



Doncaster Council

Report

25th October 2018

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

INCOME MANAGEMENT PROGRESS REPORT

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

EXECUTIVE SUMMARY

1. This Income Management progress report has been prepared to update the Audit Committee on the progress made since the previous Income Management update which was presented in October 2017. The main focus of the report is a response to the findings reported from the Income Management reviews that concluded in 2017.
2. The Income Management project findings reported to Audit Committee in October 2017 were,
 - Lack of regular income reconciliations
 - Identification of unbilled income
 - Discrepancies in income budgets
 - Poor data quality stifling income reconciliations
 - Payment method improvement opportunities
 - Business process improvement opportunities
 - System integration/development opportunities
 - Limited support & training on income management
 - Limited income management documentation
3. An Income Management Working Group has been formed, an Income Management Policy produced and new Income Management guidance drafted. The working group are currently working on establishing a communication and training plan to ensure staff are aware and fully supported to deliver their income management responsibilities.

EXEMPT REPORT

4. The report does not contain exempt information.

RECOMMENDATIONS

5. Audit Committee is asked to note the progress in this report and agree to the actions proposed.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

6. Robust income management processes helps to ensure the Council is receiving income due in the most effective and efficient manner. This enables the Council to contribute towards responding to important issues for citizens and the borough.

BACKGROUND

7. 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.
8. In order to achieve this savings target, a temporary Senior Income Management Officer was recruited and an Income Management project plan was developed to review all major areas of the Council with the aim of identifying unbilled income.
9. Income Management reviews were undertaken in key risk areas which commenced in December 2015 and concluded in 2017. The outcome of the reviews were reported to Audit Committee in October 2017 as an over achievement of the original savings target and the following key findings,
 - No regular reconciliation – in over 50% of the reviews undertaken it was identified that there was a lack of regular reconciliations to ensure income expected for goods or services provided has been correctly received and recorded.
 - Unbilled Income – one-off reconciliations undertaken by the Senior Income Management Officer on behalf of the service areas reviewed identified unbilled income to the sum of £296k (which was used to meet and exceed the £100k Income Management Project savings target).
 - Discrepancies in Income Budgets – the reviews highlighted that some income budgets were not based on expected income levels so regularly overachieved. These discrepancies were reported and the income budgets identified increased to reflect the income levels anticipated.

- Poor data quality – in over 50% of the reviews it was difficult to reconcile goods and services provided to income raised and collected due to poor data quality in back office systems e.g. missing unique references to aid matching data between multiple systems.
- Payment method improvements – in over 50% of the reviews it was identified that direct debit was not the targeted preferred method of payment for recurring invoices leading to delays in receiving payment and increased overdue debt.
- Business Process Changes – the reviews identified examples of business processes within the services area that neglected actions that would aid improvements to income management e.g. raising invoices promptly and with appropriate details to promote timely payments from customers.
- System Integration/Development – the reviews identified duplication of data entry between the service operation management systems used to manage the services and the back office financial systems used to process the income collection, where there may be scope for integration between the multiple systems.
- Support & Training – the reviews identified the need for further training to be provided either as part of budget holder training or focused income management training to support service areas to fulfil their income management responsibilities.
- Income Management Policy & Guidance – the reviews highlighted the need for an Income Management policy to raise the profile of income management as there is currently no overarching policy and guidance covering effective income management is limited.

PROGRESS UPDATE

10. Shortly after the previous Audit Committee update the original Income Management Project was closed and the temporary Senior Income Management Officer appointment ended as the original aims of the project were successfully delivered.
11. The key theme identified from the findings last reported to Audit Committee from the Income Management reviews was the need to improve support and guidance available to service areas to encourage and facilitate effective and efficient income management.
12. Improvements to the support and guidance available have been targeted through the establishment of an Income Management Working group that consists of representation from the key parties involved in supporting effective income management processes. Membership covers representation from,
 - Financial Management service teams
 - Financial Management technical team

- Internal Audit
- Revenues & Cashiers
- Accounts Receivable
- Treasury Management
- Financial Systems
- Business Support

13. An overarching Income Management Policy has now been produced and was used to structure a full review and replacement of the income management guidance available through the existing Finance Manual pack. The newly documented income management guidance is currently in the final stages of review and will be published shortly.

14. The Income Management Working Group will now be focusing on a communication and training plan which will be based on utilising the existing successful support network available to service managers through their Financial Management Finance Officer. The plan will cover how we will share awareness of the additional support and guidance available and embed business as usual controls to ensure income management responsibilities are understood and adhered to.

15. Although the formal launch of the new guidance is still pending, there have been good examples of engagement from service areas seeking support to improve their income management processes, which are being responded to by the relevant Finance Officer in liaison with Internal Audit and supported by relevant subject matter experts. This is the intended business as usual support model following the rollout of the guidance and training. A recent example of this was the Waste Management Section seeking to address their outstanding audit action regarding income management reconciliations. The service area acknowledged their responsibility to undertake periodic income reconciliations and have been supported to fulfil these tasks through the availability of financial reports and relevant contacts within the finance support teams.

OPTIONS CONSIDERED AND RECOMMENDED OPTION

16. There are no specific options to consider within this report.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

	Outcomes	Implications
	<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future; Better access to good fulfilling work</p>	

	<p>Doncaster businesses are supported to flourish Inward Investment</p>	
	<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time; The town centres are the beating heart of Doncaster More people can live in a good quality, affordable home Healthy and Vibrant Communities through Physical Activity and Sport Everyone takes responsibility for keeping Doncaster Clean Building on our cultural, artistic and sporting heritage</p>	
	<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling; Every child has life-changing learning experiences within and beyond school Many more great teachers work in Doncaster Schools that are good or better Learning in Doncaster prepares young people for the world of work</p>	
	<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents; Children have the best start in life Vulnerable families and individuals have support from someone they trust Older people can live well and independently in their own homes.</p>	
	<p>Connected Council: A modern, efficient and flexible workforce Modern, accessible customer interactions Operating within our resources and delivering value for money A co-ordinated, whole person, whole life focus on the needs and aspirations of residents</p>	<p>Effective income management adds value to the Council operations in managing its financial position and achieving its key priorities of improving services provided to the citizens of the borough</p>

	<p>Building community resilience and self-reliance by connecting community assets and strengths Working with our partners and residents to provide effective leadership and governance</p>	
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RISKS AND ASSUMPTIONS

17. The assumption is that there is sufficient capacity within the Financial Management teams to provide income management related financial support to services. There has been limited income management support in the past so levels of demand are not known.

LEGAL IMPLICATIONS [HP 16/10/18]

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

FINANCIAL IMPLICATIONS [AG 16/10/18]

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

HUMAN RESOURCES IMPLICATIONS [KG 16/10/18]

20. There are no specific human resources issues associated with the content of this report.

TECHNOLOGY IMPLICATIONS [PW 15/10/18]

21. There are no specific technological implications associated with this report.

EQUALITY IMPLICATIONS [SB 16/10/18]

22. We are aware of the Councils obligations under the Public Sectors Equalities Duties and there are no specific implications associated with this report.

HEALTH IMPLICATIONS [CH 16/10/18]

23. There are no direct health implications in this report. Effective income management should contribute to improved health and wellbeing by maximising the effectiveness of public spending.

CONSULTATION

24. This update has been produced following consultation with members of the Income Management Project Working Group.

BACKGROUND PAPERS

25. None

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