

Departmental Quarterly Monitoring Report

Directorate: Policy and Resources

Department: Finance

Period: Quarter 2 – 1st July 2011 to 30th September 2011

1.0 Introduction

This monitoring report covers the Finance Department's second quarter period up to 30th September 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 the Appendix of the covering report.

2.0 Key Developments

Revenues and Benefits Division

Benefits

At 30th September 2011 processing times are one of the best within both Merseyside and Greater Manchester, with new claims being processed on average within 13.72 days and changes in circumstances being processed in 3.0 days. This is an improvement on the same time last year when new claims were being processed in 14.57 days and the changes in circumstances figure was 4.39.

Revenues

Council Tax collection has remained on par with last year. Direct Debit take up is currently running at 69.31% which is up 1.38% on last year

Welfare Rights

The demand for the service remains high and the achievements of the Team continue. As an example, at the end Quarter 2 the amount of client debt that the Team have under negotiation is £718k. This is an increase of £400k on the same time last year.

Halton Direct Link (HDL) and Contact Centre

The Council's Efficiency Review of the Contact Centre continues. The 'As Is' report went to the Efficiency Programme Board at the end of June and staff workshops to capture suggestions for future service delivery were held in July. The To Be options paper detailing the options for future service delivery went to management team and the Efficiency Programme Board in September and the final 'To Be' report including staffing structures will be presented at the Programme Board in October. It is expected that staff will receive communication outlining the proposals towards the end of October.

Work has been on going with the One Stop Shops, Contact Centre, ICT Services and Waste Management for the development of the new Waste Permit Scheme for vans using the household waste recycling centres. It is anticipated that this will see an increase in both calls to Contact Centre and visits to the One Stop Shops when this service goes live. It is anticipated that approximately 6000 permits will be issued each year. Training for the staff was held in September and the service will go live on October 10th 2011.

Efficiency Programme Office

Of the range of workstreams currently being progressed within the Programme, milestones achieved within the reporting period include the completion of the 'As-Is' stage of the Contact Centre Review and the drawing up of 'To-Be' options which have been considered by the Efficiency Programme Board. Development of the 'To-be' design is now in progress.

'To-Be' options for the existing Major Projects, Business Development and External Funding services are in draft and will be considered during October. Work on processes within the Markets service is ongoing and should result in more robust and efficient day to day operating processes.

An intranet based 'I Want HR' portal is nearing completion and initially this will enable submission and processing of mileage claims electronically. Further HR applications will be added in due course. In addition, the implementation of electronic document workflow into the HR department is now in progress.

'As-Is' reports are in draft for the Development Services workstream, Community Services workstream, Income & Charging workstream, Traded Services workstream, and the final element of the Operational Fleet and Client Transport workstream.

Financial Management Division

The Audit Commission has completed the audit of the Council's 2010/11 year-end accounts. They provided an unqualified audit opinion and reported their findings to the Business Efficiency Board on 28th September 2011, at which the Council's Statement of Accounts was also approved for publication.

The Audit Commission's report highlighted the Council's success in preparing the accounts for the first time in full compliance with International Financial Reporting Standards (IFRS) and emphasised the Council's robust financial management and good financial standing 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 and the Audit Commission's report, on the Council's website (link to [Annual Accounts](#)).

Preparation of the Council's 2012/13 Budget has commenced in line with the Medium Term Financial Strategy, which will be reported to the Executive Board on 17th November 2011. Support is being provided to Members and Directorates in the development of savings options.

Inflation has continued to rise during this quarter with the Consumer Prices Index (CPI) now at 4.5%, well above the Bank of England's 2% target rate and the Retail Price Index (RPI), which includes mortgage costs, now at 5.2%. The main upward pressure on inflation is coming from clothing, fuel and utility costs. The impact of rising inflation is continuing to be monitored closely in terms of spending against the Council's 2011/12 budget.

