
Quarterly Performance Report – Finance

Report Author Head of Finance
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Report Period Quarter 2: 1st July 2012 to 30th September 2012

Introduction

The report is produced on a quarterly basis and provided to Cabinet members for review and assurance and will be available for Overview and Scrutiny Committees as part of their Forward Work Programmes.

The report consists of an overview of the key messages to highlight across all work streams in Finance, which is followed by highlights from each service area. Parts 2 and 3 of the report include an assessment of performance over the year from the following sources:

- Improvement Plan Monitoring
- Strategic Assessment of Risks and Challenges
- Performance Indicators and Outcome Measures
- Improvement Target Action Plan Monitoring
- Key Actions from Service Plan Monitoring
- Internal and external regulatory reports
- Customer satisfaction and feedback
- Awards and accreditations
- Resource Management (HR, ICT, Finance, Assets)

1. Foreword

Work continues across the Finance Division to modernise processes, develop systems and improve performance. Overall, performance in quarter 2 has been pleasing; good progress has been made in a number of key areas, and where performance has fallen below target actions are in place to secure improvements going forward.

Report highlights for this quarter are the following items:

Performance	Of the 3 key performance indicators over which Finance has complete control two met the target for the quarter, with a green RAG status and one (CFH/006) missed the target - see section 3.1 for commentary.
Flintshire Futures	Following the Leadership sessions that took place earlier this year, the Corporate Change sub-programme was split further into 5 work streams, 1 of which is the Finance work stream. The Finance work stream has been set up with 4 goals / milestones: <ul style="list-style-type: none">• New ways of funding key capital priorities• Improving the efficiency and cost effectiveness of internal processes• Stretching the existing finance programmes, Invest to save, Income maximisation, Corporate Debt• Developing a Value For Money approach During the quarter work begun in assessing and planning the work that needs to be done to achieve these goals / milestones.
Finance Function Review	The Review has been in the final phase for some time with employees assimilated to posts (subject to job evaluation) having been completed some months ago. During the quarter job evaluation scores were released to the Head of Finance and a number of management led appeals were submitted. The results, following appeals, will be released to staff in October along with an implementation date for the review.

Other highlights by service area are as follows: -

Corporate Finance	<p>Quarter 2 saw the final audited version of the Statement of Accounts 2011/12 being presented to the Audit Committee and subsequently approved by the Council. The Accounts have now been published and are available on the website.</p> <p>The Treasury Management Mid Year report for 2012/13 was approved by the Audit Committee on the 25th September, progression of which to be reported to Cabinet and Council 16th October and 13th November.</p> <p>Attention during the quarter turned towards developing and updating the Medium Term Financial Plan 2013/14 – 2017/18, and preparations begun for balancing and setting the 2013/14 revenue budget and 10 year Capital Strategy. Notification of funding from Welsh Government will be received in Q3 through the Welsh Local Government Settlement with initial budget proposals for 2013/14 planned for Cabinet in December.</p>
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	<p>Corporate Finance continues to provide significant support to the Single Status and Equal Pay Project through financial modelling of data and advising on the affordability strategy.</p>
Revenues & Benefits	<p>The Revenues and Benefits Service are maintaining performance. During quarter 1 and quarter 2 the Revenues Service has been piloting Agile and Home working which has proved to be effective. This will be extended to the Benefits Service in quarter 3 and will assist with plans to reduce office accommodation.</p> <p>Revenues and Benefits Services have been working on the Welfare Reform project which will change the amount of financial support given to council tax payers. This will adversely affect council tax collection rates in 2013/14. Work has begun to determine the effect on the Council's finances and what the extent of the reduction will mean for individuals affected.</p> <p>The Revenues Service commenced a project to improve the Council's Cash Receipting System. This will ensure that the authority complies with banking standards and will enable payments to be taken through 'Service Pay' which enables payment in advance for goods and services over the web. The project is due to be completed by March 2013.</p>
Internal Audit	<p>The performance of Internal Audit is reported to the Audit Committee on a quarterly basis.</p>
Clwyd Pension Fund	<p>The performance of the Clwyd Pension Fund is reported to the Pension Panel, consisting of elected members from Flintshire CC, Denbighshire CC and Wrexham CBC and staff/union observers, on a quarterly basis and can be found at www.clwydpensionfund.org.uk</p>

2. Performance Summary

2.1 Improvement Plan Monitoring

The following table summarises the progress made to date and progress against the desired outcome of the Council Improvement Priorities on which the Finance Division lead.









