



Surrey Heath Borough Council
Surrey Heath House
Knoll Road
Camberley
Surrey GU15 3HD
Telephone: (01276) 707100
Facsimile: (01276) 707177
DX: 32722 Camberley
Web Site: www.surreyheath.gov.uk

Division: Legal & Democratic Services
Please ask for: Katharine Simpson
Direct Tel: 01276 707157
E-Mail: democratic.services@surreyheath.gov.uk

To: All Members of the **PERFORMANCE AND FINANCE SCRUTINY COMMITTEE**

The following papers have been added to the agenda for the above meeting.

They were not available for publication with the rest of the agenda.

Yours sincerely

Damian Roberts

Chief Executive

SUPPLEMENTARY PAPERS

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To receive an update on key areas of work within the Finance and Customer Service Executive Portfolio over the last twelve months that have not been covered elsewhere on this agenda.	

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Surrey Heath Borough Council
Performance and Finance Scrutiny Committee

9 November 2022

Finance and Customer Service Executive Portfolio

Portfolio Holder: Councillor Robin Perry - Finance
Strategic Director: Bob Watson, Executive Director: Finance and Customer Service
Report Author: Robert Fox, Head of Revenues and Benefits
Lynn Smith, Customer Relations Manager
Bob Watson, Executive Director: Finance and Customer Service
Key Decision: No
Wards Affected: All

Summary and purpose

To provide Performance and Finance Scrutiny Committee with an update on the Finance and Customer Service Executive Portfolio

1. Background and Supporting Information

1.1 The Finance and Customer Services Portfolio covers the following areas:

- Finance and Accountancy
- Revenues and Benefits
- Procurement
- Customer Contact Centre

1.2 Included within this remit, are some significant, high-volume, customer-facing services, interacting with the majority of the Borough's residents and businesses in a variety of ways, such as collecting Council Tax and National Non-Domestic Rates (Business Rates), providing housing benefits, paying suppliers, collecting income due to the Council and administering discounts, exemptions and reliefs, hardship funds and support to taxpayers and businesses.

1.3 In addition to these vital transactional services, the portfolio includes a wider remit for the financial affairs of the Council, ensuring that a robust budgetary framework exists to support the delivery of Council priorities and the provision of services to the public. This includes the production of the Medium Term Financial Strategy (MTFS) and annual budget, regular monitoring of the financial health of the Council, delivery of the annual Statement of Accounts and the proper procurement of goods and services to provide value for money to the taxpayer.

1.4 In carrying out these functions, the portfolio has due regard to guidance and statutory regulation and the promotion of sound governance. The Finance service has a

fiduciary duty to the local residents and businesses and is responsible for the long term sustainability of the Council.

- 1.5 An update on the work undertaken in the portfolio is set out in the report.

2. Finance and Accountancy

- 2.1 The Finance Team consists of twelve staff headed up by the Chief Accountant and comprising two teams: one that covers accountancy and corporate financial support (finance business partners) with the other team dealing with financial transactions, banking, reconciliations, payments to creditors and income receipts (accounts payable and accounts receivable) and the operation and maintenance of the Council's core financial ledger system and its feeder systems.
- 2.2 The service plays a key role in delivering the wider aims of the Council as set out in the new Five-Year Strategy, which was presented to Council for consideration in October 2021. It does this by working with all the services across the whole organisation to produce the financial budgets and plans that support delivery of the strategic aims of the five-year strategy and detailed actions within the annual plan. The MTFS sets a financial strategy that maintains the financial resilience and sustainability of the Council and by timely, open and transparent reporting of the finance position.
- 2.3 It also seeks to ensure the effective use of Council resources by maintaining a robust financial system, effective collection of sundry debt and prompt payments to our suppliers, along with quarterly monitoring reports to the elected members.

