

## TERMS OF REFERENCE

### FINANCIAL MANAGEMENT & CONTROL

#### 1. BACKGROUND

- 1.1 Sound Financial Planning is at the heart of efficient and effective service delivery. The reasons underpinning the review are listed clearly below:-
- **Financial Crisis** – South Derbyshire has had to make substantial spending reductions to bring spending into line with available resources. This has been at the expense of both jobs and council balances
  - **Management Letter** – highlights that, while the Council has responded well to the financial crisis, its financial position remains fragile. The Council faces a number of pressures including the impact of the commutation adjustment and single status.
  - **Service and Financial Planning Study** – carried out nationally and locally by external audit highlighted the need to align financial plans with service plans. In the case of South Derbyshire the report highlighted the need for improved assessment and planning of capital schemes.
  - **Best Value** – the Best Value regime and preparation of corporate and community plans focus attention on the need to align spending alongside the priorities set out within these plans.
  - **Service and Financial Planning Working Group** – the Council's own member group looking at Financial Planning has highlighted the urgent need for more robust methods of Financial Monitoring to alert managers on members on under/over spending at an early stage as well as meeting the differing needs of service managers.
  - **Changing environment** – the Council is heavily reliant on finance from central government, who also imposes additional financial burdens on local councils with the need to meet new legislative standards. It is seldom the case that central government funding matches these additional burdens.
- 1.2 This study will examine the processes and procedures that are in place and need to be in place within South Derbyshire to deliver a firm financial foundation.

### 2. SCOPE

- 2.1 The review is a cross-cutting review which will examine the way the Council plans financially and then ensures that those plans are put into action in a managed and controlled way.
- 2.2 The review will not look at how individual financial services are delivered and indeed how these are benchmarked with other local Councils. This will be the subject of a further Best Value Review scheduled to follow on from this one. That review will examine the provision of Financial Services.
- 2.3 The review will however ensure that the building blocks are in place to deliver these services effectively as a precursor to these more detailed reviews. The basis for this work is set out within the Briefing Paper titled *“Looking Forward to Sound Financial Management”*
- 2.4 In particular the review will focus on how the Council's budget is controlled and the monitoring procedures and information that is needed for effective budgetary control.
- 2.5 The review will focus at the Strategic Level on how the Council plans financially to match future spending pressures with potential available resources.
- 2.6 With this in mind the review will aim to prepare a Financial Strategy to be considered by the Council. When doing this the Best Value Panel will look at the approach taken by other Councils.

### 3. KEY TASKS

- 3.1 Review the provision of Financial Management across the Council in the light of recent reports produced by the District Auditor including:-
  - Service & Financial Planning
  - Review of Core Finance Systems
  - Management Letter
- 3.2 Establish the effectiveness of key building blocks for Financial Management as outlined in the paper *“Looking Forward to Sound Financial Management”*

## ANNEX A – TERMS OF REFERENCE

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### 3.3 Review mechanisms for **planning** future Council spending to ensure that:-

- It recognises at an early stage, future spending pressures and resource constraints
- Financial projections reflect accurately future spending commitments that the Council makes e.g revenue consequences of capital projects.
- Financial planning takes into account the full range of Council plans.
- At a service level the review will also look at how individual services can develop their own financial planning

### 3.5 Review procedures for **prioritising** council spending to ensure that future revenue and capital growth/investment is consistent with Council plans as set out in the Corporate and Community Plans.

- Clearly set out procedures are developed to prioritise new growth proposals
- This will also focus on how individual services may also prioritise their spending requirements/needs.

### 3.6 Consider mechanisms for **managing** the Council's finances

- Ensuring members are kept informed on a regular and timely basis of the Council's financial position.
- Managers understand their roles and responsibilities for managing their individual budgets.
- Managers are appropriately trained to carry out this task
- Managers have the necessary tools and financial information to carry out this task effectively.
- Financial regulations/standing orders set out clearly managers responsibilities and provide an effective framework for managing/controlling budgets and delivering effective services.

### 3.7 Improve financial **reporting** arrangements

- Consider alternatives to existing financial information system and how these could deliver improved financial monitoring information.
- What reporting arrangements do other councils follow

## ANNEX A – TERMS OF REFERENCE

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3.8 Consider mechanisms for **consulting** and **communicating** council spending plans

- To ensure that residents and business groups are aware of council spending plans and priorities.
- Look at how these groups could influence spending plans and priorities.
- Consider mechanisms used by other bodies.

