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<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 7</b>
<b>DATE OF MEETING:</b>	<b>6th DECEMBER 2012</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>CHIEF EXECUTIVE OFFICER</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (01283 595811) CHIEF FINANCE OFFICER <a href="mailto:Kevin.stackhouse@south-derbys.gov.uk">Kevin.stackhouse@south-derbys.gov.uk</a></b>	<b>DOC:</b> u/ks/financial monitoring reports/2012 4 December
<b>SUBJECT:</b>	<b>BUDGET and FINANCIAL MONITORING 2012/13</b>	<b>REF</b>
<b>WARD (S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM 08</b>

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## **1.0 Recommendations**

- 1.1 That the latest budget and financial monitoring figures for 2012/13 are considered and approved.
- 1.2 That an amount of £25,000 remaining from the Housing Capital Programme in 2011/12 is transferred to the Disabled Facility Grants Budget in 2012/13.

## **2.0 Purpose of Report**

- 2.1 In accordance with its financial management framework, the Council monitors income and expenditure against its budgets on a regular basis throughout the year. This is generally undertaken on a monthly basis, although more regular monitoring takes place on the more volatile and higher risk budgets such as housing repairs and ICT.
- 2.2 Financial information is available on-line to enable day-to-day monitoring within services. Formal monitoring involves budget managers together with their service accountant, meeting and reviewing performance against their particular budgets. This is intended to identify any variances as early as possible to enable remedial and timely action to be taken.
- 2.3 Overall financial performance and the major budget variances are reported to this committee throughout the year. In accordance with its Treasury Management Strategy, the Council monitors its lending and borrowing on a regular basis.
- 2.4 The Council's cash flow is monitored on a daily basis and reported monthly to the Council's Chief Finance Officer. Again, overall performance is reported to this Committee throughout the year.

2.5 This is the second monitoring report for the financial year 2012/13. It details performance up to 30th September 2012, i.e. the first half-year performance.

### 3.0 Detail

#### GENERAL FUND REVENUE ACCOUNT

3.1 Apart from Council Housing, day to day income and expenditure is accounted for through the General Fund. The net expenditure is financed from Government Grant and Council Tax, with any shortfall/deficit being financed from the Council's Reserves.

3.2 The original budget, which was approved in February 2012, estimated a budget deficit of £109,767 in 2012/13 to be financed from general reserves. The Budget included contingent sums set-aside for inflation, growth and the implementation of the local pay and grading review. The approved budget is summarised below.

<u>Approved Budget 2012/13</u>	(£)
Net Expenditure on Services	11,343,340
<b>Capital Accounting Adjustments</b>	
Reverse out Depreciation	-643,430
Add in Minimum Revenue Provision	262,000
Increase in provision for Bad Debts	25,000
<b>Contingent Sums</b>	
Pay and Grading - additional on-going resources	130,000
Provision for Inflation and General Growth	237,567
Waste Collection - Provision for Growth of the District	69,856
<b>Overall Net Revenue Expenditure</b>	<b><u>11,424,333</u></b>
<b>Financing</b>	
General Government Grant	-5,203,475
Council Tax Freeze Grant	-240,787
New Homes Bonus	-969,805
Council Tax Payers	-4,837,149
Collection Fund Surplus	-20,000
Section 106 Earmarked Reserve - Open Space Maintenance	-43,350
<b>Total - Financing</b>	<b><u>-11,314,566</u></b>
<b>Estimated Deficit for 2012/13</b>	<b><u>109,767</u></b>

3.3 Following a review of the Medium Term Financial Plan (MTFP) which was reported in October, the estimated deficit was revised down to £24,974. This was to reflect the effect of savings made in the early part of the financial year, offset by some one-off costs associated with service restructures. The changes are summarised in the following table.

