

Council – 8 July 2013

Resources

Report of portfolio holder, Councillor Towe

The portfolio for Resources includes:

- Revenues and Benefits which is now part of 'Money, Home, Job' (explained below)
- Corporate finance, treasury management and internal audit
- Human Resources and workforce matters
- Legal and Democratic services
- Procurement
- ICT
- Programme delivery and governance

Revenue and Capital budgets

2012/13 saw another solid financial performance from the council. The beginning of the year proposed a revenue budget of £653m. Members will recall that the council's formula grant was reduced by £10.66m. That necessitated taking some difficult decisions on service redesign reducing our costs by £13m. We committed nearly £10m to address key priorities; this included £2m investment for job creation – working with Walsall businesses to promote economic regeneration. We decided that it was right to protect all affected residents for at least one year from the reduction in funding when the Government localised council tax benefits.

I am pleased to say that I have just reported back to Cabinet on the outturn for 2012/13. This showed we maintained our financial discipline and came in with an underspend of £1.49m. As part of my overall financial strategy I have allowed services to carry forward £589k, to support initiatives in 2013/14.

Our capital programme also showed excellent performance; of the £93m programme actual and committed expenditure amounted to £91.8m. The small underspend is being used to help to finance the 2013/14 programme.

Treasury Management

Our treasury management team faced a challenging environment in 2012/13. However the investment performance has again been good. Our treasury team has averaged a return of 2.4% against a national benchmark average of 1.14%. That is an additional £1.6m of income generation compared to what others have achieved.

During the year, we adopted the Local Authority Mortgage Scheme in conjunction with Lloyds Bank. The scheme is designed to support first time buyers by reducing the deposit they need to purchase a home. The scheme requires the council to place a matching five year deposit to the life of the indemnity of a mortgage. To date 12 mortgage applications have been received of which 6 mortgage offers have been made and one further is expected to be concluded shortly.

In October the external auditors confirmed an unqualified opinion on our accounts confirming them to be a true and fair view of the council's financial affairs and the income and expenditure recorded by the council. It was also pleasing to note their confirmation that the council made proper arrangements to secure value for money.

Welfare Reform

The Welfare Reform Act 2012 has introduced a wide range of reforms to the benefits and tax credits system, administered across government departments, agencies and local authorities.

Many benefits are being changed, or withdrawn and replaced by new systems. There are also complicated transitional arrangements as the reforms are phased in over the next few years, and uncertainty remains in some areas.

A significant number of changes have been made to the benefits administered by local authorities in recent years.

The particular new challenges in the current year are as follows:

- Social Sector Size Criteria – (bedroom tax). Under this, 4,300 social sector tenants are affected – a 14% (one bedroom) or 25% (2 or more bedrooms) reduction in rent eligible for housing benefit. Typically, this means £12.62 (14%) or £22.38 (25%) that the tenant needs to find.
- The annual up rating of benefits was restricted to 1%.
- The localisation of support for council tax – with a 10% reduction in funding. The council made the decision to adopt a scheme that basically replicated the council tax benefit scheme and absorb the reduction in funding. A successful transitional relief grant bid made to DCLG.
- The household benefit cap - it is estimated that 250 residents will be affected by this change. Benefit payments will be capped to £500 a week for families and £350 per week for single people. Until universal credit is implemented local authorities will reduce Housing benefit payments to apply the cap. Walsall is in tranche 2 and will be expected to commence implementation from 12th August 2013 until the end of September 2013.
- Discretionary housing payments grant was increased by 291% to £590,745 (from £151,214) to help with the impact of the household benefit cap and the bed room tax.
- The localisation of elements of the social fund previously administered by DWP has been transferred to local authorities. The Walsall Crisis Support scheme (which has a budget of just over £1million) is supporting residents in crisis, capturing data; designing future service delivery against demand.
- Universal Credit brings together the six income-based benefits (including housing benefit). The intention is to simplify the process of claiming benefits or financial support. It also involves placing more requirements upon claimants to demonstrate their search for work. This will be administered by the job Centre. This is a key part of the Government's intentions to reduce the welfare bill. A small pilot of universal credit has gone live in the Manchester area. The national roll out is scheduled for October 2013.
- The government has extended the pilot of housing benefit direct payment under universal credit until December 2013.

- DWP will announce the roll for local authorities in delivering universal credit. It will be rolled out nationally for all claimants between 2014 and 2018

In developing our new services and in transforming our existing services, we are putting the resident at the centre of our thinking. Services designed around our residents are better and cheaper to provide and we will continue to place residents at the centre of our transformation. The creation of Money, Home, Job, a service area created from the old Revenues, Benefits, Housing and Customer services, is a recognition that to face the many challenges going forward we have to do things differently. Money, Home, Job is still work in progress and we will continue to put the public at the heart of everything we do

Workforce and Productivity

There has been a small improvement in the number of days lost to sickness where the Council has had to pay occupational sick pay. This has reduced from 9.05 days in 2011/12 to 8.95 2012/13. This follows four exceptional years of improvement on this important underlying indicator of productivity and staff morale.

The revised flexi time scheme has given greater control to managers on the resources they manage through reducing the number of flexible working days staff can take off from 20 to 8 per year. In addition, the Council is now open 3 extra days a year as a result of the changes made to bank holiday working.

The Council successfully managed the transition of 400 staff from SERCO back into the Council, and 18 staff from the NHS.

As part of the budget reductions, 166 posts were removed from the Council's establishment. This resulted in only 2 compulsory redundancies.

How we use customer information

It is of vital importance that our customer's personal information is held securely and is only released to those who have a legitimate and legal right to see and use it. All staff and members are trained to understand their responsibilities to keep data secure and we will continue to focus on this issue in the coming year.

The Walsall Intelligence Network (WIN) uses data held by ourselves and our partners and allows us to better understand our communities and to inform strategic decisions. The council played a key role in getting WIN up and running and we are now starting to see the benefits.

The business change staff at the centre have supported key programmes of change across the Council, such as Public Health Transition, transformation of Children's services and Smarter Workplaces.

ICT

Our IT department has implemented new technology for officers to allow both mobile and flexible working and introduced free WiFi across most of our new buildings. Supported by recent benchmarking, we are one of the best value services in local government and this will continue. The need for a more agile workforce will only

continue and as we tackle the challenges of further reducing budgets we need to continue to find new and more innovative ways of working. ICT involvement in the very impressive modernizing of the Civic Centre has been vital and helped to provide a fit for purpose working environment for our staff.

Procurement

Procurement are in the middle of a major transformation. We have helped our internal customers save significant amounts of money and this will continue. Last year we spent 37% of our procurement spend with local businesses. This is a key areas of focus for the service going forward. We will support regeneration colleagues to develop local businesses and allow them to fairly compete and win Council work keeping money in the borough.

Legal advice and ethical standards

We are now getting speedier access to external legal advice by reducing the need for multiple tenders. The Council entered into agreement with EM Lawshare, which is one of the largest legal purchasing frameworks in the country. It is one of the few purchasing frameworks that not only will cover solicitors but eventually barrister's advice and assistance. Additional benefits include free/limited cost training programme to lawyers and other Council officers. We estimate savings of up to 20% of the costs of external legal support.

The Council has successfully implemented the new standards regime as required under the Localism Act 2011, to promote and maintain high standards of conduct by elected and co-opted members of the authority. To support this change the council has also revised the arrangements for the investigation of standards complaints

Councillor Chris Towe

27 June 2013