

Finance Sub-Committee

29 November 2017

Present: Councillor A McMullen (Chair)
Councillors D Cox, N Craven, and L Miller

F30/11/17 Apologies

Apologies were received from Cllrs Lee and O'Shea.

F31/11/17 Substitute Members

There were no substitute members.

F32/11/17 Declarations of Interest and Dispensations

There were no declarations of interest or dispensations reported for this meeting.

F33/11/17 Minutes

Resolved that the Minutes of the meeting held on 18 October 2017 be confirmed and signed by the Chair.

F34/11/17 Financial Management Report to 30 September 2017

The Sub-Committee considered the report which set out the Council's financial position as at 30 September 2017, including the forecast outturn positions for 2017/18 for the General Fund, the Housing Revenue Account, school finances and the Investment Plan.

The Sub-committee noted that there had been some improvement in the financial position, based on an assumption that the Improved Better Care Fund (IBCF) allocation of £4.579m will all come to the authority. There have been some marginal underlying improvement in most areas of the risks associated with the delivery of the 2017/18 budget, however there is continued pressure in Health, Education, Care and Safeguarding of £8.047m.

Members noted that the HRA continues to improve and also noted some re-programming in relation to the Investment Plan.

In relation to Treasury Management, officers highlighted the Markets in Financial Instruments Directive which comes into effect on 3 January 2018 and the action being taken to allow the Council to elect to be treated as professional clients which will allow the Council's investment strategy to be implemented effectively and to allow access to a wider range of financial institutions and instruments.

It was noted that section 9 of the report includes information on the council tax and business rate collection rates.

A Member highlighted a discrepancy in the figures between the narrative and the table on page 17 in relation to the forecast overspend in July 2017. It was noted that this was a typing error that would be corrected.

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Members asked how likely it was that the budget would be achieved by the year end. Officers highlighted that the forecast is prudent, but the challenge to achieve the budget increases as resources become tighter. Monthly monitoring is in place to look at securing improvements. In addition, officers are looking at increasing controls around authorising spend.

Members raised a question about the costs of abandoned projects. It was noted that the report does not include this information but that officers would look into this and report back to the sub-committee.

Members raised a question about the asset management work that is being undertaken by Capita as part of the partnership agreement. It was highlighted that the next financial management report would include reporting on efficiencies in relation to the partners, but that officers could provide specific information to a future meeting on the asset management element.

In relation to treasury management, Members asked whether the recent Bank of England interest rate rise has had any impact. It was noted that the impact has been small and that many longer term rates had already projected movement in the base rate. It was highlighted that the Council currently has high levels of internal borrowing to minimise cash balances, but consideration will be given to locking in debt at good rates while long term interest rates remain low.

There was some discussion about Looked After Children and whether there is a minimum level in terms of the number of Looked After Children that it is viable for the Council to get to. It was noted that work was on going with Children's Services to minimise costs, for example in relation to in-borough placements, and officers are working with other authorities in the region to review this. It was noted that rather than a focus on the number of looked after children, which is largely out of the Council's control, the significant factor is the number of children in very expensive placements. It was suggested that more detailed information on the budget in relation to Looked After Children be provided to the sub-committee at a future meeting. On a related matter, it was also highlighted that the LGA and DCLG had recently announced a joint review around the costs of children's services and the outcome of this review would be reported to this sub-committee.

Members highlighted the savings made in relation to reduced waste disposal costs following changes made at the Household Waste Recycling Centre in North Shields. Members asked whether the savings were higher than forecast and what the full year effect of this could be. It was suggested that further information on this should be provided at a future meeting. Members asked whether the changes had led to any increase in fly tipping. It was noted that there had been one incident of fly tipping on the day after the changes were introduced and this had led to the perpetrators being fined, but there hasn't been any significant increase recorded since then.

It was **AGREED** that:

1. The report be noted;
2. Officers would provide the following additional information requested by the sub-committee:
 - Information on the costs of any abandoned projects;
 - A report to a future meeting on asset management and efficiencies in relation to the work of Capita;
 - A report to a future meeting on the budget and Looked After Children.

Signed by: _____

Date: _____

Cllr A McMullen, Chair of the Finance Sub-committee