

APPENDIX C

FINANCE

Portfolio Holder Statement Update – Mid Year

Issues to discuss this time

- 1. What have the measures in the Portfolio Holder Statement been telling you about how things are going in service during 2014/15?**

Council Tax Correspondence

There continues to be a backlog in the processing of council tax correspondence. The delay in processing items peaked at 45 days (as measured by the oldest item of correspondence waiting processing) in May of this year.

Numbers of correspondence have increased from 60,000 in 2010/11 to a projected 70,000 in 2014/15. These increases have been partly as a result of:-

- The increase in the private rental market
- The increased number of new properties
- The increase in students at Warwick University, many of whom live in the District.

The changes to council tax discounts have also increased the workload of the council tax Team as “void” period was reduced from 6 months to 1 month meaning there is greater work in billing the responsible person.

Actions taken to reduce the backlog include:-

- Introduce new “generic” job descriptions for new revenues officers to enable more flexible working between council tax and business rates work.
- Buy in additional support for a limited period under a framework to help to clear the backlog, whilst the council tax team concentrate on the more recent correspondence.

- The Customer Service Centre have had an over reliance of support from the Council tax staff as they have struggled with high turnover of staff and inadequate training of the staff. In attempt to lessen the effects of this arrangements have been put in place to stipulate that the 'back office' can only be contacted between 10-4 to allow 'quiet' periods at the beginning and end of the day when phones do not distract staff.

As a result of these actions, the processing delay reduced to 23 days by the end of September, although it has subsequently risen to 27 days by the end of October. Without the additional support "bought in", the team are struggling to keep on top of the workload. The team administering council tax is 11, which is 2 smaller than in 2009, despite the increase in work as detailed above. With the increase in properties expected to increase further as a result of the Local Plan, further consideration is being given to justifying increasing the size of the council tax team.

2. Which measures have been of particular interest or concern during the period and what have you learnt about your systems from these measures?

Business Rates Retention

The Business Rates Retention scheme introduced in April 2013 enables local authorities to benefit from any uplift in the local business rate base. However, local authorities also share the risk of any reduction. The total Rateable Value for Business Rates is being closely monitored. Historically the local base has had slow, but steady growth. During 2013/14 it continued to grow, increasing the total rateable value by £2.5m to £165.8m. During 2014/15, to the end of October, the total rateable value decreased by £2.6m. This reduction is due backdated appeals being agreed and temporarily reduced assessments for the business affected by the road works at Toll Bar Island.

In January 2014 the Council's estimate of Business Rates for 2014/15 suggested the Council would retain £5.7m in business rates for the year, this being the "NNDR1" figure which was submitted to Central Government. Soon after this estimate was submitted, details of substantial appeals outstanding were received and temporarily reduced assessments for the business affected by the road works at Toll Bar Island. These were allowed for in the Council's Business Rates estimate used in the agreed Budget, giving a prudent figure of £3.7m.

Clarification of the accounting arrangements for business rates have confirmed that within the Council's accounts for 2014/15, it is the NNDR1 figure that must be credited to the General Fund, even though this will not be the amount due or collected. To be prudent it is intended that any "overstated" business rates should be allocated to the Council's Business Rates Volatility Reserve. The balance of this return will then be used in subsequent years to smooth out any increases and decreases in future business rates.

There is now far greater understanding about the accounting for business rates. Also, officers are working to understand and monitor changes to business rates and the impact of developments.

3. What have you done to date as a result of learning from these measures?

Council Tax and Business Rates collection rates

Council Tax and Business Rates collection rates for the first 6 months of the year are shown below:-

	Council Tax	Business Rates
30 September 2013	57.44%	56.95%
30 September 2014	57.10%	55.18%

Council tax is marginally reduced, with a larger reduction for business rates. In both cases, there continues to be a shift to paying by 12 instalments in place of 10 which does impact upon the collection rate. Business rates collection rates can be more volatile due to the impact that individual large businesses may have. The introduction of the amended Council Tax Reduction Scheme from 1 April 2014, whereby all council tax reduction claimants are required to pay a minimum of 7.5% of their council tax liability may also have had some impact on the collection rate although the evidence to date suggests this impact has not been great.