Treasury Management

- 2.4 The Council will continue to invest short-term surplus funds as well as managing the need to borrow to fund its capital acquisitions and ambitions. At the end of July 2022, the Council had around £19.1 million invested and a capital financing requirement of £167 million.
- 2.5 To support this, the Finance service enacts daily treasury activities and dealing to ensure the Council has the funds in place to support its day-to-day operations, whilst investing surpluses with due regard to the safety of the funds ('security'), the need for the monies to be available ('liquidity') and making the best return ('yield') – all investments are made in accordance with these principles and in the priority as they are listed.

Transactions Team

- 2.6 As mentioned above, the transactions team operate the Council's accounts payable and receivable systems. This year the team have implemented several changes to processes, controls and systems to make the process simpler for the user services, deliver time savings and importantly improve controls. Examples include removal of the need for service authorisation on creditor invoices - where purchase orders and the goods/services have been received and these match the invoice, the proper invoice will be paid without further referral to the service, therefore saving time for not only the transaction team but importantly for officers across the council whilst maintaining sound financial control. The team continues to work with ICT to develop electronic request forms for payments, that workflow for efficient authorisation and makes the process more efficient.

- 2.7 New Software has been acquired and implemented to strengthen controls around the prevention of duplicate invoices/payments. The team are also in the process of implementing the HMRC required "Making Tax Digital" Module within our Civica financial system to automate compilation and despatch of the monthly tax return.

Budget monitoring and current financial position

- 2.8 The Finance service report the budget monitoring position to both this committee and the Executive on a quarterly basis; the Quarter 2 Budget monitoring position is reported elsewhere on the agenda of this committee and to save duplication it is not reproduced here.
- 2.9 The Council has introduced strengthened governance and monitoring arrangements for both its commercial property projects and its capital projects. Enhanced and regular reporting of progress and risks is being undertaken by officers and will feed through into the regular revenue and capital monitoring reports to Members.
- 2.10 The department is looking to arrange further finance training for non-finance managers in conjunction with either CIPFA or Surrey Learning, to facilitate sound financial management across all the sectors of the Council. The Strategic Director is also willing to provide an overview to any Councillor who requires it and it will be part of the new member induction process in May.

External Audit and Accounts

- 2.11 The finance service re-issued the amended draft financial statements for 2019/20 earlier this year; these were published on our website and were re-submitted to BDO who are our external auditors. Any auditor queries on these accounts that we receive are dealt straight away. Unfortunately, the auditor will not be able to issue their opinion on the accounts at the Audit and Standards Committee meeting scheduled for November this year, and it is therefore hoped that once their audit report is received a special committee can be convened early in the new calendar year. The 2020/21 and 2021/22 draft accounts (including working papers) prepared but cannot be finalised until the closing balances at the end of the 2019/20 have been audited and agreed by the Auditor so as to allow the opening balances been carried forward into 2020/21.
- 2.12 There are well-documented issues with the delays in auditing of the accounts of public bodies and this has led to over 170 recommendations emerging from various Government reviews alongside very visible signs that local audit is under stress. The review by Sir Tony Redmond made 23 primary recommendations, and it is hoped that the key one of these setting the Financial Reporting Council (FRC) as the body responsible for public sector audit will pre-empt an improvement in audit delivery.
- 2.13 Reasons cited by audit firms across the sector (and not just in relation to the Council's own audit) are:
- a chronic shortage of all levels of audit staff with the requisite skills and experience.
 - more demanding regulatory requirements which increase the time and effort needed for an audit.
 - making the individual who signs the audit **personally** liable for the audit statement.

- local bodies entering more frequently into innovative transactions that require more complex and complicated accounting treatment and reporting.
 - capacity shortages in councils' finance staff to deal with the volume and complexity of local government accounts.
 - the challenges posed by the pandemic including its implications for auditors' work on their risk assessment and financial resilience.
- 2.14 For the financial year 2023/24 (ie: 1 April 2023) Grant Thornton have been appointed as the external audit partner for the Council, replacing BDO.

