

Committee: Council

Agenda Item

Date: 13 October 2015

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**Title: Report from Executive Member:
Finance Comments to Council**

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Finance and Administration**

Item to note

I am pleased to report that Uttlesford achieved an unqualified audit opinion for the 2014/15 accounts. This is the seventh consecutive year that we have had an unqualified audit opinion.

In passing, I would like to highlight one area that the external auditors gave attention to and were satisfied with, which relates to the New Homes Bonus. The auditors' comments were as follows:

'Since issuing our Audit Plan in March 2015, we have identified a significant risk in relation to the criteria for securing financial resilience. The significant risk is in relation to the level of reliance placed on funding from the New Homes Bonus (NHB) in the Council's medium term financial strategy (MTFS). This has also been identified as a risk in a number of other councils which receive significant levels of funding through the NHB, where this has been built into the base budget. This is clearly recognised as a risk in the Council's own MTFS.

To address the specific risk identified we have undertaken a more detailed review of the Council's MTFS and the key assumptions within this, including the use of NHB. We have also looked at the level and planned use of reserves and the Council's track record in delivering previous budgets and savings plans. Our key findings in relation to these areas are set out on the next page of this report [Refer page 14 of item 4 of the Performance and Audit meeting held on 24 September 2015].

As a result of our work, we have concluded that the Council has continued to respond well to the financial challenges it, along with other public sector bodies, is facing. We have therefore concluded that the Council has adequate arrangements in place for securing financial resilience'.

It is pleasing to have independent acknowledgement that our MTFS is fit for purpose, as is our Reserves Strategy.

The Autumn Statement will be announced on 25 November. As previously reported to Council, we should expect it to be quite challenging for local authorities. Further information will be provided to Members as I and the Finance Team receive it.

One area that has been announced is the intention for local authorities to keep 100% of Business Rate income by 2020. Like a number of other early announcements, I anticipate the devil will be in the detail. However, the official press release does give some clues as to what might be the impact, as it states *'local government will take on new responsibilities'* and *'local government will of course also need to contribute to fiscal consolidation over this Parliament'*. We will have greater clarity following the Autumn Statement, but I feel it is unlikely that the Government will transfer a significant source of additional funding to local

authorities, by way of business rates retention, without devolving responsibility for funding an equivalent amount of services. Such a change may result in us having greater control over the level of business rates, underlining the attractiveness of Uttlesford as a place to do business, and potentially enabling us to keep any additional income generated by new or expanding local businesses.