



## AGENDA ITEM: 8

### SUMMARY

<b>Report for:</b>	<b>Finance &amp; Resources Overview &amp; Scrutiny</b>
<b>Date of meeting:</b>	<b>31 January 2012</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>Quarter 3 Finance &amp; Resources Performance Report</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 31 December 2011
Recommendations	That the Committee notes the contents of the report and the performance of Finance & Resources to the end of Quarter 3, 2011/12.
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:	<u>Financial</u>
'Value For Money Implications'	<p>Actions to address the growing workload in Revenues and Benefits may result in short term resource requirements in the region of £20,000. These pressures can be met from in-year underspends on existing budgets within Finance and Resources.</p> <p><u>Value for Money</u></p> <p>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 &amp;</p>

	Property Development division is currently subject to market testing. A final decision will be made in the light of detailed scrutiny of the business case at Cabinet on 27 March 2012.
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	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 2011/12

## 1. Introduction

- 1.1. Performance reports are produced quarterly from the Council's performance management system, CorVu. The service performance report for quarter 3 (October to December 2011), 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 31st December 2011.
- 1.2. Detailed performance indicators and commentary on progress against agreed targets and against previous periods are annexed. Significant variations from performance are considered below along with progress updates on key initiatives within the sub-directorate.

## 2. Commercial Assets and Property Development

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

**CP02 – Percentage arrears on commercial property rents** (14.05% against a target of 9.5%).

- 2.2. The economic downturn has created pressures for local businesses. Those that occupy premises let by the Council are no exception to this. Also, during 2011/12 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 are likely to result in increased levels of arrears. It should be noted, however, that there has been no overall decline in occupation rates, which remain very high.
- 2.3. More specifically, arrears rates tend to be high in the last part of the third quarter due to December billing dates and delays in making payments in the

post-Christmas period. We should see an improvement in the fourth quarter, therefore.

2.4. The Commercial Assets and Property Development division remains one of the areas within the Council that has yet to complete Phase 2 of the Reorganisation programme. This is due to revised approaches towards an appropriate structure for this set of activities. The reorganisation is designed to create a stronger focus on delivery. Actions that have been completed to date include:

- appointment of a Team Leader for building services
- decision to advertise the post of Team Leader for Estates Management
- decision to retain the status quo for parking services
- Cabinet decision to transfer Facilities Management to Serco, subject to agreement of the detailed business case
- reduction of Cemeteries Team by one long-standing member of staff which has provided an opportunity to explore flexible working arrangements.

2.5. During this quarter the division has also:

- been closely involved in many of the major corporate projects, such as the Public Service Quarter initiative and development of the old Town and Old Town Hall
- developed plans for a number of internal office moves, that are designed, if possible, to result in all three divisions of Finance & Resources being brought together within the Civic Centre
- retained ParkMark accreditation in Moor End and Water Gardens South and is expected to achieve accreditation in Gadebridge Lane, The Nap and Langley Hill car parks.

### **3. Financial Services**

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

**ACC01 - Percentage of creditor trade invoices paid within 30 days**  
(79.3% against a target of 95.0%)

3.2. While the below-target performance is to some extent due to seasonal factors, a detailed report on developments in Financial Services was presented to the Committee on 22 November 2011 explained that there were more deep-seated factors affecting this indicator. Accordingly, a process of reforming the Council's approach to paying short-term creditors is being implemented within all directorates. Enforcement of a stricter protocol for raising purchase orders, receipting goods and raising invoices should resolve this issue in 2012/13.

- 3.3. Otherwise, the main focus of Financial Services in the third quarter has been embedding the new team structures and developing a series of approaches that are designed to strengthen budgetary control and financial management across the Council and to improve reporting to officers and Members.
- 3.4. Two notable achievements were recorded between September and December 2011:
- Audited accounts without qualification or material misstatement for the first time in at least five years
  - Completion of the base data return for the Housing stock, on which all calculations for Housing subsidy (and now Self Financing) are made without qualification by auditors for the first time.
- 3.5. These developments and a number of other points of progress have led to the team being shortlisted for Finance Team of the Year at the Local Government Chronicle awards 2011.

#### **4. Revenues, Benefits & Fraud**

- 4.1. 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. This represented a 1.8% increase compared with March 2010 (10,635) and a 13.4% increase compared with March 2009 (9542). By August, the caseload had increased to 11,015 current recipients of Housing Benefit or Council Tax Benefit. This is the first time that the number of households we are helping has risen above 11,000. Out of this total, we help about 9,200 households with their rent, and about 10,000 with Council Tax.
- 4.2. This dramatic increase in workload has been exacerbated by the introduction of the ATLAS direct reporting system, by which changes in tax credits are automatically fed into the Northgate benefits system. This ensures that more changes are identified and are automatically processed but manual adjustments have to be made to related benefits, which has added a layer of processing.
- 4.3. As a result of these pressures and other factors, such as high levels of maternity leave and the loss of two permanent staff members, processing backlogs have increased. Benefits officers undertook a campaign to reduce these during the last quarter, with a resulting impact on processing times for new claims. The following indicators are consequently showing red:
- **RBF 01 - Average time taken to decide a new claim for Housing Benefit or Council Tax Benefit** (25.6 days against a target of 20.5 days)
  - **RBF 02 - Average time taken to decide a change event for Housing Benefit or Council Tax Benefit** (19.8 days against a target of 14.0 days)
- 4.4. An action plan for addressing the continuing backlog has been implemented with the aim of clearing accounts in time for the annual billing processes in February. However, this is dependent on the availability of external resources, which are scarce, and the robustness of IT systems to provide

access. The latter has been an issue in recent months which is being addressed by IT consultants.

4.5. In November 2011 a new Group Manager for the division, Nicola Ellis, was appointed. The new manager is developing existing and new initiatives to improve revenues and benefits performance including:

- Improvements to NNDR Recovery – Looking at ways of improving capacity, reporting and resources available to target NNDR, with a member of Revenues working on NNDR recovery one day a week in the short term
- Auddis and Addacs, which will simplify direct debit processes – Due to be implemented by 22/01/11
- Introduction of the Gandlake system which will enable joint billing and benefit notification letters, thus saving considerable time and money
- Joint working, through discussion with Chiltern DC on proposals for the appointment of a joint training officer, and exploration of potential joint working within Revenues with Watford and Three Rivers

4.6. 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. Work outstanding has reduced to 51 unallocated allegations. A further 100+ cases are awaiting risk assessment from Housing Benefit and National Fraud Initiative (NFI) matches.

4.7. A full report on Revenues, Benefits and Fraud will be scheduled for the next meeting of the Committee.