

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 8
DATE OF MEETING:	29th NOVEMBER 2018	CATEGORY: DELEGATED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (01283 595811) kevin.stackhouse@south-derbys.gov.uk	DOC: s/finance/committee/2018-19/Nov 18
SUBJECT:	BUDGET and FINANCIAL MONITORING 2018/19	REF
WARD (S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 08

1.0 Recommendation

1.1 That the latest budget and financial position for 2018/19 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 2018/19.
- 2.2 Where applicable, the effects upon the Medium-Term Financial Plan (MTFP) are also noted.
- 2.3 The report details performance up to 30th September 2018 (unless stated otherwise) and is effectively the 2nd quarter's update of income and expenditure for 2018/19.
- 2.4 The report covers:
- General Fund Income and Expenditure
 - Collection Fund
 - Housing Revenue Account
 - Capital Expenditure and Financing
 - Financial Performance Indicators

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 2018/19, which was approved by the Council in February 2018, estimated a budget deficit of £161,270 for 2018/19. This was then updated in October 2018 in the Medium Term Financial Plan to a surplus of £778,399. The movement related to approved changes by this Committee plus an increase to the expected Business Rates retained in year and is summarised in the following table.

	£
Base Budget	12,066,591
Reverse out Depreciation	-871,666
Minimum / Voluntary Revenue Provisions	336,861
Contingent Sums	650,177
Total Estimated Spend	12,181,963
Financing	-12,960,362
Estimated Surplus	-778,399

Position as at September 2018

- 3.3 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.

Budget Monitoring - September					
Summary by Policy Committee					
COMMITTEE	ANNUAL			RESERVES	
	BUDGET	PROJECTED ACTUAL	PROJECTED VARIANCE	EARMARKED	NET EFFECT ON GF
	£	£	£	£	£
Environmental and Development	4,367,019	4,390,722	23,702	(3,847)	27,549
Housing & Community	2,644,404	2,402,282	(242,122)	(249,260)	7,138
Finance & Management	5,055,168	4,557,889	(497,279)	(458,375)	(38,904)
TOTAL	12,066,591	11,350,892	(715,698)	(711,482)	(4,216)

- 3.4 Although the above table shows that projected net expenditure is £715,698 lower than the base budget, approximately £711k is due to grant income, external contributions and receipts received from developers under Section 106 agreements, for on-going projects and capital schemes which stretch beyond the current year 2018/19. This funding is transferred to specific reserves and drawn-down to finance expenditure when it is incurred.
- 3.5 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 £4k compared to the base budget for the year.
- 3.6 An analysis by main service area is shown in the following table.

Budget Monitoring - September

Summary by Main Service Area

MAIN SERVICE AREA	BUDGET			RESERVES	
	BUDGET	PROJECTED ACTUAL	PROJECTED VARIANCE	EARMARKED	NET EFFECT ON GF
	£	£	£	£	£
Economic Development	251,238	250,833	(406)	0	(406)
Environmental Services	516,373	488,813	(27,561)	0	(27,561)
Highways	44,548	45,190	641	0	641
Licensing and Land Charges	(638)	(9,048)	(8,409)	0	(8,409)
Planning	604,687	545,608	(59,079)	3,064	(62,143)
Town Centre	95,137	96,166	1,029	0	1,029
Waste Collection & Street Cleansing	2,157,599	2,331,827	174,228	34,000	140,228
Environmental Education	79,052	38,141	(40,911)	(40,911)	0
Central & Departmental Accounts	619,022	603,192	(15,831)	0	(15,831)
Community Development and Support	571,808	555,895	(15,913)	(32,294)	16,381
Leisure and Recreational Activities	188,722	180,373	(8,349)	0	(8,349)
Leisure Centres and Community Facilities	565,115	367,304	(197,810)	(201,514)	3,704
Parks and Open Spaces	894,731	946,687	51,957	47,732	4,225
Private Sector Housing	424,029	352,023	(72,006)	(63,183)	(8,823)
Central and Departmental Accounts	3,265,361	3,179,631	(85,730)	(25,790)	(59,940)
Revenues and Benefits	497,162	550,778	53,616	(9,991)	63,607
Electoral Registration	207,232	207,232	(0)	0	(0)
Corporate and Democratic Costs	571,610	577,575	5,966	0	5,966
Payments to Parish Councils	359,832	359,832	0	0	0
Concessionary Travel	0	(415)	(415)	0	(415)
Property and Estates	(166,027)	(176,410)	(10,383)	0	(10,383)
Pensions, Grants, Interest and Receipts	319,998	(140,335)	(460,333)	(422,594)	(37,739)
TOTAL	12,066,591	11,350,892	(715,698)	(711,482)	(4,216)