Changes to Original Budget Deficit 2012/13		£
<b>Original Budget Deficit</b>		<b>109,767</b>
Reduction in Inflation and Growth Contingency		-137,567
Confirmed savings reported in 1st Quarter's monitoring ( <i>see below</i> )		-96,263
Restructure of Democratic Services (December 2011)		-27,793
Adjustment to Government Grant		239
Service Revisions in Pest Control (March 2012) - one-off costs		9,600
Restructure of Legal, Democratic and Licensing Services (March 2012)		21,900
Re-organisation of Direct Services (April 2012) - one-off costs		145,091
<b>Revised Deficit 2012/13</b>		<b><u>24,974</u></b>

### Confirmed Savings

3.4 These are savings already identified in 2012/13 and can be confirmed. An analysis is shown below.

AMOUNTS ALREADY CONFIRMED AND INCLUDED IN THE MTFP	
On-going reduction for past service Pension Deficit	-40,000
Refund of Pension Costs for 2011/12 - Corporate Services	-26,418
Corporate Training below that budgeted	-25,000
Savings in Central Accounts - Protective Clothing and Equipment	-19,845
Lower Payroll Costs	-10,000
<b>Sub Total</b>	<b>-121,263</b>
Less: Civic Office Alterations - Additional cabling and removal costs	25,000
<b>Total Confirmed Savings to-date in 2012/13</b>	<b><u>-96,263</u></b>

3.5 In summary, the Revised Budget for 2012/13 is shown below.

	Original Budget £	Revised Budget £	Change £
Net Expenditure on Services	11,343,340	11,395,875	52,535
Capital Accounting Adjustments	-356,430	-356,430	0
Contingent Sums	437,423	299,856	-137,567
<b>Overall Net Revenue Expenditure</b>	<b>11,424,333</b>	<b>11,339,301</b>	<b>-85,032</b>
Less - Financing	-11,314,566	-11,314,327	239
<b>Estimated Budget Deficit</b>	<b><u>109,767</u></b>	<b><u>24,974</u></b>	<b><u>-84,793</u></b>

3.6 In accordance with budget monitoring arrangements, the position on Net Expenditure on Services is the main area that is subject to on-going review. This is the amount that is directly managed and controlled by the various budget holders across the Council.

3.7 After adjusting for known changes, the above table shows that net expenditure on services is estimated to increase from £11,343,340 to £11,395,875 in 2012/13, i.e. £52,535.

## Latest Monitoring Figures

- 3.8 The Original Budget, together with major variances identified as at September 2012 is summarised in the tables, which follow. A full analysis of each service area at cost centre level with variances across each policy committee is detailed in **Appendices 1 to 3**. These appendices also show actual spend to-date, budget remaining, together with narrative on any assumptions, risks and reasons for major variances.

### Performance against Budget 2012/13 as at September 2012 (by Committee)

Summary by Policy Committee	Approved Budget £	Projected Actual £	Projected Variance £
Environmental and Development Services	3,955,591	3,971,885	16,294
Housing and Community Services	2,254,949	2,252,300	-2,649
Finance and Management	5,132,799	5,027,434	-105,365
<b>TOTAL</b>	<b>11,343,340</b>	<b>11,251,619</b>	<b>-91,720</b>

### Performance against Budget 2011/12 as at September 2012 (by Service)

Summary by Main Service Area	Approved Budget £	Projected Actual £	Projected Variance £
Economic Development	271,154	271,457	303
Environmental Health Services	639,170	613,083	-26,087
Highways	-3,310	-8,244	-4,934
Licensing and Land Charges	-54,214	-76,365	-22,151
Planning	484,105	442,611	-41,495
Town Centre	59,470	58,858	-612
Waste Collection & Street Cleansing	1,681,180	1,783,526	102,346
Environmental Education	70,616	67,249	-3,367
Transport Account	807,420	819,710	12,290
Community Development and Support	546,195	550,004	3,809
Leisure and Recreational Activities	130,524	131,689	1,166
Leisure Centres and Community Facilities	491,355	490,301	-1,054
Parks and Open Spaces	675,287	637,836	-37,451
Private Sector Housing	411,589	442,471	30,882
Central and Departmental Accounts	3,383,393	3,345,475	-37,917
Revenues and Benefits	157,242	202,460	45,218
Electoral Registration	132,930	106,502	-26,429
Corporate and Democratic Costs	922,739	891,686	-31,053
Payments to Parish Councils	310,980	310,980	0
Concessionary Travel	3,000	3,155	155
Property and Estates	-23,719	-42,287	-18,568
Pensions, Grants and Interest	246,234	209,463	-36,771
<b>TOTAL</b>	<b>11,343,340</b>	<b>11,251,619</b>	<b>-91,720</b>

