
OVERVIEW OF EFFICIENCY AND RESOURCES PORTFOLIO

1. Since the last meeting of Council, the following are the main areas of work under my Efficiency and Resources Portfolio.

Railway Museum – Former Goods Shed – Release of Capital Allocation

2. Cabinet has released funding allocated within the Medium-Term Financial Plan to undertake essential electrical and associated refurbishment works to the former goods shed at the Railway Museum. The former goods shed is in need of significant repair in order to reinstate the Grade II Listed Building to an acceptable condition and it is necessary to release the funding in order for remedial works to progress.

Local Taxation Discretionary Reliefs Policy

3. Cabinet has approved a Local Taxation Discretionary Reliefs Policy and has approved the use of new Business Rates discretionary reliefs. The Policy sets out the various discounts and reliefs available to people and businesses who are liable to pay Council Tax and Business rates in Darlington and it will provide clarity around the process of administration of applications, identifying the key criteria that will be used to decide applications.
4. Council Tax Discretionary Discount can provide financial assistance to low income households and residents who have experienced a crisis or event that has made their property uninhabitable and Business Rates discretionary reliefs can provide financial assistance to local retailers and help stimulate growth in the local economy.

Treasury Management Annual Report and Outturn Prudential Indicators 2013/14

5. In accordance with the Council's reporting procedures, we have received information regarding the regulation and management of the Council's borrowing, investment and cash flow and seeking approval of outturn Prudential Indicators for 2013/14 in accordance with the Prudential Code. The financial year 2013/14, has presented similar circumstances to 2012/13 with regard to treasury management and activity during 2013/14 has been carried out in accordance with Council policy and within legal limits. Financing costs have been reduced during the year and a saving of £0.211 million achieved from the original Medium Term Financial Plan as a result of a mixture of reduced debt costs both principal and interest arising from the continued reliance on internal borrowing, the timing of capital expenditure and increased income from investments.

Xentrall Shared Services Annual Report 2013/14

6. It has been six years since the establishment of Xentrall Shared Services, the partnership between Darlington and Stockton Councils to provide ICT, transactional finance and HR and design and print, and Cabinet has received the sixth annual report which shows that the service has now delivered all the efficiencies and main benefits as outlined in the original business case, plus additional efficiencies and is now on target to make £13.6 million savings over the 10 years of the partnership which is nearly double the original target.

Write-Off of Former Housing Tenant Arrears, Housing Benefits Overpayments, Non-domestic rates and Council Tax

7. Cabinet has written-off debts, subject to steps for recovery being taken, wherever possible, if and when contact is made in relation to former tenant arrears, Housing and Council Tax Benefit overpayments, Non-Domestic rates and Council Tax.

Proposed write-off of Irrecoverable Debts

8. Cabinet has written-off sundry debtor invoices with individual values greater than £500 which are considered irrecoverable; this equates to 0.7 per cent of collectable debt, in which, during 2013/14, it has become apparent that no further practical or economical steps can be taken to recover the sums due. The Council works continually on debt collection to minimise loss of income by speeding up collection times and reducing the need for invoicing debt by maximising up-front payment for services wherever possible, however, there are some services which we are obliged to provide which cannot be withheld prior to payment.

Project Position Statement and Capital Outturn 2013/14

9. Cabinet has received information on the delivery of the Council's Capital Programme, together with the outturn position as at 31st March, 2014, the proposed financing of the 2013/14 capital expenditure and details of all the live construction projects currently being managed by the Council. The Council has a substantial annual construction programme of work, with the current project position statement showing that there are 70 live projects currently being managed by the Council with an overall project outturn value of £94.2 million, with the majority of the projects running to time, cost and quality expectations with no foreseeable issues.

Revenue Outturn 2013/14

10. The Council's draft General Fund Reserve position at 31st March, 2014 is £18.865 million, which is £7.897 million better than the initial 2013-17 Medium-Term Financial Plan position. The £7.897 million is broken down into £1.648 million which has been carried forward from 2012/13, £1.918 million which has been achieved through the quarter 1 budget rebasing exercise, £2.800 million of departmental surpluses and £1.531 million corporate and Council-wide savings, which mainly consist of the early savings made in relation to the implementation of

'How' the Council operates and which has previously been reported to Cabinet. Cabinet has agreed to carry forward £1.999 million into 2014/15 to meet future commitments, which are mainly due to slippage. Whilst this improved position is welcome and helpful, it does not change the financial context in which the Council is currently planning.