Overview of Spending to date

3.7 The main reasons for the projected variance at this stage, is shown in the following table.

	£'000
Salary savings (vacancies, maternity etc.) - E&D	-198
Salary savings (vacancies, maternity etc.) - F&M	-178
Salary savings (vacancies, maternity etc.) - H&C	-41
Investment Income	-38
Increased Environmental Health Income	-20
Lettings from Industrial and Commercial Units	-20
Vehicle Spare Parts	-16
Increased Personal Searches Fee Income	-13
Increased Street Naming Income	-5
Staff Advertising	5
External Legal Support	8
Tools - Bodycams and Calibrators for Environmental Health	9

Tree & Sewer Works Unbudgeted	10
Markets Additional Costs	12
Traveller's Site Transfer to County	15
Revenues and Benefits System Upgrades and Support	19
Building Control Income	20
DMA Review Costs	25
Reduced Income Household Waste	37
NNDR Rateable Value Finder Fee	76
Vehicle Hire	80
Agency and Consultancy Costs	205
Other Variances (net)	4
TOTAL - OVERALL PROJECTED VARIANCE	-4

3.8 Budget savings are currently being made from vacant posts although these savings are partially offset by agency and consultancy costs to support service areas. Salary savings total £417k with support costs totaling £205k.

3.9 Building Control income is lower than anticipated. This has expected to be adverse and is due to lower market share. The transfer of this service to the Shared Service Arrangement hosted by Lichfield District Council in April 2019 is underway after approval by this Committee earlier in 2018.

3.10 Household Waste is expected to be adverse on income by year-end due to a lower than expected final income receipt for 2017/18 from County Council.

3.11 Costs incurred using external resource to review the Council's management structure under the Decision Making Accountability (DMA) principle has been reported previously and can be absorbed within contingent sums set-aside within the MTFP.

3.12 The cost of employing an external company to source rateable value on businesses not currently on the Council's revenues system has been included in contingent sums. Additional Business Rates revenue will be generated in 2018/19 and should offset the additional costs.

3.13 The other main variance is the cost of vehicle hire which is due to growth of the District plus an aging vehicle fleet. Growth expenditure can be absorbed within contingent sums.

3.14 Vans have been ordered to replace aging vehicles and are being delivered in phases, the final delivery being expected by the end of November. There is a requirement to order two sweepers and these are to be part of a procurement exercise for delivery in 2019/20.

Other Variances

3.15 The future management of the Town Centre Market is being reviewed. In the meantime additional costs are being incurred.

- 3.16 Increases on Industrial Unit income is due to a reduction in void properties and is expected to be a favourable variance by year-end.
- 3.17 Tree works on cemeteries and sewer works to help with the prevention of flooding were unbudgeted at the level incurred to date but were necessary to complete.
- 3.18 The Traveller's site at Lullington was transferred back to Derbyshire County Council during February 2018. The date of transfer was unknown at the point of budgeting for 2018/19. Previously, the County had contributed towards the central establishment costs whilst the site was under the Council's management. These costs will now not be recovered in year.

Contingent Sums

- 3.19 The following sums have been provided in the base budget but not allocated to specific budgets.

	£
Pay and Grading review	10,000
Waste Collection and Recycling	100,000
Growth	316,800
Leadership Restructure Saving	92,000
Costs of Rateable Value Finder	100,000
Apprenticeship Levy	31,377
Total	<u>650,177</u>

Provisions

- 3.20 The following provisions were made in the Council's accounts in 2017/18 for liabilities due in 2018/19.

	£
Planning appeals	108,000
Redundancy	63,811
Total Provisions	<u>171,811</u>

- 3.21 The provision for the redundancy has been settled and paid during the first quarter of 2018/19. Final costs for the provision for planning appeals are still to be determined.

Core Grants and Funding

- 3.22 The Council's central funding, besides Retained Business Rates, is fixed for the year as shown in the following table.