Ahead of sending formal reminders, we are piloting sending text reminders. Evidence elsewhere is that these have been effective in encouraging customers to make the payments outstanding, and so avoiding the additional costs of sending formal reminders.

4. What has been the impact of what you have done to date?

Transaction Processing

Since the new FSTeam was formed within Finance, they have been actively helping to streamline transaction processing (order, creditor invoices, debtor invoices), and reduce the numbers thereof. The initiatives being taken to reduce the numbers of transactions include:-

- Order processing training (rolled out across the authority)
- Use of purchasing cards
- Consolidation of invoices
- Use of suppliers' on-line invoicing systems

For the 12 months to 31 March 2014, there were 35,800 transactions. For the 12 months to 30 September 2014 this has reduced to 34,800. This overall reduction has been achieved despite increases in transaction necessary in some areas (e.g. Warwick Response debtor invoices). It is believed that further reductions in transaction numbers should be possible.

We are seeking to bring in "auto-matching" for the payment of creditor invoices. Assuming an order has been placed on the system, and has been shown to be "delivered", the invoice will be scanned into the system; if its details (supplier, order number, quantity, price etc) match the details on the order, the invoice will automatically be processed for payment. Progress on this project cannot start until after the imminent migration of the Financial Management System to a new server and an upgrade to the system. We are anticipating that feasibility for auto scanning will commence towards the end of 2014/15.

5. What else do you plan to do as a result of learning from these measures?

Procurement

Procurement has continued to be a key management issue for the first 6 months of the year. This follows the report to March 2014 Executive which highlighted failings within procurement practices in specifically one department and across the Council. With the Procurement Team in place during 2013, this has presented an opportunity to review the Council's approach to procurement.

Alongside many actions progressed as part of the actions in the March Executive report, the Code of Procurement has been reviewed (with the intention that it will be considered by December 2014 Executive for approval by January 2015

Council). The new draft Code reflects a more centralised approach, with the Procurement Team being more directly involved in most procurement/tendering processes. This has been closely aligned to the Code of Financial Practice. This is turn will be updated early in 2015, and amongst other things will strengthen adherence to both Codes of Practice.

The Council's Contract Register has had a thorough review by all departments to ensure that it is up to date and complete. A further analysis is now on-going across the Council to consider the contractual arrangements under which all suppliers are being paid, and whether further contracts and tenders need to be arranged.

Based on this work on-going, the future work demands of the Procurement Team's Resources are being assessed to confirm whether there are additional and whether there is a need for these to be increased.

6. Of your key projects (as identified in your portfolio holder statement) how many are on track in line with the original milestones? Of those that are not on track please indicate what the revised dates are.

Project Name	Main lead area	Update	Revised Milestone
Bank Tender - Tender for the Council's main banking services and implement change to new provider if necessary.	Accountancy	Tender process completed, contract being awarded ahead of commencement in February.	
Fees and Charges Review – Review analysis of recent discretionary fees and charges review of local district councils to feed in to the fees and charges setting for 2015.	Accountancy	Details considered with Head of Service and included within October Fees and Charges report to Executive.	
Concurrent Services – Review scheme.	Accountancy	Considered by CMT/Finance Portfolio Holder.	To be considered 2015/16.
Implement On-Line Returns as part of income management.	Accountancy	Delays with supplier and testing. Despite constant progressing and chasing, the suppliers have yet to provide the standard of service promised. Further issues are arising and implications are being assessed w/c 17/11/14.	To be completed by 31 March 2015.
Review accountancy support for Housing & Property Services	Accountancy	Accountancy/Housing & Property Services discussing requirements.	Requirements to be confirmed January 2015.