Revenue Budget Monitoring 2014/15 – Quarter 1

11. Cabinet has been provided with an early forecast of the 2014/15 revenue budget outturn as part of the Council's continuous financial management processes. Early indications are that the Council's projected revenue reserves at the end of 2014/15 are £18.928 million, which is £2.449 million better than the initial 2014-20 Medium –Term Financial Plan position and includes a brought forward amount of £1.392 million from 2013/14. Departmental reserves are projected to online with corporate reserves projected to be in surplus by £1.057 million compared to the 2014-20 Medium Term Financial Plan.

North East Procurement Organisation

12. Cabinet has been advised of proposed changes to the North East Procurement Organisation (NEPO) following a review which was undertaken during 2013, which included consideration of the functions of NEPO; the strategic lead and governance model; the future collaborative working model for NEPO and its future form and structure.
13. In approving the changes, the proposals will improve both the capacity and capability of the North East Council's collectively and Darlington individually to maximise the benefits of engagement in collaborative procurement both regionally and locally and will mesh effectively with our own ambitions to generate the local economy and make the best use of resources.

ICT Update

14. The ICT architecture programme continues and includes :-
 - (a) the successful migration from the Government's previous secure network infrastructure to the latest infrastructure and connection;
 - (b) the successful completion of network security tests as part of the Council's on-going certification for connection to national Government networks;
 - (c) nearing the end of the desktop roll-out which has either upgraded or replaced all of the Councils PCs and laptops as part of the implementation of Windows 7 and Office 2010;
 - (d) the successful testing of disaster recovery plans for server and storage architecture;

- (e) the ability to support a wider range of corporate smartphones, other than Blackberries; and
- (f) the extension of the contracts for the wide area network while redesign options are considered.

15. Since the last update, various ICT service based projects have been completed :-

- (a) upgrades and enhancements to various systems, including some new systems which have included :-
 - (i) Procurement Cards;
 - (ii) Customer Relationship Management (CRM) system;
 - (iii) Cash Receipting;
 - (iv) HR/Payroll system;
 - (v) Public Highways;
 - (vi) Employee Protection Register;
 - (vii) Payment Kiosk; and
 - (viii) Self-Service PCs
- (b) various large scale office moves and fit-outs, including the Customer Contact Centre and new Depot.

Housing Benefit and Council Tax reforms

16. Members will be aware that a number of changes to benefits administered by the Council were introduced in April 2013. The following is a brief update on these changes in 2013/14 :-

- (a) the introduction of a new local Council Tax Support scheme replacing Council Tax Benefit has meant that over 6,000 working age people now have to pay at least 20 per cent of their Council Tax. £2.3 million was charged in Council Tax to people in receipt of Council Tax Support. By March 2014, £1.9 million had been collected by the Council, or 83 per cent of the charge. The remaining amount is being collected via payment arrangements with the Council, or through deductions from people's earnings or Department for Works and Pensions (DWP) benefits;
- (b) an under-occupancy charge was introduced for social rented sector tenants deemed to have spare bedrooms in their homes. This has meant that for people affected, up to 25 per cent is being deducted from their Housing Benefit. 692 households in Darlington are currently affected by this change, although for affected Council Tenants, rent arrears have actually reduced from £51,000 in April 2013 to £48,000 in April 2014. This has been due to a proactive approach by Council staff to target money advice and Discretionary Housing Payments (see below) to tenants with arrears affected by the under-occupancy rules;

- (c) a Benefit cap was introduced in July 2013, limiting the total amount of benefits to which working age people can be entitled. 31 households in Darlington are currently affected by the cap, with reductions in Housing Benefit of up to £149 each week. Again, Discretionary Housing Payments have been awarded as a priority to affected tenants;
- (d) the amount of Discretionary Housing Payments, which allows the Council to top-up levels of Housing Benefit, increased to £224,000 in 2013/14. I am pleased to report that the Council used all of its allocation to help Darlington residents affected by welfare reforms. £107,000 of this amount was used to help social rented sector tenants affected by the under-occupancy charge; and
- (e) finally, the Council became responsible for the Crisis Support and Community Care Support elements of the Social Fund in April 2013, previously administered by the DWP. 1,793 awards were made to Darlington residents in 2013/14, including vouchers for a local food bank, top-ups to gas and electricity meter cards, clothing vouchers, furniture and white goods packages and help with removal costs. A total of £336,000 was awarded and is among the highest for any Council in the North East, emphasising our positive approach to helping the most vulnerable people in the Borough. However, Members will shortly have to consider options for the future as the Government has recently announced that funding for these services will end in March 2015.

Councillor Stephen Harker
Cabinet Member with Efficiency and Resources Portfolio