4. **RESOURCES**

4.1 At the outset the membership of the Best Value Review Panel will be as follows:-

- Cllr B Whyman
- Cllr J Wilkins
- Cllr J Harrison
- Mr T Neaves, Chief Finance Officer
- Mr A Hart, Financial Services Manager
- Mr S Powell, Building Control Manager
- Mr M Chell, D.S.O.
- Mr D Walters, Best Value Review Group
- Mr B Jones, Unison Representative

4.2 The group will have the option to co-opt other members and indeed outside advisors.

5. **TIMESCALE**

5.1 An initial timetable is appended to the terms of reference. This provides for an initial report in March 2001 followed by a final report in June 2001.

## ANNEX B - BASELINE ASSESSMENT

Review mechanisms for planning future Council spending to ensure that:-		
<p>➤ It recognises at an early stage future spending pressures and resource constraints</p>	<p><b>Financial Planning</b></p> <ul style="list-style-type: none"> <li>➤ Three year financial forecast produced.</li> <li>➤ Forecast submitted to Policy and Resources (15<sup>th</sup> February 2001)</li> <li>➤ Process introduced to ask managers to introduce immediate spending pressures.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Departments do not produce annual service plans which identify spending pressures in the short and medium term that could be built into the financial planning process.</li> <li>➤ Plan focuses on a 3-year period but should this be longer – 4 years may be more appropriate as this follows members' term of office.</li> <li>➤ Financial Planning only covers General Fund Services. No financial plans exist for the HRA.</li> <li>➤ Do individual divisions have sufficient incentives to save money to be spent on priorities in the future?</li> </ul>
	<p><b>Financial Strategy</b></p> <ul style="list-style-type: none"> <li>➤ Members considered key financial strategy issues at beginning of budget cycle – Policy and Resources (9<sup>th</sup> January 2001)</li> <li>➤ Paper outlines key financial challenges that need to be addressed</li> <li>➤ Members approved recommendation to refocus and reprioritise spending to achieve budget savings.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Strategy lacks detail and is only relevant to existing budget round</li> <li>➤ Some attempt has been made to look at future spending pressures</li> <li>➤ Work now needs to be done to plan how we are going to address them in the medium and long term.</li> </ul>
BEST VALUE REVIEW – FINANCIAL MANAGEMENT & CONTROL		

## ANNEX B - BASELINE ASSESSMENT

Review mechanisms for planning future Council spending to ensure that:-		
	<p><b>Capital Strategy</b></p> <ul style="list-style-type: none"> <li>➤ Capital Strategy produced in summer 2000 sets out the Council's approach to bidding for capital funds.</li> <li>➤ Positive response received on strategy from GOEM.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Strategy will need to be updated for July 2001</li> <li>➤ Needs to reflect more the views/priorities of potential external partners</li> <li>➤ Need to show how the strategy will address cross-cutting issues</li> <li>➤ Council needs to demonstrate innovative ways of using assets to deliver key objectives.</li> </ul>
<ul style="list-style-type: none"> <li>• Financial projections reflect accurately future spending commitments that the Council makes e.g revenue consequences of capital projects.</li> </ul>	<p><b>Capital Bid Assessments</b></p> <ul style="list-style-type: none"> <li>➤ All bids for capital resources also include a clear estimate of the revenue consequences of accepting the bid</li> </ul>	<ul style="list-style-type: none"> <li>➤ The Council still has some existing projects, which could have future revenue implications that need further assessment.</li> <li>➤ No corporate approach exists for bidding for external funds – potential funders can be faced with a succession of bids from different parts of the Council and with no indication of where Council priorities lie.</li> </ul>
<ul style="list-style-type: none"> <li>• Financial planning takes into account the full range of other Council plans.</li> </ul>		<ul style="list-style-type: none"> <li>➤ No mechanism exists currently to ensure that revenue implication stemming from other strategies/plans are fed into the overall three-year plan</li> <li>➤ Plans may lack detail on how service aspirations are going to be met.</li> </ul>

## ANNEX B - BASELINE ASSESSMENT

Review mechanisms for planning future Council spending to ensure that:-		
<ul style="list-style-type: none"><li>At a service level the review will also look at how individual services can develop their own financial planning</li></ul>	<u>Service Planning</u> <ul style="list-style-type: none"><li>A service planning process was developed some years ago.</li></ul>	<ul style="list-style-type: none"><li>Service plans have not been produced for some time.</li><li>Previous service plans were viewed as bidding documents to justify extra growth when the Council had additional resources to spend.</li><li>No standardised approach exists or existed for preparing plans, which made comparison extremely difficult.</li><li>Plans did not look in detail at how individual services could plan within limited resources.</li></ul>

