

Departmental Quarterly Monitoring Report

Directorate: Policy and Resources

Department: Finance

Period: Quarter 1 – 1st April 2011 to 30th June 2011

1.0 Introduction

This monitoring report covers the Finance Department's first quarter period up to 30th June 2011. It describes key developments and progress against all objectives and performance indicators for the service.

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

2.0 Key Developments

Efficiency Programme Office

During this first quarter, the revised service delivery arrangements in the One Stop Shops went 'Live'. This has placed benefit officers on the front line, enabling an enhanced benefits processing service for customers, alongside the generic customer service operation as before. Efficiency savings of £487,000 have been generated. Initial indications are that the new arrangements are successful and an evaluation is currently underway.

The Review of the Open Spaces workstream has been closed following an evaluation of service delivery which indicated that the management and maintenance of open spaces in Halton has continued to be delivered to a satisfactory level.

The review of the Contracted Services to Schools workstream has been closed following the implementation of revised SLA's between service departments and schools to ensure that cost recovery is being achieved. This activity has now been passed to the Procurement Unit to be managed operationally.

Three new workstreams have been started. The Review of:-

- Community Services
- Development Services (Development Control, Building Control and Contaminated Land)
- Social Care Commissioning (Adults & Children's)

Procurement Division

During this first quarter Executive Board approved an amendment to Procurement Standing Orders Parts 3 and 4 to move the financial thresholds where by an officer can utilise the Chest E Portal system to obtain three quotations up to the value of £156,442 (Part 4) (European Union Law threshold for goods and services) This new process of seeking a quotation up to this higher threshold must be deployed via the Chest system/Procurement Division for a simple or advanced request for quotation based on a risk assessment.

This will improve efficiency in terms of officer time significantly in now undertaking a request for quotation rather than a formal tender up to this value. It will push more activity via the Chest and make our spending more transparent, easier to access via this portal for businesses plus reduce the bureaucracy of the process from which officers and the business community will benefit.

Full Council approved the changes to Standing Orders on 20th July 2011.

Revenues and Benefits Division

Benefits

At 30th June 2011 processing times are one of the best within both Merseyside and Greater Manchester, with new claims being processed on average within 14.92 days and changes in circumstances being processed in 3.65 days. This is an improvement on the same time last year when new claims were being processed in 15.51 days and the changes in circumstances figure was 5.42.

Revenues

During this first quarter of 2011-12, Council Tax Collection has remained on par with last year. Direct Debit take-up is currently running at 68.83%, which is up 1.44%.

The new Tesco distribution facility was added to the rating list in May 2011. With an annual rateable charge over £1m, this has resulted in a temporary reduction in the overall collection rate for Business Rates. As payments are made against this debit, collection rate should return to previous levels

Welfare Rights

The Team reduced in size in April 2011 and changed the way in which it operates. It has been necessary to move away from basic form completion and surgery duties, and focus more on giving quality telephone advice and specialist appeal / debt work. The team have also continued to take referrals from internal departments including Social Work teams & Foster Care arrangers. The period of change has started to settle down and new systems to bed in.

The demand for the service remains high and the achievements of the team clearly quantifiable. As an example, between April 2011 and June 2011, representation was given at 24 hearings, achieving a 92% success rate for our clients.

Halton Direct Link (HDL) and Contact Centre

The Council's Efficiency Review of Halton Direct Link and Revenue & Benefits Division, which combines Customer Services Division with Revenues and Benefits Division into a new structure, was formally accepted in January 2011, and implemented from the end of April 2011. This has proved to be a major success. Costs have been reduced and achieved with a £487k reduction in budget.

A review of the Council's Contact Centre is currently ongoing and options for Future Service Delivery models are being explored. The 'As Is' Report, or the current situation, was submitted to the Efficiency Programme Board in May 2011.

On-going Customer Satisfaction Exit Surveys carried out during Quarter 1 have again revealed very positive results. 92.8% of customers questioned in the One Stop Shops found the waiting times to be acceptable and 85.9% of those contacting the Contact Centre found the waiting time acceptable. Quality of service received was rated very high with 90.5% of customers in the One Stop Shops and 80.4% of customers using the Contact Centre rating the service as Very Good.

Audit & Operational Finance Division

Internal Audit

The UK Bribery Act 2010 is a new piece of legislation designed to help combat bribery and corruption, which simplifies the existing law on bribery, enabling the courts to deal with it more effectively. The new Act comes into force on 1 July 2011. Penalties under the Act include fines and/or imprisonment for up to ten years (for the more serious offences).

Under the Act there are four offences:

- Bribing another person;
- Receiving a bribe;
- Bribing a foreign public official; and
- Failure by a commercial organisation to prevent a bribe being paid for or on its behalf.

