

ESTABLISHING THE BASELINE

1. The object of this part of the review process is to set out a clearer picture of the Accountancy, Audit and Exchequer functions, i.e. **Finance Services (FS)** to determine the
 - status and operating arrangements of the current service,
 - its strengths and weaknesses, and
 - its opportunities and challenges.
2. This is designed ultimately to identify the key issues to progress in order to meet the key objectives set out in the scope of the review.
3. This baseline will be achieved by examining the following issues:
 - The legal framework that the Services operates within
 - The organisational and management structure
 - Current resources employed
 - Service costs
 - Service standards
 - Corporate policies and procedures
 - The relationship to other Council Services
 - Relationship to local, regional and national issues
 - Best Value Performance Indicators
 - Comparisons to other authorities via benchmarking data
 - Identifying alternative service providers
 - Staff consultation via a focus group
 - Identifying and consulting stakeholders via a focus group
4. Firstly, some background information is provided to define FS, summarise the review's key objectives, and places the Services in the light of the Council's profile, it's corporate objectives and democratic structure.
5. **Definition of Finance Services**
 - a) The review includes activities, which are based around traditional Accountancy, Audit and Exchequer functions and are collectively known for this purpose as Finance Services (**FS**). This includes the following core functions:
 - processing of creditor payments,
 - processing and collecting sundry income,
 - payroll,
 - internal audit,
 - accountancy services,
 - technical advice,
 - insurance
 - banking services, and
 - treasury management.

- b) As set out in the Council's strategic review of Financial Management and Control at the Council, FS are part of a wider review of all Financial Services at the Council, which also covers the Revenues and Housing Benefit Services.

6. Profile of South Derbyshire (in relation to FS)

- a) The Council's annual turnover is in the region of £27m, for which FS across the board, have a central and supporting role in managing and controlling. In addition, the Council employs over 300 people, which necessitates a payroll function for the Authority.
- b) The modernised democratic process implemented during 2001, changed the responsibilities for, and reporting of, financial and management information. Although financial responsibility is generally delegated, and powers invested in the Chief Finance Officer under Section 151, the Council still has relatively strong control of financial issues through its Finance and Management Committee.
- c) FS contribute to many of the Council's Critical Success Factors surrounding issues such as:
- Financial planning and strategy,
 - Developing sound financial management and procedures,
 - Developing financial reporting,
 - Corporate Governance,
 - Procurement
 - Risk Management,
 - E-Government, and
 - Staff communication, training and development.
- d) In addition, FS are also responsible for securing improvements in the payment of invoices, an area where the Government has set national targets.
- e) Although 2 years ago, the Council went through a "financial crisis" it has continued to receive an unqualified opinion on its Accounts. In addition, the current financial position is stabilising over the medium (3-year projection) term. This has been recognised by the District Auditor who has reduced their core audit fee for 2002/2003.

7. Key Objectives of this Review

- a) Against this background, the key objectives are to review the **delivery** of FS at the Council and specifically to ask:
- How do they compare with those provided at other Councils (Benchmarking) and the reasons for the differences?
 - Can other providers deliver these services in a more cost-effective way, or can the Council learn from them ways to develop working practices?
 - Do any opportunities exist for partnership working or sharing of expertise?

- Can better use be made of new technology to deliver the services?
 - How can the needs of service users for financial advice and support be met from within a small team?
 - How do the services help to manage and generate additional resources for the Council?
- b) As outlined in 5(b) above, these objectives are part of a wider review into the delivery of Financial Services at the Council, which also covers the Revenues and Housing Benefit Services. Although the nature and role of these services are somewhat different to FS, there are some cross cutting issues that have also been identified, as follows:
- Is there any scope for overall external provision of financial services?
 - Is there any scope for combining debt and cash collection separately undertaken in both Exchequer and Revenues?

8. The Legal Framework

- a) To a certain extent, FS provide a management support function to all Council activities. However, they are largely undertaken within the remit of the Chief Finance Officer's Statutory Section 151 responsibilities – "making arrangements for the proper administration of financial affairs."
- b) Therefore FS also provide a fundamental stewardship function to ensure that the Council complies with
- Local Government Finance Acts
 - Other Financial Regulations
 - The Account and Audit Regulations
 - Codes of Best Practice
- c) Although FS do have a statutory base, and therefore, a general requirement exists for the functions, this does not determine how they are delivered and resourced at the Council.

9. Current Organisational Structure and Resources

- a) FS is part of the Finance and IT Department (headed by the Council's Chief Finance Officer) and the staffing structure is set out in **Annexe A**.
- b) The Council's Finance Services Manager heads most of FS, although internal audit operates as a separate unit reporting directly to the Chief Finance Officer. Much of the work undertaken within FS relies on specialist staff. In view of the small size of individual teams, it is usually only 1 person who has the detailed and specialist knowledge available.
- c) This can create problems when that expertise is lost permanently through staff turnover or indeed temporarily due to absence or sickness. However, this is overcome to some extent by rotating duties and by providing internal "teach ins" to provide cover support. The Service, as a support function, is also reliant on being able to work with staff across all Council Departments.

