

Report to the Council

Committee: Cabinet

Date: 28 April 2009

Subject: Finance & Performance Management Portfolio

Portfolio Holder: Councillor Chris Whitbread

Item: 7(g)

Recommending:

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

Financial Position

Allowances were made in the revised estimates for 2008/09 for the worsening economic climate and its impact on the Council's finances. There were no additional significant shocks between the Council Tax setting in February and the end of the Financial Year, so it is anticipated that the outturn will be in line with the revised estimates.

The detailed revenue and capital outturn reports will be going to the Finance and Performance Management Cabinet Committee on 15 June, with the Annual Accounts then going to Council for approval on 30 June.

Performance Management/Value for Money

At the meeting of the Audit and Governance Committee on 30 March the external auditor reported on their annual Use of Resources audit. The Council retained the score of 3 or performing well. This was achieved against the background of a further hardening of the evaluation criteria. To quote from the report "the Council has effectively had to improve its arrangements simply to maintain its previous year's scores."

The introduction of the Comprehensive Area Assessment brings with it a further toughening of the evaluation criteria. The value for money achieved by this and the amount of resource that it is now necessary to devote to the Use of Resources is becoming questionable.

Accountancy

The Accountancy Division are now working on the annual accounts and I would be grateful if all Members could return their Related Party declarations as soon as is possible.

Benefits

Members will be aware that performance in the Benefits Division has been adversely affected by the introduction of a new processing system. This system went live in

January and progress is being made with the number of cases outstanding reducing and the time taken to process both new claims and changes of circumstance also improving. This is being achieved despite an increase in claims of 25% against last year.

Publication deadlines mean this report has to be written before Cabinet on 20 April has considered a possible amendment to the rent increase for 2009/10 for our council housing tenants. In setting the rent increase for 2009/10 Members did not wish to implement the average guideline rent increase of 6.2% and instead chose a lower figure of 4%. The Government awoke very late in the day to the fact that the guideline rent increase was not affordable for many people. This led to a press release on 6 March stating that proposed rent increases would be cut in half, and there was then a further delay of three weeks before a consultation was issued on 26 March that had the supporting detail. The closing date on the consultation is 24 April and the Council's response will be determined by Cabinet.

Whilst the reduction can be welcomed in general terms it is regrettable that the Government set the guideline rent in September and then took six months to realise it was excessive and then changed the guideline after budgets had been set for 2009/10 and rent and benefit notifications issued. It is also less than helpful that a press release was rushed out three weeks before any of the supporting detail was available. Officers are still working through this detail but given the existing pressure on the Benefits Division I am concerned that changing the rent increase is likely to require the manual recalculation of approximately 4,000 claims.

Revenues

The in year collection rate achieved for Council Tax for 2008/09 was 97.6%; this is down slightly on the 98.06% for 2007/08. However, the implementation of the new software system disrupted recovery work and the state of the economy is making it increasingly difficult to collect debts. Officers will continue their efforts to collect outstanding balances from 2008/09 in 2009/10.

The in year collection rate achieved for National Non-Domestic Rates for 2008/09 was also 97.6%, a reduction of 1% against the 98.6% achieved in 2007/08. 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.

Having mentioned the late change in the guideline rent legislation an even later change is being made to NNDR. Members may recall that at the February Council meeting a resolution was passed that a letter should be sent to the Minister requesting a re-consideration of the 5% increase in NNDR. On 31 March a press release was issued stating that businesses would be able to spread the increase over three years. Detailed regulations have been promised by late July and despite Government instructions that businesses should keep paying as set out in their current bills it is inevitable that many will be reluctant to do so. Whilst welcoming the reduction in the burden to business, again the length of time taken to make the decision and the additional work that will now be created because of the delay is regrettable.