

TELFORD & WREKIN COUNCIL

**CABINET – 26 JUNE 2014
COUNCIL – 14 JULY 2014**

2013/14 OUTTURN AND 2014/15 INITIAL UPDATE

**REPORT OF THE ASSISTANT DIRECTOR: FINANCE, AUDIT &
INFORMATION GOVERNANCE (CHIEF FINANCIAL OFFICER)**

LEAD CABINET MEMBER – CLLR BILL McCLEMENTS

PART A) – SUMMARY REPORT

1.0 SUMMARY OF KEY ISSUES

1.1 2013/14 Financial Outturn

Telford and Wrekin Council has a long track record of very effective financial management. Cabinet Members and senior officers have worked together to maintain tight financial control which is ever more important in the face of the most challenging financial environment that local government has faced for 70 years. We have focussed on seeking to maximise the financial position for the Council through closedown of the 2013/14 accounts in order to put us in the best possible financial position moving forward to what will be our most difficult year yet. Financial prospects for the medium term are expected to continue to be extremely challenging with savings of £10m - £13m required each year for at least the next 3 years based on current national planning totals as the Government continues to reduce funding for essential local services.

Despite our track record of having already delivered £53m pa of ongoing savings, the Council has launched a culture change programme to further develop the disciplines of effective financial management across all parts of the Council. It is in this context of constantly trying to improve cost effectiveness so that we can make cost reductions whilst always seeking to minimise the impact on front line services delivered to our community that the Council has managed the closedown of our accounts for 2013/14. Where possible savings planned for 2014/15 have been delivered as early as possible to create some one-off flexibility to help ease the transition for other services where delivery of savings is more challenging.

This decisive management action has achieved a very positive financial outturn for 2013/14 and positions the authority well for 2014/15. Effective financial control has meant that the £2.5m general budget contingency available for use in 2013/14 was not touched. As a result of this prudent financial management, the whole amount of this general contingency fund can therefore be used to create a one-off draw down

budget facility for Adult Services to help phase-in the delivery of the 2014/15 service and financial planning savings targets. The gross revenue budget for 2013/14 was £445m and the net budget for reporting purposes £134m. The revenue outturn position is clearly well within budget with a final net underspend of £0.100m (which is equivalent to only -0.07% of net budget). However, as agreed in the 2014/15 budget strategy report, this is after having made provision for a number of transfers to reserves, subject to Member approval, which will support the delivery of future budget strategies and these are detailed in section 5.3 of the report. This position has been achieved after delivering £11m of budget savings in 2013/14, on top of the £42m made in the previous 4 years.

Our pro-active approach and actions secured a number of favourable variations during the year which contributed to the overall final position being within budget. These included:

- A very significant one-off benefit of £4.884m was generated from back-dating the change in accounting treatment of the calculation of Minimum Revenue Provision – this has been transferred to a reserve in accordance with the agreed service and financial planning strategy for 2014/15 to fund the debt charges for the Pride in Your Community Initiative for the next 12 years.
- A benefit of £1.546m arising from treasury management activities. This includes £0.250m generated as a one-off saving in 2013/14 as a result of changing our accounting policy in relation to capitalisation of interest on capital projects pending their completion. As well as generating a significant one-off revenue benefit this change in accounting policy will also help facilitate commercial developments (including potentially building houses for rent) more in line with private sector practices.
- Ongoing close management of employee budgets during the year has given rise to savings totalling £1.5m relating to vacant posts, many linked to service restructures i.e. tight management of employee budgets has enabled early delivery of future planned savings.
- A rigorous review of all contingencies, provisions and central budgets has identified £1.1m which can be freed-up on a one-off basis from the funding set aside for contractual inflation commitments due to the low inflation environment which has prevailed in recent years releasing a one-off benefit of £1.1m
- A refund of £0.731m from the Government relating to an excessive top-slice from our Revenue Support Grant made by the Government to fund capitalisation directions.
- Services delivered in year savings of £0.370m

The main pressures experienced during 2013/14 were:

- Adult Social Services ended the year with a £2.9m overspend. As reported throughout the year, the cost of purchasing care packages

from external providers was the key issue with a £2.8m overspend. This was due to increased demand and the impact of the NHS reducing funding available for Continuing Health Care cases. There were also pressures relating to Supporting People which had a £0.5m overspend at year end.