Internal Audit is working with Legal Services in reviewing the Council's arrangements to counter bribery. Procurement Standing Orders have already been updated to take account of the Act. The Anti-Fraud & Corruption Strategy, Fraud Response Plan, and documentation associated with the procurement process will also be reviewed and updated as necessary.

The 2010/11 Internal Audit Annual Report was approved by the Business Efficiency Board on 29 June 2011.

Insurance

The contract for the Council's main insurance programme was awarded to Travelers Insurance Co. Ltd with effect from April 2011 following a competitive tendering exercise, details of which were reported to Executive Board Sub-Committee on 26 May 2011.

Finance Support Services

In the first quarter of 2011/12, 90.89% of all invoices processed had been paid within 30 days. This represents a slight improvement on 2010/11 performance. The way in which the Council processes its invoices is currently being reviewed under the Transactional Services workstream of the Efficiency programme. Work is also being undertaken with some of the Council's major suppliers to develop more efficient ways of processing large volumes of invoices.

The Council's income control and reconciliation function has been reconfigured since the closure of the cash desks at Widnes HDL and Halton Lea HDL at the end of March 2011. The remaining staff from the Cashiers team have transferred to Finance Support Services and a range of alternative means of collecting and banking income have been introduced.

Direct Payments Team

The Direct Payments Team transferred to the Audit & Operational Finance Division from the Communities Directorate in April 2011. Direct Payments are an alternative way for service users to receive the support that they have been assessed as needing, through the Council making payments to them in order for them to arrange and purchase their own support. The Direct Payments Team has responsibility for the financial auditing of the Direct Payment accounts. The number of service users in receipt of Direct Payments is expected to increase significantly as part of the Personalisation agenda.

Client Finance Team

Following the closure of the cash offices alternative arrangements have been implemented to pay weekly personal allowances to individuals for whom the Council acts as 'Corporate Appointee'. The new arrangements allow service users to collect personal allowances from any branch of the post office on the production of a bar coded letter which is sent to the individuals on a weekly basis. These arrangements have now been in place over three months and are generally operating effectively.

Financial Management Division

The Council's 2010/11 final accounts have been completed and the draft Statement of Accounts prepared, for the first time in full compliance with International Financial Reporting Standards (IFRS). The Audit Commission have commenced the audit of accounts and will report their findings to the Business Efficiency Board on 28th September 2011, following which; the Statement of Accounts will be published.

Inflation has continued to rise during this quarter with the Consumer Prices Index (CPI) now at 4.2%, well above the Bank of England's 2% target rate and the Retail Price Index (RPI), which includes mortgage costs, now at 5.0%. The main upward pressure on inflation is coming from food, fuel and utility costs. The impact of rising inflation is therefore being monitored closely in terms of spending against the Council's 2011/12 budget.

The Audit Commission reported their 2011/12 Annual Audit Fee Letter to the Business Efficiency Board on 29th June 2011. This set out an outline of the Commission's work programme and proposed fees for 2011/12.

3.0 Emerging Issues

Procurement Division

The work stream for Traded Services has now been established and the Head of Procurement is leading this in terms of reviewing and managing the Service Level Agreement (SLA) to schools across the Council and piloting a procurement service to schools as well as seeking opportunity to develop external trading arms with other public sector bodies.

Revenues and Benefits Division

Benefits

From 3rd May 2011 Benefit Officers have been located in the Halton Direct Link shops delivering the Benefits Service directly to customers who use the shops. The initial statistics and feedback from customers and staff indicate that the new working arrangements are delivering an improved service to Benefits customers with their claims being processed while they wait.

The government will be issuing its proposals next month on the new Council Tax rebate scheme that will replace Council Tax Benefit. This is a major change to the current system because the early indications are that local authorities will receive a set amount of funding, and have a certain amount of discretion on how to distribute it to claimants. There will be significant local policy issues to consider, as well as the need to address the associated operational changes to administer the new system.

Revenues

Business Rates

The extension of the Small Business Rates Relief scheme (SBRS) for a further 12 months from 1st October 2011 to 30th September 2012 is still awaiting parliamentary approval. Also, Government plans to review the Business Rates process so that councils retain locally raised business rates. No dates or further details have been provided.

Welfare Rights

The radical welfare reforms proposed by the government are due to bring in the biggest changes to the welfare state for over 60 years. These reforms are wide ranging but include;

- all claimants receiving Incapacity Benefit/ Severe Disablement Allowance having to be assessed for Employment Support Allowance/ Jobseekers Allowance and many long term claimants having to become "work focussed"
- Disability Living Allowance being replaced with a more restrictive Personal Independence Payment
- radical changes to the Social Fund
- the introduction of Universal Credit
- Many substantive piecemeal changes to the benefits system.