2023/24 Budget and Medium-Term Financial Strategy (MTFS)

- 2.15 The forecasted outturn for 2022/23 will feed into the preparation of the MTFS and the 2023/24 budget, which is already underway. A key element of this, will be building assumptions around the state of the national and local economies as well as the Council's own income streams.
- 2.16 Inflation (as measured by the Consumer Price Index (CPI)) has risen significantly and will continue to rise over the coming months due to higher energy prices and core goods/services inflation. These are important factors that drive future cost pressures on the Council's already stretched budget.
- 2.17 The Bank of England (BoE) have been raising interest rates in their fight against inflationary pressures from their historic lows; the current bank rate is 3.00% and this is expected to rise further over the next few months, before an expected drop sometime in the second quarter of 2023.
- 2.18 An upside of the higher rates is that the Council receives better returns on its investment income however there is a downside that the cost of re-financing our short term borrowing costs will also increase. The Council is continuing to receive advice from its treasury advisors in this area.
- 2.19 There is still some uncertainty, towards local government funding, especially business rate retention. There is evidence that the business rate reset may be delayed a further year and some estimates are that the Fair Funding Review and the Business Rates review may now not be before 2026/27. The promised two-year settlement is now looking more unlikely following the changes in central government. A financial reset (budget) is due to be held on 17 November 2022 that may provide further clarity on some of the key funding areas going forward.
- 2.20 The MTFS is closely aligned with the Council's Five-Year Strategy, which was approved by the Council in 2021. This will be an iterative process as projects within the Strategy are developed, and resource requirements are fully defined, and are built into the Council's budget plans over time. The annual budget will support the annual plan and meetings are already arranged with Portfolio Holders to review their part of the plan and identify any budget efficiencies and pressures.

3. Revenues and Benefits

- 3.1 Surrey Heath Borough Council is designated as a collection authority in that it collects Council Tax (including the social care precept) on behalf of the major preceptors (Surrey County, Surrey Police and Fire Service) and also minor preceptors such as the parishes. It also collects Business Rates (aka Non-Domestic

Rates) on behalf central government and Surrey County Council). This is in addition to Council Tax and Business Rates collected for the Council itself.

- 3.2 The Revenues and Benefits team is responsible for the billing and collection of Council Tax and Business Rates borough-wide and the collection of the Business Improvement District (BID) levy in respect of Collectively Camberley Limited who administer the town centre BID.
- 3.3 The team also assess entitlement to support and help towards payment of rent and council tax and the payment of Discretionary Housing Payments to both Housing Benefit recipients and those receiving help towards their housing costs in their Universal Credit entitlement and collection of overpaid Housing Benefit.
- 3.4 The team also assess applications made to the Exceptional Hardship fund which exists to help residents meet their council tax payments.
- 3.5 The Government placed the responsibility for making the Council Tax Rebate payments of £150 to help with the energy cost increases on Local Authority revenues teams in March 2022. The scheme closed 30 September 2022, and has now been re-opened by the Government and will now close 30 November 2022. Revenues have paid all 16,357 identified eligible properties the £150, equating to the sum of £2,453,550. The SHBC discretionary council tax energy scheme is still open and runs to 30 November 2022; so far 235 households have been helped.
- 3.6 As well as the energy rebate scheme, the sum of £1,519,643 has been paid to local business in Covid Additional Relief and payments continue as businesses confirm their entitlement.
- 3.7 The Council has also taken on the responsibility for the lower tier element of the Homes for Ukraine (H4U) Scheme from Surrey County Council, and the responsibility for making the £350 per month sponsorship ('thank you') payments is being managed by the Benefits Team. A supplementary payment of £250 for winter hardship pressures has been agreed across the County – this too is being paid by the team.
- 3.8 The team has 23 members of staff, equating to 18.9 full time equivalents including one full time apprentice.
- 3.9 Some statistics. The Borough has:
 - There are 38,310 domestic properties with an official valuation band
 - There are a further 38 domestic properties awaiting valuation where a provisional band has been set (the revenues team leader sets the provisional band pending the VOA assessment)
 - The net collectable council tax debit for 2022/23 is **£87.0 million**.
 - There are 2,639 commercial properties (hereditaments) with a total rateable value of just over **£86 million**.
 - Net collectable business rates of **£33.7 million** for 2022/23
 - 1,591 Housing Benefit claimants
 - 2,296 Local Council Tax Support claimants
 - A Business Improvement District with 383 properties and a net collectable BID levy of £210,000

