

**TELFORD & WREKIN COUNCIL**

**COUNCIL – 14 JULY 2016**

**SERVICE & FINANCIAL PLANNING REPORT – 2015/16 OUTTURN AND  
2016/17 UPDATE**

**REPORT OF THE ASSISTANT DIRECTOR: FINANCE & HR (CHIEF  
FINANCIAL OFFICER.)**

**LEAD CABINET MEMBER: CLLR LEE CARTER**

**PART A) – SUMMARY REPORT**

**1.0 SUMMARY OF KEY ISSUES**

**1.1 2015/16 General Fund Revenue Financial Outturn**

In anticipation of the financial challenges to be faced over the next few years, the Council has continued to actively manage its budget throughout 2015/16 and has ended the year in a very positive financial position. This will not only assist in 2016/17 but will also help in the medium term and is part of the planned approach to managing our finances in the most challenging financial climate that the Council has ever faced.

The gross revenue budget for 2015/16 was £430m and the net budget was £124m. The revenue outturn position is within budget with a final net underspend of £0.121m (which is equivalent to only -0.1% of net budget) after the proposed transfers to reserves and balances have been made. This position has been achieved after delivering £10m of budget savings in 2015/16, on top of the £70m made in the previous 6 years. Savings are now equivalent to £1,100pa for every home in the borough.

Despite the Government's commitment to give a Four Year Grant Settlement, the funding outlook for the medium term is still very uncertain due to the number of changes in the pipeline which sit outside the Revenue Support Grant process, including: the current review of the Business Rates Retention Scheme (including reviewing the Relative Needs formulae, the NDR Baseline and the move to 100% Business Rates Retention combined with the transfer of extra responsibilities and Functions to local authorities); Business Rates Revaluation in 2017; proposals to change the New Homes Bonus Scheme to be implemented in 2017/18; Education Funding Reform etc. It is therefore not possible to have any real certainty on the further cuts that we will face, however it is anticipated that we will need to identify a further £15m - £20m by the end of 2019/20 on top of those savings already approved by the Council for 2016/17 and 2017/18. This would bring the total savings to around £125m - £130m by the end of this

Parliament. However, as stated earlier, there are so many changes proposed to the local government finance system that the position for future years is very difficult to assess at the current time.

Due to the strong financial management exercised by Cabinet Members and budget holders during 2015/16, the Council has been able to create prudent provisions from the 2015/16 underspend to support its priorities and sustain its financial position going forward. These include:

- £2.1m to contribute towards funding the projected 2017/18 budget gap on a one-off basis allowing future savings to be delivered following a planned, phased approach
- £1.5m to help fund environmental maintenance priorities and developments throughout the borough
- £1.2m set aside to meet known waste contractual obligations
- £0.348m to meet committed spend in relation to Community Recycling Centres and is linked to the delivery of required savings
- £0.150m to support Benefits/Contact Centre call answering performance
- £0.150m to complete data research and analysis required in advance of tendering for Cleansing & Grounds Maintenance Services
- £0.125m to fund various drainage schemes and gully cleaning
- £0.100m Invest to Save Funds set aside to support the transfer of services to partner organisations following the principles outlined in the 2016/17 budget strategy

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

These included:

- A benefit totalling £5.9m has been delivered from rescheduling debt repayments which follows considerable technical analysis, research and work with other authorities and discussions with our external auditors. This significant benefit continues in 2016/17 and 2017/18 after which it begins to reduce whilst still providing very significant benefits to the revenue budget for many more years.

**Combined with the maximisation of the benefits of low interest rates during the year by actively running an extensive portfolio of very short term loans and lower than anticipated borrowing levels the total benefit from treasury activities was £7.1m in 2015/16.**

- Close management of employee budgets during the year has resulted in savings totalling just under £1m relating to vacant posts,

many of which are one off and linked to planned future service restructures

- Additional income totalling £0.6m has been achieved across various services during the year.