Core Grants and Funding 2018/19	£
Council Tax	5,169,071
Retained Business Rates	4,985,318
Discretionary Business Rates Relief Scheme	49,000
New Homes Bonus	2,701,973
Collection Fund Surplus	55,000
Total Funding	<u>12,960,362</u>

- 3.23 The final amount for Business Rates will depend upon income and expenditure during the year, including any return from the Derbyshire 100% Business Rates Pilot.
- 3.24 The latest projection regarding Business Rates has been updated and is shown in the table below. This shows that additional business rates retained are projected to be £350,000 (£5,335k - £4,985k) greater than estimated. The projection of £5.3m includes the additional £1m retained from the Business Rates Pilot in 2018/19 which has previously been set-aside for economic regeneration projects.

	Estimate £'000	Projection £'000
Approved Precept	13,338	13,338
Tariff paid to Derby City Council	-8,242	-8,242
S31 Grants - Business Rates Relief	1,020	1,020
Transitional Protection Payments	0	350
Payment to Derbyshire Pool	-825	-825
Business Rates surplus / deficit (-) 2018/19	0	-537
Net amount received in retention system	5,291	5,104
Declared deficit 2017/18	-306	-306
Reversal of deficit 2018/19	0	537
Total Business Rates Retained	4,985	5,335

THE COLLECTION FUND

- 3.25 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.
- 3.26 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 2018/19, based on transactions up to 30th September 2018, is detailed in **Appendix 1**.
- 3.27 This shows that the projected surplus balance on Council Tax is approximately £1,917k, with a projected deficit balance of approximately £501k on Business Rates.

Council Tax

- 3.28 The projected balance at the year-end is approximately £1,917k compared to the budget estimate of £1,453k. This is due to the continuing increase in the tax base (number of properties).
- 3.29 The budget was based on a Tax Base of 32,467 Band D equivalent properties (after exemptions and discounts) with the total number of dwellings on the valuation list numbering 42,994. At the end of September 2018, the actual Tax Base amounted to 33,302 (+ 835) with the overall number of properties at 43,964 (+ 970).
- 3.30 During the Budget Round for 2018/19, the Council declared a surplus on the Collection Fund of £500,000 and this is being paid to Preceptors in the current financial year as shown in Appendix 1. It is anticipated that income will continue to increase with further residential development.
- 3.31 The Precepts are fixed payments for the year. The only other variable is the provision for bad debts which is calculated at the year-end. Even allowing for any further increase in the estimated amount, there will be a continuing surplus on

Council Tax. The Council's share is approximately 11% and the amount available will be considered during the 2019/20 Budget Round.

Business Rates

- 3.32 The majority of appeals lodged by local businesses with the Valuation Office from the 2010 Valuation have now been settled. Large provisions are still required in the accounts for the remaining outstanding 2010 appeals plus any new appeals lodged after the 2017 Valuation.
- 3.33 The deficit on the Fund is being charged back to the General Funds of the Preceptors in 2018/19, 50% of this is met by the Council. The deficit is likely to be lower than forecast in 2018/19, although this will depend on the outcome of appeals and any additional appeals that may be lodged arising from the latest Valuation.
- 3.34 As Appendix 1 shows, receipts are currently lower than forecast but this is anticipated to rise during the second half of 2018/19 due to a growth in the Tax Base, together with increases arising from the 2017 Rating Valuation.
- 3.35 The Council's share of the projected Fund deficit in 2018/19 (at 50%) is approximately £537k ($£1,073k * 50%$) as shown in the table in 3.24

INSURANCE PREMIUM

- 3.36 The Council's insurance premium has been renewed with Zurich Municipal Insurance and has increased by £23k, 6.5% higher than 2017/18. The additional cost against budget has resulted in a £12k adverse variance but has only impacted the HRA.
- 3.37 Motor vehicle claims have risen during 2018 which has led to an increased premium of £10k. Training is to be provided by Zurich to vehicle users as part of the Risk Management Fund that is paid within the Council's premium.
- 3.38 Increases on Public Liability (£6k) and Employers Liability (£2k) are based on the salaries paid by the Council which has increased by 3% in year due to incremental rises and the nationally agreed pay award.
- 3.39 Other larger increases have been seen on Terrorism (£1k), Housing Properties (£2k) and All Risks (£2k) which have been inflated at a standard 3%.

GENERAL FUND SUMMARY

- 3.40 A summary of the actual spend versus the current Base Budget is listed below and takes into account the projected increase in Business Rates plus the costs incurred that can be covered by contingent sums.

