

Last Year I said the biggest priority for my Portfolio was “to lead the Council through the financial challenges in 2020/21 and beyond”. Well I am now here and the priorities remain the same but with probably more uncertainty and volatility. We know we need to ensure a sustainable MTFS to ensure financial stability and resilience. However, this is difficult when we do not have a solid platform to work on. The uncertainty comes in several forms. The delayed Fair Funding Review until 2021/22. The potential ending of the New Homes Bonus Scheme. The impact of Business rates into the future. We know that the 75% Business Rate Pilot Scheme has come to an end and go back to 50% allocations. What we don't know is how the distribution of Business Rates Retention will operate through the system of top ups and tariffs and a move to a new baseline. We will, therefore, be watching and participating in 2021/22 consultations. These are all key income streams to the Council. Our projected MTFS into 2023/24 could be as much as £4m deficit if all factors work against us. It is, therefore, even more essential that our Financial Services team continue to work across all departments to ensure budgets are closely monitored and achieved. The recently procured and improved Financial Management System will provide significant benefits to make sure this happens. Going forward we will need to ensure effective controls and prioritise our service delivery. The Property Investment Fund for £1m with the Lothbury Property Fund commenced in late November and provides an opportunity to increase income generation. Our Commercial Strategy for 2018-2021 details our priority action plan and clearly demonstrates our commitment to strengthening and providing efficiencies of service. I highlight the Homelessness minimisation costs by leasing properties for temporary accommodation saving £16K; the savings made and income generated in legal costs and of course the re-letting of the leisure contract: all of which have contributed to the financial position in 2020/21. The Council has also been successful in securing both revenue and capital bids through the LLEP. As a Council we continue to work in partnership to deliver efficiently and sustainably working across the county as demonstrated by the Lightbulb project and shared Audit Services.

The Asset Team continue to make good progress to identify efficiencies and potential income generation opportunities. This is in addition to their routine operational responsibilities and maintenance work. As Portfolio Holder I have learnt nothing connected with Assets is straightforward and is often complicated. The first phases of the Office Refurbishment programme(s) have been successfully completed and energy savings are already being reaped. The next stage is to complete the staff accommodation project and ensure we are using the whole premises in the most efficient way. To do this we will be commissioning Pick Everard Consultants to data gather, make recommendations and manage implementation. It was agreed to sell the Littlethorpe Depot to EMH and Members will have seen a

proposal that the sale price be reduced to £1.125m. The site is to be developed as market affordable homes. Ongoing project work continues between EMH and BDC Housing Services team. The Grange (old Nat West Building) represents a good future investment and will deliver much needed private rental opportunities. Several parcels of land and car parks have been transferred to Parish Councils to save on ongoing maintenance costs. Others have been identified and are currently being appraised for possible sale or transfer. An additional Property and Asset Officer (12-month FTC) was appointed in November to assist with the workload.

Clearly a number of challenges to conquer but as always as a collective Council we are rising to these challenges.

Portfolio Holder: Councillor Maggie Wright

Senior Officers: Strategic Director (S151), Neighbourhood Services & Assets Group Manager, Strategic Finance Manager

Portfolio Total

Finance, Efficiency & Assets - Total	2019/20 Approved Budget	2019/20 Revised Estimate	2020/21 Proposed Budget	Variance [C] - [A]	Variance [C] - [B]
	[A]	[B]	[C]		
Establishment Costs	£912,697	£912,697	£923,652	£10,955 1.20%	£10,955 1.20%
Other Gross Direct Expenditure	£1,665,525	£1,581,490	£1,562,571	-£102,954 -6.18%	-£18,919 -1.20%
Direct Income	-£668,724	-£756,396	-£711,883	-£43,159 6.45%	£44,513 -5.88%
Net Direct Expenditure	£1,909,498	£1,737,791	£1,774,340	-£135,158 -7.08%	£36,549 2.10%
Overall No. of Posts (FTE)	24.55	24.55	25.44	0.89 3.63%	0.89 3.63%

Financial Services

	2019/20 Approved Budget	2019/20 Revised Estimate	2020/21 Proposed Budget	Variance [C] - [A]	Variance [C] - [B]
Financial Services	[A]	[B]	[C]		
1.Establishment Costs	£452,549	£452,549	£463,291	£10,742 2.37%	£10,742 2.37%
2.Other Gross Direct Expenditure	£927,579	£847,791	£901,177	-£26,402 -2.85%	£53,386 6.30%
3.Direct Income	-£150,000	-£185,000	-£185,000	-£35,000 23.33%	£0 0.00%
4.Net Direct Expenditure	£1,230,128	£1,115,340	£1,179,468	-£50,660 -4.12%	£64,128 5.75%
5.Overall No. of Posts (FTE)	10.55	10.55	10.44	-0.11 -1.04%	-0.11 -1.04%

