

<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 8</b>
<b>DATE OF MEETING:</b>	<b>16<sup>th</sup> MARCH 2017</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>DIRECTOR OF FINANCE AND CORPORATE SERVICES</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (01283 595811)</b> <a href="mailto:Kevin.stackhouse@south-derbys.gov.uk">Kevin.stackhouse@south-derbys.gov.uk</a>	<b>DOC:</b> u/ks/financial monitoring reports/2017/1 March
<b>SUBJECT:</b>	<b>BUDGET and FINANCIAL MONITORING 2016/17</b>	<b>REF</b>
<b>WARD (S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM 08</b>

## **1.0 Recommendation**

- 1.1 That the latest budget and financial position for 2017/18 as detailed in the report is considered and approved.

## **2.0 Purpose of the Report**

- 2.1 To provide progress on performance against budgets for the financial year 2016/17, together with an update on the Council's treasury management activities for the year.
- 2.2 Where applicable, the effects upon the Medium-Term Financial Plan (MTFP) are also noted.
- 2.3 The report details performance up to 31st January 2017 (unless stated otherwise) and is effectively a 3<sup>rd</sup> quarter update of income and expenditure for 2016/17.
- 2.4 The report covers:
- General Fund Income and Expenditure
  - Collection Fund
  - Housing Revenue Account
  - Capital Expenditure and Financing
  - Treasury Management
  - Financial Performance – Council Tax collection and invoice processing

### **3.0 Detail**

#### **GENERAL FUND REVENUE ACCOUNT**

- 3.1 Apart from Council Housing, day-to-day revenue income and expenditure on Council services is accounted for through the General Fund. The Net Expenditure is financed from the Council's Core Spending Power which contains:
- General Government Grant
  - Retained Business Rates
  - New Homes Bonus
  - Council Tax
- 3.2 The Base Budget for 2016/17, which was approved by the Council in February 2016, estimated a budget surplus of £856,917 for 2016/17. The large surplus reflected an anticipated increase in core funding between 2015/16 and 2016/17 of approximately £450,000 and in particular New Homes Bonus, Retained Business Rates and Council Tax income.
- 3.3 In addition, the base budget for income from Planning Fees was increased by £150,000 to reflect the increase in planning applications. Gross expenditure overall, was estimated to remain fairly static between 2015/16 and 2016/17.
- 3.4 Following an update to the MTFP, which was reported to the Committee in October 2016, a revised budget was approved which reflected known and approved changes since February. Overall, this increased the estimated surplus to £947,590 and was mainly due to:
- A lower increase in the national pay award for employees.
  - A lower cost of implementing the new Pay and Grading structure following Job Evaluation.
  - Restructure of Direct Services.
  - A reduction in the Leisure Management Contract Fee.
- 3.5 The revised budget for 2016/17 also allowed for the additional expenditure associated with the new Midway Community Centre, together with the restructure of Legal and Democratic Services.
- 3.6 The budget was again revised for known changes following the Annual Budget Round for 2017/18. This was to update the General Fund for:
- Additional income from Business Rates in 2016/17 (£352,000)
  - Additional contribution to the costs associated with Growth (£100,000)
- 3.7 The net effect was that the estimated surplus was increased by £252,000 for 2016/17 as reported to the Committee in January. The updated forecasted surplus for 2016/17 of £1,198,868 is summarised in the following table.

<b>Net Expenditure on Services</b>	<b>£11,126,668</b>
Less - Depreciation and Capital Charges	-£718,738
Add - Minimum / Voluntary Revenue Provisions	£354,353
Add - Contingent Sums	£385,339
<b>Total Estimated Spending</b>	<b>£11,147,622</b>
Less - Financing	-£12,346,490
<b>Estimated General Fund Surplus 2016/17</b>	<b>-£1,198,868</b>

## Position as at January 2017

- 3.8 A summary of the position to date and the projected position for the year compared to the Base Budget for each Policy Committee is shown in the following table.

