

Corporate Financial Monitoring

Quarter 2: July – September 2013

Report of: Financial Services Manager

1 Introduction

This monitoring report for 2013/14 sets out an indicative corporate picture of the Council's financial performance for the period ending 30 September 2013.

The report summarises the budgetary variances arising through services' monitoring, and also identifies any omissions, updates and/or actions required. In addition there are various other specific sections for salary monitoring, capital expenditure and financing, the Housing Revenue Account (HRA), revenue collection performance and various reserves. The content and format of this report will continue to evolve, to draw on both national and local finance matters.

2 General Fund Revenue Monitoring

1.1 General Fund Summary Position



The current overall General Fund summary position shows that at the end of September there is a net underspend of **£383K** (*Qtr1 £152K underspend*) against the budget. This is currently forecast to increase to **£496K** (*Qtr1 £239K underspend*) by the end of the year.

	Annual Budget £000's	Profiled Budget £000's	Actual £000's	Current Underspend £000's
Salaries	16,590	8,206	8,065	(141)
Other Net Budgets	3,229	(1,907)	(2,149)	(242)
Total	19,819	6,299	5,916	(383)
			<i>Full Year Projection</i>	(496)

1.2 Main Budget Variances

Annex A details the major true variances identified to date that have been included within individual services' monitoring reports. The variances reported are either +/- £5K in value and cover premises, transport, supplies and services and general income. A summary is provided in the following table.

SUMMARY BY SERVICE	Current £000's	Current Year Projection £000's	Future Years Projection £000's
	() Favourable / + Adverse		
Environmental Services	(80)	(11)	+11
Governance	(102)	(108)	(17)
Health & Housing	(29)	(11)	+33
Regeneration & Planning	(3)	(13)	+52
Resources	(28)	(3)	(91)
TOTAL VARIANCES	(242)	(146)	(12)

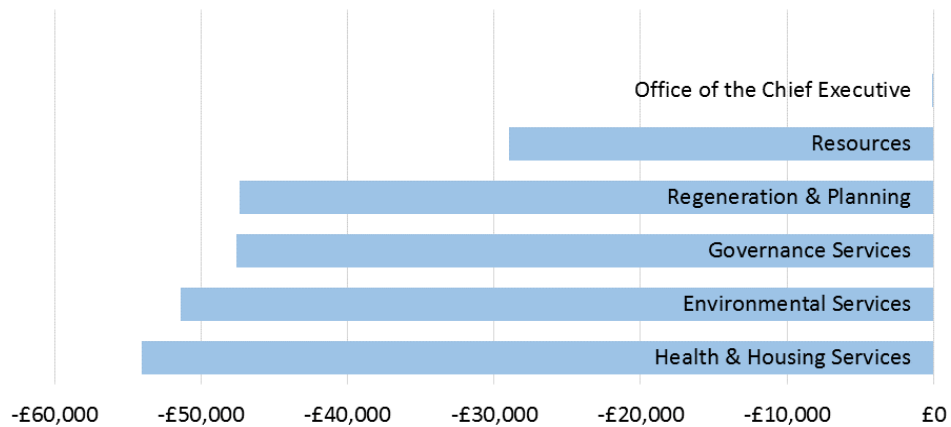
It should be noted that one specific variance of +£52,200 has arisen in relation to the charging on bins and boxes within Environmental Services. The original Budget Council resolution on 27 February approved charging subject to it being given further consideration by Cabinet. This has not yet happened and as a result there will be a budget shortfall in this year, however a report still needs to be presented to Cabinet and the Chief Officer (Environmental Services) is taking this forward.

1.3 General Fund Salary Monitoring

Salary monitoring is reported separately, as in aggregate terms any variances can have significant effect.

To date total savings of £229K (Qtr2 2012/13 - £376K) have been achieved, which is some **£141K** (Qtr2 2012/13 - £291K) above the £88K profiled turnover target. This allows for the recently approved 1% pay award. A very simple projection would indicate that salary savings could reach around £350K (Qtr1 £200K) by the end of the year, but a more detailed review is currently underway to analyse vacant posts to give a more accurate savings projection.

The following graph shows the savings on a Service by Service basis.

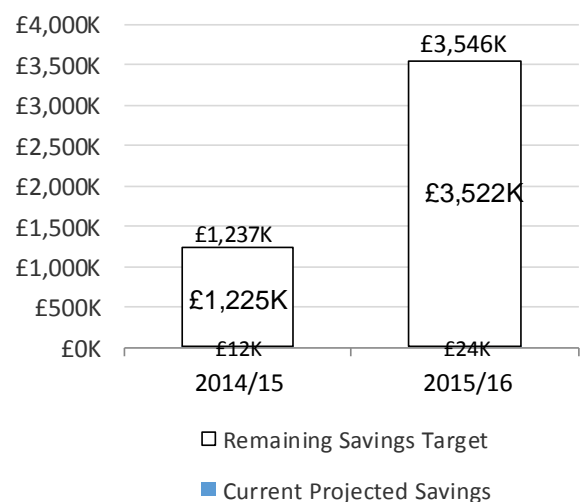


In terms of future years, staffing implications will be included in specific budget proposals. On the downside, however, the recent triennial review of the Pension Fund to inform future employer contribution rates is expected to result in additional cost pressures. This will be reported to Members in due course.

1.4 Future Years' Savings Requirements

The targets have been updated to reflect the report to Cabinet in October, following the latest Government spending review.

The earlier table shows that there are indicative on-going net savings of £12K in future years. This is a reduction of £98K on the Qtr1 forecast, mainly as a result of additional water charges and reductions in income.



