

**TELFORD & WREKIN COUNCIL**

**CABINET – 10 JUNE 2021  
COUNCIL – 22 JULY 2021**

**SERVICE & FINANCIAL PLANNING REPORT – 2020/21 OUTTURN**

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

**LEAD CABINET MEMBER: CLLR RAE EVANS**

**PART A) – SUMMARY REPORT**

**1.0 SUMMARY OF KEY ISSUES**

**1.1 2020/21 General Fund Revenue Financial Outturn**

Telford & Wrekin Council has a long track record of sound financial management and started 2020/21 in a healthy financial position. It is a testament to Cabinet Members and Senior and wider management teams that, despite the significant and unprecedented financial pressures relating to the Coronavirus pandemic, the Council has ended the year within budget. This is a solid basis upon which to move into 2021/22 and demonstrates ongoing financial resilience in the most challenging of circumstances.

The coronavirus pandemic (Covid-19) has had a huge impact across the country. During this unprecedented year, the Council has continued to provide all its usual services, subject to national restrictions, as well as providing additional support to Telford & Wrekin residents and businesses. The mid-year budget report, presented to Cabinet in January 2021, highlighted the breadth and scale of the huge amount of additional work which has taken place during 2020/21. This has included: during the initial stages of the pandemic being one of the top ten quickest councils in the country to distribute vital grant support, now totalling almost £50m, to local businesses; allocating over £30m business rates relief to businesses in the borough; granting council tax holidays to over 10,000 households; supporting the vaccination roll out, the provision of effective, testing facilities and track and trace processes; providing additional support to local care providers; providing more than 200 Kindles to care home residents and local hospital patients; providing laptops to schools to support learning; supporting local high street businesses; and when permitted re-opening facilities safely and quickly.

All this additional support has been at a time when many of our income streams have been under pressure and comes after more than a decade of severe financial constraint due to Government grant cuts and increasing demand for many Council services, Covid-19 has resulted in

pressures from increased costs, particularly relating to the provision of Social Care and safeguarding the most vulnerable in our community; the purchase of essential personal, protective equipment; income shortfalls relating to closed facilities and services.

Throughout the year, the Council continued to demonstrate robust financial management. Clearly, there are a number of significant variations from the approved budget which relate to Covid-19 however spend has been effectively managed and supported by the Covid emergency grant funding.

Importantly the Council has not had to make any unplanned use of reserves in 2020/21 and has retained a prudent level of balances set aside which will support the delivery of the medium-term Service & Financial Planning Strategy and support a high level of financial resilience in future years, as we will continue to feel the longer-term impacts of Covid including national funding pressures and, at the same time also, face the uncertainties of planned changes to the local government funding system.

The gross revenue budget for 2020/21 was £414m and the net budget was £129m. The estimated revenue outturn position is within budget by £0.039m (which is equivalent to only -0.03% of net budget) after the proposed transfers to reserves and balances have been made. This position has been achieved after delivering £2.9m of budget savings in 2020/21, on top of the £123.5m made since 2009/10 giving a total of just over £126.4m ongoing savings - equivalent to around £700 for every person living in the borough.

The year-end position has also allowed a 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. These include:

- £1.655m, providing 3-year funding for Community Action Teams
- £1.250m, for Covid Recovery and Regeneration activities
- £1.000m, for a new Pride in Your Parks Programme
- £1.000m, for Cultural, tourism and public event initiatives and activities
- £0.510m, to provide continued support to tackle Youth Unemployment
- £0.300m, funding over 3 years to support work on protecting and maintaining public Rights of Way

The funding outlook for the medium term is very uncertain. Due to the impact of Covid19, the major planned reforms to the local government finance system have been postponed with no date for implementation confirmed; changes to the New Homes Bonus system are, however, expected to come in to force during 2022/23; and changes to Adult Social Care (ASC) funding through the long awaited ASC Green paper are also potentially expected. Using the limited information that was available

when the budget was set in March, it was anticipated that the Council would need to deliver the £8.8m savings already identified for 2021/22 and 2022/23 plus around £10.7m of further savings over the two years 2022/23 and 2023/24, taking the total savings to £146m by the end of 2023/24.

Clearly, there were a number of significant variations from the approved budget in 2020/21, the majority of these related to Covid-19.

