
REPORT TO:	FINANCE & MANAGEMENT COMMITTEE	AGENDA ITEM: 10
DATE OF MEETING:	25 JULY 2002	CATEGORY: RECOMMENDED
REPORT FROM:	CHIEF FINANCE OFFICER	OPEN
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SUBJECT:	BEST VALUE REVIEW: FINANCIAL SERVICES PROGRESS REPORT	REF: KS/JHM
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM13

1.0 Recommendations

1.1 That the baseline line assessment and initial work of the review group is noted.

2.0 Purpose of Report

2.1 Is to detail the baseline assessment of financial services and the key issues arising from it. It also updates the Committee on the progress in respect of procuring a new financial management system.

3.0 Detail

3.1 The review of financial services covers the following activities:

- Revenues and Benefits,
- Internal Audit,
- Exchequer Services, and
- Accountancy

3.2 The report is effectively detailed in the following appendices:

Appendix 1 – sets out the actual text of the baseline assessment for audit, exchequer and accountancy.

Appendix 2 – sets out the text of the baseline assessment for revenues and benefits.

Appendix 3 - sets out the key issues arising for audit, exchequer and accountancy and the suggestions of the review group (see below).

- 3.3 The baseline assessments were completed in April 2002 and considered by the Corporate Scrutiny Committee on 29th April 2002. Subsequently, the review group has met on 2 occasions to consider the baseline, in particular for audit, exchequer and accountancy. The group have confirmed the key issues to be addressed and provided direction on how these should be progressed.
- 3.4 The baseline seems to confirm that legislation, rules and procedures largely govern the services. Delivery within regular deadlines is a key requirement. Almost without exception, the major targets for payroll and payment runs, closing accounts and annual budget production, etc. are met. In essence, the statutory services and "have to do" tasks are being delivered.
- 3.5 However, it is clear from the performance indicators and feedback from the focus groups and service users' survey that the way in which this is being delivered could be undertaken in a more efficient and effective manner. In addition, the interaction with, and support services provided to internal users is an issue, i.e. how does/can services contribute more to the "running of the business."
- 3.6 Therefore, the review group immediately commissioned an internal survey of service users as a follow up to an internal focus group held during the baseline review. This was to help understand what the users of financial services need in terms of the nature and type of services required to deliver their services effectively and efficiently, and to match these with what it is possible to provide.
- 3.7 The results of the survey really backed up what had come out of the baseline assessment. These can be summarised below:
- Quicker updates on spending required including commitments where applicable.
 - Simplified/more flexible procedures but balanced against probity.
 - Training and awareness of finance.
 - More user friendly financial reports
 - Clear framework of service standards and what the internal service user receives for the cost recharged (service level agreements).
 - Review of documentation and how it is processed.
 - Review of the current methodology for monthly monitoring of budgets.
 - More inter-action between financial services and other departments.
- 3.8 The key issues summarised in Appendix 3 are seen as a major step in helping to develop the services, especially in relation to meeting the needs of service users. In line with the overall plan for this review, analysis and options work will now be undertaken until November.

Financial Management System

- 3.9 It should be noted that one of the objectives approved in the scope of the review, was "can better use be made of new technology to deliver the services." In addition, it is clear from the baseline that current I.T. is seen as a current weakness in delivering financial services. However, this has not been separately identified as an issue in Appendix 3, as action is already underway to deal with this.

- 3.10 Members will be aware that a separate project with its own terms of reference has commenced, to replace the Council's core financial systems with a target implementation date of June 2003. The project will continue to run concurrently with this best value review. Issues highlighted in the baseline such as lack of real time integration, flexibility and user friendliness are being addressed by the procurement of a new FMS, as these are some of the prime aims for the replacement system.
- 3.11 The tendering timetable is attached for information in **Appendix 4**. This is currently running to plan, and the working group has drawn up a shortlist from which final and formal tenders will be requested.

Revenues and Benefits

- 3.12 Work has continued on the Revenue and Benefit part of the Review, the main area of work being carried out in the securing of funding from the Invest to Save Bid.

A full report of the issues surrounding this part of the Review was submitted to this Committee on 22 October 2001.

- 3.13 The draft Baseline Assessment has been developed and the latest version is at Appendix 2. Members will note that there are some areas, which require expansion, and this will be carried out when the results of the following focus groups have been analysed.

- The Staff Focus Group held on 17 April, 2002,
- The Customer Focus Groups which are being held during July,
- The services' focus groups being held in August 2002.

- 3.14 Furthermore, the results of the above focus groups will be fed into the Key Issues portion of the Baseline Assessment. The Focus Groups will provide a reality check on those key issues identified so far and will provide an opportunity for other issues to be identified.

4.0 Financial Implications

- 4.1 None at this time, although clearly they will be assessed as part of the best value review.

5.0 Corporate Implications

- 5.1 Financial Services impact upon almost every service area across the Council, and the outcome of this review should therefore, benefit the Authority overall.

6.0 Community Implications

- 6.1 None directly

7.0 Background Papers

None

