



Purpose of the department

The fundamental purpose of the Department of Finance and Housing is to provide comprehensive and cost effective financial services to the Council and the general public; and to enhance the community's quality of life by ensuring access to suitable, affordable and conveniently located housing for the people of Orkney. The Finance and Housing Department has five main functions:

Accountancy: Financial advice to Council departments, monitoring statements to Council committees, producing the Council's annual accounts and treasury management.

Payments: Payment of creditors, salaries, wages and pensions.

Revenues: Collection of the council tax, non-domestic rates, housing rents and miscellaneous debt, and administration of housing benefit and council tax benefit.

Internal audit: Independent and objective opinion on the Council's financial control arrangements, examining and evaluating these to ensure proper, economic, efficient and effective use of Council resources.

Housing services: Formulation and development of housing strategies, management of the Council's housing stock, assisting those who are homeless or potentially homeless, providing advice on a range of housing options, processing council house purchase applications and working in partnership with housing colleagues from across Orkney.

Performance of the department

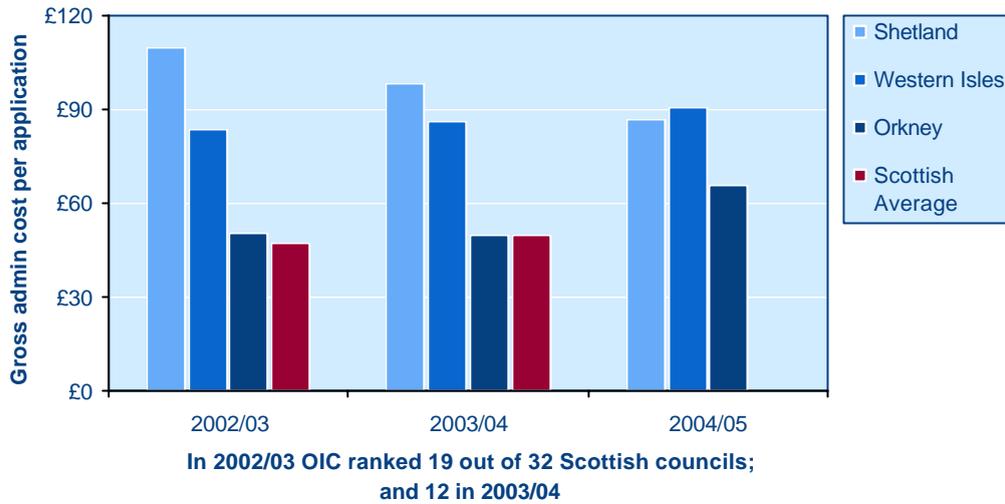
The performance of the Finance and Housing Department over the three year period 1st April 2002 – 31st March 2005 has been measured by Statutory Performance Indicators (SPIs), Best Value reviews, the Progress Update on the 2002/03 Performance Management and Planning Audit, the 2003/04 Statement on the System of Internal Financial Controls, and a number of projects and other developments. Progress has also been measured against targets identified in the 2003/04 Annual Performance Report. The results are summarised below.

Statutory Performance Indicators (SPIs)

Benefits administration - costs: The next chart shows how the Council performed with regard to the overall gross cost of administering a council tax or housing benefit application in 2002/03, 2003/04 and 2004/05.



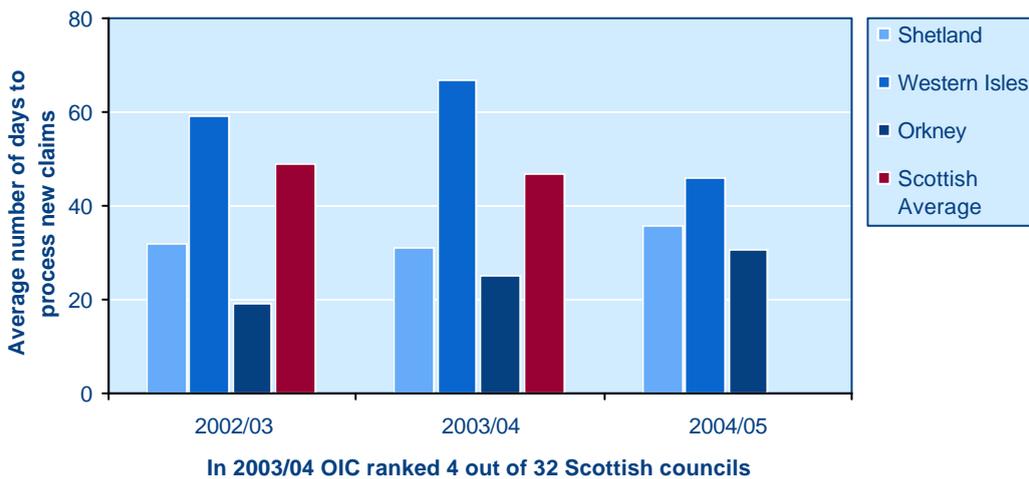
Benefits Administration - Costs



The Council's performance was fair in 2002/03 and was better than its comparators, but not as good as the Scottish average. In 2003/04 the Council maintained its performance remaining better than its comparators and in line with the Scottish average. In 2004/05 the Council's performance declined but remained better than its comparators. This can be attributed to a redistribution of staff resources and higher apportioned costs.

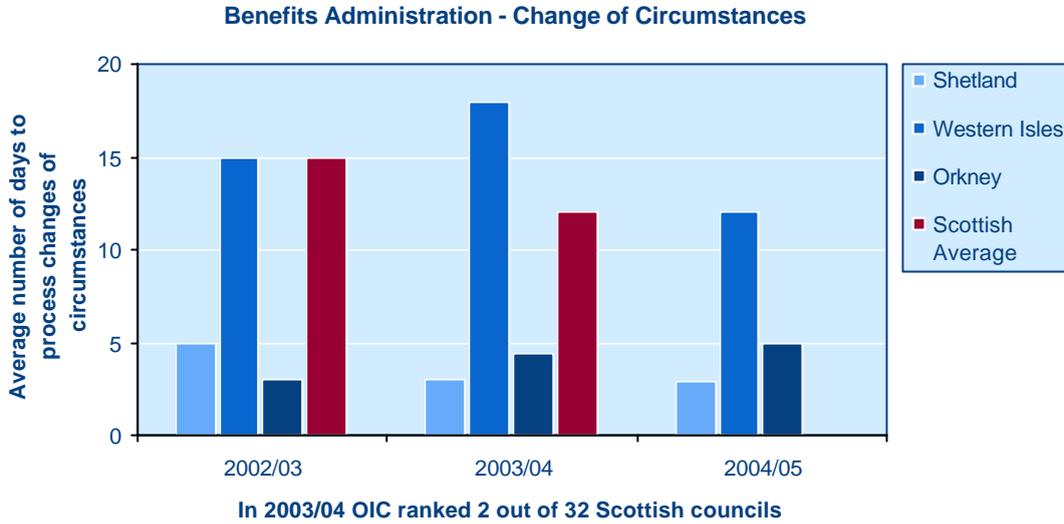
Benefits administration – new claims: The chart below shows how the Council performed with regard to the average time taken to process new council tax or housing benefit applications in 2002/03, 2003/04 and 2004/05.

