

APPENDIX F

Budget Monitoring as at 30th September 2012 (Quarter 2)

Appendix 1: September 2012 monitoring – General Fund Forecast Outturn

Appendix 2: September 2012 monitoring – Capital Programme Forecast Outturn

Appendix 3: September 2012 monitoring – Housing Revenue Account Forecast Outturn

Appendix 4: September 2012 monitoring – General Fund year to date position

EXECUTIVE SUMMARY

1. This report sets out the Council's projected outturn position as at the 30th September 2012 and highlights major variances to the approved budget. In summary
 - The General Fund Revenue account indicates a favourable variance of £ (745k) against the latest budget, which is £ (380k) more favourable than August and £ (1,144k) more favourable than Quarter 1.
 - Appendix 3 attached and the summary HRA table below indicates a year-end favourable variance of £ (6,179k) for the HRA. This is £ (480k) more than reported last month and £ (730k) more favourable than Quarter 1.
 - Commentary on capital schemes is given in paragraphs 34 to 40. The latest capital budget does reflect the delays associated with the construction of the new pool, together with further revisions arising from more up to date information on scheme by scheme progress.
 - The collection rate for Council Tax arrears as at the end of September 2012 is 97.54% compared with 97.16% for Quarter 1 and 96.42% for August 2012.
 - Business Rate collection at the end of September 2012 was 98.56% compared to 98.20% for June 2012 (Q1) and 98.42% for August 2012.
 - The payment of invoices within 30 days has improved since last month and now stands at 93.78% compared to 89.61% in August and 93.06% for Quarter 1.
 - HRA, current tenant arrears, have continued to rise steadily, in part as a consequence of the introduction of direct payments to as detailed later in the report. They now stand at £1,241k compared with £1,017k at the end of Quarter 1.
2. The Approved Budgets have been re-aligned to reflect virement requests approved by the Head of Finance up to September in accordance with the Council's Financial Regulations. Appendix 3 provides a detailed analysis of the cumulative virements made so far in 2012/13. A brief commentary on the movements is given in paragraph 7 below.
3. As part of the monitoring process Finance staff have met and had budget monitoring discussions with Cost Centre Managers and Heads of Service to verify the current budgetary position. The following forecast variances have been identified and these are commented on and explained more fully within the body of the report:
4. The main projected General Fund outturn variances compared to the latest budget are shown below:
 - City Regeneration Directorate – A favourable outturn variance of approximately £ (528k) is forecast, an increase of £ (10k) on the previous month and an increase of £ (528k) on that reported in Quarter 1, largely in relation to commercial property income.

- Community Services Directorate – A £ (490k) favourable projected outturn variance, which is an increase of £ (230k) on the August position and £ (376k) on that reported in Quarter 1. The main reasons are employee savings within Direct Services and the re-profiling of spend on the Youth Activities Programme within the Community Development Team.
- Organisational Development and Corporate Services Directorate – As at the end of September the Directorate is projecting a £273k adverse variance, a reduction of £ (140k) on the previous month and a reduction of £ (240k) on that reported in Quarter 1. The service area projections show a £122k overspend within Customer Services, a £ (36k) saving within Finance, a £107k overspend within Human Resources and Facilities and an £80k overspend in Law and Governance. Further detail is set out in paragraphs 15-19.

Service Heads within this Directorate are continuing to work hard to mitigate this position and positive progress is being made.

GENERAL FUND OUTTURN

5. Appendix 1 provides a General Fund revenue outturn position, broken down by Service Area. Table 1 below also details the summarised GF position as at the end of September 2012 and compares the position to that reported in both August and Quarter 1.

Table 1 General Fund Revenue

GF Outturn Report @ Q2 30th September, 2012	Latest Budget	Expenditure	Income	Actual YTD	% Budget Spent to 30th Sept,2012 (Q2)	Projected Outturn @ Q2 30th Sept, 2012	Outturn Variance to Latest Budget	Outturn Variance to Previous Month	Projected Outturn @ Q1	Outturn Variance Movement from, Q1 to Q2
	£000's	£000's	£000's	£000's	%	£000's	£000's	£000's	£000's	£000's
Directorates										
Chief Executive	1,438	725	(195)	530	37%	1,438				
City Regeneration	1,077	6,212	(7,138)	(927)	(86%)	549	(528)	(10)		(528)
Community Services	8,513	17,615	(13,080)	4,535	53%	8,023	(490)	(230)	(114)	(376)
Organisational Dev & Corp Services	13,827	7,994	(1,253)	6,741	49%	14,100	273	(140)	513	(240)
Directorate Total Excl SLA's & Capital Charges	24,855	32,546	(21,666)	10,879	44%	24,110	(745)	(380)	399	(1,144)
SLA's & Capital Charges	(1,264)	342	(80)	263	(21%)	(1,264)				
Corporate Accounts	1,696	21,630	(33,626)	(11,996)	(707%)	1,696				
Contingencies	2,820		(40)	(40)	(1%)	2,820				
Total Corporate Accounts & Contingencies	4,515	21,630	(33,666)	(12,036)	(0)	4,515				
Net Expenditure Budget	28,107	54,518	(55,412)	(894)	(0)	27,362	(745)	(380)	399	(1,144)
Transfer to / (from) GF working balances	(1,622)					(1,622)				
Transfer to / (from) Earmarked Reserves	(2,372)	(2,372)		(2,372)	100%	(2,372)				
Net Budget Requirement	24,113	52,146	(55,412)	(3,266)	(0)	23,368	(745)	(380)	399	(1,144)
Funding										
External Funding	11,719		5,979	5,979	51%	11,719				
Council tax	12,587		6,294	6,294	50%	12,587				
Less Parish Precepts	(193)	(97)		(97)	50%	(193)				
Total Funding Available	24,113	(97)	12,273	12,176	50%	24,113				
(Surplus) / Deficit for year		52,243	(67,685)	(15,442)		(745)	(745)	(380)	399	(1,144)

6. As at the end of September the forecast outturn position on the General Fund is £23,368k, some £ (745k) less than the latest budget of £24,113 and a movement of £ (1,144k) on that reported in Quarter 1.

