

# ***Report to the Council***

**Committee: Cabinet**

**Date: 29 July 2008**

**Subject: Finance & Performance Management**

**Portfolio Holder: Councillor Chris Whitbread**

**Item: 6(e)**

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**Recommending:**

**That the report of the Finance & Performance Management Portfolio Holder be noted**

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## **Financial Position**

The Council is starting to feel the effects of the wider economic downturn, particularly in property related areas. Income for the first quarter from both local Land Charges and Building Control is below the estimated levels. The other positive from the current economic uncertainties is the higher rates of interest that are available in the money markets and returns on the Council's investments are currently greater than had been budgeted.

The detailed financial monitoring reports for the first quarter will be going to the Finance and Performance Management Scrutiny Panel on 19 August.

## **Performance Management/Value for Money**

In preparation for this year's Use of Resources audit, officers have undertaken a detailed study of Audit Commission comparative data on cost and performance. This report will be going to an extra meeting of the Finance & Performance Management Cabinet Committee on 31 July.

## **Accountancy**

Council approved the annual accounts on 26 June and the external auditors (PKF) will commence their work later this month. PKF have completed their interim audit of the Council's systems and confirmed that there were no points arising from this work that they wished to raise with Members.

## **Benefits**

The economic downturn has resulted in a substantial increase in workload for the Benefits Division. New applications for housing benefit are up 20% on last year and an even greater increase has been seen in changes of circumstance.

The implementation of the new software in Benefits and Revenues is progressing well. However, the introduction of the Local Housing Allowance has complicated and slightly delayed the project. It is now anticipated that the new system will be going live in October, rather than September.

## **Revenues**

The collection rate for National Non-Domestic Rates is 1.6% down on the first quarter last year. This may deteriorate further as there has been an increase of more than 30% in recovery action taken. The impact of the general economic downturn has been exacerbated here by the change in legislation covering empty business premises. Most empty business premises now have a full rate due on them, where as previously a 100% or 50% reduction applied. This measure was intended to encourage owners of empty properties to bring them back into use. It remains to be seen how effective the policy will be, but in the short term it is proving difficult to collect the rates on such properties.

The collection rate for Council Tax is slightly up on the first quarter last year. Although, like NNDR, a sharp increase has been necessary in recovery action and the rate may dip later in the year.