- d) At present, vacancies are minimal and staff turnover is very low with most staff having had substantial local government experience, having served at the Authority for a number of years. Generally, staff are well educated and trained to meet the needs of their current posts and all have a Personal Development Record (PDR) in place.
- e) Besides the usual technical training issues required for staff to keep up to date, management development training is seen as the main issue here. This is being addressed through the PDR process for 2002/2003.
- f) Sickness absence is above average for the Authority, although 2 employees on long-term sickness absence have compounded this over the last 12 months. To help combat this, FS have adopted the Council's absence monitoring arrangements.
- g) Equipment used is predominantly I.T. related and the service is heavily reliant upon working with the main corporate accounting and financial systems. These systems are currently in-house, but are due to be replaced by a new "off the shelf" integrated Finance Management System by October 2003.

10. Service Costs

- a) The cost of resourcing FS (including Internal Audit) is summarised below. This expenditure is all recharged to other services and cost centres based on the amount of measured support provided.

Estimated Costs 2002/03	£
Staff Costs	509,090
Office Accommodation	30,690
I.T. (Hardware & Software)	10,720
Supplies/Services & Office Expenses	6,370
Recharges for Central Support	115,090
TOTAL	671,960

11. Service Standards

- a) These are documented in the Departmental Service Plan. Effectively, this is the Business Plan for FS and sets out
- a description of the services provided,
 - it's purpose,
 - a work plan, and
 - key targets.
- b) The current service plan was produced in November 2001 to cover the financial year 2002/2003. It will be reviewed every 6 months and updated every 2 years.
- c) FS are largely responsible for recommending and monitoring the financial rules and regulations that effectively govern the Council. These are mainly contained within the Council's financial regulations and procedural rules.

- d) Planning and proper procedures are seen as key attributes in delivering FS. This is due to having to work within strict and regular deadlines throughout the year. Almost without exception, the major targets for payroll and payment runs, closing accounts and annual budget production, etc. are met.
- e) Many of these deadlines are imposed externally; e.g. the production of the annual Statement of Accounts, annual Budget and Government returns. Others are required internally to meet best practice and local conditions, e.g. annual audit programme and payroll production.

12. Corporate Policies and Procedures

- a) FS are also responsible for producing the Council's
 - Financial Strategy,
 - Capital Strategy,
 - Treasury Management Policy Document and Strategy,
 - Anti-fraud and Corruption Strategy, and
 - Financial Regulations.
- b) Furthermore, FS are responsible for ensuring that the Authority complies with rules and regulations regarding
 - VAT and other taxation issues,
 - Insurance,
 - Banking and Treasury Management,
 - Authorisation and other financial limits.

13. Relationship to other Council Services

- a) The work of FS impinges upon almost every service area in the Council. At present, finance related work within the Council is very much centralised within FS.
- b) This includes for example, the day to day processing of creditor and debtor invoices. The main exception is budget monitoring, although this is driven and undertaken very much by centralised accountancy staff.

14. Relationship to Local, Regional and National Issues

- a) The main local issue relevant to FS is the on-going support required, which arose out of the strategic Best Value review into Financial Management and Control at the Council (July 2001).
- b) The main issues that formed the Action Plan from that review were:
 - aligning financial and service planning,
 - introducing a medium term financial strategy,
 - developing consultation and scrutiny arrangements in budget setting,
 - raising the financial awareness of Members and Officers,
 - replacing the current financial management (IT) system,

- developing budget monitoring,
 - updating financial regulations,
 - developing the format of the Council's Statement of Accounts, and
 - introducing performance indicators to measure the effectiveness of financial management.
- c) Many of the items listed above will require the on-going commitment of FS. In fact, in many instances, FS are, and will be, a major player in helping to implement this action plan.
- d) The main national issues relevant to FS surround E-Government and Corporate Governance. In particular, it is envisaged that the procurement of a new Financial Management System will help the Council meet some of its commitments in the IEG Statement, together with developments in the delivery of FS itself.

15. Best Value Performance Indicators

- a) As highlighted in Section 6(d) above, FS are responsible for securing improvements in the payment of invoices, an area where the Government has set national targets. This relates to BVPI 8, i.e. the proportion of undisputed invoices paid within 30 days.
- b) The Government has set a target for all authorities of 100% by 2002/2003. Although FS are responsible for improving performance in this area, it is reliant upon the co-operation of all other Departments to process invoices to the payment stage, as quickly as possible.
- c) Recent performance for South Derbyshire is as follows:

1999/2000	79%
2000/2001	84%
2001/2002	90%

- d) The steady improvement in performance is due to FS, in conjunction with other Departments, highlighting problem areas and taking action to ensure invoices are processed more quickly. This is achieved through quarterly reports produced by FS analysing the payment date of invoices for each Department.
- e) However, for 2000/2001, the authority's overall performance was at the lower end compared to other district councils. The top 25% of English authorities had an average of **94%**.
- f) Further action will be required to ensure that as far as possible, the Authority can achieve the 100% target for 2002/2003.

