

Quarterly Performance Report – Finance

Report Author	Head of Finance
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Report Period	Quarter 4: 1 st January 2012 to 31 st March 2012

Introduction

The report is produced on a quarterly basis and provided to Executive 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

The Finance Division has made significant advances in 2011/12, demonstrating continuous improvement across our service areas, despite considerable challenges which include the impact that the delay in implementing the Finance Function Review has had (see below). During 2011/12 the Council needed to respond to a cut in its funding from the Welsh Government for the first time in its history, the impact of which for the Finance Division was a substantial increase in the demand for our services as we supported Members and Colleagues in developing and implementing a financial strategy to deliver and improve services with reduced funding and in the context of severe economic impacts. Progress has been made against the majority of our key aims in our Service Plan for 2011/12.

Report highlights for this quarter are the following items:

Performance	It is pleasing to see that the 3 key performance indicators over which Finance has complete control have all met the annual target, with a green RAG status. Where performance has not met the target actions are in place, as detailed in section 3 of this report, to secure improvements going forward.
Finance Function Review (FFR)	<p>The completion of FFR was a key priority in 2011/12. The review has major implications for the future delivery of financial services and for many staff who deliver them. Whilst the review has taken place, there was a need to have a number of temporary staffing arrangements in place, whilst this was actively managed; it meant that the service was operating as a higher risk level than would otherwise be the case. In some areas the resources needed to develop our service as we had planned were not in place and, as a result, developments are not as advanced as we would have liked.</p> <p>The review is now in its final phase with completion due in the summer. Assimilation of employees to posts (subject to job evaluation) is complete. The remaining work centres on completing job evaluation and embedding the new structure with a full compliment of permanent staff. The Council can then benefit from;</p> <ul style="list-style-type: none">• A Finance Function which provides services which are responsive, adaptable and focused on meeting the needs of internal and external customers.• Strengthened financial management capacity and capability across the whole organisation.• Improved performance, efficiency and productivity.
Flintshire Futures	<p>Good progress was made during the year on the Flintshire Futures projects which Finance leads.</p> <p>The Cross Directorate Expenditure Review contributed £2m of savings to balance the 2012/13 budget. Work is ongoing with both the Corporate Debt and the Fees & Charges projects. The Methods of Payment project has now been incorporated into the Corporate Flintshire Connects project and work continues on this project.</p>

Other highlights by service area are as follows: -

Corporate Finance	<p>Whilst being faced with a number of challenging circumstances, it is pleasing to report that developments have been made in key areas during the year.</p> <p>Significant progress was made in the development of the Medium Term Financial Strategy and Medium Term Financial Plan, with the Medium Term Financial Strategy 2011-2015 being adopted by the Council in June 2012 and further developments have taken place during the last quarter (see section 3.1).</p> <p>The Council's core financial accounting system was successfully upgraded. Considerable support and advice was provided to enable the Purchase to Pay system to be piloted in Corporate Services.</p> <p>In September 2011, the statutory Statement of Accounts for 2010/11 was approved, the first to be completed following the requirement to adopt International Financial Reporting Standards, which was a major undertaking for all Local Authorities.</p> <p>In March 2012, the Council set its 2012/13 revenue budget. The decrease of 0.2% in Flintshire's Revenue Support Grant from Welsh Government in 2012/13 came on top of a decrease of 1.7% in the previous year. This combined with the impacts of no provision for inflation, plus the costs of funding new pressures resulted in significant efficiencies being needed to produce a balanced budget.</p> <p>Attention in the Service over the past month has turned to preparing for the closure of the 2011/12 accounts and in supporting the Council to deliver a Single Status Agreement that is legal, affordable and acceptable. Specifically the Single Status work has centred on preparation for pay modelling and ensuring the costs of implementing Single Status and agreement of any Equal Pay liability is accurately costed.</p>
Revenues & Benefits	<p>The Benefits Service has made significant progress during the year exceeding targets for new claims and changes of circumstances by following a rigorous review of processes. This has resulted in the introduction of 'claim in a day' where customers can bring in all of their information and have their claim assessed. Council Tax collection has achieved target. Recruitment to the new FFR structure is well under way with five vacant Benefit Officers posts now been filled. The Benefits Service made a submission to the Council's Excellence Awards demonstrating the improvements made during the year and although did not make it to the final, the panel were of the view that the submission clearly demonstrated a very good service review supporting organisational aims around the customer.</p>