### **1.2 2020/21 Capital Outturn.**

Capital spend ended the year at £57.71m against an approved estimate of £63.7m which was in the main due to re-phasing expenditure into 2021/22. The re-phasing of planned spending will generate some further treasury management benefits in 2021/22.

### **1.3 Income Monitoring**

While collection rates were impacted by Covid-19 the severity of this was part-mitigated by: the deferral/payment holidays offered to council tax payers at the beginning of the pandemic; hardship payments to working age Council Tax Support Recipients; and, Business Support Grants and the 100% retail discount for the hospitality, leisure and accommodation business sectors.

It is difficult to predict the ongoing impact of Covid-19 on income collection going forward and the position will be closely monitored in 2021/22. 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**

NuPlace is the council's wholly owned housing investment company. It was set up primarily to improve standards in the private rented sector and to offer homes for life to tenants operated by a responsible and responsive landlord. It is a separate legal entity and as such prepares its own accounts; in addition the Council is also required to prepare consolidated group accounts which incorporate NuPlace's financial position as part of the Statement of Accounts. The unaudited accounts show that NuPlace generated an operating profit after interest and taxation of £0.463m in 2020/21 (£0.428m in 2019/20). The company issued a dividend of £0.156m during the year which was paid to the Council as its sole investor. The Council also received other income from NuPlace totalling £1.5m during 2020/21, (£1.2m in 2019/20) net of additional interest and other marginal costs. The financial benefits that arise from NuPlace are invested in providing front line services such as providing Adult Social Care and have helped to reduce the budget savings that would otherwise have had to been made as a result of Government grant cuts in recent years.

### 1.5 **General**

The Accounts and Audit (Coronavirus) (Amendment) Regulations 2021 extend the deadlines for authorities to complete the annual accounts for 2020/21 and 2021/22. The period of public inspection is now on, or before, the first working day in August and the audited Statement of Accounts (SOA) must be published by 30 September at the latest. The draft SOA was considered at the Audit Committee at the end of May, and the period of public inspection runs during June. Subject to the external audit being completed by Grant Thornton, it is anticipated that the final, audited SOA will be presented to the 28 September 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 2020/21, which remains 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 members of the Senior Management Team (as determined by the Chief Executive) and after consultation with the relevant Cabinet Member to spend the reserves detailed in section 5 and Appendix 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, in consultation with the Cabinet Member for Council Finance & Governance
- (iv) To note the performance against income targets
- (v) To approve the 2021/22 Public Health Grant and update the 2021/22 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 presented to the Audit Committee in draft format in May. The statement of accounts will then be audited and the final version will be published before the 30 September deadline subject to timely completion of the external audit.
<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 2021 have changed the dates for publication of the audited Statement of Accounts to 30 September and the period of public inspection to on or before the first working day in August, for 2020/21 and 2021/22, as a result of the disruption caused by coronavirus. AL – 13.5.21
<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	

## **PART B) – ADDITIONAL INFORMATION**

### **4.0 2020/21 REVENUE BUDGET**

4.1 The Council had a gross revenue budget of £414m for 2020/21 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>128.975</b>
<b>Net Expenditure</b>	<b>128.936</b>
<b>Net Position</b>	<b>-0.039</b>
<b>Percentage Net Variance</b>	<b>-0.03%</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>
Prosperity & Investment	(7,034,390)	(5,587,392)	1,446,998
Finance & Resources	14,524,364	8,717,409	(5,806,955)
Policy & Governance	709,044	1,273,991	564,947
Children's Safeguarding & Family Support	36,804,310	38,577,952	1,773,641
Education & Skills	8,222,966	9,824,552	1,601,586
Adult Social Care	45,773,650	51,229,562	5,455,912
Health, Wellbeing & Commissioning	2,899,852	3,597,230	697,378
Neighbourhood & Enforcement Services	25,570,061	25,550,313	(19,748)
Communities, Customer & Commercial Services	602,507	6,923,198	6,320,691
Housing, Employment & Infrastructure	1,866,918	1,983,438	116,520
Corporate Communications	20,840	210,759	189,919
Corporate Items (incl. Covid Funding)	(985,243)	(13,176,433)	(12,191,190)
<b>Total</b>	<b>128,974,880</b>	<b>129,124,579</b>	<b>149,699</b>
<b>Funding Streams</b>	<b>(128,974,880)</b>	<b>(129,163,288)</b>	<b>(188,408)</b>
<b>Net Position</b>	<b>(0)</b>	<b>(38,709)</b>	<b>(38,709)</b>

This table shows the position for each service area after the transfers to reserves detailed in section 5 of this report. The figures in the above

table exclude budgets and variances on capital charges which are “non-controllable” accounting entries.