- Children's Safeguarding ended the year with a £1.4m overspend. This was a combination of the cost of Children in Care Placements, which had an overspend of £2.1m at year end, parenting assessments which was £0.3m overspent, and the transition and leaving care budget which was £0.4m overspent at year end; offset by £1.4m one off service contingency funds and other service underspends.
- Re-ablement and in house service provision for Adults with Learning Disabilities ended the year at £0.4m overspent mainly due to staffing costs. A review of this service is currently underway.

1.2 Capital

Capital spend ended the year at £84.6m against an approved estimate of £99.1m which was in the main due to re-phasing into 2014/15. This underspend will enable some treasury management savings to be made in 2014/15.

1.3 Income Monitoring

Council Tax (£66m), business Rates (£70m) and sales ledger income collection (£27m) were slightly behind targets for the year. However, the total amount of council tax collected was £4.17m greater than the previous year whilst total business rates cash collected was £1.47m greater than the previous year. Debt is pursued rigorously and continues to be collected after the end of the financial year with all recovery avenues being explored.

1.4 General

The draft formal statement of accounts will be available in July as KPMG begin the external audit and will also be available for public inspection for 20 working days from 30 June.

- 1.5** Summaries of the outturn on revenue and capital along with major variations are shown as appendices to this report.

1.6 2014/15 Update

Whilst tight management and effective financial control by both Cabinet Members and senior officers has generated a favourable out-turn position in 2013/14, the Council faces a very challenging year in 2014/15 and a number of key issues are already highlighted in this first high level review of the budget position. Once the final accounts are completed more detailed new year monitoring will take place and a further, more detailed, report will be brought to a future meeting of the Cabinet with an updated position.

2.0 RECOMMENDATIONS

2.1 In relation to the 2013/14 Financial Outturn, Members are asked to approve the following recommendations which will go forward to Full Council for approval:

- (i) The Revenue outturn position and related virements in Appendix 3 for 2013/14 which is subject to audit by the Council's external auditors; also, the transfer to reserves detailed in paragraph 5.3 and the earmarking of the 2013/14 general contingency as a specific drawdown budget available to Adult Social Services in 2014/15.**
- (ii) Approve the Capital outturn position and related supplementary estimates, virements and re-phasing shown in Appendix 4 as summarised in the report.**

2.2 To note the performance against income targets.

2.3 To note the initial pressure areas identified for 2014/15.

3.0 SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Priority Plan objective(s)?	
	Yes	Delivery of all priority objectives depend on the effective use of available resources. Financial management ensures best use of resources.
TARGET COMPLETION/DELIVERY DATE	Outturn forms the basis of the formal statement of accounts which are audited during July and will be published by the end of September following consideration by the Audit Committee.	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	The financial impacts are detailed throughout the report.
LEGAL ISSUES	No	None directly arising from this report. The S151 Officer has a statutory duty to monitor income and expenditure and to take action if overspends /shortfalls emerge. There is a requirement to publish the audited Statement of Accounts by the end of September and the draft accounts

		should be presented to the Audit Committee before the end of June.
OTHER IMPACTS, RISKS & OPPORTUNITIES	No	
IMPACT ON SPECIFIC WARDS	No	Borough Wide

PART B) – ADDITIONAL INFORMATION

4.0 2013/14 REVENUE BUDGET

4.1 The Council had a gross revenue budget of £411m for 2013/14 and the final net revenue outturn position is as follows (a summary is provided in Appendix I):

	£m
Net Budget	133.830
Net Expenditure	133.730
Net Underspend	-0.100
Percentage Net Variance	-0.07