Reasons for Variances

1. The 2020/21 Establishment budget takes account of the estimated pay award yet to be confirmed, contractual increments where applicable, and increases to employer's national insurance and pension contributions.
2. Other Gross Direct Expenditure – the main variance is in relation to a decrease in insurance premiums following the award of the new contract in April 2019. The revised budget allows for part year funding of the new finance system, including set up of cloud-hosting and licensing costs. The full year costs relating to the new finance system have been added to 2020/21.
3. Investment income surpassed initial expectations and the revised budget has been increased to reflect this.
4. Net impact of variances listed above.
5. 1 post holder has reduced their hours in 2020/21.

Income & Collections Team

	2019/20 Approved Budget	2019/20 Revised Estimate	2020/21 Proposed Budget	Variance [C] - [A]	Variance [C] - [B]
Financial Services	[A]	[B]	[C]		
1.Establishment Costs	£205,124	£205,124	£212,325	£7,201 3.51%	£7,201 3.51%
2.Other Gross Direct Expenditure	£29,191	£22,183	£21,583	-£7,608 -26.06%	-£600 -2.70%
3.Direct Income	-£162,300	-£168,300	-£168,300	-£6,000 3.70%	£0 0.00%
4.Net Direct Expenditure	£72,015	£59,007	£65,608	-£6,407 -8.90%	£6,601 11.19%
5.Overall No. of Posts (FTE)	7.00	7.00	8.00	1.00 14.29%	1.00 14.29%

Reasons for Variances

1. The 2020/21 Establishment budget takes account of the estimated pay award yet to be confirmed, contractual increments where applicable, and increases to employer's national insurance and pension contributions.
2. Other Gross Direct Expenditure – reduction to the revised estimate in the postages budget, in line with expenditure to date, and expected spend by year end.
3. Recovery of summons and liability costs.
4. Net impact of variances listed above.
5. Income and Collection Apprentice post added.

Audit

Audit	2019/20 Approved Budget	2019/20 Revised Estimate	2020/21 Proposed Budget	Variance [C] - [A]	Variance [C] - [B]
	[A]	[B]	[C]		
1.Establishment Costs	£0	£0	£0	£0 0.00%	£0 0.00%
2.Other Gross Direct Expenditure	£109,500	£92,172	£103,274	-£6,226 -5.69%	£11,102 12.04%
3.Direct Income	£0	£0	£0	£0 0.00%	£0 0.00%
4.Net Direct Expenditure	£109,500	£92,172	£103,274	-£6,226 -5.69%	£11,102 12.04%
5.Overall No. of Posts (FTE)	0.00	0.00	0.00	0.00 0.00%	0.00 0.00%

Reasons for Variances

1. No establishment costs applicable to this service.
2. Reduction to revised estimate for internal audit costs due to a credit for reduced days relating to 2018/19 and reduced Audit Manager costs as currently part time.
3. Not applicable.
4. See note 2 above.
5. Not applicable.

Assets

Assets	2019/20 Approved Budget	2019/20 Revised Estimate	2020/21 Proposed Budget	Variance [C] - [A]	Variance [C] - [B]
	[A]	[B]	[C]		
1.Establishment Costs	£255,024	£255,024	£248,036	-£6,988 -2.74%	-£6,988 -2.74%
2.Other Gross Direct Expenditure	£599,255	£619,344	£536,537	-£62,718 -10.47%	-£82,807 -13.37%
3.Direct Income	-£356,424	-£403,096	-£358,583	-£2,159 0.61%	£44,513 -11.04%
4.Net Direct Expenditure	£497,855	£471,272	£425,990	-£71,865 -14.43%	-£45,282 -9.61%
5.Overall No. of Posts (FTE)	7.00	7.00	7.00	0.00 0.00%	0.00 0.00%

Reasons for Variances

1. The 2020/21 Establishment budget takes account of the estimated pay award yet to be confirmed, contractual increments where applicable, and increases to employer's national insurance and pension contributions. The reduction from 2019/20 to 2020/21 is due to a new starter appointed on a lower grade point than predecessor.
2. Non-recurring budget relating to the agile working and accommodation strategy has been removed in the 2020/21 proposed budget. Additional budget has been added to the revised budget for business rates and security costs in relation to the Grange, Narborough whilst it remains empty, and for an increase in office furniture purchased throughout the Council offices.
3. The revised budget includes non recurring income in respect of dilapidations at the Grange, Narborough.
4. Net impact of variances listed above.
5. No change to head count.

