

**TELFORD & WREKIN COUNCIL**

**CABINET – 18 JUNE 2020**

**COUNCIL – 16 JULY 2020**

**SERVICE & FINANCIAL PLANNING REPORT – 2019/20 OUTTURN**

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

**LEAD CABINET MEMBER: CLLR RAE EVANS, CABINET MEMBER FOR COUNCIL FINANCE & GOVERNANCE**

**PART A) – SUMMARY REPORT**

**1.0 SUMMARY OF KEY ISSUES**

**1.1 2019/20 General Fund Revenue Financial Outturn**

During 2019/20 the Council had to contend with significant financial impacts arising from flooding in the Gorge and the start of the coronavirus pandemic (CV-19) pandemic. However, the Council continued to demonstrate very robust financial management during 2019/20 with a positive year-end position, despite some areas of significant pressure arising from increased demand for services and the initial impact of CV-19 being felt towards the end of the year. Importantly the Council has not had to make any unplanned use of reserves in 2019/20 and has retained a prudent level of balances set aside which will support the delivery of the Service & Financial Planning Strategy in future years and will help to support the Council during the unprecedented period that we are now in. This is critical with the scale and uncertainty of the pressures arising from the CV-19 pandemic impacting on 2020/21 in terms of both financial planning and continuing financial resilience.

The gross revenue budget for 2019/20 was £398m and the net budget was £121m. The estimated revenue outturn position is within budget by £0.146m (which is equivalent to only -0.12% of net budget) after the proposed transfers to reserves and balances have been made. This position has been achieved after delivering £6.1m of budget savings in 2019/20, on top of the £117m made in the previous 10 years giving a total of just over £123m - equivalent to around £1,500pa for every home in the borough. The outturn position cannot be finalised at the time of writing this report because the government have yet to issue the form required to finalise the calculation of section 31 grants for finalisation of the business rates position. However, estimates have been made and a delegation is sought in the recommendations to this report to enable any necessary final changes to the accounts to be made. The year-end position has also allowed a limited number of one off investments in key

areas to be made helping to make the borough a better place to live, work, learn, visit and do business in.

Within the outturn position, the Council has been able to create the following provisions to support its priorities including:

- £0.3m to support a range of environmental issues
- £0.4m to support Unemployment initiatives

The funding outlook for the medium term is very uncertain. Due to the impact of Covid19, the Government has confirmed that the review of the local government finance system will no longer be implemented in 2021/22 which is welcome. However there has been no confirmation of what this means for funding levels in 2021/22. Using the limited information that was available when the budget was set in March, it was anticipated at that the Council would need to identify £4.6m savings in 2020/21 and around £18.4m of further savings over the following two years (2021/22 and 2022/23) taking the total savings to £128m by the end of 2021/22.

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

These included:

- A benefit totalling £3.8m has been delivered from Treasury Management the majority of which relates to benefits from low interest rates for short-term borrowing and the Treasury Management Strategy of keeping the majority of new borrowings very short term. Some longer-term borrowing was undertaken in 2019/20 to reduce interest rate exposure which was prior to the PWLB (currently the main source of long-term lending for Local Authorities) increasing interest rates by 100 basis points in October 2019. The position is regularly monitored by senior finance staff and advice taken from the Council's external treasury management advisors to manage the interest rate exposure whilst seeking to maximise short-term gains in order to support delivery of front-line services.
- A benefit of £0.8m from vacancy management across all Services
- £0.5m one off benefit relating to the final profit share arrangement with TWS
- £0.4m benefit from capitalisation of service transformation spend under the Flexible Use of Capital Receipts directive
- £0.3m overachievement of planning fee income

The key areas of pressures during 2019/20 were:

- **Children's Safeguarding & Family Support** ended the year with a service overspend of £3.7m. Spend during the year was higher than the budget as there was an increasing number of more expensive specialist placements for looked after children with complex and severe behaviours or emotional health needs over the course of the year. The Council has invested additional funding of £4.958m into the Children's Safeguarding & Family Support budget in 2020/21 highlighting the very high priority placed by the Council on safeguarding children. A cost improvement plan is in place which is monitored on a regular basis by senior managers and Cabinet Members.
- **Adult Social Care** ended the year with a service overspend of £2.6m. As reported throughout the year, the cost of purchasing care packages from external providers and high demand led to a pressure which was £4.9m at the end of the year. This was mitigated by additional income totalling £1.7m from CCG funding and client contributions and underspends elsewhere in the Service. As part of the budget strategy approved by Council in March 2020, the Council has committed additional investment totalling £3.926m into the Adult Social Care budget in 2020/21. The Service also has a Cost Improvement Plan in place to deliver better outcomes and efficiencies.

