

Departmental Quarterly Monitoring Report

<u>Directorate:</u>	Resources
<u>Department:</u>	Finance
<u>Period:</u>	Quarter 1 – 1 st April to 30 th June 2010

1.0 Introduction

This monitoring report covers the Financial Department first quarter period up to period end 30th June 2010. It describes key developments and progress against key objectives and performance indicators for the service.

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

2.0 Key Developments

Revenues and Benefits

Although the Dept of Work and Pensions are experiencing difficulty in publishing year-end nationally comparable data in relation to the processing of Housing and Council Tax Benefit claims, internal monitoring shows high levels of performance are being sustained.

In the third quarter of last year Halton had the best claims processing performance in Merseyside, Cheshire and Greater Manchester.

During the first quarter of this year the benefits caseload continued to rise and currently stands at almost 16,500 claims (the benefits caseload for the same period within 2009/2010 was 15,100). In spite of this, processing times have been maintained with on average new claims being processed within 16 days.

During 09 – 10 Council Tax collection was consistent with that of unitary authorities and the third highest within the Manchester / Merseyside group. In addition Business Tate collection was well above the national average and the highest amongst Greater Manchester authorities and 2nd highest on Merseyside. This trend has continued during the first quarter of this financial year.

During quarter 1 there has been a continued demand for both debt and welfare

rights advice and the need for tribunal representation has continued to grow and a success rate of 74% (of 47 cases represented) has been achieved. Positive work with McMillan Support and Halton Hospital has been extremely positive and resulted in substantial benefits for those with severe illness.

Audit & Operational Finance

Finance Support Services

The new Government has made a specific commitment that new items of local government spending over £500 be published on a council-by-council basis from January 2011 (with limited exceptions surrounding personal information that falls under the Data Protection Act). Work is currently underway in developing an extract from the Council's ledger that provides all the information that needs to be disclosed.

Insurance

The Schools Forum agreed at its June meeting to provide funding from the Dedicated Schools Grant to ensure that the Council's voluntary aided schools are insured for 90 per cent of their premises insurance liabilities. The governing bodies of the voluntary aided schools are required to fund the remaining 10 per cent. This arrangement now ensures that voluntary aided schools in the borough are insured to the same level as the Council's non-voluntary aided schools.

Financial Management

The Monetary Policy Committee maintained the Bank of England Base Rate at 0.5% throughout the quarter and maintained the programme of asset purchases from private sector institutions (quantitative easing) at £200bn.

Inflation, as defined by the Consumer Prices Index (CPI), fell during the quarter from 3.4% in March 2010 to 3.2% in June 2010. This was largely due to the fall in petrol and diesel prices compared to an increase in the same quarter last year. CPI therefore continues to be above the Bank of England's 2.0% target rate.

The Retail Price Index (RPI), which includes mortgage costs, increased during the quarter from 4.4% in March 2010 to 5.0% in June 2010. This was largely due to a rise in mortgage interest costs compared to a fall twelve months previously.

The Governments Emergency Budget, announced on 22nd June, included the following:

- From April next year there will be an average 25% reduction across government departments. Although the details will be announced through the comprehensive spending review in October the full implications for individual Council's will not be known until the New Year.
- From January 2011 insurance premium tax will increase and VAT will rise to 20%. Landfill tax will also rise by £8 per tonne annually until at least 2014.
- Public sector pay will be frozen for 2 years from April 2010 and employers national insurance contributions will increase, although this may be offset by

- a raise in the minimum payment threshold.
- Both public sector pensions and housing benefits will be reviewed.

Additionally a number of subsequent announcements have been made by the government concerning in-year reductions in local government funding. As a result in this financial year the Area Based and Specific Grant for Halton will be reduced by £3m and Highways capital funding will reduce by £1m.

On 12th July 2010 the Government announced that the Building Schools for the Future (BSF) programme has been stopped, although a number of schemes are being reviewed by Government including three of Halton's proposed BSF schemes.

The Council's 2009/10 final accounts have been completed and the draft Statement of Accounts was approved by the Business Efficiency Board on 30th June 2010. The Audit Commission have commenced the audit of accounts and will report their findings to the Business Efficiency Board on 29th September 2010, following which the Statement of Accounts will be published.

