

Briefing for Scrutiny Lead Member

Directorate Portfolio	Resources
Scrutiny Lead	Cllr Abjol Miah

This briefing note is intended to provide the Scrutiny lead member with an overview of their portfolio. It will be used to inform the Overview and Scrutiny Committee's work programme for the municipal year 2014/15. The issues highlighted in the note will be further discussed in a meeting between the Scrutiny lead member and Corporate Director.

Section One: Overview of areas covered within the portfolio

The Resources Directorate is made up of a number of services which aim to help the organisation and the wider borough partnership deliver improved outcomes for our citizens at significantly reduced cost. The services include;

Finance and Procurement – The service is responsible for providing the financial management framework, policies and procedures for the Council. The procurement function oversees the Council's financial purchasing arrangements; providing effective systems of contract management and ensuring value for money arrangements are in place. The service produces the Council's rolling financial strategy including the annual revenue and capital budgets, production of the Annual Statement of Accounts and the performs the treasury management function for the Council including management of the Pension Fund.

Section 151 of the Local Government Act 1972 requires every local authority to make arrangements for the proper administration of their financial affairs and requires one officer to be nominated to take responsibility for the administration of those affairs (Chris Holme, Acting Corporate Director – Resources). The Section 151 officer has a number of statutory duties, including the duty to report any unlawful financial activity involving the authority (past, present or proposed) or failure to set or keep to a balanced budget. The Section 151 officer also has a number of statutory powers in order to allow this role to be carried out, such as the right to insist that the local authority makes sufficient financial provision for the cost of internal audit.

Human Resources & Workforce Development – Responsible for the delivery of a range of core services that runs through all aspects of the employee life cycle and is structured in three key services, HR Consultancy, HR Operations and HR Strategy. There are a number of specific areas that are prioritised each year under the People Strategy and Workforce to Reflect the Community Strategy which underpins the delivery of the organisation's community and strategic plans. Amongst many other activities in 2014/2015 the organisation will be focusing on a review of the Council's workforce development activity, strengthening the HR management team and streamlining transactional processes by supporting managers through the savings programme impacting on the workforce.

ICT Client Team

The Client Team's role is to manage the delivery of ICT and other services by Agilisys for the Council, through the agreed Governance structure and deliver the commitments laid out in the Operational Service Agreement (OSA) and Strategic Partnership Agreement (SPA). These are two key documents for how the Partnership works for the duration of the contract (2012 – 2019). The team comprises three areas of expertise which are Service Relationship Management, Contracts and Performance, Business Solution Architecture and Security.

We deliver a number of front line 'Resident Facing' customer services on behalf of the rest of the organisation. Across these services our aim is to provide a friendly, professional and efficient service that exceeds the expectations of our customers. We work hard to tailor our services so that they suit the individual preferences of each and every resident. We strive to resolve customer enquiries at the first point of contact using the channel of their choice – be that phone, face to face or over the internet.

Customer Access

Manages the four Ones Stop Shops and the Tower Hamlets Contact Centre which deliver customer contact for a range of Council services including parking, streetline, Housing Benefits (at the One Stop Shops) and repairs for Tower Hamlets Homes. Emphasis continues to be on reducing the number of telephone calls and One Stop Shop counter transactions by improving range and take up of on-line services and self-service options while increasing customer satisfaction within the context of reducing budgets and lower unit costs.

Revenues

Revenue Services provide an efficient and cost effective service for all customers and achieves excellent collection rates and performance results for business rates, council tax, and other corporate debts in compliance with Council policies and Government regulatory requirements.

Benefits

The Benefits Service provides a local responsive Benefits Service for our residents and homeless households. The service is multi-disciplined and prides itself on its demonstrable track record of continuous improvement in all areas of service delivery including quick turnaround times in processing housing benefit claims.

Internal Audit & Risk Management

Provides an internal audit function to oversee the Council's financial governance arrangements, ensure effective systems of financial control, financial probity and risk management. Provides an independent, objective assurance and consultancy activity designed to add value and improve the organisation's operations, helping the organisation to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Ensures appropriate systems and processes are in place to demonstrate that value for money is achieved through all income and expenditure.

Anti-Fraud

The service exists to minimise the Council's exposure to fraud and error by the pro-active and reactive investigation of allegations of fraud and abuse. They manage the National Fraud Initiative; a statutory duty that is placed on Local Authorities by the Audit Commission and have developed pro-active anti-fraud initiatives such as ongoing data matching with external partners to reduce the risk of loss and to identify areas of weakness and improve the risk profile of the authority.

