

Explanations of Major Variances

Benefits

The net expenditure on Benefits was overspent by £489k. The main factors contributing to this overspend are detailed below:-

1. Support Service Recharge (£108k adverse)
This primarily relates to the recharge for the use of the Riverside House, whereby all services had to be charged more than estimated. As detailed in the June Final Accounts report, the values of Riverside House and the Town Hall were subject to significant impairments, totalling £1.8m, reflecting the state of the property market. Whilst this charge had to be reflected in service accounts, it is subsequently "reversed out" within the overall revenue accounts as an accounting transaction so as to have no overall affect on the Council's net expenditure.
2. Government Grants – Administration (£69k favourable)
Additional specific benefits administration grant was received during 2010/11 for specific projects. Whilst this funding is being used, it was not possible to use it all before the end of March, with some £69k being carried forward to be used in the current year.
3. Benefits Subsidy Received (prior year) (£69k adverse)
The 2009/10 final benefits subsidy claim was submitted for audit after the 2009/10 accounts were closed. The accounts were closed down using provisional figures. Following the audit, it was apparent that the accounts had allowed for £69k too much income, primarily in respect of overpayments. This adjustment should have been allowed for within the 2010/11 Revised Estimates in January.
4. Benefit Payments/Subsidy 2010/11 (£396k adverse)
Benefits take-up has continued to increase. Whilst most benefits awarded are met entirely by subsidy, benefit overpayments are subject to 40% subsidy.

When a benefit overpayment is discovered, it is then for the Council to recover the sum from the benefit claimant. The recovery may take different forms:

- If the claimant continues to receive benefit, amounts will be deducted from the on-going benefit until the amount is recovered.
- If the recipient is no longer eligible for benefit, a sundry debtor invoice will be sent to seek to recover the amounts due.

- If the overpayment decision is to be appealed, no action will be taken to recover the debt until the appeal has been concluded.

Sundry Debtor invoices were until 2010 sent out from Finance using the Council's main financial system, Total. The Revenues and Benefits system, Civica, has a recovery module used for recovering council tax and business rates. The decision was taken to recover benefits overpayments using Civica, so having all Revenues recovery being managed by one team. New benefit overpayments debts ceased to be raised on Total during 2009/10. However, in recognition of the amounts due but not raised, an accrual of £240k was included in the 2009/10 accounts. This accrual had the effect of increasing the income in the 2009/10 accounts, but reduced the income in the 2010/11 accounts, thereby contributing to the £396k variance.

The transfer of benefits overpayments to Civica has met with delays. As a result, there are still sizeable amounts to be raised on the system for recovery. In closing the 2010/11 accounts, the decision was taken not to include a similar accrual to the previous year. This was on the basis of prudence, acknowledging that recovery of benefit overpayments is difficult, with recovery sometimes spanning many years, and with a relatively large proportion of the debt being written off. By not including the accrual, this further added to the adverse variance on Benefits.

Work is now progressing to ensure that action is being taken to pursue the recovery of all eligible benefits overpayments. Progress is being closely monitored. In addition, closer monthly monitoring of benefit payments, overpayments and subsidy due is now in place.

Revenues - Costs Recovered

1. The Court Fees fell short of their anticipated target by approx £77K (£323,800 compared to estimate of £401,100). It had been reported throughout the year that we would not reach that target, with the final figure being well short of where we anticipated we would be. Monitoring for January suggested a £26k shortfall.
2. There are a number of factors which have contributed to the figure falling below the figure in the estimates and one in particular that led us to fall way below that which we were predicting during the budget monitoring.
3. The number of summonses issued during the past number of years and charges raised are set out below:

Year	No of Summonses (CT & NNDR)	Individual cost Amount (£)	Actual outturn Charges (£)	Estimated Charges (£)	Difference
2007/08	6340	40	154,743	160,000	-5,257
2008/09	5693	40	231,000	200,000	31,000
2009/10	5898	55	267,302	340,000	-72,698
2010/11	5484	70	324,000	401,000	-77,000

4. As mentioned the actual charges raised were less for a variety of reasons:

- i) The new Criminal Justice Centre opened and we were not able to book a programme of courts throughout the year. They were exceptionally busy and would only allow us to book one court at a time and even then not always when we wanted. The timings of the Courts can make a big difference to the numbers we summons as we have to get the timings right in between reminder runs. As a consequence we were not able to have our summons runs at the optimum time. The biggest single factor is that we had to cancel a summons run planned for March because the Courts were unable to accommodate it, hence we did not predict until too late the larger than anticipated shortfall.

This year the Courts are allowing us to book in advance and we have 6 courts booked throughout the course of the year.

- ii) At the start of 2010 we increased the number of payment groups available to match those available to those that pay by direct debit. This was an attempt to accommodate those that paid regularly but not always at the correct time. The reasoning behind this was to reduce the number of reminder notices and consequently phone calls the CSC receive. Naturally some of these would have gone to summons in previous years albeit they were paying but perhaps paying a month in arrears.
- iii) For every summons run there will be a proportion of them where the costs are reset if, for instance, a summons was sent in error or to a vulnerable person or even if someone has vacated. These will not count towards the final charges as they have been effectively wiped out. Consequently although we issued 5484 summonses during 2010/11 the actual numbers where costs remain will be less. During 2010/11 over £60,000 worth of costs were written off for a

host of reasons.

The "cost reset" function is kept to supervisory level only to ensure the numbers are kept to a minimum and only to those where it can be justified. In addition if a summons has been issued correctly but the costs need to come off we will put it through as a write off rather than a reset.

iv) Historically, students are notoriously slow in coming forward with student certificates and this often leads to a good number being summonsed before a summons is produced. From 2010 we have become far more pro-active in identifying students as we have a good relationship with Warwick University and they send us updated lists of their students so we can award exemptions from these lists taking the onus away from the student. This saves us postage in letters and needless recovery action but is another factor in reduced summons numbers

5. Despite the reduction in numbers of summonses during 2010/11 this has not manifested itself in collection problems as we maintained our collection performance for Council Tax and increased it for business rates. In summary, the increased recovery action in recent years has resulted in improved collection rates, but the level of income from court fees is not likely to continue to increase.

6. So far during 2011/12 we have had 1 Court (with 5 to follow) and already we have £150K raised which is higher than this time last year. The first courts always have greater numbers and then they tend to tail off as the year progresses. With the measures we have in place for i) and iii) above we should reach £375K this year. This will be reviewed and monitored each month as part of the budget monitoring. The budget for the current year is £409,100

Royal Spa Centre

Direct controllable net expenditure was £79,000 over budget.

Fees and charges received were the major variance within this, showing income as £131,000 below budget. As at December it was reported that a shortfall on income in 2010/11 was anticipated of approximately £54k. This was prior to the conclusion of the Pantomime season and the run of severe weather which certainly affected the final outturn figures.

The income variance was partly compensated by reduced expenditure against budget. Of the income shortfall, £21k of this related to "Non WDC Admissions".

There was a corresponding reduction in expenditure as less is paid to the artists. Similarly, payments to other artists was also below budget, with a £29k saving.

Actions were taken to control expenditure on staffing - which resulted in yearend figures coming in £25k below revised estimates. This was as a direct effect of reduced spending on overtime and the impact of a member of staff being on long term sickness and not accruing large amounts of overtime.