Clearly, the savings to date do not yet make assumptions regarding the various service reviews and other planned budget reduction actions, so the £12K it is not yet representative of the progress being made.

2 General Fund Capital Programme

2.1 Capital Expenditure & Financing

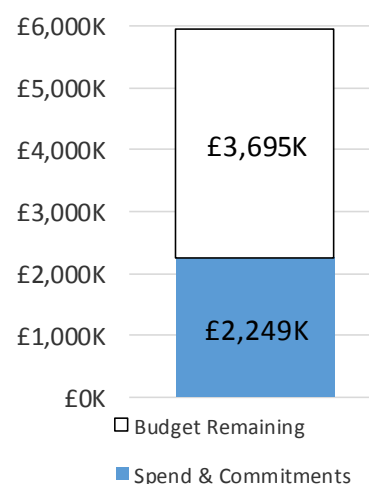
At the end of September there were spend and commitments of £2.249M against the programme of £5.944M. Details of spend against each scheme is shown at **Annex B**.

Two changes to the capital programme have been approved in this quarter in respect of the following:

- o Teal Bay Flood Defence Works £71K: Cabinet 23 July 2013.
- o 2012/13 slippage £438K: Cabinet 23 July 2013.

It should also be noted that updates will be made for vehicle purchases under delegated powers in due course, as and when all orders have been completed.

In addition, there has still been no update to the programme in respect of Lancaster Market, but this will be reported back to Council in due course.



In terms of financing, receipts of £71K (£50K relating to vehicle sales) have been received from the total £9.443M required to finance the 2013/14 capital programme. The main receipt relating to land at South Lancaster is still outstanding and as such, various schemes wholly funded by Council resources are still on hold. Some minor spend has been required in order to progress the piloting of ICT provision for Members, ahead of presenting ICT Strategy proposals to Cabinet.

The performance of the Council's property portfolio has strong linkages with capital investment and financing, and therefore at this point attention is drawn to the Property Group report at **Appendix D**, provided alongside this financial monitoring report. The property report is in accordance with the arrangements outlined to Cabinet in April.

3 Revenue Collection Performance

3.1 Collection Fund Monitoring

3.1.1 Council Tax Yield (Total Collectable)

This section provides a summary analysis of the current surplus or deficit on the Fund, shown in the table below. Such a surplus or deficit arises because of the great many changes in liability that occur throughout the year. Furthermore, any difference between estimated and actual collection performance will ultimately have a bearing.

The table goes on to compare budgeted council tax yield, or total amount collectable, with the yield position as at 30 September:

				£000's
Collection Fund Surplus (September 2013)				(1,320)
Represented by:				
Collection Fund Surplus b/fwd				(365)
<i>In-Year Movements to Date:</i>				
Lower Council Tax Support than estimated	(£955K) total in-year			(392)
Lower Second/Empty Homes income	surplus			+68
Other Movements in Tax Base				(631)
				(1,320)
Compared to:				
	Budgeted Projection £000's	Actual Position £000's		
Total Council Tax Collectable (Yield)	57,030	58,014		
Actual amount collected	(33,371)	(33,371)	57.5%	
Amount Outstanding	23,659	24,643		(984)

As at 30 September, an estimated surplus of £1.320M (*Qtr1 £1.144M*) is apparent, which is significantly higher than for the same period last year, and an increase of £176K on the Qtr1 position.

This year's position is made up of:

- a surplus brought forward from 2012/13 of £365K;
- £392K lower than estimated council tax support. This will continue to fluctuate as claimants' circumstances change, but since establishing the scheme proposals back in the autumn/winter of 2012, the trend is that the total support being claimed is reducing;
- £68K lower than estimated income from second/empty homes. There is no analysis as yet to show how much of this relates to empty homes being brought back into use, and how much is due to other changes in circumstances.

This leaves a balance of £631K (*Qtr1 £475K*) relating to other movements in the tax base or other factors which have still to be substantiated. It is still proving difficult to determine the factors generating this element of the surplus; this is a high priority for officers. This difficulty in reconciling the movements is also mirrored by the problems being experienced in completing the Government's annual Council Tax Base return (CTB1).

Nonetheless, the table clearly demonstrates that currently, overall yield is higher than was forecast in setting the 2013/14 budget. Although as yet it does not align exactly with the current in-year surplus on the Collection Fund, (*£984K compared to £955K*), this is being explored further and it is known that there can be complexities around using information at a specific date, to give full year projections. There can be some distortion of results.

Overall, any Collection Fund surplus or deficit is shared between the relevant precepting bodies and the City Council's share is 13%; based on the current estimated surplus, this would amount to £171K (the equivalent of almost 2% in city council tax terms). Due to the uncertainties, this has not been allowed for against future years' savings targets (section 1.4 of this report).

3.1.2 Business Rates Yield (Total Collectable)

Following the introduction of the Business Rates Retention Scheme, it is still the intention to include a new section in future monitoring reports to assess business rate yield against original projections and funding assumptions, and what this may mean for the Council and the major precepting authorities going forward. There is still more work needed in this area, in order to understand fully the implications, but the work needs to fit with other priorities and demands. Previously, any change in business rates yield had no real impact on the authorities' finances.