**The outturn for 2020/21 has clearly been significantly impacted by the Covid pandemic. The variances in service area outturn positions shown above are to a very large extent due to additional spending pressures and income reductions caused by the pandemic.**

- 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>Property &amp; Investment</u></b>	
<b>Property Investment Portfolio</b> – shortfall in rental income due to Covid-19.	+0.694
<b>Car Parks</b> – income shortfall as a result of Covid-19 closures	+0.358
<b><u>Finance &amp; Human Resources</u></b>	
<b>Treasury Management</b> – a combination of continued borrowing at lower than budgeted short term rates and projected long term rates being lower than anticipated.	-5.692
<b><u>Policy &amp; Governance</u></b>	
<b>CSE Enquiry</b> – costs during 2020/21 which include the impact of delays caused by the Covid pandemic.	+0.747
<b><u>Children’s Safeguarding &amp; Family Support</u></b>	
<b>Staffing</b> – Whilst T&W Childrens Services have significantly lower reliance on agency staffing than National and Regional colleagues, there are occasions where maternity and long term sickness events have to be covered by agency appointments. This therefore gives rise to an overall pressure on staffing budgets. Additional costs relating to Covid-19 is also included.	+0.289
<b>Health Funding</b> – income from Health is significantly lower than in 2019/20. This is mainly due to one specific case who is no longer eligible for support and another individual with health needs being paid directly by the CCG rather than by the Council.	+0.324
<b>Children With Disabilities</b> – underspend as many recipients are clinically vulnerable and were shielded during the pandemic and uptake of activities and services were lower.	-0.284

This is now starting to recover again as shielding ends and face to face services resume.	
<p><b><u>Education &amp; Skills</u></b></p> <p><b>Arthog</b> – challenging income targets together with the impact of Covid-19 which has prevented income generation throughout the year. +0.768</p> <p><b>Job Box</b> – the removal of opportunities to meet clients fact to face due to Covid-19 has reduced the amount of income generated. +0.362</p>	
<p><b><u>Adult Social Care</u></b></p> <p><b>Purchasing, Long Term Care</b> – support provided to care providers and clients due to Covid-19 and increased levels of care needs. +6.903</p> <p><b>Purchasing, In House Charging for care</b> – reduced expenditure, mainly for day care provision, due to Covid closures. -1.557</p> <p><b>Purchasing, Short Term Reablement care</b> – £3.1m relates to contracts procured and reimbursed by the CCG for Covid-19 discharges. +5.045</p> <p><b>Income</b> – overachievement of client contributions towards care. -0.552</p> <p><b>Income</b> – NHS Contributions joint funding contributions -0.861</p> <p><b>Income</b> – NHS Transforming Care Partnership pooled fund contribution -0.280</p> <p><b>Income</b> – NHS Contributions, including winter pressures and Covid contracts beds -5.029</p> <p><b>Operational Teams</b> – cost of the use of agency staff, net of the saving resulting from vacancies +0.326</p> <p><b>My Options</b> – reduced income from charges mainly for ASC +1.045</p>	
<p><b><u>Health, Wellbeing &amp; Commissioning</u></b></p> <p><b>Personal Protective Equipment</b> – costs of purchasing PPE as a result of Covid-19 +0.553</p>	



