

FINANCE BEST VALUE REVIEW – INTERIM REPORT

1 SUMMARY

- 1.1 This report appraises Members of interim actions and outcomes identified so far in the above review.

2 BACKGROUND

- 2.1 As identified in the Council's Best Value Performance Plan (BVPP) for 2002/03, a review of Financial Services is being carried out this year. The review encompasses all aspects of work carried out in the Finance Directorate apart from car parking, Hackney carriage licensing and housing.
- 2.2 As the review is so far ranging, there will be no detailed process reviews carried out. The aim of the exercise will be to establish the current level of service, the desired level of service and then to produce an action plan in order to achieve the desired aim.
- 2.3 Where possible, if actions can be undertaken during the course of the review, then these will be brought before Members immediately, rather than waiting until the end of the exercise.

3 DETERMINING DESIRED LEVEL OF SERVICE

- 3.1 Different methods are being used in the review to determine the level of service for various functions performed within the ambit of Finance. These methods are discussed in more detail in this part of the report.
- 3.2 With regard to financial services, ie., Accountancy, budgeting, etc., the Audit Commission has issued guidance in order that local authorities can carry out a Comprehensive Performance Assessment (CPA) of their finance function. Officers are therefore scoring the service against the guidance in order to identify areas where improvement is required.
- 3.3 One minor area already identified is the fact that the authority has, in the past, had unidentified savings targets within the budget. At the Finance and Procedures Overview and Scrutiny Committee held on 24 September, action was agreed to remove this item from the budget.
- 3.4 Officers from the Payroll and Personnel divisions are evaluating systems by which more integrated working can take place.

- 3.5 The desired aim of the service will, therefore, be to meet fully the requirements of the Audit Commission. This will contribute to the overall CPA for the authority. An action plan will be produced for Members to agree the proposed improvements, together with any resource implications.
- 3.6 At present performance in respect of local taxation is very good. In 2001/2 our collection record was 99.1%, which was equal third best in the country. In respect of national non-domestic rate we achieved 98.1%.
- 3.7 The review, however, needs to concentrate on the customer perspective. With regard to local tax collection, a survey of residents is being undertaken seeking information as to how they feel the service should be carried out. The information gained from this exercise will be used to determine how the service should be delivered in the future. An action plan will then be formulated for Member approval.
- 3.8 A small consultation exercise has been undertaken of people who have contacted the Housing Benefit section. The results of this were reported to the Policy and Finance Committee on 3 October. One of the main desires appears to be that of only having to make one contact with the authority as opposed to having to deal with a number of officers.
- 3.9 In addition to the survey, the Council has adopted the Department for Works and Pensions (DWP) Performance Standards for Council Tax Benefits and Housing Benefits.
- 3.10 Full compliance with the standards will be the objective for future service provision. A full action plan to achieve this has now been agreed by the Policy and Finance Committee, subject to sufficient resources being available.
- 3.11 Compliance with the standards will be a major challenge. Officers have been informed that the Benefit Fraud Inspectorate (BFI) intends to carry out a CPA of all Districts next year. This will comprise of a checklist of 39 questions which will cover 641 facets of the service.

4 COMPETITION

- 4.1 As part of the review the Council will need to demonstrate that it has tested the competitiveness of the service.
- 4.2 One of the main reasons for bringing together all aspects of finance into the review is to enable the Council to test competitiveness. Evidence suggests, for example, that the private sector would not be interested in bidding for financial services unless it was linked into revenue services.

- 4.3 There are now a number of concerns emerging with regard to the externalisation of revenues, particularly in respect of housing benefits. A number of high profile contracts have failed and have had to be taken back “in house”. It is understood that some of the companies associated with providing this service are becoming reluctant to bid.
- 4.4 Following the Housing Management Best Value Review, one of the agreed actions was to “soft market test” in order to establish whether or not externalisation of the service was viable. This exercise is now under way. In essence, an independent consultant with established links to the market seeks views and options based upon the Council’s existing service provision and costs.
- 4.5 If this provides good evidence which will benefit the authority and satisfy the Audit Commission Inspectorate, then officers would seek Member approval to carrying out a similar exercise for finance.
- 4.6 Essex Finance Officers have recently been exploring the possibility of using partnership working in order to carry out National Non Domestic Rate (NNDR) collection. There is a high probability that, over the next few years, NNDR will become far more complex. Most small authorities have a limited number of staff dealing with this and are therefore particularly vulnerable to staff turnover, sickness and holidays. This is certainly the case in Rochford where we have one member of staff supported by a senior officer.
- 4.7 As a result of the above initiative and the concerns regarding resilience of the service, officers are carrying out exploratory talks with other authorities in Essex in order to ascertain whether or not some form of partnership working is possible.

5 FUTURE WORK

- 5.1 Work in accordance with the methodology set out above will continue with reports as appropriate being brought to this Committee.
- 5.2 With regard to the results of the housing benefit survey mentioned at paragraph 3.6 above, it is proposed that the Head of Revenue and Housing Management bring forward a report to the Policy and Finance Committee with proposals for introducing generic working between council tax and housing benefits.

6 RESOURCE IMPLICATIONS

- 6.1 At present there is officer time in carrying out the review and undertaking talks with other authorities, etc. There will be costs associated with the postal survey for council tax which can be met from the Best Value budget.

- 6.2 In the event that a proposal is brought forward to carry out a soft market test, that report will need to identify a cost and budget.
- 6.3 The report to be presented to Policy and Finance Committee on generic working will have fully costed proposals.

7 RECOMMENDATION

It is proposed that the Committee note the report and actions being carried out on the Finance Best Value Review. (HFS)

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