- 3.9 The variances reflect the latest situation and although projected to out-turn at this level, could change during the remainder of the year. Areas of projected overspend are kept under review in order to mitigate the effects on the overall budget.
- 3.10 The previous tables show that based on current income and spending, there will be an overall decrease in net expenditure on services of £91,720 compared to the Original Budget for the year.
- 3.11 This compares to an estimated increase of £52,535 as highlighted in paragraph 3.7 (after allowing for known changes) i.e. a **positive overall variance of £144,255** (£91,720 + £52,535).

### Main Variances

- 3.12 The main variances that account for the projected variance of £144,255 are summarised in the following tables. They show services where current spending varies from the profiled budget (or expected level) as at September 2012. This could change over the remainder of the year and are areas that are kept under review.

Positive Variances	£
Lower costs to-date on waste collection, recycling and street cleansing	-65,445
Planning Services - overall staffing costs lower compared to Budget	-41,495
Additional income and lower costs overall across Environmental Health	-26,087
Additional income generated at Rosliston Forestry Centre (subject to winter months and share with Partners)	-23,889
On-going reduction in Members allowances and expenses, etc.	-21,112
Additional rent income from Industrial and Commercial Lettings	-18,568
Reduction in Financial Services Costs following transfer	-18,436
Lower Payroll Costs	-8,711
Other costs currently under profiled budget	-8,185
Income from Cemeteries greater than estimated	-7,681
<b>Total - Positive Variances</b>	<b>-239,609</b>
<b>Adverse Variances – CURRENT COST PRESSURES</b>	
Reduction in Deposit Interest (see Treasury Section)	30,921
Cost of temporary accommodation for homelessness (see below)	28,909
Trade waste income reduced compared to profiled budget	23,234
Greater maintenance on Transport Fleet	12,290
<b>Total - Adverse Variances</b>	<b>95,354</b>
<b>TOTAL - OVERALL VARIANCE</b>	<b>-144,255</b>

### Cost of Temporary Accommodation

- 3.13 This has been subject to a review by the Council's Overview and Scrutiny Committee. Arising out of this review, an alternative method to provide better accommodation and reduce costs has been considered and approved by the Housing and Community Services Committee.  
(<http://cmis.south-derbys.gov.uk/CmisWebPublic/Binary.ashx?Document=14220>)

## **Insurance Premiums**

- 3.14 During the last quarter period, the Council has renewed its premiums for the year 1<sup>st</sup> October 2012 to 30<sup>th</sup> September 2013. This has been completed in accordance with a 5-year Long-term Agreement (LTA) with the Council's insurers which ends in September 2015.
- 3.15 The LTA, which was tendered in September 2010, restricts the insurers from raising premiums due to price, inflationary or other market pressures. The only increases that can be applied are those relating to the number of claims or if the basis/risk on which the premium is calculated significantly changes, e.g. number of staff employed, or value of property, etc.
- 3.16 The Insurers can break the LTA, but then the Council has the option of retendering.
- 3.17 Total premiums across all policies are expected to increase by approximately £24,000 in 2012/13 from £290,000 to £314,000. This is due to:
- An increase in the valuation of property for insurance purposes (£10,000).
  - An increase in motor vehicle claims (£11,000).
  - Terrorism/Sabotage cover added to the Business Interruption Policy (£3,000).

## **Motor Vehicle Claims**

- 3.18 These have increased over the past year. As part of the renewals process, a risk management review was agreed which will be provided by the Insurers. This will examine accidents and procedures, etc. involving the Council's Fleet and provide training and guidance to reduce future incidents.
- 3.19 The review will cost £5,000 as a one-off charge. However, this amount would have been added to the base premium in any case. Therefore, it is considered to be a better use of the "resource" to reduce future premiums.