16. Comparison to other Local Authorities

- a) Nationally, there are no other specific targets for FS. However, over the last 2 years, work has been undertaken with other Derbyshire authorities (through the Financial Officers Association) to develop performance

indicators as an aid to benchmarking FS. The Authority's performance compared to other authorities for 2000/2001 is summarised in **Annexe B**.

- b) On paper, the areas of creditor payments, collection of sundry income and payroll processing in particular, give cause for concern. These areas compare poorly for cost and processing transactions per employee. In addition, the cost of internal audit is £210 per day compared to an average of £190, and the percentage of the annual audit plan completed in the year is 68% compared to an average in Derbyshire of 82%.
- c) Furthermore, the average rate of interest on all external borrowings is above average. As regards Insurance, although the total cost is very good, the average cost of claims handling, on paper, is the highest of all other authorities.
- d) Some of the gap between South Derbyshire and other authorities may be due to some costs charged to these services at South Derbyshire, e.g. backfunded pension costs and departmental staff time, not being charged at other authorities. This could be distorting a meaningful comparison.
- e) However, this may not account for all of the differences. Therefore, besides analysing costs in more detail compared to other authorities, a review of working practices will be required to help analyse the differences in processing transactions in particular.

17. Alternative Service Providers

- a) Initial meetings with neighbouring authorities have been undertaken to determine any scope, in principle, of pursuing joint working arrangements. At present, this is virtually non-existent other than Internal Audit currently has a collaborative agreement with other Derbyshire Authorities for auditing the controls around E Government and E Procurement.
- b) In principle, it was felt beneficial to pursue this for certain services. In particular, the scope for more joint working and the sharing of expertise and knowledge for payroll, contract and computer audit, VAT and technical accounting matters was considered to be a way forward. In addition, it was felt beneficial for the staff of each authority to meet and discuss current structures and working methods to aid the learning and development process.
- c) Furthermore, discussions with neighbouring authorities (based on research they have undertaken) has established that external providers could be interested in providing financial services at smaller authorities such as South Derbyshire. Initial indications are that Revenues and Benefits are predominantly the favoured services, but other financial management services could lend themselves to external provision.
- d) No direct contact has yet been made with any external providers, but to meet the Competition element of Best Value, this will need to be undertaken. Other authorities have addressed this via "open days" whereby general information is exchanged on services, and the providers are then asked to respond on the needs and issues of the services in question. This is considered to be the best way forward.

18. Staff Consultation

a) This was undertaken via a focus group consisting of a majority of the staff, excluding senior managers, and which was independently facilitated. The staff was given prior notification and a broad outline of the purpose of the focus group. However, they did not see the specific questions in advance.

b) Broadly, the staff was asked to provide feedback on 9 questions to gain their views on the strengths/weakness, opportunities/challenges and potential improvements for FS. The main points that arose are set out below.

c) *About the Process*

- There was a general understanding of the Best Value process and what it could mean for FS.

d) *About the Services and its Staff*

- Services provided are traditional, reliable, robust and efficient.
- A vision is seen of building on the above strengths and moving towards a more “eye catching” service.
- Staff are generally experienced, knowledgeable, hardworking, flexible and able to work as a team.
- However, morale is low in some areas and insufficient staff cover is seen as a weakness. Overcoming this is considered to be a big challenge in the future.

e) *About Service Users*

- A concern that insufficient feedback is provided to service users on what FS does, achieves, etc. This leads to a lack of appreciation and understanding by service users who may view FS negatively – “an overhead.”
- Therefore, suggestion of reducing “technophobia” by providing training and awareness for staff.
- Service users seek advice as insurance for their decision making. Sometimes their expectations are unrealistic and an immediate response is required which is not always reciprocated when information is required the other way.

f) *About Working Practices and Procedures*

- Although targets are met, fire fighting is seen as a continuing problem.
- This review will provide opportunities to review working practices and procedures.

- In addition, there is a need to make financial rules and procedures better documented, more understandable and transparent. In addition, a major challenge over the next 2 years is seen as providing more flexibility in these procedures, whilst maintaining adequate controls.
- Decision making processes are considered too slow, and this for example, tends to dilute current ideas for service improvements.
- There was little knowledge of how other authorities operated their FS, other than a perception that larger authorities tend to devolve more.
- A feeling that smaller authorities like South Derbyshire rely more on multi-skilling and it was questioned whether this could be used more beneficially for FS at the Council

g) About Interaction with other Services

- It was felt that there was very little duplication of work between FS and other Departments - FS exists as a "policing" role.
- There was a concern about the turnaround of documentation due to the reliance on other Departments.
- It was felt that there are too many checks internally within FS itself, which should be slimmed down based on a "risk assessment." In addition, the C & D book is used for different purposes within Financial Services.
- Joint working between payroll and personnel is currently operated as the computerised systems allow this.

h) About I.T.

- Inefficient and inaccessible I.T. is considered a major obstacle, but opportunities to improve this will hopefully come from the new FMS. However, its implementation is seen as a major challenge.
- In addition, more assistance and support from I.T. staff would help e.g. in designing databases.