£'s	ANNUAL			RESERVES	
	BUDGET	PROJECTED ACTUAL	PROJECTED VARIANCE	EARMARKED	GF/HRA
Environmental and Development	3,757,844	3,773,839	(15,995)	39,105	(55,100)
Housing & Community	2,333,655	2,050,659	282,996	200,797	82,199
Finance & Management	5,035,168	4,943,874	91,295	32,860	58,435
<b>TOTAL</b>	<b>11,126,668</b>	<b>10,724,069</b>	<b>358,296</b>	<b>272,761</b>	<b>85,534</b>

- 3.9 Although the above table shows that projected net expenditure is £358,296 lower than the base budget, approximately £272,000 is due to grant income and external contributions received mainly in Community Services, for on-going projects and capital schemes which stretch beyond 2016/17. This funding is transferred to specific reserves and drawn-down to finance expenditure when it is incurred.
- 3.10 Excluding transfers to earmarked reserves, the above table shows that based on current spending, there is a projected decrease in overall net expenditure across General Fund Services of approximately £85,000 compared to the base budget for the year.
- 3.11 This compares with smaller variances of £26,000 and £4,000 that were reported to the Committee in September and December 2016 respectively. An analysis by main service area is shown in the following table.

### Summary by Main Service Area

£'s	ANNUAL			RESERVES	
	BUDGET	PROJECTED ACTUAL	PROJECTED VARIANCE	EARMARKED	GF/HRA
Economic Development	246,712	232,327	14,384	0	14,384
Environmental Services	504,922	491,143	13,779	0	13,779

Highways	27,150	6,278	20,872	0	20,872
Licensing and Land Charges	(31,608)	(47,099)	15,491	0	15,491
Planning	362,547	293,929	68,618	7,000	61,618
Town Centre	66,780	73,855	(7,075)	0	(7,075)
Waste Collection & Street Cleansing	1,653,097	1,874,800	(221,703)	0	(221,703)
Environmental Education	72,479	40,374	32,105	32,105	0
Transport Account	855,766	808,232	47,534	0	47,534
Community Development and Support	530,412	523,821	6,592	28,490	(21,898)
Leisure and Recreational Activities	179,924	190,264	(10,341)	0	(10,341)
Leisure Centres and Community Facilities	541,310	209,308	332,001	272,307	59,694
Parks and Open Spaces	701,474	675,566	25,908	0	25,908
Private Sector Housing	380,536	451,700	(71,164)	(100,000)	28,836
Central and Departmental Accounts	3,423,361	3,341,339	82,022	75,149	6,873
Revenues and Benefits	408,271	440,937	(32,666)	(42,289)	9,623
Electoral Registration	154,842	190,724	(35,882)	0	(35,882)
Corporate and Democratic Costs	637,722	598,914	38,808	0	38,808
Payments to Parish Councils	342,446	349,295	(6,849)	0	(6,849)
Concessionary Travel	0	(9,065)	9,065	0	9,065
Property and Estates	(147,811)	(216,255)	68,444	0	68,444
Pensions and Interest	216,337	247,984	(31,647)	0	(31,647)
<b>TOTAL</b>	<b>11,126,668</b>	<b>10,768,372</b>	<b>358,296</b>	<b>272,761</b>	<b>85,534</b>

## Overview of Spending to date

3.12 The main reasons for the projected variance at this stage, with a comparison to previous quarters, are shown in the following table.

£'000	Q3	Q2	Q1
Salary savings (vacancies, maternity etc.) - E&D	-110	-55	-45
Increased Planning Fee Income	-100	0	0
Salary savings (vacancies, maternity etc.) - F&M	-92	-67	-43
Lower Fuel Costs	-58	-15	0
Lettings from Industrial and Commercial Units (lower void levels)	-55	-55	0
Leisure Management Contract - Cost Reduction on Contract extension	-50	-50	-52
Salary savings (vacancies, maternity etc.) - H&C	-45	-28	-6
Direct Services Restructure Saving	-43	-43	-43
Elected Members Savings (expenses)	-25	-10	-5
Waste Less Save More Project - Contribution to Staffing Costs	-20	-20	-20
Savings on Utilities - New Tendered Contract in place	-11	-12	0
Additional Income Due to Contract Renewal	-10	-10	0
Increased Interest on Cash Deposits	-9	-2	-3
Food Safety Licensing Income	-7	-15	-15
Audit Fee Reduction	-4	-10	0
Cemetery Fees	-2	-4	-7

