

Overview & Scrutiny Committee – 31st January 2011

Corporate Resources briefing

AUDIT AND RISK MANAGEMENT

Key elements of the service:

- Internal audit
- Insurance
- Risk Management

Recent key events:

- The corporate anti-fraud team was formally established on 13 December and will be implementing a programme of pro-active fraud investigations during the remainder of 2010/11, focusing on key risk areas and those which have the potential for cost/income recovery. A formal annual programme of pro-active anti-fraud work from 2011/12 onwards will be implemented and co-ordinated with both the internal audit programme and the National Fraud Initiative (NFI) to ensure resources are used effectively;
- The data for the statutory biennial NFI data matching exercise has been submitted in accordance with required deadlines. Although the Audit Commission, which manages the NFI exercise, is being disbanded from 2012 the NFI will require primary legislation to change or cease so the 2010 exercise will continue in its present format. With the Council identifying over £450k of fraud and error as a result of the last NFI exercise, this is still a very useful counter-fraud measure which we hope to make even greater use of with the new corporate anti-fraud team in place;
- In the twelve months between December 2009 and December 2010, Service Managers have implemented 100% of all high priority internal audit recommendations by their due date;
- Final CIPFA benchmarking data for 2009/10 for Insurance Services (compared against London authorities that submitted data) has been received which shows that:

The number of public liability claims (highways, personal injury, housing etc) received by the Council has been falling substantially since 2004/05, when 728 claims were received, to 2008/09 when 306 claims were received.

Working with key service departments on improving risk management, including routine inspection and maintenance programmes, has assisted in reducing the Council's liability in this area. Haringey has been able to repudiate 78% of all public liability claims received over the same five year period. Average costs per claim over the same period, where liability is accepted by the Council, is £6.9k compared to an average of £7k within the London group.

- Issuing tender documentation, via the London Insurance Consortium, for the Council's remaining externally purchased insurance policies which will be let from 1 April 2011.

Key Challenges:

- Developing an effective pro-active counter-fraud plan during the remainder of 2010/11 and working with other Council departments, external agencies and organisations to raise the profile of the team and promote successful prosecutions and fraud awareness;
- Reviewing the options for shared services with Waltham Forest as part of the development of the Audit & Risk Management business unit.

BENEFITS AND LOCAL TAXATION

The key elements of the service are to:

Bill, collect and recover Council Tax (CT) and National Non-domestic Rates (NNDR). Provide a comprehensive Housing Benefit (HB) and Council Tax Benefit (CTB) claims service for the local residential, business community and other key stakeholders.

Key events, issues and challenges:

Benefits

Preparing for the first of the benefit legislation changes that come into effect from April 2011.

Amendments to Housing Benefit legislation were laid in Parliament on 30 November 2010. This brings into force measures that reduce Local Housing Allowance (LHA) rates in 2011.

The measures that reduce LHA rates to an absolute weekly cap and the setting of LHA rates at the 30th percentile (which was originally due to be introduced in October 2011) will now come into force for new claims only from April 2011.

In addition, Ministers have decided that current benefit claimants affected by the changes in LHA rates will continue to receive benefit at their current rate until their LHA claim is subject to an annual review by the benefit department; and then will also have a further period of transitional protection based on their current Local Housing Allowance rate of up to nine months. This effectively means that any new claim submitted in March 2011 will not be affected by these changes until December 2012 (one year until annual review and then nine months protection.)

In an attempt to encourage landlords to be responsible in setting reasonable rent levels the DWP are temporarily widening the discretion of Housing Benefit departments to make direct payments to the landlord in some circumstances where it will support tenants in retaining or securing a tenancy. This provision is intended for use only in very specific circumstances where landlords can be persuaded to reduce rents to a level that is affordable for customers (which will generally be on or around the Local Housing Allowance rate).

BLT are currently working on a communications strategy to publicise the changes to Haringey residents. An impact assessment has been undertaken, and we are organising the publicity campaign. The go live date for publicity is 18th January 2011 by which time we aim to have:

- Updated our website with the latest information and sign-posted customers to where they can get more information.
- Briefed all front line staff to ensure they are able to deal with the enquiries
- Designed and distributed posters and leaflets.
- Written to all claimants and landlords likely to be affected, explaining the changes and how and when they may be effected (i.e. anniversary Dates, changes in LHA rates, removal of £15 excess etc)

Performance

Benefits performance continues to improve on a month by month basis. The improvement can be attributed to an increase in staff productivity, a new IT server which has increased speed of transactions, an improvement of processes and the introduction of e-benefits.

Performance on NI 181 – time taken to pay new claims and action changes has improved from 28 days in August to 20 days in November (target 17 days). The average days taken to pay new e-benefit claims is 13 days (target 32 days) and claim changes is 9 days (target 13 days) so this method of claiming is actively encouraged. Recent information provided by the DWP show that Haringey has experienced the fourth highest increase in workload in London over the last year (6.55%) The increase in demand is being monitored closely and the service is working closely with Customer Services to share resources and attempt to maintain the ongoing improvement in this PI.

