



**'FINANCE & RESOURCES OVERVIEW AND SCRUTINY  
COMMITTEE AGENDA**

**TUESDAY 30 OCTOBER 2012 AT 7.30 PM**

**BULBOURNE ROOM, CIVIC CENTRE, HEMEL HEMPSTEAD**

The Councillors listed below are requested to attend the above meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Adeleke	Organ
Ayling	Sutton (Chairman)
Clark	Taylor
Collins	Townsend (Vice-Chairman)
Doole	White
Marshall	W Wyatt-Lowe

(Substitute Members: Councillors Anderson, Elliot, Flint, Harris and McKay)

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**1. MINUTES**

To confirm the minutes held on 4 September 2012.

**2. APOLOGIES FOR ABSENCE**

To receive any apologies for absence

**3. DECLARATIONS OF INTEREST**

A member with a disclosable pecuniary interest or a prejudicial interest in a matter, who attends a meeting of the authority at which the matter is considered:

- (i) must disclose the interest at the start of the meeting or when the interest becomes apparent, and
- (ii) may not participate in any discussion or vote on the matter and must withdraw to the public seating area.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Members' Register of Interests or the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal interests and prejudicial interest are defined in Part 2 of the Members' Code of Conduct.

**4. PUBLIC PARTICIPATION**

An opportunity for members of the public to make statements or ask questions in accordance with the rules as to public participation

**5. CONSIDERATION OF ANY MATTER REFERRED TO THE COMMITTEE IN RELATION TO CALL-IN**

**AGENDA ITEM: 6a**

**SUMMARY**

<b>Report for:</b>	<b>Finance and Resources Overview &amp; Scrutiny Committee</b>
<b>Date of meeting:</b>	<b>30<sup>th</sup> October 2012</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>Quarter 2 Performance &amp; Operational Risk Reports 2012/13 – Legal Governance and Democratic Services</b>
Contact:	Cllr Neil Harden, Portfolio Holder for Residents and Regulatory Services (in respect of Legal Governance) Cllr Andrew Williams, Leader of the Council (in respect of Democratic Services)  Author/Responsible Officers:  Steve Baker, Assistant Director (Legal, Democratic & Regulatory)  Mark Brookes, Group Manager (Legal Governance) Jim Doyle, Group Manager (Democratic Services)
Purpose of report:	To provide Members with the performance report for quarter 2 in respect of Legal Governance and Democratic Services.
Recommendations	That Members note the report.
Corporate objectives:	Resources and Value For Money; Optimise Resources and Implement Best Practice.
Implications:	<u>Financial</u>  None
'Value For Money Implications'	<u>Value for Money</u>  Monitoring Performance supports the Council in achieving Value for Money for its citizens.
Risk Implications	Risk Assessment completed for each service area as part of service planning and reviewed quarterly.
Equalities Implications	Equality Impact Assessment completed for each service area as part of service planning and reviewed quarterly.

Health And Safety Implications	None
Consultees:	Cllr Neil Harden, Portfolio Holder for Residents and Regulatory Services
Background papers:	Annex 1 : Quarter 2 Performance Report Annex 2: Quarter 2 Operational Risk Register

1. Members will find attached to this report the performance data for Legal Governance and Democratic Services and the Operational Risk Register in relation to the second quarter of 2012/13. Generally speaking the data does not reveal any major issues for concern.
2. Democratic Services
  - 2.1 During the summer the Annual Canvass of electors in the Borough took place. The canvass commenced three months early this year in order to produce the new Electoral Register (published on 16 October 2012), which will be used for the forthcoming Police & Crime Commissioner elections in November. The canvass entailed forms being sent to just over 60,000 properties in the Borough. Around 25,985 electronic (online; sms/text; telephone) responses were received setting out 'No changes'; with approximately 31,202 paper forms returned, scanned and new details recorded. In all, a response rate of 94% was achieved, which we believe was the second highest in the County and compares favourably with response rates in other authorities across the country.
  - 2.2 During quarter 2 Member Support managed to organise the following:
    - Published 28 agendas
    - Completed 32 sets of minutes
    - Spent 7 hours at daytime meetings
    - Spent just over 39 hours at evening meetings
    - Processed 61 public speakers at Committee
    - Processed 15 Portfolio Holder Decisions
  - 2.3 In addition, revised arrangements were introduced for the collation and recording of Borough and Parish/Town Councillors' registration of interests, as part of the establishment of a revised Code of Conduct for Members and in accordance with Section 28 of the Localism Act 2011.
  - 2.4 An update on the preparations and arrangements for the Police & Crime Commissioner election will be given at the meeting.

### Legal Governance

- 3 One of the service objectives for 2012/13 is to maintain its Lexcel accreditation which was achieved in 2011/2012. The annual review by the Law Society assessor took place on the 9<sup>th</sup> October. The assessor highlighted a number of

areas of good practice and was satisfied that the Lexcel procedures had become embedded in the day to day working of the team. The assessor has completed her report which concluded that Legal Governance has no areas of non-compliance and she will be recommending the renewal of the Lexcel accreditation. The report of the assessor now has to be formally approved by the Law Society which should take approximately 4 weeks from the date of assessment.

- 4 At the September meeting it was reported that Legal Governance had, in July, joined the Public Law Partnership (PLP). Members asked for an update on the operation of the partnership and to see what benefits would derive for the Council from membership of the PLP.
- 5 Legal Governance has recently procured a licence renewal for the Public Law Company, an on-line legal research facility, through PLP which is projected to save £3,350 through the three year term of the contract and discussions have commenced relating to the procurement of a case management system to support the Council's move towards remote working and a paperless office environment.
- 6 A full report of any further savings achieved as a result of membership of the PLP will be brought back to the Committee in January as requested by Members.
- 7 Legal Governance continues to be heavily involved in many of the Council's critical projects. In particular, significant legal support is being provided in relation to the Public Service Quarter project, the strategic procurement of Housing Maintenance and potential outsourcing of the Customer Service Unit. These major projects will inevitably give rise to capacity issues for the in-house team, but contingency arrangements are being put in place to bring in external legal support as and when required. In addition, membership of the PLP should also help to ensure that the delivery of legal services is not adversely affected.

**Appendix A**

**Appendix A**

**Appendix B**



**Appendix B**

## Appendix B

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## AGENDA ITEM: 6b

### SUMMARY

<b>Report for:</b>	<b>Finance and Resources Overview &amp; Scrutiny Committee</b>
<b>Date of meeting:</b>	<b>30<sup>th</sup> October 2012</b>
<b>PART:</b>	<b>1</b>

<b>Title of report:</b>	<b>Quarter 2 Performance &amp; Operational Risk Report 2012/13 - Performance, Improvement &amp; Transformation</b>
Contact:	Cllr Neil Harden, Portfolio Holder for Residents and Regulatory Services  Author/Responsible Officers: Janice Milsom – AD Strategy, Transformation, Community and Organisation David Gill – Group Manager (Partnerships, Policy and Citizen Insight)
Purpose of report:	1. To provide Members with the Quarter 2 information 2012-13, for the Directorate.
Recommendations	1. That Members note the performance for Quarter 2 2012-13.
Corporate objectives:	<b>Dacorum Delivers</b> – Performance Excellence.
Implications:	<u>Financial</u>  None.
Value For Money Implications	<u>Value for Money</u>  Monitoring performance supports the Council in achieving Value for Money for its citizens.
Risk Implications	A Risk Assessment is completed for each service area as part of the annual service planning process and is reviewed quarterly.
Equalities Implications	An Equality Impact Assessment is completed for each service area as part of the annual service planning process and is reviewed quarterly.
Health And Safety Implications	None
Consultees:	<ul style="list-style-type: none"> <li>• Cllr Neil Harden – Portfolio holder for Residents and Regulatory Services</li> <li>• CMT</li> </ul>

Background papers:	Attached: 1. Quarter 2 Performance Indicators report 2. Quarter 2 Operational Risk report
Glossary of acronyms and any other abbreviations used in this report:	CMT – Corporate Management Team CSU – Customer Service Unit CSC – Customer Service Centre ICT – Information, Communications and Technology HR – Human Resources

## 1 Introduction

Performance reports are produced quarterly from the Council's performance management system, CorVu. The service performance report for Quarter 2 (July to September 2012), shows a summary of the performance information available for this part of the Performance, Improvement and Transformation directorate. All service indicators are within tolerance levels. Full reports are available on the CorVu Portal, on the Council's Intranet.

## 2 Performance Indicators:

Within the range of indicators collected all service areas are within tolerance levels this quarter.

## 3 Service information

The teams have completed service plans for 2012-13 and a selection of information is highlighted below:

### 3.1 Customer Service Unit

- Three-day Customer Service Training programme delivered by external provider to new starters
- Three Apprentices undertaking NVQ's – one in Business Administration and two in Contact Centre skills
- 5,406 customers served
- 49,288 calls answered
- Preparation for the market test of the Customer Services Centre and Gateway contract has been a major task this quarter in terms of resources and will continue until the ITT document is released.

### 3.2 Communications and Consultation

- Three Listening Events were held in Hemel Hempstead, Berkhamsted and Tring, where over 400 members of the public spoke to officers and Councillors

- Changes to council tax benefit – the consultation is on-going (closes 26 Oct)
- Communications action plan developed for Housing Service – aims to increase direct debit sign ups.
- Communications for Police and Crime Commissioner elections is underway – aims to increase understanding and turn-out
- Completed Mosaic community data analysis to inform Housing Direct Debit campaign

### **3.3 Performance, Improvement and Transformation Team**

The team has been actively and successfully supporting a number of key corporate projects, with notable success in the roll out of the flexible and remote working project – now branded as Dacorum Anywhere. This project will develop and enable all of the changes needed to working practices, ICT equipment etc, to support staff and services in future ways of working.

### **3.4 ICT**

- The ICT improvement programme continues to deliver planned improvements
- The level of outstanding calls to the ICT Service Helpdesk is now at the lowest this year
- Progress is being made with the roll-out of new PC and Laptop hardware throughout the building, to equip staff for remote working

### **3.5 Human Resources**

The HR team is supporting a wide range of corporate projects and has made significant input into the Dacorum Anywhere programme. HR officers continue to support staff and managers in successfully managing absence and advising on all employment issues. The service has also played a key part in the establishing of the Council's Apprenticeship scheme. Additionally, there has been a requirement for a great deal of assistance from HR with regard to the Customer Services Centre and Gateway market test.

