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<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM:9</b>
<b>DATE OF MEETING:</b>	<b>20th MARCH 2014</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/2014/1 March
<b>SUBJECT:</b>	<b>BUDGET and FINANCIAL MONITORING 2013/14</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 Recommendation**

1.1 That the latest budget and financial monitoring figures for 2013/14 are considered and approved.

## **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 undertaken on at least a monthly basis.

2.2 Financial information is available directly on the Council's Financial Management System 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 and actioned on a daily basis, with monthly reports summarising activity provided to the Chief Finance Officer. Again, overall performance is reported to this Committee throughout the year.

2.5 This is the third monitoring report for the financial year 2013/14. It details performance up to 31st January 2014.

### 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 2013, estimated a budget deficit of £138,675 in 2013/14 to be financed from general reserves. As in previous years, the Budget included contingent sums set-aside for inflation, growth and the implementation of the local pay and grading review. The Budget is summarised in the following table.

Net Expenditure on Services	£11,462,987
Depreciation and Capital Charges (in above)	-£689,023
Minimum Revenue Provision	£250,000
Contribution to Bad Debts Provision	£20,000
Contingent Sums	£377,538
<b>Total Estimated Spending</b>	<b>£11,421,502</b>
Financing	-£11,282,827
<b>Deficit</b>	<b>£138,675</b>

- 3.3 Following the updated Medium Term Financial Plan, which was considered by the Committee on 20<sup>th</sup> February, the following approved adjustments were made to net spending to reflect:

- Savings from the Senior Management Restructure (£146,491)
- Savings in Corporate Services and E-committees (£33,509)
- Apportionment of recharges to the HRA (£273,878)
- Provision for purchase of Green Bins – first installment (£54,831)

- 3.4 These adjustments reflected definite savings previously identified and resulted in a revised budgeted surplus for the year of £260,372 as shown in the following table.

Net Expenditure on Services	£11,009,109
Depreciation and Capital Charges (in above)	-£689,023
Minimum Revenue Provision <i>(including provision for new Green bins)</i>	£304,831
Contribution to Bad Debts Provision	£20,000
Contingent Sums	£377,538
<b>Total Estimated Spending</b>	<b>£11,022,455</b>
Financing	-£11,282,827
<b>Revised Estimated Surplus</b>	<b>£260,372</b>

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 (£11,009,109) that is directly managed and controlled by the various budget holders across the Council.

- 3.5 Following a half-yearly review, which was reported to the Committee in December, an overall reduction in net expenditure of approximately £280,000 was forecast for the year. This included the Senior Management Restructure and savings in Corporate Services.

### Latest Monitoring Figures

- 3.6 The Budget, together with major variances identified as at January 2014 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**.
- 3.7 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 2013/14 as at January 2014 (by Committee)

Summary by Policy Committee	Revised Budget £	Projected Actual £	Projected Variance £	Earmarked Reserves £	General Reserve £
Environmental and Development Services	3,835,893	3,449,705	-386,188	-99,863	-286,324
Housing and Community Services	2,424,950	2,173,366	-251,584	-150,626	-100,958
Finance and Management	4,748,266	4,777,342	29,075	25,421	3,654
<b>TOTAL</b>	<b>11,009,109</b>	<b>10,400,413</b>	<b>-608,697</b>	<b>-225,069</b>	<b>-383,628</b>