7. There have been several virements approved during the year totalling £1,230k, which are reflected in the above table. A summary of the main budget movements are provided below:

- £100k has been transferred from the Severance contingency to service area budgets as at the end of September.
- £171k of budget movements between service areas, mainly arising from the senior management structure review that was approved in May 2012, has taken place as at the half year stage.
- £200k being the utilisation of New Growth Points grant funding for revenue expenditure associated with the West End Partnership.

- A net £930k representing transfers (to)/from earmarked reserves had occurred and been approved by the Head of Finance up to the end of September. A summary of the movements are given below:
 - a. £ (20k) returned to the MS Office Reserve as not required in 2012/13.
 - b. £549k from the Transformation Reserve to fund various in-year projects.
 - c. £107k from the Government Grants Reserve
 - d. £90k from the HMO Licensing Reserve to fund in-year expenditure.
 - e. £82k from Carry Forwards Reserve
 - f. £131k from the Land at Barton Reserve to fund revenue expenditure
 - g. £ (9k) transferred to the Elections Reserve to finance future spend.
8. **City Regeneration Directorate** - The directorate is currently estimated to have a projected outturn position of £549k, which is £ (528k) lower than the approved latest budget. This is £ (10k) more favourable than last month and £ (528k) more favourable than that reported in Quarter 1.
 9. For City Development savings have been forecast for year end from staff and consultancy budgets; however these will be largely offset by reduced income from lower income achieved from both Planning and Building Control Fees, reflecting the continuation of the economic downturn and its effect on development within the City. Despite these variances there is no predicted change to the net bottom line budget for City Development.
 10. No projected outturn variance against the latest GF Housing budget is predicted as at September 2012.
 11. The major contributor to the directorate's projected underspend £ (524k) is the Council's property portfolio where a number of City Centre properties that had previously been empty, enjoying rent free periods or yielding rental income below prevailing market levels are no longer doing so.. This is partly offset by an under achievement of income on the Gloucester Green Market and unbudgeted costs associated with Ramsay House before a new lease was completed in July 2012.
 12. **Community Services Directorate** - The directorate is currently estimated to have a projected outturn position of £8,023k, which is a favourable variance of £ (490k) against the latest budget and primarily relates to Direct Services. The current position is £ (230k) more favourable compared to the previous month and £ (376k) more favourable than the position reported in Q1.
 13. Leisure and Parks are projecting a slight adverse variance of £11k for year-end. This reflects budgetary pressures on public utility costs for buildings within the service, increased vehicle fleet charges primarily driven by higher fuel prices, offset slightly by additional tree team housing income and some employee vacancy savings.
 14. Direct Services is showing a year-end saving of £ (350k). This is mainly caused by budgeted employer pension contribution savings arising due to many staff within Direct Services not currently being part of the Local Government Pension Scheme. It is seen prudent for the authority to budget on the basis most, if not all employees will take advantage of the LGPS.
 15. The Community Development Team anticipate a £ (151k) underspend at year-end due to slippage of £ (111k) associated with the Youth Activities Project which has taken longer than originally envisaged to get underway. It is now planned that resources totalling £ (81k) will be used to match fund a Sport England bid in 2013/14 and £ (30k) will be requested to be carried forward within the Community Development budgets for next financial year. The

current year's projected underspend also includes £ (30k) associated with vacant posts within the Community Warden team and a projected under spend on Member Ward budgets of £ (10k).

16. **Organisational Development and Corporate Services Directorate** - The directorate is currently estimated to have a projected outturn position of £14,100k, which is £273k adverse to the latest budget. This is a £ (140k) improvement from the position last month and £ (240k) favourable to the position reported at Quarter 1.
17. The Customer Services area is projecting a year end adverse position of £122k, which is £108k lower than that reported last month and £104k lower than that reported for Quarter 1. This has been caused by £60k associated with additional temporary staff employed within the Contact Centre, offset slightly by £ (26k) savings associated with Supplies and Services purchases. The Revenues area is predicting a £149k adverse variance at year end due to an unachievable saving associated with the proposed in-year restructure of the Revenue and Rents team. This pressure is reduced by £ (100k) of additional court cost income (this is a net position after taking account of associated bad debts). Housing Benefits are predicted to be a net £39k overspent at year end. A contributing factor of this overspend are associated budgetary pressures arising as a result of a 20% increase in HB caseload.
18. Finance is forecast to achieve savings of £ (36k) at the end of the financial year, arising from reduced Internal Audit fees.
19. Human Resources and Facilities are projected to be overspent at year end by £107k. This is £32k lower than that reported for August and £100k lower than that reported in Quarter 1. This has been caused by unachievable income targets for the Town Hall amounting to £160k. A £50k pressure in post room income and a £10k increase in additional supplies and services. The overall pressures are being offset to some degree by turnover savings of £ (23k) in salaries in HR due to structure changes, and a £ (90k) favourable variance on the Apprentices due to 2 year contracts starting midway though 2012/13 rather than at the beginning.
20. Law and Governance is projecting an £80k overspend at year-end. The forecast overspend includes a £75k pressure on employees costs due to a base budget shortfall of £79k and maternity cover costs that have been partly offset by £ (4k) of in-year vacancy savings. In addition there are pressures against unachievable income targets in Democratic Services and Elections Services totalling £5k.

CORPORATE ACTIVITIES

21. Whilst there are some significant in-year variances associated with the Local Cost of Benefits caused by the volatility associated with collection rate, volume of overpayments, credits recovered from previous years and rates of Discretionary Housing Payment spend, there is still a reluctance to recommend any variance from the budgeted position.

ACHIEVEMENT OF SAVINGS AND EFFICIENCIES

22. The Council's budget identifies £1,761k of efficiencies, £290k of service reductions and £1,193k of additional fees and charges for 2012/13. As at the end of September it is anticipated these will be delivered with the following exceptions: £179k efficiencies within Customer Services, £5k of Law and Governance income, £8k of Policy, Culture and Communications income and £30k of HR and Facilities Management income. Mitigating savings of £8k have been identified for the lower PCC income

23. So far service areas have achieved £1,588k (52%) of efficiencies, savings and fees and charges as at the end of September.

