

WIRRAL COUNCIL

TRANSFORMATION & RESOURCES POLICY & PERFORMANCE COMMITTEE

23 SEPTEMBER 2013

SUBJECT	FINANCIAL MONITORING 2013/14 MONTH 3 (JUNE 2013)
WARD/S AFFECTED	ALL
REPORT OF	INTERIM DIRECTOR OF RESOURCES

1 EXECUTIVE SUMMARY

- 1.1 This report proposes the approach to future financial monitoring arrangements for this Committee to ensure consistency across the Policy and Performance Committees and Members have sufficient information to scrutinise budget performance for the Directorate. With this Committee being the first to 'pilot' the new arrangements the financial information for Month 3 (June 2013) reported to Cabinet on 19 September is included.

2 BACKGROUND AND KEY ISSUES

- 2.1 Members of the newly formed Policy and Performance Committees have requested that financial monitoring information is provided as a standard item at each Committee.
- 2.2 Since September last year monthly revenue and capital monitoring reports have been submitted to Cabinet as a means of providing regular, detailed updates on budget performance.
- 2.3 At its meeting on 3 September 2013, the Policy and Performance Coordinating Committee reviewed the most recent revenue and capital monitor reports submitted to Cabinet in July. These can be viewed at the link below:
<http://democracy.wirral.gov.uk/ieListDocuments.aspx?CId=121&MId=4359&Ver=4>
- 2.4 The Coordinating Committee agreed that in order to fulfil its corporate and strategic scrutiny role, it will continue to review the full versions of the most up to date monitor reports at its future scheduled meetings.

3 PROPOSED REPORTING TO POLICY & PERFORMANCE COMMITTEES

- 3.1 It is proposed that for the three Policy and Performance Committees aligned to the Directorates, the relevant sections from the most recent revenue and capital monitoring reports are summarised into a bespoke report for each of the Policy and Performance Committees. This will include the following:
- Performance against revenue budget
 - Performance against in year efficiency targets
 - Performance against capital budget

3.2 With this Committee being the first since the change in approach this Committee is receiving a in the proposed new format with the information in the following sections extracted from the Financial Monitoring reports presented to Cabinet on 19 September 2013.

PERFORMANCE AGAINST REVENUE BUDGETS MONTH 3 (JUNE 2013)

3.3 CHANGES TO THE AGREED BUDGET

3.3.1 2013/14 Original & Revised Net Budget £000's

	Original Net Budget	Approved Budget Changes Prior Mths	Approved Budget Changes Month 3	Revised Net Budget
Transformation & Resources	12,424	4,955	154	17,533

3.3.2 Changes to the Budget agreed since the 2013/14 Budget was set

Items	£m
Corporate and Democratic Services to be grouped within the Transformation and Resources Directorate where Direct management control for these areas lies	+4.639
A support post has also been transferred from Transformation and Resources to the Chief Executive's Directorate.	-0.037
A number of training and legal posts have been transferred from Children and Young People to Transformation and Resources	+0.353
Transfer of staffing budgets from DASS in Families & Wellbeing to Financial Services within Transformation & Resources	+0.170
Transfer from Transformation and Resources to the Chief Executive for community engagement	-0.025
Realigning of the call centre recharge relating to the new garden waste service from Environment & Regulation to Transformation and change.	+0.009

3.3.3 All of the budget changes have been virements to reflect the re-alignment of functions, and the related budgets, between the Transformation & Resources Directorate and other Directorates the Chief Executive's Department. There have been no changes approved by Cabinet which increase the Directorate and Council spending.

3.4 VARIATIONS

3.4.1 2013/14 Projected Budget variations £000's

Directorate	Revised Budget	Forecast Outturn	(Under) Overspend Month 3	RAGBY Classification	Change from prev mth
Transformation & Resources	17,533	17,287	-246	B	-205

3.4.2 RAGBY full details

Department	Number of Budget Areas	Red	Amber	Green	Blue	Yellow
Transformation & Resources	7	0	0	6	1	0

3.4.3 A £246K underspend is currently forecast (£41k Month 2), as a result of savings on the Insurance Fund contracts and Capital Financing savings agreed as part of the completion of the 2012/13 accounts which resulted in a permanent budget saving.