The main pressures experienced during 2015/16 were:

- **Adult Social Services** ended the year at £0.9m service overspend. As reported throughout the year, the cost of purchasing care packages from external providers was the key issue with an overspend of £3.5m. One off balances, including a specific contingency set aside as part of the budget strategy, totalling £3m partly offset the overspend. The Council has increased the Adult Social Services budget by £1.648m in 2016/17 and is committed to effectively meeting the assessed needs of vulnerable adults in the borough.
- **Children's Safeguarding** ended the year with a service overspend of £1.9m. This was a combination of the cost of Children in Care Placements, which had an overspend of £1.7m at year end, and other service overspends including the cost of using agency staff; these were offset by the use of the £0.75m draw down budget and other service under-spends. The Council has increased the Safeguarding budget by £1.621m in 2016/17 highlighting the very high priority placed on safeguarding children.

#### **1.2 2015/16 Capital Outturn.**

Capital spend ended the year at £74.5m against an approved estimate of £90.5m which was in the main due to re-phasing expenditure into 2016/17. This underspend will result in some further treasury management savings to be made in 2016/17.

#### **1.3 Income Monitoring**

Overall cash collection is in a good position. Collection rates for Council Tax (£71m), Business Rates (£75m) and Sales Ledger Income (£41m) were ahead of target for the year. Debt is pursued rigorously and continues to be collected after the end of the financial year with all appropriate recovery avenues being pursued.

#### **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 30 working days from 1 July. The 2015/16 accounts include group accounts which incorporate Nuplace, the Council's wholly owned housing investment company.

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

#### **1.6 2016/17 Update**

The Council faces another very challenging year in 2016/17 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. An update following the 2016/17 Insurance tender process is also included within this report.

## **2.0 RECOMMENDATIONS**

**2.1** Members are asked to approve the following recommendations:

- (i) To approve the Revenue outturn position for 2015/16 and related virements in Appendix 3 which is subject to audit by the Council's external auditors; also, the transfers to reserves and associated approval to spend the reserves as detailed in paragraph 5.3.
- (ii) To approve the Capital outturn position and related supplementary estimates and re-phasing shown in Appendix 4 and as summarised in the report. This includes updating the capital programme and gaining approval to spend the new Highways Pothole Action funding allocation of £0.176m received from Central Government for 2016/17.
- (iii) To note the performance against income targets.
- (iv) To note the key issues identified for 2016/17 and the Insurance update provided in paragraph 9.2

## **3.0 SUMMARY IMPACT ASSESSMENT**

<b>COMMUNITY IMPACT</b>	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.
<b>TARGET COMPLETION/DELIVERY DATE</b>	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.	
<b>FINANCIAL/VALUE FOR MONEY IMPACT</b>	Yes	The financial impacts are detailed throughout the report.

<b>LEGAL ISSUES</b>	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.
<b>OTHER IMPACTS, RISKS &amp; OPPORTUNITIES</b>	No	
<b>IMPACT ON SPECIFIC WARDS</b>	No	Borough Wide

## **PART B) – ADDITIONAL INFORMATION**

### **4.0 2015/16 REVENUE BUDGET**

4.1 The Council had a gross revenue budget of £430m for 2015/16 and the final net revenue outturn position is as follows (a more detailed summary is provided in Appendix I):

	£m
Net Budget	123.660
Net Expenditure	123.539
Net Underspend	-0.121
Percentage Net Variance	-0.1

