

TELFORD & WREKIN COUNCIL**CABINET – 25 JUNE 2015****COUNCIL – 9 JULY 2015****SERVICE & FINANCIAL PLANNING – 2014/15 OUTTURN AND 2015/16 UPDATE****REPORT OF THE ASSISTANT DIRECTOR: FINANCE, AUDIT & INFORMATION GOVERNANCE (CHIEF FINANCIAL OFFICER)****LEAD CABINET MEMBER: CLLR LEE CARTER****PART A) – SUMMARY REPORT****1.0 SUMMARY OF KEY ISSUES****1.1 2014/15 Financial Outturn**

The Council has a strong track record of very effective financial management and in anticipation of the inevitable funding cuts to be faced in 2015/16 and later years action was taken early in 2014/15 to identify and deliver further “in year” savings. This together with an embedded culture of tight budget control and active financial management by both Cabinet Members and budget holders has resulted in a very sound financial position at the end of the 2014/15 financial year.

The gross revenue budget for 2014/15 was £429m and the net budget was £129m. The revenue outturn position is well within budget with a final net underspend of £1.145m (which is equivalent to only -0.89% of net budget) - £0.858m of this is a planned funding required for the 2015/16 budget strategy as agreed in the service and financial planning strategy by Full Council on 5 March 2015. This position has been achieved after delivering £17m of budget savings in 2014/15, on top of the £53m made in the previous 5 years.

The focus of Cabinet Members and the Senior Management Team has been to maximise the financial position for the Council through the 2014/15 closedown in order to put us in the best possible position as we move into 2015/16. Action taken has included capitalisation of interest relating to capital projects under construction which is permissible under the local government accounting code of practice, a review of all balances and provisions and in recognition of current very low inflation rates a review of budget allowances for inflation. This action has resulted in additional one-off revenue benefits which are available to support the medium term financial strategy. The funding outlook for the medium term will undoubtedly continue to be extremely challenging and whilst until the Government publish further details later

in the year following their Comprehensive Spending Review, it is not possible to have any certainty on the further cuts that we will face, it is currently anticipated that we will need to identify further savings of between £10m and £12m each year for at least the next 3 years, based on current national planning totals.

Due to the strong financial management exercised by Cabinet Members and budget holders during 2014/15, the Council has been able to make a number of investments and create prudent provisions from the 2014/15 underspend to support its priorities. These include the one-off investments approved as part of the 2015/16 budget strategy:-

- £1.0m to help revitalise and invest in the high streets of borough towns;
- £0.750m to support the borough wide environmental maintenance programme;
- £0.2m to provide free swimming for residents over 50;

Further investments now funded from the 2014/15 out-turn position include:-

- £0.8m to allow the Parish Environmental Teams and rapid Response team to continue to operate until the end of the current cleansing and grounds maintenance contract in March 2019;
- £0.5m to support the Council's Job Box Initiative beyond the current financial year
- £1m funding to support the Pride in Your Community Fund initiative planned for 2017/18 (previously funded through prudential borrowing). Funding from the available revenue funds from 2014/15 will enable greater flexibility in the schemes that can be supported rather than using capital funds and reduce ongoing debt charges;
- £2.2m provision for future severance costs as further staffing reductions will be unavoidable as part of the ongoing service reviews required to deliver the savings required due to further cuts imposed by the Government.
- £1m to provide additional capacity and to support invest to save initiatives which will help to deliver future budget savings

Our pro-active approach secured a number of favourable variations during the year which contributed to the overall favourable position. These included:

- In year savings totalling £5.2m were delivered across all services which contributed significantly to the overall outturn position. This included many one-off benefits, for example arising from active treasury management where a back-dated benefit of £1.1m has been achieved from reviewing the Council's MRP policy relating to "government supported" debt in the same way as was agreed for all

prudential debt as part of the budget in 2014/15. Also included is the budget in 2014/15 allowed for the implementation of the single status settlement which was not implemented during 2014/15 and released a benefit of £1.95m.

