

## Departmental Quarterly Monitoring Report

**Directorate:** Policy and Resources

**Department:** Finance

**Period:** Quarter 4 – 1<sup>st</sup> January 2012 to 31<sup>st</sup> March 2012

### 1.0 Introduction

This monitoring report covers the Finance Department's fourth quarter period up to 31<sup>st</sup> March 2012. It describes key developments and progress against all objectives and performance indicators for the service.

Given that there are a considerable number of year-end transactions still to take place a Financial Statement for the period has not been included within this report in order to avoid providing information that would be subject to further change and amendment. The final 2011 / 12 financial statements for the Department will be prepared once the Council's year-end accounts have been finalised and made available via the Council's Intranet. A notice will also be provided within the Members' Weekly Bulletin as soon as they are available.

### 2.0 Key Developments

#### HDL, Revenues and Benefits Division

##### Benefits

At 31<sup>st</sup> March 2012 processing times are one of the best within both Merseyside and Greater Manchester, with new claims being processed on average within 12.57 days and changes in circumstances being processed in 3.10 days. This is an improvement on the same time last year when new claims were being processed in 14.71 days and the changes in circumstances figure was 4.15.

##### Revenues

Council Tax collection at the end of March was 97.11%, up 0.11% on last year and is the highest ever in-year collection rate. Direct Debit at 1st April is running at 70.94%, up 3.18% on last year and is the highest percentage on record.

### Halton Direct Link

From Monday 30th April 2012, customers will be able to access Halton Direct Link from the new office located in the new Runcorn Library and Halton Direct Link building on Granville Street Runcorn (the former Runcorn indoor market). An officer will be on hand Monday, Tuesday, Thursday and Friday, 9.30am to 4.45pm to deal with Halton Borough Council and Halton Housing Trust enquiries. The payment kiosks are also being transferred to enable customers to pay Council bills and rent.

### Contact Centre

The new structure and service delivery model for the Contact Centre commenced operation on the 14th March 2012. The Contact Centre now operates between 8am to 6pm Monday to Friday. An automated switchboard now allows people to contact named officers directly if they know who they need to speak to. A 24 hour automated payments line is now in operation for payment of Council Tax and invoices. Despite an overall reduction in the Contact Centre establishment of 17.92fte this was achieved without any compulsory redundancies with 10 employees taking Voluntary Redundancy or Early Retirement and 8 staff transferring to other posts within the Council.

From 6pm to 8am, weekends and Bank Holidays, the Contact Centre is now closed and the service transfers to the Community Warden Service who operate an emergency only service during this time period.

### **Audit & Operational Finance Division**

The Agresso upgrade in January 2012 required a complete rebuild of the Council's Accounts Payable module. The implementation was successful and officers from Finance Support Services have been providing ongoing support and training to officers across the Council. Despite the Agresso upgrade and a reduction in staffing resources in Finance Support Services, invoice payment performance has improved from last year. 92.37% of all invoices processed in 2011/12 were paid within 30 days, which is a 1.7% improvement from 2010/11.

The way in which the Council processes its non-purchase order invoices is being reviewed under the Transactional Services workstream of the Efficiency Programme. An IT solution has been developed in-house, which is currently being tested prior to being rolled-out across the Council during the first quarter of 2012/13.

Document image processing has been successfully implemented in the Insurance and Client Finance teams. This has contributed to improved efficiency within these teams and a reduction in document storage requirements.

The 2012/13 Internal Audit Plan was approved by the Business Efficiency Board on 29 February 2012.

## **Efficiency Programme Office**

During Q4 three workstreams have reached a conclusion within the Efficiency Programme. The revised Contact Centre arrangements were implemented mid-March, generating saving of £418,000. The new arrangements will be evaluated over the coming months. The review of Business Development & Regional Affairs has resulted in a new structure for Investment & Development Services (Children & Enterprise Directorate) which will deliver a saving of £50,000 along with streamlined management arrangements and a consolidated approach to managing the markets, town centres, and associated regeneration activity.

The review of Community Services has resulted in improvement opportunities that will deliver savings of £95,000.

Reviews of Policy & Strategy, Performance & Improvement and Communications & Marketing are now underway.

A review of the Children in Need Service has been added to the programme to look at generating capacity within the service to reduce the current caseloads allocated to each Social Worker and the recruitment challenges currently faced by this service.

The review of Waste Management is progressing well, with the 'As-Is' report anticipated in Q1 of 2012/13. The review of Social Care Commissioning has not yet commenced due to priorities within the programme being adjusted.

## **Financial Management Division**

The final Local Government Finance Settlement was announced on 31<sup>st</sup> January 2012, which confirmed the provisional figures. The Council's 2012/13 Revenue Budget, Capital Programme and Council Tax were approved by Council on 7<sup>th</sup> March 2012.