## Performance against Budget 2013/14 as at January 2014 (by Service)

Summary by Main Service Area	Revised Budget £	Projected Actual £	Projected Variance £	Earmarked Reserves £	General Reserve £
Economic Development	270,951	251,689	-19,262	0	-19,262
Environmental Health Services	543,756	508,607	-35,149	0	-35,149
Highways	22,152	7,252	-14,900	0	-14,900
Licensing and Land Charges	-35,755	-68,472	-32,717	0	-32,717
Planning	560,804	247,300	-313,505	-100,000	-213,505
Town Centre	71,466	66,680	-4,786	0	-4,786
Waste Collection & Street Cleansing	1,508,856	1,517,202	8,346	0	8,346
Environmental Education	71,013	71,150	137	137	0
Transport Account	822,650	848,298	25,649	0	25,649
Community Development and Support	535,841	471,542	-64,298	-63,169	-1,129
Leisure and Recreational Activities	108,967	109,302	335	1,694	-1,359
Leisure Centres and Community Facilities	620,226	511,309	-108,918	-103,086	-5,831
Parks and Open Spaces	700,822	692,673	-8,149	3,132	-11,281
Private Sector Housing	459,094	388,540	-70,554	10,803	-81,357
Central and Departmental Accounts	3,033,710	3,129,860	96,151	31,751	64,400
Revenues and Benefits	294,819	294,818	-1	0	-1
Electoral Registration	106,754	128,779	22,025	-6,330	28,355
Corporate and Democratic Costs	867,498	809,025	-58,473	0	-58,473
Payments to Parish Councils	311,182	311,182	-0	0	-0
Concessionary Travel	3,000	-9	-3,009	0	-3,009
Property and Estates	-79,724	-109,941	-30,217	0	-30,217
Pensions, Grants and Interest	211,027	213,628	2,601	0	2,601
<b>TOTAL</b>	<b>11,009,109</b>	<b>10,400,413</b>	<b>-608,697</b>	<b>-225,069</b>	<b>-383,628</b>

3.8 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.

3.9 The previous tables show that based on current income and expenditure, there will be a decrease in net expenditure (after allowing for adjustments between earmarked reserves) of £383,628 compared to the Revised Budget for the year.

### Transfers to/from Earmarked Reserves

3.10 Where amounts are positive (mainly in Leisure, Community Development and Planning) this relates to either funding received which will not be used in 2013/14, or expenditure yet to be incurred which is financed from earmarked reserves.

3.11 Amounts relating to Private Sector Housing and IT in particular, relate to expenditure incurred but which will be financed from earmarked reserves.

## Main Variances

3.12 The main reasons that account for the projected variance of £383k are summarised in the following table. They show services where current spending is expected to vary compared to the Budget as at January 2014. This could change over the remainder of the year and all areas are kept under review.

	£'000
Additional Income Compared to Budget	-442
Staffing Vacancies	-242
Corporate Training	-35
Corporate and Democratic Costs	-19
Repairs and Maintenance - Civic Offices and Depot	10
Utility and Maintenance Costs - Rosliston Forestry Centre	18
Other Variances	21
External Fees - Planning Services	36
Vehicles and Plant - Repairs and Maintenance	52
National Pay Award (1%)	56
Supplies and Services - Waste and Recycling	56
Agency Costs - Waste and Cleansing	105
<b>Net Variance</b>	<b>-384</b>

3.13 Most of the projected variances are those that have been reported during the year, although many have increased as the year as progressed. The largest variances continue to be additional income and staff vacancies, although some of this is offset by increased costs.

3.14 For example, vacancies in Planning and in Waste and Cleansing are partly offset by external support and agency costs to maintain service provision.

## Additional Income

3.15 The main areas that have generated additional income compared to the Budget are shown below

Development Control (Planning Fees)	£135,000
Recycling	£61,000
Building Regulations	£36,000
Property Lettings (fewer voids and rent reviews)	£24,000
Trade Waste	£26,000
Food Export Certificates	£20,000

## Staffing Vacancies

3.16 The main areas where these have arisen during the year are shown below

Planning Services	£84,000
Waste and Cleansing	£64,000
Private Sector Housing	£38,000

3.17 Some of these savings have been offset by additional costs. The main area is in the Waste and Cleansing Service where additional Agency Costs are estimated at £105,000.

## Other Costs

3.18 Although the overall variance as highlighted previously is favorable, there continues to be cost pressures within this total. The main areas are repairs and maintenance at the Civic Offices (£10k) on vehicles and plant (£52k) together with maintenance and utility costs at Rosliston Forestry Centre (£18k).

## Contingent Sums

3.19 The Revised budget continues to include the following contingent sums totaling approximately £377,000

- Pay and Grading - additional on-going resources £130,000
- Inflation £162,000
- Growth £85,000

3.20 As previously reported, there has been a limited need to draw on these sums in recent years. The additional resources for the local pay model depend on implementation of the pay and grading review. The cost of the pay award (*as shown in the Table in paragraph 3.13*) will be financed from the inflation provision.