Trade Waste Reduced Disposal Costs	0	-13	0
Markets - Potential Loss of Income (issue has now been resolved)	0	14	0
R&M Melbourne Leisure Centre	5	5	5
Termination Costs (Depot Restructure)	6	6	6
Deficit on Parking Enforcement (off-street parking)	7	7	7
Contribution to Area Forum Costs	8	8	0
HMRC Tax Charge Unbudgeted	9	9	9
Bank Charges	10	3	-7
Interim Director of Housing	14	0	0
Waste Collection - Calendar Printing and Promotions	18	0	0
Recycling - Disposal Costs	30	30	0
Pension Deficit	42	36	36
Additional Bin Purchases due to Growth in residential properties	61	0	0
Building Control Reduced Income	65	60	50
Cost of Temporary Waste & Transport Manager	74	63	63
Agency and Temporary Staff	94	86	36
Vehicle Hire	113	90	55
Other Variances (net)	0	-4	5
<b>TOTAL - OVERALL PROJECTED VARIANCE</b>	<b>-85</b>	<b>4</b>	<b>26</b>

3.13 Compared to previous quarters, further savings and income are projected, although additional costs continue to be incurred, in particular the cost of hired vehicles and the purchase of new bins in Direct Services.

3.14 Most variances have previously been reported. The preceding table shows that budget savings are currently being made from vacant posts, although these are generally being covered through temporary contracts and agency workers.

### **Purchase of Refuse Bins**

3.15 The increase in the number of residential properties in the 12 months to October 2016 of approximately 750 properties, has meant a higher than normal use of stock and the need to purchase new bins (*generally 3 bins per property*).

### **Income from Planning Fees and Building Control**

3.16 This is the main variance in income compared to previous quarters. Current income overall is now projected to be approximately £100,000 above that estimated in the base budget (£850,000 compared to a budget estimate of £750,000).

3.17 Conversely, income from Building Control continues to be below that estimated and is forecast to be approximately £65,000 below the base budget (£200,000 compared to £265,000).

## **Direct Services Restructure**

- 3.18 The saving from the Direct Services Restructure of £43,000 is that approved by the Committee in February 2016. However, as previously reported, this saving will be offset by the additional costs of a temporary Waste and Transport Manager who is providing cover for a secondment to the Waste Less, Save More Project.
- 3.19 A sum of £20,000 has been secured (from Sainsbury's) as a contribution towards these costs. Given the estimated cost of the temporary manager (£63,000) the restructure savings of £43,000, together with the £20,000 contribution, were utilised by December 2016.
- 3.20 However, this Manager was employed for some additional weeks, at a total cost (over approximately 10 months) of £74,000.

## **Fuel**

- 3.21 The cost of fuel continues to decrease compared to that estimated, with a forecasted actual of £232,000 for the year compared to a budget of £290,000. Although fuel prices have increased in recent weeks, this is being offset by more efficient use of the vehicles and forward planning of routes, etc.

## **Contingent Sums**

- 3.22 As previously reported, the costs of the Council's pay and grading structure, together with the national pay award for 2016/17, have been allocated from the contingent sums set-aside, direct into base budgets. The contingent sums now remaining are shown in the following table.

£	
Inflation	85,339
Growth	200,000
Waste Collection and Recycling	100,000
	<b><u>385,339</u></b>

- 3.23 It is unlikely that these contingencies will be required in the remainder of the financial year. As approved by the Committee in January, the Growth and Waste Collection contingencies will be transfered to an earmarked reserve for Growth.
- 3.24 The inflation reserve will be transfered back to the General Reserve unless any unforeseen expenditure occurs in the remainder of the financial year.

## **Provisions**

- 3.25 The following provisions were made in the Council's accounts in 2015/16 for liabilities due in 2016/17.

