

STRATEGIC OVERVIEW AND SCRUTINY COMMITTEE

Date 09th November 2010

Agenda Item: 5

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KEY DECISION: NO

**SUBMISSION BY PORTFOLIO HOLDER FOR
FINANCE, REVENUE AND BENEFIT SERVICES**

**FINANCE, REVENUE AND BENEFIT SERVICES
ANNUAL REPORT 2009 / 2010**

1. Purpose of Report

- 1.1 To provide members with an annual report on Finance, Revenue and Benefit Services for the financial year 2009/2010.

2. Summary

- 2.1 The report contains the key performance targets for Finance, Revenue and Benefit Services.
2.2 The performance levels achieved during the 2009/2010 year have been reported.
2.3 The targets and objectives for 2010/2011 have been identified.

3. Community Benefits/Statement of Reasons

- 3.1 A Service Plan has been produced for the financial year 2009/2010. As much of the work of the service is the ongoing business of ensuring robust financial control, collecting council taxes and paying benefit. The annual report sets out what each service provides to its customers both internal and external, together with information on the performance for each service for the year. The Councils Gross Revenue Expenditure for 2009/2010 was **£53.3m** with a gross Capital Expenditure for 2009/2010 of **£3.733m**

4. Recommendations

- 4.1 That the Committee note the information provided in the Annual Report.

5. Financial Implications

5.1 The Service paid out over **£23m** in Benefits in 2009/2010, which was subsidised by the Department for Work and Pensions. The Revenues Service collected **£48.4m** in Council Tax and **£30.3m** in Business Rates. The high collection rates ensure that we are making effective use of our resources.

6. Strategic Plan Implications

6.1 In order to achieve a top quartile performance and underpin strategic objectives, the service must meet the standards set out in the report.

7. Sustainability, Human Rights, Crime and Community Safety Issues

7.1 None

8. Risk Management Issues

8.1 The analysis of risk is detailed in the chart below:

Risk	Likelihood/ Impact	Risk Category	Countermeasure	Responsibility
Not Maintain Performance Standards	Medium	Low	Monitored and identified at an early stage	P Leybourne Alan Tooth
Not achieve Adequate cash flow	Medium	Low	Regular reviews and use additional resources to improve position.	A Tooth
Need to change Expenditure plans	Low	Low	Increase recovery activity	A Tooth

Background Document:

FRB Service Plan
 NNDR3 Return



Finance, Revenues & Benefits



Annual Report 2009/10

1.0 Introduction

Finance, Revenue and Benefit Services (FRB) aims to support the Strategic Plan and the Sustainable Community Strategy by managing the financial resilience of the Authority and identifying and collecting all Council Tax and Business Rate income due to Lichfield District Council. This process will underpin the ambitions and expenditure decisions taken by the Council. This function is completed ensuring that residents receive their maximum benefit entitlement and to help tackle deprivation.

2.0 Key Issues effecting FRB in 2009/10

During 2009/10, the economic recession impacted on our services in terms of falling revenue and increased customer demand. Our services have proactively maintained their performance and achievement of targets.

At the same time, the services continued to work towards implementing some technology changes to improve efficiencies in terms of working. This included an IT shared service with Solihull MBC; work to achieve a corporate creditor payment system and to monitor the effectiveness of Voice Risk Analysis (VRA).

3.0 What we set out to do for the year 2009/10

Finance

- Provision of Financial Support Services including Financial Services, Budget Modeling, Budget Forecasting & Monitoring, Advice & Financial support to Officers, Collection Fund, Reconciliations, Benchmarking, Final Accounts, Statutory Returns, External Funding, Financial Training, Accounts Payable, Treasury Management, VAT, Leased Cars, Mortgages and Car Loans.
- Production of the Council's Revenue budget for 2009/10 and the Medium Financial Term Strategy 2009/13.
- Production to the Council's Statutory Statement of Accounts 2009/10.
- Capital Programme 2009/13.
- Financial monitoring of both Revenue and Capital Budgets for 2009/10.
- Completion of National Indicator 179 Value for Money for the Council
- Prompt payment of creditors invoices.
- Government Financial and Statistical Returns.
- Liaison with HMRC in respect of VAT in respect of the Partial Exemption and the Fleming Appeals.
- Assessing and conforming to Financial Legislation and Regulations and the future implementation of International Financial Reporting Standards.

- Continue to embrace new technology to achieve efficiencies including Oracle Financial Systems upgrades.
- Continually reviewing current cost base and identifying efficiencies.

