

Finance, Efficiency & Assets Portfolio – Scrutiny Budget Briefing

Portfolio Holder: Councillor Terry Richardson

Senior Officers: Financial Services Group Manager, Director of Place

Financial Services	2014/15 Approved Budget	2014/15 Revised Estimate	2015/16 Proposed Budget	% Change [C] - [A]	% Change [C] - [B]
	[A]	[B]	[C]		
Establishment Costs	£490,469	£490,469	£499,535	£9,066 1.85%	£9,066 1.85%
Other Gross Direct Expenditure	£1,027,085	£929,561	£972,077	£55,008 -5.36%	£42,516 4.57%
Direct Income	£203,600	£205,002	£203,600	£0 0.00%	£1,402 -0.68%
Net Direct Expenditure	£1,313,954	£1,215,028	£1,268,012	£45,942 -3.50%	£52,984 4.36%
Overall No. of Posts (FTE)	11.57	11.30	11.30	0.27 -2.33%	0.00 0.00%

Internal Audit	2014/15 Approved Budget	2014/15 Revised Estimate	2015/16 Proposed Budget	% Change [C] - [A]	% Change [C] - [B]
	[A]	[B]	[C]		
Establishment Costs	£0	£0	£0	£0 0.00%	£0 0.00%
Other Gross Direct Expenditure	£51,035	£49,731	£50,190	£845 -1.66%	£459 0.92%
Direct Income	£765	£765	£765	£0 0.00%	£0 0.00%
Net Direct Expenditure	£50,270	£48,966	£49,425	£845 -1.68%	£459 0.94%
Overall No. of Posts (FTE)	0.00	0.00	0.00	0.00 0.00%	0.00 0.00%

Revenues & Recovery	2014/15 Approved Budget	2014/15 Revised Estimate	2015/16 Proposed Budget	% Change [C] - [A]	% Change [C] - [B]
	[A]	[B]	[C]		
Establishment Costs	£374,436	£373,557	£391,954	£17,518 4.68%	£18,397 4.92%
Other Gross Direct Expenditure	£92,224	£62,107	£52,823	£39,401 -42.72%	£9,284 -14.95%
Direct Income	£239,815	£239,815	£220,466	£19,349 -8.07%	£19,349 -8.07%
Net Direct Expenditure	£226,845	£195,849	£224,311	£2,534 -1.12%	£28,462 14.53%
Overall No. of Posts (FTE)	14.99	15.00	15.00	0.01 0.07%	0.00 0.00%

Assets	2014/15 Approved Budget	2014/15 Revised Estimate	2015/16 Proposed Budget	% Change [C] - [A]	% Change [C] - [B]
	[A]	[B]	[C]		
Establishment Costs	£161,119	£161,119	£164,515	£3,396 2.11%	£3,396 2.11%
Other Gross Direct Expenditure	£577,462	£632,422	£599,068	£21,606 3.74%	-£33,354 -5.27%
Direct Income	-£271,933	-£273,154	-£334,100	-£62,167 22.86%	-£60,946 22.31%
Net Direct Expenditure	£466,648	£520,387	£429,483	-£37,165 -7.96%	-£90,904 -17.47%
Overall No. of Posts (FTE)	5.58	5.58	5.58	0.00 0.00%	0.00 0.00%

East Midlands Housing	2014/15 Approved Budget	2014/15 Revised Estimate	2015/16 Proposed Budget	% Change [C] - [A]	% Change [C] - [B]
	[A]	[B]	[C]		
Establishment Costs	£0	£0	£0	£0 0.00%	£0 0.00%
Other Gross Direct Expenditure	£0	£0	£0	£0 0.00%	£0 0.00%
Direct Income	-£57,546	-£75,814	-£18,789	£38,757 -67.35%	£57,025 -75.22%
Net Direct Expenditure	-£57,546	-£75,814	-£18,789	£38,757 -67.35%	£57,025 -75.22%
Overall No. of Posts (FTE)	0.00	0.00	0.00	0.00 0.00%	0.00 0.00%

Finance, Efficiency & Assets - Total	2014/15 Approved Budget	2014/15 Revised Estimate	2015/16 Proposed Budget	% Change [C] - [A]	% Change [C] - [B]
	[A]	[B]	[C]		
Establishment Costs	£1,026,024	£1,025,145	£1,056,004	£29,980 2.92%	£30,859 3.01%
Other Gross Direct Expenditure	£1,747,806	£1,673,821	£1,674,158	-£73,648 -4.21%	£337 0.02%
Direct Income	-£773,659	-£794,550	-£777,720	-£4,061 0.52%	£16,830 -2.12%
Net Direct Expenditure	£2,000,171	£1,904,416	£1,952,442	-£47,729 -2.39%	£48,026 2.52%
Overall No. of Posts (FTE)	32.14	31.88	31.88	-0.26 -0.81%	0.00 0.00%

Movement in budget and staff from last year

Financial Services

The headcount is assumed to remain unchanged at 11.3 FTE for the forthcoming year including the establishment costs and headcount relating to the fraud officer.