## ANNEX B - BASELINE ASSESSMENT

Review procedures for prioritising council spending to ensure that future revenue and capital growth/investment is consistent with Council plans as set out in the Corporate and Community Plans.		
Clearly set out procedures are developed to prioritise new growth proposals	<b>Revenue Budget</b> <ul style="list-style-type: none"> <li>➤ Ranking mechanism was introduced to score and prioritise new spending proposals when the Council had resources to spend.</li> <li>➤ Prioritisation mechanism scaled down in 2000/01 and 2001/2 as the council focussed on reducing spending levels.</li> <li>➤ Some attempt made to prioritise proposals according to how avoidable they were e.g. legislative requirements etc.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Council aims and objectives have not been reviewed recently</li> <li>➤ This makes prioritisation difficult even when funds are available</li> <li>➤ Financial outlook indicates that there will be little flexibility to devote funds to new areas of growth unless the Council also looks at prioritising the services that it delivers currently and the funding attached to them.</li> <li>➤ Key issue about not only prioritising new spending but also reviewing priority of existing spending as a means of identifying further resources.</li> </ul>
	<b>Capital Programme</b> <ul style="list-style-type: none"> <li>➤ Prioritisation scheme introduced to rank capital projects against a range of criteria.</li> <li>➤ Detailed information produced for capital bids</li> <li>➤ Reasonably comprehensive assessment looking at both priorities, likelihood of success and sustainability of capital schemes.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Further member involvement needed to develop the process further and own the results of the scoring process.</li> <li>➤ Need to develop mechanisms to work with partners to deliver capital schemes where the Council only has and is likely to have limited resources.</li> </ul>



## ANNEX B - BASELINE ASSESSMENT

Review procedures for prioritising council spending to ensure that future revenue and capital growth/investment is consistent with Council plans as set out in the Corporate and Community Plans.		
This will also focus on how individual services may also prioritise their spending requirements/needs.	<b>Best Value Reviews</b> <ul style="list-style-type: none"> <li>➤ Encourage services to look at the financial pressures that they face and how they may adjust service provision to meet these pressures.</li> <li>➤ Fees and charges framework introduced resulting in the review of a number of charges to maximise income.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Best Value reviews yet to generate 2% efficiency savings with one exception – cash office. This introduced reduced opening hours.</li> <li>➤ Remember that Best Value reviews aim to improve efficiency and effectiveness and not just deliver savings.</li> </ul>
		<b>Service Planning</b> <ul style="list-style-type: none"> <li>➤ Lack of detailed or indeed any service planning means that services are not planning financially for the future</li> <li>➤ Just as Council as a whole needs to refocus and reprioritise, individual services face the need to undertake this task as well.</li> </ul>

## ANNEX B - BASELINE ASSESSMENT

Consider mechanisms for managing the council's finances		
<ul style="list-style-type: none"> <li>Ensuring members are kept informed on the Council's financial position.</li> </ul>	<p><b><u>Finance Briefing</u></b></p> <ul style="list-style-type: none"> <li>Produced monthly and covers the full range of finance services</li> <li>Provides news on financial issues/developments as well as monitoring information</li> <li>Regular monthly monitoring meetings scheduled to begin in June – to involve an accountant and each Divisional Manager to review the position on their budget on a monthly basis.</li> </ul>	<ul style="list-style-type: none"> <li>Briefing has not been produced during the budget process</li> <li>Quality of financial information produced by computer system means that monitoring information is limited.</li> </ul>
	<p><b><u>Reports to Members</u></b></p> <ul style="list-style-type: none"> <li>Reports to P &amp; R set out clearly the Council's financial position</li> <li>Please see above section on Financial Strategy</li> </ul>	
	<p><b><u>Presentation to Members</u></b></p> <ul style="list-style-type: none"> <li>CFO provided presentation to all members on Council's financial position prior to full Council in September 2000.</li> <li>This outlined the Council's short and medium term financial position and was followed up by subsequent finance briefings and reports to members.</li> </ul>	