4.2 Variations by Service Delivery Unit are summarised below and further detail is provided in Appendix 2.

Service Area	Budget £	Outturn £	Variance £
Children's Safeguarding & Specialist Services	22,221,497	23,573,072	1,351,575
Education & Corporate Parenting	10,847,377	10,044,921	(802,456)
Family, Cohesion & Commissioning Services	12,508,492	11,879,498	(628,994)
Development, Business & Employment	625,361	254,722	(370,639)
Neighbourhood & Leisure Services	28,242,966	28,102,071	(140,895)
Adult Social Services	41,961,534	44,895,606	2,934,072
Public Health, Well Being & Public Protection	1,825,860	1,801,548	(24,312)
Customer Services	8,143,546	7,958,108	(185,438)
Law, Democracy & People Services	367,410	271,155	(96,255)
Finance, Audit & Information Governance	10,374,051	8,563,873	(1,810,178)
Cooperative Council Delivery Unit	1,418,590	1,361,850	(56,740)
Council Wide	(4,706,284)	(9,659,717)	(4,953,433)
Total before Transfers to Reserves	133,830,400	129,046,707	(4,783,693)
Transfers to Reserves		4,684,000	4,684,000
Total after Transfers to Reserves	133,830,400	133,730,707	(99,693)

Note: the above figures include both service and corporate variances (such as asset rentals) - the detailed analysis is shown in Appendix 2. The figures are

also before pensions accounting entries (as required by International Accounting Standard 19) and impairment costs which will be finalised for the production of the Statement of Accounts – these are technical accounting entries which are reversed out in the Income & Expenditure Account and do not impact on the overall outturn position shown above but which are required by accounting regulations that the Council must comply with. Therefore the position in the published accounts will differ from that set out above.

4.3 Variances over £0.100m are highlighted below.

Service Area	Variance £m
<u>Children's Safeguarding & Specialist Services</u>	
Children in Care (CiC) – the number of children in care at 31 March 2014 was 309 with a £2.090m overspend reported at year end. This compares to 321 children in care at 31 March 2013 and a reported overspend of £2.397m. There was an increase in costs relating to Internal Fostering/Relative Carers and other Internal care during the year which has been offset by a reduction in costs relating to External Residential and External Foster Care. The Service continues to closely monitor and review all placements in line with their Cost Improvement Plan.	+2.090
Contingency – set aside to meet CiC pressures as part of service and financial planning strategy for 2013/14.	-0.930
Parenting Assessments – The overspend reflects both the costs associated with court proceedings and parenting assessments. These are specialist assessments of parents' abilities to meet the needs of their children and are sometimes court ordered. The service is currently exploring more cost effective methods of undertaking this work.	+0.287
Care Leavers – overspend relating to the cost of supporting 16-18 year olds as they leave care.	+0.374
<u>Education & Corporate Parenting</u>	
Corporate Parenting – a benefit of £0.144m has arisen due to rationalisation of funding for spending on Education.	-0.144
ICT Commissioning – a benefit of £0.170m has arisen due to rationalisation of funding for spending on Education.	-0.170
Joint/Community Use – loss of school income arising from the requirement to implement a new funding formula for schools.	+0.104

Education Services Grant – updated grant following conversion of several secondary schools to academies.	+0.139
<u>Family & Cohesion Services</u>	
Cohesion - close budgetary control has resulted in an underspend of £0.296m at year end. This is a combination of staffing vacancies, successful income generation within the Youth Service and a general tightening of spend throughout the year. This area will contribute to savings proposed as part of the approved 2014-17 budget strategy.	-0.296
Early Intervention – close budgetary control has resulted in an underspend of £0.347m at year end which is a combination of reduced spending and vacant posts.	-0.347
Shortbreaks – a number of projects scheduled for 2013/14 have not progressed as quickly as anticipated which has resulted in an underspend at year end.	-0.159
<u>Care & Support</u>	
Purchasing budgets – the overspend relates to increased caseload and the impact of the CCG policy on continuing health care cases and increased costs relating to the purchase of externally purchased care. One-off funds from the CCG are being used in 2013/14 to help offset an element of the significant ongoing additional cost pressures relating to Continuing Health Care clients consistently reported throughout the year. New governance arrangements have been implemented to monitor the service, including financial and service delivery performance, with a clear aim to deliver cost reductions and service transformation which should result in lower unit costs of care.	+2.760
CCG contribution towards Continuing Health Care costs – lower than anticipated funding	+0.500
In House Services – this overspend relates to salaries, including overtime paid to staff, delivering in house support services as part of care for ALD clients. This service now sits within Customer Services and a review of internal ALD services is currently underway.	+0.444
Supporting People – delay in achievement of saving combined with an increase in demand for the service.	+0.501
<u>Public Health</u>	
Staffing and operational budgets – savings arising from	-0.558