KEYS

Progress RAG

R	Limited Progress - delay in scheduled activity; not on track
A	Satisfactory Progress - some delay in scheduled activity, but broadly on track
G	Good Progress - activities completed on schedule, on track

Outcome RAG




R	Low - lower level of confidence in the achievement of outcome(s)
A	Medium - uncertain level of confidence in the achievement of the outcome(s)
G	High - full confidence in the achievement of the outcome(s)

Council Priority	Target Date	Progress RAG	Outcome RAG	Commentary
1. To be a modern, efficient and cost effective public organisation through our four resource strategies - the Medium Term Financial Strategy, the People Strategy, the Asset Management Strategy and the ICT Strategy - whilst ensuring our local taxes and fees and charges are fair and affordable				
1.2 To adopt an accurate forecasting model for finances and costs for the medium term.	Sept 2011			Completed but subject to ongoing refinement and development
1.3 To reduce asset costs and maximise income and receipts	December 2016			On track
1.4 To adopt a corporate fees and charges / income maximisation policy and undertake a review of fees and charges and maximise income	March 2013			See section 3.1
6. To protect and grow the local and regional economy, to be a prosperous County and to provide help and support for those vulnerable to poverty.				
6.11 Develop a strategy to manage the impacts of Welfare Reform	October 2013			See section 3.2

2.2 Strategic Assessment of Risks and Challenges (SARC)







The table below summarises the position of SARCs at the end of the reporting period.

KEY

	High Risk
	Medium Risk
	Low Risk

Commentary is included in section 3 for those SARCS: -

- that are showing a Red RAG status
- where the RAG status has changed since the last reporting period
- where the Green Predictive Date has changed since the last reporting period
- where there has been considerable change or additions of secondary risks and activity

SARC	Previous RAG Status	Current RAG Status	Green Predictive	Commentary
CG06 Medium Term Financial Strategy			TBC	
CG07 Financial Management & Control			TBC	
CD38 Welfare Reform			TBC	See section 3.2

2.3.1 Performance Indicators and Outcome Measures






Key

R	Target missed
A	Target missed but within an acceptable level
G	Target achieved or exceeded

The status of the indicators are summarised for this quarter below:



Graphs and commentary are included section 3 for those indicators shown with a RAG status of either Amber or Red. An asterisk (*) indicates that the indicator is an *improvement* target.

Indicator	Annual Target	Previous Quarter Outturn	Current Quarter Target	Current Quarter Outturn	RAG	Change e.g. Improved / Downturned
DWP 1* Time taken to process new housing / council tax benefit claims	18 days	16.06 days	18 days	17.05 days		Downturn from previous quarter but still on target
DWP 2* Time taken to process housing / council tax benefit changes of circs	9 days	9.11 days	9 days	8.03 days		Improved
CFH/007 Percentage of 2012/13 Council Tax collected in year (cumulative)	97.6%	n/a	58.70%	58.26%		Not applicable
CFH/008 Percentage of 2012/13 Business Rates collected in year (cumulative)	99.0%	n/a	60.80%	62.32%		Not applicable
CFH/006* Percentage of undisputed invoices paid on time (30 days)	95.0%	86.5%	95.0%	78.8%		Downturn (see section 3.1)

2.3.2 Improvement Target Action Plan Monitoring

Key - ✓ on track, ✗ behind schedule, C completed

Ref	Action & Planned Completion date	Progress
DWP 1	Turnaround times are monitored weekly and resources allocated to achieve the annual target	✓
DWP 2	Turnaround times are monitored weekly and resources allocated to achieve the annual target	✓
CFH/006	See section 3.1	✗