3.5 IMPLEMENTATION OF 2013/14 SAVINGS

3.5.1 Budget Implementation Plan 2013/14 Transformation only £000's

BRAG	Number of savings Options	Approved Budget Reduction	Amount Delivered at June	Still to be Delivered
B - delivered	10	12,448	12,448	0
G – on track	9	12,625	5,757	6,868
A - concerns	6	6,125	620	5,505
R - failed	0	0	0	0
Total at M3 June	25	31,198	18,825	12,373

3.5.2 The Savings Tracker is Annex 5 of the Cabinet report and appended to this report details those areas classed under Transformation & Resources which are actually wider than the Directorate's area of responsibility and cover a number of cross-authority savings such as the Terms & Conditions savings.

3.5.3 Budgetary Issues £000's

Description	£000	Action
Facilities Management	250	Agreed can be met from permanent budget reduction
Market Supplements funding from central budget for pay growth (page 7) Budget Book	490	Funding from central budget for pay growth (page 7) Budget Book
Terms & Conditions 2012/13	200	Part funding from central budget for pay growth (page 7) Budget Book
Terms & Conditions 2012/13 part £100k, Transforming Business Support £300k Terms & Conditions 2013/14 £472k	872	Funded from increased balances forecast in M3 monitor

3.5.4 At this stage the issues that have been identified of concern are reported at Annex 12 Budgetary Issues of the Cabinet report and this identifies solutions to those savings where delivery is not anticipated in 2013/14.

3.6 INCOME AND DEBT

3.6.1 The Transformation & Resources Directorate includes Business Processes which collects income on behalf of the Council. This is detailed in Annex 9 of the Cabinet report and appended to this report. Revenue and Income falls into the four broad areas shown below for reporting purposes:-

Amount to be collected in 2013/14 £000's

	2013-14	2013-14	
	Collectable	Collected	%
Council Tax	135,419	37,803	27.9
Business Rates	70,396	19,600	27.83
Fees and charges – Adults	29,662	11,753	39.62
Fees and charges – all other services	23,575	15,642	66.35

- 3.6.2 A high risk income item is that required from residents who previously paid no Council Tax. The Council Tax Support Scheme was introduced in April. As this involves billing a large number of properties who have not previously paid Council Tax, having previously received benefit at 100%, an overall collection rate of 75% generating £2.8 million has been assumed. The forecast is that £1.86 million (66%) will be collected by 31 March with recovery actions post 31 March increasing the collection to the target figure. At 30 June collection was 13.2% equating to £387,085 and is still slightly ahead of the profiled target.
- 3.6.3 Recovery from non Working Age debtors is continuing as normal. Action taken to recover from those of Working Age that previously received 100% Council Tax Benefit was delayed by a month to allow for late payments or any queries caused by having to pay for the first time. 6,750 reminders were issued on 10 May, which resulted in our first complaint, laid in June of 500 cases who were previously on 100% Council Tax Benefit.
- 3.6.4 Repayment plans offering weekly/fortnightly instalments were offered to those contacting the Council. The first court hearing including Council Tax Support was on 9 July, with 19 attendees a higher percentage than normal. Cases have been identified suitable for Deductions from Benefit; for benefit claimants this allows for £3.65 per week to be deducted from the claimants benefit which, for a Band A property, will take in excess of 18 months to collect. It is inevitable some customers will refuse to engage with the Council, or deductions or an attachment is not possible, and we will have no alternative other than to use bailiffs to attempt to collect this debt.
- 3.6.5 Business Rates income collection was 27.83% during June. This is slightly less than the 30.73% collected at the equivalent period in 2012/13. Comparisons can fluctuate as some payments received early last year in respect of Health Authority payments amongst others are awaited this year. The timing of refunds may also affect the comparison. Recovery procedures have been tightened with debt being pursued earlier and the position is being closely monitored.
- 3.6.6 Issues regarding the collection of sundry debt were reported to Cabinet on 23 May 2013. The use of reserves had been earmarked to fund any increased need for debt write offs or increase to the bad debt provision. A significant amount of income has been received to reduce the level of debt and therefore the call on reserves which has been used to fund the redundancy reserve/provision.

3.7 PERFORMANCE AGAINST CAPITAL BUDGETS MONTH 3 (JUNE 2013)

3.7.1 Capital Budget

	Capital strategy	Changes approved by Cabinet	Reprofile to be approved	Other changes to be noted or approved	Revised Capital Programme
Trans & Res -Finance	210	0	0	0	210
Trans & Res - Asset Mgt	315	1,210	0	39	1,564

3.7.2 Spend to date June (3/12 = 25.0%)

	SPEND TO DATE		COMMENTS ON VARIATION RAG
	£000	%	
Trans & Res -Finance	164	78.1	Green -acceptable
Trans & Res - Asset Mgt	267	10.2	Green -acceptable

3.7.3 Projected Outturn compared to Revised Budget £000's

	REVISED	PROJECTED	VARIATION
	BUDGET	OUTTURN	
Trans & Res – Finance	210	210	0
Trans & Res - Asst Mgt	1,564	1,564	0

3.7.4 The main schemes are for alterations to Wallasey Town Hall and the Rock ferry Centre which are on site and progressing. The other planned schemes are at the West Kirby and Conway Centre One Stop Shops.