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

	<b>Final Budget</b>	<b>Outturn</b>	<b>Service Variation</b>
	£	£	£
Adult Social Services	34,974,747	35,868,827	894,080
Public Health, Public Protection, Civil Resilience and Coroners	1,835,680	1,764,357	(71,323)
Education & Corporate Parenting	11,835,175	11,678,826	(156,349)
Children's safeguarding & specialist services	19,698,534	21,638,158	1,939,624
Family Cohesion & Commissioning	9,649,712	9,431,441	(218,271)
Neighbourhood & Customer Services	31,627,789	31,551,706	(76,083)
Planning	0	-18,838	(18,838)
Development Business & Employment	3,635,247	3,415,838	(219,409)
Leisure, Culture & Facilities Management	3,996,257	3,921,715	(74,542)
Law Democracy & People Services	1,376,500	412,456	(964,044)
Finance Audit & Information Governance	10,311,151	3,047,961	(7,263,190)
Co operative Council & Commercial Delivery Unit	1,069,810	872,786	(197,024)
Council Wide	(6,948,712)	-12,582,145	(5,633,433)
Transfers to Reserves	0	11,079,396	11,079,396
<b>Total before transfers to balances</b>	<b>123,061,890</b>	<b>122,082,483</b>	<b>(979,407)</b>
<b>Transfer to Balances</b>	<b>598,890</b>	<b>1,456,890</b>	<b>858,000</b>
<b>Total after transfers to balances</b>	<b>123,660,780</b>	<b>123,539,373</b>	<b>(121,407)</b>

Note: the above figures show only the service variation and exclude variances on asset rentals and pension accounting entries which are "non-controllable"

accounting entries. The detailed analysis of all variances is shown in Appendix 2.

4.3 Service variances over £0.100m are highlighted below.

Service Area	Variance £m
<b><u>Children’s Safeguarding &amp; Specialist Services</u></b>	
<p><b>Children in Care Placements</b> –The final position for 2015/16 reflects a cost improvement of £223k from 2014/15. At the end of March there were 299 Looked After Children which is an increase of 6 compared to the position at the end of 2014/15. A review of placements was undertaken as part of the 2016/17 budget process and a pressure of £1.2m has been included in the 2016/17 budget strategy.</p>	+1.711
<p><b>Internal Foster Carer Costs</b>– payments to Foster Carers including transport costs and foster carer training.</p>	+0.127
<p><b>Staffing (Safeguarding)</b> – this includes the cost of agency social workers and reflects the significant pressure placed on the service from difficulties with recruitment and retention of staff. There were 10 Safeguarding agency staff at the end of March and an agency manager within the Educational Psychology service. The 2016/17 budget strategy has included additional funding for the staffing pressures identified.</p>	+0.446
<p><b>Care Leavers Accommodation Costs</b> – the final position reflects a significant reduction in both activity and placement costs.</p>	-0.228
<p><b>Joint Adoption Service</b> – pressures arising from the cessation of the Adoption Reform Grant that part-funded this service and savings targets not yet delivered.</p>	+0.210
<p><b>One off Funds</b> – use of specific contingency set aside as part of the budget strategy</p>	-0.750
<p>The Service Area has a Cost Improvement Plan in place for 2016/17 to address areas of pressure and to ensure costs are contained within budgets as far as possible. The 2016/17 budget invested £1.621m into Children’s Safeguarding highlighting the high priority placed on Children’s safety. One-off resources of £0.5m have also been set aside within the Service Area that could be used for unexpected cost pressures.</p>	

<p><b><u>Education &amp; Corporate Parenting</u></b></p> <p>There are no variances over £0.100m to report at year end.</p>	
<p><b><u>Family, Cohesion Services &amp; Commissioning</u></b></p> <p><b>Transport Contracting &amp; Commissioning</b> – costs relating to Supporting People. The service is currently under review to deliver savings and is looking at innovative ways of providing support.</p> <p><b>Cohesion including homelessness and housing needs</b> – higher than anticipated housing income received and lower occupancy levels within temporary accommodation resulted in an underspend at year end.</p>	<p>+0.208</p> <p>-0.211</p>
<p><b><u>Adult Social Services</u></b></p> <p><b>Purchasing budgets</b> – this pressure has been reported throughout the year and includes the impact of the rising unit costs of care which have offset cost savings made through the effective management of demand. The management team continue to focus on the cost Improvement Plan and the savings required in the 2016 budget strategy.</p> <p><b>Income</b> – shortfall relating to client contributions</p> <p><b>Transport</b> – a review group has been set up to look at ways to reduce expenditure and identify a more robust transport policy.</p> <p><b>One off Contingency</b> – use of specific contingency set aside as part of the budget strategy</p> <p><b>One off Funds</b> – use of one off reserves</p> <p>The Council has increased the Adult Social Services budget by £1.648m in 2016/17 and is committed to meeting the needs of vulnerable members of our community.</p>	<p>+3.503</p> <p>+0.716</p> <p>+0.123</p> <p>-2.500</p> <p>-0.475</p>
<p><b><u>Public Health, Wellbeing &amp; Public Protection</u></b></p> <p><b>Smoking Cessation Contract</b> – saving arising from reduced demand and use of service.</p> <p><b>Working Age – Healthy Lifestyles &amp; Health Trainers</b> – in year vacancies has resulted in an underspend</p>	<p>-0.193</p> <p>-0.207</p>