- Close management of employee budgets during the year has resulted in savings totalling £2.1m relating to vacant posts, many of which are one off and linked to service restructures
- Public Health costs relating to smoking cessation and substance misuse have ended the year under budget by £0.5m
- A one off benefit of £0.2m relating to Planning Fee income due to the buoyant housing market, inward investment and business expansion

The main pressures experienced during 2014/15 were:

- Adult Social Services ended the year at £0.6m overspend. As reported throughout the year, the cost of purchasing care packages from external providers was the key issue with an overspend of £5.6m. One off balances of £3.1m and additional income of £1.7m, including Government grants, partly offset the overspend.
- Children's Safeguarding ended the year with an overspend of £1.2m. This was a combination of the cost of Children in Care Placements, which had an overspend of £1.6m at year end, and other service overspends including care leavers accommodation costs, the cost of using agency staff; foster care and adoption costs; these were offset by the use of the £1.2m draw down budget and other service underspends.

1.2 Capital

Capital spend ended the year at £115.1m against an approved estimate of £141.6m which was in the main due to re-phasing into 2015/16. This underspend will enable some treasury management savings to be made in 2015/16.

1.3 Income Monitoring

Overall cash collection is in a good position. Collection rates for Council Tax (£68m) and business Rates (£72m) were ahead of target for the year while sales ledger income collection (£36m) was slightly behind the target for the 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 2 July.

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

1.6 2015/16 Update

The Council faces another very challenging year in 2015/16 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 the July meeting of the Cabinet with an updated position.

2.0 RECOMMENDATIONS

2.1 In relation to the 2014/15 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 2014/15 which is subject to audit by the Council's external auditors; also, the transfers to reserves detailed in paragraph 5.3.**
- (ii) Approve the Capital outturn position and related supplementary estimates, virements and re-phasing shown in Appendix 4 as summarised in the report.**
- (iii) Note the performance against income targets.**
- (iv) Note the key issues identified for 2015/16 and approve the new capital allocation detailed in paragraph 8.2.**

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 will be presented to the Audit Committee in draft format at the end of June, are audited during July and the final version of which 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 2014/15 REVENUE BUDGET

- 4.1** The Council had a gross revenue budget of £429m for 2014/15 and the final net revenue outturn position is as follows (a summary is provided in Appendix I):

	£m
Net Budget	129.234
Net Expenditure	128.089
Net Underspend	-1.145
Percentage Net Variance	-0.89

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

Service Area	Approved Budget £	Outturn £	Variance £
Children's Safeguarding & Specialist Services	20,498,422	21,697,262	1,198,840
Education & Corporate Parenting	10,884,147	11,403,743	519,596
Family, Cohesion & Commissioning Services	9,713,047	8,808,046	(905,001)
Development, Business & Employment	2,369,583	1,891,640	(477,943)
Neighbourhood & Leisure Services	30,643,265	30,173,408	(469,857)
Adult Social Services	37,528,318	38,196,188	667,870
Public Health, Well Being & Public Protection	2,005,078	1,601,157	(403,921)
Customer Services	4,764,596	4,113,644	(650,952)
Law, Democracy & People Services	2,329,380	253,026	(2,076,354)
Finance, Audit & Information Governance	9,615,330	7,249,830	(2,365,500)
Cooperative Council Delivery Unit	1,327,580	1,207,668	(119,912)
Council Wide (including Asset Rentals)	(2,444,216)	(4,006,398)	(1,562,182)
Total	129,234,530	122,589,214	(6,645,316)
Proposed Transfers to Reserves:			
Capacity/Invest to Save Fund		1,000,000	1,000,000
Severance Fund		2,200,000	2,200,000
Pride in Your Community Fund 17/18		1,000,000	1,000,000
Parish Environmental Teams (17/18 and 18/19)		800,000	800,000
Unemployment Initiatives		500,000	500,000
Total Variance after Transfers	129,234,530	128,089,214	(1,145,316)

Note: the above figures include both service and corporate variances (such as asset rentals and pensions accounting entries required by International Accounting Standard 19) - the detailed analysis is shown in Appendix 2. The figures are also before 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 Service variances over £0.100m are highlighted below.