Benefits Administration - New Claims



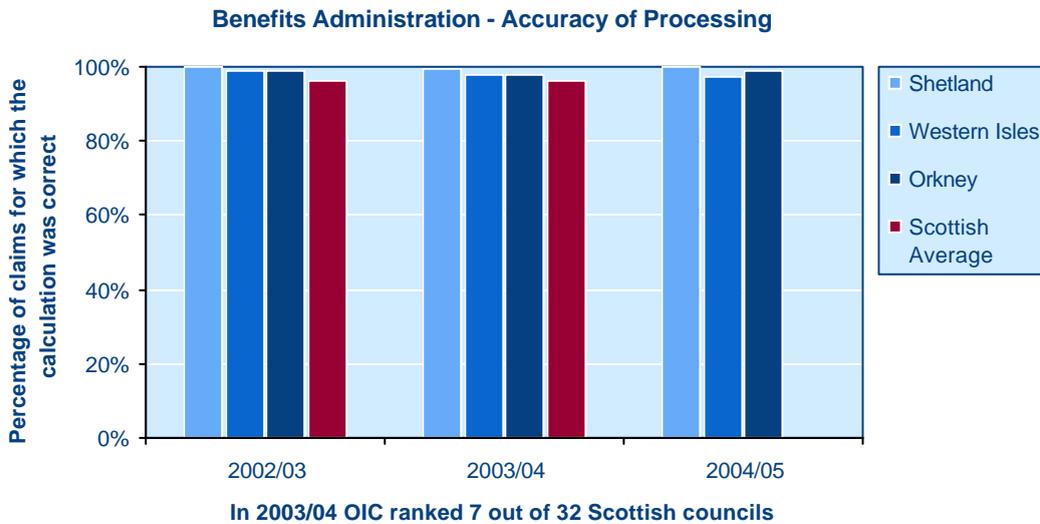
The Council's performance was excellent in 2002/03 and 2003/04 and was better than its comparators and the Scottish average. In 2004/05 the Council's performance declined although it remained better than its comparators. This can be attributed to a redistribution of staff resources.

Benefits administration – change of circumstances: The chart below shows how the Council performed with regard to the average time taken to process changes in claimants’ circumstances during the course of their council tax or housing benefit in 2002/03, 2003/04 and 2004/05.



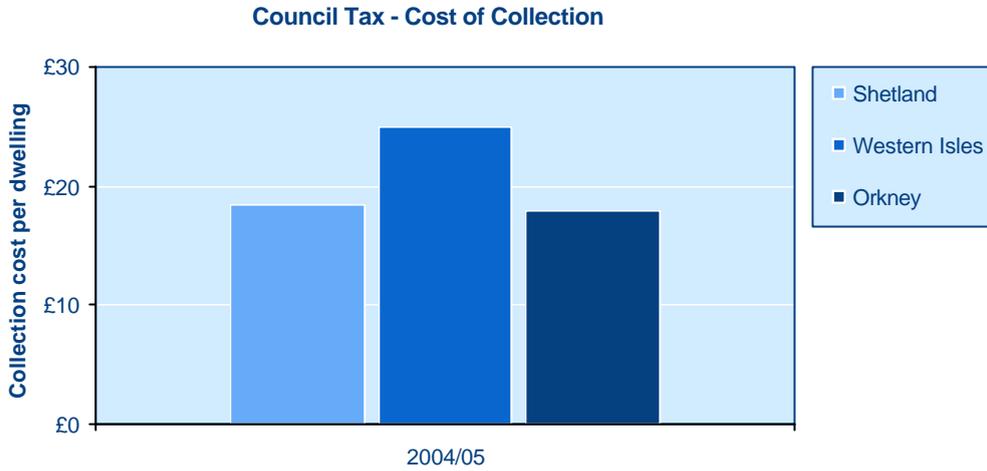
The Council's performance in 2002/03 was better than its comparators and the Scottish average. In 2003/04 the Council's performance was excellent despite declining slightly and remained significantly better than the Western Isles and the Scottish average, but not as good as Shetland. In 2004/05 the Council maintained its performance.

Benefits administration – accuracy and security of processing: The chart below shows how the Council performed with regard to the percentage of cases for which the calculation of benefit due was correct in 2002/03, 2003/04 and 2004/05.



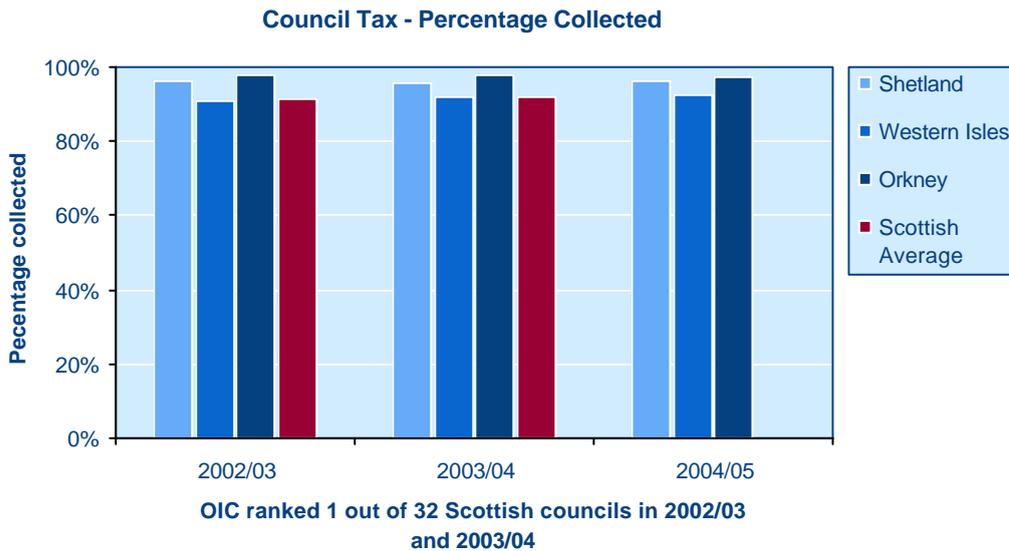
The Council's performance was very good in 2002/03 and 2003/04 and was generally in alignment with its comparators and the Scottish average. This performance was maintained in 2004/05.

