



**FINANCE, AUDIT AND PERFORMANCE UPDATE – RESOURCES
REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)**

WARDS AFFECTED: ALL WARDS

1. PURPOSE OF REPORT

1.1 To provide the committee with an update on the financial, performance and risk position of the following service areas as at 30 November 2015:

- Finance
- Estates and Asset Management
- ICT
- Revenues and Benefits

2. RECOMMENDATION

2.1 That members note the contents of this report

3. BACKGROUND TO THE REPORT

Finance

3.1 The financial performance for finance from 1 April 2015 – 30 November 2015 has been detailed in Appendix 1. As at 30 November, the service area had under spent against the profiled budget (taking into account timing differences) by £426,007. In addition there are £208,993 of forecast variances meaning a forecast outturn under spend of £635,000.

3.2 Details of variances over £25,000 have been provided in Appendix 1. The majority of the variance is due to a s31 grant awarded to the Council based on NNDR forecasts for the year. The level of this grant that may be retained at year end will depend on the business rates outturn at 31st March 2016 and any levy payments due. Therefore in order to be prudent, this income has been placed into the Business Rates reserve pending any notification.

3.3 Performance against performance indicators for finance from 1 April 2015 – 30 November 2015 has been detailed in Appendix 2, along with explanation where indicators have not been met. In total 67% (2) of indicators are currently meeting target.

3.4 The risk register for service area contains 6 risks for 2015/2016. There are 4 red (high) risks as at 30 November 2015

3.5 In addition, the following corporate risks are deemed to impact finance. An update on these risks and corresponding actions are provided below

Risk	Risk failure leads to:	Net Risk Level	Review commentary	Risk Owner
S.11 - Failure to successfully deliver the Medium Term Financial Strategy	Underperformance, inadequate cashflow, ineffective financial planning	8: Likelihood (medium) - Impact (high)	The medium term financial position of the Council remains challenging but the shorter term position for 2016/17 and 2017/18 has improved, principally due to Block C, Pressures are building in the longer term due to the removal of RSG funding and New Himes Bonus likely to be significantly reduced. Consideration of introducing a Green Waste Charge and the details of a Council Tax increase is under discussion, along with other proposals, which should ease the longer term outlook.	Sanjiv Kohli
S.37 - Non delivery of capital projects which are interdependent	Failure to deliver Objectives, Failure of to secure potential benefits from capital projects	8: Likelihood (medium) - Impact (high)	<p>The restrictions in funding new capital projects remains. For the HRA the position is that the council continue with current schemes only</p> <p>In addition, a comprehensive business plan is being prepared for the operations of the wholly owned company and the Council who will need to provide funding to the company. This plan for the company will however be heavily dependent upon approved borrowing by the Company from the Council with some equity funding. The funding of the Company will be under constant review between now and February 2016 when it is intended to take a report to the Council together with the 2016/17 budget and MTFS.</p>	Sanjiv Kohli
S.41 - Business Rates Pooling (linked to MTFS)	If target levels of contributions into the Pool, in the form of Levy costs, is not met by the partner authorities then sufficient amounts may not be set aside for a local safety net. This may result in additional contributions into the	2: Likelihood (medium) - Impact (low)	The Pool continues to perform well, surplus of £3.8m expected for 2015/16 in the pool. HBBC has confirmed it will remain in the pool for 2016/17. The pool will bring additional funding to Leicestershire as a whole. The council have agreed to stay in the pools for 2016/17.	Sanjiv Kohli

	Pool or withdrawal.			
S.45 - Council does not prevent or detect fraudulent activities	Risk of undetected financial loss to the council.	8: Likelihood (medium) - Impact (high)	Leicestershire Transformation Bid successful. Ashley Wilson now working with Leicester City (accountable body) and the Leicestershire revenues and Benefits Partnership to set up a counter fraud service. Progress has been made, but final processes for sharing information and what the outputs will be to be finalised. Should be in place for early 2016/17. Review of Whistle blowing Policy complete. This revealed a lack of understanding of process to follow. Chief Executive has included a clarification note in the Monthly Newsletter. Taken appropriate action to inform members of staff and elected Members	Steve Atkinson
S.43 - Leicestershire County Council budget cuts	Reduction in budgets for service delivery, therefore increasing the risk that services will be adversely impacted or charges may be required to recoup funding lost	9: Likelihood (high) - Impact (high)	<p>LCC have given notice of withdrawal of green recycling credits from 2015/16. This impacts HBBC budgets by taking away income of around £320K which has now been planned for in the Council's MTFS.</p> <p>LCC also announced that their financial position has worsened so it is likely that they will also remove dry recycling credits from 2017/18. This could mean a further £250 loss of income.</p> <p>In addition, as LCC position worsens to a budget gap of £130m with some savings not yet identified there is a likelihood that their further decisions on budget reductions will continue to have an on going impact on Leicestershire District councils' budgets.</p> <p>Position is under constant review.</p>	Sanjiv Kohli