Insurance

The service procures insurance policies for the Council and manages the liability of claims against the Council.

Strategy Policy & Performance (SPP)

The directorate based Strategy, Policy and Performance team supports the directorate in managing its performance, and efficiency as well as supporting the directorate's savings programme which are key priorities for the directorate. The team supports the Resources Performance & Efficiency Challenge Group which aims to robustly monitor and challenge the performance and efficiency of services. The team ensures the provision of data and information and effective engagement of managers and staff with the council's strategic objectives. The service provides information, advice and guidance on the council's strategic goals, national policy and legislative initiatives. SPP supports services to achieve the One Tower Hamlets vision of the Community Plan and monitors and reports on the directorate's action plan in relation to achieving this.

Section Two: Key national legislative and policy developments

Austerity regime and further local government savings

The Government's spending review of 2010 based an austerity package for public services on the target of bringing the national finances back into balance by the end of 2014/15. It is generally acknowledged that the economy did not perform as well as expected when the Chancellor first drew up his deficit reduction strategy two years ago. In short the economic down turn has proved deeper and more sustained than was anticipated in the initial economic projections that informed the Government's spending review.

In the 2013 Autumn Statement, the Chancellor of the Exchequer conceded that the deficit reduction strategy will now need to continue beyond the next Parliament, potentially until 2020. The 2013 Spending Review (SR13) introduced 15% reductions in government support to Councils, and it is likely that Revenue Support Grant (RSG) will entirely disappear as a funding stream by 2020. Financial Planning in Local Government as a whole will continue to be dominated by the need to make reductions to budgets and services year on year.

Welfare Reform

The Welfare Reform Act legislates for the biggest change to the welfare system for over 60 years. It has

introduced a raft of reforms that aim to make the benefits and tax credits systems 'fairer and simpler' through a 7 year staged programme from 2011-2017. It aims to bring together several strands of benefits replacing them with a single unified benefit – Universal Credit to be administered by Department of Work and Pensions.

The impact of welfare reform has been more people struggling to support their families and pay food costs and bills; getting into debt and falling into arrears with rent, council tax and utility bills. This includes those in low paid work as well as those out of work.

The Council has responded positively by engaging with a wide range of partners. Over fifteen organisations, including housing providers, Job Centre Plus, advice agencies, health providers and third sector support services regularly attend and support the Welfare Reform Task Group.

The Council has informed residents about the reforms and provided information and advice, and employment and skills support. This programme of activity has successfully supported residents through the vast majority of the changes but the challenges are ongoing now that the reforms have been implemented.

As well as providing support to those affected by welfare reform, a number of challenges remain, including the implementation of Universal Credit which looks likely to be delayed well beyond the originally planned 2017 national roll out and for which the detail is still being formulated, the transition from Disability Living Allowance to Personal Independence Payments and critically, the reduction in funding for financial support, including Crisis Loans and Discretionary Housing Payments.

Funds for the Grants are very limited, demand on them is increasing and there are strict eligibility criteria to ensure we can support people in the greatest need. Crisis Grants are designed to help people who have experienced a sudden crisis or who are at risk of one. They can help in the short term with living costs, such as food, heating and accommodation, or to support a resident that is a victim of crime or suffer another misfortune. Applications are made via the Council web site or Tower Hamlets Contact Centre and assessed and paid by the Revenues team.