Council tax – collection costs: The chart below shows how the Council performed with regard to the cost of collecting council tax per dwelling in 2004/05. Since this SPI changed in 2004/05, comparisons with previous years' information is not possible.



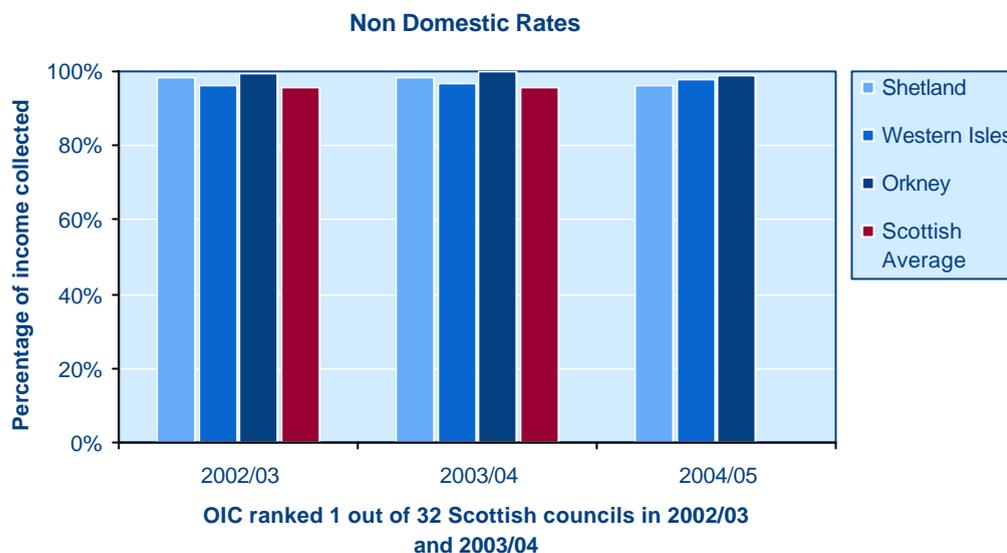
In 2004/05 the Council performed better than its comparators.

Council tax – percentage collected: The chart below shows how the Council performed with regard to the percentage of council tax income for the year that was collected in the year in 2002/03, 2003/04 and 2004/05.



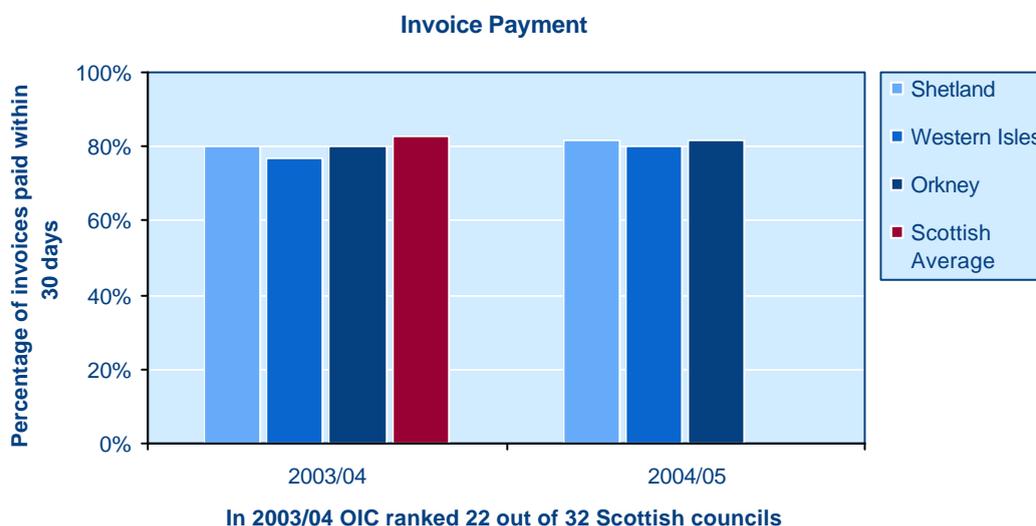
The Council's performance was excellent over the period 2002/03 and 2003/04, and was better than its comparators and the Scottish average. This performance was maintained in 2004/05.

Non-domestic rates: The next chart shows how the Council performed with regard to the percentage of income due from non-domestic rates that was received in 2002/03, 2003/04 and 2004/05.



The Council's performance was excellent in 2002/03 and 2003/04, and was better than its comparators and the Scottish average. This performance was maintained in 2004/05.

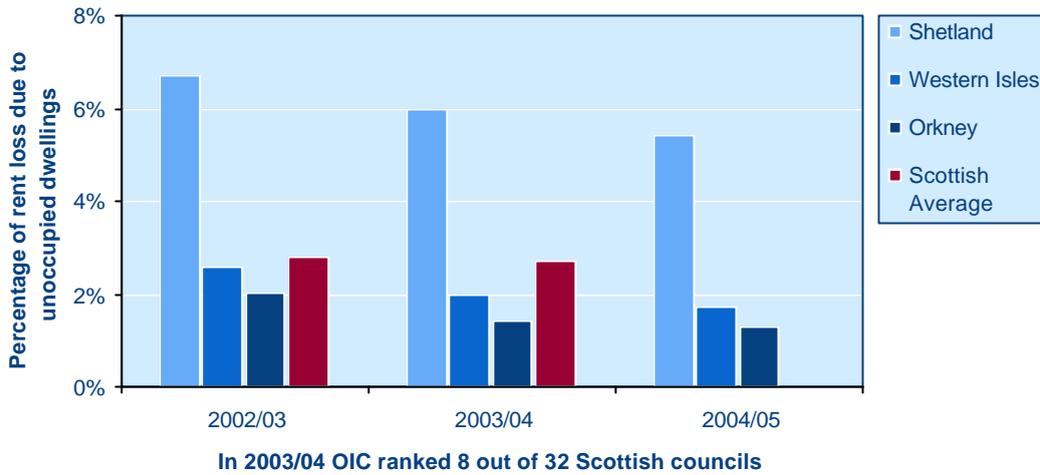
Invoice payment: The chart below shows how the Council performed with regard to the percentage of invoices paid within 30 days in 2003/04 and 2004/05.