## **Contingent Sums**

- 3.20 The Revised budget continues to include the following contingent sums totaling approximately £300,000
- Pay and Grading - additional on-going resources 130,000
  - Provision for Inflation and General Growth 100,000
  - Waste Collection - Provision for Growth of the District 70,000

- 3.21 Over recent years, there has been only a limited need to draw on these sums. Clearly, the additional resources for the new local pay model depend on implementation of the pay and grading review. It is likely that there will be a limited requirement to drawdown these amounts.

## HOUSING REVENUE ACCOUNT (HRA)

- 3.22 The Council is required to account separately for income and expenditure in providing Council Housing.
- 3.23 2012/13 is the first year under the self-financing framework which was introduced in April 2013. The approved HRA Budget was set with a small surplus of £30,346. Performance on the HRA is detailed in **Appendix 4**.
- 3.24 There are no major variances to-date. Additional staff are still to be appointed to support the delivery of the capital programme.
- 3.25 Spending on repairs is fairly close to the profiled/target budget overall as at September 2012 with rental income also on track.

### Rent Arrears

- 3.26 Current tenant's arrears have increased during the first half of the year. It is considered that is due mainly to the current financial climate. Additional communication with tenants and more regular monitoring of debts is being undertaken by housing officers to improve the situation. This will be kept under review.

## CAPITAL EXPENDITURE and FINANCING 2012/13

- 3.27 Progress to-date is summarised in the table below.

<u>Capital Spending Compared to the Budget as September 2012</u>	Approved Budget 2012/13 £	Actual @ Sept 2012 £
Council House Improvements	4,351,219	1,285,574
Private Sector Housing and DFGs	879,000	151,368
Leisure and Community Development	2,150,731	265,646
Environmental Schemes	89,000	14,121
Property Maintenance	106,794	0
	<b>7,576,744</b>	<b>1,716,709</b>

**Note: The Budget for DFGs includes £1/2m provision for the Council's own housing stock funded from HRA capital.**

### Council House Improvements

- 3.28 Under self-financing, the capital programme for 2012/13 has increased significantly compared to previous years. The Committee approved the programmed spend during the last Budget Round.
- 3.29 The increased programme has meant that some existing contracts have been re-negotiated (where allowable) whilst additional spend in several other areas is currently subject to the procurement process.

3.30 Consequently, actual spending to-date is lower than anticipated. The Housing and Committee Services Committee considered progress to-date on 11<sup>th</sup> October. They agreed some changes to the original programme to ensure that overall spend in the year will be on target.

<http://cmis.south-derbys.gov.uk/CmisWebPublic/Binary.ashx?Document=14169>

### **Disabled Facility Grants**

3.31 Following the redevelopment and major adaptation work to a property in Buxton Close, Newhall, resources remain of approximately £25,000. This was a capital scheme in 2011/12 for which additional external funding was generated leading to a reduction in Council resources required. These resources are currently set-aside in an earmarked reserve.

3.32 All works have been completed and no further costs remain. Therefore, a request has been received to transfer these resources to supplement the budget for Disabled Facility Grants in 2012/13.

### **Leisure and Community Development**

3.33 The programme in this area was increased during the Budget Round with additional resources approved for several large projects to develop and enhance sporting and recreational facilities. These projects are dependent to some extent on external funding and partnership working where spending will be incurred beyond this financial year.

3.34 An update on progress on the main schemes is summarised below.

### **Green Bank Leisure Centre**

3.35 Following the successful wet side changing accommodation project an application was made to Sport England for £150,000 towards further refurbishment works. A decision is expected on this application by December.

3.36 The full scope of the works will be completed following this funding decision. The Procurement Framework is being finalised. Work is continuing on identifying the building maintenance responsibilities of the Council which will require further investment in future years.

3.37 There is an immediate need to complete works on the installation of a new sauna which will be completed imminently and may result in an overspend on the 2012/13 maintenance budget of £12,000.

3.38 A further issue for determination on the Green Bank works is to settle on the compensation figure for the loss of income during the completed and future refurbishment works. The Council is responsible for this compensation payment and historical usage patterns are being used to agree a figure.