19. Consulting Stakeholders

- a) Although FS provide a stewardship function, integral to this is that they provide a support function to the rest of the Council. Consequently, the stakeholders are internal service users.
- b) Similar to staff, consultation was undertaken via a focus group consisting of several service users, from across various departments, and ranging from senior to more junior officers. Again, the group was independently facilitated.
- c) The users were given prior notification of the general questions and a copy of the review's scope as background information. Broadly, users were asked to provide feedback on 10 questions to gain their views on the role,

provision of service and improvements for FS. The main points, which arose, are set out below.

d) General awareness of FS

- There appeared to be a broad appreciation of why FS needs to exist at the Council, its role being to support, control, co-ordinate and to provide financial information and advice
- The current service provision is viewed as basic for which an "up to date" specification is not available. Users require a "vehicle that will take a lot of people to a chosen destination, safely."

e) More Specific View on its Corporate Role

- Although it is appreciated that there is a requirement to keep a control of the "Privy Purse," users require FS to work more with services, to support and provide an internal consultancy role on more technical matters.

f) Its Role at Individual Service Level

- Here it was felt that Accountants in particular, need to understand more the nature of services. Financial reports need to be clearer and more user friendly.
- In addition, the level of help is inconsistent and it is unclear who are contact points for various queries; a "one-stop" approach is seen as beneficial. Experience suggests that it is the "tail wagging the dog" rather than a more proactive "how can I help you."

g) Appreciation of Limitations placed on FS

- Financial I.T. systems are seen as "antiquated" and not "joined up." However, feedback here centred on insufficient communication with customers, different messages being conveyed, and a general feeling of lack of helpfulness from staff.

h) Flexibility of FS

- The degree of flexibility depends on the "individual," although some individuals do appear more willing but feel constrained. Generally, staff in FS have "fixed views" on how things should be done.

i) Quality of Financial Information

- This is considered to be a major weakness as it is felt that information is not easily accessible, disseminated or understood. Systems and procedures are felt to be complicated with very little training provided.

j) What about Joint Working

- Yes, closer working required. The introduction of regular budget meetings has helped, but a single point of contact would be more

beneficial. Users see FS undertaking more "routine work" on their behalf.

k) Decentralising FS

- Given the size and structure of the Authority, this was thought to be difficult. Outsourcing of some functions or partnership working was suggested.
- In addition, it was felt that multi-skilling within FS would be beneficial. A point concerning the location of Payroll not being confidential was also raised here.

l) Suggested Improvements

- More co-operation and flexibility, greater understanding of service needs, and a change of attitude.
- More user friendly and efficient I.T. systems.
- A review of procedures and processes.
- An easing of financial controls regarding virement, carry over of budgets and incentives for saving money and attracting income.
- Ensure that insurance policies are appropriate to service needs.

20. Common themes stemming from the Focus Groups

- ✓ A desire and need for FS to be more proactive and flexible.
- ✓ A greater understanding and awareness required concerning the role of FS.
- ✓ Reviewing working practices and processes.
- ✓ Clearer and more flexible financial rules and regulations with appropriate training for service users.
- ✓ Developing multi-skilling in FS.
- ✓ Current limitations of I.T.

Baseline Assessment

Revenue Services

1. Introduction

AREAS OF RESPONSIBILITY

Revenue Collection

The provision of an effective Revenue Collection Service by billing, collecting and, where necessary, recovering through the courts the Council Tax, National Non-Domestic Rate in accordance with the relevant legislation and the anti-poverty and equal opportunity policies of the Authority.

Council Tax

Council Tax was introduced on 1 April, 1993 and is collected under the provisions of the Local Government Act, 1992 and various regulations made thereunder. The regulations require that the amount due is collected in ten instalments unless written agreement is reached on alternative payment arrangements. The first instalment is due on 15 April in the year of account (this will be the 1 April from 2000 onwards) and the Council offers flexible payment dates with the 1, 10, 15, 20 and 25 of each month being available. Two reminders are allowed under the Regulations before instalments are cancelled and the full amount becomes due, with ultimate recourse to a summons, liability order or possible commitment to prison. The amount of Council Tax due also includes the requirements of the Derbyshire County Council and the Derbyshire Police Authority which, as major precepting authorities, precept on the Council as billing authority. The Council's own budget requirement also includes the precepts of parish councils. There are approximately 34,700 properties in the district subject to Council Tax and it is necessary to issue over 17,000 final notices and reminders each year, resulting in over 4,000 summons being issued. Approximately 3,500 liability orders are obtained for Council Tax cases.

National Non-Domestic Rate

When general rates were abolished and community charge was introduced, the Local Government Act, 1988 introduced a national non-domestic rate for non-domestic property. NNDR is collected in essence as an "agent" for the Department of the Environment. The rateable values are assessed by the Valuation Office Agency and the rate in the £ or "multiplier" is set by central government. Billing authorities are required to bill and collect the amounts due and pay the proceeds to central government. The national proceeds of NNDR are re-distributed to billing and major precepting authorities on a per-capita basis, with the same amount per-capita being paid to authorities of the same class. There are 1,900 properties on the National Non-Domestic Rate list and it is necessary to issue over 1,200 final notices and reminders each year. 425 summons are issued per annum resulting in 350 liability orders being obtained.

