

FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

17 SEPTEMBER 2007

FINANCE DEPARTMENT - FINANCIAL MONITORING

1. EXECUTIVE SUMMARY

1.1 This is one of a series of reports submitted throughout the year to highlight the financial performance of the Finance Department. Members are asked to note the report.

2. FINANCIAL YEAR 2006/07

2.1 The financial out-turn for 2006/07 was reported to Cabinet on 20 June 2007. In terms of the Finance Department the year-end position and main variations were as follows:-

Details	£000
Approved estimate 2006/07	13,380
Final out-turn 2006/07	<u>13,197</u>
Variation being an underspend of	183
The main areas of variation being:-	
IT project development	
Increased costs	+ 119
Housing Benefit administration	
Savings on staffing costs	- 319

3. FINANCIAL YEAR 2007/08

3.1 Further to the reporting of the Estimates 2007/08 to Cabinet on 20 February 2007 and to Council on 1 March 2007, the approved budget for the Finance Department is £14,388,400.

4. FINANCIAL MONITORING 2007/08

4.1 Progress on implementing Policy Options

4.1.1 The policy option related to pensioner Council Tax discounts for the over 75's. Over 7,000 have applied for the discount which is in excess of expectations.

4.2 Progress on delivering savings

4.2.1 The Department had two areas of savings. The £90,000 from Call Centre developments and working practices has been implemented and is effective for the financial year. In terms of the £8,800 from car allowances the budgets have been reduced and spend is being monitored against the reduced budgets.

4.3 Progress on delivering Service Re-engineering savings

4.3.1 The Finance Department share of the overall savings target for the year 2007/08 is £728,000 and is to be achieved through:-

Details	£000	£000
Benefits and Council Tax	300	
IT Hardware Contracts	200	
Integrated Benefits and Council Tax System	100	
Treasury Management	73	
Review of Procurement and Creditors	<u>55</u>	728

4.3.2. The savings arising from Benefits and Council Tax reflect the continuing improvements in service delivery, including customer access primarily through the One Stop Shops, which should be reflected in increased Benefits Subsidy receivable. Those from IT Hardware and the Integrated Revenues and Benefits IT System are being realised during the financial year. By making use of e-technology for various Government payments benefits through improved cash flow are achievable under Treasury Management. The Executive Board on 12 April 2007 agreed a revision to the Procurement and Creditors Services.

4.5 Variations

4.5.1 At this stage of the financial year there are no variations to report. The following sections highlight those areas of the budget that are identified as key risks in delivering the objectives of the Department within the available resources. These are subject to closer monitoring because of the volatile nature of either demand or cost or because in recent years pressures have been experienced in keeping to the agreed budget.

4.5.2 Housing Benefit and Council Tax payments together with the associated administration costs total in excess of £120 million per year. With this area of activity also attracting similar levels of Government Grant it represents the largest individual service within the Council budget. As such it is subject to numerous performance and control measures to ensure that individuals receive the benefits to which they are entitled and the Council maximises the grant opportunities.

4.6 Issues affecting future financial years

- 4.6.1 The early indications are that the Comprehensive Spending Review (CSR) 2007 will result in reductions in grant allocated for Housing Benefit administration over the next 3 years. Further information will follow publication of the CSR in October.

5. FINANCIAL AND STAFFING IMPLICATIONS

- 5.1 For 2007/08 the agreed estimate for the Finance Department is £14,388,400 and, at this stage of the year is projected to be the anticipated spend.
- 5.2 There are no additional staffing implications arising from this report.