

## MINUTE EXTRACT

### CABINET

26 JUNE 2017

16

#### FINANCIAL MONITORING OUT-TURN REPORTS FOR 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 underspend 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”.

Councillor Janette Williamson introduced a report which set out the Out-turn for the 2016/17 Financial Year. Appended to the report were 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). Appended to the report were three appendices:

- Outturn 2016-17 Revenue
- Outturn 2016/17 Capital
- Outturn 2016/17 Collection Summary

The Cabinet was reminded that local authorities had to produce an Annual Statement of Accounts which demonstrated the financial performance of the Council for the year and the financial position at the end of the period. The full Statement was approved by Audit and Risk Management Committee on behalf of the Council. The report informed of the key elements.

The Collection Summary provided details on income collection performance and it was noted that any sums which were deemed irrecoverable needed to be written off in accordance with the authorisation processes set out in the Council's Constitution.

Councillor Williamson informed that throughout the Financial Year the Cabinet had received Revenue Monitoring reports for each quarter. In setting the Budget for 2016/17 it had been recognised that there were on-going financial pressures mainly within Adults and Children's social care and it had been acknowledged that the savings programme was ambitious. These risks had been recognised and mitigated through the Revenue Budget Contingency of £12 million.

The use of this Contingency had been monitored through the regular Financial Monitoring reports. This had been 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 had been reflected as an underspend.

The Monitoring report for Quarter 3 (Cabinet 20 February 2017) had projected a General Fund underspend of £0.4 million and the final position for the year had been an underspend of £2.9 million. Whilst overspending had been principally due to demand pressures within People for Adult and Children Care Services, this had been 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 had resulted in a significant one-off saving in 2016/17.

The Outturn showed the final figure to be £25.7 million for General Fund Balances. This included the release of Earmarked Reserves which had been agreed as part of the Council Budget for 2017/18. However, of this sum £15.7 million had been agreed to be applied to fund the 2017/18 Revenue Budget so the net result was £10 million which was in line with the required level of Balances.

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

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 had reduced by over £32 million which reflected their use to not only support specific projects but also, to support the annual Budget.

Councillor Williamson informed that finding ways to increase its income was now extremely important to the Council as it was faced with ongoing cuts and opportunities to do this were being explored.

Councillor Williamson reported on Capital spend on a range of projects to enhance the Council's assets. £25.3 million had been used to support the delivery of the Wirral Plan. Capital spend had been 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.

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

Councillor Williamson reported that the Council Tax Collection Rate had been 95.4% in 2016/17. Work backlogs had reduced throughout the year and various steps had been taken to improve processing time. As a consequence, the in-year collection rate had increased from 95.3% in 2015/16. A review of Single Person Discount awards had been carried out in January 2017, and at April 2017 resulted in the removal/cessation of 1,431 discounts, which had 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.

The Cabinet noted that the Business Rates collection rate had been 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 had increased from £76 million to £86 million. It had previously been reported that the Valuation Office Agency finalised a number of outstanding assessments which included two major sites.

The level of Sundry Debt arrears had been £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 had been raised and income of £93.2 million had been 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.

The Cabinet also considered details of further write-offs comprising mainly of Adult Social Services debtors. Members noted that whilst all attempts to recover debts had been undertaken cases where the client had died with no, or limited, assets meant there was no prospect of recovery. The Provision for Bad Debts reflected the potential need to write-off debt.

Councillor Phil Davies informed that the key messages were that the budget had been balanced. The small underspend would be used to mitigate the savings that had to be made. The amount collected had increased in respect of Council Tax and Business Rates and this was very pleasing. He stressed the importance of the Capital Programme to meet the twenty pledges in the Wirral Plan. The Council would continue to bear down on the Budget and hopefully, it may see a relaxation in terms of austerity.

Councillor Christine Spriggs flagged up the remarkable work that had been done as a result of the Council's investment in the Wirral Youth Zone. The success of this had been staggering as 4000 children and young people had signed up to be

members of the Hive which was hitting all targets and pledges around children and young people.

Councillor George Davies informed that the Hive was a world class facility sitting on the Wirral. He also informed that it was important to maximise the Council's assets in order to refurbish some Council buildings. Assets not being used could be altered or sold. This was an excellent way forward and Councillor Davies referred specifically to the ongoing improvement work to the bridge network which was very important to the Wirral Waters regeneration project.

Councillor Stuart Whittingham referred to the Highway Schemes detailed in Appendix 2 to the report. Investment into highways had been in excess of £4.2 million. The Department for Transport (DfT) highway maintenance allocation had been supplemented with a further £0.5 million for maintenance improvement schemes on unclassified and residential roads. The programme for the year had 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 Cabinet noted that the significant scheme, as part of the Sustainable Transport Enhancement Programme (STEP), had been the East Float access improvement work.

Councillor Whittingham also drew attention to bridge maintenance and in particular the North Key Weigh Bridge informing that with the technical approval procedures completed, work had started on site to replace the Dock Bridges. The large value equipment orders (i.e. hydraulic cylinders for moving the bridges) had been being placed. Over £2 million was being spent and primarily funded was from Government Grants.

Councillor Phil Brightmore drew attention to the fact that the re-roofing work at Bidston Tennis and Sports Centre had 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 continued to progress. With over £2 million invested the various improvements had seen a sustained increase in membership of the Council invigor8 scheme as numbers using the facilities continued to increase.

Councillor Brightmore informed that good financial governance had allowed the Council to mitigate future cuts up to £3 million.

Councillor Bernie Mooney informed that this was a very positive report and showed how successful the Council was being in very difficult times. It was able to invest in schools and young people. It was investing in the future.

The Cabinet noted that this was a key decision which affected all Wards within the Borough.

**RESOLVED:**

**A. Revenue:**

- (1) the Revenue Out-turn for 2016/17 which showed an underspend of £2.9 million be noted;**
- (2) the transfer of the underspend to General Fund Balances be confirmed;**
- (3) the General Fund Balances at 31 March 2017 of £25.7 million, with £15.7 million agreed to be used in the Budget 2017/17, be noted; and**
- (4) the Earmarked Reserves totalling £55.1 million as detailed in the Annex be confirmed.**

**B. Capital:**

- (1) the additional re-profiling of £6.3 million from 2016/17 to 2017/18 be noted;**
- (2) the financing of the Programme for 2016/17 be noted; and**
- (3) the Programme for 2017/18 and beyond be kept under review to ensure it is realistic and deliverable.**

**C. Collection Summary:**

- (1) the increase in Council Tax in-year collection rate from 95.3% in 2015/16 to 95.4% in 2016/17 be noted;**
- (2) the increase in Business Rates collection rate from 97.2% in 2015/16 to 97.6% in 2016/17 be noted;**
- (3) the increase in Sundry Debts from £23.6 million at 31 March 2016 to £26 million at 31 March 2017 be noted; and**
- (4) the sundry debts for Adult Social Services and other Directorates detailed in the report be written-off against the Provision for Bad Debts.**