

## **ORGANISATIONAL DEVELOPMENT AND CORPORATE SERVICES DIRECTORATE**

### **1. Directorate Overview**

1.1 Financial performance within Organisational Development and Corporate Services is favourable overall.

1.2 For the Directorate as a whole 12 (63%) of performance measures are on target with 4 (21%) below target but within tolerance limits and 3 (16%) off target. Risk management is currently reporting no red risks for these service areas.

### **2 Directorate Financial Performance**

2.1 The Directorate is currently estimated to have a projected outturn position of £14.742 million, which is a £0.378 million favourable variance against the latest budget of £15.120 million

#### **Business Improvement & Technology**

2.2 Business Improvement & Technology are forecasting an adverse variance of £0.065 million arising from the underachievement of procurement savings of £0.050 million and additional recruitment costs of £0.015 million.

#### **Customer Services**

2.3 Customer Services are forecasting a favourable variance of £0.275 million due to an increase in court costs income of £0.150 million arising from a number of changes in processes, a £0.050 million favourable variance on the Customer First project, an underspend on the Resilience contract of £0.040 million due to it going out to tender and the balance from improved Administration Grant income. The service is anticipating making some carry forward requests at year end which, if approved, would result in a remaining underspend of £0.080 million.

#### **Human Resources & Facilities**

2.4 Human Resources & Facilities is forecasting a favourable year end position of £0.168 million arising from:

- An underspend on the Corporate training budget of £0.068 million caused by contract letting delays; the contracts are now in place but will not be fully spent in this financial year:
- An underspend on and well-being of £0.050 million caused by contract letting delays; the contracts are now in place but will not be fully spent in this financial year and
- An underspend on Apprentices of £0.050 million due to contracts being split over financial years.

The service is currently planning to request a carry forward for these at year end which, if approved, would result in the service being on budget for the year.

#### **Finance**

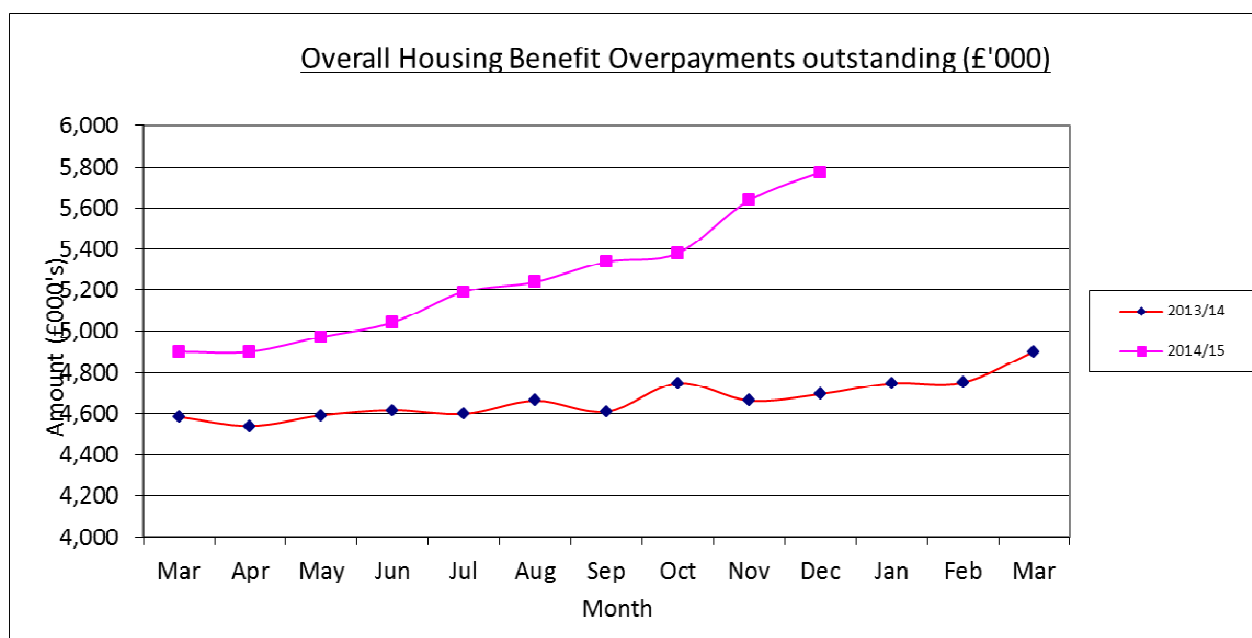
2.5 The Finance service is currently forecasting a year-end break even position, however outside the finance service budgets themselves there are other matters worthy of note as follows.