Project Name	Main lead area	Update	Revised Milestone
Investigation Procedures/Manual – develop to aid future investigations.	Audit & Risk		Work scheduled for January 2015.
Review and update Code of Corporate Governance	Audit & Risk	Due to commence following completion of Certificate in corporate Governance training by Audit & Risk Manager.	Work due to commence December 2015
Risk Management Intranet Page - to be developed.	Audit & Risk	Details prepared, awaiting launch of new intranet	2015
Council Tax Reduction Scheme - Review scheme, including consideration of a banded scheme from 2016/17.	Benefits	Other work priorities and changes within the Benefits section	By March 2015
Risk Based Benefits/Council Tax Reduction - Feasibility work on carrying out Risk Based assessments, using appropriate software/system.	Benefits	Following Council Agreement to Risk Based Verification, E-forms module of system to be acquired and installed as a project.	E-forms to be live by March 2015
Single Fraud Investigation Service – prepare for new service and consider Council's residual requirements of anti-fraud work.	Benefits	New Corporate Fraud post agreed by Employment Committee, going through recruitment process.	Target to have new officer in post by February 2015.
Transactions Review - Further work to reduce and streamline transaction processing. The feasibility of auto-scanning/processing creditor invoices will be undertaken.	Exchequer	Work on-going, see narrative above.	

Project Name	Main lead area	Update	Revised Milestone
Code of Financial Practice – Roll out training.	Head of Finance	E-learning ready to roll-out. With ICT to finalise system approach.	Staged rollout commence November 2014, completion February 2015.
Progress Recommendations from March 2014 H&PS report relating to procurement.	Head of Finance	Report issued to November 2014 Executive.	Further update report due March 2015.
Procurement training - assess training needs across the Council and arrange appropriate training.	Procurement	Procurement Manager working with HR to arrange supplier.	Training to be in place and rollout start by March 2015
Code of Procurement Practice - Review and update Code and all associated procurement documentation in line with new EU Regs, the Social Value Act, the Council's business requirements and the needs of suppliers, considering apprenticeships and local labour clause.	Procurement	Updated Code due to be presented to December 2014 Executive.	

7. Does your Service Area Plan/Portfolio Holder Statement need to be amended? If so, please describe the changes.

Milestones to be amended as in section 6.

Other specific Service issues of note are detailed below

Insurance and Risk Management

The annual inflation of building sums insured combined with revaluation work carried out earlier in the year has resulted in an increase in HRA property sums insured of approximately 50%. This is reflected in an increase in premiums payable for this cover of approximately £45,000. Taken overall, with relatively small increases and decreases in respect of other types of insurance including General Property, Liability and Fidelity Guarantee, the total annual cost of insurance is projected to increase by approximately £56,000.

A report is due to be presented to the Senior Management Team on the insurance renewals process and who it closely ties in to the need for management of the risks associated with their service and the risk register reviews. The programme of review of Service risk registers by Finance & Audit Scrutiny Committee continues to be a significant tool for improving risk management throughout the organisation.

VAT Inspection

A recent HMRC VAT inspection highlighted some significant concerns. The most notable of these is in respect of correct treatment of VAT when raising invoices to our customers. To improve future practice, it is planned to provide Debtors training. There will be 2 milestones- 1. Prepare Training Package by March 2015 (if not before) and 2, Roll out Training to all staff who raise Debtors and Managers who hold Income Budgets by October 2015.

8. Customer Measures

The Customer Measures included in the Service Plan that have been used during the year are shown overleaf.

Customer Measures – those important to the people/organisations who use our services

Note : these measures should be used on a daily, weekly or monthly basis to identify the impact of interventions in the system and to plan future interventions. Interventions may be very small adjustments to resources, or may involve transformational change

	04	05	06	07	08	09	10	11	12	01	02	03
Average number of days from receipt of all information to determine new benefit/reduction claims.	12	8	7	7	6	7						
Prompt payment of invoices within agreed payment terms	98.3 8%	98.2 0%	99.05 %	99.58 %	99.30 %	99.4 1%						
Unqualified audit statement on Statement of Accounts	See Note 1											
Efficient and timely CT processing (age of oldest item) Days	44	45	30	35	40	23						
Efficient and timely NNDR processing	6	5	7	9	13	9						
Average number of days from receipt of all information to determine changes to benefit/reduction claims.	11	8	10	7	5	5						
Timely and informed Budget and Financial Forecasts	See Note 2											
Number of Benefits/Revenues calls to Customer Service Centre.	4,6 38	3,9 34	3,66 2	3,84 4	2,79 1	3,6 13						

Notes

- 1 Unqualified audit statement issued on accounts and reported to members ahead of 30 September deadline.
- 2 Budget Review reports issued to Senior Management Team, and Executive (June and September) in accordance with planned monitoring.