3.10 Within the 2022/23 Annual Plan, the Revenues and Benefits team have strategic aim targets and the progress to date is as follows:

- Benefits Processing – new Housing Benefit claims
Target – to process in 20 days or less
Current performance is 23.5 days based on 106 claims
- Benefits processing – changes Housing Benefit
Target – to process in 10 days or less
Current performance is 2.5 days based on 4,115 changes
- Local Council Tax Support Scheme
Review impact of the first 6 months on the new scheme introduced 01 April 2022.
Report to be submitted at the end of October 2022 and annual review in January 2023
- Business Improvement District – regular liaison meeting
Target – quarterly
The Revenues manager/Team Leader are not invited to the meetings by Collectively Camberley Ltd
- Revenues and Benefits – Implement Citizens Access products for revenues, benefits and landlords
Currently council tax (CA-R) delivered – 3,958 transactions submitted via the service since launch.
- Council Tax collection
Target – 99.00% in year collection
Current position as at 31 August 2022 is 48.04% - £41.8 million out of £87 million.
- Business rate collection
Target – 99.00% in year collection
Current position as at 31 August 2022 is 48.71% collected - £16.4 million out of £33.7 million.

Last year (2021/22) the revenues team were ranked number one in the country for business rates collection and in the top thirty for Council tax collection – every one per cent of extra Council Tax gained or lost is worth £91,000 to Surrey Heath and nearly £¾ million to the County.

4. Customer Contact Centre and post room (internal business support)

4.1 The team has 16 members of staff.

Number of staff/FTE in CC and Post Room

Staff	FTE	Comments
Managers	2.91	3 x Manager / Team Leaders
Contact Centre	7.74	9 x team members 1 team member on maternity
Post Room	2.70	4 x team members

- 4.2 The team run the Council's telephone and on-line customer interface as well as operating the front-of-house desk for customer interactions with those residents who call into the Council Offices.

Face to Face Stats April to October 22

Month	Seen at Meet & Greet	Booked into to see an Agent	Resolved at Meet & Greet	Afternoon Walk-ins at Meet & Greet
April	465	55	89%	197
May	520	43	92%	161
June	555	99	82%	208
July	501	64	87%	207
August	969	105	89%	329
September	664	72	89%	282
October	735	95	87%	285
Total	4409	533	82%	1669

August figures are higher due to the Amey Strike

- 4.3 The team also provide administrative support to some areas of the Council, which frees up professional officers to work on their specialist function.
- 4.4 The team manage the compliments and complaints process for the Council and the statistics are shown below for the period April to October 2022.

Complaints Report April 2022 to October 2022

Number of complaints received.

2021						
Service	April	May	June	July	August	September
Business Services	1			3	2	2
Finance	3	2	2	2	3	3
Regulatory	9	10	10	13	16	9
Transformation	2			1	1	1
Corporate		1				
Community			1			1
Total	15	13	13	19	22	16

Service	2021			2022									
	Oct	Nov	Dec	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct
Environment & Community	2	3	2	6	3	4	1	2	1	3	4	5	7
Finance & Customer Service	8	10	2	4	7	5	5	7	9	5	6	10	3
HR Performance & Communications											1		
Investment & Development												1	
Total	10	13	4	10	10	9	6	9	10	8	11	16	10

Complaints by Stage

2021						
	April	May	June	July	August	September
Stage 1	12	13	11	17	19	15
Stage 2	3		2	2	2	1
Stage 3					1	
Total	15	13	13	19	22	16