both vacancies in posts and underspend on contingency budgets agreed as part of transition arrangements.	
<u>Neighbourhood & Leisure Services</u>	
Leisure Centres – shortfall on income across various sites including the Ice Rink, Horsehay Golf Centre, the Town Park and Oakengates net of an overachievement at Wellington relating to Aspirations and swimming lessons.	+0.221
Highways Maintenance – increased costs associated with pothole and minor resurfacing gangs working Jan-Mar.	+0.278
Highways Maintenance – savings to mitigate costs of pothole and minor resurfacing gangs.	-0.187
Waste – savings as a result of round reductions/changes to domestic refuse collection	-0.246
Waste - increased costs relating to the purchase, delivery and storage of replacement bins, boxes and bags.	+0.158
<u>Development, Business & Employment</u>	
Lifelong Learning – largely as a result of loss of government grant funding	+0.168
Lifelong Learning – use of one of grant reserves	-0.133
Estates & Investments – loss in Property Investment Portfolio investment income arising from the longer-term rationalisation of the property portfolio to secure a more sustainable income position ongoing. This includes income targets for the retail units in Southwater and BDC.	+0.223
Southwater – the multi-storey car park currently being constructed is now operational although this was slightly later than originally anticipated when the budget for 2013/14 was prepared in the Winter of 2012 and therefore the part-year budgeted income anticipated was not fully received. However the programme for capital spend has also slipped which will reduce borrowing costs in 2013/14; the benefit of this is included in the Treasury Management underspend shown below.	+0.165
Development Management – net of additional income in line with significant inward investment and other development activity and additional appeal costs.	-0.173
Business & Dvpt Planning – There is a net one off, in year	-0.192

benefit due to vacancy management across the service area.	
Management Account – reduced use of consultants	-0.137
Management Account – higher income than budgeted due to planned capitalisation of costs.	-0.110
<u>Customer Services</u>	
ICT – additional project income being used to offset additional staffing costs for corporate ICT projects and PC replacement programme	-0.276
ICT – supplies and services underspend relating to some system costs being shared by schools and a general saving on computer costs through robust contract negotiations.	-0.334
ICT – contribution to corporate ICT reserve to support essential investment in ICT infrastructure and kit as part of the overall ICT and customer services strategy	+0.520
Revenues & Benefits – printing service income shortfall due to work being given to some external providers, this has now ceased and a general reduction in the amount of printing as we increase use of technology. .	+0.107
Revenues & Benefits – additional income from court fees	-0.129
Catering – additional income due to increased take up in school meals and impact of new commercial catering activity	-0.154
<u>Finance, Audit & Information Governance</u>	
<u>Treasury Management</u>	
Benefit of active treasury management including the impact of prevailing low interest rates during the year and lower than budgeted capital spend. This also includes £0.250m relating to capitalisation of interest for assets under construction which has been undertaken as part of year end and will require a change in accounting policy to be approved as part of the approval of the statement of accounts.	-1.546
As agreed in the 2014/15 budget strategy report, the £4.9m that has been generated from the back-dating of the change in accounting treatment of calculation of Minimum Revenue Provision is being transferred to a provision to fund the debt charges for the Pride in Your Community Initiative for the next 12 years.	-4.884m
	+4.884m

<u>Law, Democracy & Public Protection</u>	
Licensing – shortfall in licensing income	+0.154
Land Charges – additional income relating to land charges	-0.112
Car Parking – as previously reported	+0.111
<u>Government Funding Refund</u> –refund in relation to previously top-sliced Revenue Support Grant.	-0.731
<u>Housing & Council Tax Benefit Subsidy</u> Projected benefit from recovery of overpayments.	-0.374
<u>Purchase Rebates</u> The majority relates to surplus dividend from West Mercia Energy relating to 2012/13 outturn performance.	-0.186
<u>Other One off Resources</u> – identified to contribute to service overspends.	-2.368
<u>Other Council Wide Items</u> –includes one-off benefit from review of funding set aside for contractual inflation being and the delivery of in year savings.	-2.228

4.4 Public Health.

Responsibility for Public Health transferred to the Council from the NHS in April 2013 together with the associated specific ring-fenced grant funding, totalling £10.6m in 2013/14. The conditions of the grant are that it must be used to address health needs and improve health and well-being in the community. Improving public health outcomes is delivered across a number of Service Areas and a summary of the application of the grant in 2013/14 is shown in the table below:

	£
Public Health, Well Being & Public Protection	(7,424,998)
Children's Safeguarding & Specialist Services	(100,000)
Family, Cohesion & Commissioning Services	(1,287,835)
Neighbourhood & Leisure Services	(502,490)
Development, Business & Employment	(302,809)
Adult Social Services	(997,567)
Total Public Health Grant 2013/14	(10,615,699)

The majority of the grant was allocated to Services during the year, with the exception of £0.834m which was applied to eligible expenditure at year end (£0.533m to Adult Social Services; £0.302m to Development, Business & Employment) – and therefore appears as

additional income in these areas as it was not included in the budget. Overall, including a small balance carried forward to 2014/15 in accordance with the grant conditions, the grant was fully spent in 2013/14.

5.0 RESERVES & BALANCES

5.1 The main General and Special Fund balances are £3.124m at 31st March 2013. Subsequent to closedown a full risk based evaluation of all balances will be undertaken to provide an updated view of balances available for the budget strategy. It should be noted that this is likely to generate a slightly greater figure as being available to support future service and financial planning strategies.

5.2 The position on the main General and Special Fund Balances is:

	£m
Balances at 1 st April 2013	3.124
Contribution to General Fund Balances i.e. 13/14 underspend	0.100
Balances at 31st March 2014	3.224

The General/Special Fund balance forms part of the Council's overall reserves and balances.

5.3 The following transfers to reserves are suggested:-

	<u>£m</u>
<ul style="list-style-type: none"> • Bad Debt Reserve – all avenues are exhausted before debt is written off, however it is prudent to set aside a one-off reserve given the difficult economic climate we are currently in. 	0.500
<ul style="list-style-type: none"> • Waste – the new contract began in 2013/14 but it isn't until 2019 that all waste services are transferred into it; this provides a contingency against cost pressures in the early years when the contractor is not able to fully control all waste services and additional costs may arise. 	0.200
<ul style="list-style-type: none"> • Severance Fund –this fund supports the delivery of ongoing savings. 	3.000
<ul style="list-style-type: none"> • Accommodation –Contribution towards various accommodation and ICT related work. 	0.300

<ul style="list-style-type: none"> Capacity Fund – to provide one off resources required for service development and the delivery of savings. 	0.250
<ul style="list-style-type: none"> Economic Development - Contribution towards infrastructure improvements. 	0.400
<ul style="list-style-type: none"> Healthy Breakfast Initiative - research shows that children being hungry on arrival to school can create problems such as tiredness, lack of concentration and poor behaviour of learning. This 12 month pilot scheme, which involves 3 primary schools, Donnington Wood Infant, Donnington Wood Junior and Old Park, will provide up to 830 pupils with a healthy snack during morning registration, between 8.45am and 9.00am Monday to Friday. Progress will be reported throughout the pilot to all Primary Heads. 	0.034
Total	4.684

Within the overall outturn position funds have also been set aside to create a corporate ICT reserve totalling £0.520m. This will support essential investment in ICT infrastructure and kit as part of the overall ICT and customer services strategy which is integral to the future delivery of many savings as well as enhancing our customers experience of doing business with us.

6.0 2013/14 CAPITAL PROGRAMME

6.1 The capital programme for 2013/14 was £99.1m; spend at year end was £84.6m giving a year end variation of £14.5m which is summarised in the table below:

Priority	Budget	Spend		Variance
	£m	£m	%	£m
Protect and Support Our Vulnerable Children & Adults	3.745	2.441	65	-1.304
Protect and Create Jobs as a 'Business Supporting, Business Winning Council'	17.926	19.012	106	1.086
Improve the Health and Well Being of our Communities and Address Health Inequalities	2.244	1.412	63	-0.832
Regenerate Those Neighbourhoods in Need	7.971	5.693	71	-2.278
Ensure That Neighbourhoods are Safe, Clean and Well Maintained	15.639	15.088	96	-0.551

Priority	Budget	Spend		Variance
	£m	£m	%	£m
Improve Local People's Prospects through Education and Skills Training	47.696	38.326	80	-9.370
Managing the Organisation	3.904	2.603	67	-1.301
Total	99.125	84.574	85	-14.550

