

Overview and Scrutiny Committee 31 October 2017

Finance

Service Area Plan Performance 2017/18

1. Background

The customers of Finance can be broadly categorised in three ways:-

Corporate/Strategic

Finance is responsible for managing the Council's overall finances. This includes maintaining the Medium Term Financial Strategy, Budget setting and monitoring expenditure/income against Budget.

External customers

These customers include all those responsible for the payment of council tax and business rates, for which there are approximately 63,000 and 5,000 respective properties (as at October 2017). Housing Benefit claimants currently total 5,900 (value £28.6m pa), with there being 6,654 (value £6m pa) households in receipt of Council Tax Reduction (previously council tax benefit).

Finance also administers the Rural and Urban Capital Initiative Scheme for which for which there is a budget of £150,000 for new grants to be awarded in 2017/18.

Internal customers

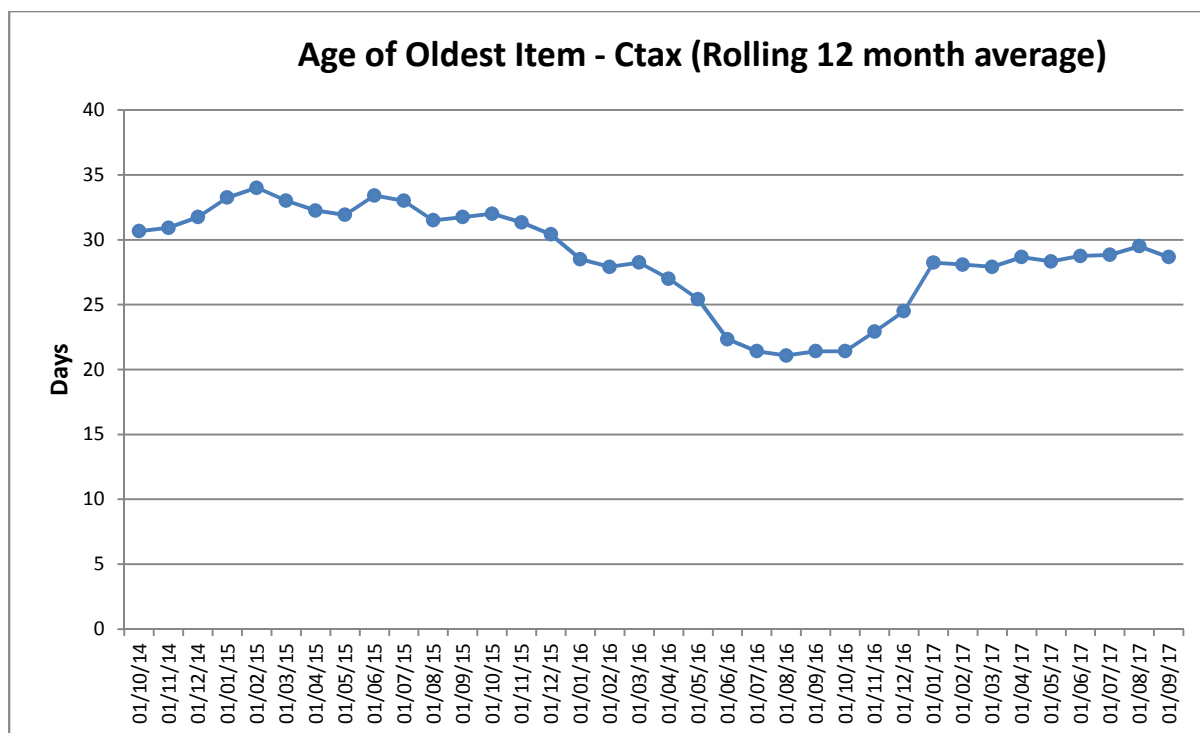
Much of Finance is a support service, primarily providing services to the Council's officers and councillors. The services here include:-

- Accountancy (including Budgeting and Treasury Management)
- Internal Audit and Risk
- Procurement
- Payments and sundry debtors

