



Public Document Pack  
**FINANCE AND RESOURCES  
OVERVIEW AND SCRUTINY  
AGENDA**

*Scrutiny making a positive difference: Member led and independent, Overview & Scrutiny Committees promote service improvements, influence policy development & hold Executive to account for the benefit of the Community of Dacorum.*

**TUESDAY 7 MARCH 2017 AT 7.30 PM**

**CONFERENCE ROOM 2 - THE FORUM**

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.

Membership

Councillor Howard	Councillor E Collins
Councillor Herbert Chapman (Chair)	Councillor Fethney
Councillor Douris (Vice-Chairman)	Councillor Silwal
Councillor Ashbourn	Councillor Taylor
Councillor Barnes	Councillor Tindall
Councillor Birnie	Councillor Gbola Adeleke
Councillor Clark	

Substitute Members:

Councillors Anderson, Brown, Guest, Link, Matthews, Ransley and W Wyatt-Lowe

For further information, please contact

**AGENDA**

**7. FINANCE AND RESOURCES Q3 PERFORMANCE REPORT (Pages 2 - 22)**

Report to follow

# Agenda Item 7



Agenda item:

Summary

Report for:	<b>Finance &amp; Resources Overview and Scrutiny Committee</b>
Date of meeting:	<b>7 March 2017</b>
Part:	<b>1</b>
If Part II, reason:	

Title of report:	<b>Finance &amp; Resources Performance and Risk Report Quarter 3 2016/17</b>
Contact:	Cllr Graeme Elliot, Portfolio Holder for Finance & Resources Cllr Neil Harden, Portfolio Holder for Residents and Corporate Services David Skinner, Assistant Director (Finance & Resources)
Purpose of report:	To provide Committee with analysis of quarterly performance and risk management within Finance & Resources for the quarter to December 2016
Recommendations	That Committee notes the contents of the report and the performance of Finance & Resources for Quarter 3 2016/17.
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>Delivering an efficient and modern council</i> and, through Revenues, Benefits and Fraud division, <i>Building strong and vibrant communities</i> .
Implications:	<u>Financial</u> Contained within the body of the report.
'Value for money' implications	<u>Value for money</u> Contained within the body of the report.
Risk implications	Contained within the body of the report
Equalities implications	None
Health and safety Implications	There are no health and safety implications.
Consultees:	Group Manager (Commercial Assets & Property Development) Group Manager (Financial Services) Group Manager (Revenues, Benefits and Fraud) Group Manager (Procurement, Commissioning & Compliance)

Background papers:	8/11/16 F&R OSC Performance & Risk Report Quarter 2 2016/17
Glossary of acronyms and any other abbreviations used in this report:	F&R OSC – Finance and Resources Overview and Scrutiny Committee

1. Risk and Performance reports are presented to Overview and Scrutiny Committees on a quarterly basis. They provide Members with an opportunity to scrutinise performance against a range of key indicators, and to review how the key risks facing the Services are being managed.
2. The attached appendices provide comprehensive risk and performance information for Finance & Resources for Quarter 3 of 2016/17 (October-December).

Appendix A - Performance Report

Appendix B - Risk Report

3. All scores as set out in the operational risk register at Appendix B have been reviewed during Quarter 3. There have been no changes to report.

# QUARTERLY PERFORMANCE

Finance and Resources

December 2016

High Level Only



Measure	Owner & Updater	Dec 2016 Result	Trend	Sep 2016 Result	Dec 2015 Result	Actions	Comments	Sign Off
CP01 - Percentage of commercial property occupation	Nicholas Brown Adriana Livingstone	97.16% (581/598) Target: 95	↓	97.32% (582/598) Target: 95	97.99% (586/598) Target: 95	we will look to close lettings to reduce voids	Updater The void list is as per the previous month and still includes a large number of properties which are under offer and in legal hands so we hope to get the tenancies in place shortly.	✓
CP02 - Percentage arrears on commercial property rents	Nicholas Brown Adriana Livingstone	5.3% (316518/6018991) Target: 8.8	↑	8.1% (343362/4244200) Target: 8.8	6.4% (332223/5181393) Target: 9	We continue ot work to keep levels low	Updater The arrears has reduced as it includes quarter 4 invoices, so overall this means the arrears has reduced substantially.	✓
CSU02 - Percentage of enquiries that are resolved at first point of contact within the Customer Service Centre	Mark Housden Tracy Lancashire	99.01% (12378/12502) Target: 90	↑	98.37% (13183/13401) Target: 90	99.35% (12505/12587) Target: 90		Owner Performance continues to be maintained. The reduction in the number of face to face customers has now levelled off.	✓
CSU03 - Percentage of customers satisfied with service received from the Customer Service Centre	Mark Housden Tracy Lancashire	99.94% (1635/1636) Target: 80	↑	99.78% (1849/1853) Target: 80	99.86% (3541/3546) Target: 80		Owner Satisfaction levels continue to be maintained	✓
CSU05 - Percentage of enquiries that are resolved at first point of contact within the Contact Centre	Mark Housden Tracy Lancashire	96.43% (27704/28729) Target: 90	↓	97.69% (33216/34001) Target: 90	96.79% (28722/29674) Target: 90		Owner Performance continues to be maintained	✓
CSU06 - Percentage of customers satisfied with service received from the Contact Centre	Mark Housden Tracy Lancashire	99.07% (1278/1290) Target: 80	↑	98.87% (1834/1855) Target: 80	99.42% (2556/2571) Target: 80		Owner Satisfaction levels continue to be maintained	✓
CSU09 - Head of Service Satisfaction Survey Score	Mark Housden Tracy Lancashire	100% Target: 45	→	100% Target: 45	83% Target: 45		Owner Group Managers continue to show that they are satisfied with the service the CSU provides	✓
CSU10 - Call Handling: Average wait time	Mark Housden Tracy Lancashire	167 Second(s) Target: 210	↑	174.67 Second(s) Target: 210	93.67 Second(s) Target: 210		Owner Performance during the last quarter was above target with calls being answered in an average of 2 minutes 47 seconds. This is an improvement in performance from the previous quarter.	✓
CSU11 - Call Handling: Abandoned Call Rate	Mark Housden Tracy Lancashire	19.81% (7171/36200) Target: 20	↓	16.6% (6768/40769) Target: 20	12.18% (4116/33790) Target: 60		Owner Performance for this quarter is above target.	✓

