

Departmental Quarterly Monitoring Report

Directorate: Resources

Department: Finance

Period: Quarter 2 – 1st July to 30th September 2010

1.0 Introduction

This monitoring report covers the Finance Department second quarter up to period end 30th September 2010. It describes key developments and progress against all objectives and performance indicators for the Department.

The way in which symbols have been used to reflect progress is explained within Appendix 6.

2.0 Key Developments

Revenues and Benefits Division

Benefits

In July 2010 The Department for Works and Pensions published the national performance statistics for Benefits administration for 2009/10. Halton has the best claims processing performance in Cheshire, Merseyside and Greater Manchester.

During the second quarter the Benefits caseload has stabilised around the 16,500 figure, and the performance for processing new claims has improved from 16 days in quarter 1 to 14.5 days in this quarter.

Revenues

During the second quarter of 2010/11 the Council Tax and Business Rates collection remained constant despite the recession. Minor changes to the Small Business Rate Relief scheme came into effect 1/10/10 and the 2011/12 bills will also be affected as the scheme remains in place until 30/9/11.

Welfare Rights

During quarter 2, the high level of demand for both debt and welfare rights advice has continued. Most notably the demand for appeal representation is still increasing with advisors attending 85 appeals tribunals in the first two quarters of this year with a 79% success rate at the hearings. A total of 92 representations at

appeal tribunals were completed within the whole of the previous year (2009/2010) with an 83% success rate.

Efficiency Programme Office

Of the work streams within Wave 1 of the Efficiency Programme, the Management Structures, Transactional, and Non-Transactional Support Services workstreams are now closed. The Open Spaces workstream remains in progress having met its first year target. An evaluation of the first twelve months of operation will take place between December and February. The review of Property Services is ongoing and has generated around £100,000 of savings to date.

Wave 2 workstreams currently underway are the review of Revenues & Benefits / HDL, ICT Support Services, Operational Fleet & Client Transport, and Contracted Services to Schools. A secondary workstream to look at opportunities to streamline processes across the Transactional and Non-Transactional areas is now in progress and is reviewing four key areas – HR processes, Officer authorisation processes, Invoice payment processes and Document scanning and workflow.

The outline business case for the first of the Wave 3 workstreams, covering the review of income and charging, has been approved by the Efficiency Programme Board, and three further Wave 3 workstreams are currently at scoping stage; Review of Business Development & Regeneration, Review of Community Services and Review of Highways

Financial Management Division

The Audit Commission has completed the audit of the Council's 2009/10 year-end accounts. They have provided an unqualified audit opinion and reported their findings to the Business Efficiency Board on 29th September 2010. The Council's robust financial management and good financial standing were emphasised as providing a sound basis for addressing the forthcoming financial challenges. They also concluded that the Council provided good value for money in the delivery of services and arrangements are in place for securing economy, efficiency and effectiveness in the use of the Council's resources. The Statement of Accounts has now been published and is available, along with a brief summary version, on the Council's website (Link to [Annual Accounts](#)).

On 12th July 2010 the Government announced that the Building Schools for the Future (BSF) programme had been stopped. Following subsequent reviews three of Halton's proposed schemes at Wade Deacon/Fairfield High, The Grange, and Ormiston Bolingbroke Academy have received approval to continue.

Work is on-going with the implementation of International Financial Reporting Standards (IFRS) from 2010/11. Having completed the 2009/10 final accounts, work is underway to restate them onto an IFRS basis by 30th November 2010. A progress report will be presented to the Business Efficiency Board on 10th November 2010.

Preparation of the Council's 2011/12 Budget has commenced in line with the Medium Term Financial Strategy, which will be reported to the Executive Board on 18th November 2010. Support is being provided to Members and Directorates in the development of savings options.

Audit & Operational Finance Division

The Council entered into a new cash collection contract in September 2010 with G4S. The contract is part of a framework agreement arranged by Knowsley MBC and will deliver annual savings in the region of £8,000.

The Council's insurance contract with Zurich Municipal is due to expire in March 2011. A Contract Notice has been placed with the Office of the Official Journal of the European Union (OJEU). A deadline of 4 November has been set for market responses to the notice.

Internal Audit reported its first quarterly progress report to the Business Efficiency Board on 29 September. The second quarterly progress report is due to be reported to the Board on 10 November.

The Council's invoice payment procedures are being reviewed as part of the Transactional Services workstream under the Council's Efficiency Programme. More efficient working practices have already been implemented in respect of how the Council pays Residential and Domiciliary Care invoices; invoices for Transportation; Halton Stadium invoices; and payments in respect of the Adult Placement Service.