6.2 The main scheme delays/re-phasing to 2013/14 are shown below with detail included in Appendix 4.

	£m
<p><u>Vulnerable Children & Adults</u></p> <ul style="list-style-type: none"> • Social Care ICT Review: fully committed in 2014/15; delays in programme which has resulted in re-phasing • Social Education Re provision – scheme currently being assessed • Disabled Facilities Grant – in progress; fully committed in 2014/15. 	-0.295 -0.350 -0.327
<p><u>Business Support, Business Winning</u></p> <ul style="list-style-type: none"> • Town Centre – scheme ahead of budget forecast resulting in re-phasing. 	+0.822
<p><u>Health & Wellbeing</u></p> <ul style="list-style-type: none"> • Parks for People – Phase 2- fully committed; the scheme is due to be completed by March 2015 in line with lottery grant funding. 	-0.760
<p><u>Regenerating Neighbourhoods in Need</u></p> <ul style="list-style-type: none"> • Travellers Operational Sites – scheme evaluation in progress. • Housing – fully committed in 2014/15 for social housing provision. 	-0.690 -0.744
Brookside – fully committed in 2014/15	-0.865
<p><u>Ensure Neighbourhoods are Safe, Clean and Well Maintained</u></p> <ul style="list-style-type: none"> • Box Road – the scheme started later than anticipated. The project is on target as per the revised work schedule and will be completed before the end of March 2015. 	-1.949

<ul style="list-style-type: none"> Property Investment Portfolio – new allocations to be approved to fund spend in year 	+0.586
<ul style="list-style-type: none"> Ironbridge Gorge Stability – preparation work ahead of main contract 	+0.337
<ul style="list-style-type: none"> Highways/Footpaths – general schemes ahead of schedule 	+0.332
<u>Education & Skills</u>	
<ul style="list-style-type: none"> Building Schools for the Future: amendments to phasing; fully committed. 	-8.873
<ul style="list-style-type: none"> Schools: various schemes most which are grant funded. Fully committed. 	-0.908
<u>Managing the Organisation</u>	
<ul style="list-style-type: none"> ICT – rephasing to 14/15 	-0.206
<ul style="list-style-type: none"> Asset Management Plan – rephasing to 2014/15 	-0.139

6.3 There are a number of new approvals and virements which are also detailed in Appendix 4 and require formal approval.

6.4 The funding for the capital programme in 2013/14 included £5.4m estimated income from capital receipts. The actual income received in year was lower at £3.5m – the difference was mainly due to a number of receipts delayed. The shortfall in 2013/14 can be accommodated within the overall capital spend slippage and consequently does not result in any additional temporary borrowing. The position for 2014/15 is covered later in this report.

7.0 CORPORATE INCOME MONITORING

7.1 The Council's budget includes significant income streams which are regularly monitored to ensure they are on track to achieve targets that have been set and so that remedial action can be taken at a very early stage. The three main areas are Council Tax, NNDR (business rates) and Sales Ledger. Current monitoring information relating to these is provided below. The Council pursues outstanding debt vigorously, until all possible recovery avenues have been exhausted, but also prudently provides for bad debts in its accounts.

7.2 In summary, the overall position shows collection levels ended the year below the targets set for the year; Council Tax and NDR collection was also slightly lower than 2012/13 levels whereas Sales Ledger ended the year in a better position than 2012/13.

	Actual	Target	Performance
Collection Levels:			
Council Tax Collection	96.6%	97.00%	0.40% behind target
NNDR Collection	97.3%	97.4%	0.10% behind target
Sales Ledger Outstanding Debt	6.28%	5.50%	0.78% behind target

7.3 Council Tax (£66.5m)

The percentage of the current year liability for council tax which the authority should have received during the year, as a percentage of annual collectable debit. The measure does not take account of debt that continues to be pursued and collected after the end of the financial year in which it became due. The final collection figure for all financial years exceeds 99%.

Year end performance 2012/13	97.3%
Year End Target for 2013/14	97.0%

Performance is cumulative during the year and expressed against the complete year's debit.