Service Area	Variance £m
<u>Children's Safeguarding & Specialist Services</u>	
Children in Care Placements (CiC) – the overspend reflects 293 CiC (309 at 31 March 2014, peak of 323 during last financial year). The financial strategy for 2014/15 included an additional “draw-down” budget for Safeguarding to help meet the ongoing pressures on the service (see below). All placements are scrutinised and reviewed in line with the Action Plan and Placement Strategy to secure best value. The Cost Improvement Plan for 2015/16 includes further cost reductions in this area.	+1.558

Draw down budget – £1.2m set aside when the budget was set to meet CiC pressures.	-1.200
Care Leavers – overspend relating to the cost of supporting 16-18 year olds as they leave care. This represents a significant improvement on the position in 2013/14.	+0.166
Internal Foster Carer Costs – payments to Foster Carers including transport costs.	+0.164
Staffing (Specialist Services) – underspends from vacancies held in the service area.	-0.116
Staffing (Safeguarding) – including the cost of agency social workers	+0.237
Direct Payments – payments relating to personal care for children with disabilities.	+0.105
Children not in Care – costs relating to adoption fees and other costs made to carers to support placing children with families and avoiding higher care related costs.	+0.190
In year savings total £0.080m.	
<u>Education & Corporate Parenting</u>	
School Improvement Advisory Service – lower costs due to in year vacancies and additional income from trading following a restructure.	-0.246
Education Services Grant (ESG) – fewer in-year conversions to academies than anticipated resulting in less reduction in ESG for the local authority.	-0.105
In year savings total £0.130m.	
<u>Family, Cohesion Services & Commissioning</u>	
Cohesion – a combination of salary savings from temporary vacancies and other savings within the service.	-0.206
Contracting & Commissioning – mainly due to the transfer of Supporting People from Adult Social Services which is forecast to overspend by £0.384m, partially offset by restructure savings.	+0.303
In year savings total £0.909m.	

<u>Adult Social Services</u> Purchasing budgets – an overspend of £5.6m is reported which is after the delivery of £2m savings already achieved. One off Funds – includes £0.9m Service balances plus £2.24m of the one off draw down budget set aside at year end. Transport – impact of the budget reductions following a transport review. A project group has been set up to review transport expenditure in 2015/16 and address the overspend. Employees – savings arising from vacant posts within Adult Social Services. Income – a combination of additional income from the Government to support work on winter pressures and reducing the delay to people leaving hospital, together with funds to support the implementation of the Care Act and additional client contributions.	+5.573 -3.140 +0.179 -0.304 -1.742
<u>Public Health, Wellbeing & Public Protection</u> Employees – arising from part year vacancies and underspends on other employee budgets. Smoking Cessation Project – saving arising from reduced demand and use of service. Substance Misuse – saving from across the Drugs and Alcohol service including inpatient detox. Public Protection & Civil Resilience – saving arising from employee vacancies during the year In year savings total £0.200m.	-0.102 -0.231 -0.252 -0.145
<u>Neighbourhood & Leisure Services</u> Highways & Engineering – costs associated with restructure Highways & Engineering – additional income which cover costs associated with restructure Drain Clearing – additional costs of gully emptying; offset by	+0.200 -0.307 +0.143

underspends elsewhere in the service.	
Concessionary Travel – saving as a result of reduced passenger numbers.	-0.126
Highways & Transport Strategic Policy – savings arising from vacant posts	-0.225
Highways & Transport Strategic Policy – income shortfall mitigated by above saving.	+0.169
Leisure Facilities & Services – income shortfall at Oakengates Leisure Centre and Horsehay Golf Complex	+0.175
Arthog – additional income relating to increased school visits and increased occupancy.	-0.138
Oakengates Theatre – additional income relating to the success of the pantomime and other productions during the year.	-0.100
In year savings total £0.185m.	
<u>Development, Business & Employment</u>	
Regeneration & 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, short-term income pressures at Southwater car park and service charge voids.	+0.575
Business & Development Planning – one off savings arising from vacancy management	-0.123
Development Management – one off benefit from increased planning applications due to the current housing market and “Invest in Telford” campaign.	-0.218
Property & Design – one off savings arising from vacancy management	-0.126
Property & Design – reduced spend on consultancy services	-0.114
Property & Design – additional property related costs including utilities and maintenance costs	+0.216
Regeneration & Investment – one off savings arising from vacancy management	-0.147