3.2 Council Tax and Business Rates Collection

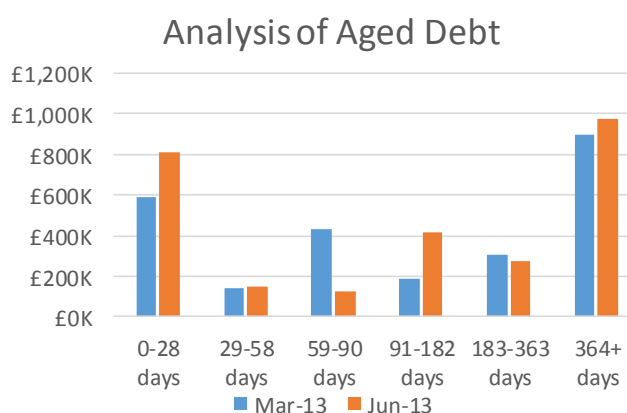
The council tax collected is slightly below target. This is considered more a reflection of the opportunity for taxpayers to pay by 12 rather than 10 installments and the levy of additional charges on long term empty properties, rather than any direct impact resulting from welfare reform changes. Encouragingly though, the percentage of NNDR collected is still ahead of target at the end of the second quarter.

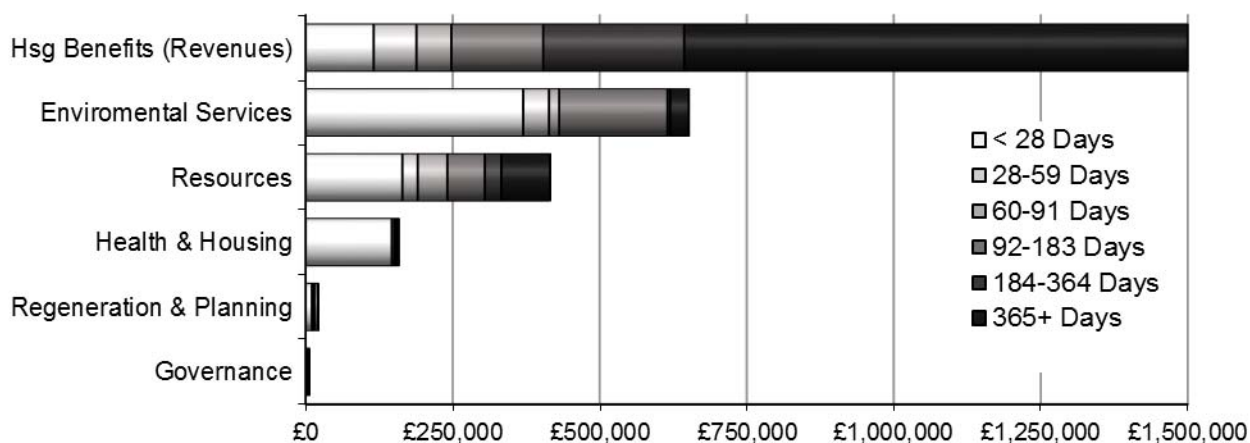
Percentage Collected	2012/13 %	2013/14 %	2013/14 Target %	2013/14 Actual %	Status
	All Years		In Year		
Council Tax	53.4	52.5	58.2	57.5	Slightly behind Target
Business Rates	59.5	59.8	59.3	60.3	Ahead of target

3.3 Sundry Debts

This section sets out the latest position on the level of outstanding sundry debts (excluding Council Housing). At the end of September the total debt outstanding was just over £2.7M, which is £191K more than the previous quarter. This is mainly due to half yearly invoices being raised prior to the end of September.

	June 13	Sept 13
	£000's	£000's
0-28 days	591	808
29-58 days	142	152
59-90 days	435	128
91-182 days	186	415
183-363 days	310	274
364+ days	898	976
	2,562	2,753
Previous Year	2,977	2,748





Attached at **Annex C** is an update on the status of debt greater than 90 days old. This shows what action is being taken in relation to the debt and at what stage the recovery is at.

4 Welfare and Housing Benefit Reforms

The Government's welfare reforms represent the most fundamental changes to the benefits system since the creation of the welfare state. While the reforms are intended to reduce dependency on social security and to encourage employment, they also play a key part in the Government's deficit reduction strategy – generating projected savings of more than £15 billion per year across Britain by the end of this Parliament.

Details of the various changes and their current impact are set out in detail at **Annex D**. This provides updates on issues such as the Council Tax Support Scheme, Under Occupancy Penalties, Discretionary Housing Payments and Universal Credit.

5 Housing Revenue Account (HRA)

5.1 HRA Revenue Position

i At the end of September the position for the HRA shows an underspend of **£16K** (*Qtr1 +£55K overspend*) against the profiled budget, which is currently projected to become an overspend **£73K** (*Qtr1 £87K overspend*) by the end of the year. Details of the variances are as follows:

SERVICE AREA	Current £000's	Current Year Projection £000's	Future Years Projection £000's
() Favourable / + Adverse			
Central Control – rent	+7	+7	+1
Central Control – contracted services*	+3	+38	?
Central Control – service charges recovered	(7)	(8)	?
Central Control – services charges : Telecare**	0	+24	+24
Insurance premiums	(11)	(11)	(11)
Mgt & Admin – printing & stationery	(8)	(7)	(7)
Council Housing Rents ***	0	+30	+11
Total	(16)	+73	+18

*As a result of the changes in future provision of Lancashire Telecare and Supporting People, additional costs will be incurred to establish robust disaster recovery and business continuity arrangements.

**The number of Lancashire Telecare referrals received from the County Council has significantly reduced during the period leading up to the County determining options for the future provision of the service. As a result the budgeted income for the current year will need to be revised down during the next budget process. Regarding future years, the Council may well have decisions to take regarding its involvement in this activity.