	£
Projected Variance to Budget	-4,216
Projected Additional Business Rates Retained (paragraph 3.24)	-350,000
Expenditure Absorbed in Contingent Sums:	
Rateable Value finder	-76,000
DMA Review Costs	-25,000
Projected Variance	-455,216

HOUSING REVENUE ACCOUNT (HRA)

- 3.41 The Council is required to account separately for income and expenditure in providing Council Housing.
- 3.42 The approved HRA Budget for 2018/19 was set with an estimated surplus of £1,098k. This was amended to a surplus of £293k as reported in the MTFP in October 2018.
- 3.43 Reductions to the surplus were due to increases in the valuation of dwellings which has resulted in a higher depreciation charge. The capital expenditure inclusive of debt repayment must equal the depreciation charged in year under legislation regarding HRA self-financing.
- 3.44 The position on the HRA as at September 2018 is summarised in the following table.

Summary HRA 2018/19	BUDGET	PROJECTED	PROJECTED
	£000	ACTUAL	VARIANCE
	£000	£000	£000
Total Income	-12,626	-12,613	13
Contribution to Capital & New Build	2,543	2,543	0
Responsive & Planned Maintenance	3,143	2,882	-261
Interest on Debt	1,798	1,688	-110
Supervision & Management	1,907	1,888	-19
Supported Housing & Careline Services	795	795	0
Provision for Bad Debts	100	100	0
Provision for Debt Repayment	1,992	1,992	0
Asset Replacement Contribution	45	45	0
Contingent Sums	11	11	0
Surplus	-293	-670	-377

- 3.45 The above table shows that overall the HRA is projected to show an increased surplus of £670k which is £377k more than the revised budget. The main variances are shown in the following table.

	£'000
Repairs & Maintenance	-130
Salary savings (vacancies, maternity etc.)	-129
Over Budgeted Interest Charges	-110
Materials Spend	-50
Insurance Claim Settlement	-26
Additional Careline Income	-15
Vehicle Hire	6
Insurance Premium	12
Reduced Rent due to Right to Buy	16
Agency and Consultancy Staff	58
Other Variances (net)	-9
TOTAL - OVERALL PROJECTED VARIANCE	-377

- 3.46 The main variances are due to vacant posts partially offset by agency and consultants to support services, reduced materials and repairs spend due to contract expiry.
- 3.47 Variable rate interest charged is lower than budgeted and is expected to continue at a lower rate for the remainder of the year. The budget is based on an interest rate of 3.0% but the actual charged on the variable element is 0.79%.
- 3.48 An insurance claim for a Council house fire in Melbourne during 2017/18 has now been settled. The costs of the fire were incurred in last financial year.
- 3.49 As noted within the MTFP reported in October, the reduced rental income due to Right to Buy is having an impact as the reduction is at a greater rate than budgeted. This has been offset by the increased contribution towards Careline during the year but is still a big risk to the HRA.
- 3.50 The increased insurance premium charge has been explained in more detail at 3.38 but will be adverse for the HRA due to a lower than anticipated increase to the base budget in the 2018/19 budget cycle.

CAPITAL EXPENDITURE and FINANCING 2018/19

- 3.51 The Capital Programme for 2018/19 was approved by the Committee in February 2018. This has been updated following the budget out-turn in 2017/18 to reflect expenditure and funding carried forward from that year.
- 3.52 Progress in 2018/19 across the main projects and schemes in the updated programme is shown in the following table.

Capital Spending 2018/19 (as at September 2018)	Approved Budget £	B/fwd 2017/18 £	Updated Budget 2018/19 £	Spend to-date £
Council House Capital Works	2,118,000	0	2,118,000	582,916
New Build Schemes	751,513	0	751,513	495
Private Sector Housing Works	946,000	792,553	1,738,553	64,354
Environmental and Heritage Schemes	268,948	-8,843	260,105	145,169
Swadlincote Woodlands Nature Reserve	37,000	0	37,000	0
Rosliston Forestry Centre - Play Project	130,000	0	130,000	0
Community Partnership Scheme	250,000	25,988	275,988	10,000
Eureka Park	0	0	0	22,585
Town Hall Windows	0	0	0	15,076
Vehicle Replacements	633,040	614,866	1,247,906	751,348
Depot Relocation	0	0	0	47,264
Sale of Land	0	0	0	11,946
Dellner Factory Premises	0	0	0	2,080
Property Maintenance, Development and Refurbishment	130,000	89,732	219,732	0
Total	5,264,501	1,514,296	6,778,797	1,653,233

