

**CLLR JANETTE WILLIAMSON****CABINET****26 JUNE 2017****FINANCIAL MONITORING****OUT-TURN 2016/17**

Councillor Janette Williamson (cabinet Member for Finance and income Generation) said:

The continuing effective management of the Council's financial position throughout the year has helped the Council deliver an overall under-spend of £2.9 million in 2016/17 – a huge achievement considering our financial position.

'Our pro-active approach to treasury management has allowed us to provide additional funding to meet the rising demand for social care, in both Adults and Children's Services, and we have continued to improve our income collection performance.

'Our intentions in the Wirral Plan are clear and this is supported through investment from the Capital Programme. This year over £25 million has been used to support improvements to schools, improving roads and bridges, improving our popular leisure facilities and investing in our technology.'

REPORT SUMMARY

This report details the Out-turn for 2016/17 and concludes the reporting to Cabinet for the 2016/17 financial year. There are separate Appendices for Revenue (including details of the reserves), Capital (including resources used to fund the Programme) and the Collection Summary (including Council Tax, Business Rates and Sundry Debts).

This is a key decision which affects all Wards within the Borough.

RECOMMENDATIONS

1 Revenue

- a) The Revenue Out-turn for 2016/17 which showed an underspend of £2.9 million be noted.
- b) The transfer of the underspend to General Fund Balances be confirmed.
- c) The General Fund Balances at 31 March 2017 of £25.7 million, with £15.7 million agreed to be used in the Budget 2017/18, be noted.
- d) The Earmarked Reserves totalling £55.1 million as detailed in the Annex be confirmed.

2 Capital

- a) The additional re-profiling of £6.3 million from 2016/17 to 2017/18 be noted.
- b) The financing of the Programme for 2016/17 be noted.
- c) The Programme for 2017/18 and beyond be kept under review to ensure it is realistic and deliverable.

3 Collection Summary

- a) The increase in Council Tax in-year collection rate from 95.3% in 2015/16 to 95.4% in 2016/17 be noted.
- b) The increase in Business Rates collection rate from 97.2% in 2015/16 to 97.6% in 2016/17 be noted.
- c) The increase in Sundry Debts from £23.6 million at 31 March 2016 to £26 million at 31 March 2017 be noted.
- d) That the sundry debts for Adults Social Services and Other Directorates detailed in the report be written-off against the Provision for Bad Debts.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 Local authorities have to produce an Annual Statement of Accounts which demonstrates the financial performance of the Council for the year and the financial position at the end of the period. The full Statement is approved by Audit & Risk Management Committee on behalf of the Council. This report informs Cabinet of the key elements.
- 1.2 The Collection Summary provides details on income collection performance and any sums which are deemed irrecoverable need to be written off in accord with the authorisation processes set out in the Council Constitution.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options were considered. There is a legal requirement to publish the Statement of Accounts and agree the capital spend and financing at the end of the financial year.

3.0 BACKGROUND INFORMATION

- 3.1 Throughout the financial year Cabinet received Monitoring Reports in respect of Revenue (including income and debt collection) and Capital. This report is a summary of the actual out-turn for 2016/17.
- 3.2 The last monitoring reports were for Quarter 3 and were considered by Cabinet on 20 February 2017. Since the end of March work has been on-going in order to conclude the accounts for the financial year.
- 3.3 The detail contained within the Appendices informs part of the Annual Statement of Accounts for 2016/17. The Statement has to be issued before 30 June 2017. It is then subject to review by the appointed External Auditor (Grant Thornton UK LLP) and will be considered by Audit & Risk Management Committee on 25 September 2017. The Statement has to be published by 30 September 2017.

REVENUE OUT-TURN

- 3.4 Appendix 1 provides the detail of which the headlines are:-
 - 3.4.1 Throughout the financial year Cabinet received Revenue Monitoring reports for each quarter. In setting the Budget for 2016/17 it was recognised that there were on-going financial pressures mainly within Adults and Children's social care and it was acknowledged that the savings programme was ambitious. These risks were recognised and mitigated through the Revenue Budget Contingency of £12 million.

- 3.4.2 The use of this Contingency was monitored through the regular Financial Monitoring reports to Cabinet. This was allocated to People comprising Adult Social Services (£3.9 million) and Children’s Services (£5.25 million) and to Business comprising Assets (£0.5 million) and Remodelling (£1.7 million). At the end of the year the balance remaining of £0.65 million was reflected as an underspend.
- 3.4.3 The Monitoring report for Quarter 3 (Cabinet 20 February 2017) projected a General Fund underspend of £0.4 million and the final position for the year was an underspend of £2.9 million. Whilst overspending was principally due to demand pressures within People for Adult and Children Care Services this was more than mitigated by underspending within Environment and Business Services. The latter largely attributable to the changes in Treasury Management and the adoption of the annuity method for calculating Minimum Revenue Provision (MRP) in respect of capital financing which resulted in a significant one-off saving in 2016/17.
- 3.4.4 The Outturn shows the final figure to be £25.7 million for General Fund Balances. This includes the release of Earmarked Reserves which was agreed as part of agreeing the Council Budget for 2017/18. However, of this sum £15.7 million has been agreed to be applied to fund the 2017/18 Revenue Budget so the net result is £10 million which is in line with the required level of Balances.
- 3.4.5 It should also be noted that the Balances will be supplemented in 2017/18 by the receipt of the Collection Fund surplus of £4.6 million. This will see the Balances available being £14.6 million which is above the target figure for General Fund Balances of £10 million for 2017/18.
- 3.4.6 During the year Earmarked Reserves decreased by £18.8 million (from £73.9 million at 31 March 2016 to £55.1 million at 31 March 2017). Over the last two years reserves have reduced by over £32 million which reflects their use to not only support specific projects but also, to support the annual Budget.

Category and Purpose	£ million
INSURANCE AND TAXATION	20.9
TRANSFORMATION	3.5
SCHOOLS RELATED	12.8
SUPPORT SERVICE ACTIVITIES AND PROJECTS	17.9

CAPITAL OUT-TURN

- 3.5 Appendix 2 provides the detail of which the headlines are:-
- 3.5.1 Capital spend includes a range of projects to enhance the Council assets with spend during the year of £25.3 million used to support the delivery of the Wirral Plan.

People

Investment to support younger people through improvements at schools which includes Mersey Park Primary School and Liscard Primary School.

Investment in the specialist school provision which has included works at the Observatory School and Stanley Special School.

Support for pre-school activities through the re-modelling and modernisation of Children's Centres.

Support for youth through the funding of the Wirral Youth Zone (The Hive) which opened in early April 2017.

Business

Modernise and upgrade the Council's IT facilities with this work continuing into future years through the implementation of the Digital Strategy.

Maximise the use of assets through the refurbishment of Council buildings leading to more effective use and the release of surplus buildings.

Maintain and enhance the road network including schemes on unclassified and residential roads.

Improvements to the bridge network with major investment into the Dock Bridges, which will continue over the coming years.

Environment

Encouraging healthy lifestyles and promoting the leisure and culture offer through improving facilities at the Marine Lake and in the parks.

Encourage healthy lifestyles through the schemes at the Tennis Centre and the Oval Sports Centre which have resulted in increased use of the centres.

Provide grant assistance towards essential aids and adaptations giving disabled people better freedom.

Support the provision of new and improved housing through the Home improvement project and new house-building programme.

3.5.2 The capital spend was funded from borrowing of £7.2 million, government grants of £11.8 million, useable capital receipts of £6 million and revenue/reserves £0.3 million.

3.5.3 Capital Receipts received in 2016/17 were £3.5 million with further progress made on the disposal of the major sites being Acre Lane, Manor Drive and the former Rock Ferry High School. At 31 March 2017 £5.5 million was available to support the Capital Programme (£2.5 million) and to support the Transformation Programme (£3 million).