The Government have announced the abolition of the Comprehensive Area Assessment (CAA) and thereby the Use of Resources assessment, with immediate effect.

Efficiency Programme

Of the work streams within Wave 1 of the Efficiency Programme, the Management Structures, Transactional, and Non-Transactional Support Services workstreams are now closed and the Open Spaces workstream remains in progress having met its first year target. Gross savings from these workstreams for 2010/11 amount to £4.4m. Net savings after VR / VER and pay protection costs are £3.24m - £228,000 will fall into the budget from 2013/14 and a further £950,000 from 2015/16. The review of Property Services is ongoing and is expected to generate around £80,000 of savings.

Wave 2 workstreams currently underway are the review of Revenues & Benefits / HDL (savings target £600,000), Review of ICT Support Services (initial savings of £80,000 with a further target to be set), Review of Operational Fleet & Client Transport (savings target £500,000) and Review of Contracted Services to Schools. A secondary workstream to look at opportunities to streamline processes across the Transactional and Non-Transactional areas is in the process of starting up.

3.0 Emerging Issues

Revenues and Benefits

Review of Revenues & Benefits and HDL

Revenues and Benefits are part of the Wave 2 Review. At the present time the project is on schedule with the 'As Is' report complete and the 'To Be' position currently being considered.

A pilot has taken place, with staff from Benefits being located at HDL to enable them to deal with customers direct. The result of this pilot are now been assessed by the Efficiency Team, with recommendations for a way forward due shortly.

Employee authentication service

The Department of Works and Pensions (DWP) is introducing a more secure method by which Benefits staff access DWP computer records during 2010. This project will require some work from ICT and new security procedures from the Benefits Service, but there should be no adverse impact on performance.

Pension age realignment

The equalisation of State Pension Age for men and women commenced 6th April 2010. This means that from April the way in which HB and CTB for some claimants aged between 60 and 65 has changed. This change impacts on the way HB and CTB claims are assessed and consequently new software has been tested and implemented. Due to the complexity of the transitional arrangements, training and awareness sessions have been key for Benefits staff, HDL advisors, RSL and private landlords as well as for the customers themselves. The full impact of this change has not yet been fully realised and close monitoring will continue throughout the summer

Department of Works and Pension's Customer Information System (CIS) Prompts

From the 5th April 2010 the DWP were to introduce CIS Prompts, which is a procedure whereby the Benefits Service is informed electronically by the DWP of changes to a Benefit claimant's tax credit. The DWP have, however, had to delay this project because of technical difficulties, but it is expected to go live during 2010.

KLOE (Key Lines of Enquiry)

Work towards meeting the requirements of KLOE continues to be developed and is being enhanced in light of newly published Audit Commission inspection reports. The key themes that are emerging from these reports are that the Audit Commission are looking for evidence of:

1. Clear and strong links between Benefits and Local Area Agreements
2. An in depth understanding of customers with a resulting customer focused Service
3. Value for Money activity

4. Action being taken in light of the economic climate

A Taskforce report published earlier this year, recommended that 'take up' should be more prominently featured within the Benefits KLOE to encourage councils to link take up with wider priorities such as preventing child poverty and contributing to economic development. As a result, a revised KLOE will be published during July 2010. An internal reassessment of the Division against the revised standards will be undertaken during quarter 2.

Non Domestic Rates

The proposed changes to the Small Business Rate Relief scheme, previously presented by the DCLG, would appear likely to be implemented by the new government with effect from 1st October 2010.

The Government has issued a consultation document and proposed changes to discretionary awards of non domestic rate relief. It is not envisaged that there will be any additional funding from DCLG for any new schemes.

Welfare Rights

The continuing increase in the demand for appeals representation is expected to escalate further. The intention to "caseload" all Incapacity Benefit claimants onto Employment Support Allowance from October is expected to lead to a steady substantive rise in the number of appeals related enquiries. The new stated policy intention for all existing Disability Living Allowance claimants to undergo another medical examination is expected to add to this in future years.