Portfolio Priorities

- Maximising the use of the council's assets.
- To lead the Council through the financial challenges in 2020/21 and beyond.
- Understand costs and deliver a responsive, cost effective and high quality financial service.
- Instilling principles of good, sustainable procurement.
- Continue a culture of transparency with emphasis on financial control, audit, and having due regard for the prevention of fraud and management of risk.
- To maximise income collection and recovery of outstanding debt.
- To ensure the Council has robust Health and Safety advisory capacity and arrangements in place for fulfilling its statutory obligations.

Services

Financial Services

The Finance team is responsible for the provision and monitoring of financial information to maintain control of the Council's finances. The team also prepares the annual accounts, and looks after various other functions including treasury management, insurance, payroll, procurement, and payment of supplier invoices.

Assets

This includes costs for the Council Offices and the Depot, including the facilities management and maintenance of the buildings and the associated grounds maintenance. Also includes expenditure incurred in relation to public conveniences, the Glebe Road Caravan site in Countesthorpe, bus shelters, tree works on open spaces and cemeteries, Enderby Road Industrial Estate and costs associated with the administration of property and assets owned by the Council. A new Leisure Management contract came into force on 1st April 2019, and both Enderby Leisure Centre and the Pavilion are now managed by SLM. Most of the running costs associated with the two leisure centres have also passed to SLM, although the Council retains responsibility for insuring the buildings. The team also administers Asset of Community Value applications made by residents.

Audit

Internal Audit Services is provided by North West Leicestershire as part of a shared service arrangement.

Income & Collection

The Income & Collection team is responsible for maximising income generation in respect of council tax, business rates, and overpayment of housing benefits, in terms of the collection of unpaid debt. Following the delivery of the Council's new Corporate Debt Principles, this remit has been extended to cover all outstanding debt to ensure a consistent approach to debt recovery across the Council. The Council Tax Income and Debt Manager also ensures that all guidance in relation to fraud is up to date and procedures are in place to prevent fraud across the Council.

Key Points

<p>Doing things differently – plans for the coming year</p>	<p><u>Financial Services</u></p> <ul style="list-style-type: none">• The delayed changes to the Business Rates Retention scheme and the introduction of Fairer Funding are expected to now take effect from 2021/22. Along with changes to New Homes Bonus, they are likely to have a significant impact on the Council's future funding stream. The Finance team will be closely monitoring developments to ensure that the impact is promptly reflected in the Medium Term Financial Strategy (MTFS).• The contract for the provision of a Financial Management System has been awarded to Advanced, the current supplier, but the new version of the system will be cloud-hosted rather than on premise. Implementation will commence shortly but will continue into the new financial year. The new version of eFinancials is expected to bring significant benefits in terms of budget monitoring and forecasting. Another procurement exercise to be undertaken during 2020/21 is the joint HR/Payroll System, which will commence once the implementation of eFinancials has been completed. <p><u>Assets</u></p> <ul style="list-style-type: none">• The refurbishment to the Civic area of the Council Offices is complete, in addition to the memorial garden, and staff side toilets. Further works will be undertaken to better understand our accommodation needs as we aspire to more agile and flexible working with improvement works due to commence in 2020/21 subject to Council approval.• The Assets team will be undertaking a procurement exercise for the replacement of Boilers, Radiators and Pipework at the Council Offices with works to take place in 2020/21. <p><u>Audit</u></p> <ul style="list-style-type: none">• The Internal Audit Shared Service will continue to comply with the Public Sector Internal Audit Standards. The annual audit plan and individual audit programmes will be developed using a risk based approach. This will ensure that our resources are focussed on the areas of highest risk across the council so that our assurance work adds value.• The audit plan will include planned and ad-hoc advisory work so that the Internal Audit team can support new developments across the Council, and try to ensure that appropriate controls are built into new systems and ways of working.• Charnwood Borough Council will be joining the shared service arrangement which should increase resilience and access to a
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	<p>wider range of skills for all partners.</p> <p><u>Corporate Health & Safety</u></p> <ul style="list-style-type: none"> The safety of our staff will continue to be a key focus with a review of our organisational Blueprint and all Health & Safety policies.
Income generation	<ul style="list-style-type: none"> Within the Finance, Assets & Efficiency portfolio there is limited scope to significantly improve income streams without capital investment in the asset portfolio. However, the Finance Team has now finalised the investment of £1m in a property fund, following a shortlisting exercise to identify the fund manager that is most closely aligned to the Council's requirements. It is expected that the returns from the Lothbury Property Fund will outstrip those made from standard money market investments, although results must be viewed over a number of years in order to gain maximum benefit. The utilisation of the Council's assets to obtain revenue or improve usage is an ongoing initiative. The lease of the Council offices to NHS and Citizens Advice Bureau not only bring revenue opportunities but also better outcomes for our customers with partners such as these delivering services alongside our own officers. Income generation are also obtained via leased rental agreements on the Enderby Road Industrial Estate and Countesthorpe Mobile Home site.
Capital plans for the portfolio	<p>Refurbishment works to the office accommodation is included in the 2020/21 Capital Programme, although this is subject to a further report to Council once the requirements are better understood.</p> <p>Implementation costs in relation to the Financial Management System, eFinancials, will mainly occur during 2020/21, although there will be some limited expenditure falling in the current financial year.</p> <p>Other capital plans for this portfolio include the replacement of boilers, radiators and pipework, installation of digital CCTV, external lighting and signage, and replacement of fire escape doors, all at the Council Offices; resurfacing of car parks; procurement of a joint HR and Payroll system; and various works at our strategic parks and open spaces. HR and Payroll system is also detailed within the Leader's Portfolio since the functionality spans both Finance and HR.</p>