Month End Target	Month End Actual	Last year Actual
97.0%	96.6%	97.3%

The council tax debit figure increased by £5 million in 2013/14 as a result of:

- The abolition of council tax benefit and the introduction of a local council tax support scheme. This resulted in a 21% reduction in benefit for working age taxpayers, and 8000 people having to pay council tax for the first time.
- An increase in the property base of over 700 properties.
- The abolition of Class A and C exemptions resulting in no discount period for empty properties.

We've collected just over £4 million of this additional council tax despite the challenges facing collection from these particular taxpayers who are facing numerous financial and budgetary issues. As expected, the collection rate overall for council tax has out turned at 0.4% under target and 0.70% below collection for the previous financial year. Collection on outstanding amounts will continue in 2014/15.

Collection for April 2014 is slightly above this point last year (10.46% compared with 10.45%), with an additional £186k collected.

7.4 NNDR-Business Rates (£69.5m)

The Government changed its funding mechanism for local government in 2013/14 with the implementation of the business rates retention

scheme. Under the new arrangements 50% of business rates collected is retained locally (49% for the Council; 1% for the Fire Authority) and forms part of the Council's overall funding. This transfers more risk to the Council from Central Government as any fluctuations and changes in the amount of business rates collected directly impacts on the Council's financial position. Collection and maximisation of business rates has therefore been a key priority during 2013/14.

Performance shows the % of business rates for 2013/14 that should have been collected during the year. This target, as for council tax, ignores our continuing collection of earlier years' liabilities.

The measure does not take into account the debt that continues to be pursued and collected after the end of the financial year in which it became due. As a general rule the final collection figure for any financial year exceeds 99%.

Year end performance 2012/13	97.4%
Year End Target for 2013/14	97.4%

Month End Target	Month End Actual	Last year Actual
97.4%	97.3%	97.4%

The collectable debit figure increased by £1.7 million in 2013/14 compared to 2012/13. We collected £1.4 million more in 2013/14 than in 2012/13.

In collection rate terms, we out turned at just 0.10% behind the previous years collection rate. Work continues to collect any outstanding debt.

The funding from business rates included in the Council's budget is based on estimated figures – for 2013/14 an estimate was calculated in January 2013. Any difference between this and the final business rates yield for the year feeds into future years funding as an adjustment so doesn't directly affect 2013/14 outturn. In January 2014 an estimate of the business rates income expected in 2014/15 was calculated which included the estimated outturn for 2013/14 and these figures were included in the 2014/15 budget. As previously reported, although there was growth in the business rates base during the 2013/14, there was also an increase in the value of reliefs granted (the majority being mandatory) which outweighed the benefit. At 31 March 2014, there was also £84.8m rateable value under appeal and, in line with accounting requirements, a provision has been set aside to meet the potential costs when these are settled. Overall the final position for 2013/14 is in line with the estimate included in the 2014/15 budget.

Collection for April 2014 is slightly lower than this point last year both in terms of collection rates (12.75% compared to 12.92% last year), and cash collected (£5k).

The 2014/15 budget strategy includes £1.1m growth from business rates income which will be monitored throughout the year.

7.5 **Sales Ledger (£26.6m)**

This includes general debt and Social Care debt. Debt below 2 months is classified as a normal credit period.

The target percent is set relating cumulative debt outstanding from all years to the current annual debit. The targets and performance of income collection for 2013/14 are as follows:

Age of debt	Annual Target %	January 2013	
		£m	%
Total	5.50	1.633	6.28%

The amount outstanding sales ledger debt has reduced by 1.17% compared to this point last year.

Sales ledger performance for April 2014 continues to improve; 6.07 outstanding compared to 7.31% this time last year.

8.0 **2014/15 UPDATE**

The first detailed monitoring report for 2014/15 will be considered at Cabinet in July. However, this section of the report will give an early indication of some emerging issues for the new financial year, informed where relevant, by the closedown position reported above. Inevitably, early focus is on areas of potential pressure and managers are now taking action to seek ways to minimise these pressures and to identify ways to mitigate remaining issues.