2.4 Key Actions from Service Plan Monitoring

Key - ✓ on track, ✗ behind schedule, C completed

Improvement Area	On-track?	Commentary
Corporate Finance:		
Technology Forge	✓	On track See section 3.1
Review usage and functionality of corporate grants register	✓	On track See section 3.1
Collaborative Planning Software Project	✗	Delayed See section 3.1
Revenues & Benefits:		
Universal Credit and Council Tax Replacement Scheme	✗	See section 3.2
Corporate Debt Review including Corporate Debt Policy	✓	See section 3.2
Develop and implement technologies to deliver efficiencies and to support the Corporate Web Development Programme.	✓	See section 3.2

2.5 Internal & External Regulatory Reports

The following internal or external audit/regulatory work has been completed during the quarter and the outcome of the work can be summarised as follows.

Undertaken By	Title & Date Report Received	Overall Report Status
Internal Audit	Housing Benefit – August 2012	Limited Assurance
Wales Audit Office	Audit of Financial Statements 2011/12 – September 2012	Unqualified

3. Exception Reporting

3.1 Corporate Finance

Improvement Plan Monitoring

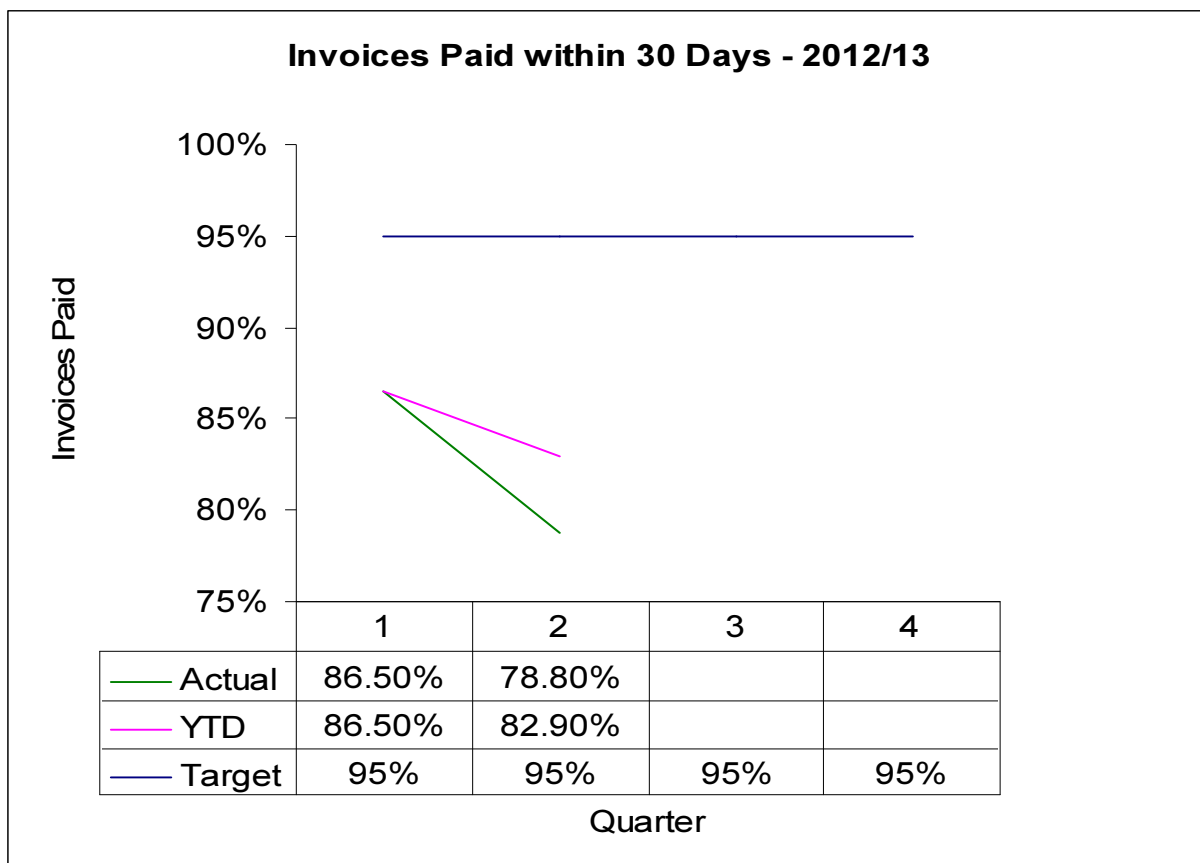
Adopt a corporate fees and charges / income maximisation policy and review fees and charges and maximise income