3.0 Emerging Issues

Revenues and Benefits Division

Review of Revenues & Benefits and HDL

A range of improvement options have been developed as this workstream has progressed. A number have been implemented and savings of £100,000 have been recorded to date. Options for front line service delivery are currently being considered.

Employee Authentication Service

As mentioned in last quarter's report this more secure method of accessing DWP information is due to go live in 2010 but we have not been informed when this will happen. When these changes occur, additional identify authentication equipment and staff training will be required in order to access DWP information.

Local Housing Allowance

In the Chancellors emergency budget in June 2010 he announced a number of changes to the Local Housing Allowance (LHA). From 1st April 2011 LHA levels will

be restricted to the four bedroom rate and the £15 'excess' payment will cease. From October 2011 LHA levels will be set at the 30th percentile of rents in the Broad Rental Market Area not the median, which is the current methodology. The Valuation Office Agency has issued indicative figures showing how current LHA rates are likely to be affected and it appears that the rates will reduce.

There are currently 2100 people in Halton being paid Housing Benefit under the LHA rules. DWP figures estimate that changes to the percentile will affect 80% of claims losing between £3 and £15 per week. The removal of the £15 cap will affect 48% of claims with losses between £7 and £15 per week.

21st Century Welfare

In July 2010 the government issued a White Paper, '21st Century Welfare' in which it outlines proposals for a structural reform for Benefits, including most DWP benefits as well as Housing Benefit and Council Tax Benefit. The government appear to be in favour of the 'Universal Credit' that is one payment to cover a range of existing benefits. The consultation period for the White Paper closed on 1st October 2010, and we await further developments that could have a significant impact on the role local authorities play in delivering Housing and Council Tax Benefit.

Council Tax

We are awaiting the result of two recent consultation documents regarding proposed amendments to student discount regulations and the proposed introduction of Local Referendums to veto excessive Council Tax increases.

Welfare Rights

The intention to start the migration of all those clients on Incapacity Benefit (ICB) onto Employment Support Allowance (ESA) from February next year is the subject of a Job Centre Plus information sharing exercise. It is clear that there will be a surge in demand for help with form completion from those affected by this over the 3 year period of the exercise. There will also certainly be a substantive rise in demand from those wanting appeal representation from approximately June 2011 onwards.

A second Macmillan Welfare Rights Officer is due to take post in early November. This should allow the service to increase its public visibility, form closer links with partner agencies (especially Halton Hospital) and ensure that those Halton residents and their families/carers at their most vulnerable of times do not miss out on the assistance they are entitled to.

Financial Management Division


The Chancellor announced the outcome of the Comprehensive Spending Review on 20th October 2010 the details of which are currently being analysed. The overall reduction in Local Government funding over the coming four years will be higher than previously indicated. In addition, the grant reductions will be weighted towards the earlier years thereby increasing the funding gap. Work is on-going with Members and Directorates to identify sufficient savings to meet the anticipated

funding gap. However, the specific impact for Halton will not be fully known until the detailed Grant Settlement is received in early December 2010.

The Comprehensive Spending Review confirmed Government's approval to the Mersey Gateway bridge project, subject to statutory processes. The details regarding the proposed funding are not yet known.

4.0 Service Objectives / milestones

4.1 Progress against 'key' objectives / milestones

Total	10		10		0		0
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All of the key objectives/milestones for the Department are on track to be achieved and details are provided within Appendix 1.

4.2 Progress against 'other' objectives / milestones

Total	3		3		0		0
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All other objectives/milestones for the Department are on track to be achieved and details are provided within Appendix 2.

5.0 Performance indicators

5.1 Progress against 'key' performance indicators

Total	5		5		0		0
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All of the key performance indicators for the Department are on track to be achieved and details are provided within Appendix 3.

5.2 Progress against 'other' performance indicators

Total	3		3		0		0
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All other performance indicators for the Department are on track to be achieved and details are provided within Appendix 4.

6.0 Risk control measures

During the development of the 2010 -11 service activity, the service was required to undertake a risk assessment of all Key Service Objectives. No 'high' risk, treatment measures were identified.

7.0 Progress against high priority equality actions

As a result of undertaking a departmental Equality Impact Assessment no high priority actions were identified for the service for the period 2010 – 2011

8.0 Data quality statement

The author provides assurance that the information contained within this report is accurate and valid and that every effort has been made to avoid the omission of data. Where data has been estimated, has been sourced directly from partner or other agencies, or where there are any concerns regarding the limitations of its use this has been clearly annotated.