The £55,008 reduction in Gross Direct Expenditure compared to 2014/15 approved budget is due to the following items:

- £19,000 reduction in external audit fees to audit grant claims. This is based on the costs experienced in 2014/15 given the introduction of the Northgate system in Revenues. This has made the auditors process easier and the Benefits team have attained exceptional accuracy so limiting the amount of additional testing required by the auditors.
- £30,000 reduction in interest payable in 2015/16 that is paid when borrowing occurs to support the capital programme. This reduction is as a result of the Council utilising capital receipts to support the capital programme where it is deemed appropriate, so avoiding interest costs and interest on borrowing recalculated given the actual borrowing that has been necessary to support the capital programme.
- £8,000 reduction in fraud costs supporting the National Antifraud Initiative against the approved budget. Whilst the Authority continues to support this initiative actual costs experienced have reduced and the budget amended in line with this. The Council is to benefit from joint working with Leicester City Council which has recently been successful in gaining government funding to support joint working across Leicestershire to combat fraud. This additional support comes with no direct costs to Blaby DC.

Internal Audit

Includes cost for the provision of the internal audit service.

North West Leicestershire will continue to provide the shared internal audit service to the authority which provides a cost effective audit solution.

Revenues and Recoveries

The headcount is budgeted to remain unaltered at 15 FTE however the structure was altered during 2014/15 and the costs are reflective of a new structure which has given more focus on debt recovery.

Gross direct expenditure has remained at a similar level apart from the accounting treatment of the £38k for discretionary rate relief. This now is not charged to the general fund budget but is accounted for within the Business Rate Retention scheme. The Council however, continues to monitor this in the same manner as previously in order that a similar award level is maintained and does not have a detrimental impact on the Business Rate growth calculation.

Assets

The headcount is budgeted to remain unaltered at 5.58 FTE.

Gross Direct Expenditure has increased by £22,000 the main items being:

- £10,000 increase in maintenance costs reflective of works that are expected to take place in the next year.
- £11,000 centralisation of the majority of the stationery budgets within the Council officers – an initiative to reduce costs.

Direct income has increased by £62,000 due to:

- the expectation that units on the Enderby Road Industrial Estate will be let following refurbishment works
- £25,000 in respect of the letting of part of the Council Offices to the Nottingham Health Trust which is delivering support for mental health across Leicestershire.

East Midlands Housing

East Midlands Housing (EMH) vacated the Council offices at 30th June 2014.

Income was also received from the supply and maintenance of vehicles but this also ceased during 2014.

The remaining £19,000 is expected to be received from the lease of the current depot offices to EMH. This is subject to the delivery of the Council's new depot and notice being served on EMH.

Priorities

1. Understand costs and deliver a responsive, cost effective and high quality financial service.
2. Maintaining the high collection rate of the Revenues Service whilst driving efficiency and improving Customer Service.
3. Maximising the use of the council's assets.
4. Instilling principles of good, sustainable procurement.
5. Continue a culture of transparency with emphasis on financial control, audit, with regard for the prevention of fraud and management of risk.

Services

- **Financial Services**

Includes costs of Finance Officers involved in the generation of the Financial Statements and to provide financial information ensuring the financial control of the Council. Officers within the department also process the payroll for both Officers and Members and all supplier invoices are processed through this department.

This segment of the portfolio also includes costs/income for the following:

- External Interest Payable
- Interest Received on Investments
- Procurement costs
- Insurance
- Bank Charges

- **Revenues and Recoveries**

Billing and collection of Council Tax and Non Domestic Rates.

Includes the monitoring and administration of discretionary rate relief.

- **Assets**

Includes costs for the Council Offices and the Depot including the building and the associated grounds maintenance. Also includes costs incurred for Leisure Centre buildings, public conveniences, caravan sites, bus shelters, Whetstone Industrial Estate and costs associated with the administration of property and assets owned by the Council.

Audit and Fraud

- Includes the delivery of fraud initiatives across the Council and internal audit fees. Internal Audit Services being provided by North West Leicestershire as part of a shared service.

Key points

Doing things differently - plans for the coming year	<p>Revenues</p> <ul style="list-style-type: none">• The Revenues system which went live in December 2012 has enabled a range of tasks to be automated. The department has been at the forefront of the channel shift project mapping a range of processes in preparation for them to be accessible for customers to perform over the website. It is expected that this enhancement to the website will be delivered early in the new financial year.• The use of the Northgate system by both the Revenues and Benefits department have naturally brought the two departments to work closer with each other. Consequently staff have been identifying ways of working together which improve the service to customers and this will continue in 2015/16.• The restructure of the department in 2014 has given greater focus on debt recovery and currently officers are receiving support to enhance their experience in taking some of the more difficult cases through to committal stage at court. This sends a positive message to both those customers that pay regularly but also a strong message that the Authority will take appropriate action to ensure Council Tax is collected. <p>Finance</p> <ul style="list-style-type: none">• Officers continue to work alongside services to enable them to fully understand the financial picture. This understanding is broadening as finance officers are now starting to provide support to draft business cases for investment opportunities to close the financial gap.• The European Legislation relating to procurement is in the process of being changed. This will invariably mean the recently revised Constitution will have to be further amended and officers of the Council supported through this process.• The successful bid for transformational funding to support the 'Light Bulb' project will be administered by Blaby District Council. As such finance officers will be monitoring the budget for the project feeding into the
---	--