Revenues: -

- Identify and collect all revenue due in respect of Council Tax and National Non-Domestic Rates (NNDR). In year liability for Council Tax is **£48.9m** and for NNDR is **£30.6m**.
- Maintain the Valuation list and apply all changes notified by the Valuation Office Agency.
- Ensure that all **42,522** domestic customers are correctly billed in March 2009 to enable maximum cash flow benefits.
- Ensure that all **2728** business customers are correctly billed in March 2009 applying the new regulations for small business rate relief.
- Ensure that empty premises are inspected to protect the tax base and identify any fraud.
- In recognition of the economic recession
 - ✓ Promote the small business rate relief.
 - ✓ Advise on NNDR rate relief for businesses that have reduced their productive capacity.
 - ✓ Advise on empty property rate regulations.
 - ✓ Ensure prompt billing to allow maximum time to pay.
 - ✓ Checking individual circumstances to determine ability to pay and most suitable payment method.
 - ✓ Signposting the Citizens Advice Bureau (CAB) and Credit Union.
 - ✓ Allow additional time for arrangements with collection agents.
- Actively encourage social inclusion by promptly awarding discounts and exemptions where they are applicable.
- Review the accuracy of information received to detect fraud.
- Promote the use of direct debit as being the preferred method of payment.
- Maintain upper quartile performance and strive to improve the high level of collection rates achieved.
- Ensure that the collection of Council Tax and National Non-Domestic Rates is done in the most cost efficient way by using electronic receipting methods.
- Review bank charges.
- Continue to embrace new technology to acquire efficiencies.
- Challenge current cost base and identify options that offer departmental and corporate savings.
- Produce and maintain a business plan to guide activity.
- Train staff to ensure the right first time principle.
- Ongoing participation with the National Fraud Initiative.

Benefits: -

- Meet the Council's target of less than **29** days turnaround time for new benefit claims from receipt of a claim to the date of a decision and to process changes of circumstances within **10** days.
- Monitor performance against the National Indicators (NI); 'Right Benefit' and 'Right Time' (NI 180 and NI 181 respectively). Performance information for NI 180 and NI 181 is collected on a national basis by the Department for Work and Pensions (DWP).
- In recognition of the economic recession we continue to :
 - ✓ Monitor the increase of the number of claims for Housing and Council Tax Benefit (HB/CTB).
 - ✓ Review the processes around the collection of evidence.
 - ✓ Increase liaison with landlords to improve the flow of information.
 - ✓ Fully utilise the Discretionary Housing Payment fund.
- Process all changes of circumstances promptly in order to avoid Local Authority overpayments, which may result in reduced benefit subsidy.
- Maintain accuracy levels and improve the recovery rate on Housing Benefit overpayments.
- Continue to implement and develop working practices in line with the DWP' s Good Practice Guide and the new Key Lines of Enquiry (KLOE) introduced by the Audit Commission.
- Implemented the "in and out of work" initiative with the DWP.
- Improve our services by introducing new working methods and practices and new technology. The Westmap IT solution is being further developed.
- Maintain local targets on fraud and detection. To take appropriate action against persistent offenders.
- Ongoing participation with the National Fraud Initiative.
- Review claims via the telephone to improve customer service using (VRA) technology.
- Continue developing our activities on Investigation and Visiting. To develop and implement an intervention risk based strategy.
- Complete a Fraud and Error Stock Survey in order to enhance our Strategic Risk Assessment.
- Continue to develop IT based Strategic Risk Assessment tools.
- Encourage our customers to report their changes in circumstances promptly, using innovative methods in order to reduce customer error overpayments.
- Maximise the number of benefit reductions and terminations by taking proactive intervention measures.
- We have attended Landlord Forums and the Older Peoples Forum to give advice and encourage take up Housing and Council Tax Benefit.
- In partnership with other Staffordshire Authorities advertise the service in the Retired Magazine.

- Following a legislative change in 2009 we reviewed all the claims made that may have been by the change and issued claim forms as appropriate.

4.0 Our Successes and Achievement in 2009/10

We have continued to improve and maintain the information on the web site and have encouraged customers to use it for reference.

Finance

- Completed Expenditure Review 2009, identifying the authority's financial resources to support the strategic priorities.
- Produced the statutory Statement of Accounts by 30 June 2010
- Set a balanced Budget by February 2010.
- Submitted quarterly performance reports to Cabinet
- We increased the number of creditors paid by electronic methods. We paid 59% of our payments electronically.
- We paid **84%** of our creditors within **10** days and **99%** within **30** days.

Revenues

- Our annual process at year-end was successful and resulted in the production and delivery of **42,522** Council Tax bills and **2,728** Non Domestic Rate bills. Additionally, over **7,000** benefit notification letters advising customers of their new benefit rates from the 1st April 2010 were issued.
- Council Tax collected **£48,366,000** (**98.8%** in year collection rate) and allocated to 2009/10.
- National Non-Domestic Rate collected **£30,281,000** (**98.8%** in year collection rate) and allocated to 2009/10.
- To achieve this collection we issued in excess of **80,000** Council Tax bills and **6,500** National Non-Domestic Rate bills.
- Enforcement proceedings for Council Tax average **3,400** cases annually and National Non Domestic cases average **350**.
- We have used benchmarking clubs to compare standards of service delivery, and are founder members of the Northgate Midland User Group and Staffordshire Revenue Managers Group.
- To improve our service we worked closely with our stakeholders and this year refreshed partnerships with amongst others: Citizens Advice Bureau, Valuation Office Agency, Bristow and Sutor, GVA Grimley, and we have also facilitated joint meetings to foster better working contact.
- We have reviewed and agree reductions in our banking cost.

