



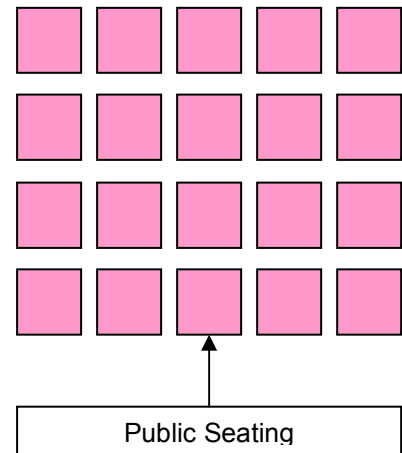
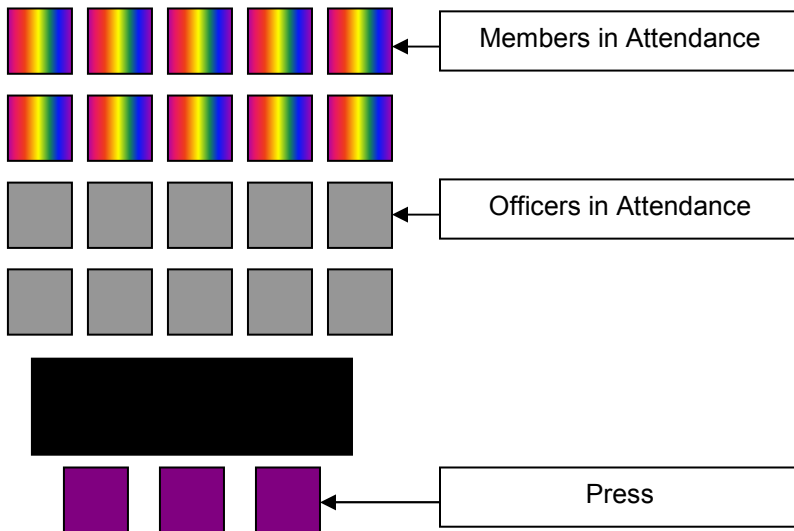
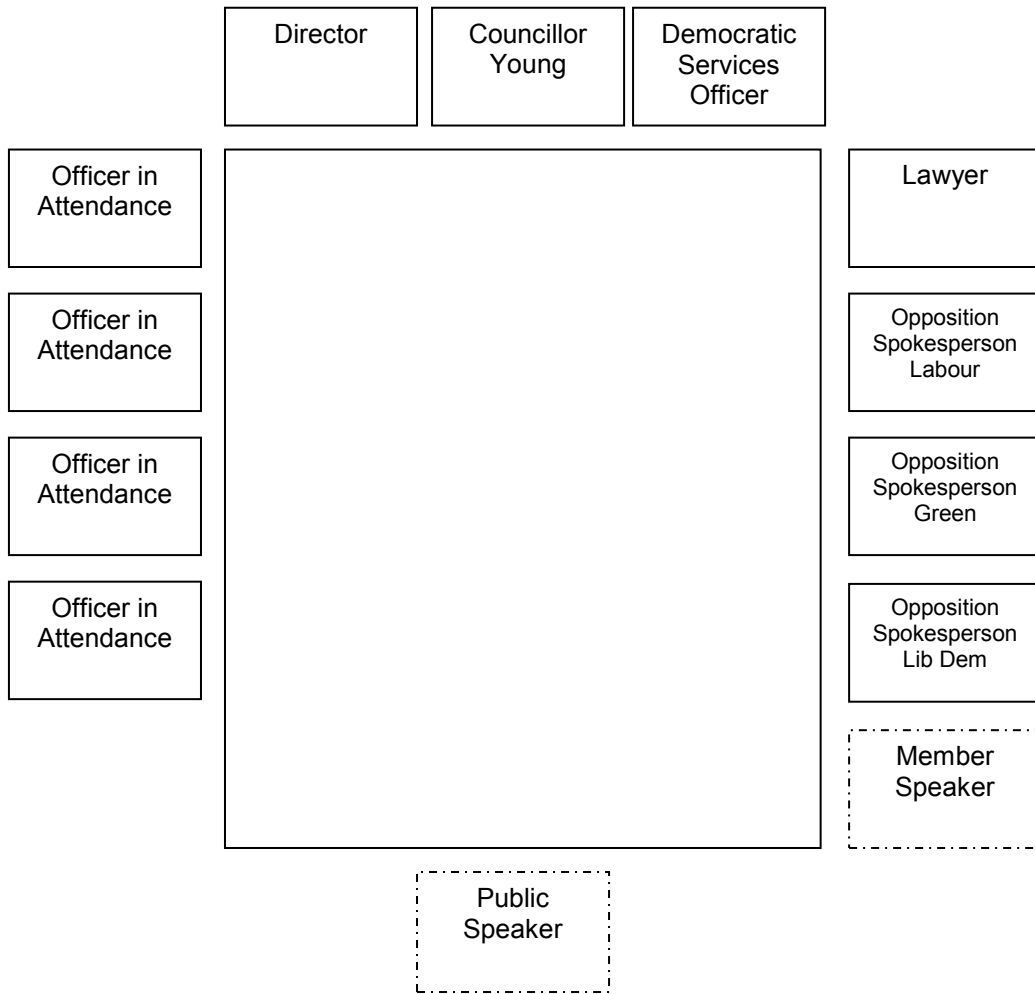
Brighton & Hove
City Council

Cabinet Member Meeting

Title:	Finance Cabinet Member Meeting
Date:	12 October 2009
Time:	4.00pm
Venue	Committee Room 3, Hove Town Hall
Members:	Councillor: Young (Cabinet Member)
Contact:	Nara Miranda Democratic Services Officer 01273 291004 (voicemail only) nara.miranda@brighton-hove.gov.uk

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Democratic Services: Meeting Layout



AGENDA

12. PROCEDURAL BUSINESS

- (a) Declarations of Interest by all Members present of any personal interests in matters on the agenda, the nature of any interest and whether the Members regard the interest as prejudicial under the terms of the Code of Conduct.
- (b) Exclusion of Press and Public - To consider whether, in view of the nature of the business to be transacted, or the nature of the proceedings, the press and public should be excluded from the meeting when any of the following items are under consideration.

NOTE: Any item appearing in Part 2 of the Agenda states in its heading either that it is confidential or the category under which the information disclosed in the report is exempt from disclosure and therefore not available to the public.

A list and description of the categories of exempt information is available for public inspection at Brighton and Hove Town Halls.

13. MINUTES OF THE PREVIOUS MEETING

1 - 4

Minutes of the Meeting held on 29 June 2009 (copy attached).

14. CABINET MEMBER'S COMMUNICATIONS

15. ITEMS RESERVED FOR DISCUSSION

- (a) Items reserved by the Cabinet Member
- (b) Items reserved by the Opposition Spokesperson
- (c) Items reserved by Members, with the agreement of the Cabinet Member.

NOTE: Petitions, Public Questions, Deputations, Letters from Councillors, Written Questions from Councillors and Notices of Motion will be reserved automatically.

16. PETITIONS

No petitions received by date of publication.

FINANCE CABINET MEMBER MEETING

17. PUBLIC QUESTIONS

(The closing date for receipt of public questions is 12 noon on 5 October 2009)

No public questions received by date of publication.

18. DEPUTATIONS

(The closing date for receipt of deputations is 12 noon on 5 October 2009)

No deputations received by date of publication.