Deloitte were commissioned to assist with this work, building on a Pan Wales study of income generation opportunities. A Member workshop on 24th November 2011 received details of opportunities available to increase existing or introduce new fees and charges. Following this, Members agreed not to pursue this work immediately as part of the 2012/13 budget strategy. Maximising opportunities to increase income coming in to the Council is a critical aspect of the financial strategy to improve services and balance future years budgets. In recognition of how important this is 'Income maximisation' has been included in the 'stretching the existing finance programmes' goal / milestone of the Flintshire Futures – Finance Workstream.

As part of the 2013/14 budget strategy the Deloitte work has now been revisited and a number of proposals will be included in the 2013/14 budget considerations. Work on a corporate charging policy is scheduled to be progressed in the final quarter of the financial year.

Performance Indicator and Outcome Measures

CFH/006 – Undisputed invoices paid on time



The processing of invoices is a devolved function that is reported on by the central Accounts Payable team who continue to work with directorates to drive up performance.

At 78.8%, quarter 2 performance was disappointing and fell short of the challenging target of 95% that has been set for this year.

Quarter 2 performance was adversely affected by the late processing of external files from key suppliers that make up approximately 18% of all invoices paid. As these invoices are processed upon receipt of the electronic file from the suppliers usually 100% of these invoices are paid on time. Unfortunately a technical problem resulted in these invoices being paid after the due date. Actions have been put in place to ensure that this does not re-occur.

If these invoices had been paid on time the performance for quarter 2 would have been 88.0% which, although still falling short of the target, would represent an improvement over the last two quarters (quarter 4 2011/12 - 80.6%, quarter 1 2012/13 - 86.5%). It is hoped that the actions put in place to address this issue and the wider initiatives relating to the new Purchase 2 Pay system and the implementation of the Finance Function Review will help to continue this underlying improvement.

Service Plan Monitoring

Technology Forge

The move to the Technology Forge Asset Management system from the spreadsheet based summary asset register was completed during quarter 1. The ongoing benefits from the implementation of the new system will be demonstrated in future final accounts activity. During quarter 2 a post implementation system review took place to build on progress made to date. Training from the software provider is being arranged for November.

Review of Corporate Grants Register

Internal Audit have reviewed the Corporate Grants Register during quarter 2. Work can now progress in the second half of 2012/13 to plan to implement any necessary changes and make improvements to the system.

Collaborative Planning Software

The delay in implementing the Finance Function Review has meant it has not been possible to begin work on this project. Completion of the project requires that staff are working in the new structure, post Finance Function Review. It is hoped that the project can begin in latter part of 2012/13, once the Review's implementation date has been decided, and it will form part of our 2013/14 service plan.