<p>Internal Audit</p>	<p>Throughout the year the department was affected by an unusual amount of investigation work and the restructure under FFR. As a result a reduced audit plan was completed during the year, but with the coverage planned to be sufficient to meet regulatory requirements and to target major risk areas.</p> <p>Despite the challenging circumstances, progress was made in introducing Control and Risk Self Assessment within schools to replace traditional audits. This enabled a greater degree of assurance to be gained whilst focussing the department on areas of risk.</p> <p>In addition, much work was completed towards a greater degree of collaborative working with other audit teams across North Wales, which should reap benefits in future years.</p> <p>Recruitment has now taken place towards the new structure, with all the new starters expected to be in place by July 2012.</p> <p>A self assessment for the department against CIPFA standards was completed and reported to the Audit Committee, showing a high level of compliance.</p>
<p>Clwyd Pension Fund</p>	<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
1.3 To reduce asset costs and maximise income and receipts	December 2016			
1.4 To adopt a corporate fees and charges / income maximisation policy and undertake a review of fees and charges and maximise income	December 2012			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	June 2012			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	New		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 year end 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	Current Quarter Target (Q4)	Current Quarter Outturn (Q4)	Previous Annual Outturn	Annual Target	Annual Outturn (2011/ 12)	RAG	Change e.g. Improved / Downturned
DWP 1 Time taken to process new housing / council tax benefit claims	22 days	13.71 days	New PI	22 days	17.3 days		Not Applicable
DWP 2 Time taken to process housing / council tax benefit changes of circs	10 days	3.37 days	New PI	10 days	6.4 days		Not Applicable
CFH/007 Percentage of 2011/12 Council Tax collected in year (cumulative)	99.6%	97.81%	97.51%	97.8%	97.81%		Improved
CFH/008 Percentage of 2011/12 Business Rates collected in year (cumulative)	98.7%	98.27%	98.94%	98.7%	98.27%		Downturn (see section 3.2)
CFH/006 Percentage of undisputed invoices paid on time (30 days)	94.0%	80.6%	92.76%	94.0%	87.9%		Downturn (see section 3.2)

2.3.2 Improvement Target Action Plan Monitoring

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

Ref	Action & Planned Completion date	Progress
n/a	No Improvement Targets for 2011/12	

2.4 Key Actions from Service Plan Monitoring

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

Improvement Area	On-track?	Commentary
Corporate Finance:		
Medium Term Financial Strategy, Medium Term Financial Plan	✓	See section 3.1
Flintshire Futures	✓	See section 3.1
Collaborative Planning Software (CPS) Project	✗	See section 3.1
Review Corporate Grants Register	✗	See section 3.1
Revenues & Benefits:		
Single Person Discount Review	C	All
Maximise Benefit Take-up	✓	See section 3.2
Universal Credit and Council Tax Replacement Development	✓	See section 3.2
Corporate Debt Review Including implement a Corporate Debt Policy	✗	See section 3.2
Methods of Payment Review	✗	See section 3.2
Internal Audit:		
Identify management arrangements from April 2013	✗	See section 3.3

2.5 Internal & External Regulatory Reports

The following internal or external audit/regulatory work have 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	Financial Reporting	Adequate
Internal Audit	Cash and Banking	Adequate

3. Exception Reporting

Progress has been made against the majority of our key aims in our Service Plan for 2011/12. Exceptions relate to progress with:

- Develop Divisional performance management, monitoring and reporting arrangements, particularly in relation to the People Plan, Customer Care, Equalities, Health & Safety and Business Continuity matters
- Develop our Service Planning from a one year horizon to a medium term plan which fits with the Council's planning timeline

Both aims were impacted on by the resource required to complete the Finance Function Review in addition to the delivery of services to internal and external stakeholders.