19. LETTERS FROM COUNCILLORS

No letters have been received.

20. WRITTEN QUESTIONS FROM COUNCILLORS

No written questions have been received.

21. NOTICES OF MOTIONS

No Notices of Motion have been referred.

22. INCOME COLLECTION & RECOVERY 2009/10 - QUARTER 1

5 - 18

Report of the Director of Finance & Resources (copy attached).

Contact Officer: Nigel Manvell *Tel:* 29-3104

Ward Affected: All Wards;

23. VALUE FOR MONEY - PHASE TWO

19 - 42

Report of the Director of Finance & Resources (copy attached).

Contact Officer: Janice Millman *Tel:* 29-1080

Ward Affected: All Wards;

The City Council actively welcomes members of the public and the press to attend its meetings and holds as many of its meetings as possible in public. Provision is also made on the agendas for public questions to committees and details of how questions can be raised can be found on the website and/or on agendas for the meetings.

The closing date for receipt of public questions and deputations for the next meeting is 12 noon on the fifth working day before the meeting.

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Meeting papers can be provided, on request, in large print, in Braille, on audio tape or on disc, or translated into any other language as requested.

FINANCE CABINET MEMBER MEETING

For further details and general enquiries about this meeting contact Nara Miranda, (01273 291004 (voicemail only), email nara.miranda@brighton-hove.gov.uk) or email democratic.services@brighton-hove.gov.uk

Date of Publication - Friday, 2 October 2009

FINANCE CABINET MEMBER MEETING

Agenda Item 13

Brighton & Hove City Council

BRIGHTON & HOVE CITY COUNCIL

FINANCE CABINET MEMBER MEETING

4.00pm, 29 JUNE 2009

COMMITTEE ROOM 1, HOVE TOWN HALL

MINUTES

Present: Councillor Young (Cabinet Member)

Also in attendance: Councillor Hamilton (Opposition Spokesperson, Labour)

Other Members present: Councillors Fallon-Khan and Harmer-Strange

PART ONE

1. PROCEDURAL BUSINESS

1a Declarations of Interest

1.1 Councillor Harmer-Strange declared a personal, but non-prejudicial interest in Item 11 in so far as he was a member of the National Adjudicator Panel.

1b Exclusion of Press and Public

1.2 In accordance with section 100A of the Local Government Act 1972 ('the Act'), the Cabinet Member for Finance considered whether the press and public should be excluded from the meeting during an item of business on the grounds that it was likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press or public were present during that item, there would be disclosure to them of confidential information (as defined in section 100A(3) of the Act) or exempt information (as defined in section 100I(1) of the Act).

1.3 **RESOLVED** - That the press and public be not excluded from the meeting.

2. MINUTES OF THE PREVIOUS MEETING

2.1 **RESOLVED** – That the minutes of the meeting held on 23 February be approved and signed by the Cabinet Member as a correct record.

3. CABINET MEMBER'S COMMUNICATIONS

3.1 There were none.

4. ITEMS RESERVED FOR DISCUSSION

4.1 All items were reserved by the Cabinet Member.

5. PETITIONS

5.1 There were none.

6. PUBLIC QUESTIONS

6.1 There were none.

7. DEPUTATIONS

7.1 There were none.

8. LETTERS FROM COUNCILLORS

8.1 There were none.

9. WRITTEN QUESTIONS FROM COUNCILLORS

9.1 There were none.

10. NOTICES OF MOTIONS

10.1 There were none.

11. INCOME COLLECTION & RECOVERY 2008/09 - QUARTER 4

11.1 The Cabinet Member considered a report of the Director of Finance & Resources, which updated the Member on the income collection and recovery performance as at quarter 4 (March 2009) and highlighted the continuing improvement and best practice actions (for copy see minute book).

11.2 The Cabinet Member noted that the performance on debts recovery and the direct debits take up had been positive. She pointed out that this had benefits for both the council and the customers. She also noted the challenges for 2010-11.

11.3 The Opposition Spokesperson, Labour Group, referred to the parking operations and noted the difficulty in getting income return from this area. He reported that commercial vehicles were often parked on double-lines and nothing seemed to happen to deter them from this practice. He noted the examples of such practice in parts of Vale Road and St Nicholas Junior School, both in the Portslade area, and enquired about the measures in place to deal with this matter. He considered that more enforcement was

required and thought that it would be more valuable if the council officers in charge of the enforcement turned up at the problematic areas unexpected.

- 11.4 The Opposition Spokesperson further indicated that he was pleased with the results provided in the report, in light of the difficult economic situation. He also noted his disappointment about the fact that there was only one item on the agenda for this Cabinet Member meeting.
- 11.5 The Cabinet Member noted that enforcement might be the way forward to dealing with such practices, even though it was recognised that it would be difficult to have enforcement officers available on every school. The Cabinet Member requested that the parking officers present looked into this matter and reported back to her with any information. She also acknowledged the Opposition Spokesperson's concerns about the topics for discussion and agreed to look into this matter for future meetings.
- 11.6 Councillor Fallon-Khan referred to the housing benefits. He indicated he had written to the Secretary of State, proposing an analysis of the current means of recovery, but he had not yet received a response. He felt that it was important to work to improving the relationship with the DWP and recognised that the team in place was doing an excellent work in terms of forging that relationship.
- 11.7 **RESOLVED** - That the contents of the report be noted.

The meeting concluded at 4.20pm

Signed

Cabinet Member

Dated this day of

FINANCE CABINET MEMBER MEETING

Agenda Item 22

Brighton & Hove City Council

Subject:	Income Collection & Recovery 2009/10 Quarter 1		
Date of Meeting:	12 October 2009		
Report of:	Director of Finance & Resources		
Contact Officer:	Name:	Nigel Manvell	Tel: 29-3104
	E-mail:	nigel.Manvell@brighton-hove.gov.uk	
Key Decision:	No	Forward Plan No: N/A	
Wards Affected:	All		

FOR GENERAL RELEASE

1 SUMMARY AND POLICY CONTEXT

- 1.1 To update the Cabinet Member for Finance on income collection and recovery performance for 2009/10 as at quarter 1 (June 2009) and highlight improvement and best practice actions.

2 RECOMMENDATIONS:

- 2.1 That the report be noted.

3 INCOME COLLECTION PERFORMANCE 2009/10

- 3.1 The council collects over £300 million income from various sources which is critical to its overall budget strategy. Good collection and recovery performance is therefore very important to the financial health of the council, particularly given current risks posed by economic conditions, and therefore also in safeguarding services.
- 3.2 A number of income areas have existing Best Value Performance Indicators (BVPIs), which are reported below, while other services have developed local performance indicators and targets. Although BVPI indicators are no longer reported nationally, we will continue to use these indicators for income management alongside any new National Indicator Set performance data.
- 3.3 Services monitor performance in many different ways but this report focuses only on key indicators and headline information. A traffic light scorecard for key performance indicators is provided at Appendix A (current year) to enable performance to be monitored by exception.
- 3.4 BVPI 9 Council Tax Collection
As at quarter 1, performance is on track to achieve the target of 96.20% for the year with performance being at 29.10% compared to a target of 28.78% for the first quarter. This is a satisfactory result given the current economic conditions.

3.5 BVPI 10 NNDR Collection

Similarly, business rate collection is on target to achieve the target collection rate of 97.50%; a slightly lower target than last year that recognises current economic conditions. Collection performance for the first quarter was at 32.47% compared with a target of 32.09%; however, at this early stage it is difficult to predict the economic impact on future performance.