COLLECTION (INCOME)

3.6 Appendix 3 provides the detail of which the headlines are:-

3.6.1 The Council Tax Collection Rate was 95.4% in 2016/17. Work backlogs reduced throughout the year and various steps were taken to improve processing time. As a consequence the in-year collection rate increased from 95.3% in 2015/16. A review of Single Person Discount awards was undertaken in January 2017, and at April 2017 resulted in the removal/cessation of 1,431 discounts, which has generated additional revenue of £0.4 million. Due to the timing of the review exercise, with ceases/amendments being made up to the end of March, this inevitably impacted on collection.

3.6.2 The Business Rates collection rate was 97.6% in 2016/17. This was an increase from 97.2% in 2015/16. This improvement was also against an increase in the sum collectable which increased from £76 million to £86 million. As reported last year the Valuation Office Agency finalised a number of outstanding assessments which included two major sites.

3.6.3 The level of Sundry Debt arrears was £26 million at 31 March 2017 which included £7.6 million of invoices raised in the final week of the financial year. At 31 March 2016 the arrears stood at £22.6 million which included £7 million of invoices raised in the final days of March. During 2016/17 invoices totalling £97.5 million were raised and income of £93.2 million collected including the Birkenhead Improvement District and Selective Licensing scheme processed through Debtors with the changes in Social Care funding resulting in deferred debtors increasing.

3.6.4 The Appendix also includes details of further write-offs comprising mainly Adult Social Services debtors. Whilst all attempts to recover debts are undertaken cases where the client has died with no, or limited, assets mean there is no prospect of recovery. The Provision for Bad Debts reflects the potential need to write-off debt.

4.0 FINANCIAL IMPLICATIONS

4.1 The financial implications are summarised as headlines in Section 3 and detailed within the Appendices.

5.0 LEGAL IMPLICATIONS

5.1 Local authorities have to produce an Annual Statement of Accounts which demonstrates the financial performance of the Council for the year and the financial position at the end of the period. The Accounts must comply with the Code Of Practice on Local Authority Accounting. There is a legal requirement to publish the Statement of Accounts each year.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

6.1 There are no staffing, IT or asset implications arising directly from this report.

7.0 RELEVANT RISKS

7.1 There are none associated with the summary of the financial position for 2016/17. The position has been monitored throughout the year and has been the subject of monthly reports to Cabinet.

7.2 In respect of the collection of income this has been the subject of reports to Cabinet and the inclusion of items which are irrecoverable overstates the potential income which could be collected by the Council.

8.0 ENGAGEMENT/CONSULTATION

8.1 This is an end of year report. Consultation takes place as part of the planning and implementation of specific schemes or projects within the Council Budget and Capital Programme.

9.0 EQUALITIES IMPLICATIONS

9.1 There are no implications arising directly from this report being a report on the overall financial affairs for the financial year just completed.

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APPENDICES

Appendix 1 Revenue Out-turn 2016/17.
Appendix 2 Capital Out-turn 2016/17.
Appendix 3 Collection Summary 2016/17.

REFERENCE MATERIAL

CIPFA Code Of Practice On Local Authority Accounting In The UK 2016/17.
Local Government Act 2003 and subsequent amendments.
Local Government (Capital Finance and Accounting) Regulations 2008.
Accounts and Audit (England) Regulations 2015.

SUBJECT HISTORY

Council Meeting	Date
Cabinet - Out-turn 2015/16	18 July 2016
Cabinet – Budget 2014/17	12 February 2014
Council – Budget 2014/17	25 February 2014
Cabinet – Budget 2015/18	10 February 2015
Council – Budget 2015/18	24 February 2015
Cabinet – Budget 2016/17	22 February 2016
Council - Budget 2016/17	3 March 2016
Cabinet – Revenue Monitoring 2016/17	Quarterly reports
Cabinet – Capital Monitoring 2016/17	Quarterly reports

REVENUE OUT-TURN 2016/17

REPORT SUMMARY

This Appendix informs Cabinet of the Revenue Out-turn for 2016/17 including details of the level of General Fund Balances and Reserves at 31 March 2017.

RECOMMENDATIONS

- a) The Revenue Out-turn for 2016/17 which showed an underspend of £2.9 million be noted.
- b) The transfer of the underspend to General Fund Balances be confirmed.
- c) The General Fund Balances at 31 March 2017 of £25.7 million, with £15.7 million agreed to be used in the Budget 2017/18, be noted.
- d) The Earmarked Reserves totalling £55.1 million as detailed in the Annex be confirmed.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 Local authorities have to produce an Annual Statement of Accounts which demonstrates the financial performance of the Council for the year and the financial position at the end of the period. The full Statement is approved by Audit & Risk Management Committee on behalf of the Council. This Appendix highlights the key elements.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options were considered. There is a legal requirement to publish the Statement of Accounts by 30 September 2017.

3.0 BACKGROUND INFORMATION

MONITORING 2016/17

- 3.1 The 2016/17 Budget was agreed by Council on 3 March 2016. Changes since the approval of the Budget are detailed in the table and comprise variations approved by Cabinet / Council including virements; budget realignments reflecting changes to the Councils organisational structure and responsibilities; the allocation of savings and the contingency and technical adjustments.

Table 1: 2016/17 Original & Revised Net Budget by Plan Themes

Theme	Original Net Budget	Approved Changes	Revised Net Budget
	£000	£000	£000
People	152,155	4,137	156,292
Environment	58,578	4,766	63,344
Business	53,862	(7,303)	46,559
Net Cost of Services	264,595	1,600	266,195

- 3.2 Throughout the financial year Cabinet received Revenue Monitoring reports for each quarter. In setting the Budget for 2016/17 it was recognised that there were on-going financial pressures mainly within Adults and Children’s social care and it was acknowledged that the savings programme was ambitious. These risks were recognised and mitigated through the Revenue Budget Contingency of £12 million.
- 3.3 The use of this Contingency was monitored through the regular Financial Monitoring reports to Cabinet. At the end of Quarter 1 £11.1 million was allocated to People comprising Adult Social Services (£3.9 million) and Children’s Services (£5 million) and to Business comprising Assets (£0.5 million) and Remodelling (£1.7 million). A further £0.25 million was allocated to People for Children’s Services Residential fees in October 2016. At the end of the year the balance remaining of £0.65 million was reflected as an underspend.
- 3.4 During the year the budget was increased by £1.6 million, funded from General Fund Balances, to meet the 2016/17 Adult Social Care Fees which were in excess of the amount set aside for this purpose and the reversal of the Passport for Life concession savings proposal.
- 3.5 A new organisational structure for the Council was agreed and implemented in 2016/17. Operational from November 2016 budgets were recast to reflect the change in the operational structure for internal management purposes.
- 3.6 The Monitoring report, for Quarter 3 (Cabinet 20 February 2017) projected a General Fund underspend of £0.4 million. Whilst overspending was principally due to demand pressures within People for Adult and Children Care Services this was more than mitigated by underspending within Environment Services and Business Services. The latter largely attributable to the changes in Treasury Management and the adoption of the annuity method for calculating Minimum Revenue Provision (MRP) in respect of capital financing which resulted in a significant one-off saving in 2016/17.

- 3.7 Changes from quarter 3 to the year-end saw the projected underspend of £0.4 million become an underspend of £2.9 million at the end of the year. The improvement on the last quarter being due to the further underspends within Business primarily due to the unallocated element of the Contingency (£0.65 million) and further contractual savings (£0.8 million).

Table 2: 2016/17 Projections at Quarter 3 compared to Actual Out-turn by Plan Themes

Theme	Quarter 3 Projections	Actual Out-turn	Variation Q3 to out-turn
	£m	£m	£m
People	+8.8	+9.4	+0.6
Environment	-0.7	-1.3	-0.6
Business	-8.5	-11.0	-2.5
Under / Overspend	-0.4	-2.9	-2.5

- 3.8 The Actual Out-turn compared to the Revised Net Budget and the main variations are shown in the following tables.

