
REPORT TO:	CORPORATE SCRUTINY COMMITTEE	AGENDA ITEM:	5
DATE OF MEETING:	15 SEPTEMBER 2003	CATEGORY:	RECOMMENDED
REPORT FROM:	CHIEF FINANCE OFFICER		OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (595811) CHRIS SWAIN (595812)	DOC:	s:\cent_serv\committee reports\corporate scrutiny\covering report - dev plan progress.doc
SUBJECT:	DEVELOPING FINANCIAL SERVICES - PROGRESS REPORT	REF:	KS/CJS
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE:	

1.0 Recommendation

1.1 That the progress report be noted.

2.0 Purpose of Report

2.1 Is to provide an update on the progress being made on developing the Council's Financial Services by reference to the action plan that arose out of the best value review into these services.

3.0 Summary

3.1 The best value review of financial services was completed in May 2003, and Finance and Management Committee approved a development plan in July 2003. This covered the following services:

- Revenues and Benefits.
- Finance Services, incorporating Internal Audit, Exchequer Services, and Accountancy.

Finance Services

3.2 The approved development plan with a summary of progress to-date is attached as **Appendix 1**. A fundamental part of the development plan surrounds the implementation of a new financial management system on 1st April 2004. Work on this is now well underway and will form an increasing part of the Division's workload over the coming months.

- 3.3 One of the first major milestones in the development plan was achieved with the production of the Council's annual statement of accounts before 31st July 2003. The one area where progress has been slower than anticipated is on reviewing debt collection, in particular on sharing expertise/resources with Revenue Services. However, this is to be pursued very shortly.

Revenues and Benefits

- 3.4 The approved development plan, updated to show progress to date, is attached as **Appendix 2**. A number of the areas identified are on course but the delays in the implementation of the new Revenues and Benefits system is having a significant impact on the delivery timescales shown in the timetable.
- 3.5 All possible efforts are being made to ensure that the new system is operational on the revised date of April, 2004 and this is being monitored by weekly meetings of the Consortium Project Board.
- 3.6 In the meantime, it is pleasing to report that progress is being made on joint and reciprocal working (particularly with East Staffordshire BC) along with the legislation training for Benefit Staff.

4.0 Financial Implications

There are no financial implications arising directly from this report.

5.0 Background Papers

Best Value Review of Financial Services Final Report and Action Plan - July 2003

**APPENDIX 1
FINANCE SERVICES – DEVELOPMENT PLAN**

FINANCIAL SYSTEMS

Action	Target Date	Comments & Progress
50% of payments to suppliers electronically 75% of payments to suppliers electronically 95% of payments to suppliers electronically	30 th June 2004 31 st Dec 2004 1 st April 2005	Facility for electronic payments will be implemented on 1 st April 04 in line with new financial management system (FMS). Bank details of suppliers to be obtained from January 2004. Standard letter to be available from Dec. 03.
Budgets profiled to meet service needs	1 st April 2004	Approved budgets for 04/05 to be loaded onto new system, incl. profiles by end February 04. Interim exercise currently being undertaken to analyse standard profiles as part of next budget process. Specific profiling in individual service budgets to be developed once new FMS is in place.
Automatic costing of CEC and other overhead costs	1 st April 2004	Generally, as above - 1/12 of service level recharges to be automatically allocated each month.
Implementation of electronic ordering & commitment accounting	1 st April 2004	Training and awareness required across Council. One general session held in February 03. Need to liaise with services re: responsibility and authorisation – numbers & limits, etc. Initial session (under BVPI8 review) to be held on 25th September. Formal training sessions planned for November 03 & February 04. This will also cover revised arrangements for processing creditors and debtors.
All major systems electronically linked to FMS	1 st April 2004	Part of implementation plan. More regular interfacing to revenues, housing rents and payroll systems to be incorporated.

**APPENDIX 1
FINANCE SERVICES -- DEVELOPMENT PLAN**

Direct Debit facility for collecting sundry income	1 st April 2004	Facility for electronic payments will be implemented on 1 st April 04 in line with FMS. Recurring debtors to be circulated via the annual notification of price changes in March 04. Debtors paying by agreement (and future instalments) to be offered facility on renewal.
Implementation of DIP for creditor/debtor invoices	1 st April 2004	Site licenses acquired from supplier. This may be implemented after April 2004 depending on development of Agresso interface, as this is effectively part of Phase 2 (below).
Full E-procurement and Web access (Phase 2 of new FMS)	1 st April 2005	Work will not commence until Summer 2004. However, some of this phase may potentially be implemented as early as the Autumn of 2004.