Measure	Owner & Updater	Dec 2016 Result	Trend	Sep 2016 Result	Dec 2015 Result	Actions	Comments	Sign Off
CSU12 - Face to Face; Average Wait Time	Mark Housden Tracy Lancashire	2335 Second(s) Target: 450	↗	2715 Second(s) Target: 450	184.335 Second(s) Target: 450		Owner Average time to see customers during the last quarter was 3 minutes 53 seconds which is above target.	✓
CSU13 - Face to Face: Waiting time more than 20 minutes	Mark Housden Tracy Lancashire	4.25% (531/12502) Target: 5	↗	4.74% (635/13401) Target: 5	0.33% (42/12587) Target: 5		Owner During the quarter 531 customers experienced a wait of more than 20 minutes. This is above the agreed targets.	✓
FIN01 - Percentage of creditor trade invoices paid within 30 days	Richard Baker Sally Nunn	97.7% (3075/3147) Target: 96	↗	95.8% (3124/3261) Target: 96	97% (3678/3790) Target: 96		Owner An excellent result for the period	✓
FIN02a - Time taken for debtors to pay	Richard Baker Clare Dempsey	36.9 Days Target: 40	↘	35.6 Days Target: 40	33.6 Days Target: 45		Owner An excellent result for the period	✓
FIN03 - General Fund expenditure – outturn forecast against budget	Richard Baker Caroline Souto	£17602000 Target: 18566000	↗	£18716000 Target: 18511000	£19531000 Target: 19306000			✗
FIN04 - HRA expenditure – outturn forecast against budget	Richard Baker Caroline Souto	£44196000 Target: 44101000	↗	£44523000 Target: 44101000	£57971000 Target: 57765000			✗
FIN05 - HRA income – outturn forecast against budget	Richard Baker Caroline Souto	£57404000 Target: 57654000	↗	£57386000 Target: 57654000	£58021000 Target: 57765000			✗
FIN06 - General Fund Capital Expenditure – outturn forecast against budget	Richard Baker Caroline Souto	£20505683 Target: 21378491	↗	£21143000 Target: 21202893	£21651199 Target: 29052000			✗
FIN07 - HRA Capital Expenditure – outturn forecast against budget	Richard Baker Caroline Souto	£23044005 Target: 27389688	↗	£25233622 Target: 27389688	£32062071 Target: 32062071			✗
FIN08 - Investment income – outturn forecast against budget	Richard Baker Tracy Claridge	£469910 Target: 448000	↗	£437750 Target: 448000	£517940 Target: 313000		Updater	✓
FIN11 - Investment Property Income ytd budget against ytd actual	Nicholas Brown Caroline Souto	£4325510 Target: 4283703	↘	£3142056 Target: 3091741	£3968591 Target: 4101921	we will look to meet or exceed annual targets.	Updater  Owner Currently above target.	✓
FIN13 - Car Parking Income ytd budget against ytd actual	Nicholas Brown Caroline Souto	£1614033 Target: 1563855	↘	£1084193 Target: 1042570	£1610545 Target: 1563750	Monitor and report.	Updater	✓
RBF01 - Average time taken to decide a new claim for Housing Benefit	Chris Baker Matthew Kelly	15.3 Days (8152/533) Target: 20	↗	17.4 Days (9812/564) Target: 20	17.4 Days (9930/570) Target: 23		Updater Performance over the quarter has been exceptionally good with some of the best performance ever recorded by the service. Owner This is another very good quarter's performance, and demonstrates that the improvements made so far are sustainable.	✓

