
Quarterly Performance Report – Finance

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Report Period Quarter 1: 1st April 2012 to 30th June 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 1 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	3 key performance indicators over which Finance has complete control have all met the target for the quarter, with a green RAG status.
Flintshire Futures	<p>Corporate Debt</p> <p>The Corporate Debt project is well underway. It has been identified that a robust policy is needed to ensure that the Authority follows a fair, firm and consistent approach to debt and write off of debt. A draft policy has been produced which is currently being consulted on and will be submitted for Members approval in the autumn. A Fair Debt Policy, which is intended to assist those in financial difficulty, is also being developed in conjunction with the Advice Management Board (AMB), which will compliment the Corporate Debt Policy. The AMB, has been established to prepare, co-ordinate manage and develop a review of Benefit and Debt advice provision within Flintshire.</p> <p>In addition, the project team set up are looking at; ways to streamline our processes, how levels of debt are reported, and how to tackle individual cases, which has included referrals to a Debt Collection agency and recovery through the courts.</p>

Other highlights by service area are as follows: -

Corporate Finance	<p>The period April to June is particularly challenging for Corporate Finance to ensure that the previous year accounts are closed and prepared for external audit in line with the statutory deadline.</p> <p>This was done successfully for the 2011/12 accounts with the following related reports being prepared for presentation to Cabinet and Corporate Resources Overview & Scrutiny Committee:-</p> <ul style="list-style-type: none">• Revenue Final Outturn 2011/12 (Council Fund and HRA)• Capital Programme Final Outturn 2011/12• Prudential Indicators Actual 2011/12• Treasury Management Annual Report 2011/12 <p>In addition the Draft Statement of Accounts were prepared for presentation to Audit Committee in July.</p> <p>The implementation of Technology Forge software, which records up-to-date details of all physical assets to support asset management, planning and strategy, was completed in the first quarter and the system outputs utilised to close the accounts. Further developments are scheduled during the year.</p>
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	<p>Plans for the development of the Medium Term Financial Strategy and the Medium Term Financial Plan 2013/14 to 2017/18 were circulated to all members at the end of April. This has been followed by briefings to Cabinet and Corporate Resources Overview & Scrutiny Committee, setting out an overview of the financial challenges facing the Council and a strategic overview of the planning framework and timetable. Work to assess potential financial pressures and efficiencies in Directorate Service Plans was completed by the end of June.</p> <p>Significant input has been made to the Corporate work on Single Status and Equal Pay through extensive data cleansing and analysis to support accurate pay modelling and the development of an affordability strategy.</p>
<p>Revenues & Benefits</p>	<p>The Revenues and Benefits Service are continuing to make improvements to performance.</p> <p>The 'Claim in a day' initiative is working well and helping to maintain performance on new claims for benefit and increase customer satisfaction.</p> <p>The Revenues Service is making progress on the Flintshire Futures Corporate Debt Project as mentioned above.</p> <p>The Benefit Service has made a bid for Most Improved Team of the Year Award to the Institute of Revenues Rating and Valuation (IRRV) and has been short listed as finalists. There will be visits to the Authority during the summer period to validate the submission made and the results will be announced in October at the IRRV Conference in Telford.</p> <p>During the quarter the service has carried out a pilot study for Agile Working, with now 100% of Revenues Officers being able to work from home. This has been very effective and has yielded an average increase in output of 138%.</p>
<p>Internal Audit</p>	<p>The performance of Internal Audit is reported to the Audit Committee on a quarterly basis.</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 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	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	Sept 2012			Inaugural meeting of the Welfare Reform Board is scheduled for 5 th September with members, officers and strategic partners

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

R	High Risk
A	Medium Risk
G	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	13.71 days	18 days	16.06 days		Downturn from previous quarter but still on target