Provision For	£
Refund of Personal Land Searches	42,000
Planning Appeals	127,000
Early Termination Costs (Voluntary Redundancy)	9,000
<b>TOTAL PROVISIONS</b>	<b><u>178,000</u></b>

3.26 These provisions are being used in 2016/17.

### Core Grants and Funding

3.27 The Council's central funding remains unchanged from that previously reported and besides Retained Business Rates, is now fixed as shown in the following table.

Core Grants and Funding 2016/17	£'000
Council Tax	4,747
Retained Business Rates	3,527
New Homes Bonus	2,855
Revenue Support Grant	1,202
Collection Fund Surplus	20
<b>Total Core Funding 2016/17</b>	<b><u>12,351</u></b>

### THE COLLECTION FUND

3.28 The Collection Fund is the statutory account that records the collection of Council Tax and Business Rates and shows how that income has been distributed to the Government and Preceptors on the Fund, including this Council.

3.29 Any surplus or deficit on the Fund is transferred to the General Funds of the Preceptors, in proportion to precepts levied each year. The projected position on the Fund for 2016/17, based on transactions up to 31st January 2017, is detailed in **Appendix 1**.

3.30 This shows that the projected surplus balance on the Fund as at 31<sup>st</sup> March 2017 is currently £653,000 for Council Tax and £784,000 for Business Rates. In both instances, this is greater than estimated.

### Council Tax

3.31 The projected balance at the year-end is £718,000 compared to the budget estimate of £447,000. This is mainly due to an increase in the tax base (number of properties) as reported to the Committee in January.

3.32 During the recent Budget Round for 2017/18, the Council declared a surplus on the Collection Fund of £500,000 for 2016/17, well within the projected surplus as highlighted above. This will ensure that a balance remains in the Fund and if this again increases during 2017/18, the Council can consider a further share in January 2018.

## Business Rates

- 3.33 As previously reported, Business Rates incurred a deficit in 2015/16 due to a significant provision for appeals which were lodged by local businesses with the District Valuer, regarding their rateable value assessments. Consequently, this generated a deficit balance on the Collection Fund of £400,000 as at 31<sup>st</sup> March 2016.
- 3.34 During the budget round of 2016/17, the Council reported an estimated surplus on Business Rates for 2015/16 before the appeals position became known. This surplus (of £548,000) is being paid to preceptors in 2016/17. In addition, it was estimated that a further deficit would be incurred in 2016/17 of approximately £285,000.
- 3.35 Together, it was forecast that this would generate a deficit on the Collection Fund of approximately £1.2m as at March 2017. However, additional receipts in 2016/17 (compared to that estimated) are likely to create an in-year surplus and reduce the forecasted Fund deficit at the year-end to approximately £700,000.
- 3.36 The Council's share of approximately £280,000 will be deducted from the Business Rates Precept in 2017/18. This has been included in the Base Budget.

## HOUSING REVENUE ACCOUNT (HRA)

- 3.37 The Council is required to account separately for income and expenditure in providing Council Housing.
- 3.38 The approved HRA Budget for 2016/17 was set with an in-year surplus projected at £968,000. This was increased to a surplus of approximately £1.5m in October 2016, following a reprofiling of capital expenditure covering 2015/16 and 2016/17 as previously reported to the Committee, together with the latest estimates for the letting of new properties.
- 3.39 The position on the HRA as at January 2017 is summarised in the following table.

Summary HRA 2016/17	BUDGET £000	PROJECTED ACTUAL £000	PROJECTED VARIANCE £000
Total Income	-12,989	-13,041	-52
Contribution to Capital & New Build	3,795	3,795	0
Responsive & Planned Maintenance	3,231	3,231	0
Interest on Debt	1,690	1,630	-60
Supervision & Management	1,788	1,765	-23
Supported Housing & Careline Services	802	831	29
Provision for Bad Debts	44	44	0
Contingent Sums	180	180	0
<b>Surplus</b>	<b>-1,460</b>	<b>-1,565</b>	<b>-106</b>



3.40 The above table shows that overall the HRA should out-turn a surplus approximately £106,000 above that budgeted, compared with £77,000 at the half-year stage. The main variances are shown in the following table.