#### **1.2 2019/20 Capital Outturn.**

Capital spend ended the year at £41.84m against an approved estimate of £53.17m which was in the main due to re-phasing expenditure into 2020/21. The re-phasing of planned spending will generate some further treasury management benefits in 2020/21.

#### **1.3 Income Monitoring**

Collection rates for 2019/20 are behind the targets set for Council Tax, Business Rates and Sales Ledger. Covid-19 has impacted on some taxpayers ability to pay in March and this trend will continue into 2020/21. Ultimately, all debt will be pursued and will continue to be collected after the end of the financial year with appropriate recovery avenues being pursued at appropriate times.

#### **1.4 NuPlace Ltd**

2019/20 was the fifth year of operation for NuPlace Ltd, the Council's wholly owned housing investment company. NuPlace is a separate legal entity and as such prepares its own accounts but as NuPlace is wholly owned by the Council consolidated group accounts are also prepared. The unaudited accounts show that NuPlace generated an operating profit before taxation of £0.573m in 2019/20 (£0.492m in 2018/19) and as planned no dividend was distributed. The Council also

received income from NuPlace totalling £1.2m during 2019/20 (£1.2m in 2018/19) net of additional interest and other marginal costs.

### **1.5 General**

The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 extend the deadlines for authorities to complete the annual accounts for 2019/20 due to the disruption caused by Coronavirus. The period of public inspection is now on, or before, the first working day in September and the audited Statement of Accounts (SOA) must be published by 30 November at the latest. Subject to staff availability, it is our intention to circulate the draft SOA to Audit Committee in early to mid-June, followed by the period of public inspection. Officers have been in discussion with Grant Thornton, the Council's external auditors who hope to complete the audit in September, therefore it is anticipated that the final, audited SOA will be presented to the 1 October Audit Committee.

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

## **2.0 RECOMMENDATIONS**

**2.1** Cabinet Members are asked to approve the following recommendations which will go forward to Full Council for final approval:

(i) To approve:

- the Revenue outturn position for 2019/20, which is subject to audit by the Council's external auditors, and related virements in Appendix 3
- the transfers and changes to reserves and associated approval to the relevant Directors to spend the reserves detailed in section 5

(ii) To approve the Capital outturn position and related supplementary estimates, re-phasing and virements shown in Appendix 4 and as summarised in the report

(iii) To grant delegated authority to the Director: Finance & HR to make any changes required as the outturn is finalised (including the calculation of section 31 grants), in consultation with the Cabinet Member for Council Finance & Governance

(iv) To note the performance against income targets

(v) To approve the 2020/21 Public Health Grant and update the 2020/21 budget strategy accordingly

### 3.0 SUMMARY IMPACT ASSESSMENT

<b>COMMUNITY IMPACT</b>	Do these proposals contribute to specific Priority Plan objective(s)?	
	Yes	Delivery of all priority objectives depend on the effective use of available resources. Financial management ensures best use of resources.
<b>TARGET COMPLETION/DELIVERY DATE</b>	Outturn forms the basis of the formal statement of accounts which will be circulated to the Audit Committee in draft format in early June. The statement of accounts will then be audited and the final version will be published before the 30 November deadline.	
<b>FINANCIAL/VALUE FOR MONEY IMPACT</b>	Yes	The financial impacts are detailed throughout the report.
<b>LEGAL ISSUES</b>	No	None directly arising from this report. The S151 Officer has a statutory duty to monitor income and expenditure and to take action if overspends /shortfalls emerge. The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 have changed the dates for publication of the audited Statement of Accounts to 30 November and the period of public inspection to on or before the first working day in September, for 2019/20 only, as a result of the disruption caused by coronavirus.
<b>OTHER IMPACTS, RISKS &amp; OPPORTUNITIES</b>	No	Budget holders actively manage their budgets and the many financial risks and challenges that Council services face, examples include the risk of a particularly harsh winter which would impact adversely on the winter gritting and adult social care budgets, the increasing dependency on income from a wide range of activities and the risk of interest rate movements. The Council has comprehensive risk management arrangements in place and an appropriate level of contingency within its revenue budget as detailed in this report.