2. Performance

Council Tax/Business Rates

The processing time for council tax correspondence has improved in the current year from 24 days in March to 20 for September. Whilst there is some annual seasonality in these figures, this represents a significant improvement compared to the peak of 48 days in June 2015, and 30 days in September last year. Recent staff turnover has impacted upon the service in recent months. The position for the last three years is shown in the chart below:-



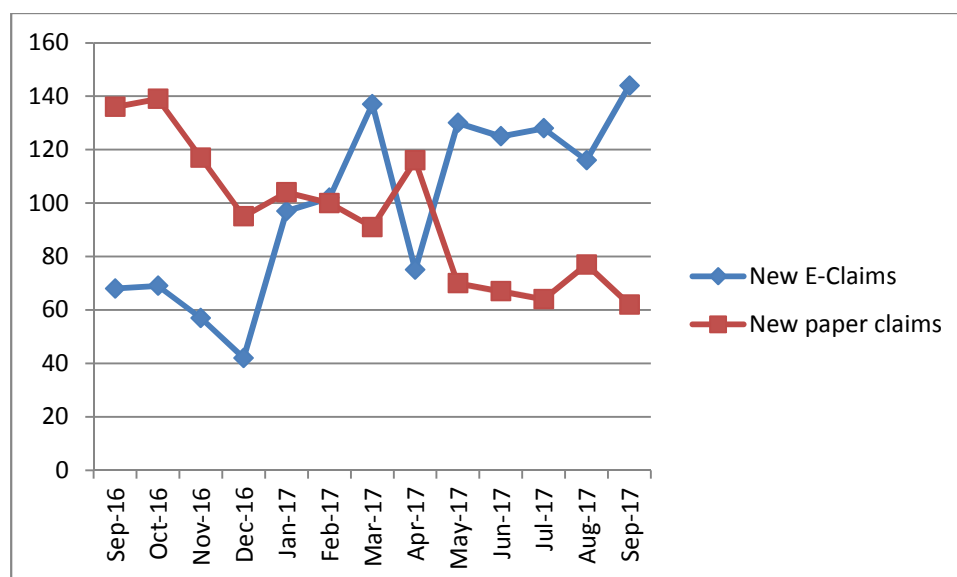
The improvement reflects the dedication of the team and the many initiatives. These include:-

- The work piloting the move to generic working within Council Tax/Business Rates has helped to reduce processing times. A formal staffing review is in progress with a view to formalising these arrangements. This is due to be reported to Employment Committee in January.
- Staff doing some weekend and out of hours working
- Changing the way we process the work queue to minimise repeat callers
- The Customer Service Team, who provide a more specialised service and provide processing support during quiet times.
- In line with the Digital by Design agenda, a project is underway to provide residents with the ability to "self serve" in respect of their council tax account. Open Channel will enable customers to complete and submit a series of on line forms to inform the Council of a property move which will, subject to data validation, automatically update the account without the need for back office intervention. This project is planned to be live by December 2017. It is not expected that this service will have an instant impact on the workload of the Service, but as the number of properties in the District continues to grow over future years and customers increasing expect to be able to self-serve, Open Channel will increase the processing capacity of the service.

Housing Benefits/Council Tax Reduction

The introduction of "E-Forms" for new housing benefit/council tax reduction claims and notification of changes in circumstances has proved a success. The table below shows the proportion of new claims now being received electronically.

