

WIRRAL COUNCIL

FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

4 JUNE 2008

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.

2. FINANCIAL IMPLICATIONS

	30 April 2007 %	30 April 2008 %
2.1. Interest Rates		
Base Rate	5.25	5.00
Temporary Borrowing:		
Weekly	5.28	5.05
Monthly	5.50	5.40
3 Monthly	5.66	5.84
6 Monthly	5.77	5.84
1 Year	5.91	5.81
Temporary Investment:		
Weekly	5.28	5.05
Monthly	5.50	5.40
3 Monthly	5.66	5.84
6 Monthly	5.77	5.84
1 Year	5.91	5.81
Long Term Borrowing		
PWLB 5 year	5.55	4.72
PWLB 15 year	5.40	5.03
PWLB 30 year	5.12	4.75

2.2. Interest Rate Outlook

2.2.1 In April the Bank of England cut rates again by a quarter of one percent to 5.00%.

2.2.2 However the recent inflation figures of CPI up to 3.0% and RPI up to 4.2% make further interest rate cuts unlikely despite the Governor of the Bank of England's downbeat assessment of the economy and the risk of recession.

2.3. Short Term Liquidity

2.3.1. At 30 April 2008 short-term liquidity was as follows:

	£	Average Rate %
Temporary Investments		
Money Market Funds (Callable)	4,300,000	5.34
Up to 6 Months	66,100,000	5.74
Up to 9 Months	4,000,000	5.85
Up to 1 Year	8,000,000	5.61
Up to 3 Years	<u>4,800,000</u>	6.44
	87,200,000	

The Council currently has no temporary loans.

2.4. Borrowing and Monitoring of the Prudential Code Indicators

2.4.1 The Capital Financing Requirement (CFR) measures the underlying need to borrow to finance capital expenditure. The Prudential Code stipulates that external borrowing should not exceed the CFR for the previous year plus the estimated additional CFR requirement for the current and next two financial years. In preparing the 2008-09 budget the CFR for 2008-09 was estimated to be £312.3m.

2.4.2 The total short and long term borrowing outstanding at 30 April 2008 was £287.4m. This compares with the estimated Authorised Borrowing Limit of £445m and the estimated Operational Boundary of £435m.

2.4.3 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.

2.4.4 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.

2.4.5 The estimates for 2008-09 assumed long term borrowing of £24.8m. To date any short fall in day to day cash management has been managed through short term resources without recourse to long term borrowing.

2.4.6 The Prudential Code also requires Local Authorities to set exposure limits for the amount of borrowing which has a fixed rate of interest or a variable rate of interest. To maximise flexibility these exposure limits have been set at 100% for both fixed and variable, i.e. the Authority is able to undertake all its borrowing on a variable rate or a fixed rate.

2.4.7 The maturity structure of the borrowing has also been set to achieve maximum flexibility with the Authority able to undertake all of its borrowing with a short maturity date or a long maturity date.

2.5. Overall Borrowing

2.5.1 The following table provides Members with a maturity profile for the totality of debt.

Maturity Structure	Actual 30 April 2008
Maturing within 1 year	0%
Maturing between 1 and 2 years	3.48%
Maturing between 2 and 5 years	4.35%
Maturing between 5 and 10 years	8.35%
Maturing beyond 10 years	83.82%

2.6. Revenues Collection

2.6.1. The following statement compares the amount collected for **Council Tax** in the period 1 April 2008 to 30 April 2008 with the amount collected in the same period in 2007/08.

	Actual 2008/09 £	Actual 2007/08 £
Cash to Collect	119,307,556	114,984,426
Cash Collected	12,465,060	11,648,002
% Collected	10.5%	10.1%

2.6.2. The following statement compares the amount collected for **National Non-Domestic Rates** in the period 1 April 2008 to 30 April 2008 with the amount collected in the same period in 2007/08.

	Actual 2008/09 £	Actual 2007/08 £
Total Collectable (including arrears)	66,085,978	58,629,633
Amount Outstanding	61,079,635	53,456,707
% Outstanding	88.21%	86.50%
Amount Collectable 2007-08	64,850,740	57,914,809
Net 2007-08 Cash Collected	5,910,654	6,424,570
% Collected	9.11%	11.09%

2.6.3. The following statement provides information concerning collection of local taxes from 1 April 2007 to 30 April 2008.

	Council Tax	Business Rates
Reminders/Final Notices	9,983	695
Summonses	2,574	0
Liability Orders	1,068	0
Recovery action in progress		
Attachment of Earnings	114	-
Deduction from Income Support	2,520	-
Accounts to Bailiff	761	64
Pre-Committal Warning Letters	185	-
Committal Orders Issued	4	0
Debtors Committed	0	0

Current Status of Agent Work in respect of Committals for 1 April 2007 to 30 April 2008.