Housing and Council Tax Benefit

The provision of an effective Housing and Council Tax Benefits Service in accordance with the relevant legislation and the anti-poverty and equal opportunity policies of the Authority.

Housing & Council Tax Benefits

There are three main categories of benefit covering Council Tax liability, Rent Rebates for Council Houses and Rent Allowances for those in private rented accommodation, including that of various Housing Associations. Boarders and hostel dwellers can, under certain circumstances, also be eligible for rent allowances.

The housing and council tax benefits schemes are, in practice, operated as "agents" of the Department of Social Security with very little discretion available to the Council except in limited and well-defined areas and usually with a financial ceiling. There is, therefore, little control that can be exercised over the quantum of the benefits awarded. Recent amendments to the regulations have included provisions for discretionary enhancements to rent allowance payments where the effects of the regulations restrict the amount of rent allowance paid.

To administer the scheme effectively, a comprehensive application form has to be completed by each applicant unless they are in receipt of Income Support in which case details are supplied along with those from the Department of Social Security. All current applications are subject to a rolling review procedure which ensures that correct information is held and that each benefit period does not exceed the statutory 60 week period.

The current caseload comprises of just under 5,000 successful Council Tax Benefit applicants of which 2,200 also receive a Rent Rebate and a further 1,300 also receive a rent allowance. The Council Tax Benefits and Rent Rebates are credited to the relevant accounts whereas Rent Allowances are paid by crossed cheque. Each case has to be reviewed on a regular basis and changes of circumstances reported by the applicant have to be actioned.

It should be noted that benefits relating to council house rents and the associated subsidy are included in the housing revenue account, whereas all costs of administration are included in the general fund. There are subsidies paid towards the cost of the benefits themselves and administration costs.

Benefit Fraud Investigation

The area of Benefit Fraud Investigation is carried out by a dedicated Housing Benefit Fraud Investigation Officer. The Department of Social Security introduced a system of subsidy initiatives and penalties to encourage local authorities to embark on housing benefit fraud investigation. The Council gains in two ways from combating housing benefit fraud. Firstly it receives additional subsidy based on "Weekly Incorrect Benefit Savings". In addition, any overpayments attract a premium on the subsidy.

Throughout the period since the appointment of a Benefit Fraud Investigation Officer a number of initiatives have been examined and those approved are to be implemented on an ongoing basis in a bid to increase the level of the detection of fraud. This is incorporated into an annual Business Plan produced at the beginning of each financial year.

Appeals

The legislation under which the Council operates the housing and council tax benefit schemes provides for an appeal mechanism. The Council is required to give each claimant a written determination of his or her claim to benefit. If the claimant is not satisfied, there is a review process within the office administration. If, after this review process is undertaken, a claimant remains dissatisfied, then he or she can appeal to the Appeals Service.

Cash Office and Enquiry Facilities

The provision of an effective Cashier and Enquiry service for Revenue Service customers.

The Council operates cash office facilities at the Civic Offices in Swadlincote and payments may also be made at any post offices throughout the country. All payments made over the counter and postal remittances are processed in the central cash office. The other transactions are received and posted automatically. The cash office also acts as an enquiry office for all Revenue Division queries, there being two booths for use when such queries are of a confidential

2. Profile of South Derbyshire District (Revenue related issues)

In the financial year 2001/02, some £24 million for Council Tax and £18 million for the National Non-Domestic Rate was collected. Rent Rebates of £4.6 million, Rent Allowances of £3.8 million and Council Tax Benefit of £2.5 million was awarded.

There are almost 34,700 properties banded for Council Tax purposes.

In addition, there are almost 1,900 National Non-Domestic Rate properties

The caseload for Housing and Council Tax Benefit claimants is 5,000. Of these, 2,200 also receive Rent Rebate (paid to Council Tenants) and 1,300 receive Rent Allowance (paid to private tenants and tenants of Registered Social Landlords).

The Cashier Service processes over 80,000 transactions per year for Council Tax, NNDR, Housing Rent and Invoice payments. These include those received over the counter or through the post as well as those that are received by electronic means other than by Direct Debit. The latter accounts for over xx,xxx payments per year and a further 138,000 transactions are received at post offices each year.

3. Scope of the Revenue Services portion of the Best Value Review

The review will address two specific areas in the delivery of the Revenue and Benefit Service.

- The first area is the shape of the service delivery to our customers and the arrangements to be employed in providing a robust service.
- The second area is the way that Information Technology is employed to achieve cost-effective service delivery.
- The review will not look into the minute detail of the service delivery, although existing benchmarking information will be used. The development plan will include a number of issues to be addressed once the two fundamental issues mentioned above have been addressed.
- Further issues to be addressed include the work of the Fraud Investigation Unit along with how the Verification Framework could be implemented.
- The review will concentrate on the strategic level of service delivery and how the authority plans to provide solutions to any current shortcomings and risks. This will include the effective working with other agencies.

4. Democratic Process

The authority has introduced a Modernised Structure and reports are submitted to the Finance and Management Committee which meets on a 6 weekly cycle.

