

Departmental Quarterly Monitoring Report

Directorate: Resources

Department: Finance

Period: Quarter 4 – 1st January 2011 to 31st March 2011

1.0 Introduction

This monitoring report covers the Finance Department fourth quarter up to period end 31st March 2011. It describes key developments and progress against all objectives and performance indicators for the service.

The Department's quarter 4 financial statement will be prepared once the Council's year-end accounts have been finalised and will then be made available via the intranet by 30th June 2011.

The way in which symbols have been used to reflect progress is explained within Appendix 5.

2.0 Key Developments

Revenues and Benefits Division

Benefits

At 31st March 2011 processing times remain one of the best within both Merseyside and Greater Manchester, with new claims being processed on average within 14.7 days. This is an improvement on the same time last year when new claims were being processed in 15.5 days.

Revenues

During 2010/11 Business Rates collection was marginally lower than the previous year at 97.6% compared to 99.7%. Council Tax collection was 97% equalling last year's record year for collection. Arrears collection at the end of March 2011 was 37.6% which is an improvement of 2.1% on last year. The number of Direct Debit payers has also increased and now stands at 68% which is an increase of 2.6% on the number of payers at the same point last year.

Welfare Rights

The demand for the service has remained extremely high. There have been a record number of 175 clients who were assisted with appeals in 2010/11 with a 84% success rate. In addition the welfare rights advice given by the Team has resulted in £2,406,240 in increased income for Halton residents.

Audit & Operational Finance Division

Insurance

The Council's insurance programme was subject to a long term agreement with Zurich Municipal, which expired on 31 March 2011. A tender exercise was conducted under OJEU Procurement Procedures. The response from the market was in line with expectations and a robust evaluation of the responses was undertaken with tenders evaluated on the basis of price and quality. The contract for the Council's main insurance programme was subsequently awarded to Travelers Insurance Co. Ltd. A forecast saving from the tender exercise of £70,000, which was approved as part of the 2011/12 budget savings proposals, has been achieved.

Cashiers

New and more efficient ways of collecting and banking income have been introduced. All cash and cheque income is now collected and banked by G4S (the Council's 'cash in transit' provider) or banked directly at the NatWest. Members of the public are still able to make payments through the automated payment kiosks situated in the four One Stop Shops.

Finance Support Services

By the end of its first year the team were paying 91% of invoices within 30 days, exceeding the performance target set for the year. This is set against a significant reduction of staffing in this area and further staffing efficiencies in 2010/11.

Since January 2011, the Finance Support Services team has been collating and publishing details each month of the Council's spending over £500 on the Council's internet site as part of the Government's Transparency Agenda.

Client Finance

The Council is the Court of Protection appointed Deputy for a number of clients who lack the capacity to manage their own financial affairs. Similarly, arrangements exist with the DWP for the Council to act as the 'Corporate Appointee' for a number of service users who do not qualify for a Deputy to be appointed by the Court of Protection. Weekly personal allowances were previously paid in cash to these individuals through the cash offices at Widnes HDL and Halton Lea HDL. New arrangements have now been put in place with the Post Office using the 'Post Office Payout' service. This allows service users to collect personal allowances from any branch of the post office on the production of a bar coded letter which will be sent to the individuals on a weekly basis.

Internal Audit

The Internal Audit Plan for 2011/12 was approved by the Business Efficiency Board on 9 March. The plan is based on 6.5 FTE auditors following the deletion of a vacant post as part of the 2011/12 budget savings.

Efficiency Programme Office

During the period covered by this report, a number of workstreams have moved into their final stages, and savings are currently being tracked and validated. These are;

- Review of ICT Support Services - £250,000 saving
- Review of Revenues, Benefits and HDL One Stop Shops - £480,000 saving
- Review of Contracted Services to Schools - £175,000 saving

The Open Spaces and Property Services workstreams from Wave 1 have ended, with savings achieved in line with target.

The Review of Income and Charging has commenced, with the first stage being the adoption by Executive Board of a Corporate Charging Framework. The Review of Transactional & Non-Transactional Processes workstream has resulted in the adoption of a streamlined authorisations process to be implemented into other areas as they are reviewed, and a business case for corporate wide document scanning and workflow is in development.