Audit & Operational Finance Division

In the second quarter of 2011/12, 91.99% of all invoices processed had been paid within 30 days, which is a slight improvement on 2010/11 performance. The way in which the Council processes its invoices continues to be reviewed under the Transactional Services workstream of the Efficiency programme. Work is ongoing with ICT Services to implement a more efficient means of processing non-Purchase Order invoices. It is anticipated that a new ICT solution will be implemented later this year.

The Council's cash in transit service is currently provided by G4S under a framework agreement tendered by Knowsley MBC. The current agreement will expire at the end of March 2012 so Knowsley MBC is undertaking a joint tender exercise on behalf of itself, Cheshire East Council, Cheshire West and Chester Council, Halton Borough Council, Liverpool City Council, Merseytravel, Sefton Council, St Helen's Council and Wirral Council. It is intended that the new contract will run for a period of three years from April 2012.

3.0 Emerging Issues

Revenues and Benefits Division

Benefits

The government has issued a consultation document on its proposals for the new Council Tax rebate scheme to replace Council Tax Benefit from 1st April 2013. This is a major change to the current system because the early indications are that local authorities will receive a set amount of funding which will be 10% lower than current funding. Councils will have some discretion on how to distribute it to claimants but there are stipulations such as the protection of current benefit levels for pensioners. A briefing paper has been issued to Members setting out the key changes and policy decisions that will have to be made.

A consultation paper regarding the implementation of the Single Fraud Investigation Service (SFIS) has also been issued with details of options that are being proposed. The original intention was that LA Fraud staff would transfer to DWP on 1st April 2013 but, due to the time constraints, the DWP have now put forward alternative options. The main proposal being that LA Fraud staff remain employed by the LA but operate under DWP powers and polices.

A further consultation paper has also been received. This is in relation to the localisation of Community Care Grants and Crisis Loans which is due to transfer to LAs from April 2013. It is intended that the current grants/loans will be replaced with locally determined support which will meet occasions of severe hardship. The consultation has requested LA views on the best ways that local support could be delivered.

Changes to the Local Housing Allowance (LHA) come into effect from 1st January 2012. This will result in a lower Housing Benefit awards for new claimants aged under 35. Existing claimants affected by the changes will see reductions in their Housing Benefit over the coming year when their case is reviewed after 1st January 2012. This could have an impact on the level of rent arrears as well as homelessness.

Revenues

Council Tax

With the requirement for a Council Tax referendum if Council Tax is set above the Governments limit, there needs to be some work undertaken to estimate the financial cost implications if a referendum were needed.

Business Rates

Having received Parliamentary approval, the rate of small business rate relief has been doubled from 1st October 2011, returning to the level applicable from the start of the financial year. This amendment has been undertaken by the NNDR team and amended bills have been issued to ratepayers, in order to reflect this alteration. As a result, a significant number of recipients have now overpaid their NNDR accounts and refunds are to be sent to the relevant ratepayers. Daresbury Science Campus has recently been named as an Enterprise Zone.

Halton Direct Link (HDL) and Contact Centre

The government announced a national Blue Badge Reform Programme: Blue Badge Improvement Service, which will be introduced in January 2012. This has been introduced to create a national database of Blue Badge holders and to reduce fraud. A group of people including staff from HDL, ICT services and Adult Social Care are working on the initiative to ensure all processes are in place for the launch. The scheme will mean that whilst customers will still apply for a blue badge within Halton at the One Stop Shops, they will no longer be issued on the day and instead will be processed at a national centre and sent out. There will also be an increase in cost for the badges for the public from £2 to approximately £10.

Financial Management Division

The Government has launched a consultation in relation to the proposals for Business Rates Retention as part of the Local Government Resource Review, with a deadline for responses of 24th October 2011. This will involve councils retaining locally raised business rates and will have a significant impact upon the future resources available to the Council. Halton will be providing a response in addition to contributing to joint responses by the Liverpool City Region and Sigoma. A report regarding the consultation will be presented to Executive Board on 13th October 2011.

