Report to the Council

Subject: Finance and Technology Portfolio **Date: 30 July 2013**

Portfolio Holder: Councillor Syd Stavrou

Recommending:

That the report of the Finance & Technology Portfolio Holder be noted

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Accountancy

The Accounts and Audit Regulations no longer require the approval at June Council of the draft Statutory Statement of Accounts. This means the Accounts will not be presented to Council until September, when the audited set will be on the agenda. The outturn reports for both revenue and capital were presented to the Finance and Performance Management Cabinet Committee on 20 June and the Finance and Performance Management Scrutiny Panel on 11 June. I do not want to repeat the contents of those reports but, as not all of you will have attended one of those meetings, it is worth giving you the headlines.

The revenue outturn showed that the Council had again proved more successful in delivering savings than had been anticipated. The revised estimates had an anticipated use of reserves of £29,000 but the outturn actually saw £454,000 being added. These additional savings arose from a range of Council services including, directorate administration and support budgets, building maintenance, the corporate improvement and training budget, as well as salary savings. There was an unbudgeted saving of £195,000 on Housing Benefits, partly due to adjustments relating to prior years but also resulting from the identification of overpayments. The recovery of housing benefit overpayments is shown as income to the Council and so reduces net expenditure. In 2011/12 Housing Benefits staff created £1.1 million in debts for overpayments but 2012/13 saw this figure increase above £1.3 million. As gross expenditure on benefits exceeds £47 million even a small percentage variance can produce quite large under or overspends.

The outturn on the Housing Revenue Account was a deficit of £1.04 million. This was £102,000 worse than the revised estimate, largely due to income from other rents and charges being £119,000 below the revised estimate. Despite this deficit, the closing revenue balance on the HRA was still nearly £3.5 million.

The capital outturn detailed spending of £13.09 million on a range of schemes, this was in line with the revised estimate. Whilst the overall outturn was only £2,000 different to the revised estimate there were variances on individual schemes that gave a total overspend of £289,000 being offset by a net carry forward of £287,000. The two largest overspends were in the HRA programme on structural schemes £129,000 and void properties £140,000. The largest carry forwards were also on housing items with £175,000 for the open market shared ownership scheme and £154,000 for service enhancements.

I should also mention the Spending Review as this has given us some clues about the Council's funding in future years. The headline reduction for Local Government for 2015/16 is 10%, but within this overall figure there will be a range of outcomes for different authorities. It is likely to be a while yet before the figures are confirmed for either 2014/15 or 2015/16 as the Secretary of State, speaking at the LGA Conference, said "We will give you the figures as soon as we can but we expect you to hear the sound of Santa's bells before you get them". The other key announcement in the Spending Review was that a growth fund for Local Enterprise Partnerships is to be created from a "top slice" being applied to the New Homes Bonus. The consultation paper setting out how this will work is eagerly anticipated.

Benefits

There has been a lot of media coverage on the introduction of the Benefit Cap from 15 July. This is a phased implementation and the cap should be in place on all relevant claims by the end of September 2013. We were notified of our first three claims to cap on 15 July, with the cap applying from 22 July. The Department for Work and Pensions (DWP) adds up the money that claimants get from a range of benefits including: housing benefit, jobseeker's allowance, income support, employment support allowance, child benefit, child tax credit and carer's allowance. If the total comes to more than the maximum allowed we are notified and are required to reduce the amount of housing benefit paid to bring the total benefit back to the maximum allowable amount. The maximum allowable amount is £500 per week for couples or single parents and £350 per week for single people without children. These limits do not apply if you get pension credit or working tax credit or if a member of the household is claiming disability living allowance, attendance allowance or the support element of employment support allowance.

Information supplied by the DWP showed that there were 88 cases in the district that would be affected by the cap, although six have subsequently moved or found work. Many of these cases will have a weekly reduction in their housing benefits of £20 or less, however there are 14 cases where the weekly reduction will exceed £100. All of the people likely to be affected were originally contacted in the previous financial year as the cap was expected to come in from 1 April 2013. When the new date for implementation became clear all of those likely to be affected were again contacted by the DWP and the Council. There is a limited amount of funds available for discretionary housing payments but people affected by the cap will ultimately have to seek alternative accommodation or find additional paid work.

To avoid any confusion in terms of the benefits stated above, put simply the cap will apply to people of working age who are not working. People who are either of pensionable age or who are working will not be affected by the cap.