## **4 Risk Management**

The quarter 2 risk report for the service is attached, with all risks showing as 'amber' and under regular review.

## Appendix A



## Appendix A

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## AGENDA ITEM: 6c

### SUMMARY

<b>Report for:</b>	<b>Finance and Resource Overview &amp; Scrutiny</b>
<b>Date of meeting:</b>	<b>30<sup>th</sup> October 2012</b>
<b>PART:</b>	<b>13</b>

<b>Title of report:</b>	<b>Quarter 1 &amp; 2 Performance &amp; Operational Risk Reports 2012/13 - Finance &amp; Resources</b>
Contact:	Nick Tiley, Portfolio Holder for Finance & Resources  Author/Responsible Officer: Shane Flynn, Assistant Director (Finance & Resources)
Purpose of report:	To provide the Committee with analysis of performance of services and functions provided by Finance & Resources to 30 September 2012
Recommendations	That the Committee notes the contents of the report and the performance of Finance & Resources for Quarter 1 and Quarter 2, 2012/13.
Corporate objectives:	The provision of effective financial services and the allocation of resources such as building assets and facilities management support all five of the Council's corporate objectives, with particular reference to the <i>Dacorum Delivers (internal operations)</i> and, through the Revenues, Benefits and Fraud division, <i>Building Community Capacity</i> .
Implications:  'Value For Money Implications'	<u>Financial</u>  Actions to address the growing workload in Revenues and Benefits resulted in short term resource requirements in the region of £100,000 during the first quarter of 2012/13. In June 2012 Cabinet recommended to Council a drawdown from earmarked reserves to meet this extra spending requirement. A range of actions are being taken – as described in the report – to address this continuing pressure.  <u>Value for Money</u>  There are no specific value for money implications in the report. Following a Cabinet decision in December 2011, the Facilities Management service within the Commercial Assets & Property Development division was subject to market testing and was transferred to Serco on 2 May 2012. This will save costs of approximately £100,000 per year over the lifetime of the four-year contract.

Risk Implications	A Risk Assessment is completed for each service area as part of the annual service planning process and is reviewed quarterly. Updates to the risk register are summarised in this report.
Equalities Implications	An Equality Impact Assessment is completed for each service area as part of the annual service planning process and is reviewed quarterly.
Health And Safety Implications	There are no health and safety implications
Consultees:	Group Manager (Commerical Assets & Property Development) Group Manager (Financial Services) Group Manager (Revenues, Benefits & Fraud)
Background papers:	Finance & Resources Service Plan 2012/13

## 1. Introduction

- 1.1. Performance reports are produced quarterly from the Council's performance management system, CorVu. The service performance report for Quarter 2 (July to September 2012), shows a summary of the performance information available for Finance & Resources. Full reports are available on the CorVu Portal on the Council's Intranet. The data relates to the position as at 30<sup>th</sup> September 2012.
- 1.2. Detailed performance indicators and commentary on progress against agreed targets and against previous periods are included in annexed A. Significant variations from performance are considered below along with progress updates on key initiatives within the sub-directorate.
- 1.3. Annex B provides updated risk assessments. Changes to risk assessments are summarised in the text of the report.
- 1.4. This report incorporates a summary for progress during both Quarters 1 and 2 as the Quarter 1 report scheduled for the committee on 4 September 2012 was held over owing to the absence of the reporting officer.

## 2. Commercial Assets and Property Development

- 2.1. Commercial Assets has one indicator in Quarter 2 showing red against the agreed target:

**CP02 – Percentage arrears on commercial property rents** (12.93% against a target of 9.50%: 14.80% for 1<sup>st</sup> quarter).

- 2.2. The economic downtown has created pressures for local businesses. Those that occupy premises let by the Council are no exception to this. Also, during 2011/12 and 2012/13 the Estates Management service has been taking all opportunities provided by rent reviews and changes of tenant to place rents on a commercial basis, as required by the Council under its fees and charges policy. Both of these general factors have resulted in continuing levels of arrears.



- 2.3. However, it is evident from trends over the past two years that this indicator is subject to fluctuations, partly relating to the timing of rent payment dates. The main indicator will be the final quarter for the year which in the past two years has shown the arrears level to be at the target level. It should also be noted that there has continued to be no overall decline in occupation rates, which remain very high.
- 2.4. Income from parking is exceeding the target level to date. Further opportunities for improvement will arise in the third quarter with the introduction of cashless parking facilities. A contract for mobile payment for parking is under negotiation and is subject to a Portfolio Holder decision, which is in train. On 23 October, Cabinet received a Capital Strategy Steering Group report which includes a recommendation for a feasibility study into a multi-storey car park in Berkhamsted. This is part of a set of sections exploring ways of reducing traffic congestion in the centre of the Town.
- 2.5. During the first half of this financial year, the Commercial Assets and Property Development division completed its management team with the appointment of Adrianna Livingstone as Valuation and Estates Team Leader and relocated to the ground floor of the Civic Centre to bring together the three divisions of Finance & Resources into one location and increase cross-boundary working.
- 2.6. In addition the division has:
- transferred Facilities Management to Serco from 2 May 2012, with projected savings of approximately £100,000 p.a. over the life of the four year contract
  - commissioned a condition survey of the Council's assets to support the programme of asset rationalisation that was required by the introduction of the Strategic Asset Management Plan in April 2012.
  - agreed, subject to Portfolio Holder decision, to appoint a new contractor to manage the Hemel town centre market.
  - continued to be closely involved in many of the major corporate projects, such as the Public Service Quarter initiative, development of the old Town and Old Town Hall and proposals for development of Jarman Park
  - taken on responsibility for the delivery of the remediation works to the abandoned chalk mine at Highbarns.
- 2.7. The condition survey of the Councils assets is a 'real-time' update of the asset register but its main output will be a full report by the consultants, Savills, which is now scheduled for December 2012. This is behind the original timetable for this project and both the project plan and risk register have been updated to reflect this. The operational Asset Management Handbook is being revised to ensure that planned action can continue while the results of the survey are awaited:

**FR\_F05 – Opportunity to generate additional income from commercial assets under localism agenda** (Risk score increased from 4 to 6).

- 2.8. Moreover, the Council's response to the Localism initiative, which is being co-ordinated by the Localism Corporate Working Group, has been delayed by the

late publication of regulations. The risk register has also been revised in the light of this and in the light of increasing concern about how the agenda will be implemented:

**FR\_I02 – Failure to respond to opportunities presented by the Localism Bill and subsequent legislation** (Risk score increased from 3 to 6).

### 3. Financial Services

3.1. There is one indicator within the Financial Services area that is showing red against the agreed target:

**FIN03 - General Fund expenditure outturn forecast against budget**  
(£15.403m against an anticipated projected outturn for the year of £16.274)

3.2. The half-year outturn report published elsewhere on this committee's agenda provides details of the financial forecast as at 30 September.

3.3. During the first half of the year, the division has addressed a long-standing problem relating to creditor payments. This indicator is showing green for the first time this quarter which is entirely due to the implementation of stronger purchasing protocols and rigorous enforcement of timetables across the council. This strengthened position will be enhanced further during by the introduction of the Government Procurement Card which is to be trialled later this year.

3.4. In addition the division has:

- arranged self-financing of the Housing Revenue Account following very effective close working with the Housing Service, which was widely reported at Cabinet and Council in April
- restructured the capital programme to provided a better profile of anticipated expenditure and to reduce slippage on the General Fund programme in particular
- finalised two outstanding items from the change of bank exercise: closure of the Lloyds bank account and ending of payment by cheque except in essential cases
- produced the financial statements for the second year running without qualification and without material adjustment by the external auditors.

3.5. During 2011/12 and through the first half of 2012/13 the Council has continued to revise its Corporate Plan and to agree a series of corporate projects, which form an overall Transformation Programme and incorporate the move to a new Public Service Quarter. This transition requires a greater focus on project-based financial management, as opposed to operational budgeting and financial control procedures. At present, capacity to support this agenda with effective financial management is limited. Therefore the risk register has been revised to reflect this additional need for learning across the Council and additional need for support from Financial Services:

**FR\_I02 FR R01 – Lack of understanding of financial management across the Council** (Risk score increased from 4 to 9).

**4. Revenues, Benefits & Fraud**

- 4.1. A full report on Revenues, Benefits and Fraud was presented to the committee on 30 March 2012 and a further update on performance issues is provided elsewhere on the agenda.
- 4.2. The Benefits service had been subject to increasing pressure due to the economic downturn. As at March 2011 the live caseload stood at 10,824 which was the highest on record. The caseload has increased to 10,998 as at 31 March 2012. We help about 9,200 households with their rent, and about 10,000 with Council Tax.
- 4.3. This continued high workload has been exacerbated by updates to the ATLAS direct reporting system, by which changes in tax credits are automatically notified to us by government departments. This ensures that more changes are identified but manual adjustments have to be made and additional information requested from the customer, which has added a layer of processing. ATLAS updates took place in February and July of this year, causing peaks in workload.
- 4.4. As a result of these pressures and other factors, processing backlogs have continued to fluctuate despite a range of actions to address them:

**RBF 01 - Average time taken to decide a new claim for Housing Benefit or Council Tax Benefit** (36.1 days against a target of 23 days).

- 4.5. The processing time for changes to existing claims, on the other hand, has continued to improve and the processing time is now within target levels.
- 4.6. An action plan for addressing the continuing workload pressures is being implemented including:
  - the introduction of new performance management processes supported by external consultants Liberata
  - the location of benefits staff within the Customer Services Unit to deal with customers reporting changes of circumstances, which is designed to reduce processing time
  - reducing time-consuming reconsiderations by providing clearer explanations at the first stage
  - piloting homeworking to improve productivity as part of the Council's wider flexible working project
  - implementing the recommendations of an end-to-end process review of the new claim process in order to improve efficiencies
  - increasing capacity by appointing apprentices as posts become vacant and training these from day one in the Council's systems and approaches.