<b>IMPACT ON SPECIFIC WARDS</b>	No	
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## **PART B) – ADDITIONAL INFORMATION**

### **4.0 2019/20 REVENUE BUDGET**

**4.1** The Council had a gross revenue budget of £398m for 2019/20 and the final net revenue outturn position is as follows (a more detailed summary is provided in Appendix I):

	<b>£m</b>
<b>Net Budget</b>	<b>121.413</b>
<b>Net Expenditure</b>	<b>121.267</b>
<b>Net Position</b>	<b>-0.146</b>
<b>Percentage Net Variance</b>	<b>-0.12%</b>

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

<b>Service Area</b>	<b>Final Budget</b>	<b>Outturn</b>	<b>Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Business, Development & Employment	(1,830,224)	(2,603,988)	(773,764)
Finance & Human Resources	13,344,264	9,132,483	(4,211,781)
Cooperative Council	1,045,144	1,012,650	(32,494)
Children's Safeguarding & Family Support	30,835,857	34,574,889	3,739,032
Education & Corporate Parenting	6,402,310	6,776,418	374,108
Adult Social Care	42,723,448	45,307,932	2,584,484
Governance, Procurement & Commissioning	2,708,200	3,077,922	369,722
Health & Wellbeing	2,403,073	2,295,304	(107,769)
Customer & Neighbourhood Services	24,522,353	24,359,532	(162,821)
Commercial & Housing Services	(1,598,412)	10,744	1,609,156
Corporate Items	857,307	(1,935,552)	(2,792,859)
<b>Total Net Position</b>	<b>121,413,320</b>	<b>122,008,334</b>	<b>595,014</b>
Funding Variance			(377,759)
One Off Benefits			(363,337)
<b>Overall Final Outturn</b>			<b>(146,082)</b>

This table shows the position for each service area after the allocation of funds as detailed in section 5 of this report. The figures in the table exclude budgets and variances on asset rentals which are “non-controllable” accounting entries.

- 4.3 Service variances over £0.250m are highlighted; all other variances over £50k are detailed in Appendix 2.

<b>Service Area</b>	<b>Variance £m</b>
<b><u>Business, Development &amp; Employment</u></b>	
Planning Fee Income – overachievement of planning fee income	-0.268
<b><u>Finance &amp; HR</u></b>	
<b>Treasury Management</b> – the majority relates to benefits from low interest rates for short-term borrowing.	-3.837
<b><u>Cooperative Council Team</u></b>	
There are no variations over £250k to report.	
<b><u>Children’s Safeguarding &amp; Family Support</u></b>	
<b>Children In Care Placements</b> – there have been some new residential placements and increased costs associated with some placements during the year. The strategy of increasing internal fostering capacity is beginning to have an impact on costs however there are significant numbers of children and young people in care who continue to have complex/high needs.	+2.670
<b>16+ Children in Care</b> – costs associated with young people over 16 increased significantly in 2018/19 as a result of a small number of high cost cases.	+0.611
<b>Staffing</b> – vacancies covered by agency appointments which gives rise to increased costs on staffing budgets together with the use of agency staff to maintain appropriate levels of caseload. As newly qualified social workers gain experience, the need for agency staff should reduce.	+1.016
<b>Joint Adoption Service</b> – the contribution required to support this service, provided jointly with Shropshire, is projected to exceed budget mainly due to a number of children being placed using external adoption agencies.	+0.482