In year savings total £0.440m.	
<u>Customer Services</u> Care & Enablement – savings identified from staffing restructures and the cessation of the enablement service which together with one off funds have covered residential and community support overspends ICT – the net impact of the reallocation of savings together with additional restructure savings. Cleaning – additional income generated and reduced employee costs. Customer Services overall position includes £600k additional funding achieved through increased council tax and business rates. Due to accounting regulations this is not available to the Council in 2014/15 and will be met from one-off funds until 2015/16. In year net savings total £0.256m.	-0.251 -0.134 -0.102
<u>Finance, Audit & Information Governance</u> Treasury – the majority of this saving relates to the benefit of extending the change in the calculation of the Minimum Revenue Provision applied in 2013/14 to include supported debt (government allocations), which is made up of a back-dated element of £1.1m and an ongoing benefit. The revenue impact of changes to the level of anticipated capital receipts is also reflected in this position as is a benefit from capitalisation of interest on projects under construction at year end.	-2.149
<u>Law, Democracy & People Services</u> Single Status - the budget for 2014/15 allowed for implementation of the single status settlement during the year. This is unlikely to happen during this financial year and as such a net benefit of £1.9m will arise during this year. In year net savings total £1.917m.	-1.950
<u>Co-operative Council Delivery Unit</u> Delivery & Planning – underspends relating to vacant posts. In year savings total £0.087m.	-0.101

<u>Purchase Rebates</u> Surplus dividend from West Mercia Energy relating to 2013/14 outturn performance.	-0.132
<u>Litigation Costs</u> Provision for the estimated costs associated with an ongoing litigation claim affecting a number of Councils across the country.	+0.259
<u>Housing Benefit Subsidy</u> Higher than budgeted housing benefit subsidy which includes the impact of a reduction in the level of overpayments made during the last part of the year.	-0.211

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. In 2014/15 this grant totalled £10.9m. 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 2014/15 is shown in the table below:

	£
Public Health Reserve (grant cfwd 13/14)	31,000
Public Health Grant 2014/15	10,912,900
Total Funding	<u>10,943,900</u>
<u>Application of Funding in 2014/15</u>	
Public Health, Well Being & Public Protection	6,812,457
Adult Social Services	967,790
Customer Services	36,726
Development, Business & Employment	574,721
Education & Corporate Parenting	491,999
Family & Cohesion & Commissioning Services	1,240,314
Neighbourhood & Leisure Services	556,600
Council Wide	151,131
	<u>10,831,738</u>
Grant cfwd into 2015/16	<u>112,162</u>

The majority of the grant was allocated to Services during the year, with the exception of £0.581m which was applied to eligible expenditure at year end (£0.312m to Education & Corporate Parenting; £0.060m to Development, Business & Employment, in addition to £0.016m of 2013/14 grant carried forward; £0.030m to Family & Cohesion; £0.140 to Neighbourhood & Leisure and £0.040 Council wide) and therefore appears as additional income in these areas as it was not included in the budget. Overall, including the balance carried forward to 2015/16 in accordance with the grant conditions, the grant was fully spent in 2014/15.

5.0 RESERVES & BALANCES

5.1 The main General and Special Fund balances were £3.224m at 31st March 2014. As part of the budget process a further risk based evaluation of all balances will be undertaken to provide an updated view of balances available for the budget strategy. It is anticipated 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 2014	3.224
Contribution to General Fund Balances - 14/15 underspend. However £0.858m of this is required to fund the service and financial planning strategy for 2015/16 approved by Full Council in March 2015.	1.145
Balances at 31st March 2015	4.369

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

In addition to the General and Special Fund Balances, the Council holds a number of contingencies available to support services in 2015/16. These include:-

- £2.500m specifically set aside to support Adult Social care services,
- £0.750m specifically for children's safeguarding and a
- £2.776m general contingency to provide further support to Adults and children's safeguarding or for other services if required.

5.3 The following specific transfers to reserves are proposed:-

	<u>£m</u>
Pride in Your Community Fund – 2017/18 – the positive overall position provides the opportunity to fund the already approved scheme for 2017/18 from the 2014/15 underspend rather than from prudential borrowing.	1.000
Parish Environmental Teams – this will extend the funding for these teams to include 2017/18 and 2018/19 after which the service will be considered as part of the retender for cleansing and grounds maintenance services.	0.800
Unemployment Initiatives Fund - we have achieved significant reductions in youth unemployment through the first year of the Youth Unemployment Programme which is already funded to continue in the current financial year. A number of elements of the programme have been incredibly successful and are proposed to be expanded including the work of the Job Box Mentors where it is proposed to extend the focus to include ex armed forces personnel and support for over 50s. The proposed additional funding will enable these initiatives to continue beyond the end of 2015/16.	0.500
Severance Fund –this fund supports the delivery of ongoing savings.	2.200
Capacity Fund – to provide one off resources required for service development and the delivery of savings.	1.000
Total	5.500

Within the overall outturn position funds have also been set aside to create a corporate ICT reserve totalling £1.5m. 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. A treasury provision of £0.140m has also been created (utilising less than 10% of the in-year treasury management surplus) to cover anticipated costs necessary to maximise the council's future treasury management position and some one-off costs associated with the change of the Council's bankers.