24. Table 2 below details the forecast outturn position relating to savings and efficiencies at the half year stage.

Table 2 – Savings and Efficiencies as at 30th September 2012

	Efficiencies				Service Reductions				Fees and Charges				
	Approved Savings	Projected outturn	Variance	Savings made to date	Approved Savings	Projected outturn	Variance	Savings made to date	Approved Savings	Projected outturn	Variance	Savings made to date	%
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Policy, Culture & Communications									(17)	(9)	8	(4)	21%
Chief Executive									(17)	(9)	8	(4)	21%
Finance	(225)	(225)		(56)	(72)	(72)		(72)			0	0	0%
Business Improvement & Technology	(125)	(125)		(52)							0	0	0%
Law & Governance	(33)	(33)		(33)	(53)	(53)		(53)	(5)	0	5	0	0%
Human Resources & Facilities	(72)	(72)		(70)					(30)	0	30	0	0%
Customer Services	(247)	(68)	179	(68)							0	0	0%
Organisational Development and Corporate Services	(702)	(523)	179	(279)	(125)	(125)		(125)	(35)	0	35	0	0%
Direct Services	(120)	(120)		(58)					(836)	(836)	0	(566)	68%
Leisure & Parks	(310)	(310)		(229)	(35)	(35)		(35)	(54)	(54)	0	(20)	36%
Environmental Development	(12)	(12)		(5)	(98)	(98)		(67)	(10)	(10)	0	0	0%
Community Services	(442)	(442)		(292)	(133)	(133)		(102)	(900)	(900)	0	(586)	65%
City Development	(5)	(5)		(2)	(16)	(16)		(16)	(191)	(191)	0	(191)	100%
Housing and Communities	(192)	(192)		(49)	(16)	(16)		(16)			0	0	0%
Corporate Property	(420)	(420)		(120)					(50)	(50)	0	(50)	100%
City Regeneration	(617)	(617)		(170)	(32)	(32)		(32)	(241)	(241)	0	(241)	100%
Mitigating Savings													
Total	(1,761)	(1,582)	179	(741)	(290)	(290)		(259)	(1,193)	(1,150)	43	(830)	70%

CONTINGENCIES, RESERVES AND BALANCES

25. Within the approved General Fund budget for 2012/13 the Council has provided £3.1m of contingencies. As at the end of September only £331k had been used mainly relating to the cumulative cost to date of redundancy and severance payments.

26. The forecast outturn also makes provision for a transfer from earmarked reserves of £1.6m to the 2012/13 working balance to fund in-year expenditure. This is still being projected as at the end of September.

HRA OUTTURN

27. The summarised HRA position as at 30th September 2012 is set out in Table 3 and detailed in the attached Appendix 3. The table below exemplifies the major movements commented on in the following paragraphs.

Table 3 – Summary Housing Revenue Account (HRA)

HRA Outturn Report @ Q2 30th September, 2012		Latest Budget	Actual YTD	% Budget Spent to 30th Sept,2012 (Q2)	Projected Outturn @ Q2 30th Sept, 2012	Outturn Variance to Latest Budget	Outturn Variance to Previous Month	Projected Outturn @ Q1
		£'000	£'000	£'000	£'001	£'000	£'000	£'000
Income								
	Dwelling Rent	(36,508)	(17,902)	49%	(36,508)			
	Service Charges	(956)	(472)	49%	(956)		(110)	
	Shops/Garages/Furn/Other Rent	(2,208)	(1,362)	62%	(2,256)	(48)		(48)
	Fees/Other	(721)	(303)	42%	(621)	100		100
	Net Income	(40,393)	(20,038)	50%	(40,341)	52	(110)	52
Expenditure								
	Rent/Income Collection	361	89	25%	361			
	Tower Blocks and Flats	600	229	38%	601	1	31	1
	Management/Infrastructure	1,839	902	49%	1,825	(14)	35	(14)
	Depreciation	8,147	4,074	50%	8,147			
	ICT services	281	141	50%	281			
	Contact Centre	786	393	50%	786			
	Rent Team	499	249	50%	499			
	Tenant's Participation	208	79	38%	208		(42)	
	Furnished Tenancies	473	210	44%	543	70		70
	Local Housing Management	835	393	47%	835		(129)	
	Major Projects/Policy/Technical	626	291	47%	626			
	Bad Debt Provision	410	34	8%	410			
	Decant Costs	201	49	24%	200	(1)		(1)
	Sub Total Tenancy Management	15,266	7,133	47%	15,322	56	(105)	56
	Caretaking Service	941	471	50%	941			
	Garden Scheme	268	134	50%	268			
	Void Property officers/Garage team	248	124	50%	248			
	Day to Day Responsive	4,450	2,266	51%	4,463	13		13
	Planned Maintenance	4,938	2,516	51%	4,938		(265)	
	Capital	636	141	22%	740	104		104
	Sub Total Direct Services	11,481	5,652	49%	11,598	117	(265)	117
	Total Expenditure	26,747	12,784	48%	26,920	173	(370)	173
Appropriations								
	Net Transfer To/From Reserves	(317)	(317)	100%	(317)			
	Interest On Balances	(35)	(18)	50%	(35)			
	Interest Payable	8,055	3,550	44%	7,100	(955)		(955)
	CDC, Pensions & Retirement Costs	74	31	42%	74			
	Employers Pension Adjustment	37	21	58%	37			
	Revenue Contribution to Capital	383	192	50%	383			
		8,197	3,459	42%	7,242	(955)		(955)
Total HRA (Surplus)/Deficit		(5,449)	(3,795)	70%	(6,179)	(730)	(480)	(730)

28. The HRA continues to show a £ (730k) favourable variance with the year-end surplus being £ (6,179k).

Income

29. Additional service charge income of £ (110k) is the reason for the movement from the previous month. The movement from Q1 relates to lower recharges from the Major Projects Team of £100k to capital projects due to vacancies within the team that are unlikely to be filled, offset by £ (48k) of projected additional income from the Furnished Tenancies scheme.

Expenditure

30. In the main the reasons for the £ (370k) outturn variance from the previous month's projected outturn relate to £ (129k) of reductions in Local Housing Management costs and £ (265k) relating to movements in planned maintenance expenditure. There is also an anticipated favourable variance of £ (955k) shown within the Appropriations section of the HRA between Q1 and Q2. This refers to the reduced borrowing costs (interest) associated

with the PWLB loans procured in relation to the £198.5m self-financing debt acquired at the beginning of the financial year.

31. It is expected that further in-year revisions could be undertaken before March 2013 that will form part of the HRA Business Plan budget setting for 2013/14 and beyond.