<b>Contribution from Reserves</b>	-0.604
<b>Health Funding</b> – projecting to be lower than budgeted although the service endeavour to ensure that the appropriate health contributions are received for the health aspects of care costs.	+0.336
<b>Use of Contingency</b> - £0.800m from reserves set aside at the end of 2018/19 and £0.847m contingency budget to address cost pressures in Children’s Safeguarding & Family Support approved as part of the 2019/20 budget strategy.	-1.647
<b><u>Education &amp; Corporate Parenting</u></b>	
<b>School Transport</b> – the majority of expenditure on home to school transport is in relation to transport for pupils with high needs which is putting pressure on the transport budget. Work to mitigate the pressures is ongoing and there may be further opportunities for additional savings once the current review of Home to school transport is completed.	+0.391
<b><u>Adult Social Care</u></b>	
<b>Purchasing, Long Term Care</b> –the volume of care purchased is higher than assumed activity rates.	+4.923
<b>Income</b> – additional client contributions received as a result of the increased volume of care shown above.	-1.507
<b>Operational Locality Teams</b> – underspend due to vacancies	-0.764
<b><u>Governance, Procurement &amp; Commissioning</u></b>	
<b>CSE Inquiry</b> – costs associated with the Inquiry.	+0.342
<b><u>Health &amp; Wellbeing</u></b>	
There are no variations over £250k to report.	
<b><u>Customer &amp; Neighbourhood Services</u></b>	
<b>TWS Contract</b> – final profit share payment received	-0.496
<b>Transfer to Reserves</b> – transfer of above profit-share to meet the cost of subsidised bus routes in 2020/21	+0.496
<b>Housing Benefit/Council Tax Support</b> – additional Welfare Reform grant money receive in year from Government	-0.252



<b>Housing Benefit/Council Tax Support</b> – contribution to reserves to cover additional staffing costs as a result of caseload increases from the Welfare Reform changes and CV-19	+0.267
<b><u>Commercial &amp; Housing Services</u></b>	
<b>Operational &amp; Admin Buildings</b> – higher than budgeted levels of repairs and maintenance and utility costs.	+0.375
<b>Leisure Operations/Aspirations</b> – despite the income pressures linked to the impact of new competitors entering the gym market locally, Aspirations generated £1.76m income in 2019/20. An action plan is in place to mitigate this pressure which represents 0.98% of the total Service Area gross budget of £41.9m.	+0.412
<b><u>Corporate</u></b>	
Transfers to Reserves – various transfers detailed in Section 5.3 below, to support the medium term financial strategy and delivery of Council priorities.	+10.677
Release of Provision – single status provision reviewed and reduced which provides a benefit to the General Fund	-3.000
Flooding – costs associated with Storm Dennis including the deployment of the flood barriers and provision of sand bags, offset by anticipated Government Grant via the Bellwin scheme.	+0.279
<b>Capitalisation of Efficiency Costs</b> – costs capitalised under the Flexible use of Capital Receipts regulations which are in place until the end of 2021/22.	-0.363

#### 4.4 Public Health

Responsibility for Public Health transferred to the Council from the NHS in April 2013 together with the associated specific ring-fenced grant funding. In 2019/20 this grant totalled £12.012m. The conditions of the grant are that it must be used to address health needs and improve health and well-being in the community. Improving public health outcomes is delivered across a number of Service Areas and a summary of the grant in 2019/20 is shown in the table below:

	<b>£</b>
Public Health Reserve (grant b fwd from 2018/19)	671,853
Public Health Grant allocation 2019/20	12,012,000

<b>Total Funding</b>	<b>12,683,853</b>
Funding applied during 2019/20	11,650,188
Grant carried forward to 2020/21	1,033,665

The majority of the 2019/20 grant was allocated to Services during the year, with the exception of £0.366m which was carried forward to 2020/21 to fund known specific one off costs.

Of the £0.672m grant brought forward from 2018/19, £0.004m was applied in 2019/20 leaving £0.668m. Overall, in accordance with Grant Conditions and the treatment of the balance to be carried forward, the grant was fully spent in 2019/20.

The Public Health Grant for 2020/21 was announced after the budget strategy was approved and is therefore included in this report for formal approval:

2020/21 Public Health Grant: £12,702,182 which is £0.3m greater than was assumed when the budget was approved.

#### **4.5 Dedicated Schools Grant (DSG)**

The in-year surplus was £100,000 and added to the small surplus of £20,000 brought forward to 2019/20 from the previous year, this meant that a year-end surplus of £120,000 has been carried forward to 2020/21.