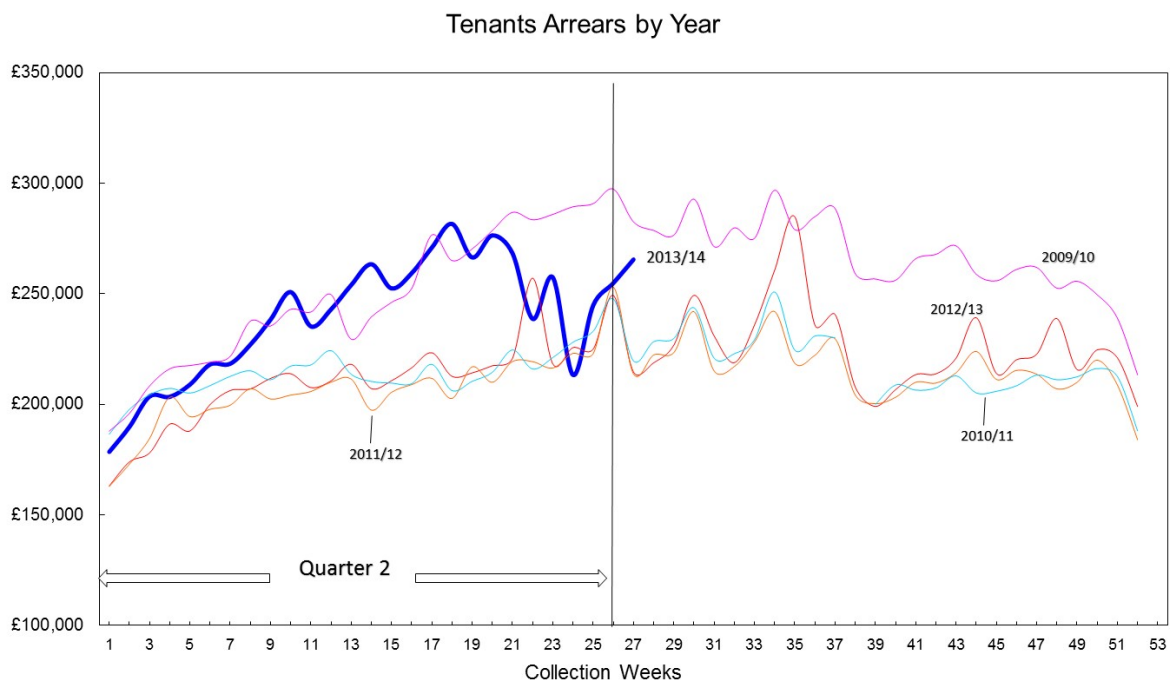
***Rental income from council houses is projected to be down slightly as a result of higher than anticipated property sales. In 2012/13 there were 7 property sales compared with the estimate of 5, and in the current year 3 properties have already been sold. This means that any further sales will impact on rental income, although they would provide additional capital financing. In addition there has been an increase in voids from 1.5% to 1.7%. To give context to the housing rents budget variance, together with the arrears section below, the total amount of rent collectable in this year is £13.458M.

5.2 Council Housing Rent Arrears

This section monitors the level of tenant arrears, to indicate any impact from welfare reforms and/or the wider economy on rent collection and in turn, to inform whether any specific actions are necessary. It will also feed into future reviews of the bad debt provision.

The following chart shows the current level of arrears compared to the previous 4 years. At the end of September, the level of arrears for 2013/14 is £254K which is unchanged from the previous quarter despite several fluctuations.

Annex D (s8.3) refers to the introduction of the Council Tax support scheme having a negative impact on Housing Benefit processing times in the first quarter of the year, which may explain the higher than anticipated level of arrears and the subsequent reduction as processing times improved. This will be monitored closely but it is too early to determine any full year likely impact, or reach any other conclusions.



5.3 HRA Capital Programme

This section analyses actual spend and commitments against the Council Housing Capital Programme at the end of September. To date spend and commitments total £2.146M against a budget of £4.843M leaving a balance of £2.697M. As with General Fund, the HRA programme has now been updated for slippage.

	Current Approved Programme £000's	Spend & Commitments to Date £000's	Budget Remaining £000's
Adaptations	300	63	237
Energy Efficiency / Boiler Replacement	660	150	510
Bathroom / Kitchen Refurbishment	644	337	307
External Refurbishments	1,269	796	473
Environmental Improvements	900	326	574
Rewiring	83	27	56
Fire Precaution Works	300	39	261
Lift Replacement	110	0	110
Re-roofing / Window Renewals	544	397	147
PV Solar Panels	21	0	21
Total Mobile Upgrade	12	11	1
TOTAL	4,843	2,146	2,697

The chart displays two stacked bars. The bottom bar, representing 'Spend & Commitments', is blue and reaches the £2,146K mark on the Y-axis. The top bar, representing 'Budget Remaining', is white with a black outline and reaches the £2,697K mark. The Y-axis is labeled from £0K to £6,000K in increments of £1,000K.

6 Provisions and Reserves

This section provides an update on key provisions and reserves, and balances.

6.1 General Fund Unallocated Balance

The current position with regards to unallocated Balances is set out below.

	£000's
Original projected balance as at 31 March 2013	2,635
Add: 2012/13 underspend	547
Less: Carry forwards (subject to full approval)	(101)
Add: Budgeted Contribution for 2013/14	367
Add: Current Projected In-Year Underspend	496
Latest Projected Unallocated Balance as at 31 March 2014	3,944
Minimum Level	1,000
Amount Available to Support Future Years' Budgets	2,944

The table shows that the current projected level of Balances would be £3.944M (*Qtr1* £3.687M) by the end of the financial year, which leaves £2.944M (*Qtr1* £2.687M) to support future years' budgets, after allowing for the minimum approved levels.

6.2 Insurance Provision

The current balance on the insurance provision is £383K, after making net payments of £85K in settlement of claims made.