## ANNEX B - BASELINE ASSESSMENT

Consider mechanisms for managing the council's finances		
<ul style="list-style-type: none"> <li>Managers understand their roles and responsibilities for managing their individual budgets.</li> <li>Managers are appropriately trained to carry out this task</li> </ul>	<p><i>Please see below section on training</i></p> <p><b>Management Training</b></p> <ul style="list-style-type: none"> <li>Finance for non-financial managers included as a module on the manager training programme to be attended by all Divisional and Unit managers. The course aims to give managers             <ul style="list-style-type: none"> <li>an overview as to how Council budgets are set, managed and controlled corporately.</li> <li>a clear understanding of their roles and responsibilities regarding financial management</li> <li>advice and assistance on good practice to be followed when managing budgets.</li> <li>their contribution to protecting the Council from Fraud and Corruption</li> </ul> </li> </ul> <p><b>Member Training</b></p> <ul style="list-style-type: none"> <li>Training course on finance provided to members in early 2000</li> </ul>	<ul style="list-style-type: none"> <li>Financial planning is linked closely to good service plans.</li> <li>It is difficult for one to be effective without the other.</li> <li>For this reason there is a need to explore service planning arrangements and ensure that they link closely to the production of financial plans.</li> <li>Consideration should be given to providing an update course to members based on the training for staff outlined above.</li> </ul>

## ANNEX B - BASELINE ASSESSMENT

Consider mechanisms for managing the council's finances		
<ul style="list-style-type: none"> <li>Managers have the necessary tools and financial information to carry out this task effectively.</li> </ul>	<p><b><u>Financial Information System</u></b></p> <ul style="list-style-type: none"> <li>Work commenced to look at alternative financial information systems</li> <li>Initially 4 systems have been examined as a way of gauging how new systems may improve monitoring information.</li> </ul>	<ul style="list-style-type: none"> <li>Out of date – 15 years old</li> <li>System can only provide limited monitoring and management information.</li> <li>Very limited commitments system means that spending committed but not yet paid is not recorded on the computer system</li> <li>No profiling of payments means that budget comparisons are not made on the basis of a reasonable proportion of the budget that may be spent each month.</li> <li>Time consuming to produce the limited financial information that is available</li> </ul>
<ul style="list-style-type: none"> <li>Financial regulations/standing orders set out clearly managers responsibilities and provide an effective framework for managing/controlling budgets and delivering effective services.</li> </ul>	<p><b><u>Financial Regulations and Standing Orders</u></b></p> <ul style="list-style-type: none"> <li>Distributed to all managers and set out good practice for administering council finances.</li> </ul>	<ul style="list-style-type: none"> <li>In need of update and revision – last produced</li> </ul>

## ANNEX B - BASELINE ASSESSMENT

Improve financial reporting arrangements		
Consider alternatives to existing financial information system and how these could deliver improved financial information.	<i>Please also see section above</i>	
	<b>Existing Budget Reports</b> ➤ Provided to managers on a monthly basis but these have limited worth.	<ul style="list-style-type: none"> <li>➤ Budgets are not profiled to take into account the expected pattern of spending over the year.</li> <li>➤ Information does not show what has been committed prior to payment. It only shows amounts paid.</li> </ul>
	<b>Detailed Budget Book</b> ➤ Detailed budget book provided to all managers. ➤ Sets out in detail what is covered by each budget head.	<ul style="list-style-type: none"> <li>➤ Information confusing for non-finance managers.</li> <li>➤ No distinction made between controllable elements of spending and uncontrollable elements.</li> <li>➤ Confusion can arise because of the array of estimate information provided e.g, 5 levels of estimates.</li> <li>➤ Does not meet the needs of other managers/decision makers seeking more summarised information.</li> </ul>
	<b>Statement of Accounts</b> ➤ Prepared by Council every year ➤ Reports on year end financial position ➤ Complies with all main accounting principles	<ul style="list-style-type: none"> <li>➤ Report format has changed little in recent years</li> <li>➤ Could the report meet better user needs</li> </ul>
What reporting arrangements do other councils follow		

## ANNEX B - BASELINE ASSESSMENT

Consider mechanisms for consulting and communicating council spending plans		
<ul style="list-style-type: none"> <li>To ensure that residents and business groups are aware of council spending plans and priorities</li> </ul>	<u>Business Ratepayers Group</u> <ul style="list-style-type: none"> <li>Council undertakes statutory consultation on spending plans annually.</li> </ul>	<ul style="list-style-type: none"> <li>Few (2) representatives of business groups attend meeting</li> <li>Meetings held late on in the process and provide little opportunity to influence council spending decisions</li> </ul>
		<u>Area Meetings</u> <ul style="list-style-type: none"> <li>Receive no information on Council budget process</li> <li>Are not consulted on future Council spending plans</li> </ul>
<ul style="list-style-type: none"> <li>Look at how these groups could influence spending plans and priorities</li> </ul>	<p><i>Please see above</i></p>	
<ul style="list-style-type: none"> <li>Consider mechanisms used by other bodies.</li> </ul>		

ANNEX C – CONSULTATION FEEDBACK  
Reporting on Council Finances

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*Do you have enough information to help you to manage your budget ?*

Group 1a: Yes but depend paper/excel copies

Group 1b: Enough – Not really to give required confidence

Group 2a: Enough to ensure that they do not overrun.