6.0 2014/15 CAPITAL PROGRAMME

- 6.1 The capital programme for 2014/15 was £141.6m; spend at year end was £115.1m giving a year end variation of £26.3m which is summarised in the table below:

Service Area	Budget	Spend	% Spend	Year End Variance
	£m	£m	£m	£m
Education & Corporate Parenting	64.81	58.02	90%	-6.79
Development, Business & Employment	37.16	22.61	61%	-14.55
Neighbourhood & Leisure Services	31.27	28.81	92%	-2.46
Adult Social Services	1.85	0.37	20%	-1.48
Customer Services	2.36	1.76	75%	-0.60
Cooperative Council Delivery Unit	4.04	3.69	91%	-0.35
Council Wide	0.12	0.00	0%	-0.12
Total	141.61	115.26	81%	-26.35

Note: the budget includes the new allocations detailed in Appendix 4

- 6.2 The main scheme delays/re-phasing to 2014/15 are shown below with detail included in Appendix 4.

	£m
<u>Education & Corporate Parenting</u>	
Building Schools for the Future: amendments to phasing; contracts have now been signed and the majority of works will complete at some point during 2015/16	-6.8
<u>Development, Business & Employment</u>	
Housing Investment Programme – delays relating to incorporating the company has led to rephasing.	-2.9
Superfast Broadband – spend re-profiled; fully committed over the next 2 years	-1.2
Brookside – rephasing; project expected to be complete early in 2015/16.	-1.0
Green Deal – National project deadline extended to September 2015 resulting in rephasing.	-2.4
Hollinswood Regeneration – contract awarded in March 2015; work scheduled to be completed	-1.3

during 2015/16.	
Schools – various schemes rephased to and fully committed in 2015/16.	-2.9
<u>Neighbourhood & Leisure Services</u>	
Highways Maintenance, Bridges & Integrated Transport – final work on Station Link/Box Road completed in April 2015.	-1.9
<u>Adult Social Services</u>	
Day Opportunities for Adults with Learning Disabilities – rephasing linked to Hollinswood Centre regeneration mentioned above.	-0.9
Social Care ICT Review – rephasing of programme	-0.4

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

6.4 Appendix 5 includes details of Section 106 agreements agreed during 2014/15.

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 is ahead of target for council tax and NNDR however behind the target set for sales ledger. Cash collection remains in a very good position.

INCOME COLLECTION – March 2015				
	Actual	Target	Performance	Change in cash collected on last year
Collection Levels:				
Council Tax Collection	96.7%	96.6%	0.10% ahead of target	+ £2,125,742
NNDR Collection	97.5%	97.3%	0.2% ahead of target	N/A
Sales Ledger Outstanding Debt	8.46%	5.50%	2.96% behind target	+4,911,490

7.3 Council Tax (£68.6m)

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 98.5%.

Year end performance 2013/14	96.6%
Year End Target for 2014/15	96.6%

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

Year End Target	Year End Actual	Last year Actual
96.6%	96.7%	96.6%

Council Tax collection has out turned at 96.7%, which compares to 96.6% for same point last year. This is a really pleasing result for year two of the Council Tax Support scheme as it becomes increasingly difficult to seek repayment from benefit customers who already have payment arrangements in place for year one of the scheme. Over the next few months national statistics will be released so we'll be able to benchmark our performance against others.

We have collected £2.1 million more this year compared to last year.

7.4 NNDR-Business Rates (£71.9m)

The % of business rates for 2014/15 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 2013/14	97.3%
Year End Target for 2014/15	97.3%

Year End Target	Year End Actual	Last year Actual
97.3%	97.5%	97.3%

For NDR, we have collected almost £2.5 million more in 2014/15 than the previous year. Collection has out turned at 97.5% compared to 97.3 at the same time last year. Collection for businesses rates can tend to

fluctuate according to the national economy, so collection should continue to rise next year if the national economy stays strong.