3.6 BVPI 66a Housing Rent Collection and Arrears Recovery

3.7 The collection rate forecast at the end of quarter 1 remains at 98.16% against a target of 98.50%. However, as the figures used to calculate this indicator include the 2009/10 rents before the application of the rent reduction, this is an estimate only. An accurate forecast will be available in future quarters once the down-rated rents have been applied.

3.8 BVPI 79 Housing Benefit (HB) overpayments recovered as a percentage of the total amount of HB overpayment debt outstanding

In year collection figures for Quarter 1 of 2009 has increased to just under 74% of debt being collected against a continuing target of 65%. As this is the first quarter, the overall recovery of all debts, including historic arrears, stands lower at 17% against a target of 30%. This is expected to improve throughout the year as normal. 5% of bad debts have been written off against a target of 10% for the year, so this is on course to achieve the yearly target.

3.9 Sundry Debt

Collection performance for sundry debt is 97% of debts now being collected within 90 days compared to 99% reported for quarter 4. Current in-year collection stands at 79% which is an improvement on quarter 1 last year which stood at 76%. In-year collection of sundry debts generally starts lower because, similar to council tax, some debts are charged in full but debtors are able to take options to repay by instalment. The target for in-year collection is 97.5% and at this early stage there are no indications that this will not be achieved.

3.10 ASC Debt

Recovery of Adult Social Care debts within 90 days has increased to 97%, compared to the quarter 4 collection rate of 96% while in-year collection is currently standing at 79%. The in-year collection is well below the target of 97.5% but this reflects a 3 month delay at year-end in Safe Custody payments being transferred onto the relevant accounts. This has now been resolved and there are no other indications that collection performance will not recover over the remainder of the year.

3.11 Parking Debt

Penalty Charge Notice (PCN) recovery this quarter equates to 69% of the 36,257 PCNs issued being closed as paid. The percentage of bus lane PCNs paid is generally higher than for parking which has helped raise the overall total of PCNs paid. Overall it is anticipated that an average recovery rate of at least 70% will be achieved over the year.

Recovery rates can be significantly affected by National Parking Adjudication Service rulings to cancel PCNs issued as well as other factors outside our

control such as the reliability of information from the DVLA. This collection rate is known to be comparable with other authorities in the south.

3.12 Commercial Rents - Cluttons

Commercial rents are managed under contract by Cluttons. The contract includes performance targets for speed of collection; these are set at 85% of rents to be collected within 4 weeks, 90% within 8 weeks and 95% by the end of each quarter (i.e. overall collection rate target assuming 5% voids).

Average performance for 2009/10 so far is 87.75% collected within 4 weeks, 92.80% collected within 8 weeks and 96.38% collected within 12 weeks. This represents good performance for rents due given the current climate. However, it should be noted that these figures only indicate collection performance for rents due; they do not indicate the level of voids currently being experienced. This is reported elsewhere under the council's Targeted Budget Management reporting (to Cabinet) which indicates whether or not income, in total, is on target.

4 AGE PROFILE OF OUTSTANDING DEBT

4.1 Appendix B shows the current age profile of debts outstanding, while Appendix C shows movements from the same quarter last year. As far as practicable, debts outstanding have been categorised under the same age bandings although the various systems often have different reporting structures. The underlying age profile can also be different for each type of debt. For example, Council Tax and NNDR bills are raised at the beginning of each year and the debt outstanding therefore gradually reduces with each passing month whereas Sundry Debts can be raised at any time throughout the year. In practice, the income units will therefore compare their debt profiles with the same period in the previous year as an additional check on trends.

4.2 The general aim is to move toward a younger age profile for debts which indicates that debt collection and recovery is becoming quicker and more efficient and therefore debts run less risk of becoming bad or unrecoverable. The trend can be seen by comparison with the same quarter last year which indicates the following:

- Housing Rents – both current and former tenant debts have remained steady with only marginal shifts in the age of debt;
- Sundry Debt – the figures indicate that the amount of debt now less than 60 days old has increased by 14.3%;
- Adult Social Care – this shows a short term increase of 32% of debts moving to over 90 days old. However, as mentioned earlier in the report, this is expected to be a temporary downturn caused by delays in processing safe custody payments. The position will be closely monitored during subsequent quarters;
- Council Tax – there is no significant change to the age profile;
- NNDR – There has been a marginal shift in the profile with an increase in 6% of debts now over 6 months old. This reflects the increasing number of payment arrangements (i.e. longer recovery period) as part

of the council's recession relief measures to help businesses through the impact of economic conditions;

- Housing Benefit Overpayments – the age profile is holding relatively steady;
- Parking Operations – there has been no significant shift although debts over 1 year old have increased by 12.4% - this will need to be kept under review;
- Commercial Rents – there has been a small increase in debts over 6 months old which, similar to NNDR, represents the increasing number of temporary payment arrangements as part of the council's recession relief measures.

4.3 When looking at outstanding debt, it is important to realise that not all debts are static and work is ongoing for a high proportion of debts to ensure payments continue to be made, using all methods of recovery open to the teams.

5 DIRECT DEBIT PERFORMANCE

5.1 The 2007 Audit Commission report "Improving Income Collection" focuses heavily on encouraging the take-up of regular payment methods, particularly Direct Debit, which is inexpensive and efficient to handle. Current take up of regular payments by service is shown in the table below.

Note: Figures in brackets () represent the previous quarter

Income	Direct Debit Collections:	
	As a percentage of all transactions	As a percentage of income collected
	%	%
Housing rent	26 (23)	27 (27)
HB Overpayments	52 (49)	*
Sundry Debtors (incl. Adult Social Care)	52 (51)	*
Council Tax	69 (64)	69 (63)
NNDR (Business Rates)	64 (57)	41 (50)
Cluttons (Rents)	21 (21)	*

* Indicates that systems cannot currently report management information in this format

The all-important service is Council Tax collection (over £100 million income) where the value of payments by Direct Debit continues to perform well and has increased a further 5% in the first quarter.

A total of 425 Housing Benefit debtors paid by DD from April to June 2009. A further Direct Debit date has been introduced on 6th of each month but this only started in July 2009 so we have yet to see if that date proves more popular and creates less failed payments. The reason for introducing this

additional date was to ensure end of month salaries were cleared in time for the council to collect DD payments from debtors.

Regular payments obviously do not apply to PCN fines. The main payment methods for this service in 2008/09 were credit/debit cards (60.19%), cheques (28.37) and cash (11.44%).

6 IMPROVEMENTS ACTIONS FOR 2007/08 AND BEYOND

6.1 Improving the performance of income collection services is a matter for each service and the relevant directorate, however, the Corporate Debt Management Group plays an overarching role in ensuring that best practice is shared across services, that performance monitoring is standardised as far as possible and that collection units work with each other (e.g. data sharing) to maximise overall collection and recovery. Each quarter, a brief summary of improvement actions or implementation of best practice will be provided.

6.2 Best Practice Updates

6.2.1 Housing Rent

- **Financial Inclusion:**

The service is working in partnership with residents and local agencies to develop a financial inclusion strategy that will have an impact on those in poverty by making sure residents have access to appropriate financial products and services and the opportunity, ability and confidence to make informed decisions about their financial circumstances. The strategy is due to be launched in December 2009.