- 4.7. Meanwhile, performance on NNDR and Council Tax collection remain very strong despite the continuing difficult economic circumstances.
- 4.8. Counter fraud activities are continuing positively including targeted work on Blue Badges, the implementation of the Council's scheme for publicising information about fraudsters and increased corporate counter-fraud work in partnership with Internal Audit. The team has exceeded its targets for positive outcomes, with a Quarter 1 performance of 83% and a Quarter 2 performance of 67%, which remains above the average for last year and well above target. This is a very good result that supports the targeted approach that the service takes.
- 4.9. In addition to the above change process, an equally important management focus for the division so far this year has been preparation for the change from Council Tax Benefit to Council Tax Support. This is a major transition in the way that the Council deals with those who have difficulty paying Council Tax which is required by Government regulations. It will also involve decreasing the funding to pay such benefits by 10% of the existing amount paid. The full implications of this change will be outlined in further reports during the budget preparation process for 2013/14.

## Appendix A

## Appendix A

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## Appendix B



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## AGENDA ITEM: 7

### SUMMARY

<b>Report for:</b>	<b>Finance and Resource Overview &amp; Scrutiny</b>
<b>Date of meeting:</b>	<b>30<sup>th</sup> October 2012</b>
<b>PART:</b>	<b>1</b>

<b>Title of report:</b>	<b>Quarter 2 Outturn Report 2012/13</b>
<b>Contact:</b>	Cllr Nicholas Tiley, Portfolio Holder Finance & Resources Sally Marshall, Corporate Director (Finance & Governance) Author: James Deane, Group Manager (Financial Services)
<b>Purpose of report:</b>	To provide details of the forecast outturn position as at the end of Quarter 2, 2012/13.
<b>Recommendation:</b>	That Committee note the forecast outturn position
<b>Consultees:</b>	Budget managers
<b>Glossary of acronyms and any other abbreviations used in this report:</b>	DCLG – Department of Communities and Local Government F&R – Finance & Resources GF – General Fund H&C – Housing & Communities HRA – Housing Revenue Account LDF – Local Development Framework LGPS – Local Government Pension Scheme LSTF – Local Sustainable Transport Fund OSC – Overview and Scrutiny Committee PWLB – Public Works Loan Board SPE – Strategic Planning & Environment

#### 1. Introduction

1.1 The purpose of this report is to update the Finance and Resources (F&R) Overview and Scrutiny Committee (OSC) on the Council's forecast outturn for 2012/13 as at 30 September 2012. The report covers the following budgets:

- General Fund
- Housing Revenue Account (HRA)
- Capital Programme

1.2 Analysis throughout this report is based on the variance between forecast outturn and the budget approved by Full Council in February 2012.

## **2. General Fund Revenue Account**

- 2.1 The General Fund (GF) revenue account records the income and expenditure associated with all Council functions except management of the Council's own housing stock, which is accounted for within the Housing Revenue Account (HRA) (see Section 5).
- 2.2 Appendix A shows that General Fund Service Expenditure is forecast to be under budget by £848k at year-end (3.7%). This underspend is augmented by a forecast £102k over-achievement of interest receipts. The net impact is a £950k swing on the use of working balances – from a budgeted draw down from balances of £334k, to a forecast contribution to working balances of £616k.
- 2.3 Appendix A separates expenditure into controllable and non-controllable categories in order to focus scrutiny on those areas where Officers are able to influence the outturn position, i.e. the controllable.
- 2.4 The majority of non-controllable costs result from year-end accounting adjustments, e.g. depreciation charges, which are required to show the true value of resources used to provide the Council's services, but which do not result in a cash charge to taxpayers. As these costs will not be known until year-end, the forecast outturn for all areas is shown as on budget.
- 2.5 The following sections provide an analysis by Scrutiny area of the forecast controllable budget variances contributing to the forecast General Fund Service Expenditure variance of £848k.

### 3. Finance & Resources

3.1 The table below shows the provisional outturn position for the F&R OSC by type of expenditure/income:

	<b>Controllable Budget £'000</b>	<b>Forecast Outturn £'000</b>	<b>Forecast Variance £'000</b>
<b>Finance &amp; Resources</b>			
Employees	11,634	11,353	(281)
Premises	2,316	2,197	(119)
Transport	48	43	(5)
Supplies & Services	4,844	4,797	(47)
Third-Parties	264	265	1
Transfer Payments	56,788	56,788	0
Income	(63,657)	(63,754)	(97)
	<b>12,237</b>	<b>11,689</b>	<b>548</b>

3.2 The forecast outturn position for F&R is £548k (4.5%) under budget.

3.3 Material variances within each category of expenditure are explained below.

#### **Employees – £281k under budget (2.4%)**

- £125k underspend within Financial Management. £95k arises from vacancies within the Transactional Finance team (including the Team Leader post), which are being carried pending review of the resource impact of the implementation of Government Procurement Cards. The remaining £30k arises from reduced hours following return from maternity leave, and employees opting out of the Local Government Pension Scheme (LGPS).
- £24k underspend within Revenues and Benefits relating to Team Leader maternity leave.
- £89k underspend in Customer Service Unit (CSU). This is primarily due to 3 vacancies and 13 employees (from a team of 43) opting not to join the LGPS. A recent recruitment exercise has recently filled the vacancies that caused the underspend.

#### **Premises – £119k under budget (5%)**

- £127k net underspend within Asset Management relating primarily to reduced maintenance expenditure across Cemeteries, Investment Properties and Community Centres (£31k, £43k and £30k respectively). There is also a reduction in the running costs of Hemel Civic Centre following the outsourcing of Facilities Management to SERCO resulting in a saving of £60k.

### **Supplies and Services – £47k under budget (1%)**

- £116k underspend within Financial Services linked to reduced banking charges under the new bank contract (£31k), and reduced External Audit fees (£82k) following the appointment of Ernst & Young as the Council's auditors.
- £97k underspend against the Tourism budget. Approval has been sought for this budget to be vired across to the Maylands Growth Budget, where the two will be managed as part of the Dacorum Look No Further project.
- £39k underspend relating to County Council Elections and Members' expenses, specifically a reduction in printing costs and subscriptions (£19k) and a reduction in the level of allowances claimed by Members (£20k).
- £50k overspend within Communication and Customer Insight relating to the cost of commercial lawyers required to work on the CSU Invitation to Tender.
- £117k overspend within Revenues and Benefits. This includes a £77k pressure for the purchase of IT licenses, which pending approval of the capital expenditure by Capital Strategy Steering Group, could be reclassified as capital and removed as a revenue pressure. There is also a £40k pressure arising from consultancy fees on the Liberata project.

### **Income – £97k over achievement (0.1%)**

- £80k overachievement within Asset Management relating to £59k increased rental income arising from backdated rent reviews, and £21k rent received from tied accommodation which was not included in the original budget.
- £42k surplus within Partnerships and Citizen Insight arising from receipt of an insurance settlement relating to a previous fire at Little Hay Golf Course.
- £50k underachievement within General Admin relating to expenditure recharged to services across DBC for internal mailing and reprographic services.



#### 4. Strategic Planning & Environment

4.1 The table below shows the provisional outturn position for the SP&E OSC by type of expenditure/income:

	<b>Controllable Budget</b> £'000	<b>Forecast Outturn</b> £'000	<b>Forecast Variance</b> £'000
<b>Strategic Planning &amp; Environment</b>			
Employees	8,285	8,194	(91)
Premises	844	859	15
Transport	1,537	1,428	(109)
Supplies & Services	5,992	5,926	(66)
Third-Parties	64	67	3
Income	(9,987)	(9,993)	(7)
	<b>6,735</b>	<b>6,480</b>	<b>(255)</b>

4.2 The forecast outturn position for SPE is £255k (3.85%) under budget.

4.3 Material variances within each category of expenditure are explained below.

##### **Employees – £91k under budget (1.1%)**

- £75k underspend within Environmental Services: £55k underspend in Clean Safe and Green arising from a vacant supervisor post scheduled to be filled in August, and two new starters employed at lower spinal points and without the contracted overtime originally budgeted. £20k underspend in the Vehicle Repair Shop relating to a post that was scheduled to be filled by an apprentice, but which will not now be filled. The post has been deleted from the proposed 13/14 budget.
- £105k net underspend within Development Management and Planning linked to a number of vacancies, which have been partially off-set by the use of agency staff: £58k in Building Control, £16k Development Control and £31k Planning Conservation.
- £80k overspend within Strategic Planning and Regeneration relating to two Local Development Framework posts. These costs are offset by a corresponding saving within Supplies and Services.

##### **Transport - £109k under budget (7%)**

- £102k within Environmental Services due to fuel prices currently tracking below the anticipated inflation rates assumed in the budget (£32k within Clean Safe and Green and £70k within Waste and Recycling).

### **Supplies and Services - £66k under budget (1.1%)**

- £156k overspend within Strategic Planning and Regeneration for Local Sustainable Transport Fund (LSTF) initiatives in support of a behavioural change programme in Maylands Business Park to encourage the use of local public transport. £116k of this cost is offset by unbudgeted grant income received in year (see below) following a successful county-wide bid to the Department for Transport.
- £30k overspend within Environmental Services (Clean Safe and Green) for new equipment to improve the level of service and customer satisfaction.
- £80k underspend within Strategic Planning and Regeneration. This relates to the two LDF related posts referred to within the Employee section, above.
- £200k underspend within Development Management and Planning. This was included in the budget to cover a potential liability arising from an outstanding legal case. However, a provision was created as part of the year-end process, which effectively means that this £200k was paid for from the Service's 2011/12 budget, and this 2012/13 budget will not be required.

### **Income - £7k above budget (0.07%)**

- £116k surplus within Strategic Planning and Regeneration. This relates to the funds received as part of a successful bid to the Department for Transport for the delivery of Local Sustainable Transport initiatives. This grant partially offsets the £156k overspend described in the Supplies and Services section, above.
- £145k surplus within Development Management and Planning. At the time of the 2012/13 budget setting exercise, it was anticipated that the Council would lower the fee it charges for Land Searches following further guidance expected from central government. This guidance has not been received, and consequently the Council has not reduced its fees.
- £90k pressure on Building Control fees. This outturn estimate takes into account the recent increase in fees and is reflective of the first six months income, as well as trend analysis for the last 5 years.
- £208k net underachievement within Environmental Services relating to Waste and Recycling. This reflects a reduction in prices of £176k: £60k shortfall due to no longer sorting glass; £43k shortfall on Paper, following a trend of declining tonnage; and a £73k shortfall on plastics following a marked deterioration in prices down to £55 per tonne, from the budgeted £195 per tonne.