At present, the Council's insurers estimate that the value of claims outstanding is £370K, which relates to a total of 187 claims made over a 5 year period. This estimate assumes that all these claims will be settled at the maximum reserve limit. Recent statistics show that on average, however, only 60% of the total reserve is paid. The estimated cost of claims outstanding could therefore reasonably be valued at around £222K, which is £161K less than the current provision. The overriding principle is that the Council must make reasonable provision for all its known liabilities, but the uncertain nature of insurance claims payments means that accurate predictions are difficult. This is an area for review during the budget.

6.3 Bad Debt Provision

The Bad Debt provision is formally reviewed half yearly at revised estimate time and closedown. In addition, quarterly updates are now provided as part of the Corporate Monitoring process.

The level of the provision has been assessed based on assumed levels of write-off as a proportion of debt outstanding. Based on the figures shown in section 4.3 the level of provision would be as follows:

Period	Debt £000's	% Cover Required	Value £000's
Up to 1 Month	808	1%	8
1 Month to 3 Months	280	5%	14
3 Months to 365 Days	689	10%	69
Over 365 Days	976	50%	488
TOTAL	2,753		579

The current balance on the General Fund Bad Debt provision is £589K (*Qtr1* £609K) which is £10K (*Qtr1* £75K) above the requirement indicated, but that is after allowing for this year's contribution of £100K and write-offs of £70K. The position will be reviewed again as part of the current budget process and any adjustments required will be reported accordingly.

7 Exceptions to Tender

In accordance with the latest approved contract procedure rules (updated January 2013), all exceptions to tender will be reported as part of the quarterly corporate monitoring process.

Exemptions were granted for the following contracts in the second quarter of the year:

Contract: Lancaster Square Routes – Centre Piece for Market Square, Lancaster.

Reason for Exception: For procurements over £100K tenders should be openly advertised, however this request was to carry out a restricted tender process with eleven selected contractors who could undertake the bespoke commission required. Officers did not believe that the artists with the required skills for this project would be registered on “The Chest” which is the council’s portal used for open tenders.

Although the request was granted the tender has subsequently been let on an open basis following communication from the funding body ERDF. This is despite initial meetings with ERDF officers where the council’s original procurement route was discussed and no issues were raised.

8 Risk Management

No other major risk changes have been highlighted in the period to 30 September. There have been positive developments regarding Luneside East and key asset sales, subsequent to that date. Otherwise, in very broad terms it is considered that the main risks facing the Council are linked to meeting its future financial challenges. A fuller assessment is planned as part of the Medium Term Financial Strategy review.

Separately, the Council’s risk management arrangements are currently being audited and this may result in some changes in due course, including reporting arrangements.

SUMMARY OF GENERAL FUND MAJOR VARIANCES (Qtr 2 2013/14)

Service	Service Area	Variance to Date	Current Year Projection	Future Years Projection	Reason for Variance & Action being taken	
		£	£	£		
		+ = Adverse () = Favourable				
		VARIANCES REPORTED THROUGH PRT PROCESS (CHIEF OFFICER COMMENTS)				
Environmental Services	Assembly Market & Street Traders Income	+7,100	+7,100	+7,100	Reduction in occupancy of Assembly Market and the number of regular traders in Lancaster from 6 to 3.	
	Morecambe Market - Income	+19,700	+33,700	+33,700	Currently experiencing a 17% vacancy rate compared to 12% in 2012/13 - various incentives being offered to attract new business however due to economy no significant improvement expected.	
	Public Realm - County Contribution	+9,700	+9,700	+9,700	Decision by Lancs County Council to freeze inflation on their contribution.	
	Nursery Income	+20,000	+20,000	+20,000	Income down for second year running due to economy - outturn expected to be similar to 2012/13.	
	Street Cleaning - Equipment & Tools	(10,000)	(10,000)	(10,000)	Contract for provision of new litter bins terminated. Bins will now be purchased as and when required.	
	Off-Street Car Parks - Utilities	(8,600)	(18,600)	(17,300)	Electricity - reduced consumption and costs based on current charging levels.	
	Off-Street Car Parks - Fees and Evening Parking	+14,300	+0	+0	Reduced income in Q1 and Q2 to be offset by compensation from United Utilities for the closure of Wood Street Car Park.	
	Off-Street Car Parks - Income General	+2,400	(21,200)	+0	Profit share from Parksafe from the original management agreement.	
	White Lund Depot	(7,300)	(12,700)	(12,700)	Savings re: security contract and waste disposal costs.	
	VMU - Materials	(5,000)	(5,000)	(5,000)	Based on previous outturns, over-provision removed.	
	Waste Collection - Bins & Boxes	+35,000	+52,200	+52,200	Decision to introduce charging for bins and boxes has not been implemented as yet.	
	Vehicles - Fuel	(23,800)	(66,700)	(66,700)	Fuel price currently consistent with last years prices. Should price stay constant then project variance should be achieved.	
Highways	(134,200)	??	??	County Council rates used on internal jobs. These jobs are completed at costs lower than estimates thus generating surpluses plus priced jobs for the County also generate a surplus. Material prices are currently favourable.		
Governance	Search Fee income	(9,600)	(16,600)	(16,600)	Continues increase in number of full searches together with reduction in software costs.	
	Members Expenses	(5,400)	(10,500)	(10,200)	Current level of allowances less than anticipated.	
	Democratic Services Management	(6,700)	(9,000)	(5,000)	Various minor savings.	
	Partnerships Team - County Contributions	+0	(6,500)	+0	Additional income from remaining Second Homes Funding for admin support to closedown of LSP.	
	Corporate & Partnerships Initiatives - County Contributions	(80,000)	(80,000)	+0	Children and Young People income from County (as per Jan 13 Mgmt. Team Restructure report) budget updated at revised.	
	Licensing Premises Fees	+0	+15,000	+15,000	Reduced premises licences fee income under 2003 Act due to reduction in number of licences required by University. (as per outturn).	

