

CABINET MEMBERS REPORT TO COUNCIL

13 JULY 2023

COUNCILLOR CHRIS MORLEY - CABINET MEMBER FOR FINANCE

For the period 19 May to 3 July 2023

1 Progress on Portfolio Matters.

Before I report as a Cabinet Member for the first time I would like to record my thanks to the S151 Officer and her team for hauling me up my learning curve on the Council's financial planning and reporting system.

Since taking on this role I have set myself 2 personal objectives:

1. That this Administration in 2026/27 will still be a going concern, and
2. That every £1 we spend will have impact from the perspective of our households, businesses and visitors.

Anything that does not have a visible and measurable impact will not, as far as I am concerned, pass scrutiny.

On Objective 1, everybody reading this report will be only too familiar with the maelstrom of forces affecting everybody and every business. We are no exception with our finances stretched to the limit, so much so that the 2022-2027 financial plan predicts a £5.3m funding gap in 2026/27. We obviously need to strengthen the fabric of our performance to ensure this gap is closed. Strengthening our financial structure is going to prove difficult without continuing Government support.

For new Members you should be aware that we collect £42m from businesses in our Borough based upon a formula dictated to us. Having collected that sum the Government allows us to retain £12m and that includes £3m renewable energy income which we should have as a bonus, if only to counteract the iniquitous levy from the IDBs of £3m pa.

I therefore do not jump up and down for joy when the Government returns £25m for "levelling up".

This brings me onto Devolution, the Level 3 scheme offers the County a package of £20m pa and some small sums for other schemes such as Brownfield Developments. How far will this go across the County and 7 Districts? It has been said that we could use the £20m to lever investment monies but with much higher interest rates the lever has reduced in length and the fulcrum grown in size.

We need a better offer but our opinion formers seem to be feared of the future

and perhaps a Labour Government, and wish to sign up on a “better the devil you know” basis. Withdrawing the LEP to a “Mayor’s” Fund (if I read it right) with the rules of engagement with Town and Districts not declared does not give me the confidence that my primary objective will be secured.

Turning to the latest capital and revenue 22/23 outturn figures.

The Capital budget started the year at a forecast spend of £69m, this always looked, based on historical trends, far in excess of our capabilities and assumed very fair tail winds. Project control, reporting procedures and a more realistic assessment of the economic environment, progressively and significantly reduced this forecast to an outturn estimated now at £33m (including exempt schemes).

As to the revenue budget, there is good news. Many of the provisions included at budget setting were not needed and some areas such as our back-office car parking service, waste recovery and recycling, property income and staff turnover savings have excelled, giving (amongst other gains) a net saving of £1.9m.

Here, I must give credit to the previous Administration, the Cabinet Member for Finance and all those on scrutiny panels ensuring improved governance.

We are planning to use the £1.9m to supplement General Reserves by £0.7m and, as a contingency against higher wage and salary increases over those forecast, £1.2m to Earmarked Reserves.

A full detailed analysis of the financial position will be made to Members by the S151 Officer starting with CPP on 24th July.

Turning now to Objective 2: Impact and Perspective, I cite, in this context the Guildhall Complex. This Project is £3m short of our ideal design but our bid to cover this was rejected by the Heritage Lottery Fund as being too optimistic (I generalise). The question I ask myself is: if I asked 20,000 tax paying households across the District, would they prefer a 4 year holiday tax discount by not paying the element that goes to this Council or £3m spent on the (say) White Barn, I am sufficiently presumptuous to believe the discount would be the choice.

This is of course a subjective opinion and I believe the complex should be completed but not by our taxpayers. I therefore trust that we can set up the Guildhall Charity as quickly as possible and seek funds from far and wide. Nevertheless, this is not a decision within my remit and the Council have confirmed and confirmed publicly, that it will be a lender of last resort. Council will therefore make the final decision but I have now declared my position.

Other topics of note are:

External Audits.

The last Administration 2019/20 – 2022/23 have yet to have an external audit

completed for any annual Statement of Accounts. There are many contributory factors for this backlog which have been explained in previous Cabinet Reports. The position in England (which has not been helped by the dissolution of the Audit Commission in 2013) is across the Country with over 500 audits of public bodies outstanding, In recognising this, the Government appointed Sir Tony Redmond to investigate and The Redmond Report is posted on the internet. Key aspects for us are strengthening the status of our Audit Committee, improved training for committee members and the recruitment of a lay member.

As to progress on our Annual Statements, the 19/20 audit is nearly completed and once signed off I would hope that the opinion on procedures examined will roll through the subsequent years, mutatis mutandis, and complete all outstanding Statements in shorter order.

However, the backlog is extensive and external capacity is still limited, therefore any prediction about clearance dates is still highly speculative. At present, the statutory audit timescales are not achievable, not only by us but also virtually all other Local Authorities, however, a debate is underway about future procedures and proportionality, with a position statement with recommendations scheduled to be reviewed by the Minister this month. More anon.

Council Tax Support System.

The consultation process has started with County and Police and we are looking to improve its promotion to receive more opinions from our residents.

The options for them to consider are:

- Expand the criteria for claimants and move to 100% support.
- Narrow criteria and reduce support so that all Preceptors receive more tax.
- Stay as we are.
- Move to another benefit system not yet defined (but open to offers).

Following this consultation, proposals will be assessed and the Cabinet will put a proposal to Council before the next fiscal year.

Councillor Community Grant Scheme.

We have reserved £55k in our Revenue forecast leaving the Leader the opportunity to resurrect the scheme if he so wishes.

West Norfolk Wins.

This is a fund raising lottery but in 2022 only £28K was allocated to community projects, (£10k in prizes - £8K for admin.).

The company which runs this for us is "Gatherwell", I have spoken with the company and set out my intention to examine opportunities for future promotions based on being a good way to help communities. By the time you read this I will have met with Comms and hopefully fixed a meeting with the company. Obviously there is much sensitivity about our Lottery and gambling addiction generally, so any reinforcement of this scheme will need the appropriate consideration.

Financial Planning 23/24 and beyond.

This has started and the Officers have reinstated regular meetings examining opportunities for cost management and income generation which I trust will form an integral part of discussions with Portfolio Holders.

2 Forthcoming Activities and Developments.

Work will continue on financial projections.

Review of Lottery.

CTSS consultation – strive for more respondents.

A maintenance programme rather than pots of money spread through various Reserves.

My contribution to the Corporate Plan.

Procurement Review.

3 Meetings Attended and Meetings Scheduled

Weekly Finance Reviews

1 meeting Oliver Judges

Various Independent Partnership and Cabinet Meetings.

June CPP

Bus tour of Major Project building sites

PSAA Audit Webinar.