Group 3a: Not Sure – How Do We Know?- Information is all over the place

Group 3b: Not enough information.

ANNEX C – CONSULTATION FEEDBACK  
Reporting on Council Finances

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***How could this information be improved ?***

**Group 1a:**

- Training on exporting information into excel spreadsheets which are currently used to monitor budgets
- Direct delegation of virement/increased flexibility. This would help budget holders move resources between individual budget heads provided that they remained within their overall budget provision.
- There is also a need to look at cross committee virements, where this is needed to accommodate unforeseen extra spending within the overall limited resources of the council.
- More information on financial constraints would help budget holders to understand the financial environment that they are working within.
- More information on Council income

**Group 1b:**

- SDTIM/SDLED links
- Training on MDIS/M.Soft links
- Want Windows based software
- Proper commitment system/use present system
- Profiled expenditure
- Common system with family GPs
- Clearer reports on OHD's to compare
- Identify costings from service prime sources for recharging



## ANNEX C – CONSULTATION FEEDBACK

### Reporting on Council Finances

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#### Group 2a

- Need more information on CEC's – so that managers can understand the level of central costs that they are paying and using in delivering their services.
- Budgets need to be presented more simply i.e. split between those costs we can/cannot influence over the short term.

#### Group 2b

- Time – the information should be up to date and timely
- User Friendly – managers should feel comfortable with using the information. If it is presented in a simple way they are more likely to make use of it.
- Standard approach – avoid different managers using different methods/information to manage their budgets.
- Clear flexible system for individual managers – within the standard system there is a need for flexibility to report on particular issues that will be of interest to individual managers.
- Better understanding for allocation of overhead e.g. central charges.

#### Group 3a

- Update System

#### Group 3b

- Realtime Processing of Invoices
- Integration between Finance & Creditor Systems
- User Friendly System e.g. Windows based management reports
- Proper 'Commitment' System
- Reports to Members and Public should be less formal

## ANNEX C – CONSULTATION FEEDBACK

### Reporting on Council Finances

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#### Conclusions: Reporting on Council Finances

1. Views vary about whether the existing information is sufficient to meet managers information needs when managing their budgets.
2. It is significant however that all groups identify a long list of improvements where information could be improved and better meet their needs. This suggests that the current information is too basic to meet their needs completely.
3. Managers made a number of useful suggestions on how a new IT system could better meet their needs. These included issues already identified (e.g. commitment accounting and budget profiles) but also included other suggestions (e.g. on-line up dates)
4. Managers also identified the need to gain a better understanding of how budgets were set out. In particular they are seeking more information on central charges i.e. how they are calculated/allocated and what influence they have over them. This also raises the question as to whether the balance between the detail of the information and cost of providing it is correct.
5. Managers also highlighted the need to review the processes and procedures, which govern the way they managed budgets. They were seeking greater flexibility to vire money between budgets subjects to them not exceeding their overall budget allocation.

ANNEX C – CONSULTATION FEEDBACK  
Planning Council Finances

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*How do you plan the way your budget is allocated to meet the key service needs/pressures within your division ?*

**Group 1:**

- As existing system
- Involve staff to identify pressures
- Maintain an ongoing "wish list" which sets out spending pressures as they arise so that bids can be made to fund them from corporate resources.
- BV Reviews will drive in future as they identify action plans and identify the need for resources to achieve service improvements.
- DSO use L/P/M
- Need more help from Accountants!

**Group 2**

- Based on historical budgets – look at increasing what was spent last time after taking inflation into account.
- Estimated commitments – look ahead at new spending commitments
- New requirements/legislation – consider how new legislation will impact on the cost of providing the service.
- Use of virements during the year to adjust to in-year service pressures.
- Clear objective setting/Business Plans – needed to provide a framework for making financial resources allocation decisions.