The Council's performance was not very good in 2003/04 and was similar to its comparators, but not quite as good as the Scottish average. This performance was maintained in 2004/05.

Tenancy changes – rent loss: The next chart shows how the Council performed with regard to the percentage of rent loss due to unoccupied dwellings in 2002/03, 2003/04 and 2004/05.

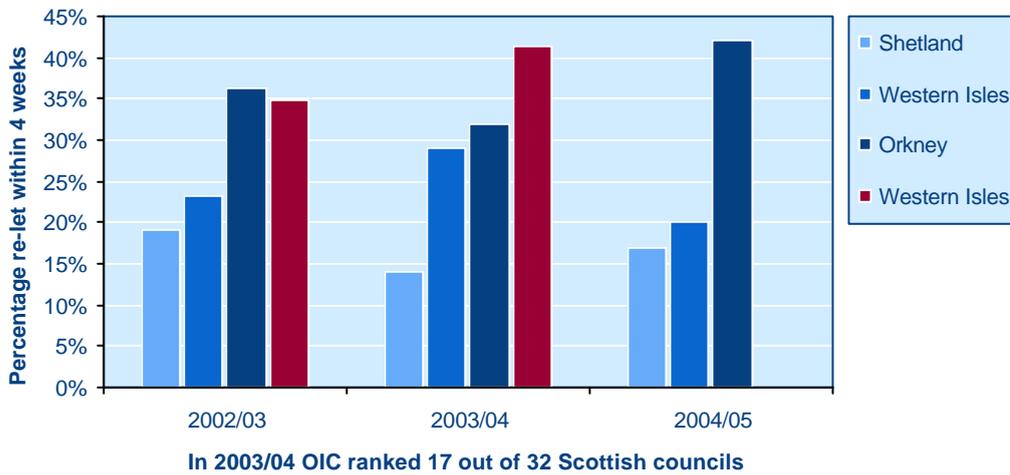
Tenancy Changes - Rent Loss



The Council's performance was very good in 2002/03 and 2003/04 and was better than its comparators and the Scottish average. In 2004/05 the Council's performance improved again, remaining better than its comparators. This continuous improvement can be attributed to pre-tenancy termination visits and work orders issued prior to tenancy termination, which makes tenancy change over more efficient and reduces rent loss.

Tenancy changes – re-let: The chart below shows how the Council performed with regard to the percentage of empty houses that were re-let within four weeks in 2002/03, 2003/04 and 2004/05.

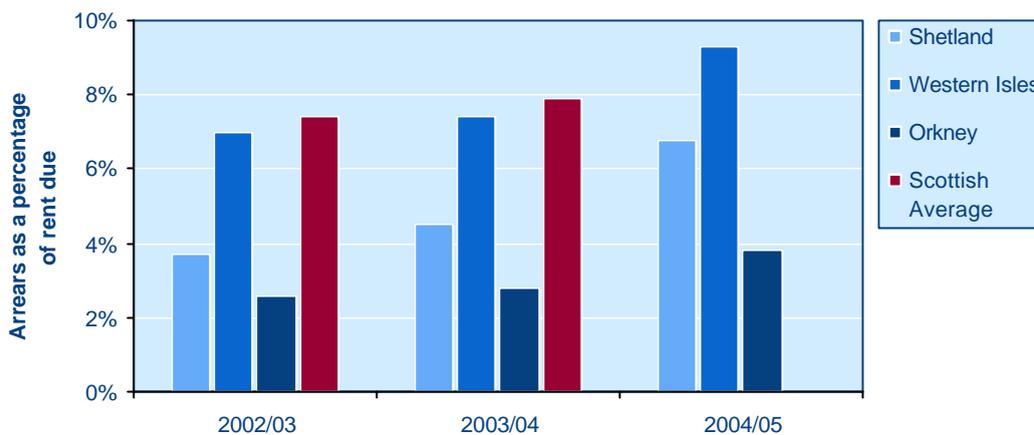
Tenancy Changes - Re-let



The Council's performance was fair in 2002/03 and 2003/04, and was better than its comparators. In 2004/05 there was a significant improvement in the Council's performance. This can be attributed to the new void procedure implemented in 2004/05.

Rent arrears – rent due: The next chart shows how the Council performed with regard to tenant rent arrears as a percentage of the net amount of rent due in 2002/03, 2003/04 and 2004/05.

Rent Arrears - Percentage of Rent Due

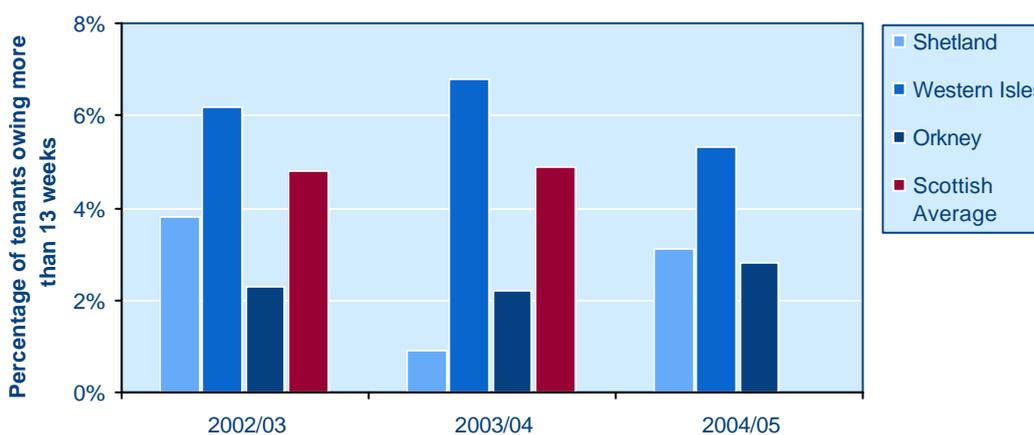


In 2002/03 OIC ranked 2 out of 32 Scottish councils; and 1 in 2003/04

The Council's performance was excellent in 2002/03 and 2003/04 and was better than its comparators and the Scottish average. In 2004/05 the Council's performance declined slightly. This has been attributed to a small number of tenancies that were subject to eviction proceedings and were due high rent arrears.