3.1 Corporate Finance

Improvement Plan Monitoring

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

Deloittes 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. It will be important to revisit the Deloittes work and to resume discussions with Members over the late Spring/Summer with a view to having an agreed policy in place by December, from which tangible financial benefits will flow into the 2013/14 budget and for future years through the Medium Term Financial Plan.

Key Actions from Service Plan Monitoring

Medium Term Financial Strategy (MTFS) / Medium Term Financial Plan (MFTP) / Flintshire Futures

During the last quarter progress has been made in preparing and planning for the next stage in developing the MTFS / MFTP. The Council plans to update its Medium Term Financial Strategy and fully populate its Medium Term Financial Plan in order to establish how Council priorities and improvement objectives will be achieved and Council services delivered over the period 2013/14 to 2017/18. Corporate Finance has been working with the Officers Leadership Group and colleagues from the Flintshire Futures Team to establish a plan of action and timetable for the next few months. A document setting out the plans for the next stage of development was sent out to all members at the end of April 2012.

Collaborative Planning Software (CPS) Project and Review Corporate Grants Register

Unfortunately it was not possible to complete both of these actions as planned during the year. Both were impacted by the requirement to have staff working in the new structure, post the Finance Function Review, in order to complete. Both actions will be included in our 2012/13 Service Plan for action once the Review has been completed.

3.2 Revenues & Benefits

Improvement Plan Monitoring

Develop a strategy to manage the impacts of Welfare Reform

An interim Programme Board will be set up by the end of May. A Programme Manager will be appointed also by the end of May. A SARC (Strategic Assessment of Risks and Challenges) has been drawn up to identify the risks and opportunities that the Council faces as a result of these major welfare benefit changes. Four work streams have been identified to tackle the main emerging work areas – these are Welfare Changes affecting homelessness, Social Fund changes, Universal Credit and Council Tax Replacement scheme. A corporate strategy will be developed by the Programme manager from coordinating these work streams.

Strategic Assessment of Risks and Challenges (SARC)

Welfare Reform

Please see comments above - Improvement Plan Monitoring - Develop a strategy to manage the impacts of Welfare Reform

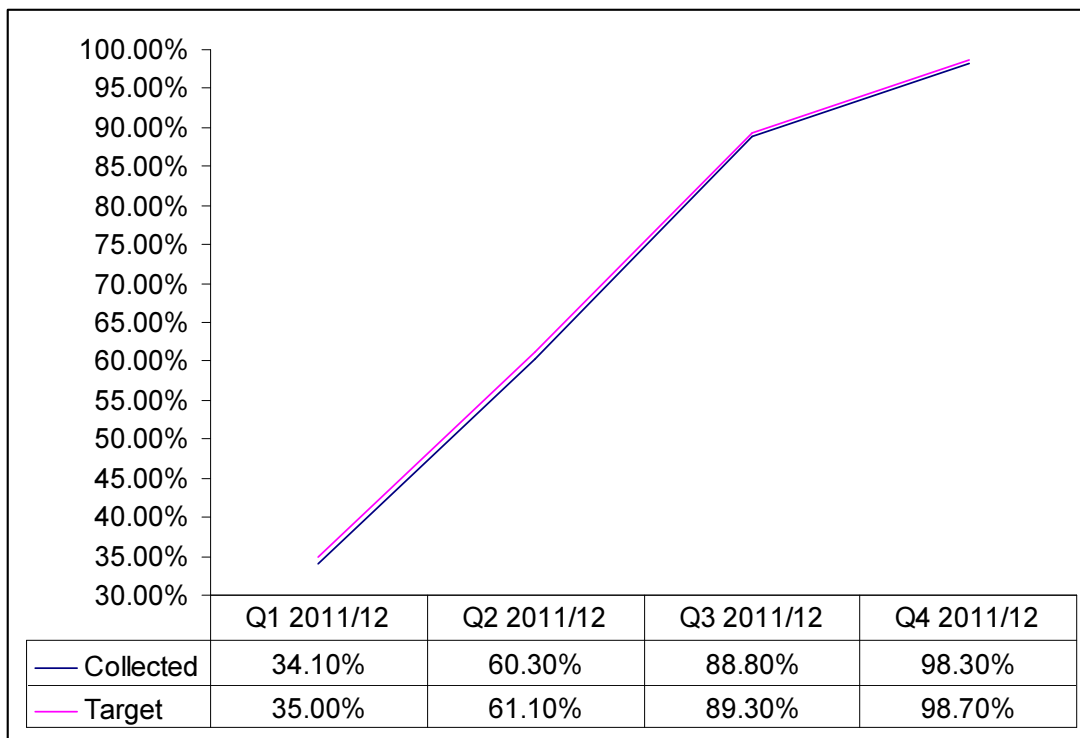
Performance Indicators and Outcome Measures