Table 3: 2016/17 Revised Net Budget and Out-turn by Plan Themes

Theme	Revised Net Budget	Actual Out-turn	Underspend (-) Overspend (+)
	£000	£000	£000
People	156,292	165,718	+9,426
Environment	63,344	62,034	-1,310
Business	46,559	35,504	-11,055
Net Cost of Services	266,195	263,256	-2,939

Table 4: 2016/17 Major Variations by Plan Theme

Major Variations Budget to Out-turn 2016/17	£m	£m
People:		
Children's Services - Looked After Children placements	+2.3	
Children's Services - Agency spend on social workers	+3.3	
Adult Social Care- Increased Community Care costs net of reductions in staffing and non-commissioned spend	+3.9	
Environment		
Contract efficiencies – Supporting People		-0.7
Income – Waste and Litter Charges		-0.6
Business:		
Treasury Management - one off MRP adjustment		-6.9
Treasury management – one-off interest savings		-2.5
Revenue Budget Contingency – unallocated		-0.7
Contract and various corporate savings		-1.0

- 3.9 The net underspend of £2.9 million at the year-end has been transferred to General Fund Balances.

LEVEL OF GENERAL FUND BALANCES

- 3.10 The level of balances is locally determined using a risk-based assessment which takes into account the strategic, operational and financial risks facing the Council. The approach was adopted during 2016/17 and Cabinet 22 February 2016 agreed to the level of Balances being set at, or above, the locally determined figure.
- 3.11 When setting the Budget 2016/17 the projected Balances were £11.5 million. The main change in the calculation of the level of Balances for 2016/17 was the exclusion of an element for the risk associated with the deliverability of savings due to the introduction of a detailed risk assessment of savings and the establishment of the Revenue Budget Contingency. In previous years this had been included within the Balances.
- 3.12 The Outturn shows the final figure to be £25.7 million for General Fund Balances. This includes the release of Earmarked Reserves which was agreed as part of agreeing the Council Budget for 2017/18. However, of this sum £15.7 million has been agreed to be applied to fund the 2017/18 Revenue Budget so the net result is £10 million in line with the required level of Balances.

Table 5: Summary of the General Fund Balances

Details	£m
Balance at 31 March 2016	22.2
Less: Contribution to 2016/17 Budget	-13.4
Add : Outturn 2016/17 Underspend	+2.9
Add: Additional grants and income	+1.4
Add :Transfer from Earmarked Reserves	+12.6
Actual Balance 31 March 2017	25.7
Less: Allocated to support 2017/18 Budget	-15.7
Available Balance 31 March 2017	10.0

- 3.13 It should also be noted that the Balances will be supplemented in 2017/18 by the receipt of the Collection Fund surplus of £4.6 million. This will see the Balances available being £14.6 million which is above the target figure for General Fund balances of £10 million for 2017/18.

COLLECTION FUND

- 3.14 As seen in 2015/16 there are a number of significant changes that impact upon the Collection Fund including the changes to Local Council Tax Support and the various changes to the Business Rates scheme introduced by the Government to support small businesses. There is also the move towards 100% local Business Rates Retention which replaces the pooling arrangement with a system which involves increased risk to local authorities and is partially mitigated with a Government 'top up' payment for authorities such as Wirral with a low Business Rates tax base.
- 3.15 The Collection Fund comprises Council Tax and Business Rates balances which are apportioned separately in accordance with the relevant legislation for each income source. Both elements of the Fund were in surplus at the end of the year. The shares that related to Wirral are set out below.

Table 6: Collection Fund Balance As At 31 March 2017

	£000
Council Tax	3,484
Business Rates (NNDR)	712
Net Surplus	4,196

- 3.16 In accord with accounting requirements, the Wirral share of the surplus is shown in the Council accounts. As agreed by Executive Member Decision on 17 January 2017, Wirral will receive £4.6 million from the Fund in 2017/18 based on the projected position. The actual position was lower than predicted due to a reduction of Business Rates payable during the final quarter. It is anticipated the difference can be accommodated in 2017/18 and any difference will impact on the 2018/19 financial year.

PROVISIONS FOR BAD DEBTS

- 3.17 The Collection Summary 2016/17 (Appendix 3) details the collection performance, level of debts at year-end and debts written-off in the year.

Table 7: Provision for Potential Bad Debts

	At 31 Mar 2016	At 31 Mar 2017
	£000	£000
General Fund		
Sundry Debtors	8,519	9,330
Summons Costs	636	669
Housing Benefit	10,144	9,571
Collection Fund		
Business Rates	1,624	1,584
Council Tax	11,720	12,171

RESERVES

- 3.18 The current level of reserves and movements during 2016/17 are shown in the Annex. During the year Earmarked Reserves decreased by £18.8 million (from £73.9 million at 31 March 2016 to £55.1 million at 31 March 2017). Over the last two years reserves have reduced by over £32 million which reflects their use not only to support specific projects but also to support the annual Budget. The categories of reserves are as follows:-

Category and Purpose
<p>INSURANCE AND TAXATION Assessed liabilities including potential cost of meeting outstanding Insurance Fund claims, Business Rates appeals, etc.</p>
<p>TRANSFORMATION Support the Transformation programme, which includes support to projects to deliver future savings and the reconfiguration of services.</p>
<p>SCHOOLS RELATED Balances and sums for school-related services which can only be used by schools and not available to pay for Council services.</p>
<p>SUPPORT SERVICE ACTIVITIES AND PROJECTS Includes Government Grant funded schemes when the grant is received and spend incurred in the following year and sums held that are earmarked for the completion of programmes such as Community Asset Transfer, planned maintenance and parks improvements.</p>

- 3.19 As in previous years all Reserves, which are sums set-aside for specific purposes, were reviewed and those no longer required returned to General Fund Balances. This released £12.6 million. Other significant movements included: the use of £2.2 million of the Transformation Fund to support the implementation of Ofsted recommendations and the deployment of £3.9 million of the Transformation Fund to support the implementation and development of the Transformation Programme.
- 3.20 Under the Education Reform Act 1988 all primary, secondary, special and nursery schools manage delegated budgets. At 31 March 2017 the balances held by schools totalled £10.5 million (£11.7 million at 31 March 2016) and these can only be used for schools' purposes. A number of other reserves also relate to Schools.
- 3.21 The Insurance Fund reserve was £9.9 million at 31 March 2017((£10.9 million at 31 March 2016). The Fund decrease is linked to a favourable assessment of future claims and liabilities that has led to a reduction in the amount held in the reserves. This formed part of the £ 2.5 million release by the Fund to General Fund Balances (see Audit & Risk Management Committee 12 June 2017 Insurance Fund Annual Report 2016/17).

4.0 FINANCIAL IMPLICATIONS

4.1 The Revenue Out-turn for 2016/17 showed an underspend of £2.9 million. The General Fund Balances at 31 March 2017 were £25.7 million (of which £15.7 million was allocated in the Budget 2017/18). The Earmarked Reserves at 31 March 2017 totalled £55.1 million.

5.0 LEGAL IMPLICATIONS

5.1 Local authorities have to produce an Annual Statement of Accounts which demonstrates the financial performance of the Council for the year and the financial position at the end of the period. The Accounts must comply with the Code of Practice on Local Authority Accounting. There is a legal requirement to publish the Statement of Accounts each year.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

6.1 There are no staffing, IT or asset implications arising directly from this report.

7.0 RELEVANT RISKS

7.1 There are none associated with this report which provides a summary of the Council's financial affairs for 2016/17 and the balances at 31 March 2017.

8.0 ENGAGEMENT/CONSULTATION

8.1 This is an end of year report. Consultation takes place as part of the planning and implementation of specific schemes within the Council Budget.

9.0 EQUALITIES IMPLICATIONS

9.1 There are no implications arising directly from this report being a report on the overall financial affairs for the financial year just completed.

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APPENDICES

Annex Earmarked Reserves

REFERENCE MATERIAL

CIPFA Code of Practice on Local Authority Accounting In the UK 2016/17.
CIPFA Update to Code of Practice on Local Authority Accounting In The UK 2016/17
Local Government Act 2003 and subsequent amendments.
Local Government (Capital Finance and Accounting) Regulations 2008.
Accounts and Audit Regulations 2015.