There is some delegation of operational duties to the Chief Finance Officer but Members retain a high level of involvement, particularly in the area of the granting of discretionary reliefs.

5. Corporate Objectives

The following corporate related critical success factors identified in the Corporate Plan relate to the division:

- Put in place arrangements for good corporate governance
- Develop management competencies
- Implement service planning
- Establish training and development plans for employees
- Implement the Best Value review
- Implement the absence management policy
- Manage service delivery
- Incorporate e-government in service delivery
- Embrace organisational change
- Support the improvement of morale
- Ensure people are treated fairly and equally
- Promote a right first time ethos
- Support the improvement of communication with employees
- Improve on current levels of our customers satisfaction
- Support and promote team working
- Formulating policies and practices that assist in the introduction of an effective, integrated performance management culture
- Improve performance where the government has set national targets

6. Legal Framework

The collection of the Council Tax and National Non-Domestic Rates and the administration of the Housing and Council Tax Benefit Scheme are statutory functions and the Council has a legal requirement to carry out these functions.

Legislation in this area, particularly surrounding the Housing and Council Tax Benefit Scheme changes on a regular basis and is subject to review, often at short notice.

Key areas of legislation are:

- The Local Government Finance Act, 1988
- The Local Government Finance Act, 1992
- The Social Security Administration Act, 1992
- The Housing Benefits (General) Regulations, 1987
- The Council Tax (General) Regulations, 1992

7. **Revenue Services – Current Resources**

Details to follow

8. **Service Costs**

Revenue Expenditure

The table below shows the committee spending controlled by the Head of this Division.

Division	Gross Spending	Income	Net Spending
Total Committee Costs	£7,773,740	£6,012,650	£1,761,090

Central Departmental Costs – recharged to committees

The Council has a system of central establishment charges. This means that costs related to this division are charged first to a holding code and then recharged to committees. The table below summarises these costs which are controlled by the head of this division and then recharged to services.

Division	Gross Spending	Income	Net Spending
Total Central Support Costs	£934,330	-	£934,330

9. **Organisational & Management Structures**

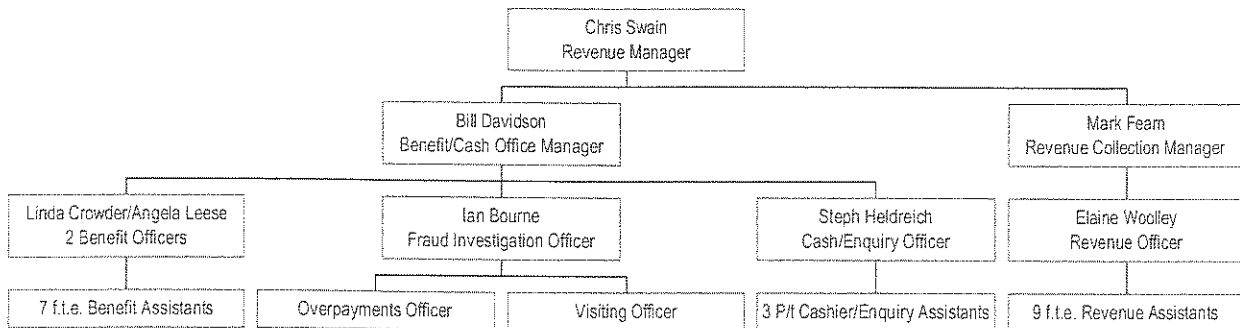
The Revenue Division is part of the Finance and I.T. Department.

The Division is managed by the Revenue Manager and is divided into two main section as follows:

- Revenue Collection
- Benefits and Cash Office

An organisation chart is shown below:

Work organisation – Revenue Services



The total establishment is 32 members of staff with 12 being part-time filling 29 FTE positions.

10. Service Standards and BVPIs

The Division has a service plan, approved by the Finance and Management Committee.

11. Benchmarking

The Division is a member of two process benchmarking groups. One covers Revenue Collection and the other Benefits. Other members of these groups are:

Revenue:

Bassetlaw District Council
Bromsgrove District Council
Broxtowe Borough Council
Derbyshire Dales District Council
East Staffordshire Borough Council
Gedling Borough Council
Hinckley & Bosworth Borough Council
Lichfield District Council
Rushcliffe Borough Council
South Northamptonshire District Council

Benefits:

Amber Valley Borough Council
Bassetlaw District Council
Derbyshire Dales District Council
East Lindsay District Council
Gedling Borough Council
Hinckley & Bosworth Borough Council
Rushcliffe Borough Council
South Holland District Council

12. Audit Group Comparisons

Details to follow

13. Policies and Codes of Practice

The Division has developed a number of policies and codes of practice and these are as follows:

- Recovery Codes of Practice (for Council Tax and NNDR)
- Code of Practice for Bailiff Services
- Code of Practice for the Recovery of Housing Benefit Overpayments
- Prosecution Policy
- Code of Practice for Investigation Officers
- Discretionary Housing Payments Policy

14. External Service Providers

Revenue has used the services of bailiff companies for many years. Currently, two bailiff companies are used and the performance of each is monitored. Other external service providers despatch the annual council tax bills and benefit notifications, the plastic payment cards are produced by a specialist company and a number of payments are processed at post offices throughout the country.