<b>Public Health Grant</b> – in year cut to the Public Health Grant funding announced by the Chancellor in June.	+0.773
<b>Public Health Grant</b> – underspend at year end carried forward to 2016/17	+0.122
<b><u>Leisure, Culture &amp; Facilities Management</u></b>	
<b>Income</b> - The income targets for the Leisure centres were challenging for 2015/16. The BSF building works at Oakengates impacted on this facility along with new income targets set for the proposed Synthetic Turf pitch. Swimming Lesson income projections have been revised due to the successful channel shift to Direct Debit, this has resulted in a one off, in year impact associated with the timing of payments, this change will result in additional income from 2016/17 onwards.	+0.148
<b>Primary School Meals</b> – additional income relating to an increase in take-up	-0.148
<b>Oakengates Theatre</b> – additional income due to the success of the Pantomime and other productions.	-0.105
<b><u>Development, Business &amp; Employment</u></b>	
<b>Regeneration &amp; Investments</b> – Property Investment Portfolio income. The PIP generated £5.5m last year. PIP performance continues to improve as we rationalise the PIP holdings including mitigating where possible inevitable volatilities.	+0.412
<b>Property &amp; Design – Admin Buildings</b> – one off saving as a result of buildings rationalisation	-0.210
<b><u>Neighbourhood &amp; Customer Services</u></b>	
<b>ICT</b> – pressure mainly arising from the increased number of Microsoft licenses required across the council together with costs associated with the purchase of PCs	+0.343
<b>Transport &amp; Highways Development</b> – one off savings from vacant posts during the year	-0.268
<b>Concessionary Travel</b> – saving as a result of reduced passenger numbers.	-0.228
<b>Grounds Maintenance</b> – contribution to reserves to fund data collection required for tender process	+0.150

<b>Environmental Maintenance</b> – contribution to reserves to fund drainage schemes	+0.125
<b>Waste</b> – contribution to reserves to fund CRC changes	+0.348
<b>Public Transport</b> – costs relating to the provision of subsidised bus routes; funds have been set aside in the 2016/17 budget strategy for this pressure.	+0.280
<b>Housing Benefits</b> – grant income higher than budgeted.	-0.123
<b>My Options</b> – reduced staffing costs partly offset by income shortfalls.	-0.184
<b><u>Finance, Audit &amp; Information Governance</u></b>	
<b>Treasury</b> –this includes the benefit arising from current low interest rates from running an extensive portfolio of very low rate short term loans and lower borrowing than anticipated in the earlier part of the year; capitalisation of interest on works in progress at year end together with £5.9m benefit from rescheduling debt repayments which is following considerable technical work and discussions with our external auditors.	-7.095
<b><u>Law, Democracy &amp; People Services</u></b>	
<b>Single Status</b> - the budget for 2015/16 allowed for implementation of the single status settlement during the year which is not now scheduled until midway through 2017/18. This is net of the Payroll/HR IT system costs approved by Cabinet in July.	-0.800
<b><u>Co-operative Council Delivery Unit</u></b>	
<b>Delivery &amp; Planning</b> – underspend from vacant posts during the year.	-0.109

#### 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 2015/16 this grant totalled £11.7m after an in year cut to the grant of £0.772m by the Government. 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 2015/16 is shown in the table below:

	£
Public Health Reserve (grant bwfd from 14/15)	112,162
Public Health Grant 2015/16	11,734,053
<b>Total Funding</b>	<b>11,846,215</b>
<u>Application of Funding in 2015/16</u>	
Public Health, Well Being & Public Protection	8,106,878
Adult Social Services	53,267
Customer Services	36,726
Development, Business & Employment	514,990
Education & Corporate Parenting	280,013
Family & Cohesion & Commissioning Services	2,070,222
Neighbourhood & Leisure Services	468,000
Legal Services	30,000
Council Wide	108,000
Total Spend	11,668,096
Grant cfwd to 2016/17	178,119

The majority of the 2015/16 grant was allocated to Services during the year, with the exception of £0.122m which was carried forward to 2016/17 together with the £0.022m received as the Public Health Premium Incentive grant in March 2016. Of the £0.112m grant brought forward from 2014/15, £0.078m was applied in 2015/16 (£0.027 was applied to Family, Cohesion & Commissioning Services as additional income and £0.051m, as budgeted, was applied to Development, Business & Employment) leaving £0.034m. Overall, including the balance carried forward to 2016/17 in accordance with the grant conditions, the grant was fully spent in 2015/16.

## **5.0 RESERVES & BALANCES**

**5.1** The main General and Special Fund balances were £4.490m at 31<sup>st</sup> March 2016. 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.

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

	£m
Balances at 1 <sup>st</sup> April 2014	<b>4.369</b>
Contribution to General Fund Balances	0.121
<b>Balances at 31<sup>st</sup> March 2016</b>	<b>4.490</b>

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 and service balances available to support services in 2016/17. These include:-

- £2.500m specifically set aside to support Early Help & Support services,
- £0.500m held within Safeguarding to meet pressures,
- £3.222m 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 and included in the outturn position:-

	<u>£m</u>
• Budget Strategy Reserve – set aside to provide one off funding to support the medium term financial planning strategy allowing time for savings to be fully realised.	2.100
• Environmental Maintenance – to fund environmental maintenance priorities and developments throughout the borough	1.500
• Waste – funds set aside to meet known contractual obligations	1.200
• Invest to Save Fund – funds to support the transfer of services to third parties	0.100
• Benefits/Contact Centre – to support the ongoing improvement relating to call answering performance and allow resource levels to continue until some of the channel shift tools go live.	0.150
• Grounds Maintenance – to complete the data collection exercise required for the pending tender exercise	0.150
• Various Drainage Schemes and Gully Cleaning	0.125
• Community Recycling Centres – to meet committed spend linked to the delivery of savings	0.348
<b>Total</b>	<b>5.673</b>

**5.4** The overall position also includes transfers to the Invest to Save/Capacity Fund and Severance fund which were approved at Full Council in January 2016. A treasury provision of £0.250m has also been created (utilising less than 5% of the in-year treasury management surplus) to cover future pressures, such as interest rate fluctuations.

## 6.0 2015/16 CAPITAL PROGRAMME

6.1 The capital programme for 2015/16 totalled £90.5m; spend at year end was £74.5m giving a year end variation of £16m which is summarised in the table below:

<b>Service Area</b>	<b>Budget</b>	<b>Spend</b>	<b>% Spend</b>	<b>Year End Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Adult Social Services	2.40	1.53	64%	- 0.87
Development Business & Employment	32.95	27.29	83%	- 5.66
Neighbourhood & Leisure Services	21.73	19.32	89%	- 2.41
Education & Corporate Parenting	30.65	24.57	80%	- 6.08
Customer Services	2.43	1.68	69%	- 0.75
Cooperative Delivery & Commercial Unit	0.22	0.08	36%	- 0.14
Corporate	0.12	-	0%	- 0.12
<b>Total</b>	<b>90.50</b>	<b>74.47</b>	<b>82%</b>	<b>- 16.03</b>