SUBJECT HISTORY

Council Meeting	Date
Cabinet - Out-turn 2014/15	13 July 2015
Cabinet - Out-turn 2015/16	18 July 2016
Cabinet – Budget 2016/17	22 February 2016
Council – Budget 2016/17	3 March 2016
Cabinet – Budget 2017/18	20 February 2017
Council – Budget 2017/18	6 March 2017
Cabinet – Revenue Monitoring 2016/17	Quarterly reports

EARMARKED RESERVES STATEMENT 2016/17

Earmarked Reserves	Balance 31 Mar 16	Movement 2016/17	Balance 31 Mar 17
	£000	£000	£000
Schools Balances	11,738	(1,238)	10,500
Insurance Fund	10,867	(998)	9,869
Business Rates Equalisation	10,304	(4,012)	6,292
Housing Benefit	5,204	(487)	4,717
Waste Development Fund	6,018	(1,444)	4,574
Transformation Fund	10,973	(8,095)	2,878
Public Health Outcomes	247	1,480	1,727
One Stop Shop/Libraries IT Networks	1,483	(251)	1,232
Dedicated Schools Grant	1,272	(199)	1,073
Support & Assistance to Public in Need	770	-	770
Wirral Ways to Work	-	740	740
IT Development	681	(8)	673
School Harmonisation	656	-	656
Stay, Work, Learn Wise	676	(21)	655
Community Assets Transfer	836	(183)	653
Flood Prevention	555	(5)	550
Selective Licensing	537	-	537
Champs Innovation Fund	380	133	513
Human Resources Reserve	410	77	487
Major Infrastructure Project Development	652	(205)	447
Discretionary Housing Payments	297	127	424
Section 106 Bloor Homes	-	389	389
Intensive Family Intervention Project	549	(174)	375
Schools Capital Projects	603	(44)	559
Community Safety Initiatives	231	52	283
Home Improvements	309	(85)	224
Home Adaptations	295	(145)	150
Early Years - 2 Year Olds Funding	461	(331)	130
Children's Workforce Development Council	222	(148)	74
Property Development Framework	700	(700)	-
Future School Redundancy Costs	367	(367)	-
Public Health Allocations	348	(348)	-
Parks & Countryside	311	(311)	-
Public Health - Information & Performance	184	(184)	-
Other Reserves	4,779	(1,866)	2,913
Total Earmarked Reserves	73,915	(18,851)	55,064

SUMMARY OF EARMARKED RESERVES

Generic Purpose of Earmarked Reserves	Balance 31 Mar 2016 £ million	Balance 31 Mar 2017 £ million
Mitigation of Future Risks: Insurance and Taxation	26.4	20.9
To Support the Transformation Programme	11.6	3.5
Schools Related	15.1	12.8
To Support Service Activities and Projects	20.8	17.9
Total Earmarked Reserves	73.9	55.1

CAPITAL OUT-TURN 2016/17

REPORT SUMMARY

This Appendix whilst detailing the Capital Out-turn for 2016/17 and the resources which were used to fund the Programme also provides a review of the progress of the delivery of the agreed Capital Programme.

RECOMMENDATIONS

- a) The additional re-profiling of £6.3 million from 2016/17 to 2017/18 be noted.
- b) The financing of the Programme for 2016/17 be noted.
- c) The Programme for 2017/18 and beyond be kept under review to ensure it is realistic and deliverable.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 The Council is required to make a number of formal Determinations in respect of its capital expenditure and financing and this report includes those for the 2016/17 financial year.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options were considered. There is a legal requirement to publish the capital expenditure and financing at the end of the financial year.

3.0 BACKGROUND INFORMATION

MONITORING 2016/17

- 3.1 The Capital Programme 2016/17 was considered by Cabinet on 22 February 2016 and approved by Council on 3 March 2016. The Programme is based on the Wirral Plan priorities, Government Grant announcements and scheme affordability. It was highlighted that the Council's Revenue Budget position limited the scope for unsupported capital expenditure.
- 3.2 Cabinet received regular updates in respect of capital monitoring throughout the year. The last monitoring report, for Quarter 3, was considered by Cabinet on 20 February 2017. Since then work has been on-going in order to conclude the accounts for the financial year.
- 3.3 During the year the Programme was regularly reviewed in order to re-profile the Programme which resulted in schemes being deferred to 2017/18 along with the supporting funding. This continues to deliver one-off Treasury Management savings through a reduced need to borrow in 2016/17.

CAPITAL OUT-TURN

- 3.4 The capital spend for the year was £25.3 million compared to the Revised Programme of £30.7 million which was reported in February 2017 (Quarter 3). This is summarised in Table 1.
- 3.5 The out-turn includes the Formula Capital schemes delegated to schools, the expenditure for which is only realised at the end of the financial year.

Table 1 : Capital Programme 2016/17

Spend	Original Approval	Revised December	Actual Out-turn
Themes	£000	£000	£000
Business	19,424	12,531	10,999
Environment	15,547	7,281	6,311
People	24,648	10,922	7,942
Total Programme	59,619	30,734	25,252

The “Original Approval” is a combination of the Capital Strategy, amendments following the 2015/16 final accounts and Government Grant announcement / amendments notified by June 2016.

- 3.6 Cabinet approved amendments totalling £28.8 million to the originally approved programme, as reflected in the position for Quarter 3. Since then a further £6.3 million has been identified to be deferred until 2017/18. A number of schemes are proceeding ahead of schedule and have been brought forward from 2017/18. These are indicated by negative values.

Table 2 : Significant variations identified since Quarter 3

Scheme	£000
Business	
Building refurbishment to increase occupancy	-122
Demolish former Rock Ferry High School	-143
Bridges	288
Transport for Growth/Integrated Transport	878
Dock Bridges replacement	443
Growth Fund	300
Business Investment Grants	151
Other variations	142
Total	1,937

Scheme	£000
Environment	
Cemetery Extensions and Improvements	260
Flaybrick Cemetery	-100
West Kirby Marine Lake - integrated accommodation	-164
CCTV cameras and other equipment	100
Aids/adaptations and Disabled Facilities Grant	351
Restore empty homes	278
Other variations	185
Total	910
People	
Pensby Wood remodelling	165
Citizen and Provider Portal/Integrated IT	944
Assistive Technology	615
Community Intermediate Care	100
Extra Care Housing	600
School condition allocation	784
Stanley Special School	-128
School remodelling (Primary Places)	325
Other variations	85
Total	3,490
Overall total	6,337

3.7 In reviewing the final spend for the year it is clear that whilst a number of schemes have progressed, there have been further schemes which have been re-profiled to 2017/18. The most significant are referred to in Section 3.6. This change in timing delivers in-year revenue savings in respect of Treasury Management costs for schemes that were reliant upon borrowing as the need to borrow is also deferred.

3.8 A summary of progress in the year within the Programme is as follows:-

3.8.1 **Business**

IT expenditure of £1.9 million was mainly focused on the Targeted Operating Environment with expenditure on new servers, equipment and migrating from Windows 2003 to Windows 2008/2012. In addition to this there was a small amount of expenditure on computers and equipment relating to the final phase of the IT roll out.

In order to release sites for disposal, work at Acre Lane and Manor Drive was progressed. The latter included the commitment to provide a new facility for the pony club. Both sites have now been sold with the first instalment of the proceeds for Manor Drive (£2.34 million) received in the year.

£1.2 million was spent on works to increase building occupancy have taken place at Wallasey Town Hall and Bebington Civic Centre. The refurbishment of the Treasury Building to provide modern fit for purpose accommodation is progressing well and is approaching 70% completion. The refurbished accommodation will bring together all the Authority's IT staff.

The demolition of the former Rock Ferry High School proceeded ahead of schedule. Once complete this will enable the site to be disposed of and / or redeveloped.

Investment into highways was in excess of £4.2 million. The Department for Transport (DfT) highway maintenance allocation was supplemented from with a further £0.5 million for maintenance improvement schemes on unclassified and residential roads. The programme for the year resulted in the completion of 39 resurfacing schemes, 16 footway reconstruction schemes and 25 other schemes relating to the Principal and Non-Principal Classified road network.

The significant scheme as part of the Sustainable Transport Enhancement Programme (STEP) was the East Float access improvement work.