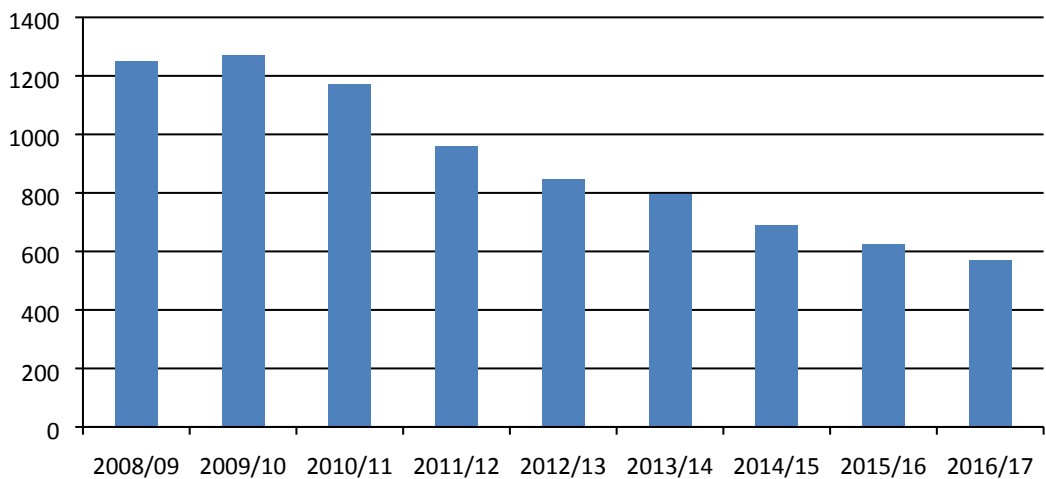
Section Three: Key local challenges and opportunities

Demographic change

The Borough's population continues to grow at a rate of around 2% per year. This places pressure on a range of services, not only those that represent services to the person, such as Social Care, but also potentially those that support the physical environment within which larger numbers of people live.

The graph below shows how growth in the Borough's population, coupled with grant cuts and inflation, has reduced and will continue to reduce the value of Formula Grant (or its equivalent) in real terms since the start of the 2008 recession.

Tower Hamlets - Formula Funding per head of population (£) April 2012 prices

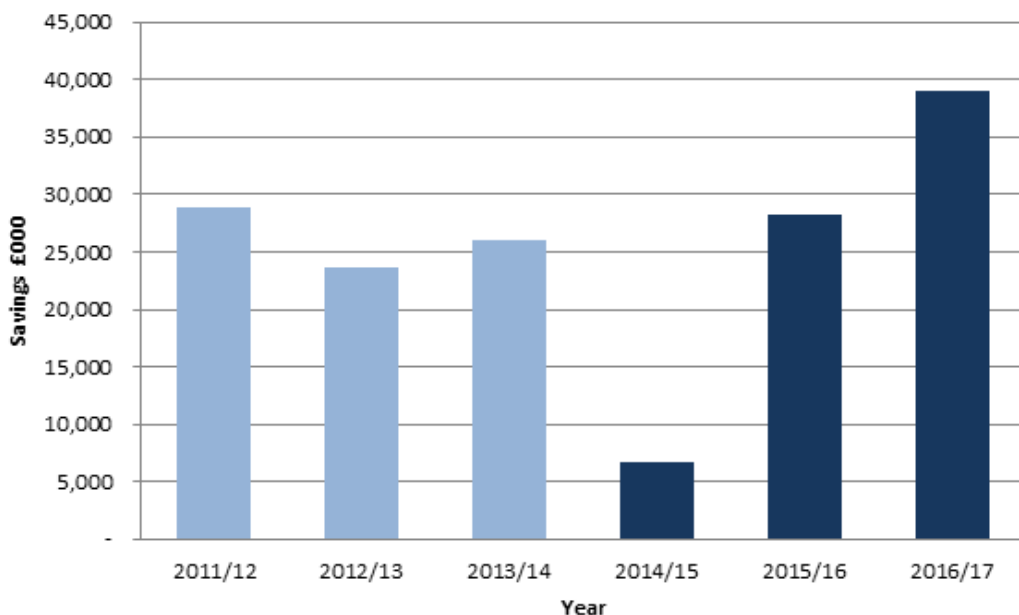


Demographic growth in the borough will bring new opportunities but also significant financial pressures for the local authority. The growth in both the population and local economy will increase the potential level of council tax receipts and non-domestic rates, but the increased population bring with it the need to invest more in schools and other social infrastructure. Funding to support social infrastructure, primarily through the Community Infrastructure Levy, will be insufficient for the future levels of need.

Clearly if we are to face further funding reductions, then it is unlikely that we will be receiving additional funding to cover demographic or other service pressures. Indeed a feature of the new business rate retention scheme is that there will be no transparent mechanism to enable funding to follow need. During the second half of this decade, this failure to fund growth will have a potentially devastating impact on Local Government Finances.

