

Departmental Quarterly Monitoring Report

Directorate: Policy and Resources

Department: Finance

Period: Quarter 3 – 1st October 2011 to 31st December 2011

1.0 Introduction

This monitoring report covers the Finance Department's third quarter period up to 31st December 2011. It describes key developments and progress against key objectives and performance indicators for the service.

2.0 Key Developments

Revenues and Benefits Division

Housing and Council Tax Benefits

At 31st December 2011 processing times are one of the best within both Merseyside and Greater Manchester, with new claims being processed on average within 12.81 days and changes in circumstances being processed in 3.18 days. This is an improvement on the same time last year when new claims were being processed in 14.48 days and the changes in circumstances figure was 4.19.

Council Tax Collection has remained on par with last year. Direct Debit is currently running at 68.98% which is 2.42% up on last year

Halton Direct Link

Social Care 'appointee' customers have returned to collecting their weekly money from the Widnes and Halton Lea One Stop Shops. The service had been passed to the Post Office but this had been unsuccessful. On average £9,000 is collected each week.

Contact Centre

The outcome of the Contact Centre Efficiency Review was announced in December. The new structures and future service delivery model will mean that the Contact Centre will operate between the hours of 8am and 6pm. An automated switchboard which will allow people to contact named officers directly if they know who they need to speak to. Additionally an automated payments line will operate 24 hours a day for payment of Council Tax and invoices.

Between 6pm and 8am, and during weekends and Bank Holidays the Contact Centre will close and the service will transfer to the Community Warden Service which will operate an Emergency Only service during this time period.

Welfare Rights

The demand for the service remains high in all areas. The Welfare Rights Team have attended & directly assisted at 60 appeals for the financial year to date. This has a 90% overall success rate. During Quarter 3 the Team attended 23 appeals with a 91.3% success rate.

Year to date, the overall work of the Welfare Rights Team has resulted in £1,836,605 of additional benefit payments that have been awarded to the residents of Halton.

Audit & Operational Finance Division

A significant amount of work has been spent building the accounts payable module of the new Agresso module, which is being implemented in January 2012. At the end of the third quarter, 92.09% of all invoices processed in the year to date had been paid within 30 days, which is an improvement on 2010/11 performance.

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 expected to be rolled out in the final quarter of the year after it has been fully tested.

Document image processing is in the process of being implemented within the Insurance and Client Finance teams. This will contribute to improved efficiency within these teams and a reduction in document storage requirements.

Efficiency Programme Office

Significant progress has been made on the Review of the Contact Centre in the period covered by this report, with a proposal being consulted upon, and subsequently agreed, resulting in a revised model for customer telephone contact for the Council. An out of hours response service will operate overnight and at weekends from mid-March. This will be delivered by the Communities Directorate. The Contact Centre will continue to deliver the services it does now between 8am and 6pm on weekdays. Savings achieved from this workstream will be well above the initial target, in excess of £400,000.

The Review of Business Development & Regional Affairs is also reaching a conclusion, with a revised structure having been circulated for consultation in early December. The consultation closed on 9th January and feedback from that process will be considered and a final structure taken forward for approval. It is anticipated that the outcome of this review will be a more flexible service, able to deliver the Council's town centre and non-town centre regeneration and business growth agendas, attracting funding to support this where it is available.

The remaining workstreams within the Programme continue to be progressed. Wave 4 of the Efficiency programme has been drafted and will be presented to the Efficiency Programme Board in January for approval.

Financial Management Division

The Medium Term Financial Strategy (MTFS) was considered by Executive Board on 17th November, which set out an expected funding gap of up to £39m over three years (2012-2015) and the key assumptions upon which this was based. The Council's 2012/13 base budget has been prepared within the framework of the MTFS.

The Government announced the Local Government Finance Settlement on 8th December 2011 which provided details of the Grant Settlement for Halton for 2012/13. The Council's grant will be cut by 5.3% for 2012/13. This will require budget savings to be achieved of £15m in 2012/13.

On 19th December the Government published its response to the consultation regarding Business Rates Retention which confirms its introduction from April 2013. However, a number of aspects of the proposals are still subject to further consultation. This will have a significant impact upon the future resources available to the Council.