Council Tax collection is just below target but shows an increase on last year. Incentives continue to address non and late payment by means of enforcement activity but the service is experiencing resistance to these actions. The recovery process is being reviewed to encourage customers to contact us at the earliest opportunity should they have difficulty in paying.

CORPORATE FINANCE

The service provides the financial support to the Council.

Key events, issues and challenges:

- The Council's accounts for 2009/10 have been signed-off by the auditors and were received final approval from General Purposes Committee on 23 September. No significant issues were raised. The Auditor's Report and our associated Action Plan were reported to the Audit Committee on 2nd November.
- The 2009/10 accounts have now been restated to reflect the changes in accounting practice that came into effect from 1st April 2010. These changes relate to the new International Financial Reporting Standards (IFRS) which have to be fully implemented for the 2010/11 accounts. The restatement of the 2009/10 accounts has been passed to the auditors for approval and will be incorporated in the 2010/11 accounts for comparative purposes.
- The draft medium term financial plan, covering the three years from 2011/12 to 2013/14 was presented to Cabinet on 21st December, 2010. The Grant Settlement was announced by the government on 13th December and has been incorporated in the draft plan. Work is on-going with the Service Directors in preparing savings options for consideration by Members. The current budget gap for 2011-12 is £46million with about

£13million of savings proposals having been considered by Cabinet for release for wider consultation.

- The draft results of the 2010 triennial actuarial valuation of the Council's Pension Fund have now been received. These are currently being reviewed with the actuaries and a report will be presented to Members early in the new year.
- A review of the current Finance Structure is being finalised as part of the wider review of support functions within the Haringey Efficiency and Savings Programme (HESP).

CORPORATE PROCUREMENT

The service develops the Council's procurement strategy, policies and processes and project manages strategic corporate contracts and specific procurement initiatives.

Key events, issues and challenges:

A major competitive tendering exercise has been underway for the past 18 months relating to Waste Management Services. A "competitive dialogue" process was followed whereby bidders were gradually reduced in number until only 2 bidders were left in the process; both of whom were then invited to submit best and final offers. The recommendation to award the contract was approved by Cabinet in December and the contract is due to commence in mid April 2011.

CORPORATE PROPERTY SERVICES

The service advises the Council on the effective use of property resources and manages its offices and operational buildings.

Key events and issues

Tottenham Town Hall

The first phase (renovation of the Town Hall) is now due to complete in February 2011. This will be followed by the development of flats and houses on land at the rear by Newlon Housing Trust.

Hornsey Depot

Following a successful competitive tendering process, the selection of the preferred development partner will be concluded in consultation with the Council early in the New Year, paving the way for negotiations on the development agreement.

Administrative Buildings

Further economies and rationalisation of this portfolio has been agreed in response to the need to identify further savings and address the overall impact of reductions across the Council on accommodation requirements.

Property market

At a local level, property values and development viability remains strong in the west of the borough whilst eastern wards have experienced slight reductions in values with a general levelling off where values are now relatively static.

Challenges

- The need to make significant reductions in capital and revenue expenditure will impact on property related areas as follows:-

Buildings maintenance – reductions in capital investment and revenue will have a negative impact on progress made to date in tackling the maintenance backlog. As building quality reduces there is an associated risk of temporary loss of basic services within buildings or building closures.

- With an increasing emphasis on delivery of services with or through partner organisations, a key focus will be on the future shared use of Council buildings, particularly those which could be used as a base for delivery of local services.

CUSTOMER SERVICES

Customer Services comprises of 4 face to face customer service centres (CSC) – North Tottenham, South Tottenham, Hornsey and Wood Green and one call centre located in Alex House. Customer Services provides over 20 services including benefits, local taxation, parking and housing to the residents and visitors to the Borough. The service receives in excess of 50,000 calls and 13,500 face to face contacts per month.

Key events, issues and challenges:

The key challenge for the service will be to achieve the customer standards during the busiest annual period of February to April. For the first time this will include a reduction of staffing and ideally with no use of agency staff.

Performance:

The performance continues to exceed the targets with 93% of calls answered in 30 seconds and 82% of customers seen within 15 minutes in November.

IT SERVICES

The service provides technical support and strategic direction for the Council's IT infrastructure.

Key events, issues and challenges:

Performance 2010/11 - IT Services has maintained strong operational performance in terms of both infrastructure (network, internet, website, email etc) and business systems availability. This was reflected in the recent Society of IT Management (Socitm) annual benchmark exercise across 23 Councils in London, where Haringey IT Services scored in

the upper quartile (3rd best) in terms of operational performance with below median costs. In particular Haringey received indicators of best practice for User Satisfaction, Service Availability, Resolution of Reported Problems, IT Security and Business Continuity.

ISO 27001 Certification – IT Services retained ISO 27001 accreditation (the International Standard for Information Security Management) following the three yearly full ISO certification audit carried out by Lloyds Register of Quality Assurance. IT Services staff have worked extremely hard over the last three year cycle to maintain compliance with the ISO 27001 framework and this certification highlights to the community our ongoing commitment to protect the confidentiality, integrity and availability of our important information assets.