Key Performance Indicators

PERFORMANCE INDICATOR – FINANCE	2019/20 Quarter 3	2018/19 Quarter 3	Full Year 2018/19	Full Year 2017/18
Invoices Paid within 10 days	90.23%	91.12%	91.44%	91.99%

Customers

The Finance team's external customers include suppliers who invoice the Council for goods and services, and companies and individuals who owe the Council money. Otherwise, the team's customers are largely internal, i.e. colleagues from other service areas, and Members.

The Income and Collection team has a variety of customers, mainly residents of the district and business rate payers who have incurred debts by not paying Council Tax, Non-Domestic Rates or Housing Benefit overpayments. These range from customers that owe small to very large amounts of money to the Council. Some customers have other debts too, so the team work at collecting payments from them in a manageable way and signpost them to other agencies that can assist them. Often customers will have vulnerability issues that need addressing in other ways so key skills must be used when dealing with the debt collection.

The Assets team has a variety of different customers, both internal and external. These include, for example, requests from staff and managers for changes to the layout of the offices, local businesses in respect of the Enderby Road Industrial Estate, and also Parish Councils and a variety of legal representatives. Internally the team provides professional property advice as required. The team also has a clear responsibility to ensure that all council buildings are accessible and meet the wide needs of residents who visit the offices.

Risks

Corporate and service risks are regularly reviewed to ensure that they are up to date, still valid, and accurately rated. Significant risks attached to this portfolio include the following issues:

- **Overall Financial Risk** – The financial risks facing the Council are not necessarily specific to this portfolio but the Finance team's input into financial issues across all aspects of the Council's services will continue. Officers work closely with the various services to monitor budgets but also to provide sound financial input into all decisions that have financial implications.
- **Local Government Funding** – the Government is undertaking two major reviews of the Business Rates Retention Scheme, and the wider Fairer Funding mechanism. The results of both of these reviews are awaited but both pose a significant risk to the Council's future funding envelope. The future of New Homes Bonus is also in doubt, with no indication as to whether or not it will be replaced with a different funding stream.
- **Business Rates Appeals** – notwithstanding the ongoing review of the overall Business Rates Retention Scheme, the Council also faces a risk in terms of

businesses registering appeals against their rateable value. Where these are successful the Council loses 40% of any reduction in rates payable, and the extent to which these appeals are submitted and upheld is outside of the Council's control.

- **Debt** – the economic climate and Welfare Reform continues to affect our customers and debt may increasingly become an issue. The Council makes provision in the accounts where it expects there to be a likelihood that certain debts or categories of debt will be uncollectable.
- **Assets** – a failure to effectively manage our assets could result in a loss of income streams and an increase in associated legal costs.
- **Health and Safety** - financial, legal, moral, reputational risk - negligence. Control measures managed through advisory service and internal policies, procedures and departmental audits.
- **Audit** – insufficient resources to complete the audit plan due to unplanned corporate investigations or long term staff absences. As the service is provided through a shared service arrangement there is a risk that either side may want to withdraw from the arrangement.