New Benefits Claims



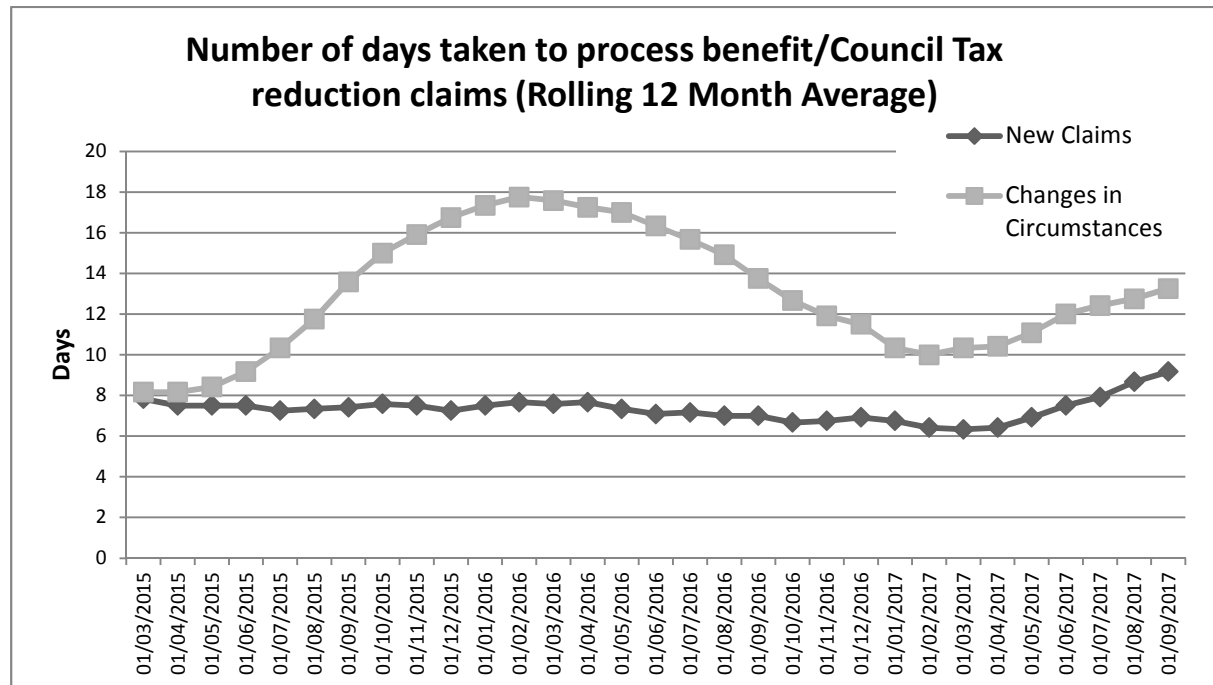
There are many benefits associated with the process, for the customer and the Council:-

- The system tells the claimant what specific documentation is required to support the claim, and how this is to be provided.
- Claims are quicker to submit.
- There is no scanning required of the claim.
- Data entry is greatly reduced.
- With claims being more complete, the requests for further information from claimants are greatly reduced.
- Claims are processed and benefit awarded much faster.

These improvements all amount to improved customer service and efficiencies for the Council. Greater promotion of the E-forms is planned, along with more training to ensure that Reception/One Stop Shop staff actively encourage on-line claims. With the review of Front Line staff and One-Stop Shops currently underway, it is planned that staff will be more enabled to assist customers to "self-serve". With Universal Credit due to be rolled out from June 2018, the Council will have a responsibility to assist applicants to apply to DWP for Universal Credit.

