

## STRATEGIC OVERVIEW AND SCRUTINY COMMITTEE

Date 28<sup>th</sup> November 2011

Agenda Item: 6

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KEY DECISION: NO

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

#### FINANCE, REVENUE AND BENEFIT SERVICES ANNUAL REPORT 2010 / 2011

#### 1. Purpose of Report

- 1.1 To provide members with an annual report on Finance, Revenue and Benefit Services for the financial year 2010/2011.

#### 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 2010/2011 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 2010/2011. 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 2010/2011 was **£54.645m** with a gross Capital Expenditure for 2010/2011 of **£6.75m**

#### 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 **£24.3m** in Benefits in 2010/2011, which was subsidised by the Department for Work and Pensions. The Revenues Service collected **£48.9m** in Council Tax and **£29.3m** 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:

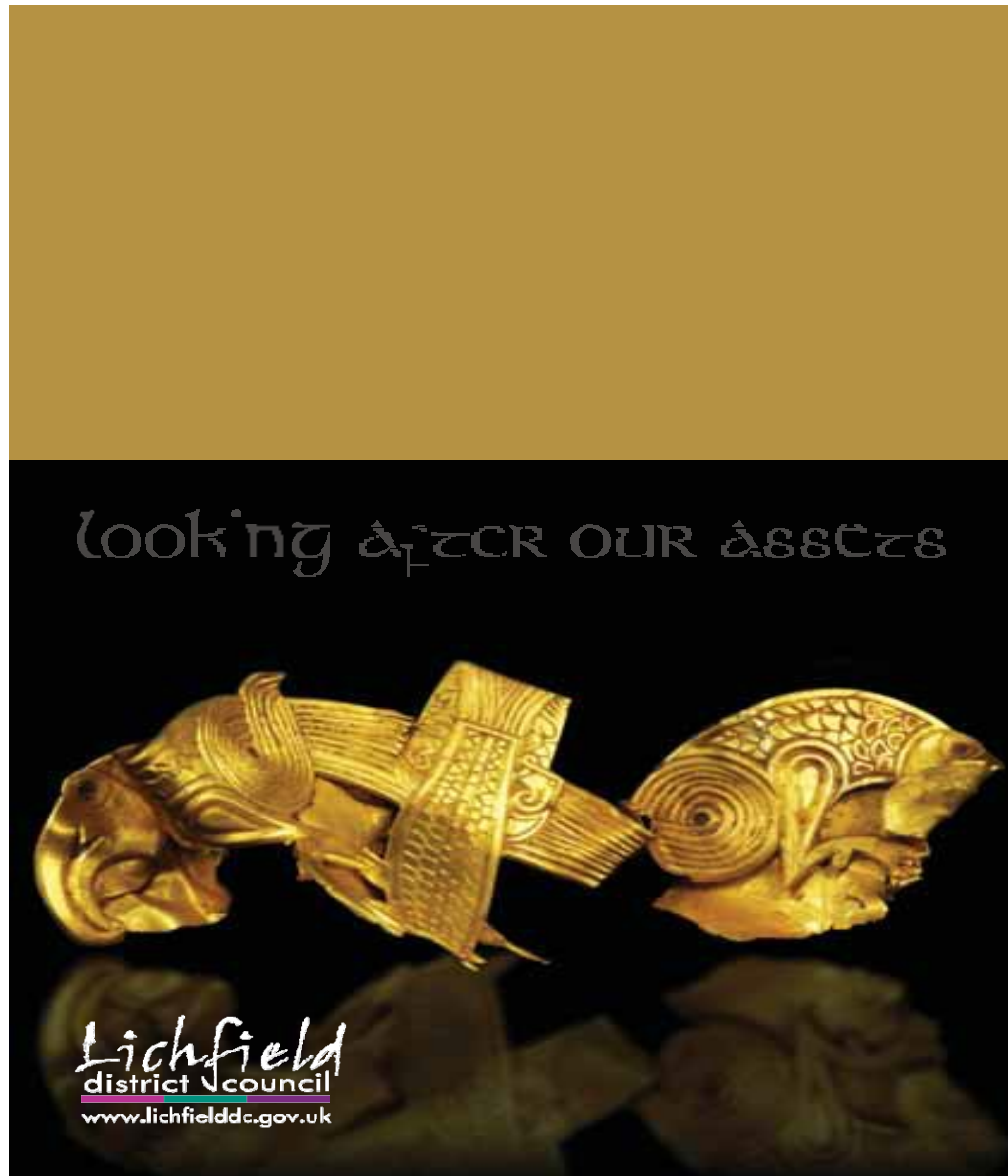
Risk	Likelihood/ Impact	Risk Category	Countermeasure	Responsibility
Not Maintain Performance Standards	Medium	Low	Monitored and identified at an early stage	P Leybourne Alan Tooth
Not achieve Adequate cash flow	Medium	Low	Regular reviews and use additional resources to improve position.	P Leybourne Alan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

**Background Document:**

Statement of Accounts 2010/11

# Finance, Revenues & Benefits

## Annual Report 2010/11



## **1.0 Introduction**

Finance, Revenues and Benefits (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 Affecting FRB in 2010/11**

During 2010/2011, the economic climate impacted on our services in terms of falling revenue. However, our services have proactively maintained their performance and achievement of targets, despite a reduction in resources.