IMPROVING PERFORMANCE OF BVPI 8

Action	Target Date	Comments & Progress
Convene focus group	August 2003	Support in principle agreed by Divisional Managers on 6 th August. Cross Divisional forum to take place on 25 th September.
Quarterly reports submitted to Chief Officers Team on divisional performance	Sept 2003	½ yearly reports to be produced early October.
At least 97.5% of invoices paid within 30 days	April 2004	Intended output from the above.
And Within top 25% of English authorities by	April 2005	Intended output from the above.

APPENDIX 1
FINANCE SERVICES – DEVELOPMENT PLAN

PRODUCTION OF ANNUAL STATEMENT OF ACCOUNTS

Action	Target Date	Comments & Progress
2002/03 accounts and statement produced	31 st July 2003	ACHIEVED – draft accounts signed off and submitted to External Audit on 30th July 03. Council approval on 14 th August 03.
2003/04 accounts and statement produced	15 th July 2004	Timetable to be approved by end January 04.
2004/05 accounts and statement produced	30 th June 2005	Timetable to be approved by end January 05.

**APPENDIX 1
FINANCE SERVICES – DEVELOPMENT PLAN**

COMPARATIVE ANALYSIS

Action	Target Date	Comments & Progress
Update cost of individual activities following 2002/03 Out-turn	Aug. 2003	COMPLETED – see analysis attached. Overall costs and unit costs continue to reduce (see below). Overall cost of services estimated to be close to benchmark by 2004/05.
Analyse and determine differences in proportion of overhead costs compared to other authorities (prior to circulation of SLA)	Oct. 2003	Computer (mainframe) charges will reduce considerably in 2004/05 when new FMS is implemented. Costs in relation to cash collection and corporate management charges have been identified as not attributable to Finance and have been reallocated.
Analyse and determine role and cost allocation of Sundry Debtors at other authorities (prior to circulation of SLA)	Oct. 2003	To be commenced shortly.
Initial review of overall workload and temporary arrangements currently in place	Aug. 2003	Generally, this seems to be working fine but is being kept under review, especially in light of the new FMS.
Annual review of comparative costs following 2003/04 out-turn	Aug. 2004	No action yet required.

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DEBT COLLECTION

Action	Target Date	Comments & Progress
View services of Private Sector re: tracing/recovery activities	June 2003	Not yet taken place.
Establish a cross Divisional forum and develop a policy for more joint working/use of private sector	July – Sept 2003	To be commenced shortly.
90% of new debt raised in year collected 95% of new debt raised in year collected	April 2004 April 2005	Quarterly reports currently being developed to monitor progress towards the April 2004 target.

REDUCING INTEREST RATE ON EXTERNAL DEBT

Action	Target Date	Comments & Progress
Undertake an initial rescheduling analysis and options appraisal	30 th Sept 2003	Currently being done.

APPENDIX 1
FINANCE SERVICES – DEVELOPMENT PLAN
MEETING USER REQUIREMENTS

Action	Target Date	Comments & Progress
Financial/Management reports & information from new FMS meet <ul style="list-style-type: none"> ▪ 75% of users needs ▪ 95% of users needs 	Sept. 2004 April 2005	Will be tested post implementation. Work required on format, etc. of monitoring and management reports – will be developed April 04 onwards.
Members/Scrutiny Committee satisfied with format of budget information	January 2004	Plan to get views of Corporate Scrutiny Committee in October 03 on proposed layouts & information for Committee Reports.
Financial information developed for Council's Web site	Sept 2003	Completed (will just need updating 2-3 times per year).
Develop Service Level Recharge and gain agreement of <ul style="list-style-type: none"> ▪ 75% of users ▪ 95% of users 	Dec. 2003 Dec. 2004	Work will commence during September 03.
Align 1 Accountant to 1 Divisional Manager	July 2003	Currently being reviewed – Accountants being consulted on best approach. Divisional managers to be consulted. Revised Target Date of September 03.

**APPENDIX 1
FINANCE SERVICES – DEVELOPMENT PLAN**

FINANCIAL PROCEDURES & DOCUMENTATION

Action	Target Date	Comments & Progress
<ul style="list-style-type: none"> ▪ Identification of forms that can be used more electronically 	<p>June 2003</p>	<p>Initial review identified following :</p> <ul style="list-style-type: none"> □ Electronic journals, including input by other Divisions (revise templates). □ Creditor and Debtor requests for payments. □ Multiple Payment requests. □ Payroll amendments – electronic authorisations (being pursued by IT). □ Menu of finance forms on Public Folders to be used electronically. □ Payment of expenses via Payroll will reduce paperwork. □ Journal forms for processing bank transactions and grant payments. <p>Procedures, templates and workflow will be changed with the new FMS</p>
<ul style="list-style-type: none"> ▪ FMS workshops to consult on requirements 	<p>July 2003 Nov 2003</p>	<p>Training and awareness sessions planned for November 03 & February 04.</p>
<p>General procedures, documentation and processing meet</p> <ul style="list-style-type: none"> ▪ 75% of users needs ▪ 95% of users needs 	<p>Sept. 2004 April 2005</p>	<p>Anticipated output from above – survey next year.</p>

**APPENDIX 1
FINANCE SERVICES – DEVELOPMENT PLAN**

JOINT WORKING

Action	Target Date	Comments & Progress
Draw up specification for VAT & Taxation Services	April 2003	COMPLETED
Agree Scope and price with Derby City	May 2003	COMPLETED
Bed in & review service delivery against specification	October 2003	VAT health check currently being provided, along with partial exemption audit.
Report savings and other benefits from joint arrangements	May 2004	Next Year.