With the technical approval procedures completed work started on site to replace the Dock Bridges. The large value equipment orders (i.e. hydraulic cylinders for moving the bridges) have been being placed. Over £2 million being spent and primarily funded from Government Grants.

3.8.2 Environment

Over £0.7 million was spent on improving facilities at parks. New fit for purpose accommodation and facilities have been completed at Ashton Park whilst at Warren Farm full refurbishment of the main building is nearing completion. Further works at Cleveland Street and Ivy Farm are on hold pending the outcome of the Leisure and Culture Services review.

The re-roofing work at Bidston Tennis and Sports Centre has been completed along with works at West Kirby Marine Lake. In respect of the Oval Sports Centre the development works, including the fitness suite and the catering facilities continue to progress. With over £2 million invested the various improvements have seen a sustained increase in membership of the Council invigor8 scheme as numbers using the facilities continue to increase.

The site at Flaybrick Cemetery is on the national Heritage at Risk Register. Works to consolidate and stabilise the surviving fabric of the Flaybrick chapels have been completed at a cost of £0.3 million with grant assistance from Historic England.

The main coast protection scheme is the construction of new flood defences at West Kirby to significantly reduce flood risk to 140 properties. However, the business case had to be resubmitted to the Environment Agency in March 2017 which has delayed the scheme until 2017/18.

£1.7 million of grant aid has been provided for the provision of essential aids and adaptations giving disabled people better freedom of movement in and around their homes.

The Home Improvement project, on which £0.6 million has been spent, provides a continuation of both financial assistance and intervention to remedy poor housing conditions in the private sector, including serious disrepair/hazards, poor or no heating provision, low market demand and bringing long term empty properties back into productive use.

10 schemes, at a cost of £0.6 million, have been committed under the New House Building programme. Two have been completed and two are near completion. 125 units will be delivered, exceeding the original target of 100. The remaining schemes are subject to final agreements being compiled by Legal.

3.8.3 People

The Wirral Youth Zone (The Hive), supported by £1.9 million from the Council, officially opened on 8 April and is a purpose built facility for young people aged 8-19, and up to 25 for those with disabilities. After just 2 months opening it has over 4,000 registered members.

Government Grants essentially fund investment in schools and is subject to annual announcements. All works are undertaken with schools and mindful of the impact upon the service are largely arranged for completion outside of term-times. These factors impact upon the timing of the actual spend with frequent revisions to be accommodated. With over £5.5 million invested during 2016/17 the key projects are detailed in the following paragraphs.

At Mersey Park Primary School funding was provided to extend 2 undersized classrooms and provide a resource/group room. The design was more creative moving away from the traditional build to complement the existing Victorian features. The design has received positive comments from parent, staff, public and professional people. It has also enabled pupils to be taught in a modern and well-spaced out class-base.

Liscard Primary School has a new roof to overcome many awkward shapes and valleys. Although the design features are not in the original slate material because of high costs the materials used complements its surroundings and is a proven material that has sustainability and blends in with the age of the building.

3 Children Centre Hubs have been re-modelled to modernise each facility and to create improved access, reception area's and various meeting/group rooms to create a uniformed 'brand identity' for Children Services. They are now fully operational and to capacity and are a great success.

The Observatory School receives pupils who have social, emotional and mental health problems. Existing classrooms were re-modelled to improve usage. One mobile classroom was removed, the other refurbished and the playground extended. Internal re-modelling took place to provide a further internal teaching space and resource/group room including new changing facilities for activities. New acoustic panelling was installed in the main hall which has dramatically improved noise reduction in the hall.

At Stanley Special School additional classrooms and medical facilities have been provided.

As part of the commitment to transform the provision of day services, £0.3 million has been invested in the provision of enhanced facilities.

The provision of extra care / specialised housing remains the subject of ongoing consultation and negotiation and therefore the funding has been further re-profiled.

CAPITAL FINANCING

3.9 Table 3 details the resources used to finance the Capital Programme.

Table 3 : Capital Financing 2016/17

Resources	Original Approval	Revised December	Actual Out-turn
	£000	£000	£000
Unsupported Borrowing	20,970	7,239	7,175
Grants	22,703	16,814	11,795
Capital Receipts	14,762	6,564	5,951
Revenue and Reserves	1,184	117	331
Total Resources	59,619	30,734	25,252

3.10 The re-profiling referred to earlier has seen the schemes and associated funding deferred until 2017/18.

CAPITAL RECEIPTS

3.11 Table 4 shows the movements in the Capital Receipts Reserve during 2016/17. Receipts for the year totalled £3.5 million with £5.5 million held at 31 March 2017.

- 3.12 In accord with the Capital Receipts flexibilities introduced by the Government capital receipts generated between 1 April 2016 and 31 March 2019 can be used to support Transformation. This has been reflected in the Capital Programme for 2017/18 onwards. Receipts prior to the 1 April 2016 are not eligible to be used to fund Transformation.
- 3.13 The option of financing from borrowing has been curtailed as the revenue budget includes savings on loan financing. Instead the maximisation of capital receipts will be used, thereby reducing capital financing charges.

Table 4: Capital Receipts Reserve

	£000
Balance as at 1 April 2016	8,047
Add : Receipts during the year	3,462
Less : Used to part fund the Capital Programme	-5,951
Balance as at 31 March 2017	5,558

- 3.14 Of this balance £3.0 million is available to fund the Transformation Programme and £2.5 million to fund the ongoing Capital Programme

4.0 FINANCIAL IMPLICATIONS

- 4.1 The capital spend for the year amounted to £25.2 million. This was funded from borrowing of £7.2 million, Government Grants of £11.8 million, capital receipts of £5.9 million and revenue/reserves £0.3 million.
- 4.2 The re-profiling of schemes from 2016/17 to 2017/18 has seen the funding similarly re-profiled. This includes the planned borrowing which has been deferred and has contributed towards the in-year savings on Treasury Management activities within the revenue budget.

5.0 LEGAL IMPLICATIONS

- 5.1 There is a legal requirement to publish a report on the capital spend and financing at the end of each financial year

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 6.1 There are no staffing, IT or asset implications arising directly from this report.

7.0 RELEVANT RISKS

- 7.1 There are none associated with this report which provides a summary of the spend and financing of the Capital Programme in 2016/17. The Programme has been monitored throughout the year and by reports to Cabinet.

8.0 ENGAGEMENT/CONSULTATION

8.1 This is an end of year report. Consultation takes places as part of considering the capital programme and over the planning and implementation of the specific schemes within the Programme.

9.0 EQUALITIES IMPLICATIONS

9.1 There are no implications arising directly from this report which covers the overall programme and its funding for the financial year.

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REFERENCE MATERIAL

CIPFA Code of Practice on Local Authority Accounting In the UK 2016/17.
Local Government Act 2003 and subsequent amendments.
Local Government (Capital Finance and Accounting) Regulations 2008.
Accounts and Audit (England) Regulations 2015.

SUBJECT HISTORY

Council Meeting	Date
Cabinet – Out-turn 2014/15	13 July 20125
Cabinet – Out-turn 2015/16	18 July 2016
Cabinet – Budget 2016/17	22 February 2016
Council – Budget 2016/17	3 March 2016
Cabinet – Capital Monitoring 2016/17	Quarterly reports

COLLECTION SUMMARY 2016/17

REPORT SUMMARY

This Appendix details the collection of Council Tax, Business Rates, Sundry Debtors, Housing Benefit Overpayments and Housing Act Advances. It also highlights key collection indicators and for irrecoverable sums, the sums that were written off under delegation and details of those debts for which Cabinet approval is sought to write off.

RECOMMENDATIONS

- a) The increase in Council Tax in-year collection rate from 95.3% in 2015/16 to 95.4% in 2016/17 be noted.
- b) The increase in Business Rates collection rate from 97.2% in 2015/16 to 97.6% in 2016/17 be noted.
- c) The increase in Sundry Debts from £23.6 million at 31 March 2016 to £26 million at 31 March 2017 be noted.
- d) That the sundry debts for Adults Social Services and Other Directorates detailed in the report be written-off against the Provision for Bad Debts.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 To inform Members of the collection activity undertaken in these areas.
- 1.2 Sums written off are approved either under delegation or by Cabinet.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The report presents a summary of the collection performance for 2016/17 and no other options were considered.

