

WYRE FOREST DISTRICT COUNCIL

CABINET
15th March 2011

Budget Monitoring – Third Quarter 2010/2011

| OPEN | |
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| SUSTAINABLE COMMUNITY STRATEGY THEME: | Stronger Communities |
| CORPORATE PLAN AIM: | A Well-Run and Responsive Council |
| CABINET MEMBER: | Councillor Nathan Desmond |
| DIRECTOR: | Director of Resources |
| CONTACT OFFICER: | David Buckland Ext. 2100 david.buckland@wyreforestdc.gov.uk |
| APPENDICES: | Appendix 1 Wyre Forest District Council General Fund Total Requirements - District Council Purposes Appendix 2 Budgetary Control Reports - Revenue Appendix 3 Income Generation Projection Report Appendix 4 Budgetary Control Report – Capital Programme 2009/2010 Appendix 5 Cabinet Proposal Progress Report Appendix 6 Budget Risk Matrix Appendix 7 Housing Benefit Overpayment Debt Position as at 30 th September 2010 Appendix 8 Sundry/Property Debt Position and payment methods for debtor accounts as at 30 th September 2010 |

1. PURPOSE OF REPORT

- 1.1 To monitor the Revenue Budget and Capital Programme in accordance with the Local Government Act 2003.
- 1.2 To inform members of the Housing Benefit Overpayment debt position as a 30th September 2010, summary attached as Appendix 7, together with details of performance against targets.
- 1.3 To inform members of the Sundry/Property debt position as at 30th September 2010, summary attached as Appendix 8, together with details of performance against the targets.

2. **RECOMMENDATIONS**

The Cabinet is asked to **DECIDE:-**

2.1 that the projected budget variations and comments outlined within this report and appendices 2 to 8 be noted.

3. **KEY ISSUES - BUDGET MONITORING 3RD QUARTER 2010/2011**

3.1 The projected outturn at 31 March 2011 is an underspend of £120,000. The details are in **appendix 2** and the main variances are:

- £29,000 (adverse) in respect of Development Control Income due to the continuing but unexpected effects of the economic recession on the building sector.
- (£150,000) favourable: in respect of pay and general administrative savings projected to year end.

3.2 A copy of the Income Generation Projection Report for the third quarter is enclosed as **Appendix 3**. Overall, income is projected to be broadly in line with the amounts assumed in the budget.

3.3 The revised Capital Programme and Vehicle, Equipment and Systems Renewal Schedule for 2010/11 is enclosed as **Appendix 4**. Spending is generally in line with budget although some schemes will experience modest slippage into 2011-12.

3.4 A Progress Report of Cabinet Proposals outstanding from the Quarter Two report is shown in **Appendix 5**. Progress on most of these is satisfactory and savings have been achieved in line with targets, but in some cases progress is below target as noted in the progress report.

3.5 The Budget Risk Matrix has been reviewed to reflect the current assessment of risk. A copy is enclosed for information as **Appendix 6**.

3.6 The key issues relating to Housing Benefit Overpayments are as follows (further details available at **Appendix 7**):

- Total housing benefit expenditure is estimated to be £29.1 million in 2010/11, an increase of 5.84% compared to the previous year.
- total Housing Benefit Overpayments debt as at 30th September 2010 **represents only 2.8% of housing benefit expenditure**. The total debt has increased by £129,102 or 15.82% compared to the position a year earlier.
- Within this overall figure, debts outstanding for less than 3 months have increased by £105,452 or 49.08%
- Debts outstanding for more than 3 months have increased by £23,651 or 3.93%

3.7 key issues relating to Sundry/Property Debtors are as follows (further details available at **Appendix 8**):

- The Council raised almost £1 million in debtor invoices during the period to 30th September 2010. During the same period **only £1,816 has been written off, which is less than 0.2% of the debt raised.**
- As at 30th September 2010, there were a total of £156,617 of debts which are more than 6 months old. That means that the Council has collected 84.1% of debts raised within 6 months.
- The council has introduced two Local Performance indicators for debtor management
 - Property Debtor Arrears as a percentage of Annual Rent Roll – 11.9% as at 30th September 2010 compared with 7.7% as a 30th September 2009.
 - Non-Property Debts – debts outstanding over 24 months old as a percentage of total debt outstanding – 3.4% as at 30th September 2010 compared to 3.6% as at 30th September 2009.

3.8 The position on **investments** is as follows. At 31 December 2010, the Council had £21.595 m (excluding Icelandic Investments) on deposit with various institutions. This is monitored by the Treasury Management Review panel twice yearly, with additional reporting as necessary. During 2010 the Council has revised its assumptions in relation to investment returns expected as the Bank Base Rate remains at the historic low of 0.5%. Assumptions have now been made that predict increases in this rate by December 2011.

3.9 As reported at Council on 23rd February 2011, we and other local authorities are awaiting the verdict of the Icelandic Courts in relation to a challenge the preferred status that the Council currently has on the Landsbanki deposit of £3m. The verdict is required by 8th April 2011 at the latest.

3.10 The position on recovery of the £9m of Icelandic investments that were frozen in October 2008 is that, at 23 February, a total of £3.151m has already been received (35%).

4. FINANCIAL IMPLICATIONS - BUDGET MONITORING 3RD QUARTER 2010/2011

4.1 A copy of the Council's approved Revenue Budget is enclosed as **Appendix 1** for Members' information.

4.2 The continuing effects of the economic recession may have an overall adverse impact on the budget, although this should be offset by savings in pay and administrative costs. While the report suggests that we will achieve an underspend overall, close monitoring by the Director of Resources and all Directorates will continue, with reports to Cabinet and Audit Committee in June 2011.

4.3 Housing Benefits overpayments – the council needs to monitor performance as it receives from the Department of Work and Pensions benefit subsidy on those payments which are identified as overpayments. The rate of subsidy varies dependent on the classification of the overpayment. In addition should the Council

recover the full or any part of an overpayment then those recovered monies can be retained by the Council.

- 4.4 Sundry/Property Debt - There are no direct financial implications associated with this report.

5. LEGAL AND POLICY IMPLICATIONS

- 5.1 The Local Government Act 2003 (sections 25–29) placed new duties on Local Authorities on how they set and prioritise budgets.
- 5.2 Section 28 places a statutory duty on an authority to review its budget from time to time during the year. If the Budget Monitoring Report shows that there has been deterioration in the Authority's financial position, the Authority must take such action as it concludes necessary. The Cabinet currently reviews the Budget on a quarterly basis.
- 5.3 The Audit Commission make an assessment based on the annual programme of external audit work. The focus is on ensuring there are proper arrangements in place for securing financial reliance and that the organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

6. RISK MANAGEMENT

- 6.1 The budget risk matrix in appendix 6 is regularly reviewed and updated. Regular monitoring of expenditure and other financial information mitigates risk for the council.

7. EQUALITY IMPACT ASSESSMENT

- 7.1 This is a financial report and there is no requirement to undertake an Equality Impact Assessment.

8. CONCLUSIONS/ACTION

- 8.1 The information contained within Appendices 2, 3, 4, 5, 6, 7 and 8 provides Members with an overview of financial trends within the period to 31st December 2010.
- 8.2 A further report identifying the full year position for 2010/2011 will be submitted to the Cabinet and Audit Committee as part of the Final Accounts closedown process, in June 2011.

9. CONSULTEES

- 9.1 Corporate Management Team
9.2 Cabinet

10. BACKGROUND PAPERS

Council 24th February 2010
Cabinet Budget Monitoring Report Qtr.1 21st September 2010
Cabinet Financial Strategy 2011/2014 10th January 2011