

METROPOLITAN BOROUGH OF WIRRAL

FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

21 JUNE 2006

REPORT OF THE DIRECTOR OF FINANCE

GENERAL FINANCIAL MATTERS

1. EXECUTIVE SUMMARY

- 1.1. This report provides information on the money market key indicators, current interest rates, the Council cash position, the position regarding Council Tax, National Non Domestic Rate, general debt and cash income collection and the payment of Benefits.

FINANCIAL IMPLICATIONS

	30 April 2005 %	30 April 2006 %
2.1. Interest Rates		
Base Rate	4.75	4.50
Temporary Borrowing:		
Weekly	4.80	4.58
Monthly	4.85	4.60
3 Monthly	4.98	4.65
6 Monthly	5.10	4.73
Temporary Investment:		
Weekly	4.74	4.53
Monthly	4.79	4.57
3 Monthly	4.92	4.62
6 Monthly	5.01	4.70
Long Term Borrowing		
PWLB 5 year	4.70	4.85
PWLB 10-15 year	4.70	4.75
PWLB 15-25 year	4.65	4.70
Money Market 5 year	4.80	4.90
Money Market 10-15 year	4.85	4.70
Money Market 15-25 year	4.80	4.65

2.2. Interest Rate Outlook

2.2.1. At the May meeting of the Monetary Policy Committee of the Bank of England, the bank base rate was maintained at 4.5%. The vote was split three ways. Six members voted in favour of no change, while one member wanted a rise and another a fall. An existing member of the panel is being replaced with effect from 1 June 2006. This member was the sole advocate of lower rates since December. The new member is said to have an open mind as to which way rates will go.

2.3. Short Term Liquidity

2.3.1. At 30 April 2006 short-term liquidity was as follows:-

	£	Average Rate %
Temporary Investments		
Money Market Funds	6,500,000	4.38
Up to 1 Week	8,000,000	4.44
Up to 1 Month	5,000,000	4.47
Up to 3 Months	9,000,000	4.57
Up to 6 Months	5,000,000	4.55
Up to 1 Year	<u>29,500,000</u>	4.81
	63,000,000	
Temporary Loans		
Up to 3 Months	3,000,000	4.51
Up to 6 Months	2,000,000	4.50
Up to 1 year	<u>6,000,000</u>	4.42
	11,000,000	

2.4. Long Term Borrowing and the Prudential Code

2.4.1. The 2006-07 Capital Programme was agreed by Members in December 2005 and has subsequently been amended to take advantage of the opportunities afforded by prudential borrowing. The latest estimate is that £26.5 million long term borrowing will be required to fund capital expenditure. To date there has been no such borrowing in 2006-07.

2.4.2. After the 2005-06 accounts have been finalised it is intended that future reports will include a summary of performance against the relevant Prudential Code indicators that were agreed in the Capital Financing report to Cabinet on 14 December 2005.

2.5. Revenues Collection

2.5.1. The following statement compares the amount collected for **Council Tax** in the period 1 April 2006 to 30 April 2006 with the amount collected in the same period in 2005/06.

	Actual 2006/07	Actual 2005/06
	£	£
Total Collectable	146,076,047	135,392,546
Amount Outstanding	107,896,757	101,018,620
% Outstanding	73.86	74.61
Cash to collect	119,261,578	111,490,375
Cash Collected	11,355,353	10,846,085
% Collected	9.52	9.73

2.5.2. The following statement compares the amount collected for **National Non-Domestic Rates** in the period 1 April 2006 to 30 April 2006 with the amount collected in the same period in 2005/06.

	Actual 2006/07	Actual 2005/06
	£	£
Total collectable	61,615,473	60,696,990
Amount Outstanding	53,689,786	51,656,050
% Outstanding	87.14	85.10
Cash to Collect	58,571,929	57,878,302
Net Cash Collected	6,034,124	6,047,558
% Collected	10.30	10.45

2.5.3. The following statement provides information concerning collection of local taxes from 1 April 2006 to 30 April 2006.

	Council Tax	Business Rates
Reminders/Final Notices	10,660	517
Summonses	1,809	0
Liability Orders	2	47
Office Arrangement	6,647	-
Attachment of Earnings	639	-
Deduction from Income Support	2,880	-
Accounts to Bailiff	927	16
Pre-Committal Warning Letters	77	-
Committal Orders Issued	0	0
Debtors Committed	0	0

Current Status of Agent Work in respect of Committals as at 30 April 2006.