Financial Management Division

The Audit Commission reported their 2010/11 Audit Plan to the Business Efficiency Board on 19th January 2011. This set out the audit work to be undertaken in relation to the 2010/11 year-end financial statements and the basis for the Commission's fees.

The final Local Government Finance Settlement was announced on 31st January 2011, which increased Halton's Settlement by £126,000 compared to the provisional figures. The Council's 2011/12 Revenue Budget, Capital Programme and Council Tax were approved by Full Council on 2nd March 2011.

On 23rd March 2011 the Chancellor presented his Budget Report which included the following relating to Local Government;

- An additional £100m to assist Council's in repairing roads.
- Creation of 21 Local Enterprise Zones.
- Extension of the Small Business Rate Relief until October 2012.
- Reforms to the Planning system designed to simplify processes.
- A 1% increase in employers' national insurance contributions.
- Confirmation of the intention to increase public sector employee pension contributions.

The Council's main accounting statements within the 2009/10 Abstract of Accounts have been restated onto an International Financial Reporting Standards (IFRS) basis.

These have been reviewed by the Audit Commission during the quarter and no significant issues have been raised. The restated accounts provide the starting point for preparation of the 2010/11 final accounts, which is underway with assistance from all Directorates.

3.0 Emerging Issues

Revenues and Benefits Division

Benefits

As part of the Efficiency Programme the Work Stream Board in November 2010 proposed that Benefit officers be embedded in the three Halton Direct Link offices of Halton Lea, Runcorn and Widnes in order to deliver the Benefits Service directly to customers who use these offices. This change will take effect from 3rd May 2011 and customers will be able to see a Benefit Officer who can process Benefit applications, calculate changes to entitlement and issue notification letters (if all the necessary supporting information is provided). This new operational arrangement will enhance the overall customer service delivery to the public.

From April 2011, the Government have changed the way in which the Local Housing Allowance (LHA) is calculated and this will result in lower Housing Benefits amounts for many claimants. Whilst the required changes to procedures and system software have been successfully implemented, the impact these changes will have on clients will only be fully appreciated over the coming months.

The increase in charges for non dependant deductions also came into effect from April 2011 and is likely to generate more queries and appeals as claimants struggle to find the additional money to cover the deduction. The changes will be closely monitored over the coming months to ensure that there is not an increase in the number of undeclared non-dependants.

The transition of claimants from Incapacity Benefit and Severe Disability Allowance to Employment Support Allowance came in during February 2011. This is likely to see an increase in activity and queries for these benefits, as claimants' Housing Benefit and Council Tax Benefit details are amended to reflect the changes.

Revenues

From April 2011, the non dependant deductions applied to Council Tax Benefit are due to increase. This may have a detrimental impact on Council Tax collection rates as people struggle to pay the additional charge. There may also be an increase in applications for single person discounts as a result

There are also changes to Student Discount legislation effective from 13 May 2011. Students resident in UK who study in an EU member state are to be treated as students for Council Tax purposes - anticipated to have little impact.

Business Rates

The collection rate at the end of the financial year was 97.6% which is down slightly on previous year's collection rate of 99.7%. A number of new assessments however were brought into the rating list late in the year which have had an impact on the level of collection.

There has been an extension of the Small Business Rates Relief scheme (SBRS) for a further 12 months from 1st October 2011 to 30th September 2012.

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; 1) 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", 2) Disability Living Allowance being replaced with a more restrictive Personal Independence Payment, 3) radical changes to the Social Fund, 4) the introduction of Universal Credit

Audit & Operational Finance Division

From April 2011, the Direct Payments Team is to transfer to the Audit & Operational Finance Division. 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.

Efficiency Programme Office

Over the coming months, the next wave (Wave 4) will be developed and agreed by Management Team and the Efficiency Programme Board.

For those workstreams in progress currently, recommendations for change will come forward in the form of 'To-Be' proposals. These are namely;

- Review of the HDL Contact Centre
- Review of Client Transport and Operational Fleet
- Review of Business Development & Economic Regeneration.