The Government has confirmed the overall funding for the Mersey Gateway bridge project, for which details are awaited.

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.

Audit & Operational Finance Division

External Audit

Details of how the procurement process for the external audit of local authorities from 2012/13 have been published. The key points are:

- The work is to be packaged into ten lots across four geographical regions. The lots range in size from £5 million to £12 million and cover the full range of local public bodies. Shortlisted firms may bid for all the lots, but will only be awarded one lot per region. This is to ensure that the Audit Commission is able to continue to meet its statutory functions in relation to auditor appointments, including managing any independence issues that may arise and consulting meaningfully with audited bodies on proposed appointments; and

The Audit Commission will decide, in consultation with DCLG, whether to award three or five year contracts, commencing from the audit of the 2012/13 accounts. Decisions about the length of the contracts will be taken before the contract award in February 2012 and will be linked to the government's timetable for the

introduction of, and transition to, new local public audit arrangements, and for the disbandment of the Commission. DCLG has indicated it will wish to seek views from audited bodies on the potential value for money benefits of having five-year rather than three-year contracts, if having five-year contracts would delay the point at which local bodies could begin to appoint their own auditors.

Internal Audit

Internal Audit will report details of the audit work completed in the second quarter of 2011/12 to the Business Efficiency Board at its next meeting on 9 November 2011.

Client Finance

Following the closure of the cash offices in March 2011 alternative arrangements were implemented to pay weekly personal allowances to individuals for whom the Council acts as 'Corporate Appointee'.

The new arrangements allowed 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. The unreliability of the postal system has however undermined the effectiveness of these arrangements. A decision has therefore been taken to terminate the agreement with the Post Office and to arrange for personal allowances to be collected from the two main HDL offices.

Code of Recommended Practice for Local Authorities on Data Transparency

The government has just published the final Code of Recommended Practice for council transparency, with ministers saying they were "minded" – subject to consultation – to make it legally binding. The Code calls on local authorities to follow three principles of transparency when publishing data – "Demand-led", "Open" and "Timely".

It also sets out the minimum datasets that should be released for reuse. These are:

- expenditure over £500, (including costs, supplier and transaction information)
- senior employee salaries, names, budgets and responsibilities of staff paid over £58,200
- an organisational chart
- the 'pay multiple' – the ratio between the highest paid salary and the median average salary of the whole of the authority's workforce
- councillor allowances and expenses
- copies of contracts and tenders to businesses and to the voluntary community and social enterprise sector
- grants to the voluntary community and social enterprise sector
- policies, performance, external audits and key inspections and key indicators on the authorities' fiscal and financial position
- the location of public land and building assets and key attribute information

- that is normally recorded on asset registers
- data of democratic running of the local authority including the constitution, election results, committee minutes, decision-making processes and records of decisions.

4.0 Service Objectives / milestones

4.1 Progress against 'key' objectives / milestones

Total	7		7		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	10		10		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	5		5		0		0
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All of the Department's remaining performance indicators are on track to be achieved and details are provided within Appendix 4.

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.

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 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 'other' objectives / milestones
- Appendix 3 Progress against 'key' performance indicators
- Appendix 4 Progress against 'other' performance indicators
- Appendix 5 Financial Statement

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 Strategy to Executive Board November 2011		On track to report the Strategy to Executive Board on 17 th 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 Q2	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 2 reports have been provided on schedule to Operational Directors.
Provide quarterly monitoring reports on the overall budget to Executive Board Sub Committee.		2011/12 Quarter 1 was reported to Executive Board on 8 th September 2011, which highlighted a number of potential pressures emerging for which is required to keep spending within budget by year-end. Quarter 2 will be reported on 3 rd November 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 Q2	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.
Publish the Abstract of Accounts by 30th September 2011.		The Abstract of Accounts has been approved by the Business Efficiency Board and was published via the Council's website on 30 th September 2011.