During the best value process, two external service providers were interviewed – C.S.L. Group Ltd. and W.S. Atkins Ltd.

15. Partnership Working & Arrangements

A consortium has been formed between the following authorities to submit a bid under the Invest to Save Round 4 for a new revenues and benefits system:

- District of Bolsover
- Derbyshire Dales District Council
- High Peak Borough Council
- North East Derbyshire District Council
- South Derbyshire District Council

The project shows new innovations and will be used as a foundation for the development of extensive joint working arrangements in all areas of revenues and benefits administration.

The project involves the five district councils working together in partnership with the private sector in the delivery of a revenues and benefits computer system. Accessibility by the public is enhanced through the use of internet technology, with kiosk access points being provided at various locations in each district.

It is envisaged that the supplier will be responsible for the provision and maintenance of all hardware and software and will, effectively, produce a desktop service. The supplier will take the risks for supplying all the hardware and software and will also be expected to ensure that day to day security of the systems is provided to industry standards, including full disaster recovery planning.

Once the computer systems are in place, the objectives are as follows:

- To provide a cost effective and efficient revenues and benefits service taking into account economies of scale
- To provide customers with the ability to gather information and to communicate electronically concerning their affairs via the internet
- To provide an effective service by having highly trained staff
- To establish effective partnerships between authorities, including reciprocal working arrangements within the Consortium membership
- To address rural social exclusion and improve benefit take-up
- To reduce the level of fraud through cross boundary working throughout the Consortium's area

The project will be managed by a joint committee, established under section 101(5) of the Local Government Act, 1972 and a Project Team will oversee the implementation and development of the project.

16. Who are our Stakeholders?

These have been identified as:

- Council Tax Customers
- National Non-Domestic Rate Customers
- Benefit Claimants
- Council Tenants
- Invoice Payers
- Travel Pass Recipients
- The Public in general

- RSLs and other landlords
- Elected Members
- Local M.P.
- Management Team
- Other Departments
- Our own Staff
- Trade Unions
- Department for Transport, Local Government and the Regions
- Valuation Office Agency
- Department for Works & Pensions
- Benefits Agency
- Rent Service
- Other Local Authorities
- Community Groups
- Chamber of Trade/Commerce
- Voluntary Sector (e.g. CAB)
- Co-op and Giro Banks
- The Post Office
- Sub-postmasters/postmistresses
- Computer Hardware/Software Suppliers

17. Customer Consultation

Results of consultation exercises are:

- Details to follow*

18. Revenue Staff Consultation/Involvement

Two members of staff are members of the Best Value Review Team and have been able to contribute in that forum. They have also been able to feed back information to their colleagues.

The revenues and benefit staff have been consulted and their views are:

- Details to follow*

19. Implementation of Corporate Policies/Framework

The Revenue Division has an approved service plan which is linked into the Departmental and Corporate Plans. All staff have undertaken Personal Development Reviews and have individual training plans.

20. Local, Regional and National Context of Service

The service is delivered to meet the needs of communities within the district. The service is governed by national legislation and government guidance. Any discretionary powers are exercised by the authority.

There is a network of practitioner's meetings held throughout the East Midlands region to cover all aspects of the revenue and benefit work.

21. Key Issues Facing Revenue Services

Further details to be added and table updated

KEY ISSUE	EVIDENCE	BEST VALUE PRINCIPLE	REQUIRED OUTCOME
1 To provide a cost effective and efficient revenues and benefits service taking into account economies of scale			
2 To provide customers with the ability to gather information and to communicate electronically concerning their affairs via the internet			
3 To provide an effective service by having highly trained staff			
4 To establish effective partnerships between authorities, including reciprocal working arrangements within the Consortium membership			
5 To address rural social exclusion and improve benefit take-up			
6 To reduce the level of fraud through cross boundary working throughout the Consortium's area			
7 To outsource non-core activities			

FINANCE SERVICES – BEST VALUE REVIEW

GROUP 1 (GREEN)	ISSUE	IS IT KEY & COMMENTS
1	<p>REVIEW OF PERFORMANCE & COMPARATIVE ANALYSIS</p> <ul style="list-style-type: none"> <input type="checkbox"/> Bringing the payment of undisputed invoices within 30 days to 100%. <input type="checkbox"/> Analyse and review cost of services and produce updated benchmarking data. <input type="checkbox"/> Liase with other councils regarding processing of transactions for creditors, debtors, payroll and insurance claims. 	<p>YES</p> <p>30- day rule has statutory basis and contributes to the general economic well being. Review who has responsibility for performance and who are the key players in this process. Concern whether reports are being filtered to the right person in order for appropriate action to be taken? Raise profile of target – more regular reporting to CMT?</p> <p>Liase with other authorities on basis of figures to check consistency – ensuring a “level playing field” is a concern. Need to update to latest figures, get behind them and look at setting targets for cost reduction or efficiencies for the future. A review of methodologies may go hand in hand with the replacement FMS.</p> <p>But can still contact best performing authorities/private sector in the meantime. Possibility of Information Exchange Groups. Should more onuses on processing be placed with Departments, e.g. insurance claims – penalties for inefficiencies.</p>
2	<p>DO CURRENT INSURANCE POLICIES MEET SERVICE NEEDS</p>	<p>NO</p> <p>A service plan (delivery) issue. An opportunity to review this could come out of the recent risk management audit and the convening of a corporate risk management group.</p>
3	<p>CROSS CUTTING ISSUE – COMBINING DEBT COLLECTION</p>	<p>YES</p> <p>What is the right model for SDDC – aims and options should be specified. Costs and benefits could be found by talking to other authorities. How far does this affect other departments? (E.g. housing rents).</p>