## **Etwall Leisure Centre**

- 3.39 The Football Foundation has confirmed the offer of a grant of £238,000 towards the £490,000 cost of an Artificial Grass Pitch. This means with the Council and Schools funding all ready in place the project can be delivered and it is hoped building works will commence in February, 2013.
- 3.40 A further project to invest £300,000 in fitness and dance has been developed and a bid to the Sport England Inspired Facilities fund for £68,000 has been made. The Planning and Procurement Framework requirements are being finalised.
- 3.41 The proposed developments at Etwall and Green Bank Leisure Centres are being part funded by Active Nation and their completion will be linked to the negotiations around Management Contract extension (a 3 year extension is available to both parties) and a reduced contract fee. These negotiations will be progressed rapidly with an intention to report to Housing and Community Services Committee early in the New Year.

## **Melbourne Sporting Partnership (MSP)**

- 3.42 This has now been legally formed and partners have committed to its future. A project team has been formed and work has progressed on funding bids and project specifications.
- 3.43 A successful bid for £50,000 was made to Sport England and a bid to the Derbyshire County Council Community Buildings Fund for £250,000. Work is currently being undertaken with the Sport England approved drainage consultants to complete a drainage plan for the whole site

## **Melbourne Leisure Centre**

- 3.44 The lease for the Centre has been transferred to the Community Group for an initial 5 year period although negotiations are already underway with regard to a long lease. The Community Group are developing a series of funding bids some of which will require a longer lease period than 5 years for final approval. The refurbishment of the “managers” house has been completed and has been let as a residential property since August.

## **Rosliston Forestry Centre**

- 3.45 The provision of a new toilet block, together with an outdoor shelter and classroom has been designed. Some issues with funding and specifications being greater than budget. Alternative options and funding streams are being pursued.
- 3.46 The opportunity to bid to Derbyshire County Council for ‘Aiming High’ funding has also arisen. This funding is to support short breaks/visits for families with disabled children and a package of works totaling £100,000 has been submitted. This includes facilities for wheelchair archery and shooting, improved access and interpretation, over night accommodation improvements,

outreach laser games equipment and support for the disabled elements of the proposed toilet block.

### **Eureka Park**

- 3.47 A funding application has recently been submitted to provide resources to restore the heritage features of the park. A decision is expected later in the year and the project will also be dependent upon Section 106/Community Infrastructure contributions.

### **Gresley Old Hall**

- 3.48 The Council is continuing to work with the Trustees to deliver a scheme of facility improvements at the site, most of which have now been completed including the relocation of the bowls pavilion from Maurice Lea Memorial Park. The improvements are being funded by a Section 106 contribution generated from nearby residential development.

### **Hilton Village Hall**

- 3.49 Plans for an extension have been put out to tender. However, the estimated costs are still above funding available through Growth Point. The local project team has investigated loan finance but without additional grant funding this is prohibitive. Following conversations with the architect a decision has been made to phase the build with phase 1 commencing in November.

### **Rosliston Business Units**

- 3.50 As previously reported, there is still an outstanding claim associated with the construction of the Business Units at Rosliston Forestry Centre. A notice of adjudication was served on the Council on 30<sup>th</sup> October 2012 and this is now subject to due process.
- 3.51 No financial provision has been made for any additional costs and if necessary, would need to be financed from General Reserves.

### **Capital Receipts**

- 3.52 With the implementation of the self-financing framework, Council policy is to reinvest all receipts (after the 75% pooling payment to Government) from the sale of council houses into the housing stock.
- 3.53 Under the Government's model for the debt settlement, it was assumed that a certain level (or target) of council house sales would continue each year and this was reflected in the Council's debt take-on.
- 3.54 This was set at an average of 9 sales over the 30 year settlement period, with 5 being the target for 2012/13. Once this target is reached, further sales trigger a separate pooling calculation which is designed to ensure a greater proportion of capital receipts can be retained locally to be reinvested in New Build Expenditure.