8.1 **Revenue**

Adult Social Services

The service was overspent by just under £3m in 2013/14 (after adjusting for the impact of the last organisational restructuring exercise). This position is exacerbated in 2014/15 by the need to deliver significant savings whilst at the same time work towards delivery of the Better Care Fund and prepare for the introduction of the Care Act. Considerable work is being done within the service area actively led by the Director and Assistant Director to deliver against the financial targets which is requiring a root and branch review of data, systems, staffing structures, processes and culture within the service. Governance structures are in place to ensure monitoring of the effectiveness of this activity at the highest levels within the organisation and further details will be included in future reports to Cabinet. The creation of a draw down budget for Adult Social Services in addition to

the corporate budget contingency would allow some re-phasing of savings to cover any shortfalls from not realising a full year impact in 2014/15.

Adult Care In-House Provider Services

The service faces a significant challenge in addressing an overspend against the 2013/14 budget and contributing towards savings targets for 2014/15. A full review of the service is therefore underway and action plans are already in place to ensure realisation of savings from January 2015 onwards.

Single Status.

The 2014/15 budget allows provision for the implementation of the single status agreement; however, whilst work is on-going to implement this negotiations are unlikely to be completed until 2015/16.

Childrens' Safeguarding

Early projections and monitoring information, after 6 weeks of the new year, in relation to Children in Care placements shows reasonable progress against the cost improvement plan and expected placement "step downs". They do, however, reflect the projected use of just under £1m of the £1.2m draw down budget due to new demand.

Education & Corporate Parenting

Education Services Grant – the level of Education Services Grant will reduce in year by the conversion of any existing maintained school to Academy status. Whilst known conversions have been reflected in the current 2014/15 budget any further changes will have an impact.

Transport

The 2014/15 budget relies on the delivery of Transport savings within various Service Areas, progress on these targets will need to be closely monitored to ensure timely delivery.

DSG

Pressure continues to be experienced in the budgets funded by Dedicated Schools Grant especially in the high needs area of education. Robust management and control of these areas is required to ensure all expenditure can be met from within the total grant available and does not impact on the Council's General Fund budget.

Neighbourhood and Leisure Services

Leisure:

- The income targets for the leisure centres for 2014/15 are challenging. The refurbishment of Oakengates Leisure Centre, planned for Summer 2014, will limit the availability of some facilities during this period. The estimated impact on income is a shortfall against budget of £40,000. However, the new facilities at Newport and Telford Ice Rink will be fully open during 2014/15, and increased income from these sites could mitigate the temporary

shortfall at Oakengates. Leisure income is closely monitored, and management action taken where possible. Any significant variances will be reported through the S&FP process during the year.

- The impact of new pension regulations is estimated to add an additional £10,000 of costs across leisure as additional hours payments become eligible as pensionable pay.

Waste:

- There is an ongoing pressure in the waste service relating to the replacement costs of red top and green wheelie bins, which remain a council cost until 2019 when the new contractor takes responsibility for all aspects of waste collection. The estimated overspend on this budget for 2014/15 is £50,000.

Development, Business and Employment

The economic climate is likely to continue to cause some residual pressure on income targets in this service area, including shortfalls in rent and service charge income as a result of void commercial properties. However plans are in place to modify the property investment portfolio to address this in the medium to longer term. There is a specific pressure relating to the new multi storey car park in Southwater, which opened in June although this is offset by re-phasing of the capital spend as explained earlier in this report . The position on all income budgets will be closely monitored during the year and remedial action taken where possible. Any significant variances will be reported through the S&FP process during the year.

Treasury

A benefit of £0.25m is estimated due to the prevailing low interest rates and impact of the outturn position. This may improve further as the year progresses and projections are updated.

8.2 Capital

The 2014/15 capital programme relies on £38.2m of capital receipts as part of its funding. Adjusting this for the receipts deferred from 2013/14, mentioned earlier in this report, brings the total value of receipts required in 2014/15 to £40.1m. Early monitoring indicates that around £10m of these receipts will not now be received until future years. A full review of all capital receipts included in the medium term budget strategy is underway and updates will be provided in future monitoring reports.

9.0 PREVIOUS MINUTES

07/03/2013 – Full Council, Service & Financial Planning Strategy

25/07/2013, 31/10/2013, 12/12/2013, 20/02/2014 – Cabinet, Financial Monitoring Reports

12/09/2013, 21/11/2013, 23/1/2014– Full Council, Financial Monitoring

10.0 **BACKGROUND PAPERS**

2013/14 Budget Strategy and Financial Ledger reports
2014/15 Budget Strategy

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