The second Macmillan Welfare Rights Officer has been appointed and will contribute to making the pathway for those diagnosed with Cancers more effective. The intention must be to ensure that all those residents in Halton diagnosed with a Cancer and their carers/ families have skilled benefits advice and their incomes maximised.

Audit & Operational Finance

Cash Collection Contract

The Council's current cash collection contract is due to expire at the end of August. Rather than going through a full tendering process, arrangements are being made through the Procurement Division to utilise an existing framework agreement for cash collection services that has been procured by a neighbouring authority. It is anticipated that this method of procurement will realise annual savings in the region of £5,000.

Insurance

The Council's current insurance contract is due to expire at the end of the current financial year. Advice on the procurement process is being provided by the AON, who are the Council's insurance advisor. A Prior Information Notice setting out the services to be tendered has been published in the Official Journal of the European Union.

Financial Management

A progress report on the implementation of International Financial Reporting Standards (IFRS) from 2010/11, was presented to the Business Efficiency Board on 26th May 2010. Having now completed the draft 2009/10 final accounts, work is underway to restate them onto an IFRS basis by 31st October 2010.

The Department for Education's consultation on the future distribution of school funding closed on 7th June 2010. Further consultation on draft proposals is now awaited, leading to indicative allocations for Councils being announced during November 2010.

4.0 Service Objectives / milestones

4.1 Progress against 'key' objectives / milestones

Total	7		6		1		0
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All but one 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

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

5.0 Performance indicators

5.1 Progress Against 'key' performance indicators

Total	5		5		0		0
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All five of the key performance indicators for the Department reported at this time are on track to be achieved and details are provided within Appendix 2.

5.2 Progress Against 'other' performance indicators

Total	3		3		0		0
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The remaining three performance indicators reported at this time are on track to be achieved and are therefore not being reported by exception at this time.

6.0 Risk Control Measures

During the development of the 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 'key' performance indicators

Appendix 3 Financial Statement




Appendix 4 Explanation of use of symbols

Appendix 1: Progress Against 'key' objectives / milestones

Ref	Objective
FS O1	Set the Revenue Budget, Capital Programme and Recommend Council Tax



Milestones	Progress Q1	Supporting Commentary
Report Medium Term Financial Forecast to Executive Board November 2010		On track to report Strategy to Executive Board in November 2010.
Report to Council in 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 Q1	Supporting Commentary
Provide monthly financial reports to budget holders within 8 days of month end		Given the need to disaggregate the 2010/11 budget following the organisational restructuring, reports could not be provided for April and May but will be provided from June onwards.
Provide quarterly financial monitoring reports to Operational Directors for inclusion in Performance Monitoring Reports		Quarter 1 reports will be provided on schedule to Operational Directors.
Provide quarterly monitoring reports on the overall budget to Executive Board Sub Committee.		The 2009/10 outturn was reported to Executive Board Sub Committee on 8 th July 2010, showing an overall revenue underspend and 80% spend against the capital programme. Quarter 1 will be reported on 9 th September 2010.

Appendix 1: Progress Against 'key' objectives / milestones

Ref	Objective
FS 03	Provide for public accountability by reporting the Councils stewardship of public funds and its financial performance in the use of resources by preparing the final accounts as required by statute and in accordance with the latest accounting standards

Milestones	Progress Q1	Supporting Commentary
Complete the Draft Abstract of Accounts 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		On track to publish the Abstract of Accounts by 30 th September 2010.

Appendix 2: Progress Against 'key' performance indicators

Ref	Description	Actual 2009/10	Target 2010/11	Quarter 1	Current Progress	Direction of Travel	Supporting Commentary
Corporate Health							
<u>FSLI 1</u>	Receive an unqualified audit opinion on the accounts	Yes	Yes	N/A		N/A	The audit of accounts is underway and indications at this stage are that an unqualified audit opinion will be received.
<u>FSLI 4</u>	The percentage of all invoices which were paid in 30 days	N/A	90.00	93.77		N/A	This is a new indicator and therefore there is no comparable data for 2009/10
<u>FSLI 5</u>	Proportion of Council Tax collected	97.23%	96.00	29.19%			Q1/2009 : collection rate was 29.19%
<u>FSLI 6</u>	The percentage of Business Rates which should have been received during the year that were received	99.73%	97.75	32.86			Q1/2009: collection rate was 32.08%
<u>NI 181</u>	Time taken to process HB CTB new claims and change events	6.55*	14	7.2			*This represents the results of internal recording as DWP have not yet published Q4 results. DWP have published data up to Q3 which shows performance at 6 days Q1/2009: performance was 9 days
<u>NI 179</u>	Value of (organisational) cashable efficiency gains.	£2.967m	TBC	TBC	N/A	N/A	2010/11 Forecast cumulative gains to be submitted to the DCLG by 22 October 2010.

