

RESOURCES SCRUTINY COMMITTEE 18 NOVEMBER 2008

FINANCIAL MANAGEMENT UNIT POSITION STATEMENT

COMMENTARY AND BRIEFING NOTE

1. Positive Results

- The Accountancy and Payments section are now involved in formulating the new unitary Council's budgets and tax levels for 2009-10 within the statutory time framework and these are scheduled to be approved during the first quarter of 2009. This process is proving to be extremely long and complicated
- Some senior members of that section will also be heavily involved in completing this Council's Final Accounts for 2008-9 during the second quarter of 2009 in the new unitary authority.
- All sections in the unit continue to liaise closely with the Audit Commission on all related financial matters, particularly grant claims, final accounts, budgets and internal control mechanisms. My Director and I meet with the Council's External Auditor to discuss topical financial issues as and when required. There continues to be a number of queries been given to them regarding our preparations for Local Government Re-organisation (LGR). Often this involves the Audit Commission seeking advice and guidance from their own technical unit. That arrangement works well at a professional level.
- During this financial year financial monitors will be/have been presented to the Executive committee in respect of the 2008-9 General Fund and the HRA budgets. The half yearly position of these Revenue budget monitors together with Capital will also be passed to the new unitary Council in order to inform the 2009-10 budget process.
- Collection rates on Council Tax and Business Rates together with Revenues and Benefits performance for 2008-9 are broadly on target; including the Council Tax collection rate which is only slightly below the same performance when compared to the previous financial year which is commendable considering the number of mortgage rate increases in the last year or two together with the effect of the credit crunch, which will inevitably have had an adverse effect on Council Taxpayer's disposable incomes. In respect of Council Tax collection for last year (2007-8) the Council achieved its second highest ever collection rate which was only very slightly below the previous year's best ever collection rate.
- The Internal Audit work plan is on target for 2008-9 and I am pleased to report that the new internal Audit arrangement for East Durham Homes from 1st April 2009 is working satisfactorily. Quarterly review meetings with EDH and the company take place to review that arrangement.
- In general terms, within the unit, all Best Value Performance Indicators and Local Performance Indicators are broadly on target for 2008-9. The details of the half yearly B.V.P.I.'s for 2008-9 are now being finalised and will be reported in detail to the in the coming months to the Council. Most recently a detailed report on the performance of the Revenues and Benefits sections was favourably received by the Community Services Scrutiny committee.

- On a regular basis, meetings of the LGR Finance officers group together with a number of sub groups have taken place and those groups have been collecting data and prepared a number of briefing papers which when finalised will be submitted to the Corporate Support Programme Board (CSPB). For example major areas of work include Revenues and Benefits, Budgets, Internal Audit, Risk and Governance, IT Systems and Treasury Management, Banking and Insurance. A full work programme for this group has also been agreed with the CSPB and more recently a high level options report for Finance has been prepared for the CSPB. In recent weeks the priority of the main Finance work stream meetings has been the budget process for 2009-10.

2. Negative results/slippage

- Preparations for LGR have impacted therefore I will need to continuously assess this position and particularly its impact on myself and my senior staff in the first instance. I would anticipate the LGR workload to increase significantly in the remaining months as other senior Finance officers become more actively involved. This position is being regularly monitored.
- Most recently another senior member of the Council Tax section has left the Council to go to another job and I have again had to introduce some revised management arrangements for that section.

3. Any under/over Capacity Issues

- No issues in last financial year (2007-8) and this years Service Plan (2008-9) has been prepared on the basis of nil budget growth and with no capacity issues. In addition cashable and non-cashable efficiencies have been advocated and offered up as part of the 2008-9 budget process. At this point in time that plan does not include any areas of budget growth, but does include for identifying further potential areas of efficiency in the unit to free up the proposed required overall cashable savings. No major revisions have been made to existing Service Plans, the details of which will inform the Council's Transitional Plan for 2008-9 and it's Corporate Plan.

APPENDED TO THIS COMMENTARY AND BRIEFING NOTE ARE THE KEY SERVICE OBJECTIVES OF THE UNIT, THEIR LINKAGES TO THE COUNCIL'S CORPORATE OBJECTIVES TOGETHER WITH DETAILS OF THE 'TOP TEN' HIGH LEVEL ACTIONS IN THE UNIT'S SERVICE PLAN FOR 2008-9.THESE ATTACHMENTS ARE FOR INFORMATION ONLY.

Dave Temple, Head of Financial Management