3.21 It is anticipated that no other sums for inflation will be required at this stage.

## Kerbside Recycling

3.22 As part of financing the extension to the dry recyclables service, it was approved that a sum of £33,000 would be temporarily taken from the growth contingency, pending savings still to be made in the overall Waste Collection service. As reported to the Committee in January, these savings have been made and included in the budget for Waste and Cleansing.

## Additional Contribution to Rosliston Forestry Centre

3.23 In September, the Committee approved an additional £10,000 to finance the completion of the new toilet facility at the Glade complex. This will be drawn from the General Reserve.

## **Housing Benefit Subsidy**

- 3.24 A separate provision of £147,000 has been set-aside in the Council's accounts to meet an outstanding liability regarding the clawback of housing benefit subsidy for 2010/11. The audited figure has now been agreed with the Department for Works and Pensions and totals £170,006. This is £23,000 greater than the provision and will be a charge on the General Reserve.
- 3.25 The Provisional audited claim for 2011/12 has been submitted. This shows an amount of £3,321 due to the Council. The claim for 2012/13 is currently subject to final audit and sign-off by the DWP.

## **Business Rates Collection**

- 3.26 Included in the Financing amount is an estimated figure of £2,204,773 for retained Business Rates (BR). As previously reported, under the new Rates Retention System, the Council's BR Baseline Income has been set at £8,172,603 for 2013/14. This is the target amount against which retained growth, together with any tariff, levy and safety net contribution is measured.
- 3.27 The BR Baseline represents the Council's 40% estimated share of net business rate income in the District after allowing for 50% to be paid to the Government and 10% to the County Council/Fire Authority.
- 3.28 The financing figure of £2,204,773 is much lower than the BR Baseline income amount of £8,172,603. The difference of £5,967,830 is the Tariff that is being paid to the Government under the redistribution part of the system.
- 3.29 As previously reported, it should be noted that these are estimated figures and the actual business rates collected, together with retention and levy amounts, etc. will not be known until the year end. However, income from Business Rates is monitored and as the year progresses, the actual situation can be tracked against that estimated.
- 3.30 This is important, as any changes between the actual and estimated figures in setting the Budget will have an impact on General Fund resources – this part of the Council's core funding is not fixed.
- 3.31 As at 31st December 2013, the actual position continues to looking favourable compared to that estimated, as shown in the following table.

<b>Business Rates Income 2013/14</b>	<b>Estimate</b>	<b>Sep-13</b>	<b>Dec-13</b>	<b>Variance</b>
Rates to be Billed and Collected	£22,456,323	£22,620,523	£22,477,141	£20,818
Provision for Bad and Doubtful Debts	-£1,651,751	-£1,105,281	-£1,129,385	£522,366
Provision for Appeals	-£282,163	-£758,352	-£581,022	-£298,859
Allowance for Collection	-£90,901	-£91,707	-£90,901	£0
<b>Net Yield</b>	<b>£20,431,508</b>	<b>£20,665,183</b>	<b>£20,675,833</b>	<b>£244,325</b>
<b>Distribution / Share</b>				
Government (50%)	£10,215,754	£10,332,592	£10,337,917	£122,163
<b>South Derbyshire District Council (40%)</b>	£8,172,603	£8,266,073	£8,270,333	£97,730
Derbyshire County Council (9%)	£1,838,836	£1,859,866	£1,860,825	£21,989
Derbyshire Fire and Rescue Authority (1%)	£204,315	£206,652	£206,758	£2,443
	<b>£20,431,508</b>	<b>£20,665,183</b>	<b>£20,675,833</b>	<b>£244,325</b>

3.32 The main reason for the favourable position at this stage is a better collection rate which reduces the provision required for bad debts. The overall collection rate as at 31<sup>st</sup> January 2014 is 96.35% (96.05% at January 2013) and is forecast to reach around 98.8% by the end of the financial year. The target for the year is 97%.

3.33 This has partly been offset by a greater provision required for appeals. The situation in respect of accounting for outstanding appeals, which in some cases date back to 2010, is currently under discussion nationally. It has been assumed that full provision will be required in 2013/14 which is the maximum liability that will be charged against the overall net yield.

3.34 After allowing for this, the above table shows a projected additional net yield of £244,325 compared to that estimated. The Council's share of this amount is £97,730, although this will be subject to a levy of around 50%. Therefore, based on the position to-date, the Council will retain just under £50,000 in rates income on the General Fund compared to the Budget.