£'000	Q3	Q2	Q1
Interest Payable	-60	-57	0
Salary Costs due to vacancies	-39	-40	4
Favourable Rental Income	-32	-22	-3
Professional Fees	-11	-30	-2
Rechargeable Repairs Income	-11	-6	1
Favourable Court Fee Income	-9	0	0
DLO underspend due to reduction in contractor use	-6	-6	-9
Utilities Savings	-2	-5	-5
Adverse Supporting People Grant	20	20	20
Agency Staff	48	65	13
Other Variances (net)	-4	4	-1
<b>TOTAL - OVERALL PROJECTED VARIANCE</b>	<b>-106</b>	<b>-77</b>	<b>18</b>

3.41 The variances are those previously reported. The main cost reduction is the interest payable on debt. The interest payable on the variable element (£10m) was running at 0.67% as at 30<sup>th</sup> September 2016, compared to that budgeted of 1.7%. This is due to the continuation of low interest rates.

## **CAPITAL EXPENDITURE and FINANCING 2016/17**

3.42 The Capital Programme for 2016/17 was approved by the Committee in February 2016. This was then updated following the budget out-turn in 2015/16 to reflect expenditure and funding carried forward from 2015/16 due to slippage. It was then updated following the recent budget round to reflect the following:

- The deletion of the proposed New Build project at Yard Close, Swadlincote due to a change in estimated costs reducing the sustainability of the project.
- An increase in funding for Disabled Facility Grants.
- Slippage on several projects due to external funding and procurement being finalised. In particular, this relates to proposed schemes at Rosliston Forestry Centre (a new play area) Melbourne Assembly Rooms refurbishment and vehicle replacements.
- The addition of new projects, in particular the relocation of the Depot, together with some smaller schemes where external funding has been secured, for example, Swadlincote Town Hall and open space development (Newhall Skate Park).

3.43 Progress in 2016/17 across the main projects and schemes in the updated programme is shown in the following table.

Capital Spending 2016/17 (as at January 2017)	Approved Budget £	Quarter 3 £	Quarter 2 £	Quarter 1 £
Council House Capital Works	2,795,000	2,121,031	1,436,940	731,878
New Build Schemes - Phase 1	1,180,000	733,420	733,420	571,438
New Build - Phase 2 Acquisitions	1,725,000	1,207,155	1,196,510	0
Private Sector Housing Works	999,076	202,535	63,432	4,501
Environmental and Heritage Schemes	175,000	52,423	22,031	62
Swadlincote Woodlands Nature Reserve ( <i>deferred until 17/18</i> )	0	0	0	0
Rosliston Forestry Centre - Play Project ( <i>deferred until 17/18</i> )	0	0	0	0
Extreme Sports Active Zone/Cycling/Tennis	47,674	9,372	15,764	15,466
Community Partnership Scheme	77,211	42,359	17,391	5,560
Melbourne Leisure Centre ( <i>main expenditure in 2017/18</i> )	10,000	1,080	0	0
Melbourne Sporting Partnership	1,025,320	1,025,512	980,269	684,496
Open Space Development Project ( <b>Newhall Skate Park</b> )	23,100	24,495	21,954	21,954
Town Hall	21,600	0	0	0
Table Tennis Tables	12,000	10,303	0	0
Save More, Waste Less Project ( <i>Externally funded</i> )	127,610	79,676	60,217	35,483
Vehicle Replacements	0	0	0	0
Property Maintenance, Development and Refurbishment	91,000	38,810	32,710	28,756
Relocation of the Depot	1,854,500	153,405	0	0
<b>Total</b>	<b>10,164,091</b>	<b>5,701,574</b>	<b>4,580,638</b>	<b>2,099,594</b>

### Housing Capital Works and New Build

3.44 Works are substantially complete and final payments are being made during the remainder of the financial year.

### Private Sector Housing Works

3.45 During the first quarter, there was a slight delay in committing works until funding was confirmed for Disabled Facility Grants from the County Council. This funding was subsequently confirmed and works have now been committed.