#### **Treasury Management**

2.6 The total amount invested at the end of December is £70.3 million, an increase of the previous month but around the average for the current year. The overall down turn in interest rates returns received is in part due to the Barclays call-account that has been used to keep funds available for capital projects. The Money Market Fund is £9.9 million, although the Council is also holding £4m in a new Barclays call-account. The performance of the property funds continues to boost the overall Treasury rates: the Bank of England base rate remains unchanged at 0.5% but the Council is currently managing to achieve 1.33% overall.

#### **Housing Benefit Overpayments**

- 2.7 Housing Benefit overpayments arise primarily through claimant error and to a lesser degree because of local authority error. The latter occurs, for example, when the local authority fails to correct benefit entitlement when it should. Claimant error occurs when, for example, a claimant fails to inform the Council of a change in their personal circumstances which means they are not entitled to as much Housing Benefit. The Council only receives subsidy amounting to 40% on claimant error overpayments. Providing Local Authority Error overpayments are kept within tight parameters, subsidy can be received at 40% or even 100% of the total amount involved.
- 2.8 When a Housing Benefit Overpayment is identified it is raised as a debt payable by the claimant and is recorded as income to the Council. If the debt is recovered in full then the Council can make a profit as subsidy is due at 40% (see above). However, because this debt is very difficult to collect, the Council sets up a bad debt provision against it so that the net income recorded in the Council's accounts is relatively small. For example at the end of 2013/14 the total level of Housing Benefit Overpayment debt was ££4.902 million and the provision was £3.426 million. This therefore means that the maximum financial risk to the Council at that point in time was £1.476 million; this would only become a cost once all of the bad debt provision is used and this is very unlikely. However, if the Council is able to collect more than it was expecting, this would be of financial benefit to the Council.
- 2.9 Overall overpayments of Housing benefit outstanding on April 1st 2014 stood at £4.902 million. Total arrears at 31<sup>st</sup> December stood at £5.773 million, an increase of 22.96% on the figure 12 months earlier.
- 2.10 In December gross overpayments raised amounted to £0.478 million which included a number of "Real Time Information" cases that have been referred to the Council by the HM Revenue & Customs. This is the main reason why the overall total of overpayments outstanding has increased to its current level at the end of December. Overpayments totalling £0.345 million were cleared in the month either by actual payments or by deductions / offsets of Housing Benefit. The Council's performance under the old BVPI79b for the month worked out at 72.92% and the year to date figure was 75.93%. The equivalent result last year was 80.37% and collection remains below the target of 82% for 2014/15.



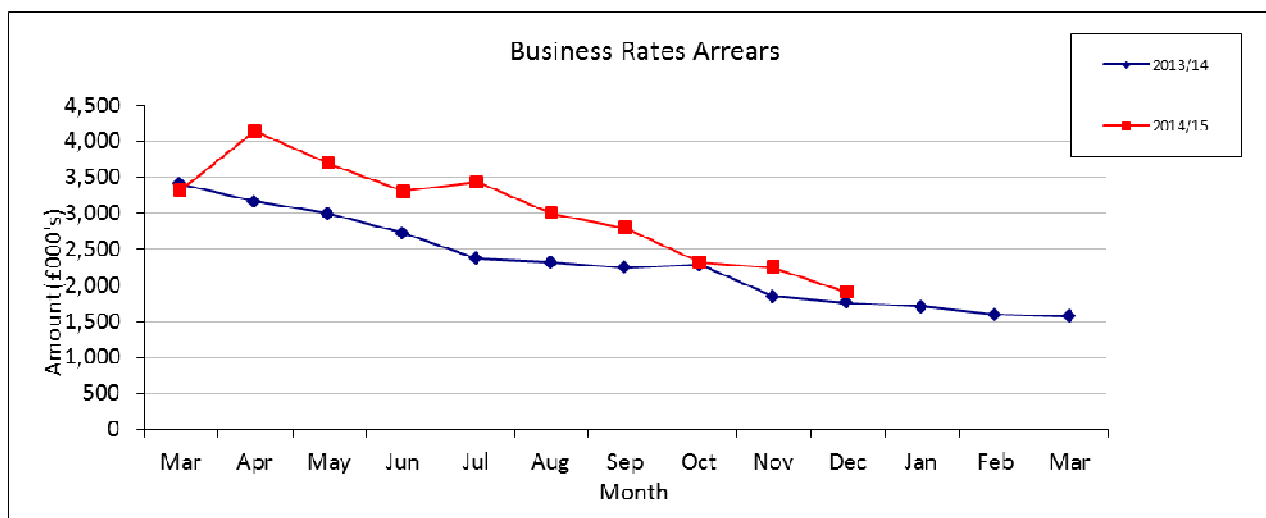
- 2.11 In the future when a case migrates to DWP, the overpayment does not go with it – the debt will stay with the Council. Although the detailed process is still to be determined, it is expected that the existing deductions will not automatically continue and the Council will have to make a new claim for a deduction to be made and