			Recent discussions now indicate that at the Council Tax may increase by £5 and there will be in consideration of introducing charges for Green waste will have an immediate impact for 2016/17 and beyond. "016/17 is in balance. However, the longer term position and action needed still needs to be confirmed This position is considered not sustainable and further discussions are needed with members of the administration.	
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Estates and Asset Management

- 3.6 The financial performance for Estates and Asset Management from 1 April 2015 – 30 November 2015 has been detailed in Appendix 1. As at 30 November, Estates and Asset Management has under spent against the profiled budget (taking into account timing differences) by £32,848. In addition there are (£38,848) of forecast variances meaning a forecast outturn over spend of (£6,000).
- 3.7 Details of variances over £25,000 have been provided in Appendix 1.
- 3.8 Performance against performance indicators for Estates and Asset Management from 1 April 2015 – 30 November 2015 has been detailed in Appendix 2, along with explanation where indicators have not been met. In total 100% of indicators are currently meeting target.
- 3.9 The risk register for Estates and Asset Management contains 3 risks for 2015/2016. There are no red (high) risks as at 30 November 2015.
- 3.10 In addition, the following corporate risks are deemed to impact Estates and Asset Management. An update on these risks and corresponding actions are provided below

Risk	Risk failure leads to:	Net Risk Level	Review commentary	Risk Owner
S.06 - Failure to implement the Town Centre Plan	Lack of member support, private sector investment interest, public sector funding, public support, planning permission for the development and Lack of progress on Town Centre regeneration	9: Likelihood (high) - Impact (high)	Construction works on the Crescent nearing completion with PC expected mid-February. Awaiting LCC sign off of revised S278 Agreement to tie in design of Crescent footpath/highway works with the public realm scheme. Squash facility and construction works completed.	Bill Cullen

S.37 - Non delivery of capital projects which are interdependent	Issues to Town Centre plan and Leisure Centre Plans (S.06 and S.25)	8: Likelihood (medium) - Impact (high)	Major Project Group reviews impacts of conflicting projects. Hub development and Squash Club now complete with Crescent and Leisure Centre both nearing completion. Car parking to be reviewed in the Town Centre as these developments begin to come online	Sanjiv Kohli
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ICT

- 3.11 The financial performance for ICT from 1 April 2015 – 30 November 2015 has been detailed in Appendix 1. As at 30 November 2015, ICT has under spent against the profiled budget (taking into account timing differences) by £6,990. In addition there are (£6,990) of forecast variances meaning a breakeven forecast outturn position.
- 3.12 Details of variances over £25,000 have been provided in Appendix 1
- 3.13 There are no specific performance indicators in place for ICT.
- 3.14 The risk register for ICT contains 10 risks for 2015/2016. There are no red (high) risks as at 30 November 2015. There are no corporate risks deemed to directly impact ICT.

Revenues and Benefits

- 3.15 The financial performance for Revenues & Benefits from 1 April 2015 – 30 November 2015 has been detailed in Appendix 1. As at 30 November 2015 Revenues & Benefits had underspent against the profiled budget (taking into account timing differences) by £241,792. In addition there are (£133,792) of forecast variances meaning a forecast outturn under spend of £108,000
- 3.16 Details of variances over £25,000 have been provided in Appendix 1.
- 3.17 Performance against performance indicators for Revenues and Benefits service from 1 April 2015 – 30 November 2015 has been detailed in Appendix 2, along with explanation where indicators have not been met. In total 28% (2) of indicators are currently meeting target.
- 3.18 The risk register for Revenues & Benefits contains 8 risks for 2015/2016. There is one red (high) risk as at 30 November 2015.
- 3.19 In addition, the following corporate risks are deemed to impact Revenues and Benefits. An update on these risks and corresponding actions are provided below

Risk	Risk failure leads to:	Net Risk Level	Review commentary	Risk Owner
S.17 - A reduction in Benefit Subsidy as a result of error and/or poor performance	Introduced a Quality Checking Procedure within Benefits effective April 2010.	6: Likelihood (low) - Impact (high)	PwC are undertaking the subsidy audit for 2014/15, whilst errors identified were small in value and did not affect the amount paid in subsidy we will look at those areas where	Storme Coop

impacting on Medium Term Financial Strategy	Performance indicators revised allowing for increased checking of work whilst still meeting upper quartile.		errors were found and ensure that the appropriate training is provided.	
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4. FINANCIAL IMPLICATIONS [IB]

4.1 Contained within the *Financial Performance* section of the report

5. LEGAL IMPLICATIONS [MR]

5.1 Report is for noting and therefore there are no direct legal implications.

6. CORPORATE PLAN IMPLICATIONS

6.1 All budgets, performance indicators and risks are mapped against the appropriate corporate plan implication.

7. CONSULTATION

7.1 No direct consultation

8. RISK IMPLICATIONS

8.1 Covered within the *Risk Management* section of the report

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

9.1 Covered as appropriate in the body of the report

10. CORPORATE IMPLICATIONS

10.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background papers: Budget Monitoring and TEN Reports