Council House Capital Works and New Build Schemes

- 3.53 Major improvement works are currently under review and new tenders are required. Updates to the programme of works are to be reported later in the year. There is likely to be an underspend in this area in 2018/19 to carry forward into 2019/20.
- 3.54 The final New Build project at Lullington Road is still in the early stages and has a funding agreement in place with the Housing and Communities Agency. This project is to be picked up by the Strategic Housing Manager over the coming months with starts on site forecast in quarter 3.

Private Sector Housing Works

- 3.55 Income received from the Better Care Fund (BCF) in previous years has been carried forward awaiting approval of future schemes. The BCF Board have now approved projects and these have been reported to Housing & Community Services Committee in June 2018.
- 3.56 Expenditure on Disabled Facilities Grants are included within the BCF allocation.

Environmental and Heritage Schemes

- 3.57 This relates to the Swadlincote Town Centre Scheme following the award of funding in 2016/17.
- 3.58 The scheme is progressing well with a number of the grant projects being undertaken over the summer months. This is the final year of the scheme and the full budget will be utilised during the year.

Leisure and Community Schemes

- 3.59 Match funding of £18k from Veolia Environmental Trust has been secured for the Swadlincote Woodlands Nature Reserve project and work is set to commence later in 2018/19.
- 3.60 The Rosliston Play Project is on hold until a full review of services at Rosliston Forestry Centre has been undertaken after the transfer back to the Council in April 2018. Any underspend will need to be carried forward into 2019/20.
- 3.61 The capital element of the Eureka Park project is now complete with final funding to be claimed from the HLF.
- 3.62 New windows for the Town Hall have been funded through revenue contributions and earmarked reserves alongside funding from the Swadlincote Heritage Town Centre Scheme.

Vehicle Replacements

- 3.63 Replacement of 8 refuse freighters has now been complete and 12 vans have been delivered during quarter 2 with the remaining 17 due by the end of November.

Relocation of the Council Depot

- 3.64 The project was complete during 2017/18 with a final cost for network support being received in 2018/19. This cost can be contained within the contingency for provisional items and no further costs are expected to be incurred.

Other Capital Items

- 3.65 The sale of land costs incurred to-date are for two sites approved for sale by this Committee. These costs will be offset by the capital receipts expected in year.
- 3.66 Final costs for works at the Dellner Factory site are to be funded by an earmark reserve set-aside a number of years ago. The works were completed in 2017/18 with final charges being received during 2018/19.

Housing Capital Receipts

- 3.67 There have been 17 council house sales up to 30th September 2018 as shown in the following table. The net amount retained of £944,021 has been transferred to the New Build Reserve.

	Sales	Gross Receipts	Less Pooled	Retained	
	£	£	£	£	%
Quarter 1	11	757,300	-77,900	679,400	90%
Quarter 2	6	342,520	-77,900	264,620	77%
Total	17	1,099,820	-155,799	944,021	86%

- 3.68 There has been 1 further sale since September making a total of 18 to-date in 2018/19.
- 3.69 Repayment of a right to buy discount of £17.6k for a sale in a previous year has also been received by the Council. This has been transferred to the New Build Reserve.
- 3.70 A sum of £45k has been received during September 2018 for a deed of release for land at Nettlefold Crescent, Melbourne. This receipt will also be transferred to the HRA New Build Reserve.

General Capital Receipts

- 3.71 There has been one capital receipt in July 2018 of £290k for land at William Nadin Way and further sales of land at Staley Close and the old Depot site on Darklands Road are expected to generate receipts in 2018/19.

FINANCIAL and OTHER PERFORMANCE

- 3.72 In addition to the Corporate Plan, the Corporate Resources Directorate also maintain a set of key performance indicators to monitor the progress of its services. These indicators, although more operational, also relate back to the main aims in the Corporate Plan and are contained in the Directorate's Service Plan.
- 3.73 The indicators are maintained to ensure that each service area meets its intended outcomes and is a measure of its success. Several of the indicators are governed by statute. The targets are based on current benchmarks and are designed to improve on previous year's performance.
- 3.74 The indicators for 2018/19, together with progress to September 2018, are detailed in **Appendix 2**. Four indicators are currently behind target, Council Tax collection rate, ICT down time, prompt payment of 97% of supplier invoices and FOI responses but they should be rectified over the remainder of the financial year.

