



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 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 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