4	REVIEW SCOPE FOR REDUCING INTEREST RATE ON FIXED EXTERNAL DEBT	<p>YES</p> <p>Rescheduling options should be pursued – possible use of engaging the private sector to do this. However, need to assess in light of impending legislative changes and possible changes to Council policies that could affect longer-term strategy for borrowing. This probably an opportune time to review.</p>
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FINANCE SERVICES – BEST VALUE REVIEW

GROUP 2 (PINK)	ISSUE	IS IT KEY & COMMENTS
5	<p>THE ROLE & SERVICES PROVIDED BY FINANCE</p> <ul style="list-style-type: none"> □ Developing the use of multi-skilling. □ Review contact points and investigate a “one-stop” approach to service provision. □ To develop a consistent level of advice from staff in Financial Services. □ Further consultation with service users on their specific requirements concerning financial information and support. □ Raising the general awareness of the role of FS, its staff services and processes. 	<p>YES</p> <p>This is all about refocusing on the needs of service users. Survey revealed a need for better information – how far will new FMS provide this? Needs/understanding between Finance and other departments could be reconciled by using an external facilitator.</p> <p>Education required re roles and responsibilities – which are responsible for what information. Look at option of rotating staff or “who to go to” against a “one-stop” shop approach.</p> <p>“Who’s who” in Finance, use of leaflets or public folders, etc.</p> <p>Use of service development group for finance issues.</p>

FINANCE SERVICES – BEST VALUE REVIEW

GROUP 3 (BLUE)	ISSUE	IS IT KEY & COMMENTS
6	<p>EXPLORE OPPORTUNITY FOR MORE JOINT WORKING</p> <ul style="list-style-type: none"> <input type="checkbox"/> Build on links established with neighbouring authorities and explore potential for more joint working. <input type="checkbox"/> Contact potential external service providers through an "open day" and obtain appropriate feedback 	<p>YES</p> <p>Develop relationship with neighbours, but contact others who may also be undertaking like reviews. Explore more firmly joint working with or without private sector partners. If SDDC is making all the overtures, maybe it should press for being a lead authority in providing services for others. Consider option of model used by the Revenues Consortium, where private sector provides "non-core" functions. Consider "open-day" after attending invitation by Northwest Leicestershire DC. to theirs.</p>
7	<p>REVIEW FINANCIAL PROCEDURES, DOCUMENTATION, CHECKS & BALANCES</p>	<p>YES</p> <p>Suggest a working party is set up to undertake a risk assessment and consider what is done at the moment, why it is done and then look how it could be done. How far can forms be processed electronically?</p> <p>Once the "business re-engineering" has taken place, could an "ITAG"-style group be formed to ensure procedures remained under review, develop training and induction for new users, and consider improvements and requests for change</p>
8	<p>REVIEW LOCATION OF PAYROLL FUNCTION</p>	<p>NO</p> <p>Not considered crucial, but should be borne in mind if a corporate review of office accommodation is undertaken. Arrangements are and can be made if confidentiality is a problem for staff. However, liaison should take place with workers and staff located at the Depot to determine the best arrangements for dealing with queries.</p>

FINANCIAL MANAGEMENT SYSTEM

Shortlisting and Tendering - Indicative Dates (2002)

1 st May	E-mail draft Expression of Interest Document to Working Group and Legal Services	KS
14 th May	Working Group meet to finalise document, agree evaluation criteria and tendering process	ALL
16 th May	OJEC Notice drafted	KS/ SS
24 th May	Advert appears in OJEC	KS/ SS
1 st July	Deadline for receipt of Expressions of Interest	
5 th July	Expressions summarised for Evaluation	KS
8 th – 19 th July	Expressions evaluated and recommendations made to Working Group	Tba
24 th July	Working Group meet to finalise shortlist	ALL
26 th July	Interested suppliers notified of decision	KS
2 nd August	Formal tenders invited	
27 th August	Deadline for receipt of tenders	
September	Site visits and demonstrations by tenderers	
6 th /13 th /23 rd / 30 th Sept	Weekly meeting of Working Group to review tenders and demonstrations to-date	ALL
4 th October	Working Group make final recommendation for supplier and intended solution	ALL
10 th October	Report prepared for Finance Committee	KS
17 th October	Finance Committee consider recommendation	
7 th November	Full Council to obtain final resolution	
29 th November	Contract signed and implementation begins	