Indicator	Annual Target	Previous Quarter Outturn	Current Quarter Target	Current Quarter Outturn	RAG	Change e.g. Improved / Downturned
DWP 2* Time taken to process housing / council tax benefit changes of circs	9 days	3.37 days	9 days	9.11 days		Downturn (see section 3.2)
CFH/007 Percentage of 2011/12 Council Tax collected in year (cumulative)	97.6%	n/a	30.20%	30.25%		Not applicable
CFH/008 Percentage of 2012/13 Business Rates collected in year (cumulative)	99.0%	n/a	35.35%	35.48%		Not applicable (see section 3.2)
CFH/006* Percentage of undisputed invoices paid on time (30 days)	95.0%	80.6%	95.0%	86.5%		Improved (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	Benefits have seen a 30% increase in the volume of information received as a result of a new automated information link with the Department of Work and Pensions. This has meant that both new claims and changes have taken longer to process. For new claims we have seen an increase in the time taken to process but still remain within our target of 18 days. However, additional processing resource has been made available and the feasibility of introducing a working from home initiative which is delivering marked improvements and efficiencies within the Revenues Service is being explored further for Benefits.	✓
DWP 2	See narrative for DWP1 and Section 3.2	✓
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	✓	See section 3.1
Medium Term Financial Plan	✓	See section 3.1
Review of School Funding Formulae	✓	See section 3.1
Prepare Prudential Borrowing Policy	✗	See section 3.1
Revenues & Benefits:		
Council Tax Support Replacement Scheme Development	✓	See section 3.2
Corporate Debt Review including Corporate Debt Policy	✓	See section 3.2
Maximise Benefit Take-up	✓	See section 3.2
Develop and implement technologies to deliver efficiencies and to support the Corporate Web Development programme – Agile Working Project	✓	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	Leasing – April 2012	Adequate
Internal Audit	Council Tax / NNDR – April 2012	Adequate
Internal Audit	Treasury Management – May 2012	Substantial Assurance
Internal Audit	Financial Systems – June 2012	Limited Assurance
WAO	Certification of Grant Claims and Return 2010/11	Adequate

3. Exception Reporting

3.1 Corporate Finance

Improvement Plan Monitoring

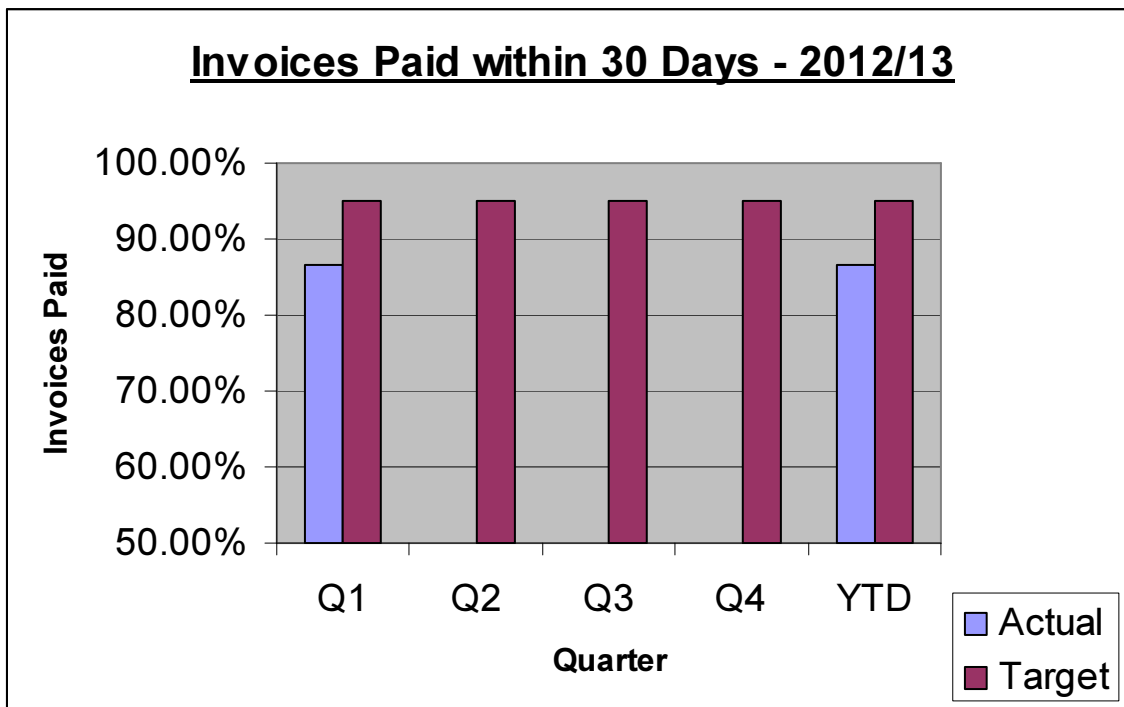
Adopt a corporate fees and charges / income maximisation policy and review fees and charges and maximise income