Rent arrears – tenants owing: The chart below shows how the Council performed with regard to the percentage of tenants owing more than 13 weeks at the year end, excluding those owing less than £250 in 2002/03, 2003/04 and 2004/05.

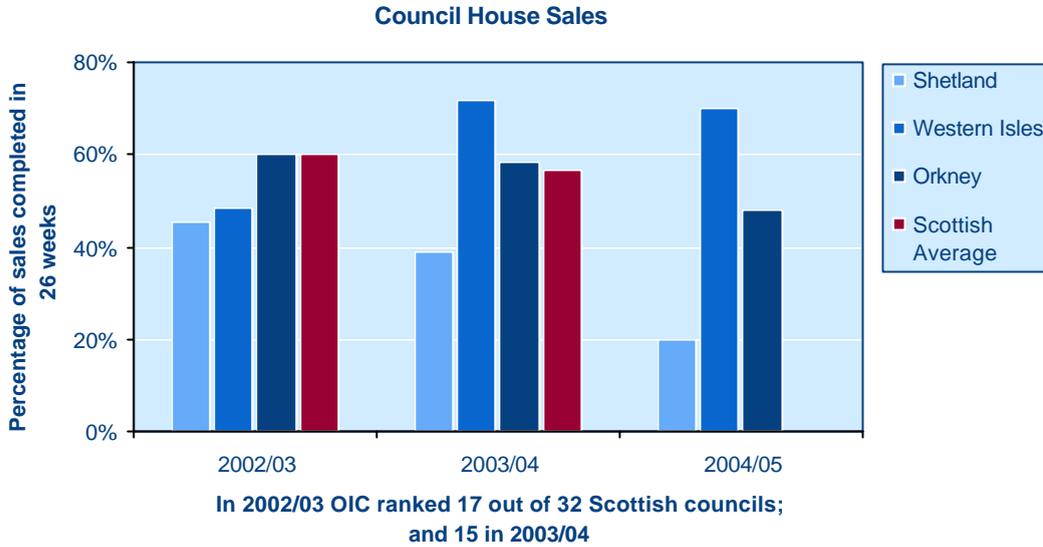
Rent Arrears - Tenants Owing More Than 13 Weeks



In 2002/03 OIC ranked 4 out of 32 Scottish councils; and 6 in 2003/04

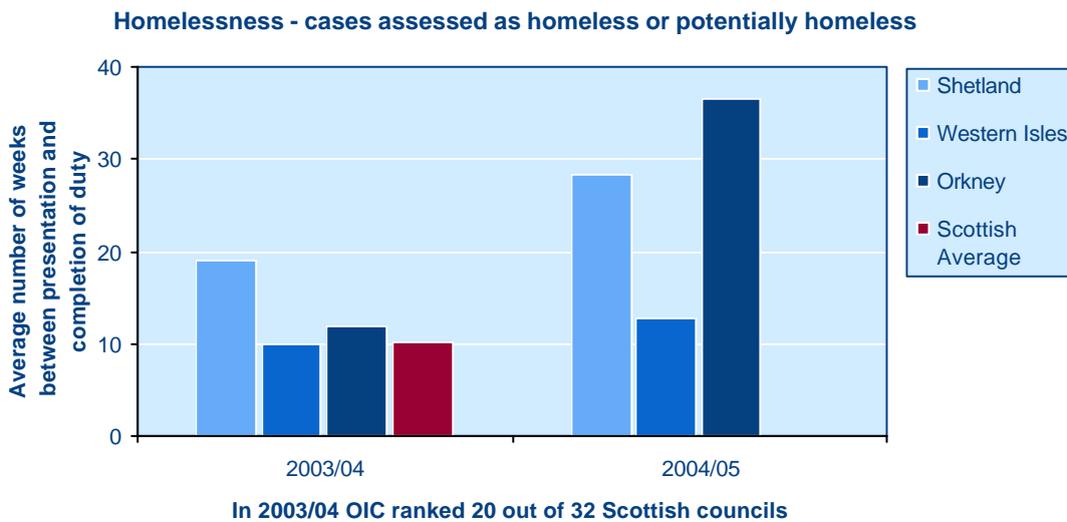
The Council's performance was excellent in 2002/03 and was better than its comparators and the Scottish average. In 2003/04 the Council's performance was very good, was better than the Western Isles and the Scottish average, but was behind Shetland. Despite a slight decline in performance in 2004/05, the Council performed better than its comparators. This decline has been attributed to a small number of tenancies that were subject to eviction proceedings and were due high rent arrears.

Council house sales: The chart below shows how the Council performed with regard to the percentage of council house sales completed within 26 weeks in 2002/03, 2003/04 and 2004/05.



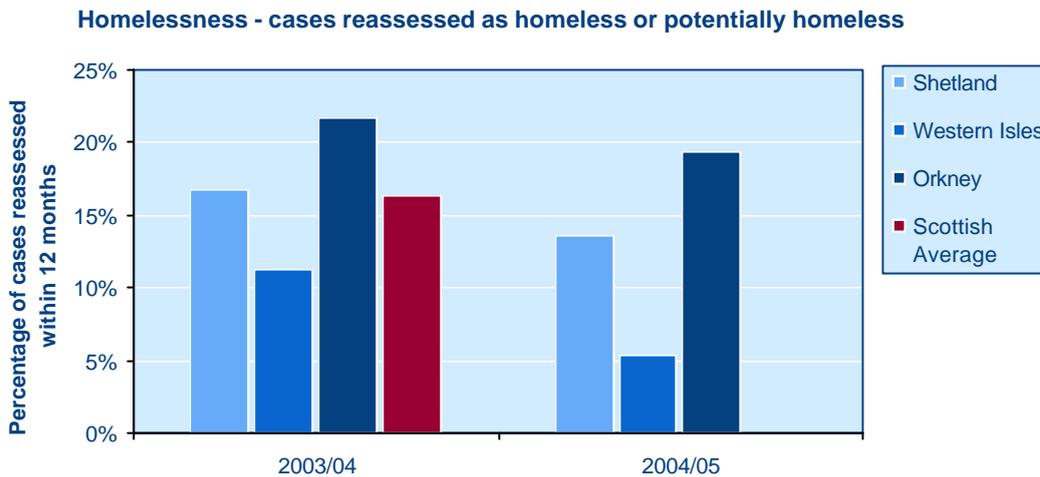
The Council's performance was fair in 2002/03 and was better than its comparators, but not quite as good as the Scottish average. In 2003/04 the Council's performance declined slightly and was better than Shetland and the Scottish average, but not as good as the Western Isles. In 2004/05 the Council's performance declined again and was better than Shetland, but not as good as the Western Isles. The decline in performance can be attributed to an increase in Council house sales over the period 2002/05.