3.0 BACKGROUND INFORMATION

COUNCIL TAX

- 3.1 Work backlogs reduced throughout the year and various steps were taken to improve processing time. As a consequence the in-year collection rate increased from 95.3% in 2015/16 to 95.4% in 2016/17. A review of Single Person Discount awards was undertaken in January 2017, and at April 2017 resulted in the removal/cessation of 1,431 discounts, which has generated additional revenue of £0.4 million. Due to the timing of the review exercise, with ceases/amendments being made up to the end of March, this inevitably impacted on collection.

3.2 Collection Summary 2016/17

	£	£
Arrears Brought Forward at 1 April 2016		18,243,444
Total Charge 2016/17		<u>193,205,088</u>
		211,448,532
Less Credits Brought Forward at 1 April 2016		<u>1,110,470</u>
		210,338,062
Less Allowances:		
Exemptions	2,777,771	
Disabled Persons Relief	146,584	
Discounts and Band alterations	17,642,300	
Council Tax Support	26,561,404	
Write-offs	<u>1,876,208</u>	<u>49,004,267</u>
		161,333,795
Add Refunds Made		1,224,968
Add Costs		<u>488,827</u>
		163,047,590
Less Cash Received		<u>145,813,503</u>
Arrears Carried Forward at 31 March 2017		<u>17,234,087</u>

3.3 Debt Recovery Actions

	2015/16	2016/17
Reminder Notices	71,715	65,672
Summonses Issued	17,426	15,673
Leading to		
Liability Orders	12,911	14,307
Attachment of Earnings Orders	1,807	3,189
Deductions from Job Seekers Allowance, Income Support, Universal Credit, etc	5,953	6,191
Referred to Bailiffs	9,516	11,058

3.4 Whilst there has been a reduction in recovery action at Reminder and Summons stages there has been an increase at the later enforcement stages. The reduction in those eligible under the Local Council Tax Support Scheme continues to impact upon collection. In addition, the number of people claiming Council Tax Support has also reduced, especially for Universal Claimants who are required to apply separately for this support separately, despite actions to actively encourage take up.

Irrecoverables

3.5 There is no specific power to write-off Council Tax debts, which are covered by the general power of administering the financial affairs of the Authority. Examples of suitable cases for write-off are: deceased persons with no estate, persons not traced, Insolvency, sums remitted by the court during proceedings for imprisonment and minimal sums. All other debts are actively pursued.

3.6 The Bad Debt provision for 2016/17 was £13.8 million and whilst trace and recovery work is ongoing in pursuance of arrears £1,876,207 has been written off in 2016/17 which includes debt over 10 years old which is deemed to be uncollectible. The write off categories are as follows; -

Category	2015/16 £	2016/17 £
Deceased	5,122	71,292
Insolvency	258,433	325,961
Court Remission	5,248	848
Prison sentence served (by order of the magistrates)	205	0
Non-traceable	794,989	580,549
Uncollectable (old debt)	0	897,557
Total	<u>1,063,797</u>	<u>1,876,207</u>

3.7 Statistics

	31 Mar 2016	31 Mar 2017
Number of properties	147,426	147,760
Number of Council Tax Scheme Recipients	34,789	33,419
Council Tax Collection	95.3%	95.4%

Year on Year Volume Comparisons

3.8 There continues to be an increasing number paying by Direct Debit. The removal of the Conway One Stop Shop cashier facility in April 2015 led to increased payments through the Post Office and Paypoint in 2015/16.

	31.03.15	31.03.16	31.03.17
Direct Debit Payers	93,428	94,813	96,919
Discount Recipients	71,957	61,546	60,492
Pensioners Discounts	11,482	0	0
Exempt Persons	2,203	2,303	2,290
No. of Amended/Copy Accounts	128,006	128,010	130,091
No. of Returned Direct Debit Payments	12,045	11,760	12,531
Payments: Direct Debits	966,861	987,594	1,014,341
Cash/Cheque	73,151	51,405	51,736
Salaries/Wages	10,393	9,299	8,669
Debit/Credit Card	84,325	80,728	83,924
Paypoint	42,947	45,913	43,759
Post Office	74,488	83,110	79,240
Dept. for Work & Pensions	57,662	57,577	52,802
Bailliff	14,972	23,102	23,315

BUSINESS RATES (NATIONAL NON DOMESTIC RATES)

3.9 The collection rate of 97.6% in 2016/17 was an increase from 97.2% in 2015/16. This improvement was also against an increase in the sum collectable which increased from £76 million to £86 million. As reported last year the Valuation Office Agency finalised a number of outstanding assessments which included two major sites.

3.10 Collection Summary 2016/17

	£	£
Opening Debit		89,685,120
Plus Balance Brought Forward		5,562,000
Less Credit Brought Forward		<u>527,000</u>
		94,720,120
<u>Allowances</u>		
Assessment changes in year	7,578,521	
Transitional Relief	12,844	
Empty relief	-154	
Empty relief exemptions	-3,663,348	
Part Occupation relief	-149,947	
Void Property Relief	-3,878	
Charitable Organisations	-5,922,553	
Hardship	-5,000	
Small Business Rate Relief (SBRR)	-6,816,436	
Multi Occupation SBRR	-24,438	
Local Disc/Flood/Retail	12,690	
Enterprise Zone Discount	-134,162	
Re-Occupation Relief	-33,942	
Write-Offs	<u>-1,789,004</u>	<u>-10,938,807</u>
		83,781,313
Add Refunds made		2,638,673
Add costs		<u>48,276</u>
		86,468,262
Less Cash Received		<u>-81,377,962</u>
Balance Carried Forward		<u>5,090,300</u>

3.11 Debt Recovery Action

	2015/16	2016/17
Summonses	555	639
Liability Orders	458	515
Charge payers on Direct Debit	1,985	2,227

Irrecoverables

- 3.12 The Bad Debt provision for Business Rates is £3.3 million in 2016/17 and those written-off by category in 2016/17 were:-.

Category	2015/16	2016/17
	£	£
Absconded/Irrecoverable	945,360	990,176
Insolvency	641,643	831,780
Miscellaneous (including deceased)	<u>-112,666</u>	<u>-32,952</u>
Total	<u>1,474,337</u>	<u>1,789,004</u>

3.13 Statistics

	2015/16	2016/17
Number of Properties on Valuation List	8,294	8,420
Rateable Value	£185,662,275	£185,697,584
New and Altered Property Notifications	1,005	345
Collection Rate	97.2%	97.6%

- 3.14 The Council has an Enterprise Zone, Wirral Waters, which came into force on 1 April 2012. The Zone has been the subject of reports to Cabinet and two buildings (a College and a Call Centre), were completed and occupied in 2015/16.
- 3.15 The Birkenhead Business Improvement District (BID) invoices were sent to 650 businesses in the Birkenhead BID Zone by the Council acting on behalf of the Wirral Chamber of Commerce in 2016/17. The levy is 1.5% of a property's Rateable Value and will cover a period of 5 years. In 2016/17 the BID levy raised £470,000, and the funds raised will go to improve the area covered by the BID Company, Birkenhead First. The collection rate was 94.4%.
- 3.16 Under Government proposals local authorities will retain 100% of Business Rates from 2020 and the Government has established areas to pilot this change. Wirral is part of the Liverpool City Region pilot whereby it will retain 100% of all Business Rates collected from 2017/18. Wirral previously retained 49% with 50% going to Central Government and 1% to the Fire Authority.
- 3.17 The outcome of the Government review into Business Rates means that from April 2017 Businesses with a Rateable Value of 12,000 or under do not pay Business Rates and they anticipate 1/3rd of all businesses will not pay Rates. Businesses with a Rateable Value of 12,000 to 15,000 receive tapered relief and properties with a Rateable Value of up to 51,000 pay the lower poundage, removing 250,000 businesses from the higher rate. Nationally the changes affect 900,000 properties nearly half of Business Rate payers. The Government are also looking at reducing the time between valuations (from 5 years to possibly 3 years) and alternative valuation methodologies including a form of self-assessment.