Measure	Owner & Updater	Dec 2016 Result	Trend	Sep 2016 Result	Dec 2015 Result	Actions	Comments	Sign Off
RBF02 - Average time taken to decide a change event for Housing Benefit	Chris Baker Matthew Kelly	9.3 Days (47250/5092) Target: 11.5	↗	9.9 Days (59880/6036) Target: 11.5	10.8 Days (53878/5002) Target: 13		Updater Performance has been very consistent over the quarter. Owner Performance is stabilising at a good level	✓
RBF04 - NNDR (Business Rates) in-year collection rate	Chris Baker Jake Seabourne	77.5% Target: 76.2	↗	52.3% Target: 51.6	77.2% Target: 76.7		Owner We remain in line to meet our year-end target for collection	✓
RBF05 - Council Tax collection rate	Chris Baker Jake Seabourne	86.2% Target: 86	↘	58.2% Target: 58	86.2% Target: 86.4		Owner We remain in line to meet our year-end target for collection	✓
RBF06 - Council Tax customer contact response (percentage of contacts responded to within 14 days)	Chris Baker Anna Elliott	99% (9744/9884) Target: 98	↗	95% (8756/9259) Target: 98	No Data Target: 90		Owner This quarter shows excellent performance for this indicator.	✓

# OPERATIONAL RISK REGISTER

December 2016



## Finance & Resources - David Skinner

CE\_R08 The CSGC contractor focuses attention on meeting speed of response targets and not quality of service

<b>Category:</b> Reputational	<b>Corporate Priority:</b> Dacorum Delivers	<b>Risk Owner:</b> David Skinner	<b>Portfolio Holder:</b> Neil Harden	<b>Tolerance:</b> Treating
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Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
3 Likely	4 Severe	12 Red	1 Very Unlikely	4 Severe	4 Green

Consequences	Current Controls	Assurance
<p>Page 7</p> <ul style="list-style-type: none"> <li>• Calls are not resolved at first point of contact.</li> <li>• Insufficient time is dedicated to callers to ensure that call has been fully resolved in a satisfactory manner.</li> <li>• Reputational damage to the Council.</li> </ul>	<ul style="list-style-type: none"> <li>• New KPI's have been set to provide greater clarity on the quality of the performance</li> <li>• Regular customer &amp; stakeholder surveys</li> <li>• Quarterly quality assessments with GM's</li> <li>• Monthly meetings with back office to assess service delivery and monthly operational Board meetings to escalate issues.</li> <li>• Monitoring of complaints and performance</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly performance reports</li> <li>• Minutes of Operational Board meetings</li> <li>• Quarterly Partnership Board meetings</li> <li>• All performance indicators are on track.</li> <li>• The above provide assurances that the CSGC contractor maintains focus on achieving the response targets and quality of service.</li> </ul>

### Sign Off and Comments

Sign Off Complete  
 Performance has been maintained from quarter 2 with no exceptions to performance to report. Customer satisfaction scores have improved from quarter 2.

# OPERATIONAL RISK REGISTER

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## FR\_CPC01 Failure to comply with procurement legislation and internal controls

<b>Category:</b> Reputational	<b>Corporate Priority:</b> Dacorum Delivers	<b>Risk Owner:</b> David Skinner	<b>Portfolio Holder:</b> Graeme Elliot	<b>Tolerance:</b> Treating	
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
3 Likely	4 Severe	12 Red	1 Very Unlikely	4 Severe	4 Green
Consequences		Current Controls		Assurance	
<ul style="list-style-type: none"> <li>The Council would face an increased risk of legal challenge from unsuccessful bidders</li> <li>Contracts could be set aside by the courts</li> <li>The Council could face financial penalties under the Remedies Directive</li> <li>The delivery of contracts could be delayed</li> <li>Lack of a robust and transparent procurement process</li> <li>Unable to demonstrate value for money</li> <li>All of the above would result in damaging the Council's reputation</li> </ul>		<ul style="list-style-type: none"> <li>The Commissioning &amp; Procurement Standing Orders (CPSO's) have been re-written to complement the Public Contract Regulations 2015.</li> <li>The CPSO's have been written to simplify the processes for officers to follow.</li> <li>All OJEU tenders must be supported by an officer of the Commissioning &amp; Procurement team.</li> <li>All procurement officers that manage the OJEU tenders are professionally qualified.</li> </ul>		<ul style="list-style-type: none"> <li>The CPSO's are regularly updated following any policy notes or guidance as issued by Crown Commercial Services</li> <li>Awareness training on the CPSO's is offered to all GM's and their teams.</li> <li>Procurement officers keep abreast of changes in legislation and best practice within the industry.</li> <li>Internal audit have completed a draft report on Contract management that is still in discussions between officers and the internal auditors.</li> <li>The internal audit report has been finalised and provided a full and substantial level of assurance on contract management.</li> </ul>	
Sign Off and Comments					
Sign Off Complete					
The work of the team in scrutinising contract and ensuring compliance with legislation is reflected in positive assurance from Internal audit as reported to audit committee.					