Appendix 2: Progress Against 'other' objectives / milestones

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 Q2	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>		2011/12 Quarter 1 was reported to Executive Board Sub Committee on 8 th September 2011. Quarter 2 will be reported on 3 rd November 2011.

Ref	Objective
FS O5	<i>Ensure that the Capital Programme is affordable, prudent, and sustainable by setting and monitoring prudential borrowing indicators.</i>

Milestones	Progress Q2	Supporting Commentary
<i>Report prudential indicators to Council in March 2011.</i>		The 2011/12 Prudential Indicators were approved by Council on 2 nd March 2011.
<i>Provide monitoring reports to the Executive Board Sub-Committee on a quarterly basis.</i>		2011/12 Quarter 1 was reported to Executive Board on 8 th September 2011, showing 75% of planned spending at that stage. The Capital Programme for Quarter 2 will be reported on 3 rd November 2011.

Appendix 2: Progress Against 'other' objectives / milestones

Ref	Objective
FS O6	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 2011/12 June 2011.		The 2011/12 Internal Audit Plan received approval from the Business Efficiency Board on 9 March 2011.
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.		At the end of quarter 2 of 2011/12, 47.24 per cent of the planned audit days for the year had been delivered. The second quarterly progress report will be presented to the Business Efficiency Board at its November 2011 meeting.
Provide an overall opinion on the Council's system of internal control in the Internal Audit Annual Report (2010/11) to the Business Efficiency Board June 2011.		An overall opinion on the Council's system of internal control was provided in the Internal Audit Annual Report (2010/11) approved by the Business Efficiency Board on 29 June 2011.

Appendix 2: Progress Against 'other' objectives / milestones

Ref	Objective
FS 07	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
Develop the new Procurement Centre of Excellence to ensure only experienced officers are sourcing goods		Completed. The Centre of excellence now offers sourcing to the whole council via the Chest E Portal system in line with Standing Orders.
Develop a Category Management Approach to procurement and identify target areas for attention		Completed. The team has three Category Managers leading for each of the three Directorates
Implement a new Agency Staff contract and include all current suppliers		Completed. Agency Staff contract is in place and working effectively bringing savings to the Council.

Appendix 3: Progress Against 'key' performance indicators

Ref	Description	Actual 2010/11	Target 2011/12	Quarter 2	Current Progress	Direction of Travel	Supporting Commentary
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Corporate Health							
FSLI 01	Receive an unqualified audit opinion on the accounts	Yes	Yes	Yes			The Audit Commission provided an unqualified opinion on the 2010/11 accounts and reported their findings to the Business Efficiency Board on 28 th September 2011.
FSLI 04	Percentage of all invoices that were paid within 30 days	90.67	91	91.99			0.56% up on the same time last year.
FSLI 05	Proportion of Council Tax collected	97.00	96.50	57.49			This is on par with last year which was a record year for collection
FSLI 06	The percentage of Business Rates which should have been received during the year that were received	97.59	97.75	56.92			2.94% down on same time last year. Collection, nationally is down and is due to the current economic climate

Cost & Efficiency							
FSLI 08	Achieve investment returns for the year higher than benchmark.	2.19%	0.46%	1.16%			The Council's investment interest continues to be above the benchmark, however, as previous fixed rate investments have now come to an end the actual rates achieved are coming more into line with the benchmark.