- 3.18 As a result of the 2017 revaluation of non-domestic properties, some ratepayers are subject to substantial increases in the amounts payable, and others substantial reductions. The Government Transitional Relief has introduced arrangements to phase the effects of these changes setting limits on increases and reductions in bills. The limits continue to apply to yearly increases and decrease until the full amount is due over a 5 year period.
- 3.19 The Chancellor of the Exchequer announced measures to help businesses in his budget statement on 8 March 2017 which are to help those affected by the revaluation of properties effective from 1 April 2017. This includes:-
- a Businesses which lose some or all of their small business rate relief will have increases in their bills limited to £50 per month in 2017/18. There will also be limits to increases in later years.
 - b There is a national fund of £300 million to support businesses that face the steepest increases in their rates bill as a result of the revaluation. The Government has recently issued the allocations and the operational details are being developed.

ACCOUNTS RECEIVABLE (SUNDRY DEBTS)

- 3.20 During 2016/17 invoices totalling £97.5 million were raised and income of £93.2 million collected. The arrears figure as at 31 March 2017 increased by £2.4 million to £26 million and, as with previous years, the end of year position is affected by invoices raised in the final days of March. For 2016/17 this involved invoices totalling £7.6 million (in 2015/16 it was £7 million). 2016/17 also saw the Birkenhead Improvement District and Selective Licensing scheme processed through Debtors with the changes in Social Care funding resulting in deferred debtors increasing.

3.21 Collection Statement

	2015/16	2016/17
	£	£
Balance Brought Forward at 1 April	30,890,704	22,624,737
Net Amount of Invoices	<u>91,304,924</u>	<u>97,450,018</u>
	122,195,628	120,074,755
Less Write-Offs	<u>1,777,833</u>	<u>848,260</u>
	120,417,795	119,226,495
Payments Received	<u>97,793,058</u>	<u>93,212,650</u>
Balance Carried Forward at 31 March	<u>22,624,737</u>	<u>26,013,845</u>

3.22 The number of invoices and their value raised over recent years and the outstanding debt at the year-end is as follows:-

Financial Year	Invoices Number	Invoices Value	Debt 31 March
2013/14	51,139	£99.6m	£23.5m
2014/15	48,879	£105.5m	£30.9m
2015/16	66,061	£91.3m	£22.6m
2016/17	81,889	£97.5m	£26.0m

3.23 The table below shows the Directorates and amount of debt at each stage:

Directorate Description	Less than 10 days	1st reminder	2nd reminder	3rd reminder	Total at 31.03.2017
	£	£	£	£	£
Chief Executive	152,845	10,118	74,236	1,049,198	1,286,397
Neighbourhood	18,013	0.00	0.00	11,373	29,386
Families & Wellbeing	6,259,561	1,659,577	552,401	9,989,246	18,460,787
Trans & Resources	492,171	378,130	1,853,132	2,569,237	5,292,672
Reg & Environment	704,267	57,326	159,260	323,544	1,244,398
Policy & Perform'ce	300	0	22,448	68,979	91,727
Totals	7,627,158	2,105,153	2,661,478	14,011,579	26,405,369

3.24 The above figures are for invoices up to the end of March 2017. Payments as well as amendments such as write-offs and cancellations continue to be made after this date on these accounts plus a further adjustment of £391,524 to be made for unallocated payments at year-end leaving a balance of £26,013,845.

3.25 Debts which have been registered as a charge against a property and should be recovered when that property is subsequently sold are classed as Land Charges. There is currently £851,975 covered by Land Charges.

Irrecoverables

3.26 Sums over the limit of delegation £1,000 and below £5,000 require Cabinet approval. For each case over £5,000 the approval is in respect of individual cases for which explanations are provided to Cabinet. The Bad Debt provision for 2016/17 is £9.3 million.

3.27 Sums totalling £848,259.89 are proposed for write off comprising £736,912.81 of Adult Social Services debtors and a further £111,347.08 of other Departmental debts. The cases above £5,000 are detailed in the Annex.

Debt – Value	Adult Social Services		Other Directorates	
	Number	£	Number	£
<£1,000	361	76,144	344	62,474
£1,000-£5,000	27	57,583	14	24,119
£5,000	32	603,186	3	24,754
Total	420	736,912	361	111,347

Reason for write off	Adult Social Services		Other Directorates	
	Number	£	Number	£
Deceased	112	123,004		
Irrecoverable	36	264,159	36	36,545
Statute Barred	14	189,687	277	69,905
Uneconomical	258	160,092	48	4,897
Total	420	736,912	361	111,347

Note : Whilst some items are classed as Statute Barred this primarily relates to invoices where the client died several years ago so could equally be classified under deceased.

HOUSING BENEFIT OVERPAYMENT DEBTS

3.28 The following Housing Benefit overpayment debts were written off in 2016/17.

Reason	No	£
Elderly	10	11,520
Bankrupt	88	62,049
Deceased	74	35,548
Statute Barred	60	19,279
Small Balance	56	772
Uneconomic to pursue	128	21,669
Total	416	150,837

IRRECOVERABLE DEBTS

3.29 Under delegated powers and previous Cabinet approval written off as irrecoverable against the provision for bad debts are the following:-

	£
Council Tax	1,876,208
Business Rates	1,789,004
Sundry Debtors	848,259
Housing Benefits Overpayments	150,837
Total	<u>4,664,308</u>

4.0 FINANCIAL IMPLICATIONS

4.1 Debts written off as irrecoverable are charged against the Council provisions for bad debts which are reviewed annually in accordance with the requirements of accounting practice. At 31 March 2017 the provision for Council Tax stood at £14.3 million, Business Rates £3.2 million and Sundry Debts £9.3 million.

5.0 LEGAL IMPLICATIONS

5.1 Those debts recommended for write-off have been agreed by the Head of Legal and Member Services.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

6.1 There are no staffing, IT or asset implications arising directly from this report.

7.0 RELEVANT RISKS

7.1 If debts are not written off they have the potential to inflate what might be thought collectable. Debts are only written off after a number of stringent checks and following advice from the Head of Legal and Member Services.

8.0 ENGAGEMENT/CONSULTATION

8.1 Relevant officers of the Council have been consulted in preparing this report.

9.0 EQUALITIES IMPLICATIONS

9.1 There are no implications arising directly from this report being a report on the overall financial affairs for the financial year just completed.

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ANNEX

Sundry Debtor Accounts – Write-Offs over £5,000

SUBJECT HISTORY

Council Meeting	Date
Cabinet - Collection Summary 2013/14	7 July 2014
Cabinet - Outturn Collection Summary 2014/15	13 July 2015
Cabinet – Outturn Collection Summary 2015/16	18 July 2016

SUNDRY DEBTOR ACCOUNTS

WRITE-OFFS OVER £5,000 FROM 1 APRIL 2016 -31 MARCH 2017

DEBTORS – ADULT SOCIAL SERVICES

Case	Details
1	Invoice dated 22/01/2015 amounting to £17,865.76, in respect of the final balance outstanding for Residential/ Nursing Care charges and Support at Home charges. The client was deceased and a complaint was addressed with the resultant agreement to write off the debt. Write off reason – Irrecoverable
2	Invoice dated 18/05/2015, amounting to £15,442.93 in respect of the final balance outstanding for support at home charges. The client is deceased leaving no funds in the Estate. Unable to pursue as no probate or executor and no charges could be brought. Write off reason – Deceased
3	Invoice dated 24/11/2015, amounting to £9,632.35 in respect of final balance outstanding for accommodation charges. The Client's husband / appointee and the Client died with no Estate and no grant of probate issued in respect of either the client or her husband. Write off reason – Irrecoverable
4	Invoice dated 22/10/2015, amounting to £5,058.85 in respect of a final balance outstanding Residential / Nursing charges. The Client is deceased and evidence was provided that there were no funds remaining on the Estate. Remaining funds had already been spent on the funeral. Write off reason – Deceased
5	Invoice dated 12/12/2013, amounting to £49,080.72, in respect of the final amount for support at home charges. Client is deceased and there is no record of probate being issued and no-one to pursue for the debt. As this was based on full cost assessment because the family would not engage the assessment may have been reduced. Write off reason – Irrecoverable / No trace
6	Invoice dated 14/08/2014 amounting to £38,459.33, relating to accommodation charges. This debt has been deemed irrecoverable as the Client died in 2014 and there was no probate or executor with nobody to pursue. Write off reason – Irrecoverable
7	Invoice dated 13/11/2015, amounting to £14,088.56, relating to the final account for non-residential charges. This debt was referred to external solicitors who recommended a flexible instalment arrangement, but was never implemented. The client is no longer funded by DASS and unlikely to have funds to pay. Write off reason – Irrecoverable
8	Invoice dated 01/06/2016, amounting to £5,989.03, relating to the final amount outstanding for residential charges. The client died and there are no funds remaining in the Estate to pay the debt. Write off reason – Deceased