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## FR\_CPC02 Continued Non-Authorised procurement expenditure

<b>Category:</b> Reputational	<b>Corporate Priority:</b> Dacorum Delivers	<b>Risk Owner:</b> David Skinner	<b>Portfolio Holder:</b> Graeme Elliot	<b>Tolerance:</b> Treating	
<b>Inherent Probability</b>	<b>Inherent Impact</b>	<b>Inherent Risk Score</b>	<b>Residual Probability</b>	<b>Residual Impact</b>	<b>Residual Risk Score</b>
4 Very Likely	2 Medium	8 Amber	1 Very Unlikely	3 High	3 Green
<b>Consequences</b>		<b>Current Controls</b>		<b>Assurance</b>	
<ul style="list-style-type: none"> <li>• This expenditure may result in the Council being in breach of procurement legislation</li> <li>• This increases the risk of legal challenge and the Council could face penalties under the Remedies Directive</li> <li>• Lack of a robust procurement process may increase the risk of fraudulent activity</li> <li>• Potential for non-compliance with relevant legislation such as H&amp;S</li> <li>• Poor financial management</li> <li>• All of the above would result in damaging the Council's reputation</li> </ul>		<ul style="list-style-type: none"> <li>• The CPSO's have been re-written to complement the Council's Financial Regulations with regards to officer authorisation levels.</li> <li>• The CPSO's clearly define the processes that must be followed by officers when procuring goods, services and works.</li> <li>• Contracts have been set up for corporate requirements.</li> </ul>		<ul style="list-style-type: none"> <li>• Working with colleagues in finance to implement a 'No PO No Pay' policy.</li> <li>• Working with colleagues in finance to roll out the 'Electronic Purchasing Card'.</li> <li>• Awareness training on the CPSO's is offered to all GM's and their teams.</li> </ul>	
<b>Sign Off and Comments</b>					
<p>Sign Off Complete</p> <p>The continued success of "No PO No Pay" is continuing with improved compliance levels. The percentage of trade creditor invoices being paid within 30 days has increased from 95.8% to 97.7% against a target of 95%.</p>					

# OPERATIONAL RISK REGISTER

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## FR\_F02 Delays to Capital programme

<b>Category:</b> Financial	<b>Corporate Priority:</b> Dacorum Delivers	<b>Risk Owner:</b> David Skinner	<b>Portfolio Holder:</b> Graeme Elliot	<b>Tolerance:</b> Treating	
<b>Inherent Probability</b>	<b>Inherent Impact</b>	<b>Inherent Risk Score</b>	<b>Residual Probability</b>	<b>Residual Impact</b>	<b>Residual Risk Score</b>
3 Likely	2 Medium	6 Amber	4 Very Likely	2 Medium	8 Amber
<b>Consequences</b>		<b>Current Controls</b>		<b>Assurance</b>	
<p>Many of the major projects within the Capital Programme are fundamental to delivery of the Council's corporate objectives. Therefore significant delays can impact on the achievement of the corporate plan.</p> <p>Financial decision-making is negatively affected if the timing of projects in the Capital Programme is wrong. This can result in lost investment income or increased interest costs as the Council moves closer to the point where it will need to borrow.</p> <p>The estimated delivery date is considered as part of the decision to allocate capital funds to one project over another. If estimated timings are not accurate, there is a risk that the allocation of funds is not being decided on appropriately.</p> <p>If inaccurate project management is tolerated, there is a risk that the culture of financial management across the Council will be negatively affected which will have consequences for wider financial decision-making.</p>		<p>The controls that have been implemented to mitigate this risk target the robustness of capital bids both at the time they are submitted and throughout the delivery phase of the projects.</p> <p>In particular, scrutiny is focussed on those elements of the capital bid that experience indicates are the primary cause of delays to capital projects. These include</p> <ul style="list-style-type: none"> <li>• How robust are the assumptions on the estimated duration of the procurement exercise?</li> <li>• How realistic is the estimated time taken for contractors to deliver the works?</li> <li>• How realistic are the assumptions on officer availability to manage the project on time?</li> </ul> <p>The rationale behind this approach is that an increased culture of challenge will lead to more realistic programming of future capital projects, and therefore a</p>		<p>The 2013/14 Final Outturn showed that the slippage of capital projects was around 30% against the Original Budget approved by Members in February 2013. This is an improvement on previous years where slippage against Original Budget has been around 60%.</p> <p>As at the end of Quarter 2 2014/15 (the mid-point of the year), the capital forecast on the General Fund is broadly on budget, with no material slippage reported at this stage. Slippage on the HRA capital programme is forecast to be well below 5%.</p> <p>The budget position as at Quarter 3 was reported to Cabinet in February 2015. The report showed that forecast net slippage on the General Fund Capital Programme was low at around 3%. Forecast slippage on the HRA Capital Programme has, however, increased significantly since the Quarter 2 forecast, at around 25%.</p> <p>The Provisional Outturn was reported to Cabinet in may</p>	

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Not delivering major projects within the timeframe to which it has committed itself exposes the Council to reputational risk.

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reduced likelihood of slippage.