4 RELEVANT RISKS

4.1 There are none relating to this report.

5 OTHER OPTIONS CONSIDERED

5.1 Any option to improve the monitoring and budget accuracy will be considered.

6 CONSULTATION

6.1 No consultation has been carried out in relation to this report.

7 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

7.1 There are no implications arising directly from this report.

8 RESOURCE IMPLICATIONS: FINANCIAL, IT, STAFFING AND ASSETS

8.1 In respect of the Revenue Budget the Transformation & Resources Directorate is projecting an underspend of £245,000 as at the 30 June 2013.

9 LEGAL IMPLICATIONS

9.1 There are no implications arising directly from this report.

10 EQUALITIES IMPLICATIONS

10.1 The report is for information and there are no direct equalities implications at this stage.

11 CARBON REDUCTION IMPLICATIONS

11.1 There are no implications arising directly from this report.

12 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are no implications arising directly from this report.

13 RECOMMENDATIONS

13.1 Members are requested to approve the approach proposed.

13.2 Members are requested to review the information presented to determine if they have any specific questions relating to the budget for the Transformation & Resources Directorate.

14 REASONS FOR THE RECOMMENDATIONS

14.1 To ensure Members have the appropriate information to review the budget performance of the directorate.

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APPENDICES

Extracted from the Revenue Monitoring report to Cabinet on 19 September 2013:-

Annex 5 Savings Tracker
Annex 9 Income And Debt
Annex 12 Budgetary Issues

SUBJECT HISTORY

Council Meeting	Date
Monthly financial monitoring reports for Revenue and Capital have been presented to Cabinet since September 2012.	

EXTRACT FROM FINANCIAL MONITORING REPORT MONTH 3 (JUNE 2013)

Annex 5 SAVINGS TRACKER

TRANSFORMATION AND RESOURCES

Saving	Target £000	Comments / progress on implementation	BG AR	Amount delivered at M3 June 13 (£000)	To be delivered (£000)
Efficiency Investment Fund	4,400	Cabinet 8th November 2012 agreed to elimination of fund and growth and replacement by rolling fund.	B	4,400	0
Treasury Management	1,700	Built into budget to reflect the revised Capital Programme	B	1,700	Nil
Revenues and Benefits	550	This saving has been built into the budget and staffing levels are in line with its achievement.	B	550	Nil
Information Technology Service	210	Full savings for this budget option delivered in year one.	B	210	0
Marketing and Public Relations	167	Funding removed from budget	B	167	Nil
Tranmere Rovers Sponsorship	135	Sponsorship has ended.	B	135	Nil
Power Supplies - Contract Saving	11	A new supply contract is in place.	B	11	Nil
Area Forum Funding	391	Savings achieved	B	391	Nil
Council Tax Increase	2,600	Saving has been incorporated into the budget and is expected to be achieved.	B	2,600	Nil
Council Tax: Discounts and Exemptions	2,284	Saving has been incorporated into the budget and is expected to be achieved.	B	2,284	Nil
Reduction in External Audit Fees	140	The budget has been reduced to reflect the new contract and is expected to be fully realised in year.	G	Nil	140
Local Council Tax Support Scheme	2,785	Scheme introduced and progress being monitored as per section 7.3 above	G	Nil	2,785
Reducing Council Management	5,000	Vacant posts at Chief Officer level have been included in the latest management savings for June. Vacant posts are being pro rata'd over the year. April and May savings have been updated.	G	937	4,063
Trade Union funding	-270	The funding for the Trade Unions has been built in with the costs to still be recharged across business areas at the end of the year.	G	Nil	-270
Reducing the Cost of Democracy	100	The cost of the Members Allowances has been reduced and the saving is expected to be achieved in this area.	G	Nil	100