<b><u>Neighbourhood &amp; Enforcement Services</u></b>	
There are no variances over £250k to report.	
<b><u>Communities, Customer &amp; Commercial Services</u></b>	
<b>Leisure Operations</b> – loss of budgeted income relating to closures required due to Covid-19.	+3.777
<b>Catering</b> – loss of income due to Covid-19 closures.	+0.911
<b>Theatre</b> – loss of income due to Covid-19 closure	+0.494
<b>Housing Benefit Subsidy</b> – impact of suspending recovery of overpayments and costs relating to emergency bed and breakfast accommodation for homeless people during the pandemic, which is ineligible for subsidy.	+0.311
<b>Grant Income</b> – additional grants received in respect of Welfare Reform	-0.279
<b><u>Housing, Employment &amp; Infrastructure</u></b>	
<b>Homelessness</b> – costs associated with preventing homelessness during the Covid-19 pandemic.	+0.664
<b>Homelessness</b> – income to support homelessness costs above, including housing benefit income claimed, one off grant funding from MHCLG and one off partner funding.	-0.616

Transfers to reserves are detailed in Appendix 5.

#### 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 2020/21 this grant totalled £12.702m. 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 2020/21 is shown in the table below:

	<b>£</b>
Public Health Reserve (grant b fwd from 2019/20)	1,033,665
Public Health Grant allocation 2020/21	12,702,182
<b>Total Funding</b>	<b>13,735,847</b>
Funding applied during 2020/21	12,070,295
Grant carried forward to 2021/22	1,665,552

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: 2021/22 Public Health Grant: £12,808,327.

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

Dedicated Schools Grant totalled £101.318m in 2020/21, a small underspend of £0.456m (0.45%) during the year was added to the surplus of £0.12m brought forward to 2020/21 from the previous year, this meant that a year-end surplus of £0.576m has been carried forward to 2021/22.

The maintenance of a positive DSG balance 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. However, the Council's strong financial control, investment in additional staff focusing on post 16 and residential provision and positive relationships with schools have enabled budgetary control to be maintained. In addition, the national recognition of high needs cost pressures has led to additional resources being allocated to councils, including Telford & Wrekin.

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 £5.229m at 1 April 2020. The position on the main General and Special Fund Balances is now:

	£m
Balances at 1 <sup>st</sup> April 2020	<b>5.229</b>
Approved use (Full Council 26.11.20)	(0.200)
Transfer into reserve (see Appendix 5)	+0.151
2020/21 Final Contribution to Balances	+0.039
<b>Balances at 31<sup>st</sup> March 2021</b>	<b>5.219</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 general contingencies of £3.95m in 2021/22 and a prudent level of balances available to support the medium term strategy. The Government has also announced that the Sales, Fees & Charges compensation scheme (which compensates councils for 75% of eligible income shortfalls above a 5% deductible) will be extended to include the first 3 months of 2021/22; and further, another tranche of emergency funding is being awarded in 2021/22, totalling £5.178m for Telford & Wrekin Council, to cover ongoing Covid-related pressures.
- 5.3 A number of specific transfers to reserves are proposed which support the Council's priorities, Covid recovery and regeneration and the future service and financial planning strategy. These are included in the overall outturn position and are detailed in Appendix 5.
- 5.4 The balance of the Public Health ring-fenced grant has also been carried forward to 2021/22 (in line with the grant conditions see section 4.4 above) as has the residual balance of other grants received in year, in line with accounting requirements.
- 5.5 As planned and reported in financial monitoring reports to Cabinet during the year, funds have also been set aside to cover Council Tax and Business Rates income shortfalls which have arisen due to the Covid-19 pandemic. New accounting legislation requires shortfalls to be spread over 3 years, however setting aside funds in reserves in 2020/21 avoids placing an additional burden on the budget in these years. In total £4.9m has been earmarked to support these funding streams, £1m for Council Tax and £3.9m for Business Rates.

## **6.0 2020/21 CAPITAL PROGRAMME**

- 6.1 The capital programme for 2020/21 totalled £63.70m; spend at year end was £57.71m giving a year end variation of £5.99m which is summarised in the table below:

Service Area	Approved Estimate £m	Spend £m	% Spend £m	Year End Variance £m
Adult Social Care	0.21	0.09	44%	-0.12
Prosperity & Investment	23.41	23.22	99%	-0.19
Neighbourhood & Enforcement Services	22.89	20.48	89%	-2.41
Education & Skills	5.13	5.97	116%	+0.84
Housing, Employment & Infrastructure	5.45	4.74	87%	-0.71
Communities, Customer & Commercial Services	3.56	2.52	71%	-1.04
Health, Wellbeing & Commissioning	0.07	0.00	5%	-0.07
Policy & Governance	0.09	0.03	36%	-0.06
Finance & Human Resources	2.89	0.66	23%	-2.23
<b>Total</b>	<b>63.70</b>	<b>57.71</b>	<b>91%</b>	<b>-5.99</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>Prosperity &amp; Investment</u></b>	
Property Investment Programme – rephasing of programme including starter units at Newport Innovation and Enterprise Park within the £50m Growth Fund allocation.	+0.26
Asset management plan – rephasing of works within the Councils delivery programme	-0.10
Stronger Communities – programme delivery in line with construction profile	+0.67
Housing Investment – programme rephased in line with construction profile	+1.30
HE Land Deal, Board Schemes and Liability sites – rephasing of spend, mainly site preparation	-1.02
Get Building Fund – spend rephased to 2021/22	-1.13
<b><u>Neighbourhood &amp; Enforcement Services</u></b>	
Newport Innovation and Enterprise Package – rephasing of final retention under contract	-0.44
Integrated transport, highways, footpaths and drainage– schemes fully committed, but redirection of resources due to flooding in the Ironbridge Gorge	-1.01
Environmental Improvements –schemes fully committed, rephased to 2021/22	-0.45
LED Lighting – re-phased in line with programme delivery	-0.13
Service and financial approved schemes – fully committed for delivery in 2021/22	-0.17
A442 Challenge Fund – scheme design completed for delivery in 2021/22	-0.25
Active Travel Grant – scheme committed over a 2 year delivery period	-0.17

Safer Routes to Schools – accelerated programme delivery	+0.16
<b><u>Education &amp; Skills</u></b> Other School Schemes – spend rephased in particular on secondary school expansion projects in line with contractor schedules	+0.81
<b><u>Housing, Employment &amp; Infrastructure</u></b>  Pride in Your High Street – fully committed to spend in 2021/22  Housing - rephasing of spend, dependent upon third party project delivery  Housing – reprofile of empty property and affordable warmth funding	-0.13  -0.43  -0.15
<b><u>Communities, Customer &amp; Commercial Services</u></b>  ICT/eGov – spend re-profiled to 2020/21, all fully committed to future years  Customer Services System Development – spend fully committed in future years  Legacy Fund Schemes – spend committed to future years  Climate Change – re-profiling of projects to delivery in 2021/22	-0.45  -0.16  -0.19  -0.13
<b><u>Finance &amp; Human Resources</u></b>  Capitalisation of Efficiency Schemes/Severance costs	-2.23

- 6.3 There are a number of new approvals, virements and slippage which are also detailed in Appendix 4 and require formal approval.
- 6.4 The funding for the capital programme in 2020/21 included £5.785m estimated income from capital receipts. The actual income received in year was lower at £2.55m – the difference was mainly due to some receipts being delayed.

## **7.0 NUPLACE**

- 7.1 2020/21 was the sixth year of operation for Nuplace Ltd, the Council's wholly owned housing investment company. It was set up primarily to improve standards in the private rented sector and to offer homes for life to tenants operated by a responsible and responsive landlord. The principal activity of which is the procurement of the construction and management of private and affordable residential property for rent. The company was impacted by the COVID19 pandemic during 2022/21. Construction works at two development sites were suspended in March 2020 for a period of approximately 6 weeks, however the contractor remobilised and work is progressing, as a result sites are due to complete later than previously anticipated. Nuplace is working with its tenants to continue to offer support where appropriate.

Despite the challenges, the company completed the development of 37 units at Rowan View, Snedshill, taking the number of properties completed and available to let at 31 March 2021 to 366, of which 42 are available at affordable rents. In addition, 54 units at Maple Fields, Dothill are expected to reach completion within the first quarter of 2021/22, 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. Development has commenced on 46 housing units at Southwater Way in Telford Town Centre, of which 11 will be affordable housing, bringing the Nuplace portfolio to 466 units

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 9% (£5.3m) over the eight 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 2020/21 which will consolidate the Council and Nuplace's financial position.
- 7.3 Nuplace distributed a final dividend of £0.01 per ordinary share registered on 24<sup>th</sup> February 2021, totalling £156,000. The company reported an operating profit before taxation of £0.620m, £0.463m after tax. It should be noted that the Council has received income totalling £1.65m from Nuplace during 2020/21 net of additional interest and other costs which is a combination of interest paid relating to the loan agreement, dividend income 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. The financial benefits that arise from Nuplace are invested in providing front line services such as providing Adult Social Care and have helped to reduce the budget savings that would otherwise have had to been made as a result of Government grant cuts in recent years.