### **Overall General Fund position and Effect on Reserves**

3.35 After allowing for all variances and adjustments, the estimated overall position on the General Fund for 2013/14, compared to the Revised Budget, is shown in the following table.

	<b>£'000</b>
Reduction in Net Expenditure	-384
Reduction in Contingent Sums	-319
Rosliston - Capital Contribution	10
Reduction in Housing Benefit Subsidy	23
Additional Business Rates Income	-50
Additional New Homes Bonus	-18
<b>Forecasted Reduction in Net Expenditure</b>	<b>-738</b>



## COLLECTION FUND

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

3.37 Any surplus or deficit on the Fund (*which is effectively generated from Council Tax collection as all Business Rates are re-distributed*) is transferred to the General Funds of the Preceptors, with the proportion for South Derbyshire being approximately 11.5%. The current estimated position on the Fund for 2013/14 is detailed in **Appendix 4**.

3.38 This shows that the overall Fund is projected to achieve a surplus for the year of £312k, which is better than estimated. This is due to the increase in Council Tax collectable through a combination of:

- Increase in new properties
- Greater income from empty properties
- Lower costs of the Local Council Tax Support Scheme

### Local Council Tax Support Scheme

3.39 The relevant costs and statistics as at the 28th February 2014 are set out in the following table.

	Estimate	Position at Feb 14	Position at Oct 13
Total Amount of Local Council Tax Support Awarded	£4,919,899	£4,659,603	£4,685,034
Number of Cases	6,200	5,965	6,003
Current Amount of Extended Payments for 8 weeks	£13,000	£17,548	£29,000
Current Income from Empty Properties after 3 months	£188,000	£269,506	£270,000
Number of Empty Properties subject to 50% Premium	85	88	92
Additional Council Tax raised from the Premium	£45,900	£55,172	£57,000
Number of Cases subject to 8.5% and 10% reduction(**)	2,000	1,653	1,800
Council Tax payable on the above	£185,000	£155,000	£230,000
Collection Rate on the above	60%	65%	65%
Number of DHP cases awarded	160	205	151
Total Amount awarded	£117,320	£91,956	£75,000

\*\* *Claimants paying some Council Tax for the first time*

3.40 As previously reported the overall cost of the scheme continues to be approximately £200,000 less than estimated with the number of cases now falling below 6,000. The volatility, a major risk associated with the new local scheme, is not as great as expected with the volume and amount of claims remaining consistent.

3.41 This is also the case with those claimants making a contribution to Council Tax for the first time. The total number of claimants has reduced since the start of the year with a reduction in the associated amount claimed. The current collection of this amount is forecast 65% for the year.

### Discretionary Housing Payments (DHP)

3.42 The policy continues to be strictly applied to remain within the overall allocation for the year. The Council's allocation for 2014-15 has been set £91,226 which is a reduction from £117,320 available in 2013-14. No further funding has been awarded for the current financial year.

### HOUSING REVENUE ACCOUNT (HRA)

3.43 The Council is required to account separately for income and expenditure in providing Council Housing.

3.44 The approved HRA Budget was set with a deficit to finance from reserves of £91,590. Following the updated MTFP approved by the Committee in February, this increased to £572,469, due to the change in accounting methodology for housing rents and the revised apportionment of costs between the General Fund and the HRA.

3.45 Performance on the HRA as at January 2014 is summarised in the following table.

Summary HRA 2013/14	Revised Budget £	Projected Out-turn £	Projected Variance £
Supervision and Management Costs	1,686,907	1,621,974	-64,933
Housing Repairs	3,209,959	2,442,546	-767,412
Interest on Debt	1,614,677	1,600,736	-13,941
Supported Housing	362,976	360,428	-2,547
Rent and other Income	-11,802,050	-11,775,091	26,959
Transfer to Capital Works Reserve	5,500,000	5,500,000	0
<b>TOTAL</b>	<b>572,468</b>	<b>-249,406</b>	<b>-821,874</b>

3.46 The table shows that the HRA is now projected to forecast to achieve an in-year surplus of £249,406. However, this is due to slippage on the Planned Maintenance Programme, which did not commence until January 2014.