9.0 Appendices




- Appendix 1 Progress Against 'key' objectives / milestones
- Appendix 2 Progress against 'other' objectives / milestones
- Appendix 3 Progress against 'key' performance indicators
- Appendix 4 Progress against 'other' performance indicators
- Appendix 5 Financial Statement
- Appendix 6 Explanation of use of symbols

Appendix 1: Progress Against 'key' objectives / milestones

Ref	Objective
FS O1	Set the Revenue Budget, Capital Programme and Recommend Council Tax



Milestones	Progress Q2	Supporting Commentary
Report Medium Term Financial Forecast to Executive Board November 2010		On track to report Strategy to Executive Board on 18 th November 2010.
Report to Council in March 2011		

Ref	Objective
FS O2	To effect financial prudence by assisting managers to control their budgets by monitoring spending and providing timely and accurate financial reports

Milestones	Progress Q2	Supporting Commentary
Provide monthly financial reports to budget holders within 8 days of month end		Reports issued on schedule to date.
Provide quarterly financial monitoring reports to Operational Directors for inclusion in Performance Monitoring Reports		Quarter 2 reports provided on schedule to Operational Directors.
Provide quarterly monitoring reports on the overall budget to Executive Board Sub Committee.		Quarter 1 was reported to Executive Board Sub Committee on 9 TH September 2009, showing an overall underspend against the revenue budget. Quarter 2 will be reported on 18 th November 2010.

Appendix 1: Progress Against 'key' objectives / milestones

Ref	Objective
FS 03	Provide for public accountability by reporting the Councils stewardship of public funds and its financial performance in the use of resources by preparing the final accounts as required by statute and in accordance with the latest accounting standards

Milestones	Progress Q2	Supporting Commentary
Complete the Draft Abstract of Accounts and report to the Business Efficiency Board by 30th June 2010		The draft Abstract of Accounts was approved by the Business Efficiency Board on 30 th June 2010.
Publish the Abstract of Accounts by 30th September 2010		The 2009/10 Abstract of Accounts was published on 30 th September 2010 along with a brief Summary of the accounts. Both documents have been made available via the Council's website, HDL, Libraries and information points.

Ref	Objective
FSO4	Continue to identify and exploit the potential for further efficiency gains by enhancing the authority's approach to the procurement of goods and services



Milestones	Progress Q2	Supporting Commentary
Undertake a spend review across the authority in order to identify potential savings opportunities by March 2011		Savings of £600,000 have been identified to date from improved procurement and will be realised by 2011/2012. Further spend reviews are being undertaken for each Directorate.
Enhance the transparency of trading opportunities to providers through the roll-out of e-trading by March 2011		We are working with Halton Chamber of Commerce to plan how this message can be delivered to our business community with the intention of delivering workshops around trading and procurement

Appendix 1: Progress Against 'key' objectives / milestones



		before March 2011.
Meet central government requirements to publish details of spend and contract and tender documents for expenditure exceeding £ 500 by January 2011		We are working towards publishing spend data etc and will be on track for January 2011. Consideration is currently being given to how best to present the data for the public, based on national guidance.

Appendix 2: Progress Against 'other' objectives / milestones

Ref	Objective
FS O5	Make best use of cash resources available to the Council and meet its statutory responsibility by setting, implementing and monitoring the Treasury Management Policy




Milestones	Progress Q2	Supporting Commentary
Establish treasury Management Policy and report to the Executive Board Sub-Committee by April 2010		The 2010/11 Treasury Management Policy was approved by Full Council on 3 rd March 2010.
Provide monitoring reports to the Executive Board Sub-Committee on a quarterly basis		Quarter 1 was reported to Executive Board Sub Committee on 9 th September 2010 along with a review of the 2009/10 year. Quarter 2 will be reported on 18 th November 2010.

Ref	Objective
FS O6	Ensure that the Capital Programme is affordable, prudent, and sustainable by setting and monitoring prudential borrowing indicators









Milestones	Progress Q2	Supporting Commentary
Provide monitoring reports to the Executive Board Sub-Committee on a quarterly basis		Quarter 1 was reported to Executive Board Sub Committee on 9 th September 2010, showing 60% of planned spending at that stage. Quarter 2 will be reported on 18 th November 2010.
Report prudential indicators to Council in March 2011		Prudential Indicators will be included within the Budget report to Full Council on 2 nd March 2011

Appendix 2: Progress Against 'other' objectives / milestones

Ref	Objective
FS O7	Provide an independent and objective opinion of the Council's control environment by evaluating its effectiveness in achieving the Council's objectives.