The following controls are in place with a view to developing a culture of scrutiny and challenge for officers to improve the accuracy of future bids:

- Capital Strategy Steering Group (CSSG) comprising senior officers from across the Council required to challenge new bids for robustness ahead of recommendation to Members;
- Monthly meetings take place between accountants and budget holders to monitor progress against original timeframes and costs;
- Corporate Management Team (CMT) receive a monthly report on the progress of capital projects against anticipated timeframes;
- Performance Group comprising Chief Officers and cabinet Members receive a monthly report on the progress of current projects;
- Reports go to Cabinet and all Overview and Scrutiny Committees (OSC) every quarter. These reports have been redesigned to focus on the more immediate risk of in-year delivery, highlighting higher risk areas to invite closer scrutiny from Members.

2015. The report showed that slippage against the full year budget on the General Fund Capital Programme was around 10%. Outturn on the HRA shows slippage of around 24%. These are addressed in more detail in the sign-off notes, below.

2014/15 Confirmed slippage into 2015/16 was Â£10.1m or 10% of the total approved capital programme according to the 2014/15 approved accounts.

The Provisional Outturn was reported to Cabinet in May 2016. The report showed that slippage against the full year budget on the General Fund Capital Programme was around 28%. Outturn on the HRA shows slippage of around 5%.

2015/16 Confirmed slippage into 2016/17 was £8.1m or 28% of the total approved capital programme according to the 2015/16 approved accounts.

As at the end of Quarter 2 2016/17(the mid-point of the year), the capital forecast on the General Fund is broadly on budget, with no material slippage reported at this stage. Slippage on the HRA capital programme is forecast to be 8% or c£2m.

AS at the end of Quarter 3 the HRA capital programme is on track with no material slippage. The forecast for the General Fund is reporting slippage of 5% (£873k).

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## Sign Off and Comments

Sign Off Complete

The additional work carried out on the HRA capital programme is reflected in the revised forecast with no material slippage. The General Fund slippage will be examined for further opportunities to speed up delivery.

### FR\_F03 Variances in General Fund revenue budget

<b>Category:</b> Financial	<b>Corporate Priority:</b> Dacorum Delivers	<b>Risk Owner:</b> David Skinner	<b>Portfolio Holder:</b> Graeme Elliot	<b>Tolerance:</b> Treating	
<b>Inherent Probability</b>	<b>Inherent Impact</b>	<b>Inherent Risk Score</b>	<b>Residual Probability</b>	<b>Residual Impact</b>	<b>Residual Risk Score</b>
3 Likely	2 Medium	6 Amber	2 Unlikely	2 Medium	4 Green
<b>Consequences</b>		<b>Current Controls</b>		<b>Assurance</b>	
<p>Accurate, well-controlled budgeting relates directly to the achievement of the Dacorum Delivers corporate objective, and indirectly, through the financial decision-making process, to the achievement of all of the Council's corporate objectives.</p> <p>Inaccurate budgeting negatively affects the Council's ability to make evidence-based decisions. A significant underspend at year-end could indicate that funds have been needlessly diverted from a competing priority. A significant overspend at year-end could result in reserves being used to support lower priority objectives. Both of these could result in reputational damage for the Council.</p>		<p>The following controls aim to reduce the probability of there being a variance in the General Fund Revenue Budget by ensuring that there is strong challenge put to Budget Holders on the robustness of their assumptions, from a range of audiences.</p> <p>It is intended that these controls will increase the opportunity for flawed assumptions to be exposed as soon as possible, as well as inculcating a stronger culture of financial management across the Council leading to continuous improvement in the setting of accurate budgets.</p> <p>The annual budget-setting process consists of an ongoing scrutiny process in which senior officers from</p>		<p>The Council's budgetary controls are assessed each year by Internal Audit. In January 2013, the Council received a 'Full' level of assurance.</p> <p>A further Internal Audit on the Council's budgeting process, undertaken in September 2014, resulted in a 'Substantial' level of assurance. Despite this being a lower mark than the exceptional one achieved in the previous audit, it should be noted that it remains a good result.</p> <p>The recommendations of the Internal Auditor that led to the reduced marking were not systemic in nature, and they do not pose a material threat to the overall control environment of the budget-setting process.</p>	

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Failure to address the causes of inaccurate budgeting could negatively impact the Council's culture of financial management, which in turn increases the risk of poor financial decision-making.

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across the Council, together with the Financial Services team, challenge the following year's budget bids from Group Managers.

This scrutiny process is augmented by the Budget Review Group (BRG), consisting of Chief Officer Group and representatives from the Portfolio Holder group, which provides early Member-level challenge.

There are two opportunities for OSCs to scrutinise the budget proposals and directly question the relevant officers before the budget report is finalised and considered by Cabinet and Council.

Once approved, in-year budget performance is managed through monthly meetings between accountants and budget holders, which underpin monthly reports to CMT and quarterly reports to Cabinet and OSCs.

The Council's Financial Regulations provide a guide to all budget-holders and are subject to annual review.

Efforts have, however, been redoubled, and the causes of the recommendations have been addressed.