The Macmillan Welfare Rights Officers are tasked to learn from the new surgeries offered at Halton Hospital and to see how and if a similar service could be offered at other local hospitals (especially the Lilac Centre at St Helens Hospital) that Halton residents attend. This links clearly into the new duty on the local authority to be responsible for public health.

Audit & Operational Finance Division

Internal Audit will report details of the audit work completed in the first quarter of 2011/12 to the Business Efficiency Board at its next meeting on 29th September 2011.

Travelers, the Council's new insurer, will be undertaking liability surveys in August 2011 at the Stadium, the Municipal Building, Picow Farm Depot, and the Brindley. The surveys will seek to identify potential risk exposures that may lead to personal injury or harm, damage to property or generate claims for damages. Recommendations will be made, if appropriate, to help the Council improve the management of any risk exposures identified.

The Direct Payments Team will relocate from Runcorn Town Hall in July 2011 and join the rest of the Audit & Operational Finance Division in Kingsway House.

A joint response has been made with the Liverpool City Region to the DCLG consultation regarding the Future of Local Public Audit, given the forthcoming abolition of the Audit Commission. The consultation was reported to the Business Efficiency Board on 29th June 2011.

Financial Management Division

In March 2011 the Government published terms of reference for its Local Government Resource Review. The purpose of the review is to consider the way in which Councils are funded, with a view to giving Councils greater financial autonomy and strengthening the incentives to support local economic growth. It also seeks to reduce the reliance upon central government funding and focuses upon reforms to the business rate system including the links to Formula Grant. The outcome of the review will be implemented from 2013/14.

The Local Government Association consulted Councils in June 2011 in order to provide a response to the terms of reference. On 18th July 2011 the Government issued their proposals in respect of the business rate system for consultation, with responses due by 24th October 2011. The consultation will now be considered in liaison with Members, local government bodies and Liverpool City Region, in order to make an appropriate response taking account of the implications for Halton.

Work is continuing with Management Team and the Budget Working Group to identify potential budget savings proposals for 2012/13 and beyond.

Support continues to be provided on the financial aspects of the Mersey Gateway development, the partnership with Merseyside Waste Disposal Authority for the procurement of waste treatment and disposal facilities, and equal pay claims.

4.0 Service Objectives / milestones

4.1 Progress against 'key' objectives / milestones

Total	9		9		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	8		8		0		0
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All other objectives/milestones for the Department are on track to be achieved and are therefore not being reported by exception at this time.

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 2.

5.2 Progress Against 'other' performance indicators

Total	5		5		0		0
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All 'other' performance indicators for the Department are on track to be achieved and are therefore not being reported by exception at this time.

6.0 Risk Control Measures

During the Development of the 2011-12 Service activity, the service was required to undertake a risk assessment of all Key Service objectives.

Where a Key service objective has been assessed and found to have an associated 'High' risk, progress against the application of this risk treatment measures will be reported in quarters 2 and 4

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 2011 – 2012.

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 'key' performance indicators
- Appendix 3 Financial Statement
- Appendix 4 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 Q1	Supporting Commentary
Report Medium Term Financial Strategy to Executive Board November 2011		On track to report the Strategy to Executive Board in November 2011.
Report to Council in March 2012		Work is on-gong with Management Team and the Budget Working Group to develop budget proposals for 2012/13.

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 Q1	Supporting Commentary
Provide monthly financial reports to budget holders within 8 days of month end		Reports all issued on schedule to date.
Provide quarterly financial monitoring reports to Operational Directors for inclusion in Performance Monitoring Reports		Quarter 1 reports will be provided on schedule to Operational Directors.
Provide quarterly monitoring reports on the overall budget to Executive Board Sub Committee.		The 2010/11 outturn was reported to Executive Board Sub Committee on 15 th July 2011, showing an overall revenue underspend and 85% spend against the capital programme. 2011/12 Quarter 1 will be reported on 8 th September 2011.

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 Q1	Supporting Commentary
Complete the Draft Abstract of Accounts by 30th June 2011 .		The draft Abstract of Accounts was prepared and signed-off by the Operational Director, Finance by 30 th June 2011. The Audit Commission are now undertaking the audit of accounts based upon the draft Abstract.
Publish the Abstract of Accounts by 30th September 2011 .		On track to publish the Abstract of Accounts by 30 th September 2011.

Ref	Objective
FSO4	<i>Make best use of cash resources available to the Council and meet its statutory responsibility by setting, implementing and monitoring the Treasury Management Policy</i>

Milestones	Progress Q41	Supporting Commentary
<i>Establish Treasury Management Policy and report to the Executive Board Sub-Committee by April 2011.</i>		The 2011/12 Treasury Management Policy was approved by Full Council on 2 nd March 2011.
<i>Provide monitoring reports to the Executive Board Sub-Committee on a quarterly basis.</i>		2010/11 Quarter 4 was reported to Executive Board Sub Committee on 26 th May 2011. Quarter 1 will be reported on 8 th September 2011.