## Government Guarantee

- 3.55 As previously reported, the Council entered into an Agreement with the Government to enable it to retain these receipts. The pooling mechanism calculates, after allowing an amount for the debt associated with each unit sold, a net figure that is retained and that must be spent on New Build within 3 years of its receipt.
- 3.56 These receipts will be known as **1-4-1 receipts**. All 1-4-1 receipts calculated in each financial quarter can only be used as a contribution to total expenditure equating to no more than 30%.
- 3.57 For example, if 1-4-1 receipts totaled £15,000 in the quarter ending September 2012, this would mean that the Required Amount of New Build Expenditure would be £50,000 by September 2015.
- 3.58 Expenditure can be greater than £50,000 in total, although clearly the difference between the allocated 1-4-1 receipts and the total expenditure will need to be funded from other resources.
- 3.59 However, if the Required Amount is not spent within 3 years, then the Council would need to repay the additional receipts retained back to the Treasury with interest added.
- 3.60 The Housing and Community Services Committee considered options for delivering New Build in October. (<http://cmis.south-derbys.gov.uk/CmisWebPublic/Binary.ashx?Document=14175>)
- 3.61 Work is now in progress to produce a fully detailed and costed plan which the Committee will be asked to consider in early 2013.

## Council House Sales to-date

- 3.62 As at 30<sup>th</sup> September, 5 sales were completed. An analysis of the receipts and how they have been allocated under the pooling mechanism is shown in the following tables.

### ANALYSIS OF COUNCIL HOUSE SALES 2012 / 13

Receipts Received	337,425
Less Allowable Costs	-6,500
Less Allowable Debt	-163,024

**Amount subject to Share**

**167,901**

### Split

SDDC Share	45,678
Treasury Share (Pooling Payment)	109,551
Initially Retained 1-4-1 Receipts	12,672

**167,901**

<b>Required Amount of New Build Expenditure by September 2015</b>	42,240
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### Cash Retained

For General Reinvestment	52,178
To Repay Debt / Reinvestment (to be confirmed)	163,024
For New Build	12,672
	<b>227,874</b>
Add Pooling Payment	109,551
<b>Total Receipts Received</b>	<b><u>337,425</u></b>

- 3.63 The table shows that out of approximately £337,000 received to-date, £227,000 has been retained. Of this retained amount, £52,000 can be used at the discretion of the Council, with £12,672 being calculated as 1-4-1 receipts. This generates a required new build expenditure of £42,240 by September 2015.
- 3.64 An amount of £163,024 has also been retained. This represents the debt attributable to the units sold as calculated under the pooling mechanism. In principle, this should be set-aside to repay debt but there is no statutory requirement to do so.
- 3.65 It is recommended that utilisation of this amount is considered as part of the HRA'S longer term financial projection review in the forthcoming Budget Round.

### Land Sales

- 3.66 Besides council house sales, the HRA could also retain all receipts from any sales of housing land (normally 50% is pooled). A outline strategy to meet Government regulations for retaining and reinvesting all proceeds was approved by the Committee in June 2012.
- 3.67 To retain all receipts from land sales, they must be reinvested in the provision of low cost affordable housing or the regeneration of un-used land. Detailed options are currently being considered, although proceeds could be used to supplement New Build, subject to the approval of the Council's External Auditor.
- 3.68 It is likely that some receipts from land sales will be generated during 2012/13.

### General Fund Receipts

- 3.69 No sales are currently anticipated in 2012/13, although the depot redevelopment project is on-going and will eventually generate a capital receipt for reinvestment in other non-housing projects.

## TREASURY MANAGEMENT

3.70 An analysis of the Council's borrowing and short-term investments/bank deposits is summarised in the tables, below. This shows the position at 30th September 2012. Debt outstanding is split between the HRA and the General Fund and this represents the "two pool" approach adopted for debt management with the implementation of self-financing.