- **Housing Pre-action Advice Scheme:**

Since January 2009 the service has participated in the Housing Pre-action Advice Scheme (Rent Arrears) pilot set up by the Ministry of Justice. The project is managed in partnership with Brighton County Court and Brighton Housing Trust (BHT) and aims to avoid possession action and prevent evictions and homelessness. Each month, six tenants who are due to be summonsed are invited by Brighton County Court to attend an appointment with a BHT adviser to resolve any housing benefit issues and/or agree a repayment plan. The early indications are that the scheme is achieving its objectives.

6.2.2 Council Tax and NNDR

- In the first quarter, the NNDR team conducted a telephone campaign to offer early take-up of the Deferment legislation due in July for the businesses that were worst hit by increases in their bills. This enabled such businesses to pay the increases over a three year period. In addition, officers of the service attended several events laid on by initiatives such as the Business Lifebelt to give information on help that is available to businesses in the current economic climate.
- Take-up of payment of Council Tax by direct debit is now at its highest ever level, with nearly 69% of all council tax payments being made by Direct Debit. This follows several successful initiatives in offering direct debit in such circumstances as following the issue of reminders and summonses for non-payment.

6.2.3 Housing Benefit

- Proposals have been developed and presented to the Housing Benefit system supplier, Northgate, to improve the debtors element of the system. Once the cost of these developments has been estimated, the London User Group Forum may consider sharing the costs to implement the changes, enabling more efficient use of the system.
- A Recovery Team leader and Senior Recovery Officer will be hosting and presenting an Enforcement Day for the London Overpayments Benchmarking group in September as many London authorities are keen to learn from us about our work in this area.
- The service is currently trialling referring a small amount of debt to an external debt collection agency where this is cost effective, but it is too early at present to say how effective this will be compared with traditional methods.

6.2.4 Corporate Debtors Unit

- Similarly to Housing Benefit, the service is currently reviewing collection methods to ensure the most effective in-house or external collection methods are deployed. In this case, the service is expecting to reduce the use of external collection agencies and instead utilise the council's in-house bailiff service which is proving successful both in terms of recovery and improved information.

6.2.5 Parking Operations

- A new bailiff company, TASK have been engaged to identify vehicles with unpaid warrants through the use of Automatic Number Plate Recognition systems.

6.2.6 Commercial Rents (Cluttons Contract)

- External solicitors are deployed on more difficult arrears cases but officers are currently examining with the Income Collection Team and Legal services other methods which might prove more economical but just as effective. However, some of the legally complicated cases will remain outsourced as there is insufficient capacity in-house.

7 CONSULTATION

7.1 No formal consultation has been undertaken in relation to this report.

8 FINANCIAL & OTHER IMPLICATIONS

Financial Implications:

8.1 Included within the body of the report.

Finance Officer Consulted: Nigel Manvell

Date: 01/10/2009

Legal Implications:

- 8.2 The council has a duty of best value and a general fiduciary duty to council tax payers to act with financial prudence. It is consistent with these duties to (a) make proper arrangements for billing and payment of income, monitoring of arrears and recovery of debts and (b) to keep the arrangements under review. Many types of income to be collected by the council are subject to statutory rules and time limits for recovery. The Corporate Debt Management Group and the income collection teams must have regard to these in their collection and recovery processes.

Lawyer consulted: Oliver Dixon

Date: 16/09/2009

Equalities Implications:

- 8.3 There are no direct equalities implications arising from this report, although poor income collection performance and associated loss of revenues may reduce opportunities or access to services and employment for communities of interest. Poorly managed income collection could impact on the council's financial standing, which could affect opportunities for investment and partnership working that may be advantageous to particular areas or groups.

Sustainability Implications:

- 8.4 There are no direct sustainability implications arising from this report. However, it is believed that the reputation of the council's financial control framework and its ability to demonstrate sound budgetary control could have an impact on the willingness of other funding partners to invest in and with the council. This could affect the level of inward investment in respect of projects that contribute towards sustainability.

Risk and Opportunity Management Implications:

- 8.5 A risk assessment is undertaken in relation to the management of individual budgets including income targets.

Crime and Disorder Implications:

- 8.6 There are no direct prevention of crime and disorder implications arising from this report, although reductions in expenditure or service levels caused by not meeting income targets may impact on these issues.

Corporate / Citywide Implications:

- 8.7 The council's financial position impacts on levels of council tax and service levels and therefore has citywide implications. Income collection is an important element of the council's finances.

9 EVALUATION OF ANY ALTERNATIVE OPTION(S)

- 9.1 The report is for noting.

10 REASONS FOR REPORT RECOMMENDATIONS

- 10.1 Collection of income and management of debts is critical to the council's finances with over £300 million income collected. These quarterly reports will ensure that the council's lead member for finance is aware of the council's

current performance and arrangements for continually improving income collection and recovery.

SUPPORTING DOCUMENTATION

Appendices:

1. Appendix A – Debt Collection Performance Quarter 1 2009/10
2. Appendix B – Aged Debt Profile – Quarter 1 2009/10
3. Appendix C – Aged Debt Profile – Quarter 1 2008/09 (for comparison)

Documents in Members' Rooms

1. None

Background Documents

1. None

Income Collection Performance 2009/10

Measure	This Quarter	Target	Outturn for Year	Distance from Target	Current Status	Movement (See Key below)
Debt						
Performance Measure						
Sundry Debtors	97.00%	95.00%	95.00%	-	GREEN	⇨
Adult Services Debtors	97.00%	95.00%	95.00%	-	GREEN	⇨
BVPI 66 - Housing Rents	98.16%	98.50%	98.16%	0.34%	AMBER	⇨
BVPI 79 - Housing Benefit Overpayment	74.00%	65.00%	74.00%	-	GREEN	⇧
Parking - PCN's Paid	69.00%	70.00%	70.00%	-	GREEN	⇩
BVPI9 - Council Tax Collection	29.10%	96.20%	96.20%	-	GREEN	⇧
BVPI10 - NNDR (Business Rates) Collection	32.47%	97.50%	97.50%	-	GREEN	⇧
Rent from Managed Portfolio (commercial)	87.75%	85.00%	85.00%	-	GREEN	⇧

Meets or exceeds target	GREEN	No change from last report	⇨
Less than 1% short of target	AMBER	Position has improved since last reported	⇧
More than 1% below target	RED	Position has worsened since last reported	⇩

15

Aged Debt Profile (Quarter 1)

Debt	Debt Raised In Year £'000	Debt Outstanding £'000	Aged Debt Outstanding					
			<= 30 days £'000	<=60 days £'000	<= 90 days £'000	<= 6 months £'000	<= 1 year £'000	> 1 Year £'000
Housing Rent (Former Tenant Arrears)	0	1,448	33	25	27	64	145	1,154
Housing Rent (Current Tenants)	41,084	1,651	115	62	71	147	268	988
Sundry Debtors	7,999	5,121	1,416	1,141	178	720	451	1,215
Adult Social Care	2,499	4,029	548	241	151	861	581	1,647
Council Tax	114,980	95,435	20,404		61,765	0	0	13,266
NNDR	95,377	68,258	18,200			48,181	252	1,625
Housing Benefit Overpayments	4,333	3,520	239	274	189	376	687	1,755
Parking Operations (PCNs)	1,584	4,539	222	201	179	512	967	2,458
Commercial Rents (Cluttons)	2,608	803	447	20	10	326		

Figures spanning more than 1 period represent data where system or contract information cannot currently provide a more detailed breakdown. For example, we are able to determine that £18.200m of NNDR debt is less than 90 days old but are currently unable to analyse this further between 60 and 30 days old.