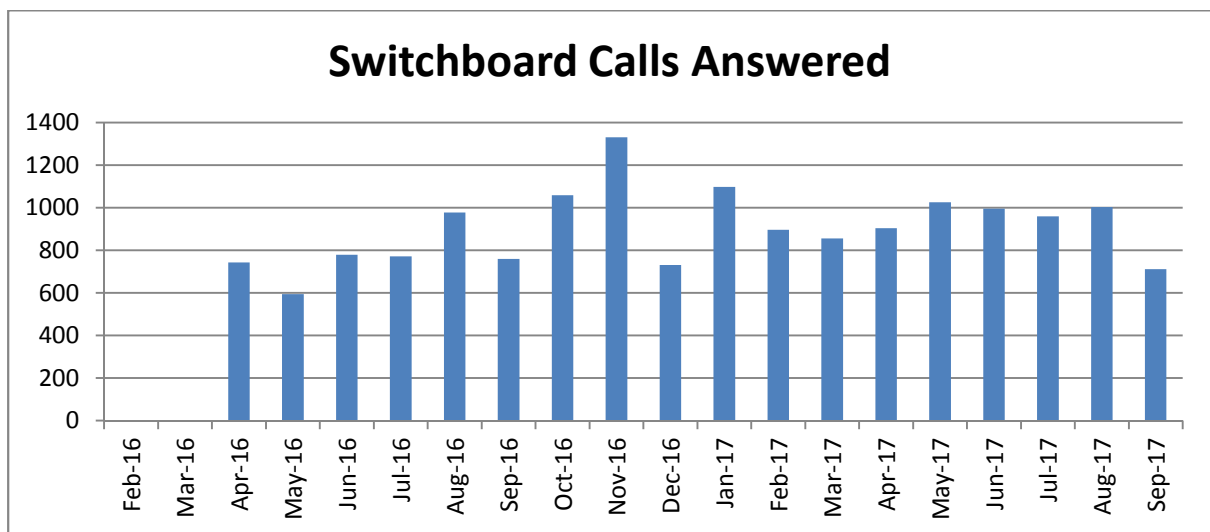
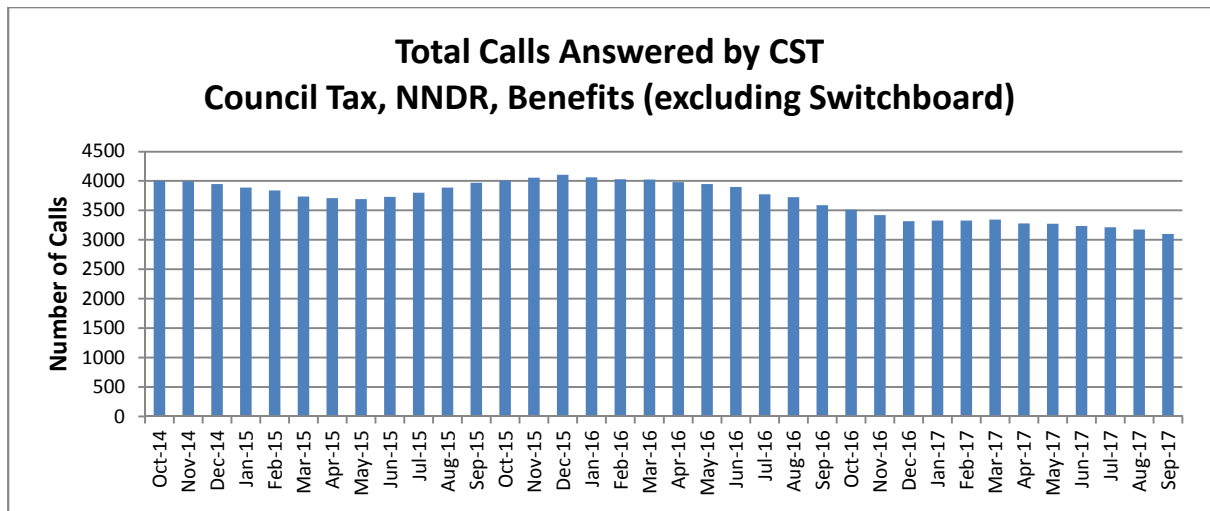
The time taken to process benefits claims is actively monitored as shown below. The recent increases in processing time have again resulted from staff turnover.

Following a recruitment campaign, several new appointments have been made, with these new members of staff currently undergoing an intensive training process. In addition, over the last year, the amount of work on current claims has increased as there have been more referrals from DWP under the Real Time Information initiative. These are up to 500 a month.