In the context of the scale of DSG - £152m for Telford & Wrekin in 2019/20 – the outturn position represents a very stable year. This is particularly noteworthy as the national pressure on the high needs element of DSG continues and has resulted in many local authorities incurring substantial DSG deficits. These pressures are also apparent in Telford & Wrekin, but the Council's strong financial control, investment in additional staff focusing on post 16 and residential provision and positive relationships with schools has so far enabled cost pressures to be controlled.

However, it should be noted that the underlying pressures on high needs have not gone away. The Council has a constructive relationship with the local Schools Forum and continues to work hard to tackle the high needs pressures in partnership with the Forum, schools and other providers of education.

## 5.0 **RESERVES & BALANCES**

5.1 The main General and Special Fund balances were £4.807m at 1<sup>st</sup> April 2018. The position on the main General and Special Fund Balances is now:

	£m
Balances at 1 <sup>st</sup> April 2019	<b>5.082</b>
Contribution to General Fund Balances	0.146
<b>Balances at 31<sup>st</sup> March 2020</b>	<b>5.228</b>

The General/Special Fund balance forms part of the Council's overall reserves and balances.

5.2 In addition to the General and Special Fund Balances, the Council has a general contingency of £3.2m and a reasonable level of uncommitted additional balances available to support the medium term strategy.

5.3 The following specific transfers to reserves are proposed and included in the outturn position:-

<b>Service Team</b>	<b>Amount</b>
	£
<b>Business, Development &amp; Employment</b>	
Investment in Climate Change to support community and partnership engagement, communications and development of action plans.	50,000
<b>Finance</b>	
Additional Resourcelink licence costs as a result of winning new business	20,000
<b>Cooperative Council</b>	
Councillors Pride Fund – year-end balance; ward payments to be made in 2020/21	10,750
<b>Adult Social Care</b>	
Young People's Grant balance to be allocated in 2020/21	6,000
<b>Health &amp; Wellbeing</b>	
School Music Service – funding to cover additional costs the Council is legally obliged to make in 2020/21	10,000

<b>Service Team</b>	<b>Amount</b>
<b>Customer &amp; Neighbourhood</b>	
Benefits – funding to support the ongoing impact of welfare reforms, deal with increases in benefits caseloads and sustain call handling performance at an acceptable levels	267,091
Neighbourhood Services – funding to cover legal costs	20,000
<b>Council Wide</b>	
A Covid-19 Response Fund to meet costs associated with the pandemic (being funded from reducing the Single Status Provision)	3,000,000
Covid-19 Response Grant – required to meet CV-19 costs in 2020/21; first tranche received March 2020	5,166,721
EU Exit Grant – residual balance carried forward to 2020/21	209,968
CSE Funding Reserve – funding to meet the anticipated costs of the Inquiry in 2020/21	1,300,000
Funding to support unemployment initiatives	400,000
Funding for additional Environmental improvements	300,000
Funding to support medium term strategy	200,000
Funding to strengthen Communications	100,000
<b>Overall Total</b>	<b>11,060,530</b>

- 5.4 The balance of the Public Health ring-fenced grant has also been carried forward to 2020/21 (in line with the grant conditions see section 4.4 above).

The Council started 2019/20 with £11.9m set aside for one-off costs relating to the equal pay settlement. The provision has not changed since 2010/11 and it is therefore opportune to review the amount held. Following this review, it is recommended that the amount set aside is reduced to £8.9m. This reflects the significant restructuring the Council has undertaken over the past 10+ years, which has included ensuring consistency and equality through new job descriptions, grading and structures. The £3m released will be transferred into a reserve to meet costs associated with the Covid-19 pandemic, as detailed in the table above.

## 6.0 2019/20 CAPITAL PROGRAMME

6.1 The capital programme for 2019/20 totalled £53.17m; spend at year end was £41.84m giving a year end variation of £11.33m which is summarised in the table below:

Service Area	Approved Estimate £m	Spend £m	% Spend £m	Year End Variance £m
Adult Social Care	0.35	0.11	31%	-0.24
Development Business & Employment	15.71	9.20	59%	-6.51
Customer & Neighbourhood Services	19.23	17.10	89%	-2.13
Education & Corporate Parenting	7.34	6.88	94%	-0.46
Commercial Services	7.23	6.74	93%	-0.49
Governance, Procurement & Commissioning	0.14	0.04	26%	-0.10
Cooperative Council & Commercial Delivery	0.90	0.29	32%	-0.61
Finance & Human Resources	2.27	1.48	63%	-0.79
<b>Total</b>	<b>53.17</b>	<b>41.84</b>	<b>79%</b>	<b>-11.33</b>