Debt	Aged Debt Outstanding as a percentage of Debt Outstanding					
	<= 30 days %	<=60 days %	<= 90 days %	<= 6 months %	<= 1 year %	> 1 Year %
Housing Rent (Former Tenant Arrears)	2.3%	1.7%	1.9%	4.4%	10.0%	79.7%
Housing Rent (Current Tenants)	7.0%	3.8%	4.3%	8.9%	16.2%	59.8%
Sundry Debtors	27.7%	22.3%	3.5%	14.1%	8.8%	23.7%
Adult Social Care	13.6%	6.0%	3.7%	21.4%	14.4%	40.9%
Council Tax	21.4%		64.7%	0.0%	0.0%	13.9%
NNDR	26.7%			70.6%	0.4%	2.4%
Housing Benefit Overpayments	6.8%	7.8%	5.4%	10.7%	19.5%	49.9%
Parking Operations (PCNs)	4.9%	4.4%	3.9%	11.3%	21.3%	54.2%
Commercial Rents (Cluttons)	55.7%	2.5%	1.2%	40.6%		

Aged Debt Profile (Comparison to Quarter 1 2008/09)

Debt	Change in Debt Raised £'000	Change in Debt O/S £'000	Aged Debt Outstanding (Movement)					
			<= 30 days £'000	<=60 days £'000	<= 90 days £'000	<= 6 months £'000	<= 1 year £'000	> 1 Year £'000
Housing Rent (Former Tenant Arrears)	0	-10	33	0	12	-15	-15	-25
Housing Rent (Current Tenants)	-240	282	24	1	11	10	85	151
Sundry Debtors	1,001	-968	10	372	-822	-256	-185	-87
Adult Social Care	-621	-3,058	-3,042	6	17	372	-94	-317
Council Tax	3,375	2,777	3,464		-1,641	0	0	954
NNDR	4,034	2,470	-3,690			5,903	-10	267
Housing Benefit Overpayments	-30	-26	-40	91	45	-91	128	-159
Parking Operations (PCNs)	-1,002	137	-14	-47	-53	-254	-116	621
Commercial Rents (Cluttons)	-4,901	-31	-79	16	4	28		

Debt	Aged Debt Outstanding as a percentage of Debt Outstanding (Movement)					
	<= 30 days %	<=60 days %	<= 90 days %	<= 6 months %	<= 1 year %	> 1 Year %
Housing Rent (Former Tenant Arrears)	2.3%	0.0%	0.8%	-1.0%	-1.0%	-1.2%
Housing Rent (Current Tenants)	0.3%	-0.7%	-0.1%	-1.1%	2.9%	-1.3%
Sundry Debtors	4.6%	9.7%	-12.9%	-2.0%	-1.6%	2.3%
Adult Social Care	-37.1%	2.7%	1.9%	14.5%	4.9%	13.2%
Council Tax	3.1%		-3.7%	0.0%	0.0%	0.6%
NNDR	-6.6%		0.0%	6.3%	0.0%	0.3%
Housing Benefit Overpayments	-1.1%	2.6%	1.3%	-2.5%	3.8%	-4.1%
Parking Operations (PCNs)	-0.5%	-1.2%	-1.3%	-6.1%	-3.3%	12.4%
Commercial Rents (Cluttons)	-7.4%	2.0%	0.5%	4.9%		

FINANCE CABINET MEMBER MEETING

Agenda Item 23

Brighton & Hove City Council

Subject: VALUE FOR MONEY: Phase Two
Date of Meeting: 12 October 2009
Report of: Director of Finance & Resources
Contact Officer: Name: Janice Millman Tel: 29-1080
E-mail: Janice.millman@Brighton-Hove.gov.uk
Key Decision: No Forward Plan No: N/A
Wards Affected: All

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 This report provides an update on the council's programme for ensuring value for money (VFM) across all its services.

2. RECOMMENDATIONS:

- 2.1 That the continued progress of the Value for Money Programme be noted.

3. RELEVANT BACKGROUND INFORMATION

- 3.1 The council undertook a value for money programme between September 2007 and November 2008, which saw the Use of Resources score increase and supported an uprating to 'excellent' against the Audit Commission's Comprehensive Performance Assessment framework.
- 3.2 The council has continued to deliver actions arising from that first programme but has also refreshed its approach. This second phase of work:
- builds on the successes and learning points from the first phase;
 - takes into account the changes in the financial context; and
 - provides renewed impetus to drive improvements in value for money across key service areas.

Financial Context

- 3.3 For the period 2007/08 to 2009/10, the council's Medium Term Financial Strategy identified the need to generate approximately £10m savings per annum. Current projections about future grant settlements combined with recent upward trends in service pressures and costs have increased the estimated savings requirements over the next four years.

3.4 Key financial assumptions are currently as follows:

	2010/11	2011/12	2012/13	2013/14
Formula Grant increase	1.5%	0%	0%	0%
Council Tax increase	2.5%	2.5%	2.5%	2.5%
Total cost pressures	£16.2m	£20.7m	£18.4m	£17.1m
Estimated Savings required	(£11.7m)	(£16.2m)	(£14.6m)	(£14.0m)

This clearly shows a step increase in the savings required per annum from the scale delivered over the last three years. Clearly, every year the cumulative impact of delivering savings becomes increasingly challenging and this means a fundamental look at our approach is required.

High Level Business Case

- 3.5 In response to the challenging medium term budget forecast, Phase 2 of the VFM Programme includes the development of a high-level business case. This will capture in financial terms the opportunities available to the council to deliver savings through improving value for money.
- 3.6 The business case will provide Members with significantly more robust information than has previously been available on their options to ensure a balanced financial position for the council. Any savings opportunity within the business case would still be subject to the council's normal decision making processes before implementation.
- 3.7 The business case will support the council's budget setting process but will also be supplemented by Member decisions on service priorities, levels and desired outcomes. This business case development is led by iMPower consultants and is overseen by the cross-departmental VFM Programme Board, led by the Directors of Finance & Resources and Adult Social Care & Housing. The Project Initiation Document (PID) for this work is attached at Appendix 1.
- 3.8 Following a prioritisation exercise that took into account the scale of spend, areas of high cost and iMPower's experience from other authorities, a list of service areas for more detailed review has been drawn up. This covers:
- Workstyles
 - ICT
 - Procurement
 - Adult Services - Learning Disabilities (LD), Physical Disabilities (PD) and Older People (OP)
 - Looked After Children
 - Sustainable Transport
 - Fleet Management

- 3.9 In all of these areas, council staff are working in conjunction with the iMPower team to provide and analyse key data for the business case. The business case itself will not exclusively cover these areas, all other savings opportunities that have been identified through the VFM programme or through budget processes will also be incorporated. The actions required to implement them will then be fed into the business planning process at the appropriate time.