compete with other creditors in this process.

### Business Rates Collection

2.12 Business rates debt becomes counted as arrears at the end of the financial year to which it relates. Therefore the opening arrears figures for 2014/15 relate to the level of business rates unpaid as at 31<sup>st</sup> March 2014.

2.13 Arrears of non-domestic rates at April 1<sup>st</sup> 2014 were £3.323 million, £0.086 million (2.5%) down on the corresponding figure 12 months earlier.



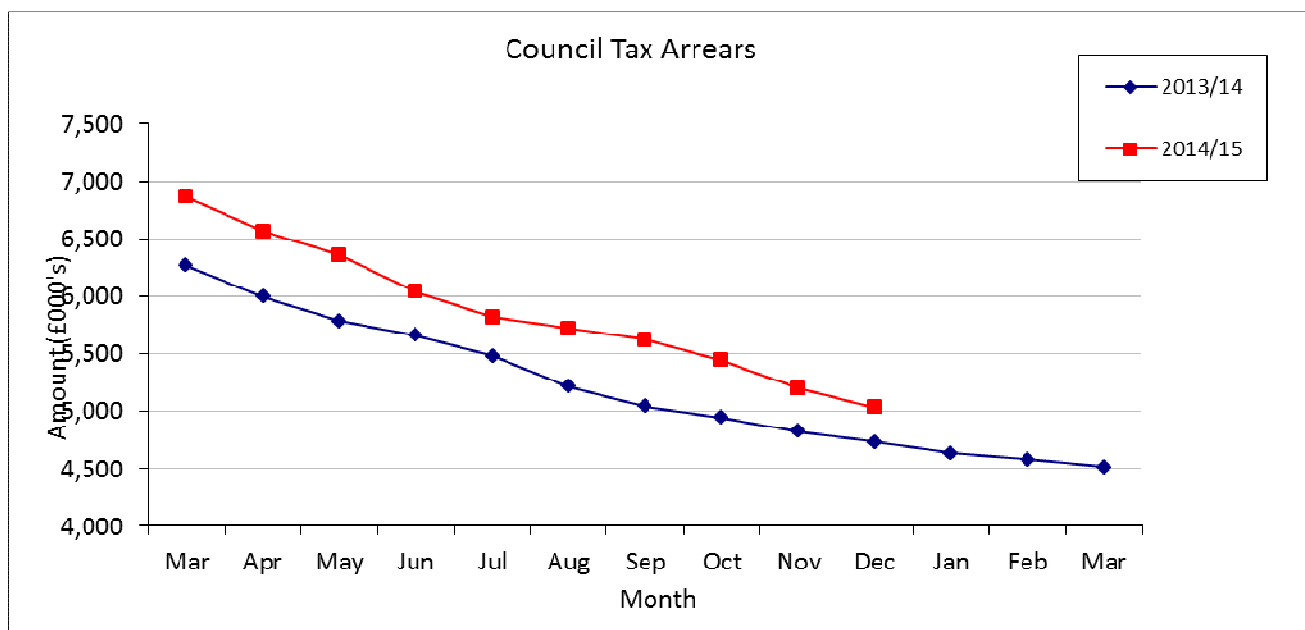
2.14 In December arrears fell by £0.350 million to £1.899 million. This is 42.8% less than the figure on April 1<sup>st</sup> 2014. The reduction over December was due to write-offs being processed of £0.237 million, payments received, net of refunds, totalling £0.084 million and the balance being debit adjustments (including Rateable Value reductions, exemptions, and empty relief).

2.15 The 2014/15 collection rate was 85.06% by the end of Quarter 3. In December, 9.56% of the year's collectable debit was collected which puts collection comfortably ahead of the profiled target of 82.5%. The end of year target of 99% is still very challenging but it is expected that the Council will finish well above last year's actual collection rate of 97.91%.