Warrants of Arrest issued by Court (Bail and No Bail)	24
Warrants of Arrest (Bail) to Warrant officer	19
Warrants of Arrest (No Bail) to Warrant officer	5
Returned successful (Bail)	18
Returned successful (No Bail)	9
Returned other reasons (Bail)	0
Returned other reasons (No Bail)	0

2.6.4. Insolvency cases to 30 April 2008

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

Bankruptcy cases	239
Charging orders	61
Winding up orders	2

New cases from 1 April 2008 to 30 April 2008

Bankruptcy	1
Charging orders	3
Winding up orders	0
	<u>306</u>

Status of Insolvency cases at 30 April 2008

Winding up	1
Winding-up paid	1
Charging orders granted	28
Winding up Order	1
Supporting other petitions	3
Cases paid	78
Bankruptcy orders	82
Cases closed	72
Ongoing cases	41
	<u>306</u>

2.7. Fees and Charges

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

	2007/08 Budget	Income to 30-Apr-07	2008/09 Budget	Income to 30-Apr-08
i. School Meals	£1,404,000	£1,350	£1,748,800	£58,820
ii. Sports Centres	£3,457,100	£78,139	£3,539,300	£159,159
iii. Golf Courses	£859,800	£32,897	£885,600	£74,788
iv. Burials and Cremations	£2,344,600	£36,255	£2,429,200	£63,663
v. Building Control Fees	£876,700	£49,081	£796,700	£49,179
vi. Land Charges	£464,600	£32,274	£470,100	£25,335
vii. Car Park (Pay and Display)	£2,591,500	£67,224	£2,424,200	£156,355
viii. Car Park (Penalty Notices)	£1,116,300	£77,579	£1,149,800	£88,926

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

- (i) Schools Meals: Currently it is expected that the budgeted income will be achieved.
- (ii) Sports Centres: Currently it is expected that the budgeted income will be achieved.
- (iii) Golf Courses: Currently it is expected that the budgeted income will be achieved
- (iv) Burials and Cremations: Currently it is expected that the budgeted income will be achieved.
- (v) Building Control Fees: The 2008-09 Building Control Fees budget has been adjusted to reflect the 2007-08 shortfall.
- (vi) Land Charges: Land Charges income is declining and there is likely to be a deficit during 2008-2009 which will be reported on as the year progresses.
- (vii) Car Parks Income (Pay and Display Tickets): Currently it is expected that the budgeted income will be achieved
- (viii) Car Park Income (Penalty Notices): Currently it is expected that the budgeted income will be achieved.

2.8. Sundry Debtors

	Actual 2008/09	Actual 2007/08
Amount Billed in last 12 months as at 30.04.08	£64,545,444	£55,191,608
Total outstanding as at 30.04.08	£19,685,834	£19,546,396
Arrears at 30.04.08	£14,698,569	£14,002,724
Number of invoices in arrears at 30.04.08	11,984	10,645
Number of reminders 01.04.08 to 30.04.08	3,388	3,003

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 2008 . The Council Tax expenditure includes postings at the start of the year for main billing.

	2008/09	2007/08
Number of Private Tenant recipients	26,252	25,987
Total rent allowance expenditure	£8,444,764	£8,422,290
Number of Council Tax Benefit recipients	35,114	34,921
Total Council Tax Benefit expenditure	£26,201,766	£26,215,399
Total expenditure on benefit to date	£34,646,530	£34,637,689

2.9.2. The following statement provides information concerning the breakdown according to client type as at 30 April 2008.

	Private Tenants	Owner Occupiers
Working age and in receipt of J.S.A.	13,185	1,774
Elderly and in receipt of J.S.A.	6,941	5,470
Working age and not receiving J.S.A.	3,902	838
Elderly and not in receipt of J.S.A.	<u>1,959</u>	<u>3,028</u>
Total	<u>25,987</u>	<u>11,110</u>

There are **37,097** Benefit Recipients in Wirral as at 30 April 2008.

2.10. Housing Benefit Fraud and Enquiries

	01.04.07-31.03.08	01.04.08-31.03.08
New Cases referred to Fraud team in period	1,594	161
Cases where fraud found and action taken	176	15
Cases investigated, no fraud found and recovery of overpayment may be sought	537	22
Cases under current investigation	184	184
Surveillance Operations Undertaken	0	0
Cases where fraud found and action taken;		
Administration penalty	56	4
Caution issued and accepted	96	9
Successful prosecution	24	2
Summons issued for prosecution purposes	10	0

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 2008/09 is £266,185 with an overall limit of £665,462 which the Authority must not exceed. To date I have paid £22,978

3. STAFFING IMPLICATIONS

3.1. There are none arising from this report.

4. EQUAL OPPORTUNITIES 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 none arising directly from this report.

10. BACKGROUND PAPERS

10.1. None were used in the preparation of this report.

11. RECOMMENDATION

11.1. That the report be noted.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/113/08