CAPITAL PROGRAMME

General Fund and HRA Capital Programme

32. A capital budget position, approved for the General Fund and HRA Capital Programme for 2012/13 is shown in summary at Table 4 below. Appendix 2 attached shows the Capital Programme on a scheme by scheme basis..

33 As at the end of September the Capital Programme shows a net favourable variance of £ (263k) against the latest budget. This is made up of a net £ (211k) reduction in GF schemes and a net reduction of £ (52k) in HRA capital projects.

34 City Development

Appendix 2 shows an outturn spend of £658k for City Development capital projects. These are all associated with s106 agreements therefore funding is provided.

35 Housing and Communities

There is an anticipated overspend of £213k against the Old Fire Station project. This has occurred following a re-evaluation of previously approved works which uncovered that a number of additional unbudgeted retention payments were now due. It is proposed that the current budget provision for this scheme along with in-year savings from other capital projects is vired to accommodate this overspend. The capital schemes where savings have been identified are the CCTV Replacement Programme £ (84k) and Ramsay House Cooling System £ (100k).

36 Corporate Property

A recent review of the current capital programme for this service area indicates that project slippages amounting to £964k have been identified. In the main they relate to:

- Town Hall – Conference System Refurbishment £300k
- Town Hall – Ventilation works, Toilets and other refurbishments £297k
- Rose Hill Community Centre £126k
- Covered Market Improvements £240k

37 The Town Hall delays primarily relate to the listed building requirements associated with the Town Hall itself. This is true for the Covered Market renovations as well. Details regarding the new facility at Rose Hill are still being developed and as such spend on this project will effectively begin next financial year. There is an overspend associated with the Offices for the Future.

38 City Leisure

Similarly underspends/slippages associated with capital projects within this service area have been identified, namely;

- Sports Pavilions £200k
- Playground Refurbishment £115k
- Cycle Oxford £60k

39 To attain synergies it had been planned to start the pavilions project with Blackbird Leys Pavilion in tandem with work on the new pool. The Town Green application at Blackbird Leys Park has meant that the profiled expenditure for Blackbird Leys Pavilion needs to move back to 2013/14. While works have progressed the leisure centre improvement works at Barton and the Ice Rink, the main part of the improvement works at Ferry are currently delayed as members requested further options to be explored due to concerns with the loss of a squash court.

Table 4 – Capital Programme as at 30th September 2012

Capital Scheme	Latest Budget September 2012	Profiled Budget	Spend as at 30th September 2012	Variance to Profiled Budget	% Spend Against Approved Budget	Projected Outturn at 30th September 2012	Outturn Variance to Latest Budget	Outturn Variance due to Slippage	Outturn variance due to Over/Under spend
	£	£	£	£	%	£	£	£	£
City Development	0	365,400	366,907	1,507	0%	658,414	658,414	0	658,414
Environmental Development	800,000	102,080	124,609	22,529	16%	800,000	0	0	0
Communities and Housing	252,302	60,000	61,740	1,740	24%	315,000	62,698	(39,285)	101,983
Corporate Assets	5,099,288	1,457,403	1,458,137	734	29%	4,295,586	(803,702)	(963,702)	160,000
Customer Services	126,958	0	19	19	0%	126,958	0	0	0
City Leisure	2,182,589	362,857	301,856	(61,001)	14%	2,054,589	(128,000)	(260,000)	132,000
Direct Services	2,569,051	523,789	501,964	(21,825)	20%	2,569,051	0	0	0
Business Transformation	625,860	230,536	227,414	(3,122)	36%	625,860	0	0	0
GF Total	11,656,048	3,102,065	3,042,646	(59,419)	26%	11,445,459	(210,589)	(1,262,987)	1,052,398
Housing Revenue Account	8,395,000	3,270,007	3,942,070	672,063	47%	8,342,500	(52,500)	(1,282,000)	1,229,500
Grand Total	20,051,048	6,372,072	6,984,716	612,644	35%	19,787,959	(263,089)	(2,544,987)	2,281,898

PERFORMANCE INFORMATION

40. There are a number of additional key performance indicators that need to be assessed along with the financial performance information to provide an overall financial health check position for the authority as at the end of September 2012. These additional indicators are detailed as follows:

The Level of Debtors

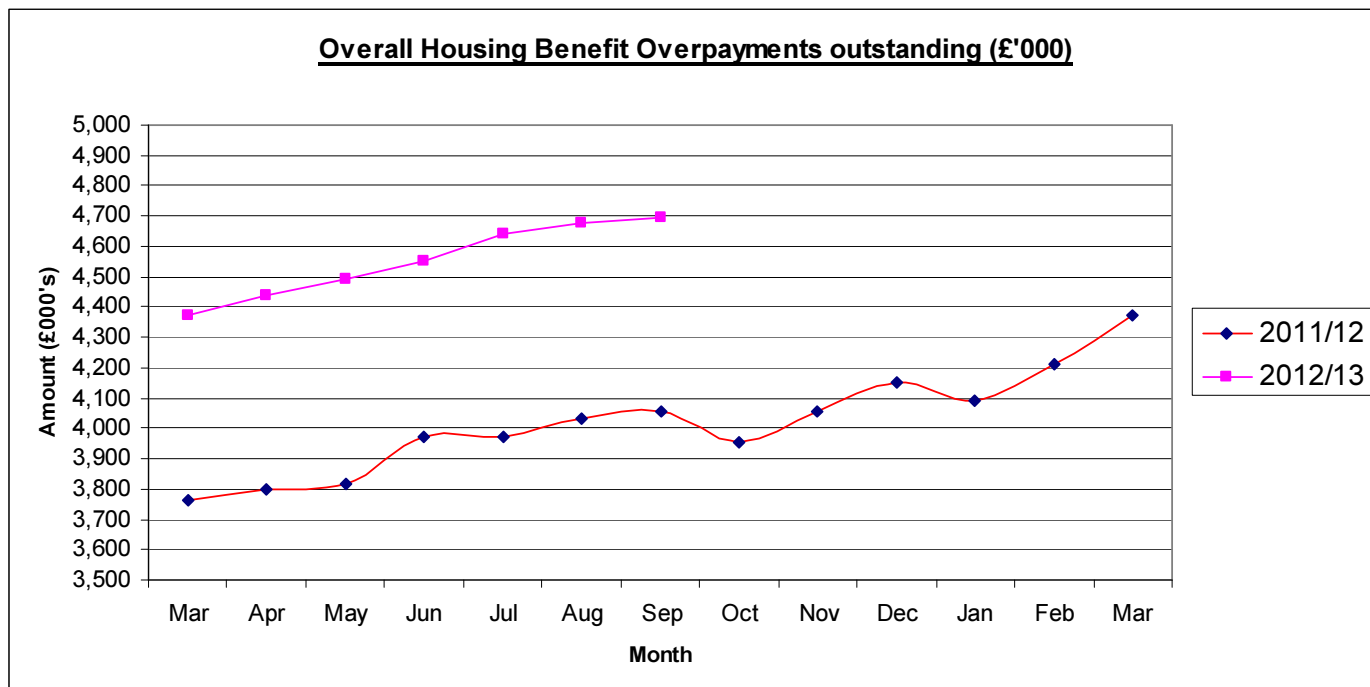
Table 5 – General Fund Debtors as at 30th September 2012