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. It will be important to revisit the Deloittes work and to resume discussions with Members over the 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.

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 86.5%, Q1 performance was disappointing and fell short of the challenging target of 95% that has been set for this year, although an improvement on performance in Q4 2011/12 which was lower at 80.61%.

It is hoped that the roll 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.

During the quarter initial consultation meetings were held with Lifelong Learning to discuss the implementation of P2P. 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. Further, detailed planning meetings will take place once P2P has been rolled out across the Environment & Community Services directorates.

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 system outputs were used in the closure of the 2011/12 Final Accounts. The ongoing benefits from the implementation of the new system will be demonstrated in future final accounts activity. A post implementation system review will be undertaken in 2012/13, with the aim of building on the progress now made in this area.

Medium Term Financial Plan (MTFP)

The council continues to develop its MTFP with Finance undertaking a leading role. As planned a great deal of work was completed on assessing Directorate Service Plans to ensure that all potential pressures and efficiencies were identified at an early stage, so that actions can be put in place to deal with the financial implications over the medium term. The council is on track to have developed its MTFP, incorporating all of its efficiency programmes by mid 2012/13.

Review of School Funding Formulae

Significant progress has been made with the review of the schools funding formula this quarter, in which the Lifelong Learning Finance Team takes a leading role. A project board and project teams have been established and have held initial meetings. Consultation with Primary and Secondary Heads Federation, the Flintshire Association of Governors, and Trade Unions has taken place.

Prepare Prudential Borrowing Strategy

The Council in strengthening its strategic planning is in the process of developing its Capital Strategy, taking into account Council priorities and affordability, which will link into the Authority's Asset Management plans and Medium Term Financial Plans. The first Capital Strategy report, which was the starting position for the long term Capital Programme, was developed for the 2012/13 budget. The Strategy and Programme will be developed further in Q2, within the context of developing the Medium Term Financial Strategy, which will include a 10 year Capital Strategy. Work in strengthening the Authority's Policy on Prudential Borrowing will take place alongside the development of the MTFP and Capital Strategy.

Regulatory reports

Internal Audit report – Financial Systems – 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 Financial Systems internal audit report can be found in reports updating the Audit Committee on the work of Internal Audit.

3.2 Revenues & Benefits

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

Welfare Reform

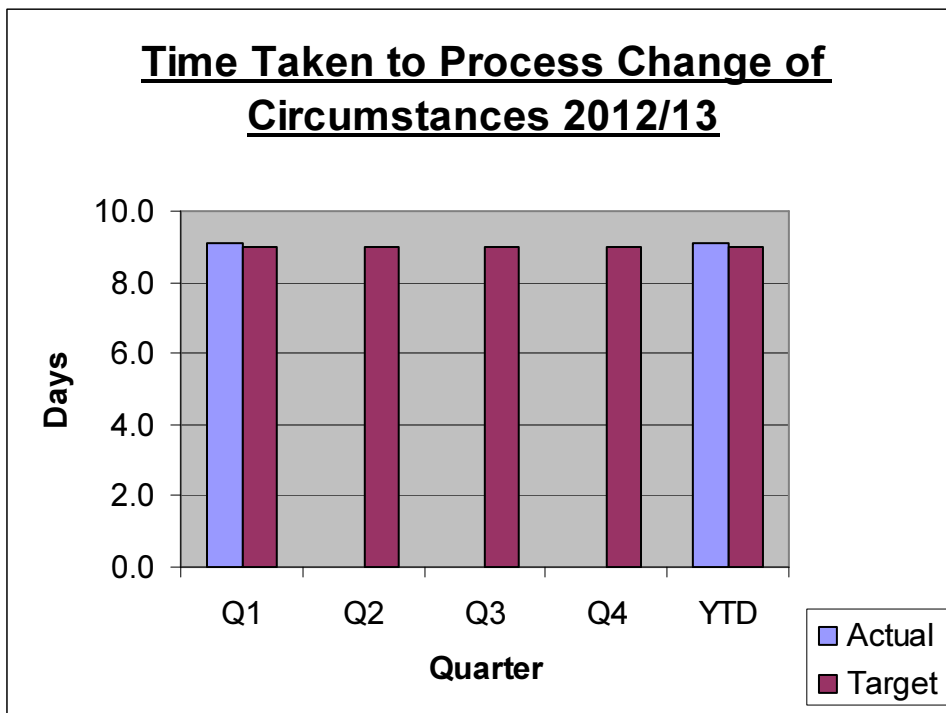
The work of the Programme Board is beginning to inform the operational and budget pressures emerging as a result of the Welfare Reform changes. The SARC will be updated as any new risks are identified and existing ones quantified. (See Service Action Plan monitoring overleaf).