- Work on a corporate project to implement BACS across the Council.
- We have developed a suite of interactive occupation and vacation forms.
- To ensure consistency we have developed a draft Debt Recovery Policy for adoption by Members

Benefits

- Our annual process at year-end was successful and over **7,000** benefit notification letters advising customers of their new benefit rates from the 1st April 2010 were issued.
- Performance for new claims **21** days against a target of **29** days.
- Time taken to process changes **5** days, against a target of **10** days.
- We are not able to report on our performance against NI 180 and NI 181 as the comparison is not available from the DWP.
- **£23m** of subsidy claimed.
- We carried out **533** visits to claimants, of which **100** related to the Fraud and Error Stock Survey.
- **43** Administrative Penalties and **31** Cautions were accepted. **20** claimants were summonsed to appear in court and 22 claimants were successfully prosecuted for benefit fraud. The total value of all overpayments for sanctions and prosecutions amounted to **£151,553**. Of these sanctions and prosecutions, 16 were joint investigations with the DWP. The value of the National benefits involved was **£111,524**.
- We have completed nearly **900** telephone reviews; of these we identified **116** changes (overpayments and underpayments).
- The intervention strategy is completed to final draft. The Anti-Fraud Framework for Benefits has been reviewed to incorporate this strategy and will need Member approval.
- Processed over **1,600** applications for concessionary passes, bringing the total number of passes in circulation to nearly **18,000**.

5.0 Conclusion

We have continued to meet the challenges posed by the economic climate, whilst maintaining service quality. We have worked with our partners to improve the quality of IT support and service delivery. We are continually reviewing and challenging our working practices to transform our services whilst finding further efficiencies.

6.0 What we need to do in 2010/11

We will continue to monitor the effects of the economic climate. We will implement the latest IT software solution for all services, and review resulting system speeds to ensure robustness. This will improve the processing efficiencies and enable implementation of new regulations. We will continue to set our own local performance targets based on performance in previous years and to maintain strategic risk assessment. We will continue to improve the information to our customers. We will continue to involve stakeholders and partners with service delivery and ensure Service Level Agreements exist where appropriate. We will continue to look for, and achieve savings and efficiencies by challenging what we do and how we do it. We will continue to undertake performance management for all our teams, including Personal Development Reviews and Management Competencies. We will work on corporate policies such as business continuity and develop plans. We will explore shared service and other cost savings/efficiencies.

Finance

- Upgrade oracle release 12.
- Implement International Financial Reporting Standards (IFRS).
- Implement the publication of invoices in excess of over **£500**.
- Complete Expenditure Review 2010.
- Set a balanced budget for 2012/13.
- Expeditiously complete all government statutory returns.
- Increase the number of suppliers paid electronically.
- Offer financial support and advice to customers.
- Increase the number of creditors paid electronically (this includes Sole traders Small, medium and large Companies, Council Tax and Business ratepayers) our target for payment of invoices electronically is 74% (the current average based on benchmarking with other Local Authorities)
- We aim to pay **89%** of our payments to creditors within **10** days and **99%** within **30** days.

Revenues

- We will produce and facilitate our strategic objectives detailed in the Finance Revenue and Benefit Annual Service Plan.
- Maintain high collection rates and good cash flow.
- We need to ensure an accurate billing process with prompt notification of liability to facilitate timely payment.
- Continue to ensure the best advice is offered to customers.
- Participate in the National Fraud Initiative.

- Facilitate the Staffordshire County Council sponsored discount review.
- We need to maintain a robust recovery process to collect liability due in a fair and considered way.
- We will agree a final version of the Debt Recovery Policy.
- We will continue to use CIPFA benchmarking clubs to compare standards of service delivery.
- We will use our partners to assist us in improving general efficiency.
- We work with our IT provider to make transformational changes to our service embracing the efficiency opportunities that exist.
- We will corporately challenge payments made in our property portfolio
- We will join the Staffordshire County Council project group to facilitate the production of a joint Council Tax leaflet.
- Work on a corporate project to implement electronic creditor payments to all Council departments using Solihull MBC to host our software.
- Ensure performance development continues so that training needs are identified and sufficient opportunities are afforded for personal development.
- Identify risks to the service and monitor trend analysis using the findings to influence allocation of resources.

Benefits

- We aim to pay landlords and benefit claimants by the corporate creditor payment system in 2010/11. This will reduce costs and improve efficiency.
- Monitor performance against and National Indicator 181 (180 has been removed) and our own local targets.
- Effectively monitor and improve the Sundry Income recovery rates.
- We will continue to issue new concessionary bus passes for those people who have applied for, and are eligible for free local travel.
- Review concessionary bus passes that have been issued on grounds of disability.
- Benefits will implement legislative and procedural changes promptly to ensure customers receive an efficient quality service.
- Monitor the development of the Universal Credit and changes to the benefit system.