3.0 Emerging Issues

Revenues and Benefits Division

Benefits

The Government has published in December 2011 the outcome of its consultation on proposals for the new Council Tax rebate scheme to replace Council Tax Benefit from April 2013. The Government is still committed to giving local authorities discretion on how the new scheme will be administered in respect of certain categories of claimants. Early in 2012 draft regulations will be issued which will provide detail of the discretionary elements of the scheme.

On the 1st December 2011 the DWP announced that the implementation of the Single Fraud Investigation Service (SFIS) would take place by its preferred option of Local Authority fraud staff remaining employed by the authority but operating under DWP powers and policies. The DWP will be holding workshops in early 2012 regarding the design of the new service to which local authorities will be invited.

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.

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 have a negative impact on collection rates. Additional information will be provided as and when this becomes available.

Non-Domestic Rates

The Government has extended the increased rate of small business rate relief from 1st October 2012 until 31st March 2013, which will be of benefit to many of Halton's businesses. It is also intended to allow the lower small business rate multiplier to be used for multiple ratepayers, occupying properties with a rateable value below £18,000. Daresbury Park, which was previously awarded Enterprise Zone status, will commence to operate as such from 1st April 2012.

Although there are only a very small number of properties currently included within the Enterprise Zone, this is expected to increase substantially over the following 5 years as there will be significant financial benefits in terms of savings in the actual non-domestic rates payable

Halton Direct Link

The renewal processes for Concessionary Travel Bus Passes issued in 2008 will begin from March 2012, it is estimated that over 17,000 will be renewed over the next financial year. Customers will receive a letter explaining that they can renew online, at the One Stop Shops or over the telephone. It is envisaged that the majority will renew via the One Stop Shops

Contact Centre

The new structure for the Contact Centre will see staffing levels within the Contact Centre reduce from 43 to 23 Full Time Equivalent (FTE) posts. At the same time staffing levels within Community Warden Service will increase by 4 FTE posts to 18 FTE posts. This overall reduction includes a number of voluntary early retirement / voluntary redundancies and an implementation team will be formed to deal with any operational issues that arise during the period of transition.

Welfare Rights

The reforms to the benefits system will impact disproportionately on Halton. The Welfare Rights Service has already seen an increase in demand for the service and is expected to continue to grow substantially. A booked appointment system has been established at HDL for those most affected by the first of these major reforms, the implementation of ESA (Employment Support Allowance) which is impacting particularly on the disabled, carers and the unemployed.

Audit & Operational Finance Division

External Audit

The procurement process for the external audit of local authorities from 2012/13 is underway. The process is being managed by the Audit Commission with all key decisions being taken by the Commission Board.

The objective of the exercise is to transfer successfully to the private sector the work of the Commission's audit practice so as to maximise value for money. It is intended that this will be achieved by securing the provision of high quality audit services at the best possible prices and by minimising redundancy costs by transferring the audit practice staff to the new providers under TUPE Regulations.

The contract award decisions will be announced in mid-March. The Audit Commission will then consult audited bodies on the appointment of the external auditors following the award of contracts. As an audited body the Council will have an opportunity to make representations if it is not satisfied with the appointment. Any representations will be considered by a sub-committee of the Commission's Board, which will make final recommendations to the Board.

The auditor appointments will be for a period of between three and five years. At the end of the contract the Council will then be able to appoint its own external auditors. The detail as to how that process will operate is currently being developed by DCLG.

Financial Management Division

On 9th February the Executive Board will recommend budget proposals to be considered by Council on 7th March 2012. This will include the budget reductions required in order to deliver a balanced budget for 2012/13.

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.

Planning has begun for preparation of the 2011/12 final accounts

4.0 Service Objectives / milestones

4.1 Progress against 'key' objectives / milestones

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

4.2 Progress against 'other' objectives / milestones

Total	7		7		0		0
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All 'other' objectives/milestones for the Department are on track to be achieved and therefore are 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 achieve their annual target and details are provided within Appendix 2.

5.2 Progress Against 'other' performance indicators

Total	5		5		0		0
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All of the Department's remaining performance indicators / targets are on track to be achieved and therefore are 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. 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 'key' performance indicators




Appendix 3 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 Q3	Supporting Commentary
Report Medium Term Financial Strategy to Executive Board November 2011		The Strategy was reported to Executive Board on 17 th November 2011.
Report to Council in March 2012		Work is on track to develop budget proposals for 2012/13 and report to Council on 7 th March 2012.