Customer Service Team

The Customer Service Team process Benefits and Revenues. Whilst all calls should be to direct dial numbers, there are still an increasing number of calls that are received on the switchboard number. The Customer Services Team manage these calls on behalf of the Council. It was originally envisaged that these calls would be very few in number. However, they continue to average 200 per week. As the team were not resourced for these calls, these calls are impacting on the overall performance of the team, so reducing their ability to deal with Revenues and Benefits Calls. Discussions have been held with the Senior Management Team to ensure that customers do not resort to the switchboard number and that calls are being answered by the correct team as first point of contact. Also, a trial is to be undertaken imminently for selected other services areas to help with the switchboard calls.



Accountancy

The 2016/17 Statement of Accounts was signed off by the external auditor in August. This was one month earlier than previously. From 2017/18, the accounts must be signed off by 31 July. The intention was to pilot early closure this year so as to meet that date. Whilst the end of July target was missed, the auditors would have been ready to sign off in early August. The action plan coming out of the 2016/17 audit is being agreed with the auditors so as to ensure a smooth closure of accounts and audit for 2017/18, along with meeting the new deadline. This will entail changes to some processes and procedures, and not just doing the same tasks faster. A meeting has been arranged with External Audit on 30th October to discuss the issues coming out of the Audit and how things can be improved for 2017/18.

The Contract for the Financial Management System has been extended under an Exemption to the Procurement Code of Practice. Whilst not incorporated into the

2017/18 Service Plan, initial scoping work is being undertaken, with a view to building this into the 2 subsequent years' Service Plans.

Internal Audit and Risk

By the end of September 2017 eleven reviews had been completed by Internal Audit. This will be reported to Finance & Audit Scrutiny Committee on 28 November 2017 as part of the quarterly audit plan progress reporting.

Following on from the external review of Internal Audit to comply with the Public Sector Internal Audit Standards, the action plan of improvements was reported to Finance & Audit Scrutiny Committee in June 2016. In addition a review of Risk Management across the organisation was undertaken by Zurich Insurance. With regard to the former all actions have been completed, substantially in 2016/17, whilst in the case of the latter two actions remain for 2017/18 and are therefore included within the Finance Service Area Plan for 2017/18.

Procurement

The new Procurement Team has continued to strive to embed good procurement practices across the authority whilst providing support to procurement projects. The Code of Procurement Practice has been reviewed, and is due to be considered at a future Executive meeting. Many guides and supporting documents have been produced to support officers in procuring goods and services.

There has continued to be much emphasis on further procurement training, both in formal and one to one sessions. In addition, all Council managers were party to a recent Managers Forum session considering procurement. Contract Management training is also being arranged. A report was presented to Finance and Audit Scrutiny Committee in September on the half year update on the Procurement Action Plan.

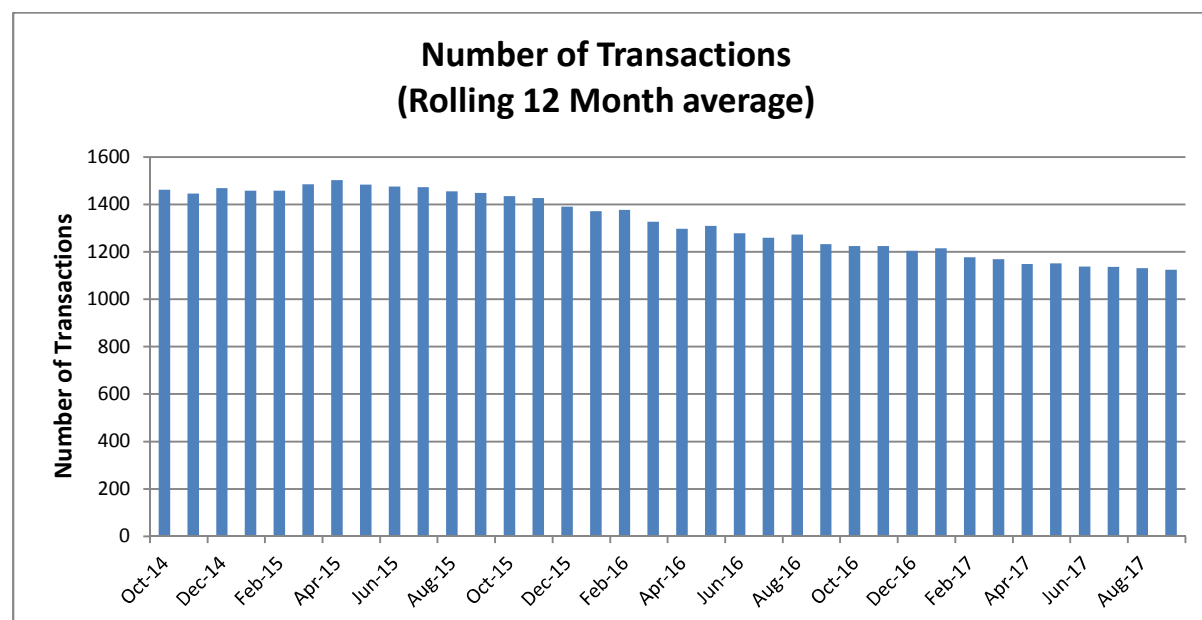
The Procurement Team recently won a national award from the Federation of Small Businesses for having the best "Small Business Friendly" Procurement Policy. The team continue to work with small and local business to seek to support them in tendering for contracts with the Council.