On 23<sup>rd</sup> March 2011 the Chancellor presented his Budget Report which included confirmation that public spending will continue to be reduced beyond 2015. However at this stage The Chancellor has only confirmed a reduction in "total public spending" for 2015/16 and 2016/17, so we will not know how this affects Local Government, and specifically Halton, until much nearer the time

Preparation of the Council's 2011/12 final accounts and Abstract of Accounts is underway with assistance from all Directorates.

The Audit Commission reported their 2011/12 Audit Plan to the Business Efficiency Board on 29<sup>th</sup> February 2012. This set out the audit work to be undertaken in relation to the 2011/12 year-end financial statements and the basis for the Commission's fees.

### 3.0 Emerging Issues

#### **HDL, Revenues and Benefits Division**

##### Benefits

Council Tax Support is set to replace Council Tax Benefit from April 2013, and draft regulations are expected shortly. A key aspect of this new scheme is giving local authorities discretion on the category of claimant and amount of Council Tax Support they receive. The Department for Communities and Local Government has recently developed a calculation tool to allow local authorities to assess the impact particular reductions will have on claimants whilst making the savings required by central government. A similar calculation framework has been made available by the Benefits software supplier to allow testing to be conducted on various scenarios of the Council Tax Support Scheme.

We are currently examining a number of options for reductions for consideration by Members

##### Revenues

The outcome of a consultation regarding proposals to replace current exemptions on unoccupied properties with a locally determined discount is awaited. The proposals, if confirmed, would come into force April 2013 and would provide the opportunity to increase revenue but could impact on collection rates.

The changes to Council Tax Benefit for 2013 may make collection more difficult and consideration may need to be given as to whether we still assume 99% collection when calculating the Council Tax Base for 2013/14 in November 2012.

##### Welfare Rights

Proposed reforms to the welfare system, some of which have already started and others of which are being implemented up to October 2013, will affect Halton disproportionately. The Borough has a substantial proportion of disabled residents, and Halton's role in a pilot exercise for the implementation of a Personal Independence Payment to replace Disability Living Allowance (from April 2013) for people of working age is causing substantive concerns for both the disabled community and their carers in Halton.

Other reforms to Working Tax Credit, Housing Benefit and the Social Fund will also impact with on-going reforms, and it is believed the demand for advice over this period will increase.

### Halton Direct Link

Further changes to the Blue Badge process are due to take place. New application forms are being developed and work has begun on developing a new desk based assessment which will replace the BB3 form currently completed by GP's. For customers who don't automatically meet the criteria then the desk based assessment will be carried out by an Occupational Therapist in the relevant Social Care teams.

### Contact Centre

The Automated Switchboard went live towards the end of March and it has been recognised that there have been a few teething problems. Most of these issues were resolved within the first couple of weeks however there are still some issues with the accuracy of the voice recognition software which continue to be investigated. Call volumes and response times are being closely monitored to ensure that the new staffing levels are sufficient to maintain an acceptable level of service.

### **External Audit Services**

After undergoing a procurement exercise the Audit Commission has announced the award of a five-year contract to Grant Thornton for external audit services to councils in the North West region. Subject to a consultation process, Grant Thornton will take over from the Commission's in-house Audit Practice as the Council's external auditor for the 2012/13 audit. To support the consultation process, a series of introductory meetings will take place in April and May. The purpose of these meetings is to give audited bodies an opportunity to meet the new firm proposed as their auditor and its senior partners, and hear how the firm plans to manage its new portfolio and its approach to the audits.

### **Financial Management Division**

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.

Consideration is being given to the process which will be led by the Budget Working Group to identify potential budget savings proposals for 2013/14 and 2014/15.

## 4.0 Service Objectives / milestones

### 4.1 Progress against 'key' objectives / milestones

<b>Total</b>	<b>9</b>		<b>9</b>		<b>0</b>		<b>0</b>
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All of the 'key' objectives/milestones for the Department have been achieved and details are provided within Appendix 1.


### 4.2 Progress against 'other' objectives / milestones

<b>Total</b>	<b>8</b>		<b>8</b>		<b>0</b>		<b>0</b>
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All 'other' objectives/milestones for the Department have been achieved and details are provided within Appendix 2.

## 5.0 Performance indicators

### 5.1 Progress Against 'key' performance indicators

<b>Total</b>	<b>5</b>		<b>4</b>		<b>0</b>		<b>1</b>
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Four of the key performance indicators for the Department have achieved target and details are provided within Appendix 3. The key performance indicator regarding business rate collection is marginally below target due to the current economic climate and this reflects the national trend.