**Group 3**

- Regular Review of spending pressures
- Build in Non-controlables first
- Assess trends of unexpected expenditure e.g. seasonal impacts
- Allowance for new legislation
- In-house service plan – vision
- Without formal service plan, lack of direction
- Service plans allow formation of partnerships

## ANNEX C – CONSULTATION FEEDBACK

### Planning Council Finances

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#### Conclusion: Planning Council Finances

1. Spending plans are made on the basis that existing spending will be maintained so that the exercise then centres on what extra spending pressures the division faces.
2. There is little evidence that managers are planning pro-actively to address budget problems. The consultation did not identify instances where managers look to challenge what they already do so that they can free up resources to meet new spending pressures.
3. The assumption remains that extra pressures will be met centrally. In view of the Council's current financial position – this is a dangerous assumption.
4. It is clear that the existing planning process does not provide any means of challenging existing services – where most of the money goes but looks instead at only new spending which accounts for a very small proportion of the Council budget.

## ANNEX C – CONSULTATION FEEDBACK

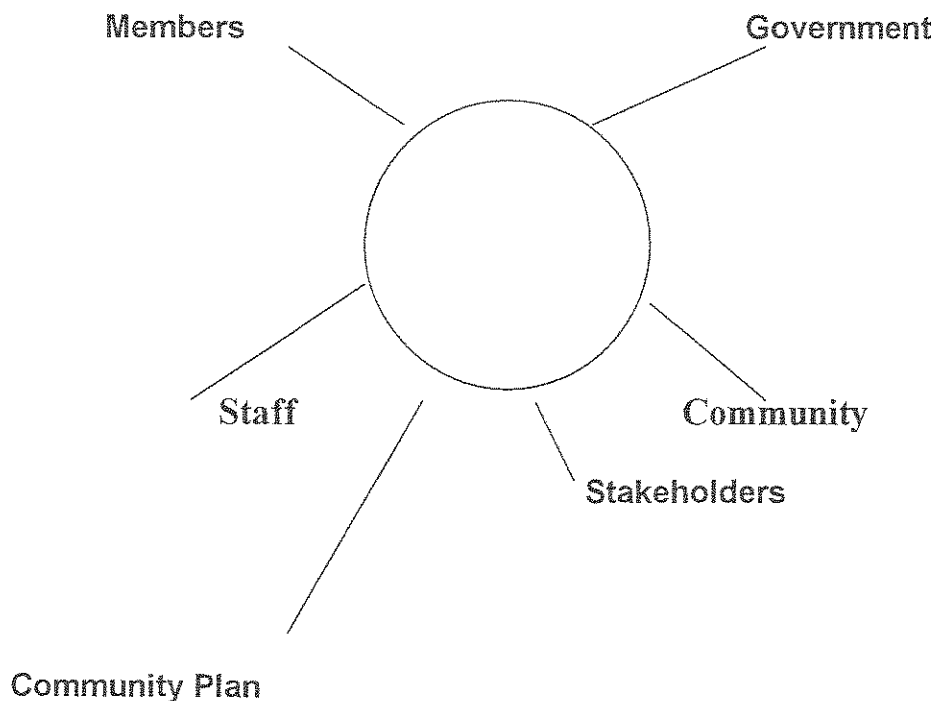
### Prioritising Council Spending

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*How should the Council prioritise new spending pressures within limited resources ?*

#### Group 1

- Council priorities are not clear
- Need to be more precise
- All of the following groups will have an impact on service and financial planning within the Council.



Prioritise spending according to the main categories set out below

- Statutory
- Objective/corporate

Emphasize the need to be transparent about the way resources will be allocated with rules clear to everyone.

## ANNEX C – CONSULTATION FEEDBACK

### Prioritising Council Spending

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#### Group 2

- **Consultation** – with range of stakeholders to assess their views/needs in relation to Council service provision.
- **Corporate Objectives** – should guide the allocation of resources. This will also need to make the distinction between:-
  - statutory functions
  - non statutory functions
- **Corporate Plan** – this should set out clearly what the aims and objectives of the Council are and provide a framework for allocating resources. The Council may need to consider the level of quality it can afford to provide with some services delivered to a high quality while others simply meet the minimum standard.

#### Group 3

**Transparent System** – aim to make the allocation of resources as fair and open as possible. Scoring system agreed beforehand provides more fairness to the process.

**Relate to Council's (Corporate) Aims & Objectives**

**Statutory Requirements (Obligations)** – these need to be considered as the council will be measured externally on the performance of these obligations.

**Identify Available Resources** – Internal & External

**Consult Internally & Externally** on how scarce resources should be allocated.

**Provide Feedback on Outcome** – budget holders may not ever have all their bids accepted but they should be told why their bid has failed and hopefully be reassured that their bid has received a fair assessment.