The Mayor of Wirral	50	It is expected that Civic Services will be able to achieve this saving from June 2013 and there will be a drive to reduce overtime and supplies to achieve the saving.	G	Nil	50
Libraries and One Stop Shops	391	Staff savings at the budget level are evident in April monitoring.	G	391	Nil
Housing Benefits – Maximisation of Grant	2,000	Saving has been incorporated into the budget and is expected to be achieved.	G	2,000	Nil
Council Tax: Court Costs	2,429	Saving has been incorporated into the budget and is expected to be achieved.	G	2,429	Nil
Service Restructures	905	Broken down as: £50k Asset Mgmt – delayed restructure but the full £100k should be achieved during 2013-15 £292k HR delayed restructure but it is envisaged that the full saving of £584k will be achieved over the course of 2013-15. £263k related to RHP £300k for Legal Services, of which £100k relates to employees which is expected to be achieved through compensatory budgets with the restructure helping to achieve the £200k that is currently set aside Legal/Court costs which are a very volatile area.	G A G A	Nil	905
Better Use of Buildings	100	Details as to how this saving will be achieved are to be finalised as there are also savings that have rolled forward from previous years relating to assets.	A	Nil	100
Transforming Business Support	500	Saving has been incorporated into the budget. Staff savings are expected and some have already been achieved. Further work is taking place to develop saving.	A ↓	169	331
Reducing the numbers of Agency workers	500	The current saving in year is 30k up to June 2013. However, there are plans to bring a significant number of current contracts to an end later in year.	A	30	470
Procurement	320	This saving has not progressed as anticipated, but compensatory savings are expected to be made during the year.	A	91	229
Workforce Conditions of Service	3,800	Negotiations with TUs are concluding. Target saving likely to be £3.7 million. Slippage depending upon agreement is likely	A	330	3,470

EXTRACT FROM FINANCIAL MONITORING REPORT MONTH 3 (JUNE 2013)

Annex 9 INCOME AND DEBT

Council Tax

The following statement compares the amount collected for **Council Tax** in the period 1 April 2013 to 30 June 2013 with the amount collected in the same period in 2012/13:

	Actual 2013/14 £	Actual 2012/13 £
Cash to Collect	135,442,533	125,830,867
Cash Collected	37,803,466	36,224,686
% Collected	27.9%	28.8%

Council Tax benefits has been abolished and replaced by Council Tax support and the numbers and awards as at 30 June 2013 are as follows:

Number of Council Tax Support recipients	38,413
Total Council Tax Support expenditure	£28,190,430
Number of pensioners	16,462
Number of vulnerable	6,412
Number of working age	21,951

The level of collection reflects the increased charges to those charge payers now in receipt of Council Tax Support and having to pay a minimum of 22% of the annual charge as well as the increase charges in respect of reduced discounts and exemptions.

Business Rates

The following statement compares the amount collected for **National Non-Domestic Rates** in the period 1 April 2013 to 30 June 2013 with the amount collected in the same period in 2012/13:

	Actual 2013/14 £	Actual 2012/13 £
Cash to Collect	70,430,843	68,834,818
Cash Collected	19,600,183	21,152,500
% Collected	27.83%	30.73%

Accounts Receivable

The table below shows the new department names and the split at what stage of the recovery cycle they are:

Description	Less than 28 days	1st reminder	2nd reminder	3rd reminder	Total as at 30.6.13
Chief Executive	£204,218.54	£7,848.31	£10,888.21	£518,875.12	£741,830.18
Neighbourhood	£16,093.19	£1,560.00	£2,587.98	£22,074.00	£42,315.17
Transformation	£4,682,752.65	£1,501,400.20	£565,830.20	£9,541,770.16	£16,291,753.21
Families	£254,039.87	£249,428.72	£400,870.69	£4,616,385.58	£5,520,724.86
Environment & Regulation	£567,400.33	£405,434.31	£205,592.26	£2,686,805.85	£3,865,232.75
Totals	£5,724,504.58	£2,165,671.54	£1,185,769.34	£17,385,910.71	£26,461,856.17

The above figures are for invoices in respect of the period up to the end of June 2013. Payments and amendments such as write offs and debts cancellations continue to be made after this date on these accounts.

BENEFITS

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 June 2013:

	2013/14	2012/13
Number of Private Tenant recipients	31,529	31,629
Total rent allowance expenditure	£33,495,358	
Number under the Local Housing Allowance Scheme (<u>included in the above</u>)	12,021	11,854
	£13,816,375	
Number of Council Tax Support recipients	38,474	
Total Council Tax Support expenditure	£28,187,753	
Total expenditure on benefit to date	£61,683,111	

The following statement provides information concerning the breakdown according to client type as at 30 June 2013

Private Tenants

Claimants in the Private Rented Sector	14,669
Claimants in the Social Rented Sector	16,860
Owner Occupiers	10,627
Total claimants by age group	
under 25 years old	2,659
25 – 60 years old	21,877
over 60 years old	17,620

There are **42,156** benefit recipients in Wirral as at 30 June 2013.