3.47 This was reported to the Housing and Community Services Committee on 6<sup>th</sup> February and was due to the review of the corporate procurement process as previously reported. The planned programme stretches across three years so the resources will be maintained in the HRA and transferred for use from 2014/15 onwards.

- 3.48 This is due to actual rent income being lower in the year compared to the Budget, but which is being offset, to a large extent, by a reduction in costs, mainly as a result of vacant posts, together with some slippage in planned maintenance on repairs.
- 3.49 Besides this variance, generally income and expenditure is within budget. There will be some savings in the year due to staff vacancies, with interest on the variable element of the self-financing debt lower than estimated as interest rates have remained static. Rental income is projected to be slightly down due to a greater level of Council House Sales and a reduction in income from garage rents.

## **CAPITAL EXPENDITURE and FINANCING 2013/14**

- 3.50 The full 5-year programme was updated and approved by the Committee in February. Progress to-date is summarised in the following table.

<b>Capital Spending 2013/14 (as at January 2014)</b>	<b>Approved Budget £</b>	<b>Actual £</b>
Council House Improvements	5,653,094	3,612,184
Private Sector Housing and DFGs	613,583	418,771
Leisure and Community Development	3,766,109	1,515,809
Environmental Schemes	20,000	33,429
Vehicles, Property and Plant	1,519,161	1,343,851
	<b>11,571,947</b>	<b>6,924,043</b>

### **Council House Improvements**

- 3.51 A revised programme was considered by the Housing and Community Services Committee in October 2013 and in February 2014. Following tender exercises to take account of the extended capital programme, new contracts for kitchen, bathroom and heating replacements are now being let.
- 3.52 Therefore, some slippage in spending will occur in this financial year as new contracts commenced in January 2014. Most other areas are on target for 2013/14.

### **Private Sector Housing**

- 3.53 Most of the budget is now committed although there is a time lag between approved spending/grant awarded and actual payments being made.

## Leisure and Community Development

3.54 Due to time being taken to secure external funding and to adhere to procurement regulations, there is likely to be slippage on spending in 2013/14. In particular, this applies to the projects at Green Bank Leisure Centre, the Melbourne Sporting Partnership and Eureka Park.

### Capital Receipts

3.55 The following receipts have been received as at 31st December 2013.

- Sale of Garden Land - £8,250 (General Fund)
- Sale of HRA Land - £70,000
- 16 Council House Sales - £813,280 (£564,455 after pooling, or 70% maintained)

3.56 The total resources retained for reinvestment, including HRA Land in the year are £634,455 and this will be transferred to the New Build Capital Receipts Reserve in accordance with approved policy. The accumulated balance on this Reserve is now approximately **£1.4m**.

3.57 Under the agreement with the Government, which allows a greater share of HRA asset sales to be retained locally, the following New Build targets are accumulating which need to be met otherwise retained sums will need to be repaid to the Treasury.

#### *Current New Build Targets*

£

Sep-15	191,058
Dec-15	324,056
Mar-16	628,347
Jun-16	628,347
Sep-16	686,430
Dec-16	1,112,561

3.58 The targets represent the value or cost of New Build required on a cumulative basis by the above dates. This can include direct building costs, purchase of land or contributions to other housing providers to deliver new council owned properties.

3.59 The cumulative amount of approximately £1.1m by Dec 2016 would be charged against the above New Build reserve of £1.4m. This cumulative amount will increase as more receipts are generated.

## TREASURY MANAGEMENT

3.60 An analysis of the Council's borrowing and short-term investments/bank deposits is summarised in the tables, below. This shows the position at 31<sup>st</sup> January 2014.

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

	01/04/13 £'000	31/01/14 £'000	Change £'000
<b>Debt Outstanding - HRA</b>			
Self-financing Debt (Average rate 2.7%)	57,423	57,423	0
Market Loan (4.875% fixed)	1,000	1,000	0
Transferred Assets ( <i>repaid as previously reported</i> )	279	0	-279
<b>Total Debt Outstanding - HRA</b>	<b>58,702</b>	<b>58,423</b>	<b>-279</b>

Capital Financing Requirement - HRA	62,860	62,581	-279
Debt Cap (Fixed on Self-Financing)	66,853	66,853	0
<b>Borrowing Headroom (Cap Less Debt o/s)</b>	<b>8,151</b>	<b>8,430</b>	<b>279</b>