3.46 In addition, the Council has recently secured additional resources of £341,000. It is unlikely that this will be spent or even committed before 31<sup>st</sup> March 2017 and will therefore be carried forward.

### Environmental and Heritage Schemes

3.47 This relates to the Swadlincote Town Centre Scheme following the award of funding earlier in the year. Detailed plans have recently been approved and it is expected that some spending to deliver approved projects will slip into 2017/18.

## Vehicle Replacements

3.48 No major replacements are anticipated in 2017/18. A vehicle management strategy and future replacement programme was approved by the Environmental and Development Services Committee on 17<sup>th</sup> November 2016.

### Relocation of the Council Depot

3.49 The budget in 2016/17 relates mainly to the purchase of the new units. Depending on final completion, these payments will be made on or around the year-end of March 2017. The refurbishment costs are then expected to be paid in 2017/18.

3.50 An update on the project is provided in a separate report in the exempt part of the Agenda.

## Housing Capital Receipts

3.51 There had been 18 council house sales up to 31<sup>st</sup> January 2017 as shown in the following table.

	Sales	Gross Receipts £	Less Pooled £	Retained £	% Retained
Quarter 1	3	£183,030	-£96,246	£86,784	47%
Quarter 2	5	£274,840	-£107,224	£167,616	61%
Quarter 3	10	£638,098	-£78,613	£559,485	88%
<b>Total</b>	<b>18</b>	<b>£1,095,968</b>	<b>-£282,083</b>	<b>£813,885</b>	<b>74%</b>

3.52 The net amount retained of £813,885 has been transferred to the New Build Reserve.

3.53 There have been a further 4 sales since January making a total of 22 to-date in 2016/17.

## General Capital Receipts

3.54 A receipt of £1m is expected in April 2017 from the final tranche of land sold as part of the development of William Nadin Way. This has previously been earmarked to finance the relocation of the Depot.

3.55 In addition, a ransom sum payment of £84,000 has been secured from land adjacent to the Pingle School. A further sum (still to be determined) is also due as an overage payment regarding the redevelopment of Chestnut Avenue, Midway. These amounts should be received before 31<sup>st</sup> March 2017.

## TREASURY MANAGEMENT

3.56 An analysis of the Council's borrowing and bank deposits is summarised in the tables which follow below. These show the position at 28th February 2017.

3.57 Debt outstanding is split between the HRA and the General Fund and this represents the "two pool" approach adopted for debt management.

01/04/16    28/02/17    Change  
£'000       £'000       £'000

#### Housing Revenue Account

Debt Outstanding (Average Rate 2.7%)	57,423	57,423	0
Capital Financing Requirement (CFR)	61,584	61,990	406
Statutory Debt Cap	66,853	66,853	0
Borrowing Capacity (Cap Less Debt o/s)	9,430	9,430	0

#### General Fund

Debt Outstanding	0	0	0
Capital Financing Requirement (CFR)	6,354	5,999	-355
Borrowing Capacity (CFR Less Debt o/s)	6,354	5,999	-355

#### Temporary Deposits and Short Term Borrowing

Temporary Bank and other Deposits	11,000	23,000	12,000
Less Parish Council Deposits	-28	-28	0
<b>Total - Short-term Cash Position</b>	<b>10,972</b>	<b>22,972</b>	<b>12,000</b>

Average Interest Rate	0.32%	0.31%	-0.01%
Average 7-Day Money Market Rate	0.50%	0.37%	-0.13%

### Short-term Deposits

- 3.58 The money invested of £23m was spread over 11 deposits, 8 with other local authorities and 3 with the Government's Debt Management Office. The totals together with the average interest rate are shown in the following table.

Debt Management Office (DMO)	£5	0.15%
Other Local Authorities	£18m	0.37%

- 3.59 Money on deposit with other local authorities tends to be for longer periods of up to 364 days. Deposits with the DMO are for shorter periods to manage cash flow.
- 3.60 Total interest accrued to date on all deposits totals £56,000 and is projected to be approximately £70,000 for the year. This compares with a budget estimate of £47,000.