Procurement Training Members

An Elected Members Procurement training event will be held at the Town Hall - Council Chamber on Monday 6th November 2017 18.00 hours. This training is aimed at all Elected Members to raise awareness of the Procurement Process/ This has particular relevance to Finance and Audit Scrutiny Committee, but is also relevant to all members.

Financial Services Team

The Financial Services Team are responsible for processing the Council's payments and the collection of sundry debts. The numbers of transactions (invoices paid and orders raised) are shown below.



The team continue to introduce efficiencies so as to reduce the numbers of transactions to be processed, as can be seen from the chart. The initiatives include:-

- Consolidated billing
- Annual orders
- Use of procurement cards
- Collaborative procurement and contracts

3. Risks

The Finance Risk Register has continued to be reviewed throughout the year, and is due to be presented to Finance & Audit in 2018. There are no risks that score in the "red". Risks are regularly considered at Finance Management Team meetings, and the register is also reviewed quarterly in conjunction with the Finance Portfolio Holder.

4. Workforce Planning

Within the Exchequer Team, there is a continued move towards greater generic working. This will give staff greater flexibility to move on both council tax and business rates work. This has been piloted for over a year and is now planned to be rolled out to all officers. This is subject to a broader staffing review due to be presented to Employment Committee in January.

The Procurement Team has struggled to appoint to the three year Procurement Officer post. Consequently, with the forthcoming retirement of the Procurement Manager, a review of the Procurement function has taken place. The conclusions of this are currently being considered, along with potential increased collaborative inter-local authority working.

Following the retirement of a Principal Accountant, a replacement started in August. Vicki Forrester from Warwickshire County Council joined the Team on 7th August. The key components of her job are the Treasury Management System and Capital Accounting.

Some functions within Finance have been subject to substantial staff turnover in recent years, whilst others have continued to have a very stable workforce. In all cases workforce planning is a priority so as to seek to ensure staff are trained and able to progress as opportunities arise. In doing so, we seek to ensure continued quality service provision and enable staff to progress.

5. Budget

The Finance budget for 2017/18 includes the Council-wide 1% reduction to discretionary budgets. There is also an assumed £50,000 additional investment interest included from the use of alternative investment vehicles.

In view of the continuing low investment interest returns, the 2016/17 Treasury Management Strategy included Equity Funds as a new investment instrument with the aim of getting an increased return on some of the Council's investment portfolio whilst protecting the Council's investment. Following an appointment, two fund managers were appointed in March, with £3m paid into each fund in April. These investments need to be regarded as long term investments since the returns may be somewhat erratic in the short term.