3.2 Revenues & Benefits

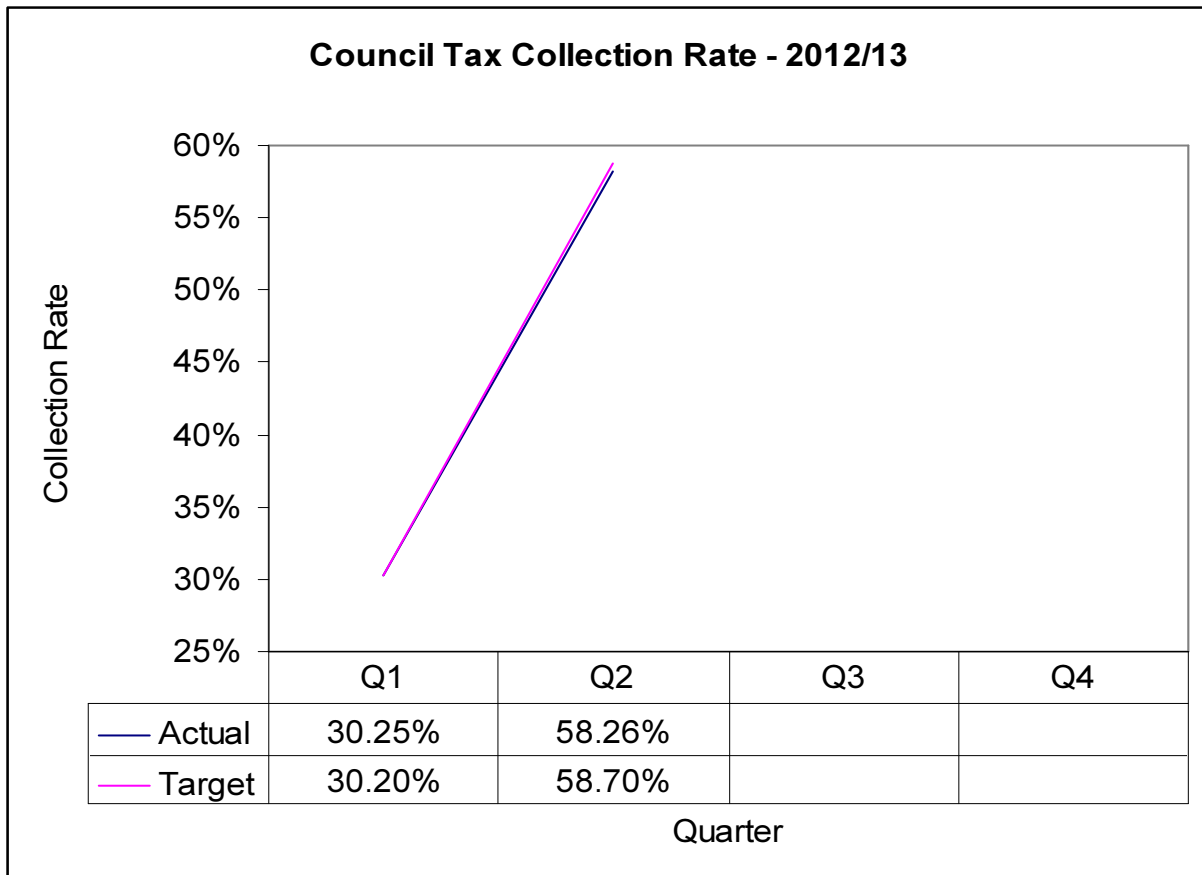
Improvement Monitoring and Strategic Assessment of Risks and Challenges (SARC)

Welfare Reform

The first board meeting took place in quarter 2 which involves elected members. Presentations were made to various groups including Team Talk, Town and Community Councils to raise awareness of the significant changes coming. The SARC has been revised to reflect emerging risks in the project. Authorisation has been given to commence the recruitment of 2 officers whose roles will involve making contact with individuals affected by the changes in the benefit system.

Performance Indicator and Outcome Measures

CFH 007 - Percentage of 2012/13 Council Tax collected in year (cumulative)



At 58.26% the collection rate for Council Tax was just short of the target set of 58.7% for quarter 2, despite being on track in quarter 1. Performance has improved after the end of quarter 2.

Service Action Plan Monitoring

Universal Credit and Council Tax replacement scheme.

Whilst the task is still broadly on track the risks to the service remain high. The scheme details are very late when considering that our systems need to be amended to ensure we deliver the new benefit system on time.

Corporate Debt Review

Consultation on the Corporate Debt Policy has been concluded and the Policy will be reported to Overview and Scrutiny in November and to Cabinet in December for final approval.

Work continues on the Corporate Debt project and it is pleasing to report positive results in chasing outstanding debts. A case has been made for additional resources to follow up old debts and recruitment for this post will begin in quarter 3.

Collaborative Working

As part of the Welfare Reform project there has been active collaborative working in Wales amongst Benefit Managers to provide Wales Government with data to make decisions on the revised Council Tax Benefit Replacement Scheme.

Regulatory reports

Internal Audit report – Housing Benefit – Limited Assurance

The recommendations made in the report to improve the adequacy and application of controls have been accepted and the action plan is currently being implemented.

Further information regarding the Housing Benefit internal audit report can be found in reports updating the Audit Committee on the work of Internal Audit.