Other elements to Phase 2 of the VFM Programme

- 3.10 In addition to the high level business case, there are other workstreams ongoing within Phase 2 of the VFM programme and a wide range of related activity across the organisation.
- 3.11 The “Improving the Customer Experience” workstream is considering how, why and where residents access council services and identifying ways in which we can both increase satisfaction with our services and reduce cost. An example might be further web-enabling a particular service because we know that this access channel is cost-effective and for some groups of customers, their preferred way of engaging with the council.
- 3.12 The “Show Me” project in Housing Management, also supported by iMPower, is designed to:
- improve the customer experience and outcomes through optimising the access and service model;
 - identify how costs could be reduced; and
 - increase productivity.
- 3.13 A programme of training in lean systems thinking is also being provided to all members of the Programme Board supported by Vanguard.
- 3.14 There are other pieces of work in individual service directorates, for example, service improvement plans are underway in Planning (Development Control), and Human Resources, among others to drive out waste and reduce overall cost and improve efficiency of services. However, the savings that may be driven out by these plans have yet to be quantified.

Communications

- 3.15 A detailed communications plan has been drawn up for the next phase of the programme. The key messages for all stakeholders are:
- better services
 - better value
 - better experience

4. CONSULTATION

- 4.1 The detailed communications plan for the programme includes all key stakeholders. As proposals to make changes to any services emerge, the council's normal decision making and consultation processes will apply.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 The programme supports the council's medium term financial strategy and other budget setting processes. The costs associated with the delivery of the programme are paid for by the Council's VFM Transformation Fund.

Finance Officer Consulted: Catherine Vaughan

Date: 03/09/2009

Legal Implications:

- 5.2 There are no immediate legal implications arising from this report. At the time that any specific actions are considered, in accordance with the council's normal decision making process, specific legal implications will be covered in individual reports.

Lawyer Consulted: Bob Bruce

Date: 30/09/2009

Equalities Implications:

- 5.3 As implications to services become known, equality impact assessments will be carried out to establish equalities considerations. There will be service se will be evaluated as the programme goes forward.

Sustainability Implications:

- 5.4 These will be evaluated as the programme goes forward.

Crime & Disorder Implications:

- 5.5 None identified.

Risk and Opportunity Management Implications:

- 5.6 The programme seeks to address risks identified in maintaining current expenditure levels and service demands. Risk are assessed by the project team and council as the programme advances and will be fully mapped as service changes are known.

Corporate / Citywide Implications:

- 5.7 None identified.

SUPPORTING DOCUMENTATION

Appendices:

1. High Level Business Case Project Initiation Document.

Documents in Members' Rooms

1. None

Background Documents

1. None



**Brighton & Hove City Council
Project Initiation Document (PID)
VFM High-Level Business Case**

iMPOWER Consulting Ltd
14th August 2009



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1. Document history

Version	Date	Author	Reviewed by	Change summary	Status
0.5	14/08/09	JS	GP	First draft	Draft
0.6	18/08/09	JS	GP	Incorporating comments from JM	Draft

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2. Purpose of this document

The main purpose of this Project Initiation Document (PID) is to define the VFM high-level business case project, to form a firm basis for managing the project, and for assessment of its overall success. The document will be used to:

- ➔ Ensure that the project has a sound basis for delivery
- ➔ Act as a base document against which progress can be assessed, change management issues can be addressed, and to address questions regarding ongoing viability

The information included in this PID will answer the following questions:

- ➔ What is the project aiming to achieve?
- ➔ How will the project be delivered?
- ➔ When will it happen?
- ➔ Who will sign off the deliverables?

This document defines all the major aspects of the project. It is not meant to be a strict PRINCE2 PID but offers a pragmatic approach to managing and delivering the project.





3. Project background

BHCC, in their 2007-08 Annual Report, identified several priority improvement areas for the Council. One of these priorities was for “better use of public money”, which had four supporting aims underneath it:

- ➔ Providing services that are good value for money;
- ➔ Protecting the council’s financial position;
- ➔ Responsible financial management; and,
- ➔ Ensuring the best use of our property and land assets.

To support this priority, several objectives were agreed upon, one of which was to “deliver a council-wide programme of Value for Money (VFM) reviews of all services”. The Council has subsequently embarked upon a transformation programme that underpins the drive for VFM. This Council-wide transformation programme has the following aims:

- ➔ To improve the customer experience from access to service outcomes.
- ➔ To reduce costs and/or increase income on a sustainable basis.
- ➔ To reduce the use of office accommodation.
- ➔ To maximise the impact of ICT changes and/or investments.
- ➔ To reduce failure demand and improve productivity.

This importance of this programme has been brought into sharp focus recently with key budgetary pressures emerging from:

- ➔ Reduced income and potential capital receipts created by the economic downturn
- ➔ Increasing demand for services
- ➔ The inevitable harsh settlement in the next CSR

Last year, the Council embarked on Phase 1 of its VFM Programme which focused on identifying and achieving efficiency savings and/or performance improvements in several VFM “hotspots” (areas of high cost). These included work in: Children’s Services, Waste Management and Development Control.

One of the key aims of these VFM Hotspot reviews was to ‘kick start’ the VFM programme with a view to then transferring value for money skills and expertise to council officers, thus building capacity in-house to continue to take the work forward.

The Council is now embarking upon the second phase of its VFM programme, which has three components:

1. Implementing the recommendations of the Phase 1 “hotspots” reviews
2. Longer term work around high costs interventions. This we understand to be aimed at reducing the significant spend associated with highly





dependent: individuals, families, and communities. This work is outside the scope of this assignment.

3. A more cross-cutting corporate transformation programme. The high level business case, needed from this work, will relate to this third element.

The focus of the second phase of the programme is a more cross-service approach to transformational change, customer access and efficiency. This second phase of the VFM programme seeks to ensure that BHCC move beyond service specific “salami slicing” efficiencies which are of limited value to look at more transformational change that could occur by taking a transformational, corporate approach to service improvement and efficiency. In this regard, BHCC have identified the need to develop a high-level business case that will support this phase of the programme which is the main focus of this PID.

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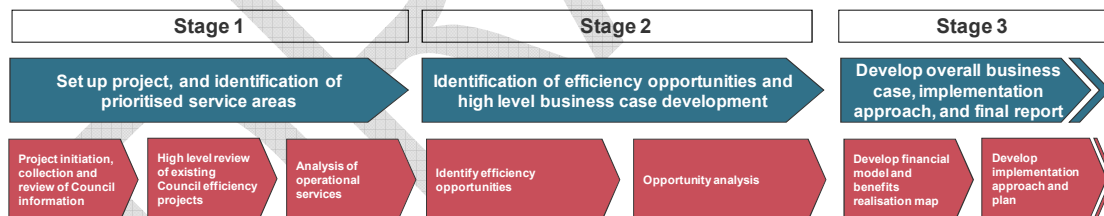
4. Project approach

The Council recognises that in order to meet the financial and service delivery challenges ahead it needs to define a holistic improvement and efficiency driven transformation programme that will result in a new service delivery model. The transformation needs to be an integrated set of activities that is deliberately managed as one coherent programme, not as single initiatives, in order to deliver maximum benefits.

In response to this, iMPOWER will assess and challenge existing service delivery models and adopt a whole systems approach to service review. We will undertake a corporate transformation approach to identify the most effective initiatives to achieve efficiency savings.

This VFM high-level business case project shall complement and build on the Phase 1 activities. The VFM Phase 1 review has undertaken a review of service performance and identified VFM opportunities at a high-level. In this VFM high-level business case project, we will be focusing on identifying a corporate-wide transformation programme that will project, for each individual opportunity and overall, the efficiency savings profile in actual GBP value terms.

iMPOWER's approach to delivering the VFM high-level business case separates out into the following three stages described in the diagram below:



These stages are discussed in detail below.