An Internal Audit report on the Council's 'Main Accounting' function was presented to Audit Committee in February 2015, in which a 'Full' level of assurance was awarded. This audit covered a range of areas including integrity of transactions, manual adjustments, and year-end procedures. All of these areas contribute to the accuracy of the in-year monitoring reports that the Finance team is able to produce. Consequently, Members can draw assurance from this audit opinion that the chances of this risk crystallising are reduced by the robust financial management procedures the Council has in place.

Final confirmed outturn for 2014/15 was within £48k of budget (after contributions to and from reserves) as reported to Audit committee and approved as part of the audited accounts and was consistent with the budget monitoring over the preceding year.

An Internal Audit report on the Council's 'Budgetary Control' function was presented to Audit Committee in April 2016, in which a 'Full' level of assurance was awarded. This audit covered a range of areas including budget setting; budget upload; budget monitoring and savings realization; budget alterations and virements; and management information. All of these areas contribute to the accuracy of the in-year monitoring

# OPERATIONAL RISK REGISTER

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Page 14		<p>reports that the Finance team is able to produce. Consequently, Members can draw assurance from this audit opinion that the chances of this risk crystallising are reduced by the robust financial management procedures the Council has in place.</p> <p>The 2015/16 audit of Core Financial Systems was also reported to have either Full or Substantial levels of assurance.</p> <p>Final confirmed outturn for 2015/16 was within 2% of budget (after contributions to and from reserves) as reported to Audit committee and approved as part of the audited accounts and was consistent with the budget monitoring over the preceding year.</p>
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### Sign Off and Comments

Sign Off Complete

FIN03 is GREEN and is currently projecting a favourable variance (£964k) or 5% of the budget. This reflects not requiring the budgeted payment to the pension fund to address the pensions funding position as discussed with members through the budget setting process for 2017/18.

### FR\_I02 Failure to optimise income generated by commercial assets

<b>Category:</b> Infrastructure	<b>Corporate Priority:</b> Dacorum Delivers	<b>Risk Owner:</b> David Skinner	<b>Portfolio Holder:</b> Graeme Elliot	<b>Tolerance:</b> Treating	
<b>Inherent Probability</b>	<b>Inherent Impact</b>	<b>Inherent Risk Score</b>	<b>Residual Probability</b>	<b>Residual Impact</b>	<b>Residual Risk Score</b>
3 Likely	3 High	9 Amber	2 Unlikely	3 High	6 Amber
<b>Consequences</b>		<b>Current Controls</b>		<b>Assurance</b>	

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The council has a significant portfolio of commercially let properties, which provides one of the council's largest sources of income.

Council officers must attempt to maximise income from these assets whilst avoiding the risk of vacant properties and increasing bad debts, which could arise if rents are set too high, and would jeopardise the council's achievement of its corporate objectives of Regeneration and Dacorum Delivers.

The continuing recession and the difficulties it brings for local businesses increases the likelihood of this risk crystallising.

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The following controls aim to mitigate the risk of underperformance of the Council's commercial assets by maintaining good communication links between relevant Council services, and by regularly monitoring performance against targets (see KPIs CP01 and CP02) to ensure that underperformance is identified and addressed as quickly as possible. The existence of these controls has led to the 'Inherent Probability' of this risk occurring reducing from a score of 3, which is shown in the Residual Probability (i.e. after controls implemented) being a 1.

Estates officers responsible for negotiating rent reviews hold monthly meetings with the Debtors team to track current bad debtors. This increases their understanding of the economic pressures businesses are facing, and how it can impact on council income.

There are currently Corvu performance targets to maintain the number of voids (empty properties) below 5%, and to keep the rent arrears below 10%. Failure to meet either of these targets would prompt further investigation.

The year-end performance figures for 2013/14 demonstrate that occupation rates are above target (98.8% against a target of 95%), and that the level of arrears is also better than target (at 7.32% against a target of 9.5%).

The year-end performance figures for 2014/15 demonstrate an occupation rate of 98.3% against a target of 95%. The level of arrears is at 6.5% against a target of 9.5%.

Quarter 1 performance for 2015/16 are above target and demonstrate an occupation rate of 98.66 versus a target of 95%. The level of arrears has increased slightly to 7.3% versus a target of 9%.

Q2 occupation levels are holding up well at 98.49% and arrears are being held within acceptable levels at 8.1%. Q3 occupation levels are marginally down at 97.99% and arrears have improved significantly by 1.7% to 6.4%.

Q4 occupation rates have increased slightly to 98.49% and arrears have reduced from 6.45 down to 5%.

Q1 occupation rates have reduced slightly to 97.99% versus a target of 95% and arrears have slightly increased to 7.3% versus a target of 8.8%

Q2 occupation rates are 97.32% versus a target of 95% and arrears are at 8.1% versus a target of 8.8%.

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		<p>Investment property income is exceeding target and is £324k ahead of the Q2 result for 2015/16.</p> <p>Q3 occupation rates are 97.16% versus a target of 95% and arrears have reduced to 5.3% against a target of 8.8%. Investment property income is slightly ahead of target by 1% (£42k).</p>
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### Sign Off and Comments

Sign Off Complete

Performance is being maintained with significant reductions in arrears.