September	Sundry Debtors	% of Total	Periodic Income & Service Charges	% of Total	Community Charge	Housing Benefit Overpayments	% of Total	City Works, Parks & OCH Debtors	% of Total	Grand Total
Not Due	18,434	1%	97,257	6%	(25)	0	0%	33,942	5%	149,608
1-30 Days	159,911	10%	1,280,269	79%	0	0	0%	492,689	71%	1,932,870
31-90 Days	336,387	21%	33,274	2%	0	0	0%	72,501	10%	442,162
91-180 Days	869,259	55%	66,883	4%	0	0	0%	24,306	3%	960,447
<1 Year	152,836	10%	80,277	5%	0	924,641	20%	16,314	2%	1,174,068
<2 Years	9,455	1%	43,069	3%	0	1,246,849	27%	10,185	1%	1,309,558
<3 Years	1,368	0%	14,102	1%	0	720,198	15%	15,536	2%	751,193
<4 Years	3,427	0%	620	0%	(110)	506,881	11%	11,931	2%	522,760
<5 Years	7,366	0%	50	0%	(154)	386,338	8%	4,448	1%	398,019
<6 Years	2,368	0%	125	0%	(143)	234,989	5%	150	0%	237,489
Over 6 Years	8,476	1%	2,678	0%	159,782	672,935	14%	15,786	2%	859,666
Total	1,569,247	100%	1,618,603	100%	159,350	4,692,831	100%	697,788	100%	8,737,818

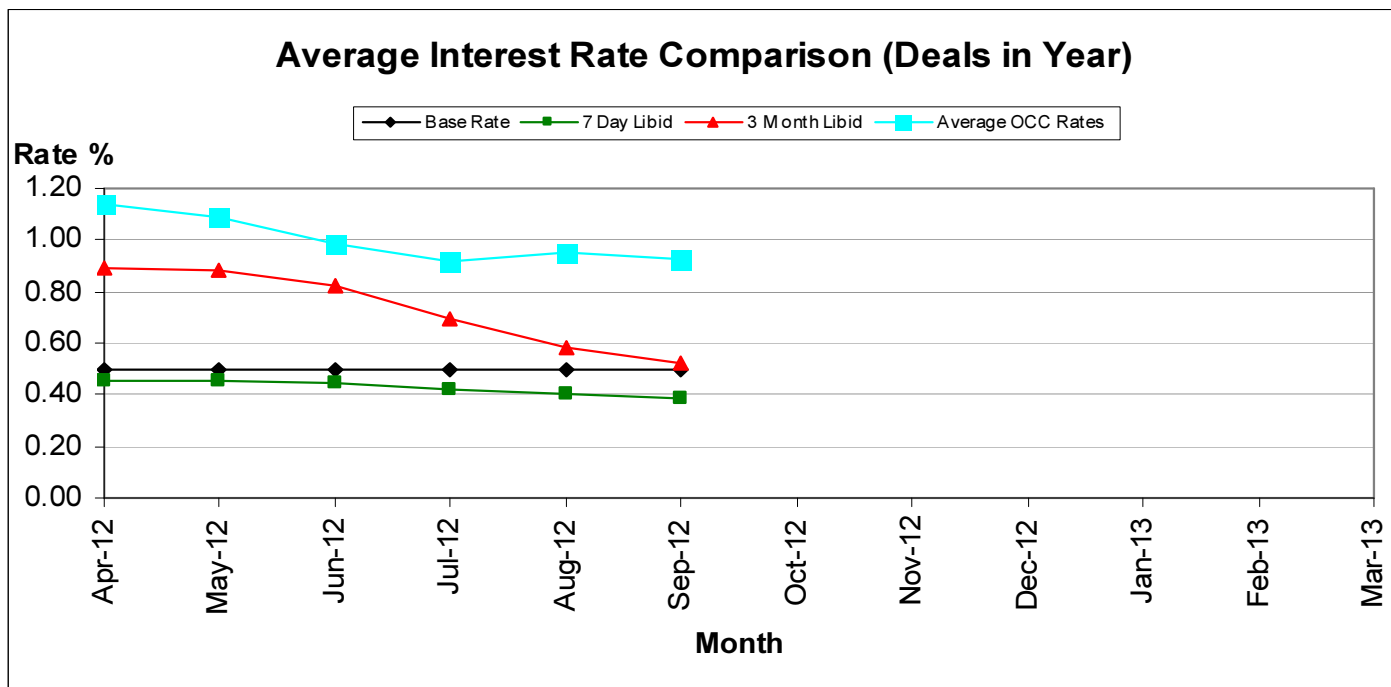
41. The Council's total General Fund debtors aged 31 days or more stands at £8.7m. As at 30th September 2012 £2.8m or 32% of the debt is aged 3 years or over.

42. The Housing Benefit Overpayments arrears increased slightly during September from £4,675k at the start of the month to £4,693k at the end. The gross total of overpayments raised in the month was £271k whilst total overpayments recovered during the month, either by deductions/offsets of Housing Benefit or by payments received, totalled £246k. In addition there were write offs processed totalling £7k. The overall balance outstanding at the end of September was 15.74% higher than that of 12 months earlier.

Housing Benefit Overpayments



Investment Performance



43. The cumulative average rate of return on investments to 30th September 2012 was 0.99%. The cumulative investment return has now dropped below the Council's internally set treasury performance indicator of 1.00%, namely 50 basis points above the Bank of England's Base Rate, which is currently 0.50%.