	2021			2022									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct
Stage 1	10	9	3	7	8	7	4	8	9	5	7	12	6
Stage 2		2	1	3	2	2	2	1		3	2	2	4
Stage 3		2							1		2	2	
Total	10	13	4	10	10	9	6	9	10	8	11	16	10

Complaint Status

2021						
	April	May	June	July	August	September
Not Justified	11	8	6	10	8	3
Part Justified	1	1	2	3	2	5
Justified	2	2	2	6	10	4
On going	1	2	3		2	4
Unknown						
Total	15	13	13	19	22	16

	2021			2022									
	October	November	December	January	February	March	April	May	June	July	August	September	October
Not Justified	7	8		5	5	3	1	4	3	4	7	11	5
Part Justified	1	2	1	3	1		1	1	1	1	1	1	2
Justified	2	1	2	1	1	1	3	2	3		1	2	
Ongoing		2	1	1	3	5	1	2	3	2	2	2	3
Unknown													
Invalid										1			
Total	10	13	4	10	10	9	6	9	10	8	11	16	10

Number of Complaints outstanding at Stages 2 and 3

One at Stage two

COR-121503 complaint of inaction and lack of contact from Environmental health officers investigating a noise nuisance complaint. Currently with the Strategic Director who has offered a meeting with the complainant and is awaiting a response for a suitable date.

Two at Stage 3

Cor-84475 complaint of approval of planning application adjacent to the complainant's property. Currently with Strategic Director who is confirming details with Land Registry.

COR-12925 complaint that there was a promise by the leisure service to replace a fence bordering their property from one of SHBCs parks which was not kept. Currently with Strategic Director.

**Complaints Report
July to September 2022**

Number of complaints received.

Service	July	August	September
Environment & Community	3	4	5
Finance & Customer Service	5	6	10
HR Performance & Communications		1	
Investment & Development			1
Total	8	11	16

Complaints by Stage

	July	August	September
Stage 1	5	7	12
Stage 2	3	2	2
Stage 3		2	2

By Service and Complaint Type

July

Service	Department	Stage	Complaint type	Outcome	Ward	Case Closed
Regulatory	Private sector Housing	Stage 1	poor service/service failure	Invalid	Town ward	05-Aug-22 invalid
Environment & Community	Housing	Stage 1	poor service/service failure/policy and procedure	ongoing	Windlesham & Chobham	On going
Environment & Community	Environmental services	Stage 1	service failure	Not Justified	St Michaels Ward	23-Jul-22
Regulatory	Planning	Stage 1	Attitude of Staff and poor service/service failure	Part Justified	Frimley Green	02-Aug-22
Finance and customer services	Revs & Bens	Stage 2	Policy & Procedure	Not Justified	Frimley Ward	27-Jul-22
Finance * Customer Services	Revs & Bens	Stage 2	Policy & Procedure	Not Justified	Frimley	05-Sep-22
Finance * Customer Services	Revs & Bens	Stage 1	poor service/service failure	on going	Frimley	On going
Environment & Community	Leisure	Stage 2	Policy & Procedure	Not Justified	Lightwater	29-Jul-22

August

Service	Department	Stage	Complaint type	Outcome	Ward	Case Closed
Environment & Community	Leisure	Stage 3	Policy & Procedure	Not Justified	Lightwater	15-Sep-22
HR Performance & Comms	Media & Marketing	Stage 1	Policy & Procedure	Not Justified	Windlesham	11-Aug-22
Finance * Customer Services	Revs & Bens	Stage 1	Town Centre	Not Justified	St Michaels Ward	02/08/2022
Regulatory	Planning	Stage 1	poor service/service failure	Justified	Watchetts	05-Sep-22
Environment & Community	Housing	Stage 1	poor service/service failure/policy and procedure	Not Justified	Mytchett / Deepcut	08-Aug-22
Environment & Community	Parking	Stage 1	Attitude of Staff and poor service/service failure	on going	Frimley	Ongoing
Finance and customer services	Revs & Bens	Stage 1	poor service / service failure	on going	No address given	On going
Environment & Community	JWS	Stage 2	Contractor poor service / service failure	Part Justified	Bisley and West End	25-Aug-22
Finance and customer services	Revs & Bens	Stage 1	poor service / service failure	Not Justified	Parkside	18-Aug-22
Finance and customer services	Revs & Bens	Stage 2	poor service / service failure	Not Justified	Parkside	19-Aug-22
Finance and customer services	Revs & Bens	Stage 3	poor service / service failure	Not Justified	Parkside	19-Aug-22