The Statement of Accounts for the year ended 31 March 2011 were prepared in the newly required format, to comply with International Financial Reporting Standards (IFRS). The External Auditor gave an unqualified opinion in respect of the Statement of Accounts 2010/11.

Following an upgrade to the Revenues and Benefits software the server response times proved inadequate, impacting on the performance of the teams but they still maintained performance on target.

## **3.0 What we set out to do for the year 2010/11**

### **Finance :**

- Provision of Financial Support Services including Financial Services, Budget Modelling, Budget Forecasting & Monitoring, Advice & Financial support to Members and Council Officers, Collection Fund, Reconciliations, Benchmarking, Final Accounts, Statutory Returns, External Funding, Financial Training, Accounts Payable, Treasury Management, VAT, Leased Cars, Car Loans and Mortgage.
- Production of the Council's Revenue Budget for 2010/11 and the Medium Financial Term Strategy 2011/14.
- Production of the Council's Statement of Accounts 2010/11.
- Capital Programme 2011/14.
- Financial monitoring of both Revenue and Capital Budgets for 2010/11.
- 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.
- 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 **£49.5m** and for NNDR is **£29.9m**.
- Maintain the Valuation list and apply all changes notified by the Valuation Office Agency.
- Ensure that all **42,679** domestic customers are correctly billed in March 2010 to enable maximum cash flow benefits.
- Ensure that all **2770** business customers are correctly billed in March 2010 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 conditions :
  - ✓ 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 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.
- Further review bank charges.
- Continue to embrace new technology.
- Upgrade the Northgate server to obtain operational efficiencies.
- Challenge current cost base and identify options that offer departmental and corporate savings.
- Devise and 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 **26** 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.
- In recognition of the economic climate 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
- Pay benefit direct using BACS.
- Maintain local targets on fraud and detection. To take appropriate action against persistent offenders.
- Ongoing participation with the National Fraud Initiative.
- Review and 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 on Housing and Council Tax Benefit.
- In partnership with other Staffordshire Authorities we advertise the service in the 'Retired' magazine.
- Support the transfer to the Concessionary Fare Scheme to the County Council.
- Improve Corporate Debt recovery.

#### **4.0 Our Successes and Achievements in 2010/11**

We have continued to improve and maintain the information on the web site and encouraged customers to communicate with us through all mediums. Examples of this is the Summary Statement of Accounts 2010/11 and the Statement of Accounts 2010/11.

##### **Finance :**

We successfully supported all Council Directorates during 2010/11 and achieved the following:

- Completed Expenditure Review 2010, identifying the authority's financial resources to support the strategic priorities.
- Produced the statutory Statement of Accounts by 30 June 2011. Having successfully closed down under the new IFRS Accounting framework.
- Set a balanced Budget by February 2011.
- Submitted quarterly performance reports to Cabinet.
- With our partners Solihull MBC we successfully upgraded Oracle Financials to the latest version – Release 12 and undertook other smaller upgrades.
- Submitted Treasury Management Reports to Cabinet and Council.
- Supported the Council in responding to Government Consultation such as the New Homes Bonus.

We also assisted in the delivery of the authority's capital programme including its key priority areas:

- By assisting the Lichfield District Venture Team in delivery of major projects such as Friarsgate, Friary Outer and the Heritage Park and the Leisure, Parks and Play team with the Chasewater Dam project.

### Revenues :

- Our annual process at year-end was successful and resulted in the production and delivery of **42,679** Council Tax bills and **2,770** Non Domestic Rate bills. Additionally, over **7,000** benefit notification letters advising customers of their new benefit rates were issued.
- Council Tax collected **£48,895,000** (**98.7%** in year collection rate) and allocated to 2010/2011.
- National Non-Domestic Rate collected **£29,300,000** (**98.0%** in year collection rate) and allocated to 2010/2011.
- 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 agreed further reductions in our banking cost.
- Occupation and vacation forms are on the Council's website.
- To ensure consistency we have developed a Debt Recovery Policy which has been adopted 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 1<sup>st</sup> April 2011 were issued.
- Performance for new claims **23** days against a target of **26** days.
- Time taken to process changes **5** days, against a target of **10** days.
- **£25m** of subsidy claimed.
- We carried out **668** visits to claimants.
- **23** Administrative Penalties and **21** Cautions were accepted. **26** claimants were summonsed to appear in court and 23 claimants were successfully prosecuted for benefit fraud. The total value of all overpayments for sanctions and prosecutions amounted to **£151,553**.
- Processed over **1,300** applications for concessionary passes, and reviewed 1,500 passes that were in circulation on disability grounds.
- Of the debts raised corporately 88% was collected in the financial year.
- 51% of debts referred to a debt collection agency, as a result of non-payment to the Council, were recovered.

## **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.