This extensive prolonged reduction in resources, with the commensurate requirement to deliver year on year savings, means that effective long term financial planning is essential to ensure that decisions on priorities and savings proposals can be developed and agreed. The chart below shows the councils savings programme between 2011/12 and 2016/17:

LBTH - Annual Savings



Retention of National Non-domestic Rates

The business rates retention scheme was introduced in April 2013. The government suggested that it would provide a direct link between business rates growth and the amount of money councils have to spend on local people and local services. Councils are able to keep a proportion of the business rates revenue as well as a proportion of revenue growth generated in their area. The policy was designed to provide a financial incentive for councils to promote economic growth. However, retention transfers new risks to the Council due to large numbers of appeals that have remained outstanding, and those that are received from April 2013 onwards.

Tower Hamlets does receive 30% of business rates collected from April 2013. This is £4 million lower than what the government has deemed necessary to meet the identified need in the borough. Tower Hamlets will receive additional funding from government to part of a top-up (plus inflation) that will be reviewed as a part of a system reset in 6 years.

Spending pressures and budget risks

Forecasts beyond the end of the current financial year are subject to some volatility, given that there will be a general election in 2015. However, a sensitivity analysis for the period 2015/16 and beyond has been undertaken:

Negative Variables:

- Demographic growth, particularly concerning school pupil numbers and social care client numbers;
- Further reductions in government grant funding
- Implementation of the Care Bill
- Cost to the Authority of the introduction of the Welfare reform programme particularly homelessness services.
- Children and Families Bill; will extend the Local authorities responsibility to ensure access to education for young people with SEN from current age limit of 19, up to the age of 25.
- Potential increases in the bank of England base rate, which would increase the cost of borrowing

Potential positive variables:

- Continued Growth in the borough's domestic and business tax base as a result of on-going development in the borough

Neutral variables (those which equally may or positive or negative):

- Funding distribution between local authorities, which could either be positive or negative
- Economic variables such as inflation and pay awards, which could go up or down

Workforce to Reflect the Community Strategy

The Workforce to Reflect the Community Strategy was first introduced in 1998 to tackle youth unemployment and create a workforce that better reflects the community. Each year the WFTRC action plan is reviewed to include internal and external activities to support our goal and achieve our targets. Performance against targets, including increasing BME, Women and disabled staff at senior levels, are reported quarterly to CMT.

In particular the strategy highlights:

- Activities to address the continued need to focus on improving the number of BME and disabled senior managers
- A continued need to increase the proportion overall of BME staff, requiring local recruitment
- Improvements to the schemes for local graduates, focusing on career development and progression into professional careers rather than general supervisory posts
- New schemes for people with disabilities, particularly but not exclusively people with learning disabilities

- A new requirement for managers to identify and use internal talent before seeking to appoint from the external market
- Developing and expanding the current Apprenticeship scheme into apprenticeships that are career and profession specific
- Continuing with the successful positive action social worker scheme, on a reduced level taking account of a reduced need for social workers in the authority overall

Section Four: Progress against key performance

The directorate's key performance indicators are monitored by the Directorate's Performance Efficiency Group. The most up to date performance indicator data for the year 2013/14 is contained in appendix 1.

Section Five: Customer perception and satisfaction

The table below details residents and service users' satisfaction with services and their perception of the Council. The information is taken from the Annual Residents Survey. The latest available data is for 2012/13, data for 2013/14 will be available in September 2014.

% Rating Service Good to Excellent

Annual Residents Survey Measure	2012/13	2011/12	2010/11	2009/10	Comparison with London 2012/13
Views on Housing Benefit Service (all residents)	26	32	33	33	+ 4
Housing Benefit Service (service users satisfaction)	54	60	63	66	0
Views on Collection of Council Tax (all residents)	62	57	57	53	-3

% agreeing great deal/to some extent

Annual Residents Survey Measure	2012/13	2011/12	2010/11	2009/10	Comparison with London 2012/13
Image of the Council - Efficient and Well Run	66	67	65	64	-1
Provides good value for Council Tax I pay	50	49	51	50	-2
The Council is doing a good job	76	76	72	72	+1

Section Six: Cabinet Forward Plan items

23 July Cabinet

Contracts Forward Plan Q1 and Q2 (2014-15)

Strategic Performance, 13/14 General Fund Revenue Budget and Capital Programme Monitoring Q4 Year End

Investment in London LGPS Common Investment Vehicle (CIV)

Tower Hamlets Council's Approach to Support Staff with Specific Learning Difficulties - Scrutiny Review

Section Seven: Suggested topics for O&S reviews