September

Service	Department	Stage	Complaint type	Outcome	Ward	Case Closed
Regulatory	Planning	Stage 1	poor service / service failure	Not Justified	Frimley Ward	15-Sep-22
Environment & Community	Housing	Stage 1	Attitude of Staff and poor service/service failure	Not Justified	St Michaels	12-Sep-22
Environment & Community	Leisure	Stage 1	poor service/service failure/policy and procedure	Not Justified	Heatherside	15-Sep-22
Regulatory	Planning	Stage 2	poor service / service failure	Justified	Frimley Ward	07-Oct-22
Regulatory	Planning	Stage 3	poor service / service failure	On going	Frimley Ward	On going
Regulatory	Planning	Stage 1	poor service / service failure	Not Justified	Bagshot Ward	26-Sep-22
Finance and customer services	Finance	Stage 3	poor service/service failure/policy and procedure	Not Justified	Windlesham & Chobmam Ward	16-Oct-22
CEO	Economic Development	Stage 1	Town Centre	Part Justified	Frimley Ward	30-Sep-22
Finance and customer services	Revs	Stage 1	poor service/service failure/policy and procedure	Not Justified	Mytchett / Deepcut	04-Oct-22
Regulatory	Planning	Stage 1	poor service/service failure/policy and procedure	Not Justified	Bagshot Ward	07-Oct-22
Environment & Community	Housing	Stage 1	poor service/service failure	Not Justified	Bagshot Ward	11-Oct-22
Environment & Community	Environmental Services	Stage 1	poor service/service failure	Justified	Lightwater Ward	13-Oct-22
Finance and customer services	Revs	Stage 1	Policy & Procedure	Not Justified	Bagshot Ward	03-Oct-22
Finance and customer services	Revs	Stage 1	Policy & Procedure	Not Justified	Bagshot Ward	04-Oct-22

Environment & Community	Leisure	Stage 1	policy & Procedure	On going	Town Ward	On going
Finance & Customer Services	Planning	Stage 2	poor service/service failure /policy & procedure	Not Justified	Watchetts Wards	07-Oct-22

Complaint Status

	July	August	September
Not Justified	4	7	11
Part Justified	1	1	1
Justified		1	2
On going	2	2	2
Unknown			
Invalid	1		

Compliments

July		
Environment and Community	Housing	Compliment for Housing Team Member
Finance & Customer Service	Contact Centre	Tracy extremely helpful and arranged a customer call back, provided excellent service
August		
Environment and Community	Housing	Thank you for all of your help - Nicola Robinson
Environment and Community	Leisure	Thank you to the team for tidying up playground at Rorkes Drift
Environment and Community	Housing	Dear Jenner and everyone that helped me find a home, sorry I'm late in saying this but thanks so much for your help, I really appreciated it.
Environment and Community	JWS	Big Thumbs Up to the Waste Collections Team this morning - I had 3 clear plastic sacks out with the big Green Bin for collection this morning - unfortunately the foxes got to them first, and scattered contents - saw this from my bedroom window, what a mess. But, by the time I managed to get out to clean it up myself, the Bins Collections team had been, and hey, the mess had all been cleaned up and taken. Just a minimum of paper scraps left. Well Done Guys !!!
September		
Environment and Community	Housing	Hi Nicola, Thank you for your prompt response. its very much appreciated.
Environment and Community	Licensing	Hello Paula, Thank you so much for your rapid response. Amazing stuff! Cheers to yourself and Morgan for your assistance, Have a fantastic week, Terry