Service	Service Area	Variance to Date	Current Year Projection	Future Years Projection	Reason for Variance & Action being taken
		£	£	£	
		+ = Adverse () = Favourable			
		VARIANCES REPORTED THROUGH PRT PROCESS (CHIEF OFFICER COMMENTS)			
Health & Housing	Sports & Physical Activity Admission fees	(1,100)	(6,500)	(4,500)	Increase in admission fees as a result of some additional activities with Primary Schools.
	Wellbeing Waste Water increase to charges	+17,900	+7,600	+15,200	This projected variance is an estimate and is a combination of uncontrollable United Utilities Surface water and drainage charges. Charges will be phased in and could potentially rise to £45.7k in year 6. Charges are being reviewed in some areas and measures explored to reduce the drainage systems to reduce charges.
	SASC M&A income	+6,000	+12,400	+12,400	The solar panels at Salt Ayre will not achieve their full budgeted income from feed in tariffs in this year, and this may not be achieved next year but this is not yet certain and is being investigated.
	Regent Park Café	+3,800	+7,400	+0	Café vacated, no prospect of suitable re-letting this year. Assume will be let for future years.
	Reflexions Income	(4,200)	(28,500)	(28,500)	Increased income due to improved yield management of membership types and facility promotion.
	Heysham Pool Income	(39,900)	+10,800	+5,400	Cancelled private hirers.
	Stand-by callout	+700	(8,900)	(17,200)	Changes to working patterns/rotas re stand by call out payments.
	Williamson Park - various areas		(22,400)	(4,000)	Combination of small savings in expenditure and additional income in some areas but in particular the Café operation (excluding standby savings).
	Cemeteries - Water Services	+1,300	+5,400	+42,000	United utilities have informed the cemeteries team of an increase in charge for water services from April 2014. The increase is to be phased in over 6 Years and the team are awaiting the outcome of appeals and final charge letter. Without any appeals by the Cemeteries team there would be an increase amounting to £42K.
	Pest Control - Income	(13,900)	+11,900	+11,900	Improved weather in the summer led to an increase in pests in comparison to last year. Demand for the Pest Control Service has decreased when comparing the overall income for the past four years.
Regeneration & Policy	Development control income	(72,900)	(50,000)	(50,000)	Planning Application Fees upturn in market.
	Building Regulations Application Fees Income	+14,500	+36,800	+36,800	Fewer fee bearing applications received due to external competition from approved inspectors delivering a private service.
	Middleton Wood Nature Reserve	(9,800)	(9,300)	+0	Income received in 2013/14 which was budgeted for in 2012/13.
	Winning Back West End Property Account	+65,600	+0	+65,900	Increased R & M due to deterioration of empty properties and increased Council Tax/Rate charges due to being empty more than 2 years. Offset by HCA funding in 2013/14, however £65.9K budget shortfall in 2014/15 rising to £153.6K from 2015/16 onwards as HCA funding runs out. Expected to be mitigated as and Phase 1 and 2 of Chatsworth Gardens scheme refurbished.
	Bold Street	+0	+9,400	+0	Budget variance relates to emergency demolition works that need to be undertaken re Winterdyne Garages on Bold Street.

Service	Service Area	Variance to Date	Current Year Projection	Future Years Projection	Reason for Variance & Action being taken	
		£	£	£		
		+ = Adverse () = Favourable				
		VARIANCES REPORTED THROUGH PRT PROCESS (CHIEF OFFICER COMMENTS)				
	Moor Lane Mills - Rent	+57,500	+57,500	+0	Correction of invoice allocation between financial years.	
	Euston Road, Morecambe	+15,700	+38,000	+14,500	56-58 vacant and anticipate re-letting next year, although at a reduced rent from previously budgeted. 60 let from June 2013.	
	Lancaster Bus Station rates	+7,100	+7,100	+7,100	Reduction in transitional rate relief.	
	5 Cheapside, Lancaster	+13,100	+39,600	+40,000	Vacant. Unlikely to receive any rent in 2013/14 and reduced income expected in 2014/15 as well.	
	CityLab - Rent	(48,800)	(24,500)	(24,500)	More tenant take up - current variance includes monthly rents invoiced to end of year.	
Resources	Storey Institute - Rates	+7,400	+7,400	+6,500	Original budget under estimated.	
	St Leonards' house - Rent	+4,000	(16,100)	(16,100)	Increase in tenant take up.	
	Pensions Payments	(7,400)	(13,600)	(13,600)	Reduced payments to County Pension Fund.	
	Investment Interest	+6,000	+4,900	+0	Current investment interest is below the profiled estimate.	
	Audit Fees	+0	(12,000)	(12,000)	Reduced costs for annual grants and returns audit.	
	Revenues: Discretionary Rate Relief	+0	(91,200)	(93,000)	No longer a direct charge to the General Fund. All future relief costs fall on the Collection Fund and are borne by all major preceptors.	
	Revenues : HB Overpayments	(82,100)	?	?	Recoveries continue to exceed budget. For last year the additional income was £145K. The budget will be reviewed at revised estimate time - see below.	
	Bad Debt provision contribution	+0	?	?	It is anticipated that further contributions to the bad debt provision will be required. In reference to HB Overpayments - projections simply assume a neutral budget position at this stage.	
		TOTAL VARIANCES	(241,900)	(145,900)	(11,500)	
		Overall Salary Savings	(141,000)	(350,000)	+0	
	OVERALL VARIANCES	(382,900)	(495,900)	(11,500)		