ANNEX C – CONSULTATION FEEDBACK  
Prioritising Council Spending

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*Within your division – how do you adjust your own resources to meet new priorities within the limited resources available to you ?*

Group 1

- Service Plans

Group 2

- As above but start with an assessment of cost of new priorities.

Group 3

**Forward Planning** – look at potential future pressures and consider how these will impact on service provision.

**Transfer of Resources** – look at areas where the need for resources may fall.

**Explore Potential Savings & Efficiencies**

**General – Long Term Planning** – plan over as long a period as possible.

## ANNEX C – CONSULTATION FEEDBACK

### Prioritising Council Spending

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#### **Conclusions: Prioritising Council Spending**

1. Most consultees started from the point that they did not consider that Council aims and objectives were clear.
2. The general view is that this makes service planning extremely difficult. Services need a framework to plan within and that is currently in need of updating.
3. Any update of the Council's community plan will clearly need to take into account the views of a wide range of different stakeholders.
4. In terms of the system itself managers do not consider that they get enough feedback on how the bidding process is affecting them. This creates uncertainty for them as they try to plan ahead and makes it hard for them to brief their staff.
5. Prioritising should be both fair and transparent. Laudable aims but this can be best achieved with a scoring process so that managers at least know how their bids will be assessed.



**ANNEX C – CONSULTATION FEEDBACK**  
**Managing Council Spending**

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***How do you currently manage your budget ?***

**Group 1**

Written guidance

- Controlled Divisional Manager
- delegated individual staff – ability/exp
- Divisional Managers undertakes regular checks and identify the need for virement where necessary
- Divisional Managers identifies alternative income sources including bidding for grants
- Divisional Manager - staff training/independent budgets to staff within the division.
- Divisional Manager – links available budgets to service plans/action plans via appraisal process SRB

**Group 2**

- Excel spreadsheets
- Estimate commitments for year
- Access system
  - Print Orders
  - Commitments
  - Estimates
- Manual records of invoices/orders

NO STANDARDISATION: CONCERN THAT EVERYONE ADOPTS DIFFERENT APPROACHES!!

**Group 3**

- Ledger System
- Monthly Expenditure Finance Prints
- DSO System
- Debtors Prints
- Monthly Spreadsheets/Monthly Meetings
- Quarterly Committee Reports
- Some Note of Commitments
- In Our Heads
- Weekly DSO Invoices/Charges
- Accountancy Advice
- Awareness of Commercial Pressures (not just paperwork)

ANNEX C – CONSULTATION FEEDBACK  
Managing Council Spending

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***What extra support/help do you need in managing your budget ?***

**Group 1**

**Managing the Budget**

- Divisional Managers need time to manage budget effectively
- Training for staff involved in finance process
- IT support with good financial information available from financial information system
- Identified accountant responsible for advising on each budget.
- Change culture to look at how management accountants advise service delivery

**The Budget Process**

- clearer idea star chamber decision-making process
- look at role of chair of committees to consider how they should be involved within the process

**Group 2**

- Standard system for all managers
- Build in estimated commitments for year ahead
- One stop shop approach

**Group 3**

- Some Accountancy Support & Interest
- More Accountancy Support & Interest
- All Singing/Dancing Streamlined System
- Training in Day to Day Finance Management
- More Ability to Monitor Individual Items
- Awareness of Commercial/Day Job Demands
- Dog Allowed to Wag the Tail

## ANNEX C – CONSULTATION FEEDBACK

### Managing Council Spending

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#### **Conclusions: Managing Council Spending**

1. There is no standard approach to managing budgets across the Council.
2. Different managers adopt different approaches – this probably reflects the systems that they have put in place to get round the deficiencies of the current financial information system
3. Managers emphasised the need for more accountancy support to help them to manage their budgets. The proposed monthly meetings with accountants were welcomed as a means of helping managers better understand their budgets and providing advice at an early stage.
4. One manager also requested training in some of the financial processes that their staff are expected to follow and thought this might promote better financial administration. This mainly covered the processes managed by Exchequer Services.

## ANNEX C – CONSULTATION FEEDBACK

### Consulting on Council Spending

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*Do you believe that your views and spending pressures are taken into account when Council budgets are set ?*

#### Group 2

Perception is that not enough consultation.

#### Group 3

No

*How could you be more involved in the process ?*

#### Group 2

- Provide more feedback on decisions reached during the budget process – projects that have been approved/not approved.
- Feeling of lack of control of sizeable proportion of divisional budgets.