In addition, there is an expected reduction in Alternative Financial Model income of around £50k due to the increased cost of removing contamination from green waste. The total expected shortfall of £228k is marginally off-set by strong performance in other areas such as the recycling of aluminium and steel for example where projected income exceeds budget for the year by £20k.

## 5. Housing & Communities

5.1 The table below shows the provisional outturn position for the General Fund (GF) element of the H&C OSC by type of expenditure/income:

	Controllable Budget £'000	Forecast Outturn £'000	Forecast Variance £'000
<b>Housing &amp; Communities</b>			
Employees	3,078	3,157	79
Premises	437	394	(43)
Transport	57	50	(7)
Supplies & Services	2,329	2,341	11
Third Parties	24	25	1
Transfer Payments	5	5	0
Income	(3,920)	(4,006)	(86)
	<b>2,010</b>	<b>1,965</b>	<b>(45)</b>

5.2 The forecast outturn position for H&C is £45k (2.2%) under budget.

5.3 Material variances within each category of expenditure are explained below.

### **Employees - £79k over budget (2.5%)**

- £110k overspend within Resident Services caused by increased overtime costs for the Jubilee in Community Cohesion (£19k), a new Manager and additional payments being made to standby CCTV operators within CCTV and Town Centre Management (£25k).

Other contributors include the unbudgeted costs of a Family Intervention Project Officer in Anti-social Behaviour and Neighbourhood Action (£42k), and the costs of Adventure Playgrounds staff to run youth clubs in the evening (£10k). Both of these pressures are offset by grant income that was successfully secured in year.

### **Supplies & Services - £11k over budget (0.5%)**

- £10k overspend in Community Cohesion relating to Olympics and Diamond Jubilee.

### **Income - £86k over achievement (2.19%)**

- £44k underachievement on Licensing related income caused by a delayed increase in the fees and charges approved in the 2012/13 budget.
- £60k surplus within Residents Services caused by unbudgeted grant income for the provision of a Family Intervention Project Officer in Anti-social

Behaviour and Neighbourhood Action, and the costs of Adventure Playgrounds staff to run evening youth clubs (£50k and £10k respectively). This funding offsets part of the pressure described within the Employees section, above.

- £43k surplus within the Strategic Housing Service. This relates to the return of a grant initially issued by Housing Solutions to the Dacorum First Credit Union for a social loan initiative. The scheme has now ceased and the unused grant has been returned.

### **Housing Revenue Account (HRA)**

- 5.4 The HRA is a ringfenced account relating to the Council's Landlord functions, which falls within the H&C Scrutiny area. A guiding principle of the HRA is that revenue raised from rents and service charges must be sufficient to fund expenditure incurred. The forecast outturn position for the HRA is shown at Appendix B.
- 5.5 The HRA balance at the end of 2012/13 is forecast to be £9.619m, which is £7.246m higher than the anticipated closing balance when the budget was set by Council in February 2012.
- 5.6 £816k of the £7.246m favourable variance results from a higher opening balance for 2012/13 than had been forecast at the time the budget was set. This resulted from a higher than anticipated underspend within 2011/12.
- 5.7 Significant variances contributing to the remaining £6.430m variance are:

#### **Dwelling Rents - £250k (0.5%) overachievement**

- This reflects a reduction in the income lost through carrying voids. Improvements in the voids management process have hastened the turnaround time and reduced lost income.

#### **Other Repairs/Income - £140k (7%) under budget**

- £110k relates to reduced payment to Mitie in 2012/13 for their site based overheads. This has arisen due to an overpayment made within 2011/12.

#### **Supervision & Management (General Expenses) - £212k (3.7%) under budget**

- £140k net underspend on employee costs. This reflects £160k underspend on permanent staff salaries linked to vacancies created to implement the HRA Procurement project, but to which no appointments have yet been made. This is partially offset by a pressure of £30k arising from consultancy costs on the Procurement project.
- £45k underspend on consultancy within Landlord Service Development. This is a responsive budget set to enable the service to respond to changes in housing legislation that may occur throughout the year.
- £20k saving on bank charges following a successful project to encourage payments to be made by direct debit rather than by cash.

### **Supervision & Management (Special Expenses) - £293k (9.3%) under budget**

- £90k saving relating to 'Decants for Major Works'. This budget relates to the cost of decanting tenants to other accommodation whilst major works are completed on their property. Expenditure has been reduced due to more efficient use of void properties.
- £40k underspend relating to 'Housing Cleaning Service'. £10k on Supplies and Services, and around £25k on salaries (against a budget of £466k) and £7k on overtime.
- £32k underspend relating to 'Community Alarm System'. Based on trend analysis for 2011/12 and the current year-to-date position the forecast outturn is estimated at £80k, below the budget of £112k.
- £25k underspend relating to the Chilterns Hostel. Small underspend on salaries of £5k. High occupancy rates have resulted in very low expenditure against the Council Tax and NNDR void properties.
- £80k underspend relating to 'Supporting People'. This comprises an underspend of £30k against various Supplies and Services budgets, and £43k against laundry. Both of these categories will come under particularly close scrutiny when setting the 2013/14 budgets.

### **Revenue Contribution to Capital - £1.196m (30.3%) under budget**

- The Revenue Contribution to Capital reflects that element of revenue surplus which is required to 'top up' capital funds so that investment plans are adequately financed.

Around £1m of this variance arises because the actual 2012/13 opening balance on the Major Repairs Reserve (which is the first source of capital financing) was £1m higher than anticipated at the time the budget was set. This means that £1m less 'top up' is required from revenue surpluses.

The remaining variance is due to minor changes to the HRA investment plans which reduced the in-year costs and meant that lower revenue 'top up' was required.

### **Interest Payable - £4.317m (27%) under budget**

- This relates to the interest payable on the loan of £354m taken to finance the payment to Department for Communities and Local Government (DCLG) for the transition to Self Financing. The interest rates of the loans taken from the Public Works Loan Board (PWLB) could not be finalised until 26 March 2012, after the budget had been set. Therefore, for budgeting purposes a prudent view of the likely rates was taken, and the budget was set to reflect an assumed flat rate of 4.5%.

On the date the loans were booked, the Council was able to secure an average interest rate of 3.3%. The difference between the forecast rate and the actual rate resulted in a saving on the interest payable of £4.317m for 2012/13.

5.8 The £4.317m underspend arising from the lower interest rates was reported to Cabinet at its meeting of 27 March 2012, as soon as the rates were finalised by PWLB. Cabinet resolved to review the performance of the business plan throughout 2012/13 before considering how best to invest this additional capacity. A report will follow later in the current financial year.

## **6. Capital Expenditure**

6.1 The capital programme, in Appendix C, shows variances against the 2012/13 revised budget approved by Cabinet in June 2012.

6.2 Some improvements have been made to the presentation of the capital programme in order to enable more effective scrutiny for both Members and officers. Rather than include the full programme, which tends not to show any change in future years' budgets, the new format focuses on the delivery of live projects, thereby drawing attention to areas where slippage is likely to occur. The full, 5-year capital programme will continue to be monitored, with proposed changes to future years' budgets reported to Members as they arise.

6.3 Changes to the format of the capital programme include:

- Capital projects now split by OSC to provide Members with clearer information;
- Year-to-date expenditure is included as a guide to how robust the forecast outturn position might be;
- Potential slippage is distinguished from potential underspend on each project to identify the accuracy of the initial project costing, and the potential saving arising.

## **General Fund**

6.4 As at 30 September 2012, the forecast capital outturn for the GF is £11.924m against a total budget of £14.940m. The variance of £3.016m comprises forecast slippage of £2.948m and net savings of £68k against original budget. Key components of the variance are analysed by OSC as follows:

6.5 **Finance and Resources** is forecasting a total variance of £162k (2.5%) against a budget of £6.562m. Key contributors are as follows:

### **Grants to Neighbourhood Centres (line 58) £50k slippage**

This budget was approved to provide support for Neighbourhood Centres intending to carry out capital works. Payments are made on the basis of suitable application, and there have been fewer applications than anticipated at the time the budget was set.

### **Apsley Industrial Estate Box Gutter (line 62) £10k underspend**

An alternative solution was found to this problem that avoided capital expenditure.

### **Hemel Hempstead Sports Centre Railings (line74) £35k slippage**

This project will go ahead, but will slip into future years due to the prioritisation of other, larger capital projects relating to the Sports Centre, primarily the sports hall refurbishment.

### **Canal Fields Footbridge (line 76) £12.3k overspend**

**Rolling Programme – Hardware and Desktop Refresh (lines 97 & 103) net £56.4k overspend**

The original budget was set prior to the initiation of the Dacorum Anywhere project, which has necessitated increased expenditure on laptops to further the Council's flexible working objectives. Work is underway on a revised estimate for this project which will be presented to Members as part of the revised budget report.

**Licence Agreements (lines 98 and 99) net £5.4k underspend**

Negotiation of improved terms on the Enterprise Agreements (£17.8k) offset the overspend on Software (£12.5k).

**ICT Consultancy (line 102) £20k underspend**

This consultancy is not required and its removal from the programme will be recommended at the revised budget-setting exercise.

- 6.5 **Housing & Community** is forecasting a total variance of £2.272m (40%) against a budget of £5.649m. Key contributors are as follows:

**Affordable Housing Development Fund (line 127) £1.6m slippage**

This fund was made available to the Strategic Housing service to enable it to provide grants to Housing Association partners on application. It is unlikely that it will be used within 2012/13 due to a shortage of suitable projects

**Hemel Gym refurbishment (line 128) £600k slippage**

Around £600k on this project is now expected to slip into 2013/14 due to delays in the sports centre's procurement process.

**CCTV System Upgrade (line 134) £12k forecast overspend**

Costs have been revised up in response to receipt of further information. This represents a 2.4% increase.

**Old Town Hall Refurbishment (line 135) £50k slippage**

Slippage due to further investigation of planning restrictions that emerged following initial works to sink a disabled access lift into the basement.

**External Electrical Supply to Town Centre (line 136) £33k underspend**

- 6.6 **Strategic Planning & Environment** is forecasting a total variance of £582k (21%) against a budget of £2.729m. Key contributors are as follows:

**Old Town Environmental Enhancements (line 163) £500k slippage**

Awaiting County Council development plans to be brought forward.