	<p>reporting process to feedback to all the interested parties. Note – the detailed budget for the Light Bulb project is not yet included in the total budget but it's addition will be at no overall cost to Blaby DC for the 2015/16 financial year.</p> <p>Assets</p> <ul style="list-style-type: none"> • The planning application has recently been submitted for the proposed new depot. It is anticipated that this will be delivered in this financial year, subject to planning approval and the costs being acceptable to Council. <p>Fraud and Internal Audit</p> <ul style="list-style-type: none"> • The Public Sector Internal Audit Standards which were issued in 2013 have changed the manner in which internal audits were evaluated and applied. This has greatly improved the value internal audit has brought to the Authority, concentrating on areas where there is greater risk. In 2015/16 the level of compliance with the standards will be reviewed and agreed. • In addition to the fraud work that is currently undertaken within the Authority the Council also has the opportunity to enhance the fraud activity by working with Leicester City Council which has secured grant funding to facilitate this initiative. Working with the County and Districts across Leicestershire the City Council will be looking at ways in which data can be shared to combat fraud, develop technology to assist customers to report fraud and also to share knowledge and provide resilience for fraud investigations where needed.
<p>Income generation</p>	<p>Within the Finance portfolio there is little scope to improve income streams because of the nature of the portfolio.</p> <ul style="list-style-type: none"> • The finance department will however provide support in assessing investment opportunities open to the Council. • The utilisation of the Council's assets to obtain revenue or improve usage is an ongoing initiative. The lease of the Council offices to Nottingham Health Trust and the movement of the Citizens Advice Bureau to the offices here at Narborough and the possible future extension of services offered not only bring revenue opportunities but better outcomes for our customers with partners such as these delivering services alongside the Authorities own officers.
<p>Capital plans for the portfolio</p>	<ul style="list-style-type: none"> • An amount of £20,000 has been included in the capital programme to upgrade the income management system used by the Council. This system processes all payments made through the Website, face to face or

	<p>over the telephone and ensures all customers payment details are kept secure. The upgrade will ensure that the system utilised by the Council to process all payment details is fully compliant with the Payment Card Industry Data Security Standard.</p> <ul style="list-style-type: none"> • An amount of £4,500 is included as final settlement to purchase bins that historically had been subject to a lease arrangement. This is a historic arrangement and refuse or recycling bins are no longer leased but purchased outright. • The delivery of the new depot which was included in the capital programme of 2014/15 will continue during the next financial year.
--	--

Key performance indicators

	2014 upto 02.01.14	2013 upto 03.1.13	Full Year 2013	Full Year 2012
% Council Tax Collected	93.53%	94.51%	97.45%	99.13%
% Non Domestic Rates Collected (NNDR)	89.22%	94.72%	99.13%	98.93%
	2014 to end Q3	2013 to end Q3	Full Year 2013	Full Year 2012
Invoices Paid within 30 days	97.37%	94.68%	94.76%	96.59%

Note:

- Both Council Tax and Business Rate customers can now spread their payments over 12 instalments rather than 10. Whilst some Council Tax Customers have taken advantage of this option it has not significantly affected the collection rate. The larger Business Rate customers have utilised this 'cashflow' option and this has effected the collection rate adversely. We would however, expect the collection rate to have recovered to normal levels as the 11th and 12th payments are received in February and March.

Customers

Within the Revenues and Recovery department it can be difficult to balance customer expectations/satisfaction whilst trying also to achieve and maintain a high collection rate.

Officers strive to assist customers who are facing financial difficulty to make affordable payment arrangements and invariably those customers that are assisted in this way give extremely positive feedback.

We continue to try and find ways in which we can encourage customers to contact us and have recently started to use Twitter and Facebook to give messages out to customers.

For those customers that have less of an intention to pay and default on payments regularly a firmer stance is taken but always with the intention that they are treated fairly and with respect.

Within the Assets and Finance area, customers are more diverse and include internal customers, residents and Parishes. Over the last year greater relationships have been built

with clerks and Parish members which has assisted financial information to be shared and the utilisation of assets to be better utilised for the community. It is anticipated that these relationships will continue to be improved.

Risks

- **Overall Financial Risk** – The Financial Risks facing the council are not necessarily specific to this portfolio the finance departments input into financial issues across many aspects of the Council will continue. Officers work closely with the various departments to monitor budgets but also to provide sound financial input into all decisions that have financial implications.
- **Council Tax Support** – the introduction of Council Tax Support saw the financial risk of increased claimant numbers being bourn by the major preceptors. An increase in amounts awarded has not been experienced however it is a concern should a local business suddenly go into receivership. The award of Council Tax Support is monitored throughout the year to ensure any impact is known at the earliest opportunity.
- **Debt** – the economic climate and Welfare reform continues to affect our customers and debt may increasingly become an issue. The Council continues to provide for debt that has aged or appears likely to become bad to even out the financial impact of debt issues.