	Returned Successful	Returned Unsuccessful	Outstanding
Warrants of Arrest (Bail)	271	171	55
Warrants of Arrest (No Bail)	77	3	43
Warrants of Commitment to Prison	0	0	0

2.6. Parking Services

2.6.1. Car Park Income (Pay and Display ticket sales)

1 April 2006 – 31 May 2006 £265,340
 (against a pro-rata budget prediction of £298,340 adjusted to exclude
 projected income from disc zone charging scheme not yet implemented).

2.6.2. Parking Enforcement (combined car parks and on-street parking)

1 April 2006 – 31 May 2006 8,158 penalty notices
 (in line with pro-rata prediction of 8,333 notices)

Volume Statistics (01/04/06 to 31/05/06)

Paid	3,546
Recovery	3,311
Cancellations	1,150
(Blue badge lenient	333)
(Valid ticket or permit produced	309)
(Insufficient/incorrect details	82)
(P&D machine faulty	12)
(Out of bay lenient	26)
(Other appeal types	388)
Debt registered at County Court	0
Debt with bailiffs for recovery	0
Written-off Pre-serving/attendant input error	108
Written-off No trace at DVLA	34

Age of Debts

Cases in 2006/07 listed under Recovery above can be broken down as follows

Less than 14 days old (still within discount period)	1,531
Less than 28 days old (still within full rate period)	307

Cases carried over from 2005/06 include

Debts with bailiffs for collection	2,971
Debts ready to process to County Court	1,323
Debts awaiting Court authorisation	940

Income (Penalty Notices)

1 April 2006 – 31 May 2006 £190,613
(Against a pro-rata budget prediction of £183,866)

Notes

Cancellations

Blue badge lenient – these are primarily correctly issued notices, cancelled in line with Council approved policy.

Other appeal types – this includes the vast majority of other valid appeals including compassionate grounds, loading exemptions, vehicle breakdowns, illness, stolen vehicles and defective signs/road markings or traffic regulation order.

Written-off

Pre-serving/attendant input error – this includes vehicles that drive off after being recorded but before the notice is affixed. No trace at DVLA – unfortunately a number of vehicles are not recorded with the DVLA and therefore owner details cannot be obtained.

Cases under the recovery heading above include those still within the initial 14 day discount and 28 day full payment periods, those being pursued through the DVLA for driver details and all other stages of appeal and recovery.

2.7. Fees and Charges

2.7.1. The following budgets relate to other sources of cash income generated by the Council:-

	2006/07 Budget	Income to 30 April 2006
School Meals	£1,514,300	£40,200
Sports Centres	£4,849,400	£135,744
Golf Courses	£970,700	£99,569
Burials and Cremations	£2,252,000	£150,802
Building Control Fees	£831,700	£41,570
Land Charges	£464,600	£29,502
Eric Service	£83,900	£2,235

2.8. Sundry Debtors

	Actual 2006/07	Actual 2005/06
Amount Billed in last 12 months as at 30.04.06	£53,588,694	£41,448,463
Total outstanding as at 30.04.06	£12,429,079	£8,813,836
Arrears at 30.04.06	£10,187,486	£6,780,455
Number of invoices in arrears at 30.04.06	7,400	7,532
Number of reminders to date 01.04.06 to 31.01.06	0	1,502
Number issued to Head of Legal and Member Services to date	0	119

2.8.1. A substantial increase in invoices billed by the Director of Social Services to Primary Care Trusts has occurred over the last 12 months. These invoices do not tend to be paid within the 30 day settlement period and consequently show up in the above arrears figure. Of the above £10.2 million arrears figure £8.3 million relates to invoices sourced from the Director of Social Services.

2.9. Housing Benefits

2.9.1. The following statement details the number of claimants in respect of benefit and the expenditure for Private Tenants and those in receipt of Council Tax Benefit up to 30 April 2006. The Council Tax expenditure includes postings at the start of the year for main billing.

	2006/07
Number of Private Tenant recipients	25,581
Total rent allowance expenditure	£6,501,256
Number of Council Tax Benefit recipients	34,717
Total Council Tax Benefit expenditure	£25,848,726
Total expenditure on benefit to date	£32,349,982

2.9.2. The following statement provides information concerning the breakdown according to client type as at 30 April 2006.