**Play Area Refurbishment programme (line 169) £25k slippage**

**Further Recycling Facilities for Flats (line 170) £57k underspend**

This budget will be reviewed as part of the revised budget-setting process.

**HRA**

- 6.7 The HRA is currently forecasting to underspend against its major works capital programme by £316k (2%).

## Appendix A



## Appendix B

## Appendix C



## AGENDA ITEM: 8

### SUMMARY

<b>Report for:</b>	<b>Finance and Resources Overview &amp; Scrutiny Committee</b>
<b>Date of meeting:</b>	<b>30<sup>th</sup> October 2012</b>
<b>PART:</b>	<b>1</b>

<b>Title of report:</b>	<b>Q2 Risk Management Report 2012/13</b>
Contact:	Councillor Nick Tiley Portfolio Holder for Finance Resources Sally Marshall, Director Finance & Corporate Services Linda Dargue, Insurance & Risk Manager
Purpose of report:	(1) To provide the Q2 report on the Strategic Risk Register (2) To provide the Q2 report on the Operational Risk Registers
Recommendations	1. That the content of the report is noted and recommended to Cabinet for approval together with any associated comments.
Corporate objectives:	Dacorum Delivers – Risk management is an essential part of ensuring that the Council meets all of its objectives
Implications:	<u>Financial</u>  None identified.
'Value For Money Implications'	<u>Value for Money</u> Risk management is closely linked to the Council's commitment to ensure that all resources are used efficiently and forms part of effective financial planning. The Council also needs to ensure that adequate provisions are in place to address anticipated risks but that these are no greater than necessary so that maximum resources are applied to services as required. To this end the Council sets minimum target working balances for both the general fund and HRA and at the date of this report this minimum balances are secured. Budget exercises for 2011/12 have ensured that the minimum balance requirements will also be met for the next financial year.
Risk Implications	Effective risk management is an important factor in all policymaking, planning and decision making.  Failure to manage risk effectively could have serious consequences for the Council leading to increased costs, wasted resources, prosecution and criticism under external assessments
Equalities	Not applicable

Implications	
Health And Safety Implications	Not applicable
Consultees:	CMT
Background papers:	Risk Management working paper files Report to CMT 16 October 2012

## BACKGROUND

1. The revised Strategic Risk register showing the position at the end of Q2 is attached at Appendix A for ease of reference. The table below shows the changes in risk scores from quarter 1 2012/13.

Risk	Q1 12/13	Q2 12/13
F1 –Resource base affected by slow recovery from recession resulting in lack of funds to deliver in commitments and policies	4	4
F2 – Lack of effective procurement and contract management	6	6
F3 – Failure to achieve identified savings to ensure that the budget remains balanced	4	4
I2 – Failure to effectively manage health and safety	4	4
M1 – Failure to plan for change and growth in the Borough and to deliver required regeneration and restructure	9	9
M2 – Failure to shape services based on robust understanding of customer’s needs	4	4
R1 – Failure to align political aspirations for service delivery with budget pressures	3	3
R2 – Failure to respond to the opportunities presented by the Localism Bill	8	8

2. Given the recent work on revisions to the Corporate Plan consideration should be given as to whether there are any other significant strategic risks that should be included within the Strategic Risk Register. These risks can either be threats; that is those things which may affect the achievement of corporate objectives. Alternatively a number of opportunity risks may present themselves.

3. Opportunity risks may be defined as the risk of missing chances to improve on achievement of objectives or delivery of services. Opportunity risk is the chance of something happening that will have a **positive** impact on objectives – the upside of risk. This means that risk also includes the potential for better than expected outcomes. An opportunity is likely to involve doing something new or working in a different way. Opportunity risk management is therefore the process of identifying and considering how to take full advantage of unplanned/unexpected options or benefits.
  
4. The Operational Risk Registers were first included in CorVu reports with effect from Quarter 3. The table below shows any changes in the risk scores between quarter 1 of 2012/2013 and quarter 2 of 2012/2013.

<b>Risk</b>	<b>Resp Off</b>	<b>Q1</b>	<b>Q2</b>
FR F05 – Opportunity to generate additional income from commercial assets under localism agenda	SF	4	6
FR I02 – Failure to respond to opportunities presented by the Localism Bill and subsequent legislation	SF	3	6
FR R01 – Lack of understanding of financial management across the Council	SF	4	9
PDR F01 – Market fails to bring forward because of continuing economic uncertainty	JD	12	9
PDR F03 – Key income streams do not meet planning fees, building regulations and local land charges income budgets	JD	12	12

5. The presentation of the Operational Risk Registers to the relevant Overview and Scrutiny Committees has been well received by Members.

## Appendix A

## Appendix A



## Appendix A

## Appendix A

## AGENDA ITEM: 9

### SUMMARY

<b>Report for:</b>	<b>Finance and Resources Overview &amp; Scrutiny Committee</b>
<b>Date of meeting:</b>	<b>30<sup>th</sup> October 2012</b>
<b>PART:</b>	<b>1</b>

<b>Title of report:</b>	<b>Shared and Outsourced Services Update – Customer Service Centre and Gateway</b>
Contact:	Neil Harden, Portfolio Holder for Residents & Regulatory Services Responsible Officer: David Gill - Group Manager, Partnerships, Policy and Communications
Purpose of report:	To Update Scrutiny Committee on progress with the Customer Service Centre and Gateway market test, part of the Shared and Outsourced Services project
Recommendations	That Members note progress on the project to market test the Customer Service Centre and Gateway project and comment on the work undertaken
Corporate objectives:	Supporting the ‘Dacorum Delivers’ strategic change programme
Implications:  Value For Money Implications	<u>Financial</u> It is envisaged that both investment and savings would be required from the CSU service in the future. Any decision to outsource would include a requirement on any new provider to invest in the service and make savings. In addition a value for money review (VFM) would be conducted after the first three years of any operation.  <u>Value for Money</u> Current central government legislation has identified that local authorities should seek to provide value for money for citizens by exploring partnership arrangements to deliver services.
Risk Implications	Risk Assessment completed on 25 <sup>th</sup> April 2011 detailing risks relating to the Shared and Outsourced Services project. A summary risk assessment for the CSCG was presented to Scrutiny committee in September. A comprehensive risk assessment exercise is scheduled to be undertaken.
Equalities Implications	Equality Impact Assessment has been carried out as part of the Shared and Outsourced Services Cabinet Decision. Further work will be undertaken later in the year on the equalities implications of any decisions that may be taken after the market test. An Equalities Impact Assessment would be completed prior to any further recommendations to Cabinet
Health And Safety	Whilst the project is internal there are no immediate Health and

Implications	Safety issues. If the project leads to transfer of staff the health and safety implications will be incorporated into transfer documentation.
Consultees:	None specifically relating to this report. The Invitation to Tender document has been widely consulted.
Background papers:	Cabinet 24/5/11 – Shared and Outsourced Services Project Cabinet 13/9/11 – Web and Customer Access Strategy F & R OSC 4/9/12 Shared and Outsourced Services Update – Customer Service Centre and Gateway
Glossary of acronyms and any other abbreviations used in this report:	CRM – Customer Relationship Management PQQ - Pre-Qualification Questionnaire CSU – Customer Service Unit ITT – Invitation to Tender

## Background

1. In May 2011 Cabinet approved a programme of Shared and Outsourced Services which included the market testing of the Customer Service Unit.
2. The Customer Service Unit (CSU) is the Council's first point of contact for 260,000 callers and 65,000 face to face visitors each year.
3. A project group has been developing the Invitation to Tender (ITT) for the market test and a shortlist of potential bidders has been developed. The ITT has been developed in line with the Council's procurement and legal governance regulations.
4. A Staff Reference Group made up of staff from the CSU has been helping to sense-check the work as it progresses. Regular meetings have been held with Unison to ensure their engagement.

## Progress Update

5. At the September Overview and Scrutiny Committee meeting members were given a presentation outlining the process undertaken, the aspirations for the service and a summary risk assessment. Members requested specific additional information relating to cost, performance and risk.
6. The CSU market test project is large and complex. The project timeline has been extended to take into account the need for additional support for the procurement aspects of the market test. In addition, and following comments by Scrutiny committee, it was considered important to seek commercial legal guidance over a number of aspects relating to the project. This has helped to shape the CSU market test in a more coherent way designed to lead to a better outcome for the service, the Council and our customers.
7. The ITT is expected to be released to the shortlisted bidders early in November with a report on the outcome of the market test being taken to Cabinet in March 2013. Should Cabinet award the contract externally a period of 3-6 months will allow appropriate consultation and contract mobilisation before a 'go live' date by October 2013.

## **Project Evolution**

8. The additional legal and procurement advice has led to an evolution of the project. It is now being offered to the market as one service comprising the Contact Centre, Customer Service Centre and a CRM system. The Council's web has been removed from the project in order that the Council can improve and develop web capability in the period leading up to October 2013. This will allow smoother transition to web enabled services and significant improvement more quickly.

## **Risk Management**

9. Scrutiny committee members have expressed concern about the risk associated with the project and have asked for assurance that the inherent risks be addressed. This has been undertaken in the following ways
  - A high level risk assessment on the shared and outsourced services programme
  - An intermediate level risk analysis for the project
  - A risk-based approach to developing the ITT (meaning that wherever possible, risks are identified and mitigated during the development of the ITT)

As the ITT is almost complete a formal risk workshop is being undertaken to identify and address any residual risks that have not been able to be identified or addressed so far. The results will be used to inform the market test Cabinet report in March 2013.

## **Performance Management**

10. A performance management framework is being developed for inclusion in the ITT. This will include performance measures as well as specific key performance indicators developed with 'user' services that will:
  - a. Improve the business
  - b. Build the service around customer needs
  - c. Meet the management and business needs of a contract

The Performance Management Framework will be used to drive and assess different aspects of the contract performance at different periods depending on the priorities of the Council. It is anticipated that a per-centage of the contract value will be related to performance. In addition it is expected that a 'value for money' review will be undertaken at the end of year 3 of the contract.

## **Finance Issues**

11. The Council business case for the CSU has now been developed identifying the current and projected expenditure for the service should it remain in house. This establishes a sound financial understanding of the current service costs as well as estimating the costs of service improvement and implementation over the seven-year contract period. Undertaking this work allows for more realistic benchmarking in the future.

