEY (VFM)**

I am not familiar with the criteria that the auditors use to assess VFM but I offer readers the following observations,

1. No services were discontinued through 23/24, neither any deterioration to previous service levels nor reduction in Borough grants and events support
2. Discretionary fees and charges remained constant.
3. Our cost based increased by 14% including unforeseen issues relating to an increase in homelessness.
4. Our settlement from the Government equated to less than +4%
5. The promised grant as a contribution to IDB costs never materialised.
6. We reduced our draw on Reserves slightly but the trend is going in a positive direction.
7. Taken together, I contend that our performance delivered a 10% benefit in the value for money offered to our residents, businesses and visitors and in accordance with our Corporate Strategy.

## **IDBs**

There are now 33 District Councils in our Special Interest Group (SIG) a significant increase from the original 15; all chomping on the bit for the Government to alter the funding mechanism for IDBs so as to significantly reduce the unfair burden on residents in areas such as West Norfolk.

The current levy on our 24/25 budget from IDBs is expected to total £3.5m or 44% of our expected council tax take.

Despite Michael Gove, for the previous Government, on 24<sup>th</sup> January announcing in Parliament that they would work with interested parties to implement a long term solution, nothing has emerged for our 25/26 budget planning.

Neither, as I mention above, has our allocation of the £3m interim settlement been released, although all the necessary information to do this has been provided in good time by the Association of Drainage Authorities.

It must be on the Government's radar because Baroness Taylor of Stevenage (Parliamentary Under Secretary for Housing, Communities and Local Government) confirmed her commitment to this issue following a question in the Lords.

The Leader and I have jointly written to both of our MPs encouraging their support for this issue and regular meetings of the SIG are ongoing. I shall be regularly adding to the in-trays of our MPs with this unfair tax until it is resolved.

On 8<sup>th</sup> October, The Rt. Hon. Sir John Hayes MP is hosting a reception in the Churchill Room at Westminster, on behalf of the SIG, to explain to those who are unfamiliar, the significant impact of IDB levies on Council Finances.

We have 1 place for the event which will probably be taken by our S151 Officer.

## **2<sup>nd</sup> HOME ADDITIONAL COUNCIL TAX**

Letters are being prepared to issue to these homeowners explaining their situation, follow up reminders will be issued in December and demands in March. The Leader is holding discussions with the County re return of a greater return of this extra tax take than directed by statute.

## **2 Forthcoming Activities and Developments.**

### **DEVELOPMENT OF A NEW INTRANET**

We will be reviewing the plans and commitments for this at the ICT Development Group on 21<sup>st</sup> August and details will be submitted for scrutiny in the appropriate manner.

### **PROCUREMENT**

The new Procurement Act 2023 following Brexit comes into force in October '24. And we are preparing to change our processes both in the light of this and following the results of a recent diagnostic exercise run by a consultant from the East of England Local Government Association.

The agreed procedures that will come into force will entail a change to the Constitution and Contract Standing Orders.

A scrutiny date has been fixed in CPP's forward plan.

## **3 Meetings Attended and Meetings Scheduled**

Regular finance meetings.

3/7 ICT

11/7 Council Tax Support System

17/7 ICT and CPP

18/7 IDB SIG. Review activities at Depot. Cabinet briefing.  
24/7 Bircham PC  
25/7 West Rudham PC  
30/7 Cabinet  
31/7 Procurement. Cabinet briefing.  
12/8 MMPB Group Meeting.  
13/8 Downham Market Town Clerk ICT Monitoring Officer