Performance Indicator and Outcome Measures

Collection of Business Rates

Collection of Business Rates is on track and the collection rate figures includes cases where empty rates have been levied and are in dispute as reported previously. If these cases were collected or identified as being valid reasons for non collection the outcome would be an increase of 0.21% making the collection rate 35.56%, well above target. One of these cases is due to be tested in Court in September. We will then be able to pursue the debt or apply an exemption.

DWP2 - Time taken to Process Changes of Circumstances



This is just over our target of 9 days to process and change of circumstances and is due to a 30% increase of information relating to changes of circumstances being received from the Department of Work and Pensions. We are ensuring that these changes are prioritised and that there is sufficient resource available to maintain performance on this indicator.

Service Action Plan Monitoring

Develop a strategy to manage the impacts of Welfare Reform

An interim Programme Board is in place with agreement reached in late July for a full Programme Board to include key members and strategic partners. The joint sponsors are the Head of Finance and the Head of Housing. The recruitment of a Programme Manager proved to be difficult, and as a considerable amount of project work has already been completed by the Benefits Manager and the Advice and Homelessness Manager it has been agreed that they will manage the project between them, bringing in additional support where needed within the agreed funding given to the project.

Good progress has been made in gathering information and modelling various outcomes to estimate the effects on people, council services and finances that the changes will have on

the Council to include in our Medium Term Financial Plans, although continued uncertainty surrounding the details of the scheme makes this difficult.

The next stage of the project is to begin contacting and communicating with people who will be affected by Welfare Reform, so that they are aware and adequately prepared taking account of the fact that these people will often be the most vulnerable in society and to brief members and partner agencies.

Council Tax Support Replacement Scheme

On track, however the risk to which the Council is exposed is high as; the deadline for introducing the new scheme is very challenging with many details and emerging budget pressures not fully known until much later in the year. The introduction of the replacement scheme has potential operational, financial and reputational risks for the Council and far reaching impacts for the local community and economy.

Corporate Debt Review

The review is underway with processes and outstanding debt levels being examined. The Corporate Debt Policy is currently going through a consultation phase and will be referred to Members for approval in the autumn.

Maximise Benefit Take-up

The Benefit Service continues to work on Benefit take-up and this will be a key role in the Welfare Reform work to ensure that claimants are claiming all of the benefits that they are entitled to.

Develop and implement technologies to deliver efficiencies and to support the Corporate Web Development programme

During the quarter the Revenues Service has been a pilot for Agile Working for the Authority. After 4 months all Revenues processing staff work from home 2-3 days per week. An assessment of productivity has shown an increase of approximately 138% which means that work is cleared quickly and timely. A trial also took place in the Benefits Service; however some operational problems were encountered which need to be overcome to make this more efficient. A further benefit of home working means that the service can carry out an accommodation review in the autumn and make significant space savings. There will be a report due in Q2 detailing the findings of the project which will be applied to other areas of the Authority in due course.