Homelessness- cases assessed: The chart below shows how the Council performed with regard to the average number of weeks between presentation and completion of duty by the Council for those cases assessed as homeless or potentially homeless in 2003/04 and 2004/05.



The Council's performance was fair in 2003/04, was better than Shetland, and was in-line with the Western Isles and the Scottish average. In 2004/05 the Council's performance declined and was not as good as its comparators. This can be attributed to the increase in homelessness presentations which reached an all-time high in 2004/05. Despite this, an increase in staffing of the homelessness section has resulted in an improved assessment performance.

Homelessness- cases reassessed: The chart below shows how the Council performed with regard to the percentage of cases reassessed as homeless or potentially homeless within 12 months of the previous case being completed in 2003/04 and 2004/05.

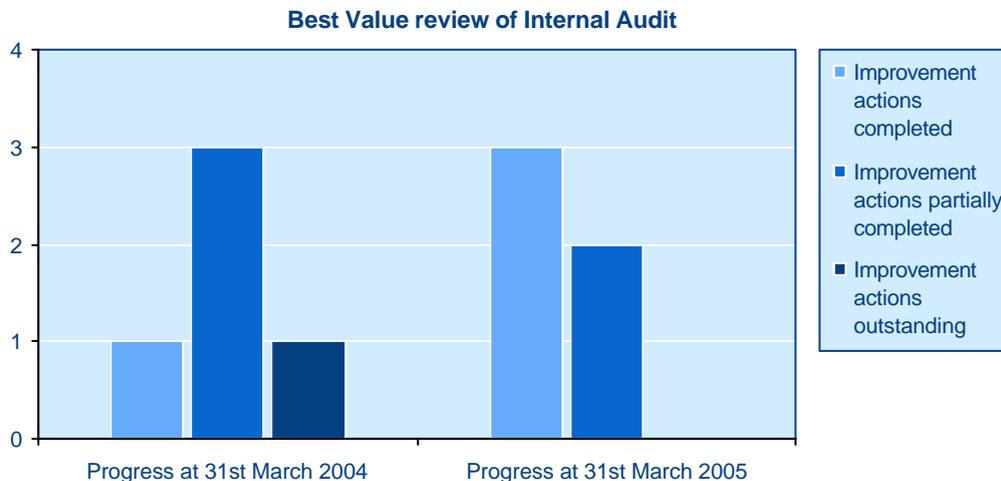


In 2003/04 OIC ranked 29 out of 32 Scottish councils

The Council's performance was poor in 2003/04, and was worse than its comparators and the Scottish average. The Council's performance improved in 2004/05 but remained not as good as its comparators. This can be attributed to a significantly high level of repeat homelessness presentations compared to other areas.

Best Value reviews

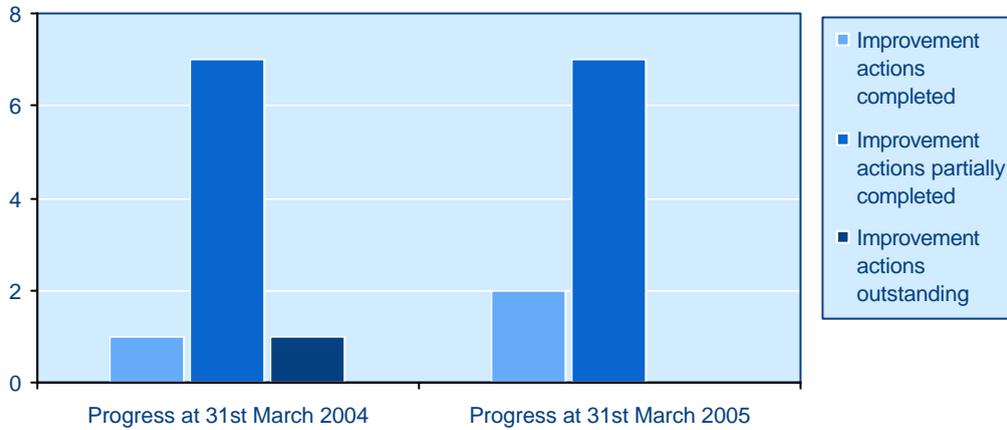
In 2001/02 a Best Value review of internal audit was carried out. The outcome of this Best Value review was a recommendation by the Best Value Working Group in February 2003 that the department should prepare a costed service development plan incorporating the 5 improvements actions identified as necessary in the review. Progress at 31st March 2004 and 31st March 2005 was as follows:



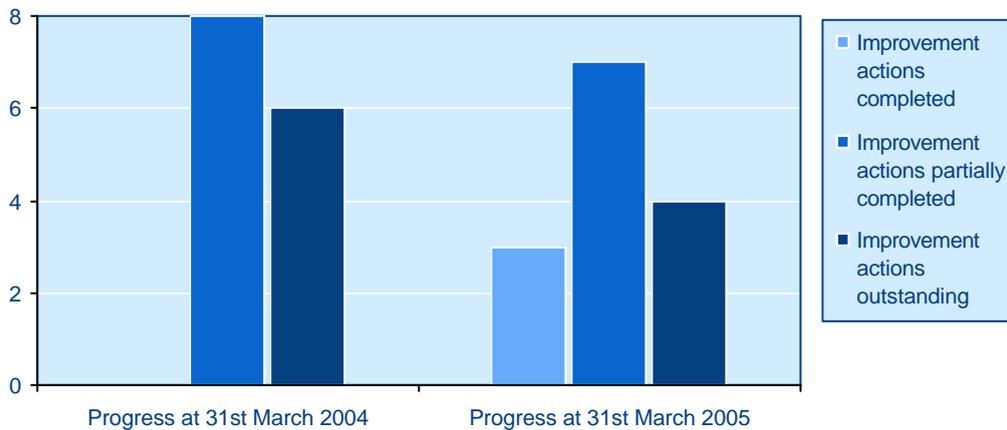
Statement on the System of Internal Financial Controls 2004: progress update

The Statement of Accounts for Orkney Islands Council 2003/04 contains the Statement on the System of Internal Financial Controls. The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties) management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council. The 2004 Statement on the System of Internal Financial Controls dated 29th June 2004 reported 4 areas where improvement was needed resulting from the budgetary control follow-up audit (9 recommendations), pension fund audit (22 recommendations), corporate governance follow-up audit (14 recommendations) and following the public pound audit (7 recommendations). Progress made on these 52 recommendations at 31st March 2004 and 31st March 2005 is shown in the charts below.

