

FINANCE BEST VALUE REVIEW

1 SUMMARY

- 1.1 The purpose of this report is to summarise the review, outline the actions which have already been agreed and to recommend the action plans appended.

2 BACKGROUND

- 2.1 A review has been undertaken of all of the main financial areas including:-

Financial Services:

- Accountancy
- Insurance
- Treasury Management
- Payroll
- Creditors
- Debtors

Revenues:

- Council Tax
- Business Rates
- Benefits
- Cashiers

- 2.2. The review, owing to its wide ranging ambit, has concentrated on strategy rather than attempt to carry out detailed process reviews.
- 2.3. The main reason for carrying out such a wide ranging review was to comply with Audit Commission advice. This was to the effect that, in addressing competition, the private sector would really only be interested in the financial services element if it was included within a revenues package.
- 2.4. This is the final report of the review, interim reports being made to this Committee on 22 October 2002, and Policy and Finance Committee on 14

January and 11 March 2003. Whilst this report concludes the review, regular reports will be made in respect of progress against the various action plans.

3 METHOD OF ASSESSING SERVICE AND AGREEING WAY FORWARD

- 3.1. With regard to financial services, as part of the Comprehensive Performance Assessment, the Audit Commission has devised a template which sets out what a council needs to do in order to receive the highest ranking. This, therefore, has been the benchmark to which the financial services division will aspire, and an action plan has been drawn up to achieve this. As explained in paragraph 7.4. below, this action plan will now require amendment.
- 3.2. Similarly for benefits, the Department of Works and Pensions has drafted a performance framework which all councils are encouraged to adopt. At the meeting of the Policy and Finance Committee held on 3 October 2002 it was agreed that the Council should work to comply fully with the framework. An action plan was agreed to achieve this objective. That action plan is the basis for how the benefits service will be improved over the next few years. As explained at paragraph 7.3 below, these plans will now require radical revision.
- 3.3. With respect to council tax, the Institute of Public Finance, an arm of the Chartered Institute of Public Finance and Accountancy, has issued a list of service standards to which all councils should aspire. This standard has been used to determine the action plan for council tax and business rate collection. The current self assessment of the service carried out by officers is shown at Appendix 1 of this report.

4 CONSULTATIONS

- 4.1. An internal consultation was carried out by Financial Services. An external consultation in respect of payments to creditors was also carried out. Details of the questions and analysis of answers received are on deposit in the Members' Library.
- 4.2. A consultation by post, telephone and interview was carried out in respect of benefits. The results of this exercise were reported to the Policy and Finance Committee on 3 October 2002.
- 4.3. A postal consultation was carried out in respect of Council Tax. The results of this were reported in the March edition of Rochford District Matters. The full results are on deposit in the Members' Library.
- 4.4. In addition, a meeting was held with representatives of the Citizens Advice Bureau, Department of Works and Pensions, Castle Point Borough Council and Brentwood Borough Council. At this meeting views were sought in respect of the level of service currently provided and the areas could be improved. Representatives from the other two councils were able to comment

as they were either going through a similar exercise or had recently been inspected.

5 COMPARE

- 5.1. No formal comparison exercises have been carried out with other service providers. The services have, however, been compared against national criteria as set out in Section 3 above.
- 5.2. For benchmarking to be effective it is necessary to “go deep” with a small group of willing authorities. Members have already agreed a budget to carry out an in depth exercise with an external facilitator.
- 5.3. Ideally, the benchmarking exercise should have been carried out during the currency of the review. This was not possible owing to the decision to implement generic working in revenues together with the adoption of the housing benefit verification framework. This period also coincided with staff shortages in the financial services division which resulted in only high priority work being carried out.
- 5.4. The Head of Financial Services has now agreed arrangements with Maldon and Brentwood Councils to carry out some benchmarking work. In addition, some peer review work will be carried out on the Finance element of Comprehensive Performance Review.
- 5.5. With regard to Revenues, it is intended to develop in depth benchmarking during the course of the year.

6 CHALLENGE/COMPETE

- 6.1. An element of challenge took place within the group meeting with Castle Point and Brentwood Borough Councils.
- 6.2. Officers were acutely aware of the need to test the service against possible private sector providers. To this end, a report was presented to the Policy & Finance committee on 14 January 2003 (Minute 9/03 refers).
- 6.3. Prior to letting a contract for a consultant to carry out such an exercise, advantage was taken of an offer from KPMG to give informal advice. The informal advice was that the authority would have difficulty in attracting a private sector bid for work unless the IT systems were included in the contract. This would have presented difficulties for the authority, given that we were in the first year of a new ten-year IT contract.
- 6.4. During discussions with KPMG there also emerged a consensus with regard to the impact on the critical mass of the authority if the revenue and financial services divisions were outsourced.

- 6.5. With regard to national non domestic rates, whilst performance was within the top quartile of authorities, there was a view that we were vulnerable, given that, in essence, one member of staff was carrying out the service.
- 6.6. In respect of payroll, performance in paying salaries was good and accurate. There was a view that steps should be taken to have a closer working relationship with Personnel in order that advice to management could be better co-ordinated.

7. OUTCOMES

- 7.1. The main outcome of the review in respect of revenues was the desire of residents for there to be a “one stop shop” in respect of service provision. This was agreed by Policy and Finance Committee held on 5 December 2002 (Minute 599/03 refers). The merging of benefits and council tax has now taken place and the necessary training of staff is taking place.
- 7.2. In identifying the vulnerability of the national non domestic rates service, it is proposed that officers enter into negotiation with other Essex authorities with a view to establishing joint provision of the service. We would be looking to agree an arrangement that could take effect from April next year.
- 7.3. Action plans for benefits and council tax service improvements are shown at Appendices 2 and 3 respectively. With regard to the benefits action plan, Members will see from a report to the Policy & Finance Committee on 8 July that significant changes have been made by the Department of Works and Pensions. The plan, therefore, needs to be revised and this will be reported back to Members in October. The plan attached to this report has not been updated since the review, consequently, a number of actions have already been completed. Again, these will be reported to Members in October.
- 7.4. With regard to financial services, an action plan to bring the authority up to the standard set out by the Audit Commission is shown at Appendix 4. As with the benefits action plan, the criteria to which we were working have recently been changed and again a revised plan will need to be formulated. This will be reported to Members in October.
- 7.5. A major issue emanating from the review of financial services was the age of the computer systems currently in use. Replacement will be necessary within the next three years. The decision on when to replace will need to be supported by a business case. This will need to take into account decisions taken emanating from other best value reviews within the authority. With regard to payroll, decisions can be taken following the outcome of the review mentioned in paragraph 7.6 below.
- 7.6. The Head of Financial Services will now work with the Personnel Manager in consultation with the Corporate Director (Law, Planning and Administration) to rationalise payroll and personnel services with a view to reporting to this Committee in December 2003.

8 RESOURCE IMPLICATIONS

- 8.1. A budget of £5,000 has been set aside to facilitate benchmarking exercises. It will be the intention to implement the various action plans from within existing resources.

9 RECOMMENDATION

- 9.1 It is proposed that the Committee **RESOLVES** to receive further reports during the October cycle of meetings with regard to the updated action plans of Housing Benefits and Financial Services and **RECOMMENDS** to Council: -
- (1) That the action plans set out in Appendices 2, 3 and 4 be agreed.
 - (2) That officers be instructed to initiate negotiations with regard to forming a partnership for the delivery of the national non domestic rates service.
 - (3) That the Head of Financial Services be instructed to report in December with proposals for improvements to the payroll and personnel services.

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Background Papers: Appendices

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