9	<p>Invoice dated 10/02/2016, amounting to £5,220.61, relating to the final amount outstanding for residential charges. Evidence was provided to show insufficient funds in the Estate, following payment of funeral.</p> <p>Write off reason – Deceased</p>
10	<p>Invoice dated 18/09/2013 amounting to £77,901.27 in respect of the final balance outstanding for support at home charges and Residential Nursing care. .With the client’s son is living in Indonesia and funds spent prior to DASS becoming appointee following the client’s death there was no probate and unable to pursue the debt.</p> <p>Write off reason – Irrecoverable / No trace</p>
11	<p>Invoice dated 04/08/2015 amounting to £38,746.63 in respect of accommodation charges. A letter received August 2013 from the client’s daughter, states her mum had approximately £8,000 prior to funeral expenses, so no funds left. Daughter was not official Power of Attorney so unable to pursue debt</p> <p>Write off reason – Uneconomical</p>
12	<p>Invoice dated 21/7/14 amounting to £23,337.61 in respect of accommodation charges, respite charges and Home care charges. The client died and whilst the niece was the only carer she did not handle finances. Despite extensive searching the Executors have not been traced.</p> <p>Write off reason – Irrecoverable / No trace</p>
13	<p>Invoice dated 13/11/2015 amounting to £18,518.84 in respect of the final account for non-residential care charges. The services ended in 2015 and a letter received from CWP advised the client no longer has 'capacity to understand, retain or assimilate information regarding the financial issues'. The consultant psychiatrist has asked for the amount to be written off for the good of client's health.</p> <p>Write off reason - Irrecoverable.</p>
14	<p>Invoice dated 20/07/2016 amounting to £16,870.12 in respect of accommodation charges. Client is deceased and evidence provided showing no funds in Estate to pay balance.</p> <p>Write off reason – Deceased</p>
15	<p>Invoice dated 13/11/2015 amounting to £16,156.50 in respect of the final account for non- residential care charges. Whilst the debt has been pursued there is evidence that changes in service provision may mean the amount is overstated but confirmation depends upon the client’s financial position. It has been identified that the client does not have the capital, or the income, to settle the debt.</p> <p>Write off reason – Uneconomical</p>
16	<p>Invoice dated 13/11/2015 amounting to £16,021.27 in respect of the final account for non-residential care charges. up to 31/03/2013. Whilst the debt was pursued the client’s financial position remained unclear with limited means of confirming. It has been identified that the client does not have the capital, or income, to pay off the debt.</p> <p>Write off reason – Uneconomical</p>
17	<p>Invoice dated 26/07/2016 amounting to £10,384.74 in respect of outstanding support at home charges. Client died with probate not required. Evidence received confirms no funds in the Estate.</p> <p>Write off reason – Deceased</p>
18	<p>Invoice dated 25/03/2014 amounting to £8,786.57 in respect of residential</p>

	charges and short term care. The client died with no funds in the Estate. Write off reason – Deceased
19	Invoice dated 21/06/2016 amounting to £5,993.15 in respect of charges for Nursing Care. Client is now in long term care with no available income so pursuit would not result in the debt being paid. Write off reason – Uneconomical
20	Invoice dated 30/06/2016 amounting to £5,112.09 in respect of residential care. The client is deceased and the likelihood of payment balanced with cost of proceedings renders this uneconomic to pursue. Write off reason – Uneconomical
21	Invoice dated 26/07/2016 amounting to £5,002.71 in respect of support at home charges. Evidence provided that there is no capital available to pay the debt and no income available to pay instalments. It would not be cost effective to pursue this debt due to the likelihood of payment balanced with cost of proceedings Write off reason – Uneconomical
22	Invoice dated 06/10/2009 amounting to £30,477.17 in respect of the final amount outstanding for accommodation charges. Recovery action has proven unsuccessful so write off is recommended due to timescale. Write off reason – Statute Barred
23	Invoice dated 16/07/2015 amounting to £8,930.45 in respect of the final account for homecare charges. No probate as the Estate is likely to have been passed to the client's widow. Client was assessed at full cost through limited engagement by client so potentially over-stated. Limited likelihood of payment balanced with cost of proceedings Write off reason – Uneconomical
24	Invoice dated 17/02/2016 amounting to £7,857.02 in respect of the final account for accommodation charges. Client died leaving limited funds in the Estate used to meet debts and funeral costs. Write off reason – Deceased
25	Invoice dated 06/12/2016 amounting to £6,161.45 in respect of support at home charges. Client died having been in receipt of low Income Guarantee Credit and in rented accommodation. Probate has not been awarded and it not cost effective to pursue due to the likelihood of payment versus cost of proceedings. Write off reason – Uneconomical
26	Invoice dated 16/12/2012, amounting to £9,230.68, relating to Direct Payments. All attempts to recover this account have been unsuccessful and is now statute barred under Section 56 of the National Assistance Act 1948. Write off reason – Statute Barred
27	Invoice dated 13/07/2009 amounting to £57,463.71, in respect of the final amount outstanding for overpayments. All attempts to recover this debt were unsuccessful and the debt is now statute barred. Write off reason – Statute Barred
28	Invoice dated 11/06/2010 amounting to £31,847.93 in respect of an overpayment as a Primary Care Trust also paid for Community Health Care. All attempts to recover this debt were unsuccessful and the debt is now statute barred and cannot be pursued through the Courts. Write off reason – Statute Barred

29	Invoice dated 02/02/2011 amounting to £19,457.14, in respect of an overpayment. All attempts to recover this debt were unsuccessful and the debt is now statute barred. Write off reason – Statute Barred
30	Invoice dated 19/05/2010 amounting to £8,028.60 in respect of an overpayment of additional residential nursing care charges. All attempts to recover this debt were unsuccessful and the debt is now statute barred and cannot be pursued through the Courts. Write off reason – Statute Barred
31	Invoice dated 19/10/2009 amounting to £7,856.57 in respect of an overpayment of additional residential nursing care charges. Client died and attempts to recover this debt were unsuccessful. The debt is now statute barred. Write off reason – Statute Barred
32	Invoice dated 02/02/2011 amounting to £7,205.59 in respect of an overpayment for services. Attempts to recover this debt were unsuccessful. The debt is now statute barred. Write off reason – Statute Barred

DEBTORS – OTHER DIRECTORATES

Case	Details
1	Invoice dated 21/10/2010, amount £14,200 for delivery of assessment and final report raised by Children and Young People Department. Company went into liquidation/ bankruptcy and details of our claim has been lodged with the liquidators as an unsecured creditor Write off reason – Liquidation
2	Invoice dated 12/03/2009, amount £5,055.50, relating to Wirral Group Repair Scheme and a contribution for work completed on 18 Mallaby Street. Legal Services unable to trace the debtor despite an exhaustive search, leaving no alternative but to recommend the debt for write off. Write off reason – No trace
3	Invoice dated 13/11/2001 amount £5,499 for urgent works carried out on the Congregational Church in Oxtan Road, Birkenhead. Whilst this had been registered as a Land charge against the property it is now statute barred and can no longer be pursued. Write off reason – Statute Barred