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 Q3	Supporting Commentary
Provide monthly financial reports to budget holders within 8 days of month end		To date all reports have been issued on schedule.
Provide quarterly financial monitoring reports to Operational Directors for inclusion in Performance Monitoring Reports		Quarter 3 reports will be provided to Operational Directors as planned.
Provide quarterly monitoring reports on the overall budget to Executive Board Sub Committee.		Quarter 2 was reported to Executive Board on 3 rd November 2011, which highlighted a number of potential pressures emerging for which it is required to keep spending within budget by year-end. Quarter 3 will be reported on 9 th February 2012.

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 Q3	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.


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 Q3	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 2: Progress Against 'key' performance indicators

Ref	Description	Actual 2010/11	Target 2011/12	Quarter 3	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	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.
<u>FSLI 04</u>	Percentage of all invoices that were paid within 30 days	90.67	91	92.02			2.08% up on the same time last year.
<u>FSLI 05</u>	Proportion of Council Tax collected	97.00	96.50	85.69			Council tax collection is up by 0.02% on same time last year (Q3 -2010/11, 85.67%)
<u>FSLI 06</u>	The percentage of Business Rates which should have been received during the year that were received	97.59	97.75	84.47			Collection of Business Rates is 1.03% down on same time last year. (Q3 - 2010/11, 85.50%). This reflects the national trend and results from the ongoing economic climate.

Cost & Efficiency							
<u>FSLI 08</u>	Achieve investment returns for the year higher than benchmark.	2.19%	0.89%	1.27%		N/A	The Council's investment interest continues to be above the benchmark due to slippage in the capital programme.

Appendix 3: Financial Statement

FINANCE DEPARTMENT

Revenue Budget as at 31st December 2011

	Annual Budget	Budget To Date	Actual To Date	Variance To Date (overspend)
	£'000	£'000	£'000	£'000
<u>Expenditure</u>				
Employees	7,662	5,598	5,486	112
Supplies & Services	672	434	385	49
Other Premises	122	56	28	28
Agency Related	1	0	1	(1)
Insurances	1,996	1,650	1,595	55
Charitable Relief	103	0	0	0
Concessionary Travel	2,236	1,563	1,593	(30)
Council Tax Benefits	11,255	11,088	11,088	0
Rent Allowances	51,440	39,493	39,493	0
Non HRA Rebates	65	45	45	0
Total Expenditure	75,552	59,927	59,714	213
<u>Income</u>				
Fees & Charges	-41	-31	-50	19
SLA to Schools	-843	-646	-646	0
NNDR Administration Grant	-169	0	0	0
Hsg Ben Administration Grant	-1,346	-1,009	-1,010	1
Rent Allowances	-50,850	-38,143	-38,143	0
Council Tax Benefits Grant	-11,108	-7,908	-7,908	0
Reimbursements & Other Grants	-731	-357	-343	(14)
Liability Orders	-345	-258	-260	2
Non HRA Rent Rebates	-65	-51	-51	0
Transfer from Reserves	-100	-32	-32	0
Total Income	-65,598	-48,435	-48,443	8
Net Operational Expenditure	9,954	11,492	11,271	221
<u>Recharges</u>				
Premises	391	293	293	0
Transport	113	84	79	5
Asset Charges	138	0	0	0
Central Support Service	3,995	2,995	2,996	(1)
Support Service Income	-9,074	-6,803	-6,806	3
Net Total Recharges	-4,437	-3,431	-3,438	7
Net Department Total	5,517	8,061	7,833	228

Appendix 3: Financial Statement

Comments on the above figures:

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

With regards to expenditure, employee costs are below the budget profile due to vacant posts that exist within the Audit & Operational Finance, Financial Management, and Revenues and Benefits Divisions. The majority of the vacant posts will be included in the Department's budget savings proposals for 2012/13. The vacant posts also act as contributions towards the Department's staff turnover savings target.

Expenditure on supplies and services is lower than the budget which is mainly due to reduced expenditure on Procurement and Efficiency Programme consultants. This has been included in the Department's budget savings proposals for 2012/13.

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

Insurance costs are also lower than the budget which is due to a reduction in the cost of the property related insurance premiums. This is partly due to a number of Schools converting to Academy status and no longer requiring the Council's insurance cover. This has been included in the Department's budget savings proposals for 2012/13.

Concessionary Travel costs are marginally above the budget profile at this stage, but are expected to be in line with budget by year-end.

At this stage it is anticipated that spend will be below budget at the end of the current financial year.