Under Occupancy regulations

From 1 April 2013 property size criteria was introduced to working age tenants of social housing (Registered Providers). Where a claimant is deemed to be occupying accommodation larger than they reasonably require, Housing Benefit (HB) levels have been restricted as follows:

- One “spare” bedroom incurs a 14% reduction. In Wirral the current weekly average is £12. As at 30 June 2013 3,247 households were affected;
- Two or more spare bedrooms incur a 25% reduction. The weekly average in Wirral is currently £21 .As at 30 June 2013, 928 households were affected;
- Out of a total social sector HB caseload of 16,860; 4,177 are currently affected by this;
- Cases that are deemed exempt from the reduction is 3,375.

Housing Benefit Fraud and Enquiries – 01 April 2013 to 30 June 2013

New Cases referred to Fraud team in period	276
Cases where fraud found and action taken	12
Cases investigated, no fraud found and recovery of overpayment may be sought	117
Cases under current investigation	211
Surveillance Operations Undertaken	0
Cases where fraud found and action taken:	
Administration penalty	0
Caution issued and accepted	2
Successful prosecution	10
Summons issued for prosecution purposes	7

Discretionary Housing Payments

Discretionary Housing Payments (DHP) may be awarded to provide short term financial assistance to Housing Benefit claimants who are experiencing difficulty meeting a shortfall in their rent because maximum benefit is not being paid. DHP is not a payment of Housing Benefit and is funded separately from the main scheme.

The Government contribution for 2013/14 is £917,214 with an overall limit of £2,293,035 which the Authority must not exceed. These levels have increased significantly this year as part of central government's measures to help alleviate hardship resulting from the major welfare reforms, such as under occupancy as well as ongoing Local Housing Allowance issues. As at 30 June 2013 £79,330 of this fund has been allocated for liability up to this date. It is expected that Wirral will use up the full government contribution by year end.

Local Welfare Assistance

From April 2013, the discretionary Crisis Loans for Living Expenses and Community Care Grant elements of the Social Fund were abolished and replaced in Wirral by our new Local Welfare Assistance Support Scheme (LWA). For 2013/14 Wirral's scheme is supported by a £1,345,925 Government Grant. Wirral's scheme replaces cash payments in favour of suitable alternatives where at all possible e.g. through the provision of pre payment cards for food and fuel and direct provision of white goods. The scheme is to be reviewed after six months to see how implementation has gone and for possible scheme alterations. The number of applications is rising on a week by week basis. LWA applications for June 2013 average 83 per week.

LWA details for period from 02 April 2013 to 30 June 2013

Number of Awards Granted	1,010	£76,686
Number of Awards not qualifying	796	

EXTRACT FROM FINANCIAL MONITORING REPORT MONTH 3 (JUNE 2013)

Annex 12 BUDGETARY ISSUES

	Service area	Issue	2013-14	2014-15	2015-16	2016-17	Resolution
Transformation							
	Market Supplements	Single Status is unimplemented. Until then, grade mismatches can only be 'fixed' by market factors. Estimated has reduced from £1m in M1 to £490k excluding any additional cover.	490	450	450	0	Reduced from £1m M1 Monitor based on latest estimates. From pay growth budget M3
	2012-13 T&C's	Non-achievement; count as part of 2014-15 target	300	0	0	0	2013-14 from forecast savings in M3
	2012-13 Trans Bus S	Non-achievement; count as part of 2014-15 target	300	150	0	0	2013-14 from forecast savings in M3
	2013-14 T&Cs	Shortfall in achievement; count as part of 2014-15 target	472	0	0	0	2013-14 from forecast savings in M3
	Facilities Management	Shortfall in achievement on closure of buildings; count as part of 2014-15 target	250	0	0	0	Agreed can be met from permanent budget reduction
Totals			1,8126	600	450	0	
Solutions			2013-14	2014-15	2015-16	2016-17	
	Agreed redns	Facilities Management	-250	0	0	0	Agreed can be met from permanent budget reduction
		Market Supplements funding from central budget for pay growth (page 7) Budget Book	-490	-450	-450	0	Funding from central budget for pay growth (page 7) Budget Book
		T&Cs 2012/13 part funding from central budget for pay growth (page 7) Budget Book	-200	0	0	0	
		Remaining issues relating to 2013-14	-872	-150	0	0	Funded from increased balances forecast in M3 monitor
Current additional resource required from savings			0	0	0	0	