

**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 2006 %	30 April 2007 %
<b>2.1. Interest Rates</b>		
<b>Base Rate</b>	4.50	5.50
<b>Temporary Borrowing:</b>		
Weekly	4.58	5.31
Monthly	4.60	5.53
3 Monthly	4.65	5.59
6 Monthly	4.73	5.80
1 Year	4.89	5.94
<b>Temporary Investment:</b>		
Weekly	4.53	5.28
Monthly	4.57	5.50
3 Monthly	4.62	5.66
6 Monthly	4.70	5.77
1 Year	4.86	5.91
<b>Long Term Borrowing</b>		
PWLB 5 year	4.85	5.50
PWLB 10-15 year	4.75	5.25
PWLB 15-25 year	4.70	5.03
Money Market 5 year	4.90	5.57
Money Market 10-15 year	4.70	5.23
Money Market 15-25 year	4.65	5.00

## 2.2. Interest Rate Outlook

- 2.2.1. There was certainty prior to the May 2007 meeting of the Bank of England Monetary Policy Committee (MPC) that base rate would increase. This was confirmed by a 0.25% increase to 5.5%, the highest rate in 6 years. This followed the inflation RPI rising by 4.8%, this being the largest increase in 16 years.
- 2.2.2. Further rate increases are widely anticipated by commentators, such that base rate is expected to reach 6% by the end of the year. However, the Bank of England may be careful of the danger of piling on successive rises in interest rates before analysing the impact of earlier increases. More definitive assessments will be possible after the next MPC inflation report.

## 2.3. Short Term Liquidity

- 2.3.1. At 30 April 2007 short-term liquidity, representing the original term of the investment or debt, was as follows:-

	£	Average Rate %
<b>Temporary Investments</b>		
Money Market Funds (Callable)	7,500,000	5.32
Up to 1 Week	5,000,000	5.28
Up to 1 Month	5,000,000	5.36
Up to 3 Months	7,000,000	5.61
Up to 6 Months	8,000,000	5.66
Up to 9 Months	11,000,000	5.75
Up to 1 Year	38,500,000	5.31
Up to 3 Years	<u>2,500,000</u>	5.02
	<b>84,500,000</b>	

- 2.3.2. The additional £4m invested on a 1 year term since March 2007 is accruing average interest at 5.85%.
- 2.3.3. The £2.5m invested on a 3 year term commenced in June 2005 when the comparative 1 year rate was 4.71%.

	£	%
<b>Temporary Loans</b>		
Up to 2 Months	5,400,000	5.18
Up to 6 Months	<u>3,500,000</u>	5.15
	<b>8,900,000</b>	

## 2.4. Borrowing and the Prudential Code

- 2.4.1. The balance of borrowing held as at 30 April 2007 is £173.7m. This compares with the Authorised Borrowing Limit of £211m and the Operational Boundary of £206m.

- 2.4.2. The Authorised Borrowing Limit is the amount determined as the level of borrowing which, while not desired, could be afforded but may not be sustainable. It is not treated as an upper limit for borrowing for capital purposes alone since it also encompasses temporary borrowing. An unanticipated revision to this limit is considered to be an exceptional event and would require a review of all the other affordability indicators.
- 2.4.3. The Operational Boundary is the amount determined as the expectation of the maximum external debt according to probable events projected by the estimates and makes no allowance for any headroom. It is designed to alert the Authority to any imminent breach of the Authorised Limit.
- 2.4.4. There are agreed fixed and variable interest rate exposures. The amount of loans subject to fixed rates as at 30 April 2007 is 67% of loans held. This falls within the approved range of 40% to 80%. The remaining 33% subject to variable rates falls within the approved range of 20% to 60%.
- 2.4.5. The table below summarises the current maturity structure of all borrowing:-

Maturity Structure	Target	Actual 30 April 2007
Maturing within 1 year	up to 10%	5%
Maturing between 1 and 2 years	up to 10%	1%
Maturing between 2 and 5 years	up to 15%	8%
Maturing between 5 and 10 years	10% to 35%	7%
Maturing beyond 10 years	40% to 85%	79%

- 2.4.6. The approved target limits are designed to minimise the risk of large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

## 2.5. Revenues Collection

- 2.5.1. The following statement compares the amount collected for Council Tax in the period 1 April 2007 to 30 April 2007 with the amount collected in the same period in 2006/07. The collection format below is altered slightly due to the new Council Tax/Housing Benefit IT system, which commenced on 6 December 2006. The change of system will have some short-term detrimental effect on the collection rate.

	<b>Actual 2007/08</b>	Actual 2006/07
	£	£
Cash to Collect	<b>114,844,426</b>	109,648,467
Cash Collected	<b>11,648,808</b>	11,415,704
% Collected	<b>10.1%</b>	10.4%

The reduced level of collection is a result of the new system. Collection is expected to pick up and be back on track during the year.

2.5.2. The following statement compares the amount collected for **National Non-Domestic Rates** in the period 1 April 2007 to 30 April 2007 with the amount collected in the same period in 2006/07.

	<b>Actual 2007/08</b>	Actual 2006/07
	£	£
Total Collectable (incl arrears)	<b>61,802,544</b>	61,615,473
Amount Outstanding	<b>53,456,707</b>	53,689,786
% Outstanding	<b>86.50</b>	87.14
Amount Collectable 2007-08	<b>57,914,809</b>	57,316,484
Net 2007-08 Cash Collected	<b>6,424,570</b>	6,166,395
% Collected	<b>11.09</b>	10.76

2.5.3. The following statement provides information concerning collection of local taxes from 1 April 2007 to 30 April 2007.