### Lending Policy and Counterparty List

- 3.61 The Committee agreed an updated list and associated lending policy as part of the Treasury Management Strategy for 2017/18 in February. No changes are considered necessary at this stage, but the Counterparty List is kept under review and monitored by the Council's Treasury Advisors.

## **Financial Markets - Update**

- 3.62 Since the Treasury Management report in February, no major issues have arisen in the financial markets. The value of Sterling against other major currencies remains reasonably stable. At the latest monthly meeting of the Bank of England's Monetary Policy Committee (MPC) it was agreed to maintain the current Base rate at 0.25%.
- 3.63 However, inflation continues to steadily rise with the CPI measure at 1.8% in January 2017, having increased from 1% in September 2016. This is having an impact on food and fuel prices in particular.
- 3.64 Many forecasters still expect inflation to rise further over the next year and may increase above the MPC's target of 2%. At this level, the MPC may have to consider increasing interest rates. Clearly, this would benefit the Council if it continues to have money on deposit.

## **FINANCIAL PERFORMANCE**

- 3.65 Besides monitoring income and expenditure, together with treasury management indicators, progress and performance in local tax collection is also a key indicator of the Council's financial health. Overall collection rates, with a comparison to recent years, are shown in the following table.

<b>Collection Rates as at February 2017</b>	<b>Council Tax</b>	<b>Business Rates</b>
Actual 2013/14	97.80%	98.10%
Actual 2014/15	98.10%	98.30%
Actual 2015/16	97.80%	98.70%
Actual 2016/17 (to-date)	96.90%	93.50%
Forecast 2016/17	98.00%	98.70%

- 3.66 Performance is generally in line with that achieved in 2015/16. The 2015/16 rates for Council Tax were above average for shire districts and the Council's peer group, but slightly below average for Business Rates collection.
- 3.67 Actual performance for 2016/17, together with national comparisons, will be reported to the Committee later in the year.

## **Payments to Suppliers**

- 3.68 Under the Public Contracts Regulations 2015, the Council is required to publish its speed in processing payments to suppliers. Under the Regulations, the Council should pay all undisputed invoices within 30-days of receipt.
- 3.69 Although there is no specific penalty if this regulation is not complied with, individual suppliers have the right, under Late Payments Legislation, to claim interest on late payments. The rate of interest is 8% above the prevailing Bank of England Base Rate (currently 0.25%).

3.70 The Council's performance in 2015/16, together with that to-date in 2016/17, is shown in the following tables.

	No of Invoices	No. Paid in 30 Days	% Paid in 30 days	No. Paid in 10 Days	% Paid in 10 days
Apr-15	623	614	98.56%	531	85.23%
May-15	538	533	99.07%	473	87.92%
Jun-15	481	474	98.54%	415	86.28%
Jul-15	649	639	98.46%	555	85.52%
Aug-15	431	423	98.14%	383	88.86%
Sep-15	514	507	98.64%	444	86.38%
Oct-15	419	412	98.33%	354	84.49%
Nov-15	493	489	99.19%	398	80.73%
Dec-15	447	443	99.11%	403	90.16%
Jan-16	416	410	98.56%	322	77.40%
Feb-16	418	412	98.56%	333	79.67%
Mar-16	514	508	98.83%	396	77.04%
	5,943	5,864	98.67%	5,007	84.25%

	No of Invoices	No. Paid in 30 Days	% Paid in 30 days	No. Paid in 10 Days	% Paid in 10 days
Apr-16	435	429	98.62%	373	85.75%
May-16	379	370	97.63%	299	78.89%
Jun-16	582	544	93.47%	428	73.54%
Jul-16	457	446	97.59%	365	79.87%
Aug-16	566	553	97.70%	408	72.08%
Sep-16	482	476	98.76%	402	83.40%
Oct-16	411	405	98.54%	333	81.02%
Nov-16	597	588	98.49%	494	82.75%
Dec-16	336	332	98.81%	295	87.80%
Jan-17	446	432	96.86%	304	68.16%
Feb-17	424	406	95.75%	310	73.11%
Mar-17					
	5,115	4,981	97.38%	4,011	78.42%

3.71 Standard benchmarks are 97.5% for all invoices to be paid within 30 days and 65% for 10-day payments. The Council did not receive any claims or make any payments for late interest in 2015/16 or to-date in 2016/17.