Milestones	Progress Q2	Supporting Commentary
Obtain approval from the Business Efficiency Board for the Internal Audit Plan for 2010/11 June 2010		The 2010/11 Audit Plan was approved in March 2010.
Carry out sufficient audit work across the whole of the organisation to ensure that a confident, evidence based audit opinion can be provided on the Council's control environment. A commentary on the audit work undertaken will be provided in quarterly progress reports to Business Efficiency Board		As at the end of quarter 2, 42.5% of the planned audit days for the year had been delivered. The first quarterly progress report was reported to the Business Efficiency Board on 29 September. The second progress report will be presented to the Board on 10 November.
Provide an overall opinion on the Council's system of internal control in the Internal Audit Annual Report (2008/9) to the Business Efficiency Board June 2010		The annual Internal Audit opinion on the Council's system of internal control was reported to the Business Efficiency Board in May 2010.

Appendix 3: Progress Against 'key' performance indicators



Ref	Description	Actual 2009/10	Target 2010/11	Quarter 2	Current Progress	Direction of Travel	Supporting Commentary	
Corporate Health								
<u>FSLI 1</u>	Receive an unqualified audit opinion on the accounts	Yes	Yes	Yes		N/A	The Audit Commission provided an unqualified opinion on the 2009/10 accounts and reported their findings to the Business Efficiency Board on 30 th September 2010.	
<u>FSLI 4</u>	The percentage of all invoices which were paid in 30 days	N/A	90.00	91.43%		N/A	No comparative data for 2009/10.	
<u>FSLI 5</u>	Proportion of Council Tax collected	97.23%	96.00	57.50%			Q2/2009 collection rate was 57.11%	
<u>FSLI 6</u>	The percentage of Business Rates which should have been received during the year that were received	99.73%	97.75	59.86%			Q2/2009 collection rate was 60.30%	
<u>NI 181</u>	Time taken to process HB CTB new claims and change events	7 days	14	6.06 days			Q2/2009 performance was 7 days	
<u>NI 179</u>	Value of (organisational) cashable efficiency gains.	Refer to Comment						NI179 has been removed from the National Indicator Set with immediate effect. As there are other means of monitoring efficiency gains through the Business Efficiency Board, it is suggested that the indicator be removed from all future reports.

Appendix 4: Progress Against 'other' performance indicators

Ref	Description	Actual 2009/10	Target 2010/11	Quarter 2	Current Progress	Direction of Travel	Supporting Commentary
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Corporate Health							
SLI 2	Receive positive comment (annually) from the External Auditor relating to the financial standing of the Council and the systems of internal financial control.	Yes	Yes	Yes			<p>The Audit Commission's Annual Governance Report from September 2010 stated that the financial statements audit <i>'has not identified any material weaknesses in internal control'</i>.</p> <p>The report also stated that <i>'The Council has a proven track record of robust financial management and good financial standing which has continued in 2009/10'</i>.</p>

Appendix 4: Progress Against 'other' performance indicators

Ref	Description	Actual 2009/10	Target 2010/11	Quarter 2	Current Progress	Direction of Travel	Supporting Commentary
FSLI 3	Receive positive comment (annually) from the External Auditor concerning reliability of internal audit work.	Yes	Yes	Yes			<p>The Audit Commission's Annual Governance Report from September 2010 commented favourably on the work undertaken by Internal Audit in regard to the Council's antifraud and corruption arrangements:</p> <p><i>'The Council is an active participant in the National Fraud Initiative (NFI). The Business Efficiency Board's work plan was revised in 2009/10 to include regular reports and updates on counter fraud activity. These reports include details on all fraud related issues including NFI matches, investigations and successful recovery of monies to the Council. There is a fraud e-learning package for officers and members on the Council's intranet and high numbers have registered for the training. No major employee frauds have been identified at Halton during 2009/10'.</i></p>

Appendix 4: Progress Against 'other' performance indicators

Ref	Description	Actual 2009/10	Target 2010/11	Quarter 2	Current Progress	Direction of Travel	Supporting Commentary
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Cost & Efficiency							
FSLI 7	Achieve investment returns for the year higher than benchmark	5.00%	0.42%	2.46%			Despite continued low rates of interest, the Council's investment interest is currently above the benchmark. This is due to having obtained a number of advantageous fixed rate investments last year which are now coming to an end and therefore actual rates achieved will come more into line with the benchmark during 2010/11.