	Private Tenants	Owner Occupiers
Working age and in receipt of J.S.A.	12,963	2,039
Elderly and in receipt of J.S.A.	6,646	5,074
Working age and not receiving J.S.A.	3,762	1,036
Elderly and not in receipt of J.S.A.	<u>2,210</u>	<u>3,022</u>
Total	25,581	11,171

There are **36,752** Benefit Recipients in Wirral as at 30 April 2006

2.10. Housing Benefit Fraud

2.10.1 As part of the Benefits Fraud Inspectorate review Members are given details of action to combat fraud. Presented below is a statistical update on this work.

Fraud and Enquiry 1 April 2005 to 31 March 2006

	Number
New Cases referred to Fraud team in period	1032
Cases where fraud found and action taken	265
Cases investigated, no fraud found and recovery of overpayment may be sought	119
Cases investigated, no fraud found, referred to visitors	476
Referred to Dept for Work and Pensions or Inland Revenue as involves other benefits or tax matters.	242
Cases under current investigation	203
Surveillance Operations Undertaken	0
Cases where fraud found and action taken;	
Administration penalty	20
Caution Issued and accepted	20
Successful prosecution	10
Summons issued for prosecution purposes	10

Fraud and Enquiry 1 April 2006 to 30 April 2006

Number

New Cases referred to Fraud team in period	76
Cases where fraud found and action taken	8
Cases investigated, no fraud found and recovery of overpayment may be sought	12
Cases investigated, no fraud found, referred to visitors	15
Referred to Dept for Work and Pensions or Inland Revenue as involves other benefits or tax matters.	27
Cases under current investigation	226
Surveillance Operations Undertaken	0
Cases where fraud found and action taken;	
Administration penalty	3
Caution Issued and accepted	1
Successful prosecution	0
Summons issued for prosecution purposes	1

2.11. Discretionary Housing Payments

2.11.1 Discretionary Housing Payments (DHP) may be awarded to provide short term financial assistance to Housing and Council Tax benefit claimants who are experiencing difficulty meeting a shortfall in their rent or Council Tax because maximum benefit is not being paid.

2.11.2 DHP is not a payment of Housing/Council Tax benefit and is funded separately from the main scheme. The Government contribution for 2006/07 is £169,628 with a limit of £424,070 which the authority must not exceed.

2.11.3 To date I have paid £33,027 and committed a further £41,514 to current cases for 2006/07.

2.12. Outstanding Housing Benefit Debt (Overpayments)

2.12.1 Every effort is made to recover overpaid Housing Benefit as soon as it is identified. If the claimant retains entitlement to benefit then any overpayment is recovered from their ongoing entitlement.

2.12.2 However, if there is no current entitlement, the debt is invoiced. If payment is not received the invoice is followed by a reminder and final demand. If at this point there is still no payment, the debt is referred to the collection agents (either North West Commercial Services or Jacobs) for collection.

2.12.3. The current debt outstanding, by year, is as follows:-

From	To	Amount outstanding
Up to	- 31.03.2001	£310,312
01.04.2001	- 31.03.2002	£541,296
01.04.2002	- 31.03.2003	£687,860
01.04.2003	- 31.03.2004	£698,291
01.04.2004	- 31.03.2005	£926,096
01.04.2005	- 31.03.2006	£1,552,492
01.04.2006	- 30.04.2006	£214,695
Total Outstanding		£4,931,042

2.12.4 Recovery work continues on collection of the above sums.

3. STAFFING IMPLICATIONS

3.1. There are no direct staffing implications arising out of this report.

4. EQUAL OPPORTUNITY IMPLICATIONS

4.1. There are none arising directly from this report.

5. HUMAN RIGHTS IMPLICATIONS

5.1. There are none arising directly from this report.

6. LOCAL AGENDA 21 IMPLICATIONS

6.1. There are none arising directly from this report.

7. COMMUNITY SAFETY IMPLICATIONS

7.1. There are none arising directly from this report.

8. PLANNING IMPLICATIONS

8.1. There are none arising directly from this report.

9. **LOCAL MEMBER SUPPORT IMPLICATIONS**

9.1. There are no particular implications for any Members or wards arising out of this report.

10. **BACKGROUND PAPERS**

10.1. There were no background papers used in the preparation of this report.

11. **RECOMMENDATION**

11.1. That the items reported be noted.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/117/06