Note: The approved estimate excludes the new allocations, slippage and virements detailed in Appendix 4

6.2 The main scheme re-phasing to future years is shown below with detail included in Appendix 4.

	£m
<b><u>Adult Social Care</u></b>	
Children's and Adults ICT System (Liquid Logic) rephasing of programme	-0.14
<b><u>Development, Business &amp; Employment</u></b>	
Property Investment Programme – rephasing of programme including schemes within the £50m Growth Fund allocation.	-3.07
Housing Investment – programme rephrased in line with construction profile	-0.43
HCA Land Deal – rephasing of spend, mainly site preparation	-1.70
Housing – rephasing of spend, dependent upon third party project delivery	-0.47
Orleton Park recreation – rephasing of spend, to be completed in 20/21	-0.66

<b><u>Customer &amp; Neighbourhood Services</u></b>	
Integrated transport, highways, footpaths and drainage – redirection of resources to address flooding in the Ironbridge Gorge	-1.36
Highways and Footpaths – rephasing of Granville Salt barn	-0.30
Safer Routes to schools – rephasing in programme due to Covid19	-0.13
Newport Innovation & Enterprise Package – project ongoing; re-phased to 2020/21	+0.11
LED Lighting – re-phased in line with programme delivery	-0.35
<b><u>Education &amp; Corporate Parenting</u></b>	
Other School Schemes – re-phased to 2019/20 in line with requirements and contractor payment schedules.	-0.46
<b><u>Commercial Services</u></b>	
ICT/eGov – spend re-profiled to 2019/20, all fully committed to future years	-0.30
Housing – reprofile of empty property and landlord grant funding	-0.24
Leisure Capital Schemes – scheme reprofiled 20/21 including Oakengates seating	-0.08
<b><u>Co-operative Council</u></b>	
Every day Telford, Pride in Your Community – reprofiled and committed to future years	-0.61
<b><u>Finance &amp; Human Resources</u></b>	
Capitalisation of Efficiency Schemes/Severance costs	-0.79

- 6.3 There are a number of new approvals and virements which are also detailed in Appendix 4 and require formal approval.
- 6.4 The funding for the capital programme in 2019/20 included £3.342m estimated income from capital receipts. The actual income received in

year was lower at £2.3m – the difference was mainly due to a number of receipts being delayed.

## **7.0 NUPLACE**

- 7.1 2019/20 was the fifth year of operation for Nuplace Ltd, the Council's wholly owned housing investment company. The principal activity of which is the procurement of the construction and management of private and affordable residential property for rent. During the year, the company completed the development of 39 units at Coppice Court, Snedshill, taking the number of properties completed and available to let at 31 March 2020 to 329, of which 42 are let at affordable rents. Building on the strength of lets at Coppice Court, construction work commenced on the development of a further 37 units at Rowan View, immediately adjacent to the Coppice Court site. In addition, work commenced on 54 units at Maple Fields, Dothill, with 19 of the units being developed to accessible and adaptable standards and ring-fenced for people who are over 55 or have a proven physical disability on a rental basis. These two sites are anticipated to be completed in Autumn 2020, bringing the Nuplace portfolio to 420 units. However, construction works were suspended in March 2020 due the Coronavirus pandemic and the impact on the delivery programme is currently unknown.

In accordance with the Company's accounting policy, the housing portfolio was revalued at the year end, which has resulted in an increase in value of 10.5% over the seven completed sites.

- 7.2 Nuplace Ltd is a separate legal entity and as such will prepare its own Statement of Accounts and comply with company regulations. The accounts will be independently audited. As Nuplace is wholly owned by Telford & Wrekin Council, the Council is required to prepare Group Accounts as part of its Statement of Accounts for 2019/20 which will consolidate the Council and Nuplace's financial position.
- 7.3 As planned, no dividends were distributed at the end of 2019/20 and the company ended the year with an operating profit before taxation of £0.573m. It should be noted that the Council has received income totalling £1.2m from Nuplace during 2019/20 net of additional interest and other costs which is a combination of interest paid relating to the loan agreement and services Nuplace purchased from the Council. The Council will also benefit from additional Council Tax, and New Homes Bonus as Nuplace properties are completed.