Payments to Suppliers

- 3.75 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.
- 3.76 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 0.75%).
- 3.77 Overall performance against this indicator is shown in Appendix 3. The Council's detailed performance in 2017/18, together with that to-date in 2018/19, is shown in the following tables.

	<u>No. of Invoices</u>	<u>No. Paid in 30 Days</u>	<u>% Paid in 30 days</u>	<u>No. Paid in 10 Days</u>	<u>% Paid in 10 days</u>
Apr-17	326	317	97.24%	223	68.40%
May-17	448	429	95.76%	313	69.87%
Jun-17	409	380	92.91%	289	70.66%
Jul-17	524	504	96.18%	320	61.07%
Aug-17	549	535	97.45%	381	69.40%
Sep-17	525	457	87.05%	351	66.86%
Oct-17	420	401	95.48%	266	63.33%
Nov-17	627	603	96.17%	464	74.00%
Dec-17	353	339	96.03%	199	56.37%
Jan-18	573	543	94.76%	373	65.10%
Feb-18	458	433	94.54%	324	70.74%
Mar-18	419	411	98.09%	318	75.89%
	5631	5352	95.05%	3821	67.86%

	<u>No. of Invoices</u>	<u>No. Paid in 30 Days</u>	<u>% Paid in 30 days</u>	<u>No. Paid in 10 Days</u>	<u>% Paid in 10 days</u>
Apr-18	383	373	97.39%	258	67.36%
May-18	513	496	96.69%	331	64.52%
Jun-18	468	459	98.08%	363	77.56%
Jul-18	446	437	97.98%	276	61.88%
Aug-18	516	473	91.67%	319	61.82%
Sep-18	450	432	96.00%	315	70.00%
	2776	2670	96.18%	1862	67.07%

- 3.78 Standard benchmarks are 97.5% for all invoices to be paid within 30 days and 65% for 10-day payments.
- 3.79 The reduced level of payments within 30 days in August was due to a rise in the number of invoices received accompanied by resource issues over the holiday period. This resulted in finance staff and operational managers not being available within the usual tight time frames to approve and pay invoices. This target is set to be achieved by the year-end.

3.80 The Council did not receive any claims or make any payments for late interest in 2017/18 or to-date in 2018/19.

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 2018/19 (as at 30th September 2018)

	Actual 2017/18	Estimated 2018/19	2nd Qtr Projection 2018/19	Notes
COUNCIL TAX - INCOME & EXPENDITURE	£'000	£'000	£'000	
INCOME				
Council Tax Collectable	53,295	57,026	57,494	Estimated Increase in Tax Base and Precepts at 7%
EXPENDITURE				
County Council Precept	38,345	41,302	41,302	As approved by Full Council 26th Feb 2018
Police and Crime Commissioner Precept	5,715	6,253	6,253	As above
Fire and Rescue Authority Precept	2,297	2,426	2,426	As above
SDDC Precept	4,942	5,169	5,169	As above
SDDC Parish Precepts	756	773	773	As above
Increase in Bad Debts Provision	-68	570	575	Estimated at 1% of income
Total Expenditure	51,987	56,493	56,498	
Surplus for the Year	1,308	532	996	
COUNCIL TAX BALANCE				
Opening Balance 1st April	613	1,421	1,421	Per Final Accounts 2017/18
Share of Previous Surplus to County Council	-367	-367	-367	As approved by Full Council 26th Feb 2018
Share of Previous Surplus to Police	-56	-56	-56	As above
Share of Previous Surplus to Fire Authority	-22	-22	-22	As above
Share of Previous Surplus to SDDC	-55	-55	-55	As above
Surplus for Year (as above)	1,308	532	996	
Closing Balance as at 31st March	1,421	1,453	1,917	

	Actual 2017/18	Estimated 2018/19	2nd Qtr Projection 2018/19
BUSINESS RATES - INCOME & EXPENDITURE	£'000	£'000	£'000

INCOME

Business Rates Collectable	24,457	26,635	25,405
Transitional Protection Payments	590	873	873
Total Income	25,047	27,508	26,278