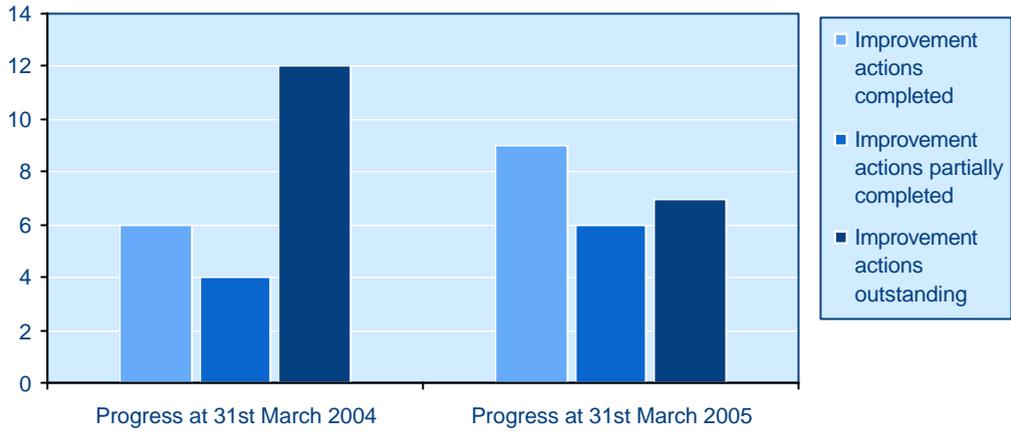
Budgetary Control- follow-up



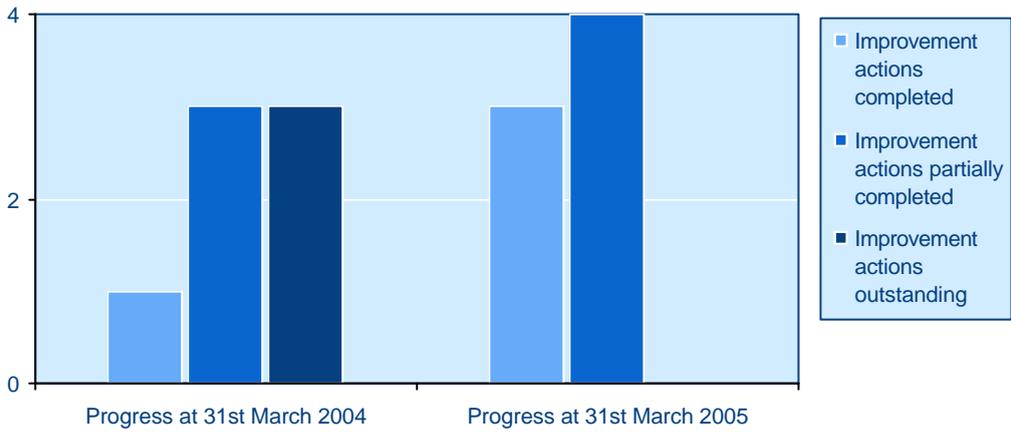
Corporate Governance Overview- follow-up



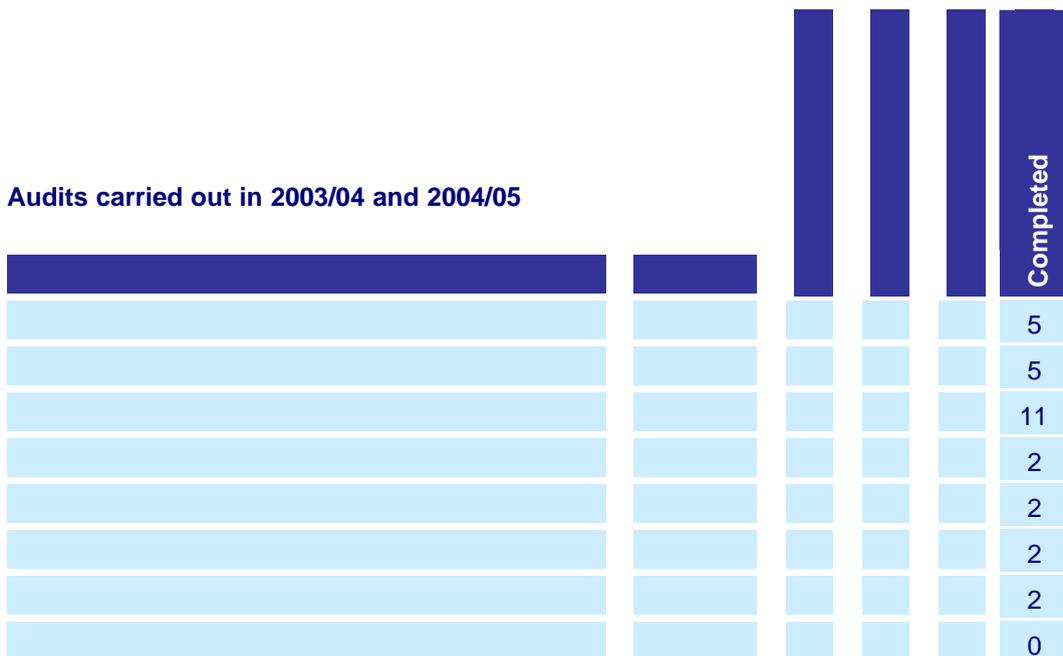
Pension Fund Report



Following the Public Pound Audit



Audits carried out in 2003/04 and 2004/05



Projects and other developments

In addition to the above, a number of projects and other developments have been progressed by the Finance and Housing Department in the period 1st April 2002 – 31st March 2005.