There were two areas of performance that fell below target for 2011/12 as follows:

Collection of Business Rates (CFH/008)

As reported in the quarter 3 report the collection of business rates has been hampered by a few cases where empty rates have been levied and are in dispute. The increase in empty rate avoidance schemes is becoming a growing national problem particularly in areas with high value empty industrial premises. If these cases were collected or identified as being valid reasons for non collection the outcome would be an increase of 0.5% making the collection rate 98.8%, and the annual target of 98.7% would have been met.

NDR In Year Collection 2011/12



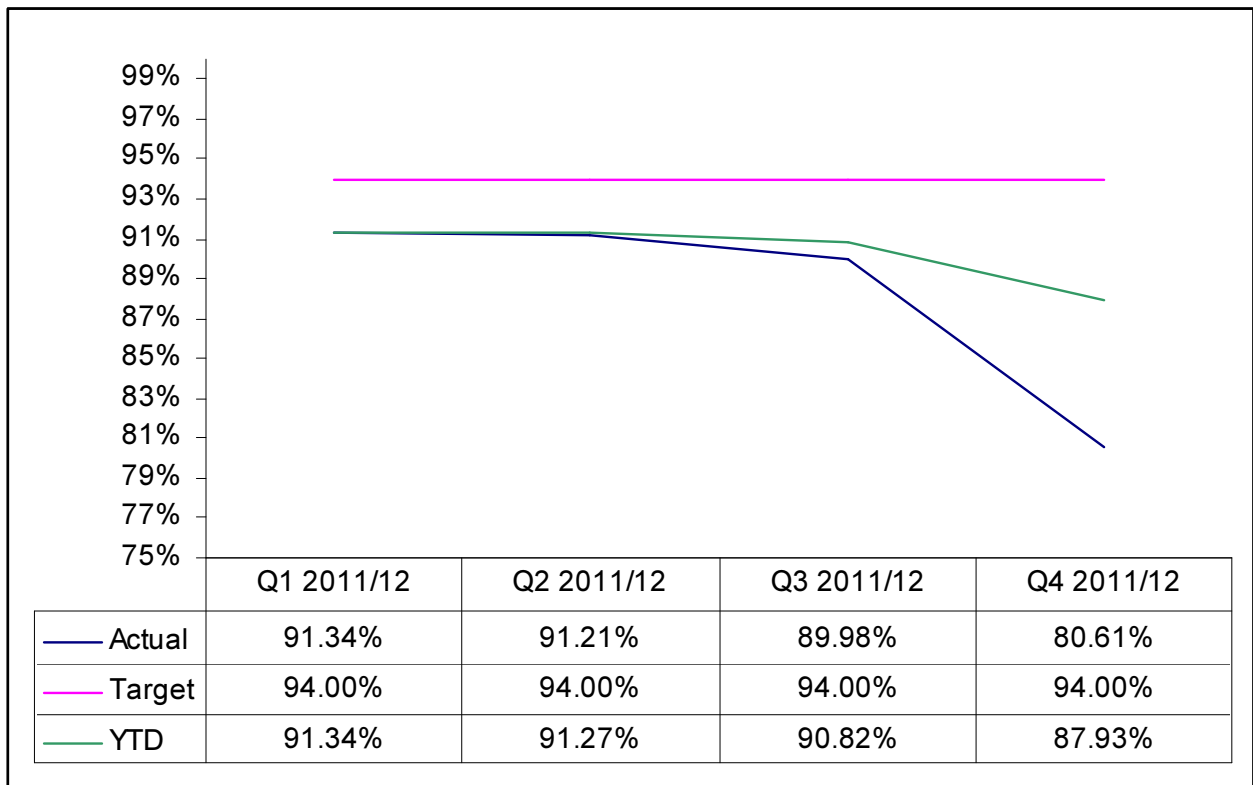
Percentage of undisputed invoices paid within 30 days (CFH/006)