Appendix 3: Financial Statement

FINANCE DEPARTMENT

Revenue Budget as at 30th June 2010

	Annual Revised Budget	Budget To Date	Actual To Date	Variance To Date (overspend)	Actual Including Committed Items
	£'000	£'000	£'000	£'000	£'000
<u>Expenditure</u>					
Employees	6,528	1,934	1,754	180	1,765
Premises	715	715	714	1	814
Supplies & Services	591	54	50	4	193
Insurances	598	292	300	(8)	300
Transport	414	322	328	(6)	328
Charitable Relief	103	26	0	26	0
Concessionary Travel	1,998	553	555	(2)	555
Asset Charges	107	0	0	0	0
Council Tax Benefits	11,194	11,194	11,262	(68)	11,262
Support Services	0	0	0	0	0
Rent Allowances	46,657	11,011	11,010	1	11,010
Non HRA Rebates	99	14	13	1	13
Total Expenditure	69,004	26,115	25,986	129	26,240
<u>Income</u>					
Sales	-11	-3	0	(3)	0
Fees & Charges	-52	-1	-27	26	-27
Support Service Recharges	-691	0	0	0	0
SLA to Schools	-966	0	0	0	0
Insurance Recharges	0	0	0	0	0
NNDR Administration Grant	-169	0	0	0	0
Hsg Ben Administration Grant	-1,486	-371	-352	(19)	-352
Concessionary Travel Grant	-331	-83	-83	0	-83
Rent Allowances	-46,070	-12,358	-12,358	0	-12,538
Council Tax Benefits Grant	-11,060	-2,764	-2,724	(40)	-2,724
Other Grants	-701	-114	-45	(69)	-45
Liability Orders	-299	-75	-116	41	-116
Non HRA Rent Rebates	-99	-25	-28	3	-28
Total Income	-61,935	-15,794	-15,733	(61)	-15,913
Net Expenditure	7,069	10,321	10,253	68	10,327

Comments on the above figures:

In overall terms spending is currently below the budget profile at the end of quarter 1. With regard to expenditure, employee costs are lower than budget due to vacancies within the Revenues & Benefits and Audit & Operational Finance Divisions.

At this stage it is anticipated that total net spending will be within budget at the end of the financial year.

Appendix 3: Financial Statement




Local Strategic Partnership Funded Schemes to 30th June 2010

	Annual Budget £'000	Budget to Date £'000	Actual to Date £'000	Variance to Date £'000
Benefits Bus	155	39	31	8
Community Grid	11	3	11	(8)
Total	166	42	42	0

Regular monitoring reports are sent to the Local Strategic Partnership (LSP) in respect of all LSP projects and any areas of concern are dealt with throughout the year by the LSP support team and individual project managers. Some variances against the budget to date are expected, as the LSP have deliberately over-programmed in order to ensure that the full allocation of Working Neighbourhoods Fund grant is spent during the year.




Appendix 4: Explanation of Symbols

Symbols are used in the following manner:

Progress		<u>Objective</u>	<u>Performance Indicator</u>
Green		Indicates that the <u>objective is on course to be achieved</u> within the appropriate timeframe.	<i>Indicates that the annual target <u>is on course to be achieved</u>.</i>
Amber		Indicates that it is <u>uncertain or too early to say at this stage</u> , whether the milestone/objective will be achieved within the appropriate timeframe.	<i>Indicates that it is <u>uncertain or too early to say at this stage whether the annual target is on course to be achieved</u>.</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 unless there is an intervention or remedial action taken</u>.</i>

Direction of Travel Indicator

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

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