	<b>Council Tax</b>	<b>Business Rates</b>
Reminders/Final Notices	8,933	3,032
Summonses	0	1,068
Liability Orders	0	779
Office Arrangement	1,863	-
Attachment of Earnings	553	-
Deduction from Income Support	2,213	-
Accounts to Bailiff	1,487	474
Pre-Committal Warning Letters	1,273	-
Committal Orders Issued	0	0
Debtors Committed	0	0

Current Status of Agent Work in respect of Committals as at 30 April 2007.

Warrants of Arrest issued by Court (Bail and No Bail)	19
Warrants of Arrest (Bail) to Warrant officer	7
Warrants of Arrest (No Bail) to Warrant officer	0
Returned successful (Bail)	91
Returned successful (No Bail)	0
Returned other reasons (Bail)	0
Returned other reasons (No Bail)	0

#### 2.5.4. Insolvency cases to 30April 2007

The following information concerns Council Tax recovery work which involves cases where Insolvency action or charging orders against properties are used.

Bankruptcy cases	170
Charging orders	37
Winding up orders	4
<u>New cases from 1 April 2007 to 30April 2007</u>	

Bankruptcy	0
Charging orders	0
Winding up orders	<u>0</u>
	<u>211</u>

#### Status of Insolvency cases at 30 April 2007

Winding up	1
Winding-up paid	1
Charging orders granted	11
Supporting other petitions	3
Cases paid	57
Bankruptcy orders	60
Cases closed	24
Ongoing cases	<u>52</u>
	<u>209</u>

## 2.6. Fees and Charges

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

	<b>2006/07 Budget</b>	<b>Income to 30-Apr-06</b>	<b>2007/08 Budget</b>	<b>Income to 30-Apr-07</b>
i. School Meals	£1,514,300	£40,200	£1,339,000	£6,086
ii. Sports Centres	£4,849,400	£135,744	£3,457,100	£98,139
iii. Golf Courses	£970,700	£99,569	£859,800	£87,275
iv. Burials and Cremations	£2,252,000	£150,802	£2,319,600	£155,255
v. Building Control Fees	£831,700	£39,007	£876,700	£49,286
vi. Land Charges	£464,600	£29,503	£464,600	£31,979
vii. Car Park (Pay and Display)	£2,130,900	£65,587	£2,591,500	£10,347
viii. Car Park (Penalty notices)	£1,103,200	£90,573	£1,116,300	£77,579

2.6.2. Further explanation on the above budgets and income collection performance is provided below:

- (i) School Meals: April is the first period of the new financial year when school kitchens are closed for the Easter holidays. Few of the kitchens will bank their income in the first week of the summer term, their summer term income is likely to be identified in May.
- (ii) Sports Centres. The income target is expected to be achieved.
- (iii) Golf Courses. The income target is expected to be achieved.
- (iv) Burials and Cremations: This budget is forecast to be on target.
- (v) Building Control Fees: Expected to be in line with budget.
- (vi) Land Charges: Expected to be in line with budget.
- (vii) Car Park Income (Pay and Display Tickets): No realistic forecast projection can be made at this stage in the financial year. Car Park Income is related to the general trading performance of the town centres which is affected by many factors including competition from out of town retail centres.
- (viii) Car Park Income (Penalty Notices) : Expected to be in line with budget.

## 2.7. Sundry Debtors

	<b>Actual 2007/08</b>	Actual 2006/07
Amount Billed in last 12 months as at 30.04.07	<b>£55,191,608</b>	£47,221,589
Total outstanding as at 30.04.07	<b>£19,546,396</b>	£14,670,132
Arrears at 30.04.07	<b>£12,222,949</b>	£8,073,660
Number of invoices in arrears at 30.04.07	<b>10,552</b>	7,380
Number of reminders to date 01.04.07 to 30.04.07	<b>3,003</b>	0

## 2.8. Housing Benefits

2.8.1. 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 2007. The Council Tax expenditure includes postings at the start of the year for main billing.

	<b>2007/08</b>
Number of <b>Private Tenant</b> recipients	<b>25,692</b>
Total rent allowance expenditure	<b>£6,997,781</b>
Number of <b>Council Tax Benefit</b> recipients	<b>34,943</b>
Total Council Tax Benefit expenditure	<b>£25,175,761</b>
Total expenditure on benefit to date	<b>£32,173,542</b>

2.8.2. The following statement provides information concerning the breakdown according to client type as at 30 April 2007.

	<b>Private Tenants</b>	<b>Owner Occupiers</b>
Working age and in receipt of J.S.A.	13,136	1,914
Elderly and in receipt of J.S.A.	6,784	5,342
Working age and not receiving J.S.A.	3,730	815
Elderly and not in receipt of J.S.A.	<u>2,042</u>	<u>3,108</u>
<b>Total</b>	<b><u>25,692</u></b>	<b><u>11,179</u></b>

There are **36,871** Benefit Recipients in Wirral as at 30 April 2007

## 2.9. Housing Benefit Fraud

### Fraud and Enquiry 1 April 2007 to 30 April 2007

#### Number

New Cases referred to Fraud team in period	145
Cases where fraud found and action taken	10
Cases investigated, no fraud found and recovery of overpayment may be sought	38
Cases under current investigation	261
Surveillance Operations Undertaken	0
Cases where fraud found and action taken;	
Administration penalty	3
Caution issued and accepted	5
Successful prosecution	2
Summons issued for prosecution purposes	1

## 2.10. Discretionary Housing Payments

2.10.1 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.

2.10.2 DHP is not a payment of Housing/Council Tax Benefit and is funded separately from the main scheme. The Government contribution for 2007/08 is £210,436 with a limit of £526,090 which the Authority must not exceed, to date I have paid £56,117 .