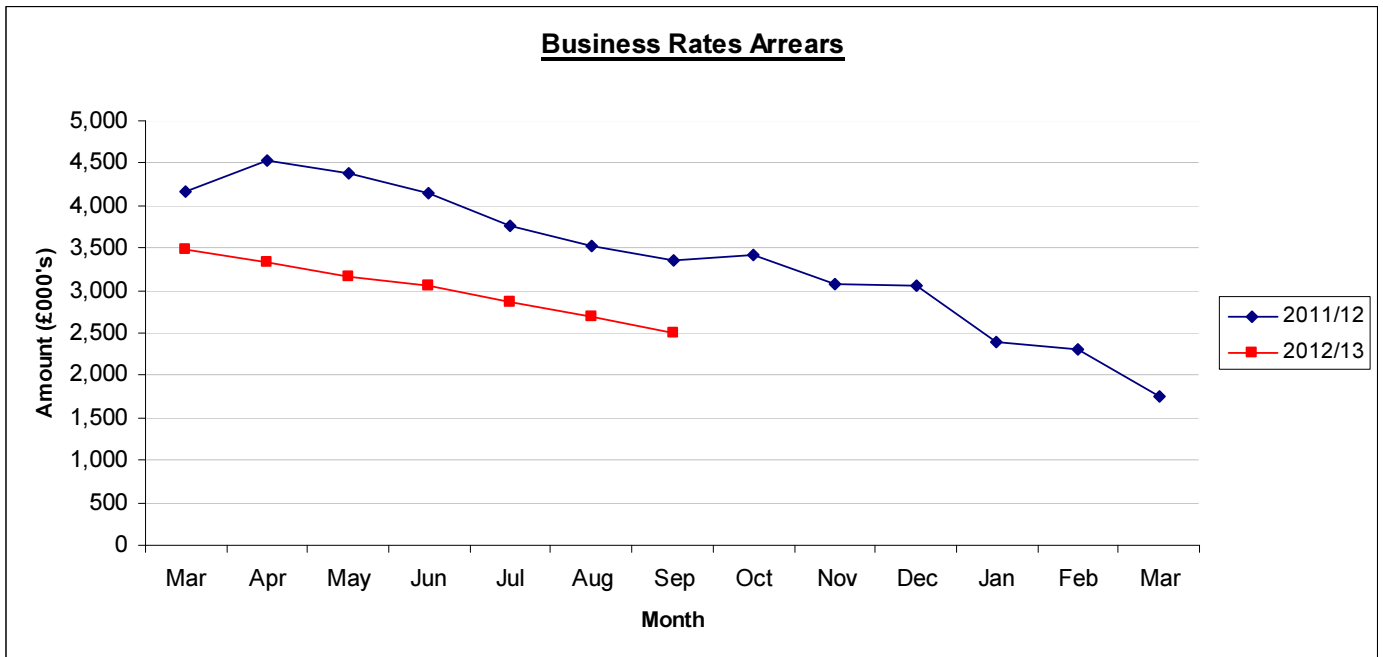
44. The reduction in monthly investment return over recent months simply reflects the downturn in current market conditions. This has consequently led to a reduction in lending options and an increase in average investment balances. There is no indication that this decline in return will not continue over the next few months.

Business Rates

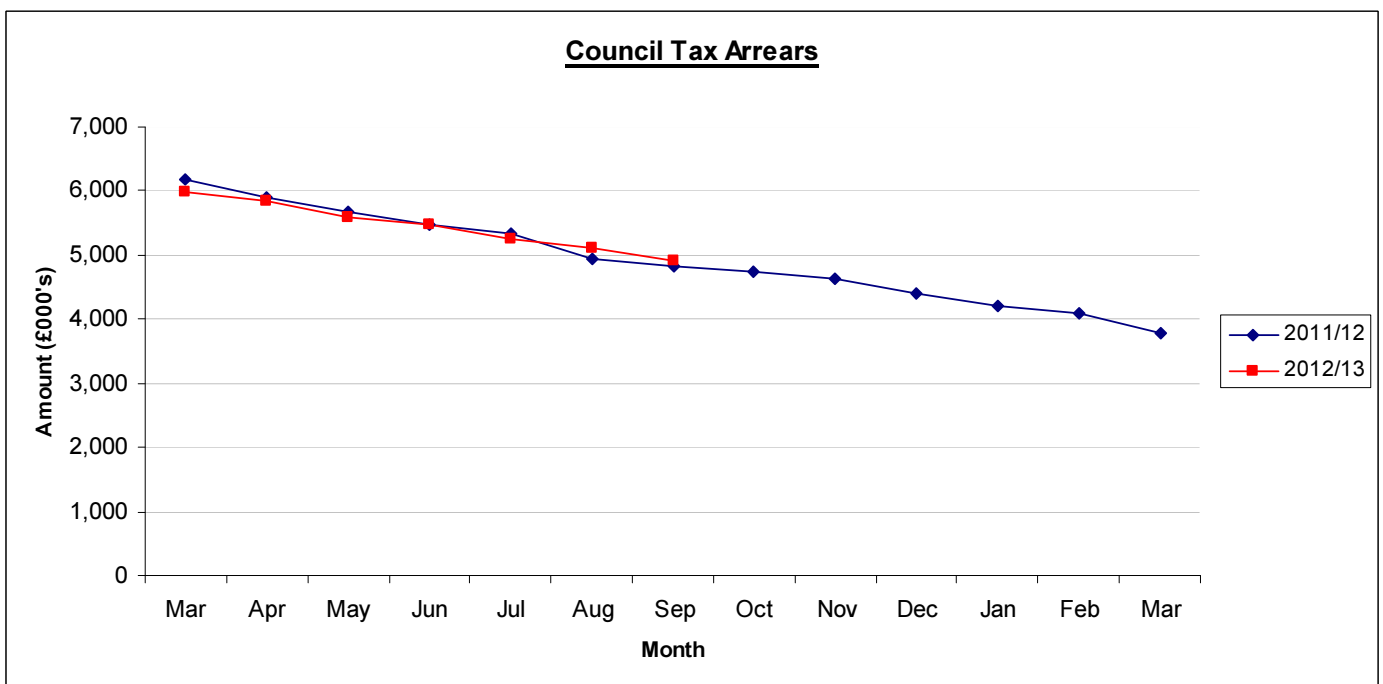
45 The arrears total at the beginning of the 2012/13 financial year was £3,490k. This had fallen to £2,492k as at the end of September 2012, a reduction of 28.6%. This figure is 25.9% lower than the total arrears 12 months earlier.