### Council Tax Arrears Collection

2.16 Council Tax debt becomes counted as arrears at the end of the financial year to which it relates. Therefore the opening arrears figures for 2014/15 relate to the level of council tax unpaid as at 31<sup>st</sup> March 2014.

2.17 Arrears of Council Tax (i.e. payments due for years 1993-94 up to 2013/14) carried forward on 1<sup>st</sup> April 2014 were £6.864 million, a 9.5% increase on the corresponding figure 12 months earlier. That total included outstanding Court Costs of £0.628 million.



2.18 Over December the arrears fell by £0.169 million leaving arrears outstanding at the end of Quarter 3 at £5.030 million including Court Costs of £0.569 million. This overall figure is 6.3% higher than the equivalent 12 months previously.

2.19 The collection rate for 2014/15 at 31<sup>st</sup> December 2014 was 85.15% which is an improvement on the previous year's equivalent of 84.30% and is better than the profiled end of December target of 85%. In cash terms the collection was around £0.111 million better than the target. The collection rate for 2013/14 had moved on from 96.84% at 31<sup>st</sup> March 2014 to 98.21% at the end of quarter three against a budgeted collection rate for year of 97%.

### 3. Directorate Performance - Exceptions

**Red:**

#### **Human Resources and Facilities**

- 3.1 Percentage of employees with a disability – performance remains at 8.3% against a target of 9.5%, with one fewer members of staff declaring a disability (104) compared with last month. The Council has now signed the Mindful Employer Charter and the Time to Change Pledge (in partnership with MIND) and this should raise awareness and perhaps the confidence of staff to declare any previously unreported mental health disabilities

#### **Business Improvement & Technology**

- 3.2 Average number of days to manage a full EU open tender – year to date performance is 170 days against a target of 140 days. 3 Open Procurements were awarded in the preceding 12 months. Mitigation steps in terms of planning procurements continue to have a positive influence on this performance indicator. The majority of contracts are let using established pan-Government frameworks which explains why the number of contracts let via the EU Open procedure is low.
- 3.3 Level of efficiency savings and income generation identified through service reviews and process/system improvement projects – so far this year £180,000 of efficiencies and savings have been confirmed against a year to date target of £220,000. Further efficiencies have been identified but are awaiting validation. Projects currently underway are expected to achieve the end of year target of £330,000

**Amber:**

### **Customer Services**

- 3.4 Time to process Changes in Circumstances – During December just over 3,000 changes were processed in an average of 10.05 days. This was our best monthly result since April. The year to date result fell for the fourth consecutive month to 11.76 days and, with expected good results for Feb and March still to come, we are confident of getting very close to the challenging target of 10 days by the end of the current year.
- 3.5 Customers getting through first time the on Councils main service lines – Performance in December was 95.58%, with year to date performance being 92.75%. This is short of the 95% target. An interim plan is in place to improve performance.

### **Human Resources and Facilities**

- 3.6 Percentage of black and ethnic minority (BME) employees – Numbers remain the same at 89 BME staff bringing performance to 7.1% against a profiled target of 7.5%. Anonymised shortlisting has now ended because it was found not to make a difference to results but ongoing recruitment application/ shortlisting / appointment analysis will continue. There will be some outreach events to promote the Council as an employer and to break down any barriers around the application process. These are likely to start in February and March 2015.

### **Finance**

- 3.7 Invoices paid on time – Performance to December was 95.76% against a target of 99%.

## **4. Risk Performance- Exceptions**

- 4.1 There are no red risks in this Directorate but there are 7 amber risks detailed below. All these risks are currently being managed as part of day to day business activity and are not currently expected to rise to a level of red risk.

### **Customer Services**

- 4.2 1 risk relating to the use of voice recognition software roll out.

### **Finance**

- 4.3 4 risks relating to:
- Recruitment and retention of key staff;
  - Safety of Investments;
  - Financial exposure through contracts; and
  - Capacity to provide Finance resource to projects whilst maintaining to day job.

### **Human Resources and Facilities**

- 4.4 1 risk relating to potential failure in internal communication processes

### **Law and Governance**

- 4.5 1 risk relating to failure to secure permanent safe keeping of city archives

### **Business Improvement & Technology**

- 4.6 There are no amber risks for this service area.

This page is intentionally left blank