## **Status**

12. The project is progressing carefully and with sufficient time given to consider the issues raised by Scrutiny committee members, the Corporate Management Team and legal and procurement advisors. Officers will give a verbal update on progress at the Scrutiny committee meeting.

## AGENDA ITEM: 10

### SUMMARY

<b>Report for:</b>	<b>Finance and Resources Overview &amp; Scrutiny</b>
<b>Date of meeting:</b>	<b>30 October 2012</b>
<b>PART:</b>	<b>1</b>

<b>Title of report:</b>	<b>Revenues &amp; Benefits</b>
Contact:	Councillor Nicholas Tiley, Portfolio Holder for Finance and Resources  Author/Responsible Officer:  Nicola Ellis Group Manager (Revenues, Benefits and Fraud)
Purpose of report:	1. To provide an update on performance of the Revenues & Benefit Service  2. To provide an update on progress to date on projects to improve performance.
Recommendations	1. To note actions taken to improve performance in the Revenues and Benefits Service
Corporate objectives:	Dacorum Delivers – improvements in the service will continue to support the ‘Dacorum Delivers’ corporate objective by improving the level of service to customers and delivering better value for money for all residents.  Affordable Housing – prompt payment of benefits will also help to prevent homelessness and lead to an increased availability of affordable housing.  Building Community Capacity – ensuring our customers are receiving the correct benefit in a timely fashion will increase the household income of some of our most deprived residents.  Regeneration – ensuring that local residents are supported and receiving their benefit entitlement supports the local economy. Ensuring timely and accurate billing and collection of National Non Domestic Rates supports local businesses.
Implications:	<u>Financial</u>  It is anticipated that productivity improvements will generate savings as there will be less need to buy in external support. At its meeting of 26 June, Cabinet approved the release of £100,000 from reserves to provide resources to address the financial pressures on the Revenues and Benefits service.

	<p><u>Value for Money</u></p> <p>Correctly paid benefit is refunded at the rate of 100% by the Department of Work and Pensions. Therefore any change in activity level should not have a financial impact. . The report highlights actions that are being taken to maximise collection and to identify efficiencies all of which contribute to improved value for money.</p>
Risk Implications	An annual risk assessment for the services is conducted as part of the planning process. Key risks are highlighted in the risk register appended to the Finance and Resources service plan.
Equalities Implications	Equality Impact Assessment reviewed. Action taken to improve performance and resilience will minimise the impact on most vulnerable residents in terms of processing delays.
Health And Safety Implications	There are no health and safety implications arising from this report
Consultees:	None
Background papers:	<p>Finance &amp; Resources service plan 2012/13 and quarterly key milestone progress report (Corvu)</p> <p>Managing Change in Revenues and Benefits, report to Cabinet June 2012</p>

### Introduction

1. The purpose of this report is to report on performance of the Revenues, Benefits and Fraud Service and to update on progress on some of the initiatives the Service is taking to improve performance and capacity during 2012/13.

### Background

2. The Revenues, Benefits and Fraud Service faces a period of significant change over the next financial year and onwards as shown below:

April 2013

- Abolition of Council Tax Benefit and introduction of Localised Council Tax Support scheme;
- Introduction of under-occupancy rules for Housing Benefit claimants in Social Housing;
- Changes to Local Government Finance Act that result in localised retention of Business Rates;
- Introduction of the 'benefits cap'; and
- Introduction of the Single Fraud Investigation Service.

October 2013

- Beginning of transition to Universal Credit.

All of these changes require significant planning and preparation which require resources from within the Service. This comes at a time when the Service has faced unprecedented demand matched with increasing volumes of work. However, the Service has worked hard to clear backlogs and improve performance and is in the process of implementing a number of initiatives that will improve current performance, increase capacity and deliver efficiencies.

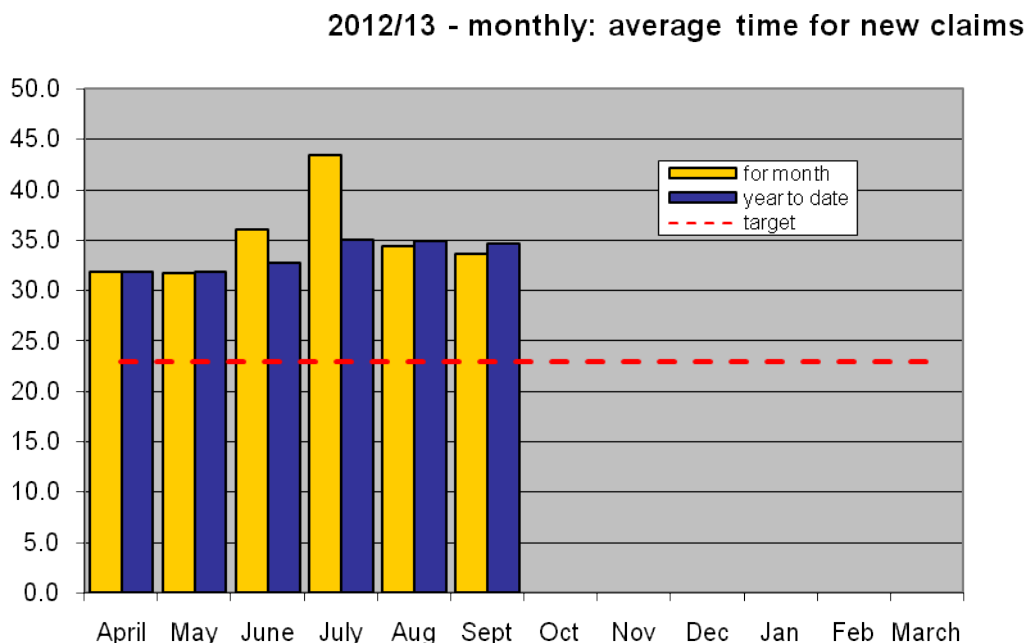
### Benefits Performance

3. Implementation of various performance initiatives is in progress and early indications are pleasing, although they have not yet reached the stage of delivering increased capacity. There are currently no indications that caseload is decreasing. The overall caseload has increased from 10971 in April 2012 to 11021 in September.

### New Claims

4. During 2012/13 to date the Service has not yet achieved its target timescales for processing new claims. Figure one shows that the target has been exceeded by at least nine days per claim so far this year but that progress is now being made.

*Figure One: 2012/2013 Monthly Average Processing Time for New Claims*



5. Performance improved in the month of August reducing to 34.4 days following 43.4 days in July. On the 25<sup>th</sup> June 2012, the Department for Work and Pensions (DWP) commenced phase three of the ATLAS project. This involves the automatic transfer of information from HM Revenues & Customs (HMRC) and DWP relating to changes in other benefits, such as tax credits. We implemented phase one in July 2011 and phase two in February 2012 and both phases significantly

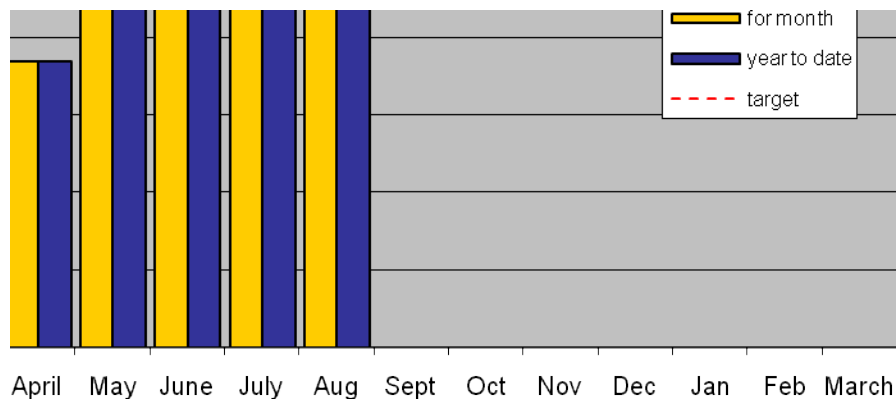


increased our workload at the time. Phase three had another negative impact, meaning most of our internal resources were directed towards dealing with ATLAS transactions. Further performance improvement has been seen in September reducing to 33.6 days and current performance has improved further. Performance for week ending 12<sup>th</sup> October was 28.5 days.

Changes in Circumstances

- Throughout the year to date we have managed to meet our target for processing changes in circumstances. This is largely due to the large volume of change of circumstances that are received via ATLAS. We have been treating these as a priority in order to prevent overpayments. A recent change of working practices has had a detrimental effect on this performance as we have decreased resources deployed on ATLAS in order to focus on other work(see *Actions Taken to Improve Performance*).

*Figure Two: 2012/2013 Monthly Average processing time for Changes in Circumstances*

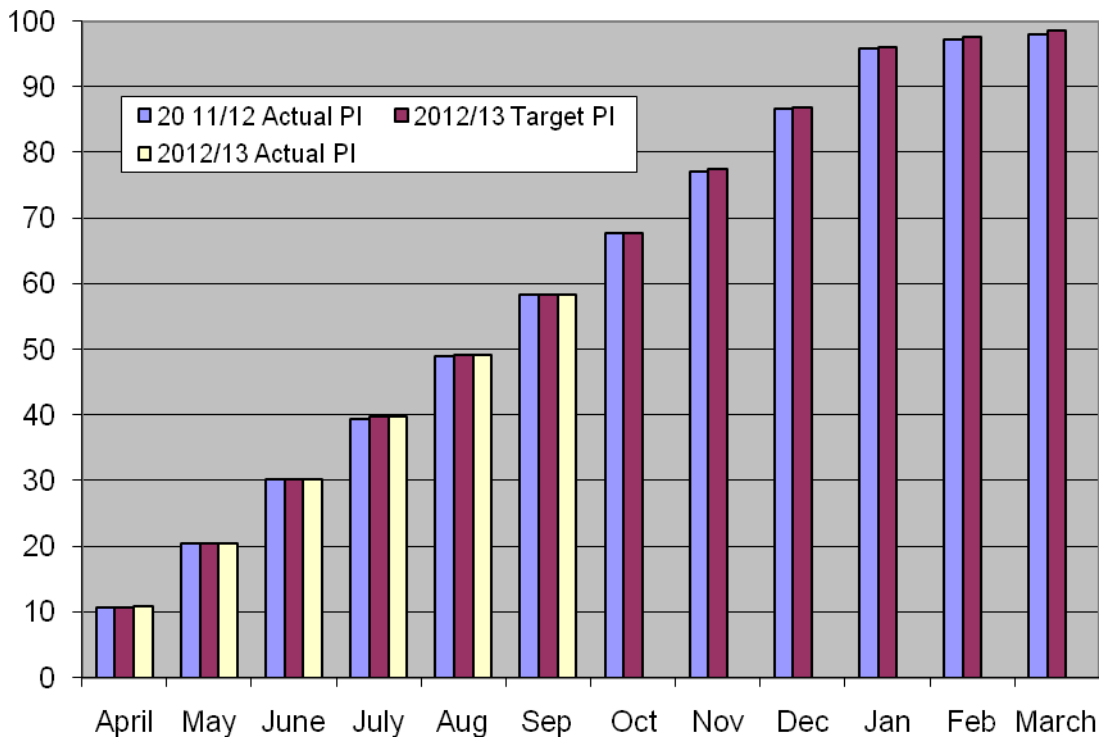


## Revenues Performance

### Council Tax Collection

7. Council Tax collection has remained consistently on target during 2012/13. At the end of September our collection rate was 58.3% which is on target and at the same level as it was last year at this point.