Appendix 5 Financial Statement

FINANCE DEPARTMENT

Revenue Budget as at 30th September 2010

	Annual Budget	Budget To Date	Actual To Date	Variance To Date (overspend)	Actual Including Committed Items
	£'000	£'000	£'000	£'000	£'000
<u>Expenditure</u>					
Employees	6,449	3,434	3,169	265	3,189
Supplies & Services	691	275	268	7	309
Insurances	598	392	394	(2)	394
Charitable Relief	103	0	0	0	0
Concessionary Travel	1,998	733	726	7	743
Council Tax Benefits	11,194	11,194	11,205	(11)	11,205
Rent Allowances	46,657	23,123	23,123	0	23,123
Non HRA Rebates	99	49	34	15	34
Total Expenditure	67,789	39,200	38,919	281	38,997
<u>Income</u>					
Fees & Charges	-63	-7	-27	20	-27
SLA to Schools	-966	-151	-158	7	-158
NNDR Administration Grant	-169	0	0	0	0
Hsg Ben Administration Grant	-1,486	-939	-939	0	-939
Concessionary Travel Grant	-331	-166	-166	0	-166
Rent Allowances	-46,070	-25,056	-25,062	6	-25,062
Council Tax Benefits Grant	-11,060	-5,420	-5,419	(1)	-5,419
Other Grants	-711	-227	-219	(8)	-219
Liability Orders	-299	-150	-178	28	-178
Non HRA Rent Rebates	-99	-49	-52	3	-52
Total Income	-61,254	-32,165	-32,220	55	-32,220
Net Controllable Expenditure	6,535	7,035	6,699	336	6,777
<u>Recharges</u>					
Premises	715	715	715	0	715
Transport	414	353	363	(10)	363
Asset Charges	107	0	0	0	0
Support Service Income	-691	0	0	0	0
Net Total Recharges	545	1,068	1,078	(10)	1,078
Net Expenditure	7,080	8,103	7,777	326	7,855

Comments on the above figures:

In overall terms spending is currently below the Departmental budget at the end of quarter two.

Appendix 5 Financial Statement

With regard to expenditure, employee costs are lower than budget due to a number of vacant posts within the Revenues & Benefits and Audit & Operational Finance Divisions. Revenues & Benefits is currently being reviewed as part of the Wave 2 Efficiency Programme which may result in budgetary savings in 2011/12.

With regard to income, Fees and Charges are marginally above budget to date and this is expected to be the case at year-end. It is mainly due to the provision of specialist computer audit training courses to other Councils.

At this stage it is anticipated that total net spending for the Department will be marginally below budget at the end of the year.

Local Strategic Partnership Funded Projects as at 30th September 2010




	Annual Budget £'000	Budget to Date £'000	Actual to Date £'000	Variance to Date £'000
Benefits Bus	155	78	64	14
Net Expenditure	155	78	64	14

Comments on the above figures:

Regular monitoring reports are sent to the Local Strategic Partnership (LSP) in respect of all LSP projects and any areas of concern are dealt with throughout the year by the LSP support team and individual project managers. Spending is currently on track and is expected to be in line with budget by the year-end.




Appendix 6 Explanation of Symbols

Symbols are used in the following manner:

Progress		<u>Objective</u>	<u>Performance Indicator</u>
Green		Indicates that the <u>objective is on course to be achieved</u> within the appropriate timeframe.	<i>Indicates that the annual target <u>is on course to be achieved</u>.</i>
Amber		Indicates that it is <u>uncertain or too early to say at this stage</u> , whether the milestone/objective will be achieved within the appropriate timeframe.	<i>Indicates that it is <u>uncertain or too early to say at this stage whether the annual target is on course to be achieved</u>.</i>
Red		Indicates that it is <u>highly likely or certain</u> that the objective will not be achieved within the appropriate timeframe.	<i>Indicates that the target <u>will not be achieved unless there is an intervention or remedial action taken</u>.</i>

Direction of Travel Indicator

Where possible performance measures will also identify a direction of travel using the following convention

Green		<i>Indicates that performance is better as compared to the same period last year.</i>
Amber		<i>Indicates that performance is the same as compared to the same period last year.</i>
Red		<i>Indicates that performance is worse as compared to the same period last year.</i>
N/A		<i>Indicates that the measure cannot be compared to the same period last year.</i>