Appendix 4: Progress Against 'other' performance indicators

Ref	Description	Actual 2010/11	Target 2011/12	Quarter 2	Current Progress	Direction of Travel	Supporting Commentary
Corporate Health							
FSLI 02	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			The Audit Commission's 2010/11 Annual Governance Report stated that the financial statements audit <i>'has not identified any material weaknesses in internal control'</i> and that <i>'the Council has a proven track record of maintaining spend within budget'</i> .
FSLI 03	Receive positive comment (annually) from the External Auditor concerning reliability of internal audit work.	Yes	Yes	Yes			In presenting its 2010/11 Annual Governance Report to the Business Efficiency Board, the Audit Commission reported that it continues to place reliance on the work of internal audit.
FSLI 09	Average time for processing new claims (Housing & Council Tax Benefit)	14.71	19	13.72			Improvement of 0.85 days on same time last year (Quarter 2 2010/11 14.57) Again noted improvement as compared to Quarter 1.
FSLI 10	Average time for processing notifications of changes in circumstances	4.15	5.4	3.3			Improvement of 1.09 days on same time last year (Quarter 2 2010/11 4.39 days) Further reductions noted for Quarter 1 2011/12 3.65 days.

Appendix 4: Progress Against 'other' performance indicators

Ref	Description	Actual 2010/11	Target 2011/12	Quarter 2	Current Progress	Direction of Travel	Supporting Commentary
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Quality							
FSLI 11	Maintain the proportion of all eligible schools buying back financial services.	83	83	83			All existing SLA schools have chosen to buy-back from Financial Management for 2011/12.

Appendix 5: Financial Statement

FINANCE DEPARTMENT

Revenue Budget as at 30th September 2011

	Annual Budget	Budget To Date	Actual To Date	Variance To Date (overspend) £'000
	£'000	£'000	£'000	
<u>Expenditure</u>				
Employees	7,602	3,691	3,705	(14)
Supplies & Services	384	243	230	13
Other Premises	122	90	44	46
Agency Related	1	0	1	(1)
Insurances	2,001	1,406	1,398	8
Charitable Relief	103	0	0	0
Concessionary Travel	2,236	932	931	1
Council Tax Benefits	11,194	11,121	11,121	0
Rent Allowances	47,590	24,330	24,330	0
Non HRA Rebates	101	34	34	0
Total Expenditure	71,334	41,847	41,794	53
<u>Income</u>				
Fees & Charges	-41	-20	-39	19
SLA to Schools	-1,126	-644	-644	0
NNDR Administration Grant	-169	0	0	0
Hsg Ben Administration Grant	-1,346	-336	-337	1
Rent Allowances	-46,992	-25,047	-25,047	0
Council Tax Benefits Grant	-11,060	-5,597	-5,597	0
Other Grants & Reimbursements	-799	-586	-599	13
Liability Orders	-345	-172	-179	7
Non HRA Rent Rebates	-101	-44	-44	0
Total Income	-61,979	-32,446	-32,486	40
Net Controllable Expenditure	9,355	9,401	9,308	93
<u>Recharges</u>				
Premises	367	165	190	(25)
Transport	88	44	43	1
Asset Charges	469	165	165	0
Central Support Service	1,062	530	531	(1)
Support Service Income	-6,460	-3,229	-3,229	0
Net Total Recharges	-4,474	-2,325	-2,300	(25)
Net Department Total	4,881	7,076	7,008	68

Appendix 5: Financial Statement

Comments on the above figures:

In overall terms spending is below the budget profile at the end of the second quarter.

With regards to expenditure, employee costs are slightly higher than budget due to the HDL Contact Centre efficiency review not taking full effect until March 2012. This is partly being offset by vacancies that exist within the Audit and Operational Finance division. These vacancies will also help to achieve the Department's overall staff turnover savings target.

Other premises costs are currently below budget due to one off business rate rebates resulting from a decrease in the rateable value of some HDL properties.

With regards to income, Fees & Charges are slightly above the budget which is a result of increased income generated from the sale of Concessionary Travel bus passes and railcards.

Reimbursements & Other Grant income is currently above the budget which is a result of a number of one-off grants being received in respect of Revenues and Benefits to cover any additional administrative costs of implementing DWP policy changes.

The Department's annual budget includes the following 2011/12 savings which have still to be finalised. Work to achieve these savings targets is currently on-going.

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

At this stage it is anticipated that net expenditure will marginally below the overall Departmental budget by the end of the financial year.