*Figure Three: 2012/13 Monthly Council Tax Collection*

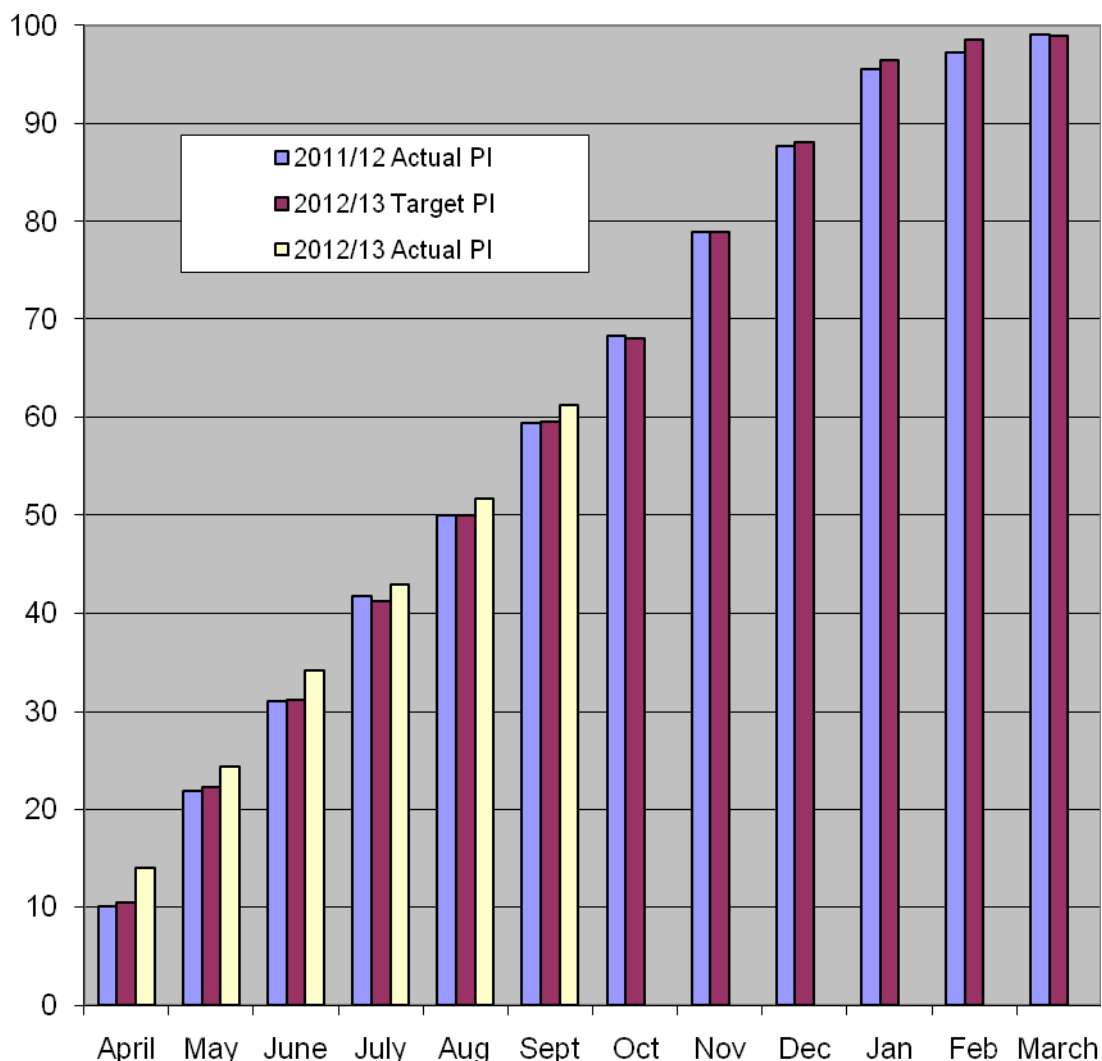


8. We benchmark our performance with other Hertfordshire districts and, as at 30 September, our collection rate was the third highest.
9. Following Government proposals to change Council Tax regulations, the Council is currently carrying out a review of discounts and exemptions which may result in some being revised.. If so, this may change the amount to collect and so may have an impact on collection rates. If this is the case, we will focus on collecting any outstanding amounts during this financial year.

### Business Rates Collection

10. Business Rates collection has consistently been ahead of target and ahead of last year's performance throughout 2012/13. At the end of September the collection rate was 61.2% which is 1.8% improvement on last year and 1.7% ahead of target.

Figure Four: 2012/13 Monthly Business Rates Collection



11. At the end of September the Council's collection rate was the second highest when compared to other Hertfordshire districts and was only 0.3% below that of the best performer.

#### Actions Taken to Improve Performance

12. Having identified areas where the Service can be improved, management action has been taken to implement a number of new initiatives and projects that will deliver these improvements. Implementing these changes at a time of significant national change is a demanding task which requires resources but it is essential to maintain the service to customers and to prepare for the significant changes that will be taking place over the next financial year and beyond. The initiatives are set out in the following paragraphs.

## **Use of Off Site Processing**

Throughout the summer we have continued to use additional resources from our off-site processing contract with Serco RB Solutions. We have also used resources from Northgate to target specific areas of work during the holiday period when we knew that our internal capacity would be lower. We are currently moving our entire off site processing requirement to Liberata. Analysis has shown that it is likely that Liberata will provide better value for money as they charge for each assessment completed rather than on a daily rate. As we are working in partnership with Liberata on the Capacity Grid Active (see below) this will enable Liberata to see the bigger picture when working on improving productivity and thus increasing our capacity to cope.

- **Liberata Active Capacity Grid**

We are currently implementing the Liberata Active Capacity Grid. Liberata initially estimated that implementation of the framework could deliver productivity increases of up to 36% by March 2013 which they stated could equate to savings of approximately £110k in the cost of delivering the service. A planned 12 week implementation programme was begun at the end of May but it has since been established that a longer period of implementation and evaluation will be required. Liberata have worked very closely with us to ensure that the new way of working will be effective for us and this is why implementation has taken longer than expected, with a consequent delay in realising the expected productivity improvements. However, early indications are positive. (*See Productivity Improvement*) and investing the additional time will enable a more effective way of working in the long run.

- **Automation of Atlas and Changes in Work Priorities**

ATLAS transactions have caused a significant strain on resources in the service since July 2011. At that time a decision was taken to prioritise these transactions and to deal with them manually due to the significant risk of local authority error overpayments and their complexity. After the implementation of phase three and the impact that had on our workloads, we commenced a review of ATLAS and a risk assessment of automation. We tested various aspects of automation and made decisions as to which to implement based on risk. We achieved an automation rate of approximately 60%. However, shortly after introducing the automation, a system fault was identified which meant that automation had to decrease. The software company is preparing a fix for this problem.

This caused us to review our working priorities and we have now taken the decision to only have three members of staff working on ATLAS transactions daily and to regularly monitor numbers outstanding. This has allowed other staff to clear outstanding work in the work trays and to begin working on the oldest work. This decision could have an impact on our change-in- circumstances processing times performance.

- **Homeworking**

On 23 July we began to pilot homeworking within specific areas of the Service as part of the corporate flexible and homeworking project. The early results of the

pilot are positive in terms of improved productivity (see *Productivity Improvement* below) and the pilot is therefore to be extended within the Service.

It is also anticipated that in the long term there will be a reduction in absenteeism as a result of homeworking.

- **Customer Services Change of Circumstances Pilot**

This initiative involved locating Revenues and Benefits officers within the Customer Service Unit to provide a first-line point of contact for customers needing support in these areas. The initial two month period of the pilot has now expired and it is being evaluated. Although official evaluation is not yet complete the arrangement will continue for the time being, with the aim of evaluating fully and adjusting the pilot in the near future. Feedback from staff in Customer Services and those working on the pilot was that customers were in favour of this way of working. Around 45% of customers seen were able to have their change assessed while they waited. Others needed to provide further information. Additional benefits to the pilot were closer working between the Customer Services and Revenues and Benefits teams and increased knowledge exchange. Having a member of Benefits' staff sited in Customer Services meant that Customer Services staff were able to ask for advice and so were able to give a better service to the customer.

- **Improving the New Claim Process**

Project and Performance officers, in collaboration with Benefits staff, have completed an end to end review of the new claims process and a report containing recommendations has been produced. Benefits managers have met to discuss the report and are in the process of developing an action plan. Recommendations include bringing expertise closer to the customer in the process and this one of the reasons for investigating widening the change of circumstances pilot to include new claims.

- **Improving Staffing Capacity**

ive Revenues and Benefits Apprentices Are being recruited. The Service is currently carrying a number of vacancies and recent experience has shown that recruiting experienced staff is currently very difficult and. New recruits therefore need significant training. By employing apprentices, the Council will receive funding towards the training. The apprenticeships will be completed over a three year period, allowing the Service time to build future capacity over both Revenues and Benefits at a time of major change which may exacerbate staff recruitment and retention problems.