### 5.2 Progress Against 'other' performance indicators

<b>Total</b>	<b>5</b>		<b>5</b>		<b>0</b>		<b>0</b>
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All of the Department's remaining performance indicators have achieved target and further 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. As a result 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 1: Progress Against 'key' objectives / milestones**

Ref	Objective
FS O1	<b>Set the Revenue Budget, Capital Programme and Recommend Council Tax</b>

Milestones	Progress Q4	Supporting Commentary
Report Medium Term Financial Strategy to Executive Board <b>November 2011</b>		The Strategy was reported to Executive Board on 17 <sup>th</sup> November 2011.
Report to Council in <b>March 2012</b>		The Budget, Capital Programme and Council Tax were approved by Council on 7 <sup>th</sup> March 2012.



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

Milestones	Progress Q4	Supporting Commentary
Provide <b>monthly</b> financial reports to budget holders within 8 days of month end		Reports have all been issued on schedule..
Provide <b>quarterly</b> financial monitoring reports to Operational Directors for inclusion in Performance Monitoring Reports		Quarter 3 reports were provided on schedule to Operational Directors.
Provide <b>quarterly</b> monitoring reports on the overall budget to Executive Board Sub Committee.		Quarter 3 was reported to Executive Board on 9 <sup>th</sup> February 2012 which highlighted a number of pressure areas, but that following the implementation of the action plan overall Council spending is expected to be within budget by year-end.



**Appendix 1: Progress Against 'key' objectives / milestones**

Ref	Objective
FS 03	<b>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</b>



Milestones	Progress Q4	Supporting Commentary
Complete the Draft Abstract of Accounts by <b>30<sup>th</sup> June 2011.</b>		The draft Abstract of Accounts was prepared and signed-off by the Operational Director, Finance by 30 <sup>th</sup> June 2011.
Publish the Abstract of Accounts by <b>30<sup>th</sup> September 2011.</b>		The Abstract of Accounts has been approved by the Business Efficiency Board and was published via the Council's website on 30 <sup>th</sup> September 2011.

Ref	Objective
<b>FSO4</b>	<b><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></b>

Milestones	Progress Q4	Supporting Commentary
<i>Establish Treasury Management Policy and report to the Executive Board Sub-Committee by <b>April 2011.</b></i>		The 2011/12 Treasury Management Policy was approved by Full Council on 2 <sup>nd</sup> March 2011.
<i>Provide monitoring reports to the Executive Board Sub-Committee <b>on a quarterly basis.</b></i>		2011/12 Quarter 3 was reported to Executive Board Sub Committee on 9 <sup>th</sup> February 2012.




## Appendix 2: Progress Against 'other' objectives / milestones

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 Q4	Supporting Commentary
<i>Report prudential indicators to Council in <b>March 2011</b>.</i>		The 2011/12 Prudential Indicators were approved by Council on 2 <sup>nd</sup> March 2011.
<i>Provide monitoring reports to the Executive Board Sub-Committee <b>on a quarterly basis</b>.</i>		Quarter 3 was reported to Executive Board on 1 <sup>st</sup> March 2012, showing 86% of planned spending at that stage.




**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 Q4	Supporting Commentary
Obtain approval from the Business Efficiency Board for the Internal Audit Plan for 2011/12 <b>June 2011</b> .		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 <b>quarterly</b> progress reports to Business Efficiency Board.		By year-end, 91.3 per cent of the planned audit days for the year had been delivered. The final 2011/12 quarterly progress report will be presented at the next meeting of the Business Efficiency Board.
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 <b>June 2011</b> .		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 Q4	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 4	Current Progress	Direction of Travel	Supporting Commentary
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<b>Corporate Health</b>							
<b><u>FSLI 01</u></b>	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 <sup>th</sup> September 2011.
<b><u>FSLI 04</u></b>	Percentage of all invoices that were paid within 30 days	90.67	91	92.37			Performance has improved by 1.87% on 2010/11 and has exceeded target by 1.37%.
<b><u>FSLI 05</u></b>	Proportion of Council Tax collected	97.00	96.50	97.11			This is 0.11% up on 2010/11 and above target by 0.61%
<b><u>FSLI 06</u></b>	The percentage of Business Rates which should have been received during the year that were received	97.59	97.75	97.11			This is below target by 0.64% but this reflects the national trend and results from ongoing economic climate

<b>Cost &amp; Efficiency</b>							
<b><u>FSLI 08</u></b>	Achieve investment returns for the year higher than benchmark.	2.19%	0.94%	1.40%		N/A	The Council's investment returns continue to be above the benchmark primarily due to slippage in the capital programme.

## Appendix 4: Progress against 'other' performance indicators

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	12.57			This an improvement of 2.14 days compared with 2010/11.
FSLI 10	Average time for processing notifications of changes in circumstances	4.15	5.4	3.1			This is an improvement of 1.05 days compared with 2010/11
Quality							
FSLI 11	Maintain the proportion of all eligible schools buying back financial services.	83	83	83			All schools who bought-back the Financial Management SLA in 2010/11 have chosen to buy-back in 2011/12.