Alongside this, process changes are being planned and implemented in Operational Finance and HR as a result of the review of Transactional & Non-Transactional Processes.

Financial Management Division

The Local Government Resource Review has been initiated by Government, which aims to review the way in which Councils are funded including the distribution

mechanism for Formula Grant and the Business Rates System. The first phase of the Review will be concluded by July 2011 with the second phase focusing upon Community Budgets.

Work has commenced 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	10		10		0		0
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All four of the objectives / milestones for the Department have been achieved and details are provided within Appendix 1.

4.2 Progress against 'other' objectives / milestones

Total	7		7		0		0
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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

Total	5		5		0		0
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All of the key performance indicators for the Department have been 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 of the other performance indicators for the Department have been 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 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 Q4	Supporting Commentary
Report Medium Term Financial Forecast to Executive Board November 2010		The Strategy was reported to Executive Board on 18 th November 2010.
Report to Council in March 2011		The Revenue Budget, Capital Programme and Council Tax were approved by Council on 2 nd 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 Q4	Supporting Commentary
Provide monthly financial reports to budget holders within 8 days of month end		Reports all issued on schedule.
Provide quarterly financial monitoring reports to Operational Directors for inclusion in Performance Monitoring Reports		Quarter 3 reports were provided on schedule to Operational Directors. The overall outturn position will be reported on 14 th July 2011 once the Council's year-end accounts have been finalised.
Provide quarterly monitoring reports on the overall budget to Executive Board Sub Committee.		Quarter 3 was reported to Executive Board Sub Committee on 10 th February 2011, showing an overall underspend against the revenue budget.

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 Q4	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. http://www3.halton.gov.uk/councilanddemocracy/councilbudgetsandspending/financialinformation/contractsandtendersawarded/

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 Q4	Supporting Commentary
Undertake a spend review across the authority in order to identify potential savings opportunities by March 2011		This is on going in order to identify efficiencies. Savings targets are on track for 2011/12 and 2012/13.
Enhance the transparency of trading opportunities to providers through the roll-out of e-trading by March 2011		Continuing to rollout the Chest system across the Council.
Meet central government requirements to publish details of spend and contract and tender documents for expenditure exceeding £ 500 by January 2011		The required information has been published on a monthly basis since January 2011.

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 Q4	Supporting Commentary
Establish the 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 3 was reported to Executive Board Sub Committee on 10 th February 2011.

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

Milestones	Progress Q4	Supporting Commentary
Provide monitoring reports to the Executive Board Sub-Committee on a quarterly basis		Quarter 3 capital spending was reported to Executive Board Sub Committee on 10 th February 2011, showing 90% of planned spending at that stage, but this only represented 54% of the total capital programme.
Report prudential indicators to Council in March 2011		Prudential Indicators for 2011/12 were approved by 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 Q4	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		The third quarterly Internal Audit progress report was reported to the Business Efficiency Board in January 2011. Sufficient audit work has been completed by year-end to ensure that a confident, evidence based audit opinion can be provided on the Council's control environment.
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 4	Current Progress	Direction of Travel	Supporting Commentary
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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	90.67		N/A	No comparable data for 2010/11
<u>FSLI 5</u>	Proportion of Council Tax collected	97.00%	96.00	97.00			Same collection rate as last year which was a record for the authority.
<u>FSLI 6</u>	The percentage of Business Rates which should have been received during the year that were received	99.73%	97.75	97.59			Collection rates are marginally lower than the annual target.
<u>NI 181</u>	Time taken to process HB CTB new claims and change events	7 days	14	5.78			Performance is better than 2009/10 and also better than target

Appendix 4: Progress Against 'other' performance indicators

Ref	Description	Actual 2009/10	Target 2010/11	Quarter 4	Current Progress	Direction of Travel	Supporting Commentary
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Corporate Health							
FSLI 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 4	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 4	Current Progress	Direction of Travel	Supporting Commentary
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Cost & Efficiency							
FSLI 7	Achieve investment returns for the year higher than benchmark	2.76%	0.42%	2.19%		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 5 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 intervention or remedial action 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.