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

6.2 The main scheme re-phasing to 2016/17 are shown below with detail included in Appendix 4.

	<b>£m</b>
<b><u>Adult Social Services</u></b>	
Social Care ICT Review-rephasing of programme	-0.20
Social Care Capital Grant- part of BCF Pooled Fund; will be carried forward and committed in 2016/17.	-0.60
<b><u>Development, Business &amp; Employment</u></b>	
Superfast Broadband – spend re-profiled; fully committed over the next 2 years	-0.40
Housing Investment-Contract awarded for 2 sites; programme rephased	-0.70
Phase 2 travellers site – delay in project design	-0.20
Homeowner assistance grants slippage	-0.40
Delays in third party housing renewal scheme	-0.20
Town Centre – required to meet final contractor	-0.40

payments	
Asset Management - slipped to 16/17	-0.30
Brookside-Building works complete, awaiting details of Final contract valuation	-0.30
Every Day Pride Hollinswood Centre– work complete waiting for final claim from contractor	-0.40
Schools – various schemes rephased and fully committed in 2016/17.	-1.50
<b><u>Neighbourhood &amp; Leisure Services</u></b>	
Highways Maintenance, Bridges & Integrated Transport, Ironbridge Gorge Stability – various schemes rephased to and fully committed in 2016-17	-1.30
Every Day Telford-Pride in your community- various schemes rephased to and fully committed in 2016-17	-0.90
<b><u>Education &amp; Corporate Parenting</u></b>	
Grange Park Primary School-re-build due to start in 16-17.	-6.10
<b><u>Customer Services</u></b>	
Customer Services Development- Rephasing of project linked to channel shift.	-0.20

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 Education Section 106 agreements agreed during 2015/16.

## 7.0 NUPLACE

7.1 The Council's wholly owned housing investment company, Nuplace Ltd, was incorporated on 1 April 2015. The principal activity of the company is procurement of the construction and management of private and affordable residential property. During its first year of operation land was acquired across two sites in the Telford & Wrekin Borough, at Fishermans Walk, Randlay and Holybush Road, Madeley

and contracts were let for the construction of 132 properties. In March 2016, 4 units had been completed and successfully let to tenants and the construction of the remaining properties was on schedule.

Completion and letting of Phase 1 sites is progressing well in the new financial year with a total of 17 units now occupied at the Fishermans Walk, Randlay site and a further 17 units occupied at the Woodlands site.

7.2 Nuplace Ltd is a separate legal entity and as such will prepare its own Statement of Accounts and comply with company regulations. The accounts will be audited by KPMG, who also audit the Council's accounts. As Nuplace is wholly owned by Telford & Wrekin Council, the Council is required to prepare Group Accounts as part of its Statement of Accounts for 2015/16 which will consolidate the Council and Nuplace's financial position.

7.3 As anticipated, no dividends were distributed at the end of 2015/16 and as expected the company ended the year with a small trading loss of £0.032m mainly due to the fixed costs associated with its operation prior to rental income streams coming online. It should be noted that the Council has received income totalling £0.4m from Nuplace during 2015/16 which is a combination of interest paid relating to the loan agreement and services Nuplace purchased from the Council. The Council will also benefit from additional Council Tax, Business Rates and New Homes Bonus as Nuplace properties are completed.

## 8.0 **CORPORATE INCOME MONITORING**

8.1 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. Outturn 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.

8.2 In summary, the overall position for all income streams out turned above target. Cash collection was in a very strong position in all three areas with more than £9m extra being collected compared to the previous year.

<b>INCOME COLLECTION – 2015/16</b>				
	<b>Actual</b>	<b>Target</b>	<b>Performance</b>	<b>Change in cash collected on last year</b>
Council Tax Collection	97.09%	96.70%	0.39% Ahead of target	+£2,605,303
NNDR Collection	98.28%	97.60%	0.68% Ahead of target	+ £3,674,376
Sales Ledger Outstanding Debt	6.10%	7.00%	0.90% Ahead of target	+£2,870,380

### 8.3 Council Tax (£70.7m)

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 figures for all financial years is normally around 99%.

Year end performance 2014/15	96.7%
Year End Target for 2015/16	96.7%

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

Month End Target	Month End Actual	Last year Actual
96.70%	97.09%	96.70%

At the end of the year, council tax collection was 0.39% ahead of target and last year's out turn performance.