4.1 Stage 1 – Set up project, and identification of prioritised service areas

4.1.1 Project set up

1. Arrange kick off meeting with Richard Szadziewski, Nigel Manvell and Janice Millman to:
 - ➔ Understand Council staff resource availability and their skill level
 - ➔ Identify how data will be gathered (and ease of availability)
 - ➔ Provide initial list of data to be gathered
 - ➔ Agree logistics
2. Develop Project Initiation Document (PID)





3. Develop data gathering templates
4. Brief Council staff on our approach, methodology, roles, and reporting. Assign Council staff specific areas to focus on.
5. Meet with senior stakeholders, programme board and Top Management Team (TMT) to:
 - ➔ Introduce our approach
 - ➔ Gain buy in
 - ➔ Initiate the process of identifying operating principles
 - ➔ Understand BHCC's aspirations
 - ➔ Understand if there are there any "sacred cows"
6. We will meet individually with all Directors and Directorate Management Teams (DMTs) to:
 - ➔ Introduce our approach
 - ➔ Gain buy in
 - ➔ Understand the "big picture" in the department
 - ⇒ Understand the key issues, performance, aspirations, and current initiatives
7. We will meet individually with the heads of the main corporate support functions:
 - ➔ HR
 - ➔ Finance
 - ➔ ICT
 - ➔ Procurement

We will introduce the project and again understand the big picture in the service: the key issues, performance, aspirations, and current initiatives.

We will also ask for a nominated data source staff within their area.

4.1.2 Data gathering and analysis

We will need to gather data to establish the state of each of the service areas in order that we can form a view of how optimal their service delivery models currently are and their potential for generating efficiency savings.

1. Gather data on all the operational services (e.g. within Adults and Housing services, Children's services, etc) and corporate services (i.e. HR, ICT, Finance, Procurement). We will gather, among others, the following types of data:
 - ➔ Failure demand
 - ➔ Service plans
 - ➔ Finance –budget and actual spend
 - ➔ HR – organisational structure and FTEs
 - ➔ ICT – the systems utilised
 - ➔ Procurement spend
 - ➔ Performance data (KPIs)
 - ➔ Benchmark data
2. Gather data on and understand existing efficiency projects. We will interview heads of major cross cutting projects/programmes to clarify our understanding of the project and validate any assumptions that's stated within the project documentation. These shall include the Workstyle and Customer Access projects.





3. Conduct detailed data analysis.

4.1.3 Propose and agree a prioritised list of approximately ten service areas

1. Using a set of agreed criteria, we will filter down the areas of focus to approximately 10 service areas. This list of prioritised service areas will be presented to, and agreed with, the project sponsors.

Deliverables

- ➔ PID
- ➔ Data gathered to support analysis
- ➔ List of approximately 10 priority service areas and cross-cutting initiatives where efficiencies and improvements could be made

BHCC resources required

- ➔ The PID shall require input and agreement from the project sponsor
- ➔ BHCC staff working on this project shall provide support gathering data from each service area and populate the iMPOWER data gathering templates
- ➔ BHCC senior stakeholders to attend meetings and interviews and agree the list of 10 priority service areas

4.2 Stage 2 – Opportunity identification and high level business case development

This stage is broken down into four steps as described below.

4.2.1 Service specific opportunities

1. We will hold individual meetings with the heads of the approximately 10 services that will be identified in the preceding stage. We will:
 - ➔ Clarify our understanding of the service area and gain a more detailed understanding of the service
 - ➔ Validate any findings/conclusions from the data gathering
 - ➔ Ask them to assign an efficiency champion within the service that will act as our main contact for additional information required from within the service
 - ➔ Discuss specific efficiency initiatives related to that service
 - ➔ Gather inputs on the major efficiency opportunities that they see within their service
2. We will conduct service observations within each of the services to understand the main issues better, and identify efficiency opportunities using whole systems thinking. We will also assess if more radical approaches to redefine the service delivery model should be considered.
3. We will conduct a workshop(s) with front line staff and managers within each service to:
 - ➔ Introduce our approach





- ➔ Clarify our understanding of the service area and further understand the detail of the service delivery model
- ➔ Validate any findings/conclusions from the reports, service plans and interviews
- ➔ Challenge, if relevant, their thinking on the current delivery model
- ➔ Brainstorm the major efficiency opportunities and the potential for fundamentally different service delivery models

4.2.2 Cross-cutting opportunities

1. Using the service areas identified from the earlier stage, we will build a picture of the efficiency opportunity for the main cross-cutting opportunities and understand the following:
 - ➔ Current progress
 - ➔ Cost-benefit profile (providing a best case and worst case range of savings)
 - ➔ Timeline
 - ➔ Risks
 - ➔ Assumptions

4.2.3 Build high-level business cases for each opportunity

1. We will then build a picture of the efficiency opportunity for each of the identified services. These will focus on understanding the following:
 - ➔ Background
 - ➔ Cost-benefit profile (providing a best case and worst case range of savings) related to different options
 - ➔ High-level timeline
 - ➔ Risks
 - ➔ Assumptions

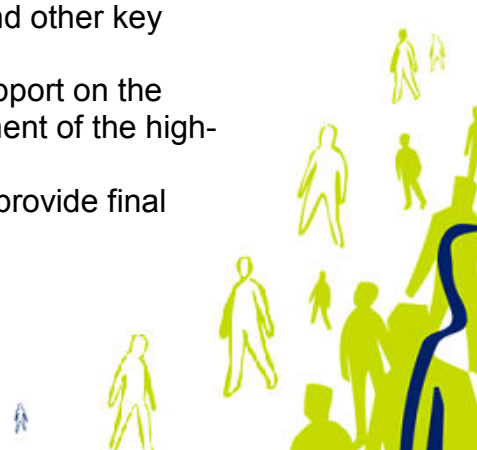
This high-level business case will set out the potential savings that could be achieved through a coordinated implementation of the service improvement initiatives.

Deliverables

- ➔ Individual opportunity high-level business cases that will outline the range (“best case” and “worst case” scenarios) of potential of efficiency savings (MS PowerPoint). As part of this, we will identify if and how the current service delivery model is negatively impacting costs and the savings opportunity will define the recommendations for improvement.

BHCC resources required

- ➔ High-level business cases shall require input from service managers to understand key assumptions, costs and other key information
- ➔ BHCC staff working on this project shall provide support on the additional data gathering and support the development of the high-level business cases
- ➔ BHCC senior stakeholders to attend meetings and provide final comments





4.3 Stage 3 – Develop overall business case, implementation approach, and final report

1. We will then develop a business case that will capture the overall cost and savings profile for the identified initiatives. For each identified initiative we would provide a range for the value of the potential savings.
2. We will then develop a high-level implementation approach and plan to deliver the savings opportunities identified.
3. The overall business case and implementation plans will then be presented to the project sponsors for comments and final sign off.

Deliverables

- Overall VFM high-level business case (MS PowerPoint).
The overall high-level business case shall provide an outline for each identified savings opportunity that will include the following:
 - ⇒ Description of savings opportunity
 - ⇒ Efficiency savings profile (providing a “best case” and “worst case” range of savings) related to different options
 - ⇒ High-level timeline
 - ⇒ Risks
 - ⇒ AssumptionsThe overall high-level business case shall also present a consolidated view of the value of potential efficiency savings to be made, again presenting an overall “best case” and “worst case” scenario.
- Implementation approach and plan (MS PowerPoint).
This deliverable would set out recommendations for how the transformation programme would be implemented. This would include a high-level implementation plan, as well as set out an approach for delivering the transformation.