In terms of the overall Council Budget, the Accountancy Team actively works with Budget Managers across the Council to review the current year expenditure and income and that for future years. In addition, the medium term financial strategy is maintained and updated – this driving the Council's overall finances. The Medium Term Financial Strategy (MTFS) is an intrinsic part of the Council's overall planning. Since 2010, the Council has seen reductions of over £7m to its external financial support (primarily Revenue Support Grant), but has been able to maintain services in this period, whilst holding the level of council tax at the same for many years. The MTFS (as reported to Executive in August 2017), and the assumptions behind it, show that further savings of £400k need to be made by 2022/23. Outside of the agreed Budget and MTFS, the Council faces additional costs in maintaining its assets in the future so as to maintain its services into the future; many of these costs still need to be funded. The team constantly monitors the savings required, and the profile behind it, utilising internal and external income. With significant uncertainty over the future of New Homes Bonus, and proposed changes to Business Rate Retention, it is vital that

prudent assumptions are maintained, whilst the Council endeavours to build up reserves for any future volatility.

Following on from the 2015/16 surplus, there has continued to be tighter monitoring of significant income budgets such as planning fees, parking and cremations. These budgets can be difficult to forecast, which has led to some overly cautious forecasting in recent years. Whilst the surplus was greatly reduced, monitoring of these budgets is continuing to be refined, with accountants and budget managers working closely together to ensure the correct level of core income is reflected in the Medium Term Financial Strategy.

Finance Service Plan 2017/18

Planned Changes, Major Workstreams and Projects

| Change/Project | Milestones |
|---|--|
| Early Closure of Accounts – for 2016/17 inc de-cluttering, improved electronic WPs, planning for 2018/19 closedown. | Audited Statement of Accounts approved by Finance and Audit Scrutiny Committee 30th August 2017. Post Mortem Meeting with External Audit 30th October 2017 Further Milestones to be determined after Review meeting |
| Re-write HRA Business Plan Model | Established that this is not required |
| Budget Review – increase engagement across all Services | Ongoing each month – improved reporting Comparison to Final Accounts |
| Revenues Visiting Officer mobilisation | Initial in-house ICT development phase 1– November 2017 Testing, training and implementation phase 1– Jan 2018 Phase 2 Development and Implementation June 2018 |
| Universal Credit – prepare for June 2018 rollout to new working age housing benefits claimants. | Planned restructure of service should make the service more responsive to the changed requirements. |
| Auto-matching for Creditor invoices – implement across Council | Testing and training for auto-clearing of invoices – Nov/Dec 2017 Implementation – Jan 2018 |
| Council Tax “Self Serve” (Open Channel) module | Customisation of online forms – Oct/Nov 2017 Testing and training of new processes – Nov 2017 First on-line form to go Live – Dec 2017 |
| Total (Financial Management System) Upgrade | Upgrade to go Live – Oct 2017 |
| Progress actions from January 2016 Risk Management Review | All actions that were scheduled for 2016/17 have been completed. The two remaining ones, scheduled for 2017/18, are as follows: Consider whether some of the principles applied to contract risk management can be applied equally to partnerships – by March 2018 |

| Change/Project | Milestones |
|--|--|
| | Review the criteria for evaluating project risks to make it more specific to time, cost and quality of delivery – by March 2018 |
| Progress actions from April 2016 Internal Audit Review | Completed, mostly in 2016/17. |
| Review of Procurement function. | November 2017 |
| Enhance use being made of Intend system for reports etc to assist procurement process. | September 2017 |
| Updated Code of Procurement Practice and Procurement Strategy – rollout across organisation. | Updated Code of Procurement Practice- April 2018 Procurement Strategy – rollout across organisation – December 2017 |
| Review Contract storage | September 2017 & ongoing |
| Contract Register – review with ICT format held, how shared and accessed. | December 2017 |
| Review Support Service provision to make savings from Service in line with Medium Term Financial Strategy. | Savings mostly achieved, as to be reported as part of Base Budget in November. Some savings will not be achievable, primarily in respect of Internal Audit where the original figures were overstated. |