### FR\_104 Failure to maintain an effective business continuity plan for all relevant service areas

<b>Category:</b>	<b>Corporate Priority:</b>	<b>Risk Owner:</b>	<b>Portfolio Holder:</b>	<b>Tolerance:</b>
Infrastructure	Safe and Clean Environment	David Skinner	Graeme Elliot	Treating
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Risk Score
3 Likely	4 Severe	12 Red	2 Unlikely	8 Amber
Consequences		Current Controls		Assurance
Disruption caused by service failure leading to hardship for individuals, potential loss of business and significant reputational damage		<p>These controls are implemented to ensure that the Council is adequately prepared and able to continue providing key services in the event of an emergency situation. Through this control, the probability of the Council being unable to respond to such an emergency is reduced.</p> <ul style="list-style-type: none"> <li>- Annual review process.</li> <li>- Corporate business continuity process and procedures</li> </ul>		A CMT emergency planning exercise was conducted in October which all members of the Finance and Resources DMT attended.



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set out in emergency response toolkit.

## Sign Off and Comments

Sign Off Complete

Departmental business continuity plans have been reviewed to reflect the move to the Forum and will be monitored for on going changes.

### FR\_R01 Council Tax and Business Rates collections rates drop below budget

<b>Category:</b> Reputational	<b>Corporate Priority:</b> Dacorum Delivers	<b>Risk Owner:</b> David Skinner	<b>Portfolio Holder:</b> Graeme Elliot	<b>Tolerance:</b> Treating	
<b>Inherent Probability</b>	<b>Inherent Impact</b>	<b>Inherent Risk Score</b>	<b>Residual Probability</b>	<b>Residual Impact</b>	<b>Residual Risk Score</b>
3 Likely	2 Medium	6 Amber	3 Likely	2 Medium	6 Amber
<b>Consequences</b>		<b>Current Controls</b>		<b>Assurance</b>	
<p>Distribution of collection fund to other preceptors is based on the budgeted collection level, if collection falls short this could lead to a cashflow issue within the Council's finances. The fund distribution is balanced after the end of the financial year.</p> <p>Reputational risk if collection rate falls significantly – this could also impact on future years' council tax base leading to increased budget pressures.</p> <p>Financial risk in relation to business rate retention scheme if rates collection falls below government set baseline.</p>		<p>The following controls aim to identify as quickly as possible if the Council is falling behind on its collection rates target for the year. If a problem is identified, the Council is then able to invoke a range of options to minimise the ongoing negative impact on collection.</p> <p>Profiled monthly collection rates are monitored monthly - see KPIs RBF04 and RBF05. Reasons for variances are then investigated in order to address problems quickly as possible.</p> <p>Direct debit payment is recommended for all customers – a pre-filled instruction is sent to all non-DD payers with their annual bill or a first bill for a new taxpayer. The direct debit method reduce the risk of under-</p>		<p>The full year Council Tax Collection Rate for 2013/14 (Performance Indicator RBF05) was 97.7% against a budget of 97.5%.</p> <p>The full year Business Rates collection rate in 2014/15(Performance Indicator RBF04) was under budget at 98.1% against a target of 99%.</p> <p>Q1 Council Tax collection rates is 30.2% versus a target of 30.1%</p> <p>Q1 Business Rates collection is 30.2% versus a target of 24.8%</p> <p>Q2 Business rates collection is 52.6% achieved versus a target of 51.5%.</p>	

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<p>Page 18</p>	<p>collection because it eliminates the risk of a payer forgetting to make a monthly payment.</p> <p>There is an active programme for taking formal recovery action against non payers.</p>	<p>Council tax collection is on target at 58%.</p> <p>Q3 Business rates collection is 77.2% and is running at 0.5% ahead of target.</p> <p>Council tax collection is at 86.2% which is 0.2% off target but is a 0.1% improvement from the same period last year.</p> <p>Internal Audit have performed a routine assessment of the control environment within Council Tax collection and have given an assurance of Full/Substantial . This is a good result and has highlighted a number of minor improvements that can be made to the timeliness of some work. This does however provide assurance to members that the fundamental design and operation of the control processes are robust.</p> <p>Members can gain additional assurance from the routine Internal Audit assessment of Business Rates as being at Full/Substantial levels.</p> <p>Council tax collection for 2015/16 was 98% which is 0.3% improvement on 2014/15.</p> <p>Business rate collection was 98.3% narrowly missing the target of 99% but improving on the 2014/15 performance by 0.2%.</p> <p>Q1 Business Rates collection is 27.7% which is exactly on target and Council tax Collection is 30.4% which is 0.2% up on target.</p>
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Page 19			<p>Q2 Business Rates collection is 52.3% which is ahead of target (51.6%) and Council tax Collection is 58.2% which is 0.2% up on target.</p> <p>Q3 Business rates collection is slightly ahead of target (76.2) at 77.5%. Council tax collection is broadly on target (86%) at 86.2%.</p> <p>Internal audit have presented two reports to audit committee giving 3/4 full levels of assurance to members on Council Tax and NNDR.</p>
	<b>Sign Off and Comments</b>		
<p>Sign Off Complete</p> <p>The sustained level of performance and improved audit opinion reflects the hard work of the team at embedding performance improvements.</p>			