Debt Outstanding - HRA	1/04/2012 £'000	30/09/12 £'000	Change £'000
Self-financing Debt (Average rate 2.7%)	57,423	57,423	0
Market Loan (4.875% fixed)	1,000	1,000	0
Transferred Assets (variable rate currently 1%)	279	279	0
<b>Total Debt Outstanding - HRA</b>	<b>58,702</b>	<b>58,702</b>	<b>0</b>
Capital Financing Requirement	62,860	62,860	0
Debt Cap (Fixed on Self-Financing)	66,853	66,853	0
Borrowing Headroom (Cap Less Debt o/s)	8,151	8,151	0

### Debt Outstanding - General Fund

Actual Loans o/s	0	0	0
Capital Financing Requirement (CFR)	6,578	6,578	0
Borrowing Headroom (CFR Less Debt o/s)	6,578	6,578	0

### Temporary Investments and Borrowings

Temporary Bank and other Deposits	3,000	10,071	7,071
Less Parish Council Deposits	-113	-53	60
Temporary Debt	0	0	0
<b>Total - Short-term Cash Position</b>	<b>2,887</b>	<b>10,018</b>	<b>7,131</b>

Average Interest Rate Earned (Cumulative)	0.74%	0.26%	-0.48%
Target - Average 7-Day Rate	0.62%	0.48%	-0.14%

## Debt Outstanding

3.71 This is largely fixed and no repayments are anticipated during the financial year. £10m of the HRA Self-financing Debt is at variable rates. These rates continue to remain historically low (0.7%) and therefore, it is unlikely, that any revisions to the Treasury Management Strategy will be required as far as managing this part of the debt portfolio.

## Short-term Investments

3.72 As previously reported, the Council's lending list has become considerably constrained by the reduction in credit ratings of major financial institutions. The Council's deposits continue to remain safe and easily accessible with other local authorities and the Government's Debt Management Office (DMO).

3.73 However, as the above table shows, the overall rate earned is currently well below the market average, although clearly the rates in both circumstances are extremely low.

3.74 Total interest earned to-date totals approximately £12,000. The estimate for the year is £50,000, although it is now projected to be in the region of £20,000.

## OTHER FINANCIAL INDICATORS

3.75 These are reported to monitor the efficiency of financial services. In addition, the collection rates are targets that form part of the Income Guarantee arrangement under the Partnership with Northgate. The processing of benefit claims are also key performance indicators which are subject to default conditions if they are not achieved.

3.76 The indicators are detailed in the following table.

	Annual Volumes	2011/12 Actual	Yearly target	Actual Sept 2012	Actual Sept 2011	At Risk
<b>Collection Rates</b>						
Council Tax in-year Collection	£42.9m	97.90%	97.40%	58.33%	58.55%	No
Council Tax Arrears Collection	£4.1m	22.30%	26.70%	12.49%	15.34%	Yes
Business Rates Collection	£21.4m	97.10%	96.10%	59.78%	59.04%	No
Recovery of Housing Benefit Overpayments	£0.6m	31.50%	34.20%	16.62%	20.31%	Yes
Sundry Debtor Collection (incl. Arrears)	£4.5m	87.20%	82.60%	73.50%	57.11%	No
<b>Benefits Processing (Average Time)</b>						
New Claims	3,500	16 Days	18 Days	16 Days	16 Days	No
Change of Circumstances	19,000	7 Days	8 Days	8 Days	7 Days	No
<b>Financial Efficiency</b>						
Council Tax Base (number of dwellings)	32,494	32,313	32,494	32,534	32,112	No
Percentage of Invoices paid within 30-days	5,900	97.10%	97.50%	98.50%	95.80%	No
Percentage of Invoices paid within 10-days	5,900	74.40%	65.00%	79.40%	66.80%	No
Number of Payments made Electronically	49,600	91.30%	90.00%	93.10%	91.70%	No

3.77 Performance on council tax arrears collection and the recovery of housing benefit overpayments continue to be reviewed in order to improve performance.

## Comparison with other Authorities

3.78 The Council continues to benchmark collection rates and benefits processing with its “family group” as determined by the Audit Commission. This group contains district authorities that are considered to have similar characteristics to that of South Derbyshire. Comparisons are detailed in **Appendix 5**.

3.79 Overall, performance on benefits processing compares very favorably with other authorities, whilst collection rates perform more poorly in comparison.

#### **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