Annex B

GENERAL FUND CAPITAL PROGRAMME MONITORING REPORT

SERVICE		2013/14 Gross Budget	Actual to Date	Commitments (Outstanding Orders)	Total	Variance +Overspend / (Underspend)
		£	£	£	£	£
Environmental Services	Allotment Improvements	92,000	0	0	0	(92,000)
	Car Park Improvements Prog	120,000	0	0	0	(120,000)
	Playground Imps/Facilities	0	(5,222)	100	(5,122)	(5,122)
	Purchase of Vehicles	0	579,256	946,030	1,525,286	1,525,286
	Toilet Works	90,000	0	0	0	(90,000)
Health & Housing Services	Disabled Facilities Grants	817,000	381,952	0	381,952	(435,048)
	YMCA Places of Change	19,000	18,023	0	18,023	(977)
	Salt Ayre Works Programme	30,000	0	0	0	(30,000)
	Warm Homes Scheme	79,000	24,852	0	24,852	(54,148)
	Will Park Imps & Enhancements	110,000	14,050	0	14,050	(95,950)
Regeneration & Planning	Albion Mills S106 Affordable Housing	260,000	0	0	0	(260,000)
	Amenity Improvements	36,000	0	5,278	5,278	(30,722)
	Bold Street Renovation Scheme	32,000	814	9,063	9,877	(22,123)
	Ffrances Passage	4,000	3,157	0	3,157	(843)
	Great Places S106 Affordable Housing	42,000	0	0	0	(42,000)
	Lancaster Square Routes	196,000	11,349	17,392	28,741	(167,259)
	Luneside East	70,000	33,879	6,200	40,079	(29,921)
	Morecambe Area Action Plan	100,000	0	3,635	3,635	(96,365)
	Morecambe TH12 A View for Eric	462,000	0	0	0	(462,000)
	Poulton Pedestrian Route	160,000	0	0	0	(160,000)
	Sea & River Defence Works	349,000	49,073	101,957	151,030	(197,970)
	Toucan Crossing King Street	13,000	0	0	0	(13,000)
	West End Temp Car Park	5,000	0	0	0	(5,000)
Resources	Corporate Property Works	2,428,000	(102,104)	70,353	(31,751)	(2,459,751)
	IT Systems, Infrastructure & Equip	430,000	8,991	71,163	80,153	(349,847)
Total Gross Programme		5,944,000	1,018,070	1,231,171	2,249,242	(3,694,758)

Grants & Contributions

Capital Contributions Income	(38,000)	(55,555)	0	(55,555)	(17,555)
Capital Grants Income	(1,518,000)	(1,124,488)	0	(1,124,488)	393,512
Total External Income from Grants & Contributions	(1,556,000)	(1,180,042)	0	(1,180,042)	375,958

Total Net Programme	4,388,000	(161,972)	1,231,171	1,069,199	(3,318,801)
----------------------------	------------------	------------------	------------------	------------------	--------------------

ACTION BEING TAKEN BY SERVICES

Service	Total Outstanding Debt (over 90 days old)	Debt to be Written Off	Refer(red) to Debt Collection Agents	Refer(red) for Legal recovery	Debt still being pursued	Payment Received / Instalment Agreed	Other Action / Reasons	TOTAL	Notes on Other Action / Reasons
	£	£	£	£	£	£	£	£	
Regeneration and Policy	6,740			297	6,383	60		6,740	
Environmental Services	156,135	1,036	898		54,424	98,660	1,117	156,135	In administration
Health & Strategic Housing	6,092		617		5,137	339		6,093	
Property Services	220,194	4,517	10,642	61,710	56,464	86,860		220,194	
Governance	3,856				3,856			3,856	
Housing Benefits	1,272,459	1,170		10,733		1,121,154	139,401	1,272,459	
Total Outstanding	1,665,476	6,723	12,157	72,741	126,264	1,307,074	140,519	1,665,477	

*** Actions relating to Housing Benefit Debt**

Appeals - where an appeal has been made against the creation of an overpayment & recovery has been suspended pending the outcome of the appeal

Bankruptcy - where a debtor has been made bankrupt & recovery of the debt is suspended until the bankruptcy has been discharged

Claim Pending - where a claim for Housing Benefit (HB) has not yet been determined & there is prospect of recovery from ongoing HB

First Reminder - where no agreement has been made to repay the debt & reminder invoice is issued

Second Reminder - where no agreement has been made to repay the debt & a reminder letter is issued

Instalment Warning - where an instalment as per an agreement has not been made & a reminder letter is issued

Instalment Termination - where instalments as per an agreement have not been made & the agreement has been terminated & a termination letter issued

Welfare and Housing Benefit Reforms

In response to various queries from Members and Committees, the following overview has been prepared. This will be shortened in future reports, to focus on key statistics only.

1 Council Tax Support

- 1.1 From 1st April 2013, the national scheme of Council Tax Benefit was abolished and replaced with a localised Council Tax Support scheme. This is funded by a cash-limited grant and therefore any increase in demand for benefit over and above current levels will have to be funded by the Council and major precepting authorities (County, Fire, Police).
- 1.2 The City Council decided not to reduce Council Tax Support levels for 2013/14, leaving entitlement at its previous level. However, the decision comes at a cost and the Council is helping to fund the shortfall in grant for the current year alongside other precepting authorities. In total for all authorities, the shortfall is expected to be around £450K (less than anticipated).
- 1.3 To inform future decision-making, the Council has conducted a formal consultation exercise throughout the summer, which closed on 13th October 2013. Results are currently being analysed and they will be reported to full Council as part of the decision making process for next year's scheme.