Despite the actions taken as outlined in the quarter 3 performance report this target has not been met, and it has been agreed that this indicator will be an Improvement Target for 2012/13.

Processing of invoices is a devolved function that is reported on by the central Accounts Payable team. During the quarter responsibility for the central Accounts Payable team was transferred to Corporate Finance.

Lifelong learning process in the region of 25% of all Council invoices and as a result, reduced performance significantly impacts on the ability to achieve the overall target of 94%. It is hoped that as the team that process Lifelong learning's invoices and the central Accounts Payable team are both now part of Corporate Finance, further work can be done to understand what causes the delays, and what could be done to streamline processes, for schools in particular, to improve performance.

In addition, we anticipate that the rolling out of the new Purchase 2 Pay system will go some way to addressing the delays in processing invoices. The project is currently being piloted in Corporate Services with a plan to roll out across the Council by the end of 2012/13.



Key Actions from Service Plan Monitoring

Universal Credit and Council Tax Replacement Scheme

On track, however it is worth noting that this is high risk as; completing the Council Tax Replacement Scheme within the time available is tight, and predicting with any certainty, what budget pressures the Council will face as a result, is difficult with the information that is currently available.

Corporate Debt Review

Implementation has taken longer to commence due to the External review being commissioned. The project board and team have now been set up and Corporate Debt Team is now relocated with the Revenues Service as defined in the Finance Function Review. Progress has already been made in reviewing outstanding debts and write off requirements. A Corporate Debt Policy has been drafted and is now ready for consultation internally with Council Departments, prior to coming forward to Members for adoption.

The Methods of Payment Review

The review has now been included into the Flintshire Connects project because the two are so closely linked and will now follow the target dates for the lead project.

Single Person Discount Review

A review of all single person discounts has now been finalised. This was a regional collaborative project which proved to be a thorough and effective approach to reviewing these discounts. The additional income to authority is estimated to be £160,000. It is anticipated that the exercise will be repeated again in 2013/14.

Maximise Benefit Take Up

Ensuring that those that are entitled to benefits actually take them up is key to assisting with one of the Council's priorities: *To protect and grow the local economy, to be a prosperous County and to provide help and support for those vulnerable to poverty.* The Benefits Service has a dedicated Take Up Officer who has been responsible for some successful take up campaigns which have involved working with Housing, Housing Advice and Welfare Rights and Citizens Advice Bureau to maximise take up. For 2011/12, additional Benefit Take Up as a result of these activities is estimated to have been £1.3m. This is ongoing work of the service.

3.3 Internal Audit

Key Actions from Service Plan Monitoring

Identify management arrangements from April 2013.

The contract for the provision of the Internal Audit Manager expires in March 2013, which can be extended for another year. The contract for Internal Audit's management includes a requirement for the Internal Audit Manager to lead the Council's contribution to the pursuit of collaborative opportunities within North Wales for the delivery of internal audit and its management and making recommendations in conjunction with the Head of Finance for the most suitable arrangements for Flintshire beyond the contract period.

Work is now beginning to develop a plan for discussion with new Members in the summer of 2012, which takes account of the outcomes of discussions on regional collaboration.