Finance division restructuring: Two Assistant Director posts created, and the Payroll and Expenditure Sections merged to produce a single Payments Section in April 2003. Following the retirement of Payroll and Pensions Manager, the opportunity was taken to undertake a fuller review of the Payments function. This restructuring is due to be concluded in 2005/06.

Internal audit restructuring: Chief Internal Auditor post created, together with the creation of 2 new trainee internal auditor posts in March 2004.

Corporate resource planning: The Council's first corporate resource plan which aims to link the planning and budgeting process in a single document, containing all of the key information required by elected members and senior managers, was completed during 2003/04 in relation to the 2004/05 budget. The process was reviewed during 2004/05 with changes made to the system, most noteworthy being the pulling forward of the CRP bidding process to September rather than November.

Capital project appraisal system: The revised system, which aims to improve the existing process in terms of the consistency of appraisal submissions, forward planning, and the delivery of programmed works, was introduced in July 2003. Again the process was reviewed during 2004/05, with significant changes being made to the level of detail required for the Stage 2 Appraisals.

One-Stop-Shop: Cash Office staff have been integrated into the Customer Services function under the Chief Executive's Department. The Revenues Manager continues, however, to control the Cash Office Function.

Budgetary monitoring and control procedures: Pilot undertaken within the Finance Department with a view to introducing new procedures across the Council during 2005/06.

Homelessness Strategy: The homelessness strategy, which sets out how the Council aims to eliminate homelessness by 2012 in line with Scottish Executive targets, was submitted to the Scottish Executive on 31st March 2003.

Tenant Participation Strategy: The tenant participation strategy, which describes how the Council proposes to place the tenant at the heart of service design and delivery, was submitted to the Scottish Executive on 31st March 2004.

Fuel Poverty Strategy: Fuel poverty is defined as those households that spend more than 10% of their income on fuel. The strategy was published in April 2004 and sets out how Orkney Islands Council seeks to meet Scottish Executive targets to reduce Fuel Poverty.

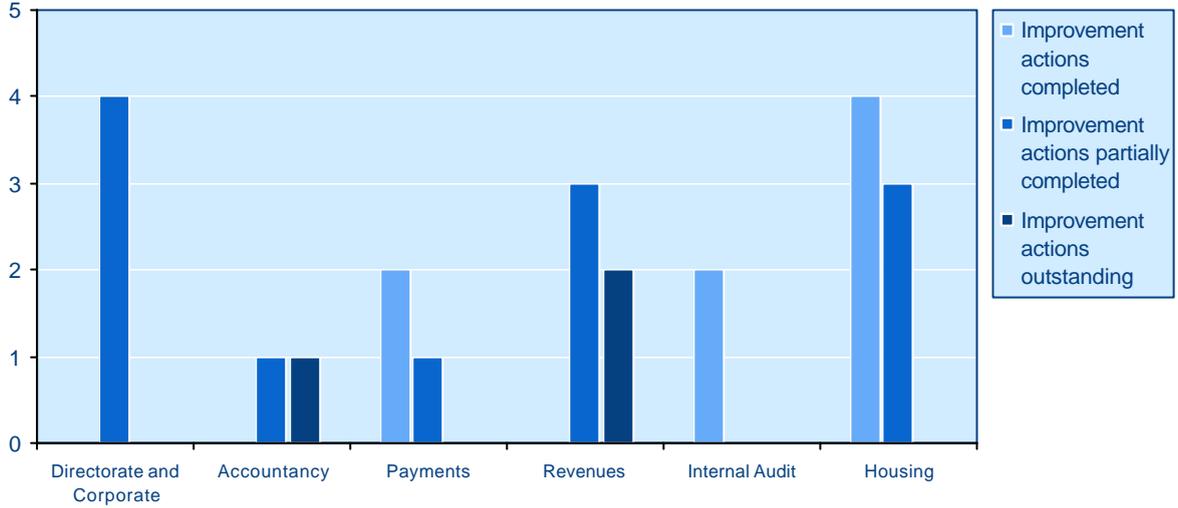
Local Housing Strategy: This document was published in April 2004 and assessed the current state of Housing in Orkney. Recommendations made on areas of improvement over the next 5 year period.

Common housing register: Software was procured and negotiations started with Orkney Housing Association regarding the development of a working protocol to share information on housing applications. Implementation of the register is planned for 2005/06.

Progress on key actions for completion by 31st March 2005 as identified in the 2003/04 APR

The Council's first Annual Performance Report, published in January 2005, identified a total of 24 key actions for completion by 31st March 2005. Progress at 31st March 2005 was as follows:

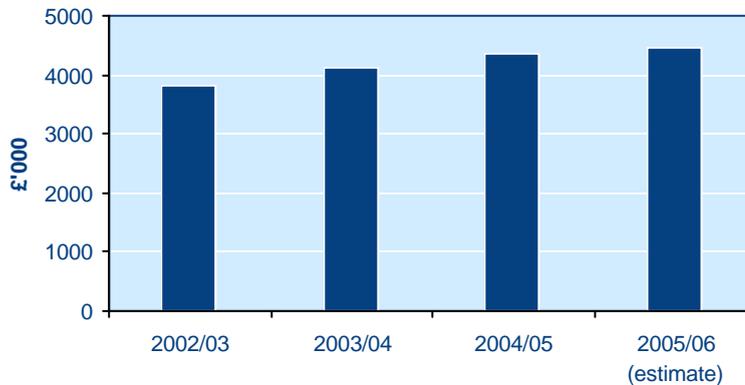
Progress on key actions for completion by 31st March 2005



Departmental finance

The finance service and housing budgets were increased in 2004/05 in line with the Council's approved budget strategy, and the outcomes of departmental submissions to the corporate resource planning process. The department continues to experience high levels of demand under the housing service area with expenditure on the demand led services of homelessness and housing benefit exceeding the original budget provision.

Total Expenditure for the Finance and Housing Department



Key actions identified in the Corporate Strategic Plan 2005-2008

The Council's **Corporate Strategic Plan 2005-2008** identified 2 key actions for which the Finance and Housing Department will be responsible for completing over the life of the plan:

		Timescale
		2005/09
		2005/06

Progress on these key actions will be reported in future Annual Performance Reports.