## 8.0 **CORPORATE INCOME COLLECTION**

8.1 The Council's budget includes significant income streams which are regularly monitored to ensure they are on track to achieve targets that have been set and so that remedial action can be taken at a very early stage. The three main areas are Council Tax, NNDR (business rates) and Sales Ledger. Year end outturn information relating to these is provided below. The Council pursues outstanding debt until all reasonable recovery avenues have been exhausted but also prudently provides for bad debts in its accounts.

8.2 In summary, sales ledger collection ended the year above target, but council tax and NNDR collection was slightly behind target. Cash collection has increased for council tax and sales ledger income streams compared to 2018/19, although NNDR has reduced due to the revaluation.

<b>INCOME COLLECTION – 2019/20</b>			
	<b>Actual</b>	<b>Target</b>	<b>Performance</b>
Council Tax Collection	97.03%	97.4%	0.37% behind target
NNDR Collection	97.58%	99.05%	1.47% behind target
Sales Ledger Outstanding Debt	5.45%	4.70%	0.75% behind target

### 8.3 **Council Tax (£89.m)**

The percentage of the 2019/20 liability for council tax which the authority should have received during the year, as a percentage of annual collectable debit. The measure does not take account of debt that continues to be pursued and collected after the end of the financial year in which it became due. The final collection figure for all financial years exceeds 99%.

Year End performance 2018/19	97.30%
Year End Target for 2019/20	97.40%

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

Year End Target	Year End Actual	Last year Actual
97.4%	97.03%	97.3%

Council Tax collection has out-turned at 0.27% behind last year's performance. Throughout the year, collection was behind target by this amount, although it was anticipated that collection would increase slightly in February & March as a result of more taxpayers (almost 3000) paying over 12 months rather than 10. Clearly some taxpayer's ability to pay during March will have been impacted by Covid-19.



#### 8.4 **NNDR-Business Rates (£75.6m)**

The % of business rates for 2019/20 that should have been collected during the year. This target, as for council tax, ignores our continuing collection of earlier years' liabilities.

The measure does not take into account the debt that continues to be pursued and collected after the end of the financial year in which it became due. As a general rule the final collection figure for any financial year exceeds 99%.

Year End performance 2018/19	99.05%
Year End Target for 2019/20	99.05%

Year End Target	Year End Actual	Last year Actual
99.05%	97.58%	99.05%

Business rates has seen a decrease in collection by 1.47% compared to 2018/19. We know that businesses have been severely affected by Covid-19 since the lockdown on 23<sup>rd</sup> March 2020, but also in the month before this, businesses were feeling the impact of a loss of trade due to the national pandemic.

#### 8.5 **Sales Ledger (£58.1m)**

This includes general debt and Social Care debt. Debt below 2 months is classified as a normal credit period.

The target percent is set relating cumulative debt outstanding from all years to the current annual debit. The targets and performance of income collection for 2019/20 are as follows:

Age of debt	Annual Target %	March 2020	
		£m	%
Total	4.70	3,168	5.45%

Sales ledger is just outside of target although performance does tend to fluctuate from one month to the next. Collection difficulties continue around the complexities of adult social care cases.

#### 9.0 **PREVIOUS MINUTES**

28/02/2019 – Council, Service & Financial Planning Strategy  
30/05/2019 - Cabinet, Service & Financial Planning Report – 2018/19 Outturn and 2019/20 Update  
11/07/2019 – Cabinet, 2019/20 Financial Management Report  
25/07/2019 – Council, 2019/20 Financial Management Report  
10/10/2019 – Cabinet, 2019/20 Financial Management Report  
02/01/2020 – Cabinet, 2019/20 Financial Management Report  
23/01/2020 – Council, 2019/20 Financial Management Report

20/02/2020 – Cabinet, 2019/20 Financial Management Report  
05/03/2020 – Council, Service & Financial Planning Strategy

10.0 **BACKGROUND PAPERS**

2019/20 Budget Strategy and Financial Ledger reports  
2020/21 Budget Strategy  
2019/20 Financial Management Reports

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