7.5 **Sales Ledger (£36.5m)**

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 2014/15 are as follows:

Age of debt	Annual Target %	March 2015	
		£m	%
Total	5.50	3.09	8.46%

Sales ledger performance is outside target. This is mainly due to a number of large invoices which are currently being actively pursued by the Revenues Service and Assistant Directors across the organisation. These invoices will continue to be actively pursued over the next few weeks.

8.0 **2015/16 UPDATE**

The first detailed monitoring report for 2015/16 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/Childrens Safeguarding

It is expected that the Council will continue to experience financial pressure in relation to both Adults and Childrens' social care services and a £2.5m contingency was therefore created to help support adult social care services during the year with a separate fund of £0.75m being available to support childrens' safeguarding. Both service areas have developed cost improvement plans to deliver ongoing reductions in expenditure to address these pressures during 2015/16 and deliver a sustainable financial position.

Demand management, culture change , innovative delivery options and partnership working, especially via the Better Care Fund and associated initiatives, will be key to the success of these cost improvement plans. Close monitoring of the progress of these plans will be undertaken by both senior management and Members on a regular basis throughout the year

Care & Enablement In house Services

2015/16 is the first year that internal Care & Enablement Services are formally trading with an income target of £4.7m which is charged to Adult Social Services for care provided to Adults with Learning Disabilities and to a slowly emerging self funders market. Adult Social Services are undertaking a full review of care packages with the aim of reducing their costs which will result in lower income for Care & Enablement Services. This is therefore a risk and the service will have to respond and make adjustments which will include the need for consultation as part of those adjustments and will very likely result in a further restructure of the business. Figures will be firmed up for the next financial monitoring.

ICT

As the authority moves to more mobile working and is promoting channel shift, the number of Microsoft licences required has increased by around 500 which equates to an additional cost of around £0.147m .

Development, Business and Employment

Business growth through inward investment and business expansions are expected to continue in 2015/16 with 38 live enquiries. This will have a positive impact on job creation but also business rate growth and planning fees. It is anticipated that the Housing market will remain buoyant with a positive impact on planning fees and New Homes Bonus.

The position on all income budgets will be closely monitored during the year and remedial action taken where possible, with any significant variances reported through the Service & Financial Planning process during the year.

Leisure & Culture

The income targets for the leisure centres for 2015/16 are challenging. The ongoing BSF building works at Oakengates continues and is likely to impact on income generation at this facility. However, Leisure income is closely monitored, and management action taken where possible. The new Aspirations suite at Horsehay was successfully opened in May 2015. Any significant variances will be reported through the Service & Financial Planning process during the year.

8.2 Capital

The Council received notification on the 24th March 2015 that the bid for funding for the Telford Town Centre Connectivity Package has been successful. The scheme has a total estimated cost of £12.303m, of which £10.335m will be met from DfT Challenge Fund grant. The match funding of £1.968m will be funded from S106 and developer contributions and council prudential borrowing if required. The scheme will upgrade the pedestrian footbridge between Telford Central Station

and Telford Town Centre and upgrade Rampart Way and Hall Park Way to include dualling sections of the road to alleviate pressure on the Box Road.

As notification of this successful bid was received after the Council agreed the budget for 2015/16, approval is sought to amend the Capital Programme to include this project and funding as profiled below:

Telford Town Centre Connectivity Package				
	2015/16 £'000	2016/17 £'000	2017/18 £'000	Total £'000
Expenditure	157	2,303	9,843	12,303
Funding: DfT Grant		(2,067)	(8,268)	(10,335)
Funding: T&W	(157)	(236)	(1,575)	(1,968)

9.0 **PREVIOUS MINUTES**

27/2/14 – Council, Service & Financial Planning Strategy
 26/6/14 - Cabinet, Service & Financial Planning Report – 2013/14 Outturn and 2014/15 Update
 24/7/14 – Cabinet, 2014/15 Financial Monitoring Report
 11/9/14 – Council, 2014/15 Financial Monitoring Report
 16/10/14 – Cabinet, 2014/15 Financial Monitoring Report
 27/11/14 – Council, 2014/15 Financial Monitoring Report
 08/01/15 – Cabinet, 2014/15 Financial Monitoring Report
 22/01/15 – Council, 2014/15 Financial Monitoring Report
 26/02/15 – Cabinet, 2014/15 Financial Monitoring Report

10.0 **BACKGROUND PAPERS**

2014/15 Budget Strategy and Financial Ledger reports
 2015/16 Budget Strategy

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