BHCC resources required

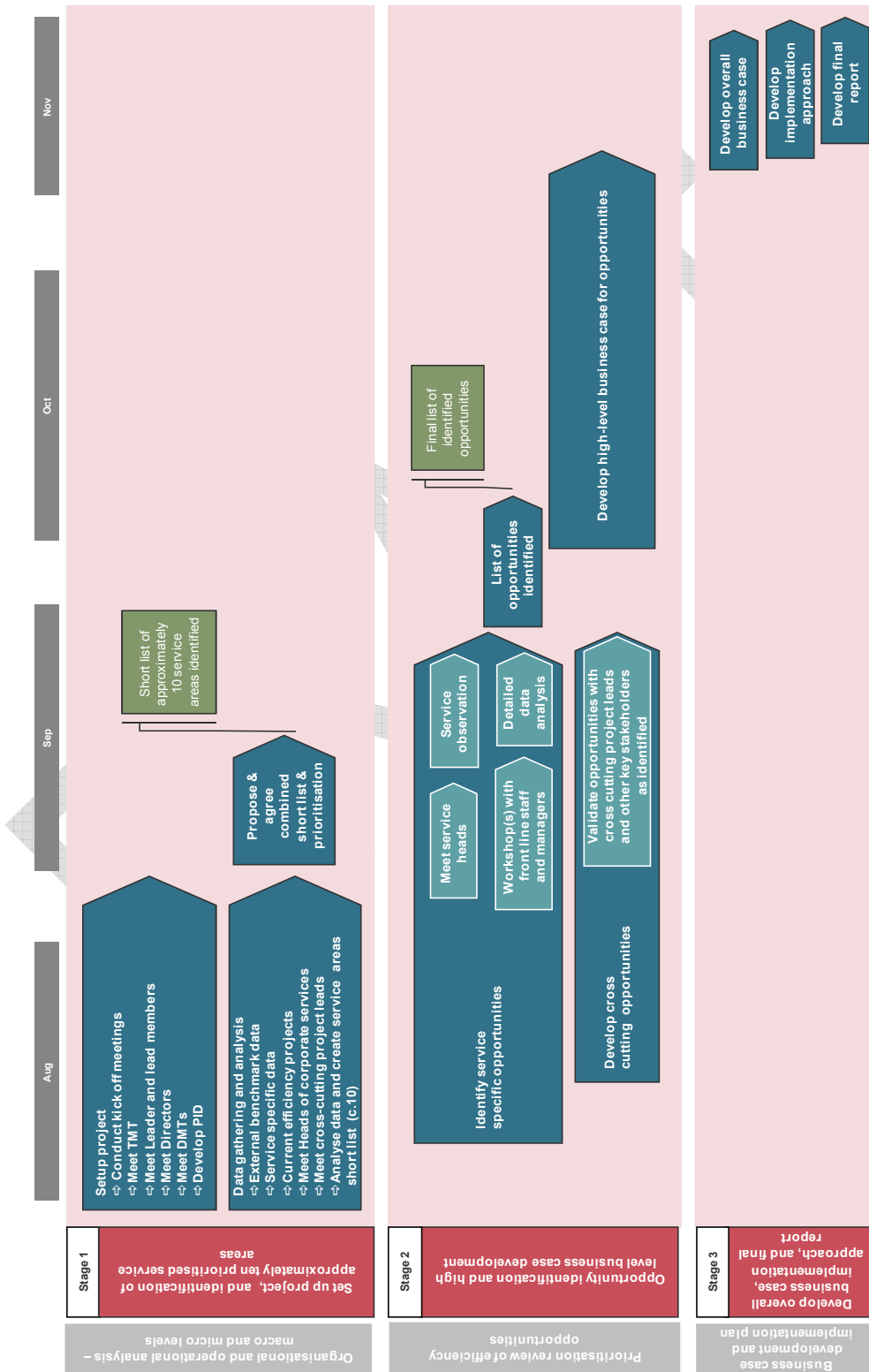
- Implementation planning shall require input from service managers to understand logistical and business cycle constraints on the timelines
- BHCC senior stakeholders to attend meetings and provide comments





5. Project overview plan

The diagram below provides an overview of the project plan. The project is divided into three stages and will run from August to November 2009.





The key project milestone dates are identified in the table below.

ID	Milestone	Target date
1	PID agreed	19/08/09
2	List of prioritised service areas (approximately 10) agreed	07/09/09
3	List of savings opportunities	14/10/09
4	Presentation of final report	17/11/09
5	Delivery of final VFM high-level business case report (incorporating final project sponsor comments)	20/11/09

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6. Decision making framework

Project sponsors will provide feedback on and sign off the deliverables at key project milestones.

The project sponsors who will sign off the deliverables shall be the following:

- ➔ Catherine Vaughan
- ➔ Joy Hollister
- ➔ Janice Millman

The iMPOWER team shall coordinate with Janice Millman on a weekly basis where feedback shall be provided on the project.

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7. Communications

There are two main means by which progress of the project will be communicated. These are as follows:

1. Weekly highlight reports provided to Janice Millman at the weekly update meetings (Wednesdays at 9am). The weekly highlight reports will indicate the following:
 - Activities carried out in the last week
 - Activities to be carried out in the following week
 - Key project risks and issues
2. Monthly updates to the VFM programme board. These shall be on the following dates:
 - 25 August (10am-12pm, Room 431)
 - 29 September (1-3pm, Room 431)
 - 28 October (3-5pm, Room 126)
 - 24 November (3-5pm Room 431)

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8. Project controls

8.1 Tolerances and exception procedure

Tolerances are the allowable deviation beyond the project plan's estimate of time and cost without escalating to the next level of management. Time & cost tolerances are set at 5%.

If there are indications at any point that the project is going to deviate outside of the tolerance, this will be raised at the weekly update meeting. Project risks and issues will be closely monitored to ensure potential deviation is reported as early as possible.

8.2 Change management

It must be borne in mind that the schedule for delivery is quite tight. Change requests may impact upon both the delivery date and the budget.

8.3 Risk management

Risks identified will be captured in a centralised risk log. Risks will be analysed in terms of impact and likelihood during weekly update meetings.

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9. Project risks

The initial risks, together with recommended mitigating actions, identified for this project are the following:

Risk	Mitigating action
1. Delayed submission of data by BHCC staff	BHCC staff to be informed of the importance of this project, and to prioritise delivery of data.
2. Poor quality data	iMPOWER shall explain the data requirements clearly. BHCC staff to provide the latest and most accurate data.
3. Lack of engagement from BHCC service staff	BHCC staff to be informed of the importance of this project, and to prioritise engagement with the project.
4. Lack of BHCC staff to co-deliver this project	BHCC to identify key Council staff that will support the delivery of this project and request them to prioritise the activities required to deliver this project.
5. Delay in interviewing key BHCC staff	BHCC staff to be informed of the importance of this project, and to prioritise engagement with the project.

Overall risks will be monitored in the risk log and raised at the weekly update meetings. Where a risk cannot wait to be resolved until the next weekly update meeting, this shall be raised immediately with Janice Millman.





10. Billing

iMPOWER shall provide monthly invoices to BHCC based on consulting days utilised and expenses incurred within that month.

BHCC shall endeavour to settle the invoice within ten working days, but no later than 28 days, upon receipt of the invoice.

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