

**To the Chair and Members of the Audit Committee
AUDIT COMMITTEE**

INCOME MANAGEMENT PROGRESS REPORT

Relevant Cabinet Member(s)	Wards Affected	Key Decision
		Yes/No

EXECUTIVE SUMMARY

1. At the August 2016 Audit Committee meeting, members requested that the committee receive an update on the Income Management Project. This report provides an update on progress made to date, current on-going projects and future plans.
2. Income Management reviews have been undertaken in key risk areas. These reviews commenced in December 2015 and since that date have resulted in:
 - the identification and billing of £190k of additional income;
 - £66k of outstanding doubtful debt having being recovered through pro - active debt collection.
 - Systems and processes have been improved to ensure that billing takes place for all goods and services provided details of which are included in Appendix B.
3. Further reviews are planned, details of which are included in **Appendix C**

RECOMMENDATIONS

4. Audit Committee is asked to note the progress and future plans of the Income Management Project.

BACKGROUND

5. It was previously identified following the 2015 Value for Money Review, that there were potential savings within the Council in the area of Income Management and that income was not being maximised within some sections of the Council. To maximise income potential throughout the Council, it was decided that an Income Management project be established with the target of achieving £100k in additional income.
6. In order to achieve this target, an Income Management project plan was developed to review all major areas of the Council with the aim of identifying unbilled income. This has been resourced through the utilisation of vacancies to recruit a temporary Senior Income Management Officer within the Business Support function for Finance & Corporate Service.

OBJECTIVES

7. Below is a summary of the objectives of the Income Management Project. See **Appendix A** for a more detail:
- Fully maximise income opportunities;
 - Ensure all income due is identified and collected by the most cost efficient method in a timely manner;
 - Ensure all sums due are correctly accounted for in the financial systems;
 - Update all relevant procedures and documentation;
 - Standardise reconciliation procedures;
 - Achieve £100k savings target 2016/17.
8. The initial focus for the Income Management project is to review the £47.9m income from fees and charges, which mainly relate to invoices being raised after services have been provided and does not include government grants, council tax and business rates.

INCOME MANAGEMENT PROJECT PROGRESS AND ACHIEVEMENTS

9. Having identified the major income areas, reviews commenced focussing on areas where there may be weaknesses in income management arrangements. Income Management reviews have been completed within Parking Permits and Licencing. Reviews have commenced in Metroclean, Markets, Registrars and Waste Management. The project to date has identified over £190k of previously unbilled income and been instrumental in the collection of £66k of potential bad debts.
10. Actual additional income identified to date are:

ADDITIONAL INCOME IDENTIFIED AND BILLS RAISED	
Waste Management unbilled Income	£36,000
Licencing unbilled Income	£44,300
Markets Lettings unbilled Income	£20,383
Markets Utilities unbilled Income	£89,544
Sub total	£190,227
DOUBTFUL BAD DEBT	
Potential Bad Debt Recovered	£66,000
TOTAL	£256,227

11. Further non-cashable savings / improvements have been made and will continue to benefit the Council in future years, the detail of which can be seen at Appendix B, these include:
- Identified training needs and delivered within some teams on how to effectively utilise the councils financial systems (ERP);
 - Data Cleanse within key sections so that live data can be reconciled to make sure all income is being generated e.g. Waste Management and Markets;
 - Ensuring efficient and timely reconciliations are carried out in Waste Management, Licensing and Markets to ensure that all goods and services provided have been billed for;
 - More accurate financial reporting enabling better decision making e.g. debt recovery and debt collection reports;

12. Post Income Management reviews, and, continual assessment are required for all elements of work that are undertaken by the Income Management project to ensure that what has been implemented is efficient, has been adopted by staff, and, achieving the benefits that were envisaged. A six monthly review will be carried out after implementation which will identify any issues and problems, details of which are included in Appendix B.

OPTIONS CONSIDERED

13. Not applicable – for information only

RISKS AND ASSUMPTIONS

14. At present there is a risk that all income is not being generated. With reviews taking place in individual sections, missing income is being identified and reconciliation processes are put in place. It is assumed that reconciliations will continue to be made on a regular and timely basis.

LEGAL IMPLICATIONS

15. There are no legal implications associated with this report.

FINANCIAL IMPLICATIONS

16. The financial implications are included in the main body of this report.

HUMAN RESOURCES IMPLICATIONS

17. There are no specific human resource implications associated with this report.

TECHNOLOGY IMPLICATIONS

18. There are no specific technology implications associated with this report.

EQUALITY IMPLICATIONS

19. There are no specific equality implications associated with this report.

CONSULTATION

20. There is consultation with managers at the outset, throughout and at the conclusion of individual reviews in order to ensure that the work undertaken and findings are relevant to the risks identified and are accurate.