2 The Under Occupation Penalty or 'Spare Room Subsidy'

- 2.1 Restrictions on housing benefit for claimants in social sector tenancies have taken effect from April 2013. These affect working age customers living in accommodation that is deemed to be too large for their needs.
- 2.2 The following size criteria reductions in Housing Benefit apply:
 - 14% reduction where there is one bedroom more than is required
 - 25% reduction where there are two or more bedrooms more than required.
- 2.3 Latest information indicates that Lancaster has 608 affected customers (reduced from 678 cases in July), creating a shortfall (additional rent collectable) for Registered Social Landlords of £8K per week (£416K annually). These cases include around 421 Council Housing cases, resulting in additional rent collectable of around £5.5K per week.

3 The Benefit Cap

- 3.1 In March 2012 the Welfare Reform Bill introduced a Benefit Cap for working age households. Households are defined to include the claimant and partner and any dependants. The Benefit Cap has been set at:
 - £500 per week (£26K per year) for couples (with or without children) and lone parents.
 - £350 per week (£18.2K per year) for single adults.

- 3.2 The Benefit Cap is administered by the Council, reducing Housing Benefit to the value of the cap. A minimum weekly value of £0.50 Housing Benefit will be left in payment to allow claimants to apply for a Discretionary Housing Payment.
- 3.3 There are currently 31 cases in Lancaster (reducing from 39 cases reported in July 2013, when the benefit cap was first implemented).
- 3.4 DWP wrote to all affected families to notify them of the cap, and home visits were made by Visiting Officers starting in December 2012 to all affected customers, ensuring that they were aware of this welfare reform and its impact upon them. We have also been working very closely with Job Centre Plus and they are available to discuss on-going issues. Any potential new cases are referred to the Visiting Officer's in the Housing Benefit Team.
- 3.5 CAB offices in Lancaster and Morecambe offer help, advice and budgeting/debt advice to customers affected by this reform in the local areas. Some Registered Social landlords have also made resources available to provide help to their affected tenants.

4 Discretionary Housing Payments

- 4.1 Discretionary Housing Payments (DHP) are administered by the Council and are paid to customers who are in receipt of or entitled to Housing Benefit where there is a shortfall between the level of Housing Benefit and the amount of rent charged.
- 4.2 From April 2013 Councils are no longer permitted to use DHP to meet the costs of Council Tax; this is a consequence of the abolition of Council Tax Benefit and its replacement with a localised scheme.
- 4.3 A panel of experienced senior officers sit to consider each case on its merits determine the award. Discretionary Housing Payments are typically provided for a temporary period to help people over a difficult period or to find alternative accommodation.
- 4.4 To support welfare reform changes the Government has significantly increased its Discretionary Housing Payments contributions to Councils for 2013/14. Lancaster receives £211K and to date has granted £82.5K covering 297 cases (192 successful applications). A further 22 cases are pending, awaiting consideration.
- 4.5 Authorities across Lancashire are reporting a significant increase in DHP applications and it is anticipated that pressure upon the scheme will increase in the latter part of the financial year as rent pursuance action increases and the effects of the benefit cap are felt.

5 Local Welfare Provision: The Care and Urgent Needs Support Scheme

- 5.1 The new Care and Urgent Needs Support Scheme administered by LCC commenced on 2 April 2013 replacing those elements of the Social Fund no longer administered by the DWP.
- 5.2 The function relates to the provision of financial assistance to customers who have suffered a crisis (for example a fire, flood, theft etc.) and need urgent

assistance or need support in establishing or maintaining a home (typically with cost of white goods, furnishings etc.).

- 5.3 Across Lancashire expenditure has been around £101K. The low level of expenditure is partly accounted for as a result of low demand, the use of food parcels and recycled and low cost furniture.

6 Universal Credit and the Local Support Services Framework

- 6.1 DWP are currently piloting “Universal Credit” in four North West areas including Ashton Under Lyne, Oldham, Warrington and Wigan. The national roll-out scheduled for October 2013 has been delayed, and replaced with a plan to roll out to a further 6 job centres. Lancaster is not included in this latest list.

- 6.2 The target date for full implementation is 2017.

- 6.3 Under a Local Support Services Framework it is anticipated that the Council will have a role to play in face to face contact, ensuring that support is available to customers to claim online and in managing monthly payments. This would extend to those customers with more complex needs.

7 Housing Benefit Processing

- 7.1 The Housing Benefit section is currently receiving an average of 110 new claims per week. The caseload, as at October 2013 is running at 13,896 claims, a small decrease compared to July 2013 where the caseload was 13,965; this forms a reducing trend from July 2012 where the caseload was 14,082.

- 7.2 Current processing times for new claims in Quarter 2 are 20 days for new claims and 12 days for changes in circumstances. The current local target is 23 days for new claims and 10 days for changes in circumstances.

- 7.3 Changes to the Housing Benefit rules and the introduction of the Council Tax support Scheme have had a negative impact on some processing times at the start of the financial year. However, as staff become more experienced in dealing with the changes, we are confident that all targets will be met.

8 Potential Linkages with Council Tax Collection

- 8.1 To the end of September the Council Tax team has issued 7,990 first reminders to late payers and 3,830 summonses for non-payment, very similar statistics to the previous year.

- 8.2 Council Tax collection rates are down by 0.5% in comparison to the previous year, but this is considered more a reflection of the opportunity for taxpayers to pay by 12 rather than 10 instalments and the levy of additional charges on long term empty properties, rather than any direct impact resulting from welfare reform changes.

- 8.3 Wherever possible the team endeavour to make suitable arrangements with taxpayers who make contact after receiving a recovery document and staff have encouraged this new facility to pay over 12 months rather than 10, for those customers who are struggling to pay their monthly instalments.