Estimate as per NNDR1

EXPENDITURE

Central Government Precept	12,402	0	0
SDDC Precept	9,922	13,338	13,338
Derbyshire County Council Precept	2,232	13,071	13,071
Fire and Rescue Service Precept	248	267	267
Cost of Collection	91	91	91
Increase in Bad Debts Provision	145	266	254
Provision for Appeals	-428	473	330
Total Expenditure	24,612	27,506	27,351

Per NNDR1 Submission

As above

As above

As above

Estimated at 1% of income

Estimated at 1.3% of income (forecast is NNDR1)

Surplus / Deficit (-)

435 2 -1,073

BUSINESS RATES BALANCE

Opening Balance 1st April	-1,339	-192	-192
Transfer of Previous Year's Surplus (-) / Deficit	356	382	382
Transfer of Previous Year's Surplus (-) / Deficit	285	306	306
Transfer of Previous Year's Surplus (-) / Deficit	64	69	69
Transfer of Previous Year's Surplus (-) / Deficit	7	7	7
Surplus / Deficit (-) for the Year as above	435	2	-1,073
Closing Balance as at 31st March	-192	574	-501

Per Final Accounts 2017/18

Per NNDR1 Submission

As above

As above

As above

Corporate Plan Aim	Measure	Annual target 2018/19	Performance as at September 2018
Maintain financial health	Deliver a balanced budget in accordance with the statutory timetable	Balanced budget agreed by the Council on 27 th February 2019	Not due until 2019
Maintain financial health	Produce regular budget monitoring information	Performance against budget reported to the Council on a quarterly basis	Completed
Maintain financial health	Through better procurement, generate budget savings directly or through supporting other services	Total cashable savings cover the costs of administration and management, estimated at £30,000 for 2018/19	Procurement exercises to-date have related to Capital replacements and one-off projects. Retendering of certain supplies and services will be undertaken in the second half of the year. Currently, no major services or contracts subject to procurement.
Maintain financial health	Collection of Council Tax	In-year Collection Rate of at least 98%	0.5% under target at Q2 but expected to be on target by year-end
Maintain financial health	Collection of Business Rates	In-year Collection Rate of at least 98%	0.33% over target due to changes to the focus on collection
Maintain financial health	Housing Benefit Subsidy Local Authority Error Rate is below target threshold set by the DWP	Less than 0.48%	Not due until 2019
Maintain financial health	Arrears for Council Tax, Business Rates and Housing Benefit Overpayments	Reduction in the annual Provision for Bad Debts	Not due until 2019
Maintain financial health	Identification of Fraud	Value of fraud identified meets service costs of £35,000	Target met £88k achieved to-date (compared to £88k in 2017/18)

Maintain financial health	Lettings of Industrial and Commercial Properties	Achieve 90% occupancy of all units and less than 10% of properties with rent arrears greater than 3 months	98.67% of units let and 4% arrears greater than 3 months
Maintain financial health	Income from Land Searches	Service breaks-even	Due to additional income, a surplus of £8k is currently being achieved
Good Governance	Produce a draft set of Accounts and Financial Statements for Annual Audit and Inspection	31st May 2018	Completed
Good Governance	Completion of Approved Internal Audit Plan and outcomes reported to the Audit Sub-Committee	At least 90% completed (<i>this is monitored by the Audit Sub-Committee</i>)	On track. Audit Plan agreed and jobs allocated as reported to the Audit Sub-Committee on 19 th September 2018.
Customer Focus	Minimise downtime of IT	Downtime is less than 1% over the year	0.75% downtime in Q1, 2.1% downtime Q2 with YTD at 1.4%. Each month remains around 0.7% however the August figure of 4% has had an effect on the overall total. Issue: website filter appliance stopped working limiting the internet connection within the Council. There was a supplier issue and steps have been taken to mitigate against further outages.
Customer Focus	Prompt payment of invoices for goods and services	97% of undisputed invoices paid within 30 days	2,670 invoices from a total of 2,776 (96%) were paid within 30 days due to a large influx of invoices during the holiday period in August. This will be on target by year-end.
Customer Focus	Prompt payment of invoices for goods and services	65% paid within 10 days for local suppliers	67% (1,862 invoices) were paid within 10 days
Customer Focus	Freedom of Information requests answered within the statutory time limit	98% of requests satisfactorily answered with 20 days	As reported to the Committee in November 2018, 92% and 95% were answered in the six months to September 2017 and September 2018 respectively