

Report to the Council

Committee: Cabinet

Date: 24 April 2018

Subject: Finance

Portfolio Holder: Councillor G Mohindra

Recommending:

That the report of the Finance Portfolio Holder be noted

Accountancy

Whilst we have now entered the new financial year, 2018/19, the section will be spending April and May finalising the financial position and statement of accounts for 2017/18.

The deadline set by the Central Government for submitting the accounts for audit has been moved from 30th June to 31st May, with the completion of the audit moving from 30th September to 31st July. In order to achieve this deadline we are reliant on receiving Pension information from the Actuary, Valuation information from external valuers and various other information from across the Council. This target is extremely challenging.

Having said that considerable efforts have been made to ensure that this target will be achieved. This includes work carried out earlier than usual by the section and work by the external auditors on the first nine months transactions during February and the final three months during April. The main problem with bringing the date forward is the increase in use of estimates rather than waiting for actuals the trade off being a potential loss of accuracy. The risk of non-achievement is considered high but providing key staff are available particularly in second half of May the target is achievable. So far things are going well.

E-Invoicing is now operational across the Council but there have been some teething problems on the way. The next stage is to look at bringing those suppliers within Communities that do not use the Marketplace into E-invoicing which will be looked at during 2018/19

Benefits

There have been several welfare reform changes implemented throughout the year and I am sure that Members will be pleased to note that from April 2018 housing costs for temporary accommodation have been taken out of Universal Credit and brought back into Housing Benefit. This has been a significant problem area for the Councils who have been live with Universal Credit for some time and this welcome change will provide more financial security for people who find themselves homeless and it will significantly reduce rent arrears for these people.

With regard to Universal Credit, there are currently pockets of the District where people of working age have to claim their housing costs through Universal Credit and

not Housing Benefit, but the majority of the District will not be affected until December 2018. From the experience of other Councils, the numbers of new Housing Benefit claims will reduce then but the number of notified changes in circumstances will significantly increase and many Councils are finding it difficult to manage the additional work.

Another piece of good news is from the Pan Essex Data Matching project where all the Essex Authorities, including Essex County Council are working together to investigate council tax discount fraud, which includes Local Council Tax Support, with the aim of increasing the council tax base. It has only been operating since September 2017 and despite some initial problems, I am pleased to report that so far this council has increased its council tax base by £30,410 and overall across Essex, the tax base has been increased by £254,000. This work is ongoing with 125 discrepancies already resolved and 234 currently under investigation.

The year-end position on the key performance indicators will be considered at the July meeting of the Resources Select Committee, but I will take this opportunity to give a brief update. The average time taken on processing a new claim was 21.61 days which is an improvement on 2016/17 but has just missed the target of 21 days which was reduced for 2017/18 from 22 days to 21 days. The other processing indicator is for changes of circumstance and at 4.55 days this performed better than the target of 6 days and also the performance for 2016/17.

Revenues

Rates growth within our District is essential in sustaining the Council's financial position as we move to 75% local Business Rates retention in 2020, and ultimately 100% in the future. The billing process for Revenues has again been a challenging time for the team, particularly in response to larger than average increases from some preceptors, particularly from the Police and Crime Commissioner. However, careful signposting and information during the process enabled residents' enquiries to be routed to the appropriate organisation (Police leaflet). There were however 2,000 calls received by the team in the days after the bills were despatched with only 8 abandoned calls and an average waiting time of 50 seconds. The Revenues team achieves this performance through adopting increased flexible working arrangements during this time so a consistent level of service is available throughout the day. I would like to thank and congratulate the team for this excellent service provided at a very busy time.

However, the bottom line for the team is the collection of income for the Council and this has again been a good year. For Council Tax the collection rate target was achieved with 97.82% and for Business Rates the target of 97.8% was missed by just 0.1%. However, late new bills in March with no time to collect the income more than makes up for any shortfall. Indeed, the amount of Business Rates arrears from previous years that were collected in 2017/18 increased by 11% from 2016/17. I would also like to remind Members that the KPI for the collection rates are only that, an indicator of how well our Collection Fund is performing. In reality, it is how much Business Rates and Council Tax that we are generating that is important – 'a 100% collection rate of not enough income' is not a good place to be. That is why Epping Forest Shopping Park is an illustration of this with additional Business Rates income of around £600,000 generated in 2017/8 and £1,200,000 in 2018/19.

Staying with Business Rates, the Council developed its own Revaluation Discretionary Relief Scheme in 2017/18, funded by Central Government. This enabled the Council to provide around £300,000 of rates relief to almost 500 of the

smaller businesses adversely affected by the 2017 Business Rates Revaluation. In line with Government funding there will be also be £145,000 for those businesses in 2018/19 to help them adjust to their new rates bills.

I thought Members would like to be aware of several developments with Revenues in 2017/18 that have contributed to the Council's Transformation Programme. Having established a self-service option for residents and businesses to view their accounts and documents on-line this initially led to 800 users register for this facility and 200 to receive their bills electronically. By the time of annual billing this year the number registered for self-service had risen to 2,500 and around 1,200 residents and businesses received their bills electronically. This not only meets a customer need but provides back-office efficiencies in terms of less contacts but reduced printing and postage costs.

The direction of travel the Revenues team has taken with regard to on-line transactions has taken shape in 2017/18. Traditionally users have been able to report information or transact on-line which has created an item requiring manual input by officers in the back-office. The processes that have come on-line or will do in the future are to provide convenience for users but also provide more efficiencies in that back-office. This has first been implemented with Direct Debits. A user completing a Direct Debit application on-line now has their details updated automatically on the back-office Capita Revenues system without the need for re-keying by officers. Almost a 1,000 transactions have been handled this way. This is to be followed in the very near future with changes of address and later in the year with discounts and exemptions. This should reduce the number of transactions input by back-office staff thereby creating further efficiencies and build in future capacity for the team as the 11,000 homes come on stream with the Local Plan.

The Revenues team has also started to provide users with SMS text messages should they not pay their Council Tax or Business Rates instalments on time. The text message provides a link to the Council's payment system so the instalment can be paid there and then. Obviously the messages can be sent to those users who we hold a mobile phone number for but this has already led to a reduction of 11% in reminders sent. An obvious spike can be seen in payments made at the time the messages are sent so it has been successful and has led currently to a 11% reduction in reminders sent, saving the Council money in postage and printing costs and enabling customers to keep on time of their bills and moving into formal recovery action and associated administration costs for the Council.