46. During September we received arrears payments of £116k making total arrears cash received in 2012/13 £785k as at the half year stage. Retrospective credit adjustments of £110k were made in September (RV reductions, backdated exemptions etc.), with a total of £18k being refunded. It is fair to say that whilst the arrears collection rate is significantly improved the "cash" collection position has not been the main reason for the drop in arrears. As mentioned above significant retrospective adjustments and backdated RV debit changes with the resultant effect of reducing arrears has been the main reason.

47. The collection rate at the end of 2011/12 was 97.75%. As at year end of September it was 98.56%. The 2012/13 collection rate was 60.18% at the end of September, up on last year's equivalent of 60.48%



Council Tax Arrears Collection



48. The arrears carried forward at the beginning of 2012/13 of £5,985k had dropped to £4,898k by the end of September. This represents an overall reduction in the year to date of 18.16%. The arrears at the end of September were 1.5% up on the equivalent twelve months ago.

49. Over September the arrears fell by £222k. This was in the main due to payments being received totalling £71k (net of refunds), write-offs amounting to £73k and debit adjustments (retrospective discounts, exemptions etc) equating to £72k.

50. As at the end of September arrears cash received totalled £898k. Last year's collection rate had moved on from 96.80% to 97.54%. The current year cumulative collection rate is 56.80% which was slightly down on last year's equivalent of 57.05% and is £133k down on our profiled collection target for September (57%).

Creditor Payment Times

51 During September 2012 the percentage of creditor invoices paid on time was 93.78%. This is a significant improvement on the previous month that stood at 89.61%. The year to date position for the half year period is 92.92%, again slightly up on August. In percentage terms Business Improvement and Human Resources and Facilities have the lowest performance of ensuring their creditors are paid within 30 days. The Payments Team will continue to work with these Services areas and others to improve performance.

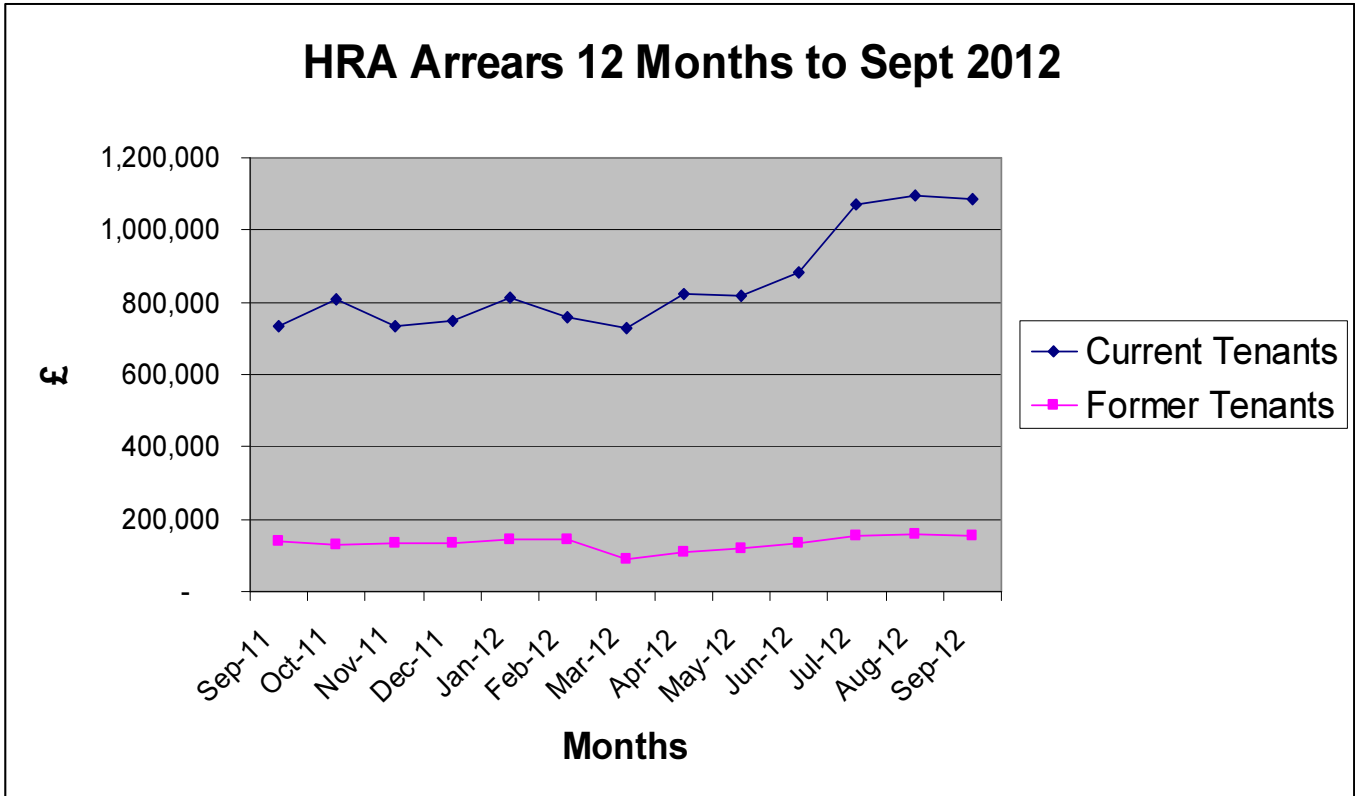
Table 6 – Creditor Payment Times as at 30th September 2012