Contact Officer: Ilyas Bham, Accountancy Manager

Executive Member: Cllr M Surtees

Appendix 1 – Financial Performance

	Estimate to Date	Actual to Date	Timing Diff	Variance exc Timing	Explanations >£25k	Forecast variance	Explanations >£25k
	£	£	£	£		£	
Finance							
Corporate Management	864,082	749,620	98,000	16,462		19,000	
Finance Support	370,845	382,744	0	(11,899)	-	(14,000)	-
General Grants	213,490	(294,954)	87,000	421,444	Part year impact of forecast savings.	630,000	£630k 'Section 31 grant' income, designed to reimburse changes announced in the 2012 and 2013 Autumn Statements The level of this grant that may be retained will depend on the business rates outturn at 31st March 2016 and any levy payments due. Therefore in order to be prudent, this income has been placed into the Business Rates reserve pending any notification.
Total Finance	1,448,417	837,410	185,000	426,007		635,000	
Estates and Asset Management							
Asset Management	163,528	136,466	3,000	24,062	-	0	-
Council Offices	787,942	758,669	21,000	8,273		10,000	
Miscellaneous Property	56,774	76,764	(3,000)	(16,990)		(16,000)	
Industrial Estates	(420,805)	(438,308)	0	17,503	-	0	-
Total Estates and Asset Management	587,439	533,591	21,000	32,848		(6,000)	

ICT							
IT Support	960,009	891,019	62,000	6,990	-	0	-
Revenues and Benefits							
Council Tax / NNDR	168,628	135,619	0	33,009	<ul style="list-style-type: none"> £33k reduction in HBBC contribution to the Revenue & Benefits Partnership as a result of partnership restructure 	49,000	<ul style="list-style-type: none"> £49k reduction in HBBC contribution to the Revenue & Benefits Partnership as a result of partnership restructure
Council Tax Support	99,382	74,542	0	24,840	-	31,000	<ul style="list-style-type: none"> £31k reduction in HBBC contribution to the Revenue & Benefits Partnership as a result of partnership restructure
Benefits Fraud	92,446	70,347	0	22,099	-	16,000	-
Rent Allowances	(200,578)	694,578	(1,057,000)	161,844		12,000	-
Total Revenues and Benefits	159,878	975,086	(1,057,000)	241,792		108,000	

Appendix 2 – Performance Indicators

Reference		Target	Current Performance	Comments
Finance				
BV008	Invoices Paid on Time	98.50%	99.47%	Target exceeded to date
LI008	Invoices (local businesses) paid Within 10 Days	85.00%	88.79%	Target exceeded to date
LI009	Debt over 90 days old as a % of aged debt	25.00%	39.89%	Target was exceeded in Q1 and Q2. Performance has slipped in Q3 because of 4 large invoices that remaining unpaid. Recovery action is being taken by the budget holder in all cases and the target is expected to be met by year end.
Estates and Asset Management				
EM1	Facilities Management (HUB): achievement of customer service requests within 3 days	90%	98%	Target exceeded to date
EM2	Facilities Management (HUB): achievement of customer service requests within 10 days	90%	100%	Target exceeded to date
EM3	Facilities Management (Non HUB): achievement of customer service requests (maintenance type) 10 to 30 days	90%	91%	Target exceeded to date
ICT				
n/a	No direct performance indicators			
Revenues and Benefits				
LRBP1	Council Tax in - year collection rate	76.4%	76.2%	The slight reduction in collection rates may be as a result of the reduction in council tax support and the fact that taxpayers can now pay over 12 months. A comprehensive training plan has been delivered to the new generic Council Tax scheme; as a result recovery was suspended during September. The target for the year is 98% and is expected to be met by year end.
LRBP3	NNDR in year collection	74.9%	75.5%	Ratepayers are electing to pay over 12 months rather than 10 which will have an

				impact on PI's for this year. The target is expected to be met by year end.
LRBP8	Processing of new claims (days)	19.3	19	Target on track, small underperformance to date some vacant posts and a high level of sickness have contributed to this, but not a significant difference to target.
LRBP9	Processing of Change of Circumstances (days)	9.8	9	Target on track, small underperformance to date some vacant posts and a high level of sickness have contributed to this, but not a significant difference to target.
LRBP10	Combined performance (NI181)	11.3	11	Target on track, small underperformance to date some vacant posts and an unusually high level of sickness have contributed to this, but not a significant difference to target.
LRBP7	Housing Benefit overpayments collection rate	28%	30%	As anticipated, due to the delayed recovery action, collection performance is below the profiled target for all three councils. If the in-trays are brought up to date in December, this will allow the team to focus on old cases and move the accounts where Liability Orders were obtained in November through the recovery stages. In quarter four, we expect to see improvement in the collection performance for all three councils.
LRBP11	Number of successful fraud prosecution & sanctions	29	14	Target exceeded