#### Group 3

Timely feedback at each stage on decisions made to enable managers to feedback to their staff

“Budget Holders” to be involved in all stages of process

Links with service delivery plan which is arrived at following consultation - internal & external

Staff Meetings – to help staff understand and be involved in process.

External Bodies – use feedback from consultation with external bodies.

### Conclusions: Consulting on Council Spending

1. Many of the remarks overlap with those already made on prioritising council spending.
2. There is a clear desire for managers to have an influence over the decisions but also to generate a clear understanding of the Council’s financial challenges.

## ANNEX D – IMPLEMENTATION OF DISTRICT AUDIT STUDY RECOMMENDATIONS

District Audit Recommendation (July 2000)		Action to Date
1	Continue development of Corporate Plan ➤ Develop achievable and measurable mission statement and objectives	<ul style="list-style-type: none"> <li>➤ Recognise the need to prepare a community plan</li> <li>➤ Policy Unit developing proposals for preparing community plan</li> </ul>
2	Develop co-ordinated consultation process	<ul style="list-style-type: none"> <li>➤ Council has developed consultation strategy</li> </ul>
3	Examine the development of a people's panel	<ul style="list-style-type: none"> <li>➤ Council has established citizen's panel in partnership with Derbyshire County Council.</li> </ul>
4	Detail the scoring system to be applied to service plans	<ul style="list-style-type: none"> <li>➤ The review has highlighted a concern that service plans should not be bidding documents.</li> <li>➤ Service plans should set out how the Division will develop the services that the provide from within their existing resources</li> <li>➤ This means that this recommendation may be superfluous – the views of the Best Value review team will be useful on this.</li> </ul>
5	Introduce SMART targets in a consistent manner	<ul style="list-style-type: none"> <li>➤ The performance development and review process has been introduced for all staff – this aims to set clear targets for all staff, although these may not all be SMART targets</li> </ul>
6	Introduce staff appraisal system	<ul style="list-style-type: none"> <li>➤ PDR system introduced for all staff for the year 2001/2</li> </ul>
7	Quarterly review process to be used as a means of improving service delivery	<ul style="list-style-type: none"> <li>➤ PDR process sets out review period for performance against targets</li> </ul>
8	Increase standardisation of plans	<ul style="list-style-type: none"> <li>➤ This is addressed within the Best Value Review for Financial Management and Control (please see Annex F &amp; G)</li> </ul>
9	Encourage greater member participation in plan production	<ul style="list-style-type: none"> <li>➤ This links with programme for service and financial planning set out at Annex I – which provides for both policy and scrutiny member involvement in the process.</li> </ul>
10	Determine process for undertaking consultation	<ul style="list-style-type: none"> <li>➤ This is set out within the Council consultation strategy</li> </ul>

## BEST VALUE REVIEW – FINANCIAL MANAGEMENT & CONTROL

## ANNEX D – IMPLEMENTATION OF DISTRICT AUDIT STUDY RECOMMENDATIONS

District Audit Recommendation (July 2000)		Action to Date
11	Encourage greater input from partners	<ul style="list-style-type: none"> <li>➤ Meeting with key partners took place on 30<sup>th</sup> March 2001 to seek views on Modernisation Agenda, explain community planning process and council's financial position.</li> </ul>
12	Include details of cross service projects in service plans	<ul style="list-style-type: none"> <li>➤ Please refer to Annex F &amp; G</li> </ul>
13	Increase use of indicators	<ul style="list-style-type: none"> <li>➤ This will be increased where appropriate – many more indicators have been identified through the PDR process</li> </ul>
14	Challenge base level of service provision	<ul style="list-style-type: none"> <li>➤ The Council is embarking on an exercise to refocus and reprioritise service delivery (paragraph 3.33)</li> </ul>
15	Ensure policy unit adds value to capital budgeting	<ul style="list-style-type: none"> <li>➤ Clear criteria set for evaluation capital bids</li> </ul>
16	Seek to link capital budgeting to corporate priorities	<ul style="list-style-type: none"> <li>➤ Scoring system developed to apply criteria to all bids</li> </ul>
17	Apply system of continuous improvement to revenue budgeting Use priority scoring system for capital projects	<ul style="list-style-type: none"> <li>➤ System used to assess all capital bids for 2001/5</li> </ul>
		<ul style="list-style-type: none"> <li>➤ Criteria consider how bids relate to corporate and indeed national strategies</li> </ul>
		<ul style="list-style-type: none"> <li>➤ Criteria also focus on the revenue implication of capital bids</li> </ul>
		<ul style="list-style-type: none"> <li>➤ Again this will be subject to review and revision...</li> </ul>