Appendix 2: Progress Against 'key' performance indicators

Ref	Description	Actual 2010/11	Target 2011/12	Quarter 1	Current Progress	Direction of Travel	Supporting Commentary
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Corporate Health							
<u>FSLI 01</u>	Receive an unqualified audit opinion on the accounts	Yes	Yes	N/A			The audit of accounts is underway and indications at this stage are that an unqualified audit opinion will be received.
<u>FSLI 04</u>	Percentage of all invoices that were paid within 30 days	90.67	91	90.89%			Q1 2010/11 collection rate was 93.77%
<u>FSLI 05</u>	Proportion of Council Tax collected	97.00	96.50	29.14%			0.05% down on the same time last year which was a record year for collection
<u>FSLI 06</u>	The percentage of Business Rates which should have been received during the year that were received	97.59	99	29.24%			3.62% down on same time last year. This is as a result of a new Tesco property being added to the rating list which has an annual rateable charge of over £1m. This has resulted in a temporary reduction in the overall collection rate but as payments are made against this debit, the collection rate should return to previous levels.

Appendix 2: Progress Against 'key' performance indicators

Ref	Description	Actual 2010/11	Target 2011/12	Quarter 1	Current Progress	Direction of Travel	Supporting Commentary
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Cost & Efficiency							
<u>FSLI 08</u>	Achieve investment returns for the year higher than benchmark.	2.19%	0.46%	1.09%		N/A	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 2011/12.

Appendix 3 Financial Statement

FINANCE DEPARTMENT

Revenue Budget as at 30th June 2011

	Annual Budget	Budget To Date	Actual Spend To Date	Variance To Date (overspend)	Actual Including Committed Items
	£'000	£'000	£'000	£'000	£'000
<u>Expenditure</u>					
Employees	7,530	1,887	1,863	24	1,863
Supplies & Services	310	130	124	6	147
Other Premises	122	41	37	4	37
Agency Related	1	0	0	0	0
Insurances	2,001	1,128	1,191	(63)	1,191
Charitable Relief	103	0	0	0	0
Concessionary Travel	2,236	373	373	0	373
Council Tax Benefits	11,194	11,144	11,139	5	11,139
Rent Allowances	47,590	11,593	11,591	2	11,591
Non HRA Rebates	101	12	12	0	12
Total Expenditure	71,188	26,308	26,330	(22)	26,353
<u>Income</u>					
Fees & Charges	-41	-10	-13	3	-13
SLA to Schools	-1,126	-340	-340	0	-340
NNDR Administration Grant	-169	0	0	0	0
Hsg Ben Administration Grant	-1,346	-336	-337	1	-337
Rent Allowances	-46,992	-12,523	-12,527	4	-12,527
Council Tax Benefits Grant	-11,060	-2,794	-2,798	4	-2,798
Other Grants & Reimbursements	-799	-134	-142	8	-142
Liability Orders	-345	-156	-157	1	-157
Non HRA Rent Rebates	-101	-25	-23	(2)	-23
Total Income	-61,979	-16,318	-16,337	19	-16,337
Net Controllable Expenditure	9,209	9,990	9,993	(3)	10,016
<u>Recharges</u>					
Premises	367	83	82	1	82
Transport	88	22	23	(1)	23
Asset Charges	469	83	83	0	83
Central Support Service	1,062	265	265	0	265
Support Service Income	-6,460	-1,614	-1,615	1	-1,615
Net Total Recharges	-4,474	-1,161	-1,162	1	-1,162
Net Department Total	4,735	8,829	8,831	(2)	8,854

Comments on the above figures:

In overall terms spending is slightly above budget to the end of quarter 1.

With regards to expenditure, employee costs are lower than budget due to vacancies that exist within the Audit and Operational Finance division. These will act as contributions towards the Department's staff turnover savings target.

Insurance expenditure is over budget at the end of the period. This is due to the volume of public liability claims paid during the first quarter. This situation will be monitored closely throughout the remainder of the financial year.

Within the Department's annual budget figures are the following unallocated 11/12 savings targets:




£146k Revenues & Benefits / HDL / Contact Centre Efficiency Review
£350k Procurement savings (relating to contracts across all Directorates)
£175k SLA to Schools additional income target (relates to all Directorates' SLAs)

Work to achieve these savings targets is currently ongoing.

At this stage it is anticipated that spend will be in line with the total Departmental budget at the end of the financial year.




Appendix 4 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</u> whether the annual target is on course to be achieved.</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</u> unless there is an <u>intervention or remedial action</u> taken.</i>

Direction of Travel Indicator

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

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