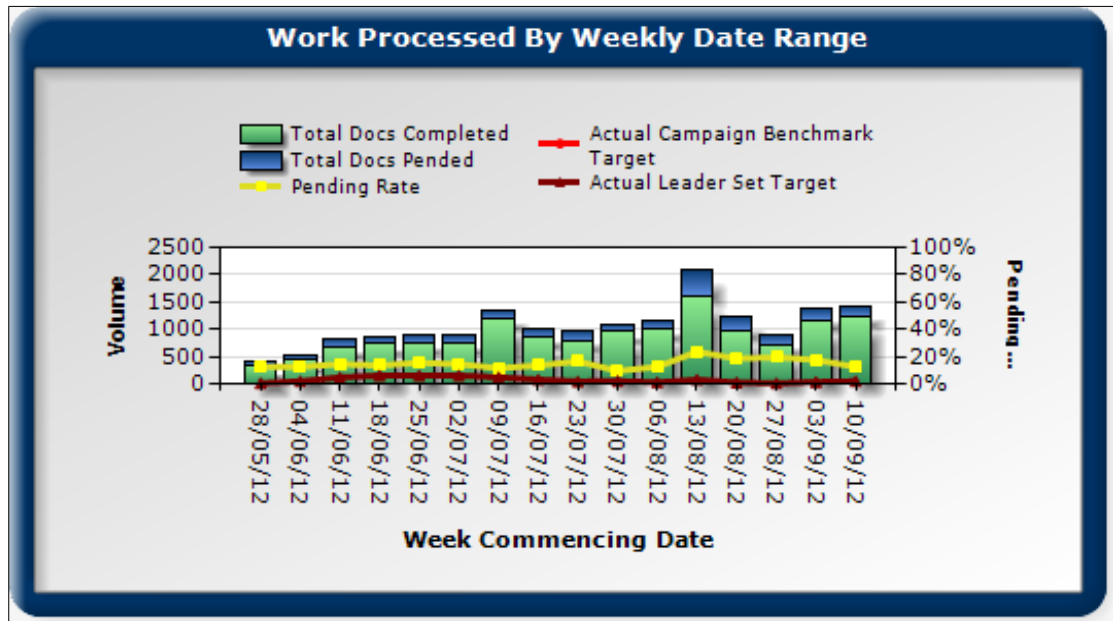
### Productivity Improvement

13. Measuring productivity improvement is complicated because of the number of initiatives that have been introduced at one time. It has been difficult to identify what improvement is attributable to which initiative. However there is growing evidence of an overall improvement
14. Liberata have reported some headline figures. These show that the average productivity across the Revenues team, prior to implementation was 23 documents

processed per person per day. In early September, the equivalent number was between 35 and 36. (53% increase). However it should be pointed out that some of this improvement is attributable to a different way of recording times and so it is unlikely that productivity improvement has been that significant.

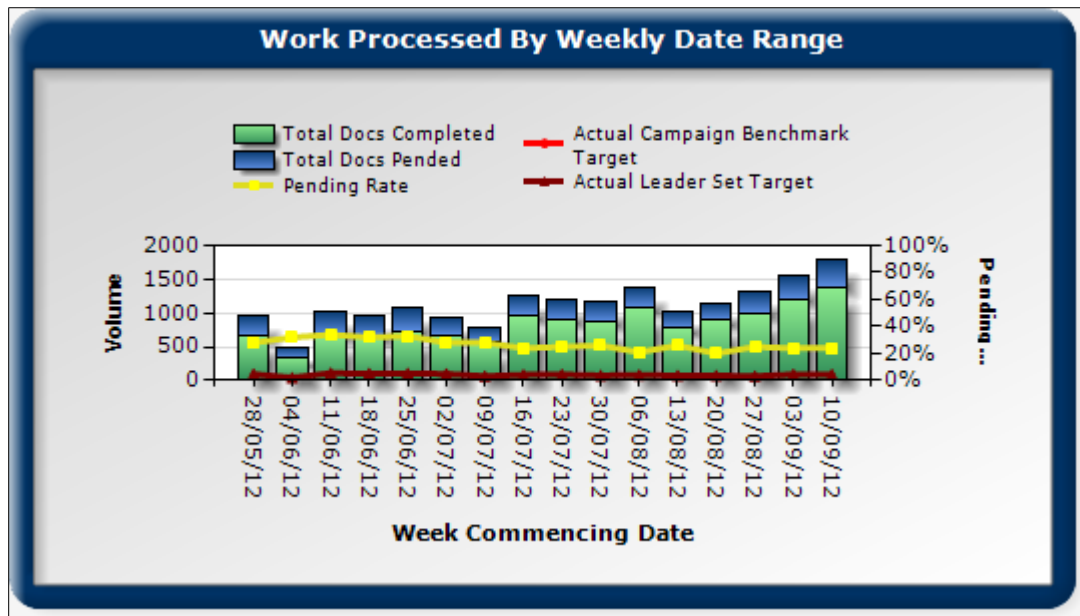
15. However, this contributed to higher than usual weekly work clearance rates within Revenues as shown in figure five below.

*Figure Five Revenues Documents Processed*



16. Liberata report that the average productivity across the Benefits team, prior to implementation was 14 documents processed per person per day. In early September, the equivalent number has been 22 and 26. (57% & 85% increase). The same caveats apply as to Revenues data.
17. This has contributed to higher work clearance rates within Benefits as shown in figure six below.

Figure Six Benefits Documents Processed



18. Revenues and Benefits officers’ own estimates of productivity improvement are more conservative. On the grounds that there are currently too many inconsistencies across the Revenues data to be able to report accurately, a more conservative measure of improved productivity in Benefits has been calculated which is shown in Figure seven.

Figure Seven Productivity Improvements in Benefits

	% Productivity Improvement since Home working (23/07/12 – 27/08/12)	% Productivity Improvement since Change of Working Priorities (23/07/12 – 14/09/12)
Home workers	33%	45%
Office workers	19%	24%

19. This shows that productivity has increased across the Service with improvements being more significant for those working at home.

Future Actions

20. heavily high proportion of management time is currently dedicated to planning for the new Council Tax Support scheme and for the other welfare reform changes that commence in April 2013. In order to minimise any negative effects of these changes on both residents and the Council, a working group made up of officers from Finance, Strategic Housing and Tenants and Leaseholders has been set up to work jointly on **financial inclusion policies** and an approach to **corporate debt**.

21. Work with Liberata is continuing and once the product has been fully implemented an **accuracy module** will be developed to ensure that accuracy levels can be effectively monitored and maintained.

22. The Group Manager is reviewing **the structure** to ensure that the Service has the skills in the right places to deal with the immanent changes. This will result in some small restructures to ensure that the Service remains fit for purpose.
23. The **homeworking** pilot is to be expanded so that most areas of the service will be able to be delivered from home and those members of staff who wish to work from home will have the opportunity to do so where this is in the best interest of the Service and its customers.
24. The training partnership with Chiltern District Council has been branded as '**C&D Training**'. To date, this has been meeting internal training needs across the two councils. The training officer has been developing marketable courses and has developed a proposal for a neighbouring council and is working on one for the Herts Benefits Managers. The training partnership was promoted at the recent Institute of Revenues, Rating and Valuation conference which led to early discussions with a national training provider with regard to embarking on a partnership arrangement which could generate an income stream.

#### Conclusion

25. Delivery of performance initiatives are beginning to deliver improvement. Some of these are in the early stages and are yet to free up the capacity needed to cope with higher workloads without ongoing reliance on additional external resources. Therefore, this improved productivity is not yet enabling the Service to meet all performance targets but there are clear signs of progress. Recruitment of apprentices will build capacity but there will be a significant period of training before they become fully productive.
26. The Service will build on these improvements and initiatives over the remainder of this financial year and has set a target for the next year - to win an award at 2013 IRRV Performance Awards. Liberata are committed to working in partnership with us to help us achieve this.



## **11. EXCLUSION OF PUBLIC**

To consider passing a resolution in the following terms:

That, under s.100A (4) of the Local Government Act 1972 Schedule 12A Part 1 as amended by the Local Government (Access to Information) (Variation) Order 2006 the public be excluded during the item in Part II of the Agenda for this meeting, because it is likely, in view of the nature of the business to be transacted, that, if members of the public were present during that item, there would be disclosure to individual employees and information relating to:

## FINANCE AND RESOURCES: Overview &amp; Scrutiny Committees: Work Programmes 2012/13

Date	Report Deadline	Items	Type	Contact Details	Background Information
13 December 2012 Joint OSC meeting	3 December 2012	Budget 2013-2014	Sc	S Marshall, Corporate Director Finance & Governance	
		Shared and Outsourced Update Report	Sc	D Gill, Group Manager – Partnerships & Citizen Insight	
30 January 2013	17 January 2013	Quarter 3 Performance Report	PM	S Baker, Assistant Director – Legal, Democratic & Regulatory Services J Milsom, Assistant Director Strategy & Transformation, Community & Organisation. S Flynn, Assistant Director, Finance & Resources	
		Quarter 3 Risk Management Report 2012/2013	PM	Linda Dargue , Insurance & Risk Manager	
		Quarter 3 Operational Risk Register Reports	PM	S Baker, Assistant Director – Legal, Democratic & Regulatory Services J Milsom, Assistant Director Strategy & Transformation, Community & Organisation. S Flynn, Assistant Director, Finance & Resources	

		Shared and Outsourced Update Report	Sc	D Gill, Group Manager – Partnerships & Citizen Insight	
<b>5 February 2013 Joint OSC meeting</b>	<b>23 January 2013</b>	Budget 2013 - 2014	Sc	S Marshall, Corporate Director Finance & Governance S Flynn, Assistant Director, Finance and Resources J Deane, Group Manager, Financial Services	
		Quarter 3 Financial Outturn Report	PM	S Flynn, Assistant Director, Finance and Resources J Deane, Group Manager, Financial Services	
		Revenue & Benefits Report	Sc	S Flynn, Assistant Director, Finance & Resources	
		Shared and Outsourced Update Report	Sc	D Gill, Group Manager – Partnerships & Citizen Insight	
<b>5 March 2013</b>	<b>19 February 2013</b>				

### Future Items

- May 2013 – Q4 Risk Management – Linda Dargue

**PM- Performance management    PD- Policy Development    Sc- Scrutiny**