## FR\_R02 Delays and errors in the processing of Benefits claims

<b>Category:</b> Reputational	<b>Corporate Priority:</b> Dacorum Delivers		<b>Risk Owner:</b> David Skinner	<b>Portfolio Holder:</b> Graeme Elliot	<b>Tolerance:</b> Treating
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
4 Very Likely	3 High	12 Red	3 Likely	2 Medium	6 Amber
Consequences		Current Controls		Assurance	
This risk links to the corporate objective Dacorum Delivers, focussing on an efficient and effective council. Customers could suffer personal hardship resulting from		The controls in place aim to mitigate this risk by closely monitoring performance to assist with effective decision-making around resource allocation. This is a heavily process driven service area and close monitoring		The successful and continuously improving management of this risk can be seen in the improved performance of KPI RBF01a - Average Time Taken to Decide a New Benefit Claim.	

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delays or errors in the processing of claims.

Significant reputational risk associated with high-profile errors.

Staff time spent on addressing unnecessary errors leads to duplication of effort and is an inefficient use of resources.

Government subsidy for housing benefit expenditure is based on external audit certification of the claim made. There is financial risk if errors on cases are identified during their testing.

Communications with claimants needs to be well written and jargon-free in order to reduce the risk of repeat queries which puts pressure on limited staff resources.

also helps to identify bottle necks in the process which need to be improved to optimise performance. By subjecting the process to this regular in-depth scrutiny the Service is able to reduce the probability of the risk crystallising, hence the reduction between the Inherent Risk score (4) and the Residual Risk score (2) after the controls have been taken into account.

Quality checking and individual performance management is in place. These mean that each officer has targets for their personal productivity and accuracy, and information from quality checks is fed back in order to sustain improvement.

Average time taken for processing new claims and changes in circumstances forms part of monthly monitoring.

Processes are in place to expedite cases where the customer is vulnerable or facing eviction. These processes start when a case is identified within benefits, or by customer services, homelessness, housing etc.

Monthly meetings are held between senior officers within Finance & Resources to monitor detailed performance levels at each stage of the claims process.

This enables intermediary targets to be set for discrete elements of the process, which in turn enables the more effective monitoring which has resulted in significantly

Performance for the full year 14/15 was 22.9 days, which was within the target of 23 days for the first time.

This represents an improvement of 4.5 days over the 27.4 days average in 2014/15, and an improvement of 9.9 days against the 12/13 result of 32.8 days.

It should be noted that these improvements have been achieved without additional resource. It has purely been the result of improved process design and increased efficiency.

Average time taken to decide a new claim for Housing benefit is 22.7 days versus a target of 23. This is the first quarter since the same period last year where the target has been met.

Average time taken to decide a change event in Housing Benefit is at 12.3 days versus a target of 13.0.

Q2 performance has been very good in relation to new claims. The team have achieved 19.6 days versus a target of 23 days.

Q3 performance has been very good. New claims are now being processed within 17.4 days versus a target of 23 days. This is an improvement of 9.2 days on the same period last year and 2.2 days improvement on the previous quarter.

The average time taken to decide on a change event in

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<p>Page 21</p>	<p>improved performance over the last 6 months.</p>	<p>Housing benefit is 10.8 days versus a target of 13 days. This is an improvement of 5.6 days on the same period last year and an improvement of 1.5 days on the previous quarter in this year.</p> <p>Q4 performance has been very good. New claims are now being processed within 18.4 days versus a target of 23 days. This is an improvement of 6.2 days on the same period last year.</p> <p>The average time taken to decide on a change event in Housing benefit is 4.9 days versus a target of 13 days. This is an improvement of 2.2 days on the same period last year and an improvement of 5.9 days on the previous quarter in this year. This reflects the inclusion of calculations relating to annual benefit uprating and rent changes but is still better than last year when similar changes occurred.</p> <p>Q1 performance for the average time taken to decide a new claim for Housing Benefit is 20.8 days versus a target of 20 days. This is still 1.9 days better than the same point last year.</p> <p>The average time taken to decide a change event is 8 days versus a target of 11.5 and is 4.3 days better than the same point last year.</p> <p>Q2 performance for the average time taken to decide a new claim for Housing Benefit is 17.4 days versus a target of 20 days. This is an improvement of 2.2 days on</p>
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		<p>the same point last year. The average time taken to decide a change event is 9.9 days versus a target of 11.5 and is 5.4 days better than the same point last year.</p> <p>Q3 performance for the average time taken to decide a new claim has improved to 15.3 days against a target of 20 days. This is an improvement of 2.1 days on the previous quarter.</p> <p>The average time taken to decide a change event is 9.3 days against a target of 11.5 days. This shows an improvement of 0.6 days on the previous quarter.</p>
<b>Sign Off and Comments</b>		
<p>Sign Off Complete</p> <p>The sustained improvement is positive to see despite a number of vacancies.</p>		

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