## 8.0 **CORPORATE INCOME MONITORING**

8.1 The Council's budget includes significant income streams which are regularly monitored. The three main areas are Council Tax, NNDR (business rates) and Sales Ledger. Out-turn information relating to these is provided below. The Council pursues outstanding debt vigorously, until all possible recovery avenues have been exhausted, but also prudently provides for bad debts in its accounts. In response to the coronavirus pandemic, the Council suspended usual recovery action, since recovery action recommended in August, the Council has adopted a proactive and supportive approach to debt recovery.

8.2 Collection rates for 2020/21 are:

2020/21 Outturn	
	Actual
Council Tax Collection	97.09%
NNDR Collection	96.34%
Sales Ledger Outstanding Debt	6.25%

### 8.3 **Council Tax (£92.4m)**

The percentage of the current year 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 2019/20 97.3%

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

Year End Actual	Last year Actual
97.09%	97.3%

Council Tax collection has out-turned at 0.21% behind last year's performance. Collection performance appears to have out-turned in a better position than was expected which in part will be due to:

- The deferral / payment holidays we offered at the start of the Covid pandemic
- The Covid hardship payments of £150 to working age Council Tax Reduction recipients
- Increased levels of surplus cash flow for households during the lockdown

#### 8.4 NNDR-Business Rates (£47m)

The % of business rates for 2020/21 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 2019/20 97.60%

Year End Actual	Last year Actual
96.34%	97.60%

NDR collection has out-turned at 1.26% behind last year's performance. Collection appears to have out-turned in a better position than was expected earlier in the year due to:

- The deferral / payment holidays we offered at the start of the Covid pandemic
- Almost £50m in Business Support Grants paid to businesses by the Council assisted with cash flow
- 100% retail discount relief for those in the hospitality, leisure and accommodation sectors.

There were a high level of appeals during 2020/21, which the Valuation Agency Office process. The value of outstanding appeals at the end of the year was in excess of £102m; clearly not all of these will be successful and those that are successful will not result in a reduction in rateable value to zero. However, if this trend continues, 2021/22 NDR income will be impacted. The position will therefore be closely monitored during 2021/22.

#### 8.5 Sales Ledger (£60.2m)

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 2020/21 are as follows:

Age of debt	Annual Target %	March 2021	
		£m	%
Total	4.70	3,763	6.25%

Sales ledger is outside of target although can tend to fluctuate from one month to the next. Some collection difficulties have been experienced due to Covid pandemic.



8.6 It is difficult to predict the ongoing impact of Covid-19 on income collection going forward and the position will be monitored closely during 2021/22. As mentioned in Section 5.5, funds have been set aside in reserves to meet the estimated cost of Business Rates and Council Tax shortfalls and future funding uncertainties.

9.0 **PREVIOUS MINUTES**

05/03/2020 – Council, Service & Financial Planning Strategy

18/06/2020 - Cabinet, 2019/20 Outturn Report

09/07/2020 – Cabinet, 2020/21 Financial Monitoring Report

16/07/2020 – Full Council, 2020/21 Financial Monitoring Report

05/11/2020 – Cabinet, 2020/21 Financial Monitoring Report

26/11/2020 – Full Council, 2020/21 Financial Monitoring Report

07/01/2021 – Cabinet, 2020/21 Financial Monitoring Report

14/01/2021 – Full Council, 2020/21 Financial Monitoring Report

18/02/2021 – Cabinet, 2020/21 Financial Monitoring Report

10.0 **BACKGROUND PAPERS**

2020/21 Budget Strategy and Financial Ledger reports

2021/22 Budget Strategy

2020/21 Financial Management Reports

Report Prepared by:

Ken Clarke, Director: Finance & H.R. (C.F.O.) – 01952 383100;

Pauline Harris, Corporate Finance Manager – 01952 383701