

**COUNCILLOR PHIL DAVIES****CABINET****18 JULY 2016****FINANCIAL MONITORING****OUT-TURN 2015/16****Councillor Phil Davies, Leader of the Council, said:**

'Robust financial management throughout the year has ensured the Council has delivered an overall under-spend of £1.3 million in 2015/16. Pro-active treasury management has enabled us to invest to meet the rising demand for social care, and we have continued to improve our income collection.'

'Good performance in supporting businesses to succeed – and encouraging businesses to relocate to Wirral – has resulted in further increases in the Business Rates we collect.'

'Continuing this performance – increasing the number of businesses based in Wirral and the number of people living here – will be vital in the future, as our finances will be entirely dependent on the income we can generate locally. By 2020 the Government will have removed the Local Government Settlement entirely and the Council will retain all Business Rates it collects with no additional support.'

REPORT SUMMARY

This report details the Out-turn for 2015/16 and concludes the reporting to Cabinet for the 2015/16 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 2015/16 which showed an underspend of £1.3 million be noted.
 - b) The transfer of the underspend to General Fund Balances be confirmed.
 - c) The General Fund Balances at 31 March 2016 of £22.2 million, with £9.7 million agreed to be used in the Budget 2016/17, be noted.
 - d) The Earmarked Reserves totalling £73.9 million as detailed in the Annex be confirmed.
- 2 Capital
 - a) The additional re-profiling of £8.8 million from 2015/16 to 2016/17 be noted.
 - b) The financing of the Programme for 2015/16 be noted.
 - c) The Programme for 2016/17 and beyond be kept under review to ensure it is realistic and deliverable.
- 3 Collection Summary
 - a) The Council Tax in-year collection rate of 95.2% be noted.
 - b) The Business Rates collection rate of 97.2% be noted.
 - c) The reduction in Sundry Debtors arrears from £30.9 million at 31 March 2015 to £22.6 million at 31 March 2016 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 2015/16.
- 3.2 The last monitoring reports were for Quarter 3 and were considered by Cabinet on 22 February 2016. Since the end of March work has been ongoing in order to conclude the accounts for the financial year. In respect of income collection Cabinet also received a number of specific reports relating to the write-off of sundry debt.
- 3.3 The detail contained within the Appendices informs part of the Annual Statement of Accounts for 2015/16. The Statement was issued on 30 June 2016. It is subject to review by the appointed External Auditor (Grant Thornton UK LLP) and will be considered by Audit & Risk Management Committee on 26 September 2016. The Statement has to be published by 30 September 2016.

REVENUE OUT-TURN

- 3.4 Appendix 1 provides the detail of which the headlines are:-

Following the reported position at Quarter 1 Council agreed on 12 October 2015 to the deferral of savings from 2015/16 to 2016/17 and the funding of the slippage, totalling £9.6 million from a combination of Reserves and General Fund balances.

The Revenue Out-turn is an underspend of £1.3 million which is an improvement on the £0.1 million overspend projected at Quarter 3.

There were underspendings within Regeneration and Environment (£2.3 million due to in the early delivery of savings, additional income and reduced staffing costs) and Transformation and Resources (£4.8 million primarily due to the impact of treasury management activities including reduced capital financing costs).

The main adverse variations were within the Families and Well Being Directorate. Adult Social Services faces increasing demand for care services which was the significant contribution towards the £2.9 million overspend. The overspend of £2.9 million in Children & Young People was the result of an increasing number of placements and the ongoing recruitment and retention of social workers which have meant the use of agency social workers at a higher cost.

With the underspends more than offsetting the overspends this has resulted in an overall underspend and contribution to General Fund balances.

General Fund balances at 31 March 2016 were £22.2 million. The Budget 2016/17 involved the commitment of £9.7 million of balances to fund the Revenue Budget Contingency established to cover identified financial risks. This commitment leaves £12.5 million uncommitted which is above the target figure for General Fund balances of £11.5 million for 2016/17.

Earmarked Reserves decreased from £87 million at 31 March 2015 to £74 million at 31 March 2016 which were analysed as follows:-

Category and Purpose	£ million
INSURANCE AND TAXATION Assessed liabilities including potential cost of meeting outstanding Insurance Fund claims, Business Rates appeals, etc.	20.8
RE-MODELLING / TRANSFORMATION Support the development and transformation of the Council which includes investment to deliver future savings and one-off workforce reduction costs.	11.6
SCHOOLS RELATED Balances and sums for school-related services which can only be used by schools and not available to pay for Council services.	26.4
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.	15.1

CAPITAL OUT-TURN

- 3.5 Appendix 2 provides the detail of which the headlines are:-

Capital spend includes a range of projects to enhance the Council assets as well as providing support for regeneration and growth with spend during the year of £36.1 million.

During 2015/16 this has been used to support the delivery of the Plan:-

People

Investment to support younger people through the works at Fender Primary, Devonshire Park, Elleray Park and Stanley schools.

Encourage healthy lifestyles through the schemes at Guinea Gap and West Kirby Concourse which have resulted in increased use of the centres.

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

Business

Grants provided through the Regional Growth Fund and Business Investment Grants to help create jobs and encourage growth.

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.

Environment

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

Works to the Bidston Bypass North Bridge and Dock Bridges, the latter will see significant investment over the coming years.

Installation of LED street lighting being environmentally friendly and delivers financial benefits in the medium term.

New flood defence works at West Kirby which are due to be completed in September 2016.

The capital spend was funded from borrowing of £14.2 million, government grants of £18.6 million, useable capital receipts of £2.9 million and revenue/reserves £0.4 million.

Capital Receipts received in 2015/16 were £2.7 million which was above the target for the year with further progress made on the disposal of the major sites being Acre Lane, Manor Drive and the former Rock Ferry High School.

COLLECTION (INCOME)

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

The Council Tax Collection Rate was 95.3% in 2015/16. The year saw the ending of Pensioner Discounts affecting over 11,000 accounts and over 2,000 individuals no longer eligible for Council Tax Support. This increased the sums to be collected and from those with a lesser ability to pay.

The Business Rates collection rate was 97.2% in 2015/16. This was impacted by the late addition of assessments that were subject to review by the Valuation Office Agency and resulted in an additional £6 million of income from two major sites dating back to 2010.

The level of Sundry Debt arrears was £30.9 million at 31 March 2015 which included £14 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.

The Appendix also includes details of further write-offs comprising mainly Adult Social Services debtors. The external review commissioned in 2012/13 highlighted concerns over the procedures in place which have since been revised and also that there were debts held which were deemed uncollectable. The Provision for Bad Debts was subsequently increased to reflect the need to write-off the debt. Extensive attempts have been made to recover these outstanding sums and the write-offs now presented include a number of items which date back prior to 2012 and are considered to be the final series of those identified following the external review.

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 2015/16. 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 places 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 2015/16.
- Appendix 2 Capital Out-turn 2015/16.
- Appendix 3 Collection Summary 2015/16.

REFERENCE MATERIAL

- CIPFA Code Of Practice On Local Authority Accounting In The UK 2015/16.
- 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 2013/14	7 July 2014
Cabinet – Collection Summary 2013/14	7 July 2014
Cabinet – Out-turn 2014/15	13 July 2015
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 2015/16	Quarterly reports
Cabinet – Capital Monitoring 2015/16	Quarterly reports
Cabinet – Sundry Debtor (DASS) Write-offs	6 November 2014
Cabinet – Sundry Debtor Write-offs	15 January 2015
Cabinet – Sundry Debtor Write-offs	10 February 2015