### Debt Outstanding - General Fund

Actual Loans o/s	0	0	0
Capital Financing Requirement (CFR)	6,315	6,902	587
<b>Borrowing Headroom (CFR Less Debt o/s)</b>	<b>6,315</b>	<b>6,902</b>	<b>587</b>

### Temporary Investments and Borrowings

Temporary Bank and other Deposits	4,500	10,810	6,310
Less Parish Council Deposits	-41	-32	9
Less Temporary Debt	-15	-7	8
<b>Total - Short-term Cash Position</b>	<b>4,444</b>	<b>10,771</b>	<b>6,327</b>

Average Interest Rate Earned (Cumulative)	0.31%	0.36%	0.05%
Target - Average 7-Day Local Authority Rate	0.51%	0.48%	-0.03%

## Debt Outstanding

3.62 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 (0.6%) 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.

## Capital Financing Requirement (CFR)

3.63 The increase in the General Fund's CFR represents the impact of financing the purchase of the bins and caddies for the extended recycling service. The increase of £587k is made up as shown in the following table.

General Fund CFR	£'000
Balance as at April 2013	6,315
Add: Net Financing of new Bins and Caddies	877
Less: Normal Minimum Revenue Provision	-250
Less: Provision for Bins and Caddies (part year 2013/14)	-40
<b>Provisional Balance as at March 2014</b>	<b><u>6,902</u></b>

## Short-term Investments

3.64 The funds of £10.8m are currently on deposit as follows:

Other Local Authorities	£5.0m	0.38%
UK Banks	£5.8m	0.32%

3.65 The amounts on deposit with Banks are in instant access reserve accounts. Total interest received to-date totals approximately £28,000 which is virtually on budget.

## Banking Services

3.66 Following the appointment of Barclays Bank as the Council's new banking providers, the new account went live as planned in early February 2014. As previously reported, this will save the Council approximately £10,000 per year in fees and charges.

## OTHER FINANCIAL INDICATORS

3.67 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 Corporate Services Contract. The processing of benefit claims are also key performance indicators which are subject to default conditions if they are not achieved.

3.68 The indicators are detailed in the following table.

	Estimated Annual Volumes	2012/13 Actual	Yearly target	Actual Jan 2014	Actual Jan 2013	At Risk
<b>Collection Rates</b>						
Council Tax in-year Collection	£44.1m	97.90%	97.40%	95.15%	95.53%	No
Council Tax Arrears Collection	£3.8m	23.40%	26.70%	20.14%	17.44%	No
Business Rates Collection	£22.6m	98.30%	96.10%	96.35%	96.05%	No
Recovery of Housing Benefit Overpayments	£0.5m	39.50%	34.20%	35.00%	34.30%	No
Sundry Debtor Collection (incl. Arrears)	£4.5m	90.60%	82.60%	80.16%	90.03%	No
<b>Benefits Processing (Average Time)</b>						
New Claims	1,000	16 Days	18 Days	12 days	16 Days	No
Change of Circumstances	14,000	7 Days	8 Days	15 days	7 Days	Yes
<b>Financial Efficiency</b>						
Percentage of Invoices paid within 30-days	5,200	98.20%	97.50%	96.31%	98.50%	No
Percentage of Invoices paid within 10-days	5,200	80.60%	65.00%	73.07%	79.40%	No
Number of Payments made Electronically	28,000	93.70%	90.00%	99.58%	93.10%	No

3.69 The table shows one indicator currently at risk of falling below target, i.e. performance in processing change of circumstances.

3.70 As previously reported, this is attributable to recent changes in the method in which the DWP pass information to councils to enable them to assess benefit entitlement more accurately and in a timely manner. It is part of a project known as ATLAS (*Automatic Transfer to Local Authority Systems*).

3.71 Ultimately, this system should ensure that councils maximise the subsidy they are reimbursed, with any loss through errors stemming from missing and/or inaccurate data being minimised.

3.72 However, at present there is a substantial amount of additional information being sent over ATLAS which is requiring extra checks to validate. Despite upgrades to the Council's software and additional resources being input (*financed from Government Grant*) this problem has remained, although processing has improved in recent weeks.

3.73 A further software upgrade has been identified which should make the validation easier and this is about to be implemented.

#### **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