There are a number of other changes as part of the programme of Welfare Reform and we were required to introduce a scheme of Local Support for Council Tax to replace Council Tax Benefit from 1 April 2013. On 22 July, Cabinet will have considered the consultation arrangements for the 2014/15 scheme. Ideally we would have liked more time to evaluate the learning from the first year of the scheme but the practical necessity of first consulting on and then approving the 2014/15 scheme means we had to get the ball rolling.

Revenues

The Cabinet meeting on 22 July will also have considered a report on the possibility of pooling non-domestic rates for 2014/15. From the start of this financial year part of our funding is deemed to come from local non-domestic rates and we can retain a portion of any growth in our non-domestic rating list. This was intended to give local authorities an incentive to promote economic development, in the same way the New Homes Bonus incentivises home building.

Under the new system it was possible to pool with neighbouring and county authorities from the start of this year. There was no appetite across Essex to construct a pool for 2013/14 but experience from other areas suggests it may be worth pursuing a pool for 2014/15. The most growth that a district would normally be able to retain outside a pool is 50% but pooling in Suffolk has reduced the amount of growth payable to central government to 8%. This idea is still being evaluated and developed and further reports will be made to Cabinet and Council in due course.

Performance Management

(a) Key Performance Indicators 2012/13

A range of Key Performance Indicators (KPI) for 2012/13 was adopted by the Finance and Performance Management Cabinet Committee and Scrutiny Panel in March 2012, and a target was set for at least 70% of the indicators to achieve target performance by the end of the year. The outturn position with regard to the achievement of target performance for the KPIs was as follows:

- 19 (59.4%) indicators achieved the performance target for 2012/13; and
- 13 (40.6%) indicators did not achieve the performance target for 2012/13.

The overall number of indicators achieving target was below the 66.6% achieved for 2011/12, and did not meet the target of 70% for the year. Detailed cumulative performance reports for each KPI were considered by the Finance and Performance Management Scrutiny Panel at its meeting on 11 June 2013, and are available on the Council's website.

(b) Key Performance Indicators 2013/14

The Finance and Performance Management Cabinet Committee and Scrutiny Panel have confirmed the targets for the KPIs for current year, with reference to the respective outturn position for 2012/13. Improvement plans are now being developed for each KPI, identifying actions to achieve target performance, which will be agreed by Management Board.

From the first quarter of 2013/14, performance against all of the KPIs will be reviewed and monitored by Management Board and the Scrutiny Panel on a quarterly basis, and no indicators will in future be subject to scrutiny at year-end only.

A specific corporate KPI performance improvement target has not been set for 2013/14, as the Council's key objectives for 2013/14 seek the achievement of targets for all relevant objectives and indicators.

(c) Key Objectives 2012/13

Outturn progress against the key objectives for 2012/13, which reflect national and local priorities, specific service challenges, and provide a statement of the authority's plans for the year, was reported to the recent meetings of the Cabinet and the Overview and Scrutiny Committee.

The key objectives for 2013/14 were adopted by the Cabinet in March 2013. In order to improve focus on these priorities, progress against actions to achieve the key objectives will now be reported to the Cabinet and the Overview and the Committee on a quarterly, rather than six-monthly basis.

Technology

(a) Telephone Switch Replacement

Unfortunately, there has been a delay as the supplier has only just approved and signed the contract. Consequently, the start of the project was delayed until 22 July. However, whilst awaiting the formal completion of the contract, ICT were still able to continue preparatory work and remain optimistic that the project will be completed by the end of the financial year.

(b) Wireless Network Coverage within the Council

The proof of concept exercise for site wide wireless internet access went well. However, stricter regulations to the code of connection **(CoCo)** for the Government's new Public Sector Network **(PSN)** will mean more new cabling will be required than originally anticipated. ICT are in the process of discussing alternatives with the Cabinet Office but completion of this project is now likely to be in the autumn.

(c) Internet connection upgrade

In my previous report to Council I informed Members that we had been able to negotiate an upgrade to the internet connection from 10Mb to 30Mb at no extra cost. This upgrade should be complete by the end of July.

(d) ICT Strategy

The new five-year draft ICT Strategy was presented to the Leadership Team on Wednesday 3 July. It was well received and following a few minor amendments, will be presented to the Finance and Performance Management Scrutiny Panel for initial Member consideration in September.