We have collected over £2.6 million more in council tax than in 2014/15, and the property base has grown by over 1,200, so we're now collecting council tax from more than 73,000 properties in the borough.

### 8.4 NNDR-Business Rates (£74.8m)

The % of business rates for 2015/16 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 2014/15	97.5%
Year End Target for 2015/16	97.6%

Month End Target	Month End Actual	Last year Actual
97.6%	98.28%	97.5%

Collection for business rates is an improvement on 2014/15's rates by 0.78%, and 0.68% above target.

We've collected an additional £3.6 million more in business rates than in 2014/15.

## 8.5 Sales Ledger (£40.6m)

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 2015/16 are as follows:

Age of debt	Annual Target %	2015/16	
		£m	%
Total	7.00	2.10	6.10%

Sales ledger performance continues to perform within target and has made significant improvements during 2015/16.

## 9.0 2016/17 UPDATE

The first detailed monitoring report for 2016/17 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.

### 9.1 Revenue

#### **Safeguarding and Early Help & Support Services**

Safeguarding and Early Help & Support Services will continue to be areas requiring close monitoring throughout the year. The key areas of concern being unit costs, complexity of care needs and numbers of Children in Care. Early monitoring shows that Children in Care numbers have increased from 299 at the end of March to 315 at the end of May so a cost pressure is already evident in this area. Both services are developing cost improvement plans to assist in the management of cost levels throughout the year as well as taking a proactive approach to address future changes in funding.

As mentioned earlier in the report the 2016/17 budget includes a contingency of £2.5m specifically for Early Help & Support and one off funds of £0.5m earmarked to support Safeguarding.

#### **Treasury Management**

A benefit of £1m is currently predicted in relation to treasury management which is mainly due to reduced borrowing costs due to low short-term interest rates and rephasing of expenditure in to later years from 2015/16 as explained earlier in this report. This may vary throughout the year dependent on borrowing requirements and any impact the European Referendum may have on the financial markets.

## **ICT**

There are a number of pressures currently highlighted in ICT including: growth in the cost and number of Microsoft licenses, due to more employees using ICT to do their jobs effectively and the move to digitally enabled and mobile technology; network contract costs and software support costs (storage area network and back-up environment) are also higher than anticipated. The pressure is currently estimated to be in the region of £0.280m; costs relating to the purchase of thick/thin/laptop client devices are also likely to create a pressure throughout the year.

## **9.2 2016/17 Insurance Arrangements**

Due to the way in which the Insurance market operates, the AD: Finance & HR has delegated responsibility to conduct insurance procurement processes and agree renewal terms, in consultation with the Lead Cabinet Member. The Council's main insurance contracts are subject to European tendering procedures and the outcome of the process completed for the 2016/17 renewals is now reported back to Cabinet.

Following tender evaluation, which was undertaken by the Council's insurance brokers, Aon Ltd, contracts for property cover have been placed with Zurich Municipal and liability cover placed with Maven Public Sector.

The insurance contracts are for a period of 3 years, with the option to extend for a further 2 years if required. Once agreements are in place the position will be reviewed annually by the insurance providers to take into account updated information, such as increases in wages and salaries, increased sums insured and claims experience which may alter the premium in future years.

The estimated premiums for 2016/17 are £1.004m which is £0.127m lower than the cost in 2015/16 (this will be split across General Fund, Schools and Commercial Properties); although it should be noted that, as is usual, due to changing cover requirements throughout the year there will be some adjustments made to the premium after the contract has been awarded.

## **10.0 PREVIOUS MINUTES**

Council, Service & Financial Planning Strategy: 05/03/15  
Cabinet, Service & Financial Planning Report: 2014/15 Outturn and 2015/16 Update - 25/06/15  
Cabinet, Financial Management Reports: 23/07/2015; 15/10/2015; 10/12/2015; 07/01/2016; 26/02/2016

Council, Financial Management Reports: 01/10/2015; 26/11/2015;  
21/01/2016

11.0 **BACKGROUND PAPERS**

2015/16 Budget Strategy and Financial Ledger reports  
2016/17 Budget Strategy

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