#### **4.0 Financial Implications**

4.1 As detailed in the report

#### **5.0 Corporate Implications**

5.1 None directly

#### **6.0 Community Implications**

6.1 None directly

#### **7.0 Background Papers**

7.1 None

# APPENDIX 1

## COLLECTION FUND MONITORING 2016/17 (as at 31st January 2017)

	Actual 2015/16 £'000	Estimated 2016/17 £'000	1st Qtr Projection 2016/17 £'000	2nd Qtr Projection 2016/17 £'000	3rd Qtr Projection 2016/17 £'000
<b>COUNCIL TAX - INCOME &amp; EXPENDITURE</b>					
<b>INCOME</b>					
Council Tax Collectable	47,471	49,702	49,835	50,202	50,268

<b>EXPENDITURE</b>					
County Council Precept	34,295	36,109	36,109	36,109	36,109
Police and Crime Commissioner Precept	5,313	5,487	5,487	5,487	5,487
Fire and Rescue Authority Precept	2,137	2,206	2,206	2,206	2,206
SDDC Precept	4,599	4,747	4,747	4,747	4,747
SDDC Parish Precepts	668	679	679	679	679
Increase in Bad Debts Provision	248	258	259	552	553
<b>Total Expenditure</b>	<b>47,260</b>	<b>49,486</b>	<b>49,487</b>	<b>49,780</b>	<b>49,781</b>
<b>Surplus for the Year</b>	<b>211</b>	<b>216</b>	<b>348</b>	<b>422</b>	<b>487</b>

<b>COUNCIL TAX BALANCE</b>					
Opening Balance 1st April	696	407	407	407	407
Share of Previous Surplus to County Council	-364	-128	-128	-128	-128
Share of Previous Surplus to Police	-56	-20	-20	-20	-20
Share of Previous Surplus to Fire Authority	-23	-8	-8	-8	-8
Share of Previous Surplus to SDDC	-57	-20	-20	-20	-20
Surplus for Year (as above)	211	216	348	422	487
<b>Closing Balance as at 31st March</b>	<b>407</b>	<b>447</b>	<b>579</b>	<b>653</b>	<b>718</b>

<b>BUSINESS RATES - INCOME &amp; EXPENDITURE</b>					
<b>INCOME</b>					
Business Rates Collectable	23,351	23,534	24,284	24,682	24,204

<b>EXPENDITURE</b>					
Central Government Precept	10,990	11,767	11,767	11,767	11,767
SDDC Precept	8,792	9,414	9,414	9,414	9,417
Derbyshire County Council Precept	1,978	2,118	2,118	2,118	2,118
Fire and Rescue Service Precept	220	235	235	235	235
Cost of Collection	92	91	91	91	91
Transitional Protection Payments	26	0	0	0	26
Increase in Bad Debts Provision	90	94	97	99	80
Provision for Appeals	1,489	100	100	100	234
<b>Total Expenditure</b>	<b>23,677</b>	<b>23,819</b>	<b>23,822</b>	<b>23,824</b>	<b>23,968</b>
<b>Surplus / Deficit (-)</b>	<b>-326</b>	<b>-285</b>	<b>462</b>	<b>858</b>	<b>236</b>



**BUSINESS RATES BALANCE**

Opening Balance 1st April	647	-400	-400	-400	-400
Transfer of Previous Year's Surplus (-) / Deficit	-361	-274	163	163	-274
Transfer of Previous Year's Surplus (-) / Deficit	-288	-220	130	130	-219
Transfer of Previous Year's Surplus (-) / Deficit	-65	-49	29	29	-49
Transfer of Previous Year's Surplus (-) / Deficit	-7	-5	3	3	-5
Surplus / Deficit (-) for the Year as above	-326	-285	462	858	236
<b>Closing Balance as at 31st March</b>	<b>-400</b>	<b>-1,233</b>	<b>388</b>	<b>784</b>	<b>-712</b>