Service Area	September					Year to Date				
	Total Invoices	Undisputed	Over 30 days	% Over	% Intime	YTD Total Invoices	YTD Undisputed	YTD Over 30 Days	YTD % Over	YTD % Intime
S01 Policy, Culture & Communications	24	24	7	29.17%	70.83%	279	277	38	13.72%	86.28%
S02 Executive Support	15	15	2	13.33%	86.67%	54	51	8	15.69%	84.31%
S03 Business Improvement	22	18	4	22.22%	77.78%	204	196	46	23.47%	76.53%
S11 City Development	31	30	1	3.33%	96.67%	214	206	22	10.68%	89.32%
S12 Environmental Development	50	49	4	8.16%	91.84%	328	317	30	9.46%	90.54%
S13 Housing	113	111	2	1.80%	98.20%	720	710	75	10.56%	89.44%
S14 Corporate Property	105	102	2	1.96%	98.04%	842	802	44	5.49%	94.51%
S21 Customer Services	15	15	0	0.00%	100.00%	115	112	18	16.07%	83.93%
S22 Leisure & Parks	147	137	8	5.84%	94.16%	992	942	68	7.22%	92.78%
S23 Direct Services	1,192	1,127	74	6.57%	93.43%	8,056	7,906	371	4.69%	95.31%
S24 Housing Revenue Account	110	104	4	3.85%	96.15%	1,193	1,155	159	13.77%	86.23%
S31 ICT	0	0	0	0.00%	0.00%	7	4	0	0.00%	100.00%
S32 Finance	43	42	1	2.38%	97.62%	231	227	6	2.64%	97.36%
S33 Human Resources & Facilities	76	76	8	10.53%	89.47%	480	474	92	19.41%	80.59%
S34 Law & Governance	14	14	0	0.00%	100.00%	668	663	18	2.71%	97.29%
S41 Community Development	34	34	1	2.94%	97.06%	370	355	25	7.04%	92.96%
Total	1,991	1,898	118	6.22%	93.78%	14,753	14,397	1,020	7.08%	92.92%

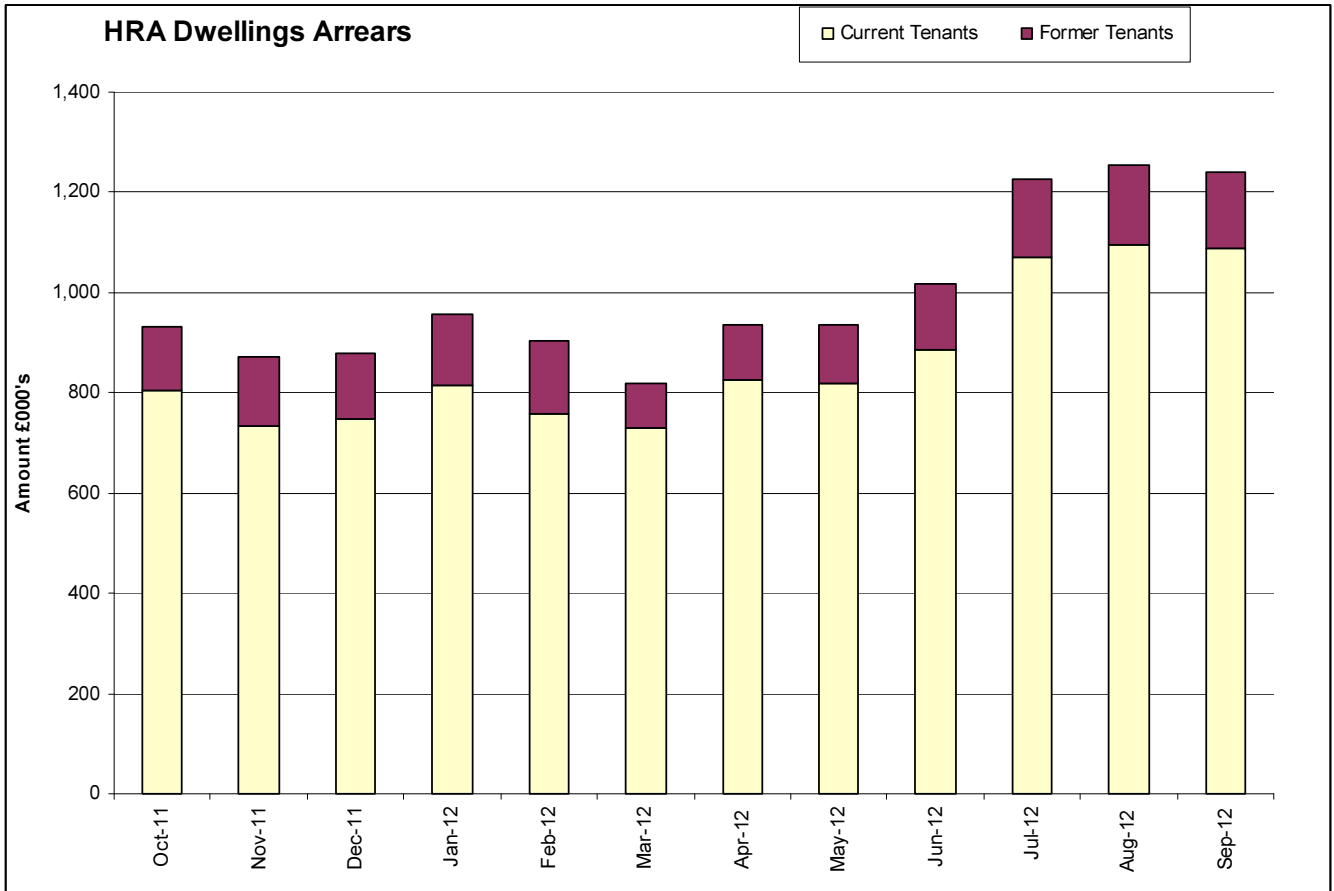
Housing Rent Arrears

52. Analysis of current and former tenant rent arrears is shown below for the 12 month period ending 30th September 2012.

Analysis 1 - HRA Rent Arrears (Current Tenants and Former Tenants)



Analysis 2 - HRA Rent Arrears (Current Tenants and Former Tenants)



53. Total arrears stands at £1,241k, slightly down from the £1.255k reported for August. The overall total is £368k more than that reported 12 months ago. This equates to a 42% increase, mainly from current tenants. The average dwelling rent increase for 2012/13 was only 7.64%. Therefore, performance has significantly worsened in this area during the last year caused initially when the Council adopted Direct Payments in July 2012. Attempts are being made to bring arrears down to more acceptable levels
54. Of the current arrears value of £978k at the end of September 2012, £907k (93%) is less than 6 months old.
55. Former tenant arrears stood at £154k as at the end of September 2012, which is £8k less than that reported for August 2012 (this data is not aged and has not been included above).
56. The Council has estimated a bad debt provision of up to £410k in 2012/13 against HRA dwelling debt.

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