BACKGROUND PAPERS

21. Not applicable

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INCOME MANAGEMENT PROJECT

APPENDIX A

SUMMARY OF OBJECTIVES

- a) To maximise all income opportunities available to the Council;
- b) To ensure that all income due is identified and collected, and, that standardised robust reconciliation procedures exist to guarantee that supplies of goods and services cannot be provided without payment of the prescribed charge;
- c) To make sure income is collected by the most cost efficient method in a timely manner. Where appropriate, payment at the time of order (prepayment) will be the most desirable to reduce the costs of collection, and, eliminate future recovery action. The use of digital channels will also be considered for example internet payments in order to reduce staff time associated with the service delivery;
- d) Ensuring all sums due are correctly accounted for in the financial systems, utilising where possible automatic feeds to reduce errors and support the integrity of the data;
- e) Updating all relevant procedures and documentation including Financial Procedure rules, the Intranet, the Finance Manual, along with identifying areas requiring training;
- f) Achieve £100k savings target for Financial Year 2016/17;

The Income Management project complements the Councils Digital strategy by ensuring the whole organisation offers its services on-line first, thus reducing the need for cash, and, cheques, deriving the following benefits:

- a) Greater security – Collecting income electronically will reduce the risks associated with the use of cash and cheque, and, the burdensome requirements associated with these methods of payments;
- b) Reduced Administration – by implementing integrated electronic payment methods, this will reduce the time taken by staff to count cash, along with the associated banking and completion of various systems to update the financial ledger. The removal of manual intervention will result in a reduction of costs relating to the collection of income;

Increased Income and Budget – A review of all income the Council receives will allow the identification of potential new income sources, as well as providing assurance that all monies due are collected, and, that a budget provision exists.

Completed and Ongoing Income Management Reviews

APPENDIX B

Work Stream	Outcome	Expected Completion
<p>Parking Permits Reviewed and found to be very tight with controls in monitoring income to actual invoices raised. Permits are account based payable in advance and scratch cards payment is made up front either by Debit Card or Cash.</p>	<p>Implemented a new field on the Car Parking Database to incorporate Accounts Receivable customer numbers to enable quicker reconciliations.</p> <p>This has led to improved income performance</p>	<p>Complete</p> <p>Post Implementation Review – 31/05/2017</p>
<p>Liquor Licence/Premises Reviewed and reconciled data to ensure:</p> <ul style="list-style-type: none"> • all income was being captured; • appropriate processes were in place to ensure that there were no delays in the collection of income. 	<p>Reconciliation has taken place between Licensing database and general ledger which identified unbilled income of £44k which has now been billed for.</p> <p>All missing invoices have now been input into the financial system so that all future income is captured.</p> <p>Accounts Receivable produce a monthly report on outstanding debtors and send to Licensing to aid debt recovery.</p>	<p>Complete</p> <p>Post Implementation Review - 30/06/2017</p>
<p>Metro Clean Reviewed and reconciled data to ensure:</p> <ul style="list-style-type: none"> • all income was being captured; • appropriate processes were in place to ensure that there were no delays in the collection of income. 	<p>Review identified that reconciliation processes were already in place and all income is being collected;</p> <p>Further work to be conducted to increase electronic payments i.e. via direct debit. This will increase the speed of collection and reduce the amount of outstanding debt.</p>	<p>31/01/2017</p>
<p>Doncaster Markets Reviewed and reconciled data to ensure:</p> <ul style="list-style-type: none"> • all income was being captured; • appropriate processes were in place to ensure that there were no delays in the collection of income. 	<p>Full Data Cleanse on customer information is now complete.</p> <p>Processes have improved and now invoices are being produced within 5 working days having previously taken 90 working days.</p> <p>Unbilled Letting income of £20k was identified and invoices have now been raised.</p> <p>Unbilled Utility income of £90k was identified and invoices have now been raised.</p> <p>Processes have been improved and all new customers will be set up to pay by direct debit in advance. This will increase the speed of collection and reduce the amount of outstanding debt.</p> <p>New computer system is being implemented by Digital Council, should be operational by</p>	<p>28/02/2017</p>

	the start of the new financial year. Once the new system is in place it will reduce manual intervention further making the markets operation more efficient.	
Registrars Cash handing process reviewed Reconciliation to be made between Registrars records and finance records to ensure: <ul style="list-style-type: none"> • all income was being captured; • appropriate processes are in place to ensure that there were no delays in the collection of income 	Cash handling process to continue until re-housed with Civic Building 2017 Online appointment booking system to be implemented and all payments to be taken either online or at Kiosk. This will eradicate all cash handling and increase efficiency in registrars being able to take more appointments instead of carrying out administration tasks. Digital Council are leading on this improvement.	31/03/2017
Waste Management Internal Audit in Dec 2014 identified poor data quality and that there were no controls within the waste section to monitor income Reviewed and reconciled data to ensure: <ul style="list-style-type: none"> • all income was being captured; • appropriate processes were in place to ensure that there were no delays in the collection of income. 	Waste data is in the process of being cleansed which, when completed, may result in further income being generated. Unbilled income of £36k has so far been identified which has now been billed for	01/04/2017
Bad Debt Provisions Reviewed bad debt provisions for 2016/17.	Quarterly monitoring of bad debt provision making sure maximising collection of outstanding debt. £66k of potential bad debt has been collected in the first 3 quarters of 2016/17	07/04/2017

Appendix C – Scheduled Income Management Reviews / Workstreams

Local Land Charges	28/02/2017
Asset and Property	28/02/2017
Town Centre	28/02/2017
Bereavement	28/02/2017
Highways	31/03/2017
Schools Catering	30/04/2017
Car Parking/Fines	31/05/2017
Tourist Information	30/06/2017
Museums	31/07/2017
Client Contributions	31/08/2017
Planning/Building Control	30/09/2017