UNIT COST OF FINANCE SERVICES

	<u>01/02</u> Actual	<u>02/03</u> Actual	<u>03/04</u> Estimate	<u>04/05</u> Estimate	Indicator (see note)
ALL ACTIVITIES					
Cost (£)	793,202	733,338	681,375	668,247	654,620
Full Time Equivalent Staff	17.7	16.3	15.4	16.2	15.7
Accountancy					
Cost (£)	362,292	332,854	332,281	337,625	
Council's Gross COST	32,455,000	35,350,186	35,003,465	35,000,000	
Cost as a % of Council's Gross Cost	1.12%	0.94%	0.95%	0.96%	0.81%
Sundry Debtors					
Cost (£)	91,250	89,987	84,374	71,655	
Invoices Processed	4,913	5,004	5,000	5,000	
Cost per Invoice Processed (£:p)	18.57	17.98	16.87	14.33	7.01
Creditor Payments					
Cost (£)	86,753	93,770	61,277	52,766	
Invoices Processed	41,539	42,579	42,500	42,500	
Cost per Invoice Processed (£:p)	2.09	2.20	1.44	1.24	2.26
Payroll					
Cost (£)	113,276	79,248	65,918	62,803	
Payslips Processed	8,242	7,953	8,000	8,000	
Cost per Payslip Processed (£:p)	13.74	9.96	8.24	7.85	5.96
Insurance Administration					
Cost (£)	22,744	24,046	20,245	22,330	
Number of Claims	84	63	65	65	
Cost per Claim (£)	271	382	311	344	179
Internal Audit					
Cost (£)	116,887	113,433	117,280	121,068	
FTE	3.0	3.0	3.0	3.0	
Cost per FTE (£)	38,962	37,811	39,093	40,356	40,091

NOTE - The Indicator is effectively the Benchmark (updated to 04/05 prices) that arose out of the Best Value Review. This is being used as a guide in monitoring costs.

Revenue Services Implementation Timetable

Item to be Implemented	Original Date	Current Date	Notes
Work on the new Revenues and Benefits System (including the monitoring of progress)	April to October, 2003	To April, 2004	Revised implementation date of new Revenues and Benefits systems is now April, 2004.
Investigation of on-going joint working projects (for post implementation)	June, 2003	Achieved	One-day seminar for all partners to received presentations from suppliers
Investigation of on-going joint working projects with other neighbouring authorities	July 2003 onwards	On-going	Initial meeting took place on 7 August, 2003
Training for Benefit Staff	a) Legislation: June to September, 2003 b) New system: August to October, 2003	a) Legislation: September, 2003 to March, 2004 b) New System: November, 2003 to April, 2004	a) Joint funding now obtained, training provider identified, programme under development b) Training will be provided before new system goes live
Training for Revenue Staff	New system: August to October, 2003	New system: November, 2003 to April, 2004	Training will be provided before new system goes live
The introduction of the new Revenues and Benefits system	October, 2003	April, 2004	Implementation delayed due to technical issues
Introduce Kiosks	October, 2003 to January, 2004	June to September, 2004	New system needs to be in place
Develop reciprocal working arrangements	October, 2003 to March, 2004	On-going	Discussions taking place with East Staffordshire BC in the areas of tracing absconded payers, the provision of Bailiff Services and the provision of Cash Collection
Introduce the Verification Framework	December, 2003 to March, 2004	April to June, 2004	Requires the new software to be in place
Evaluate the new Revenues and Benefits system	April, 2004	June, 2004	New system needs to be in place
The outsourcing of non-core activities	April to September, 2004	April to September, 2004	No change
Further development of the web site and on-line facilities	April to September, 2004	April to September, 2004	No change
Investigate the use of additional methods of consultation	October, 2003 to September, 2004	October to September, 2004	No change
Review and update the Implementation Plan	(1) April, 2004 (2) June, 2004 (3) September, 2004	(1) April, 2004 (2) June, 2004 (3) September, 2004	No change

REPORT TO: CORPORATE
SCRUTINY COMMITTEE

AGENDA ITEM: 6

DATE OF MEETING: 15th September 2003

CATEGORY:
DELEGATED/

REPORT FROM: CHIEF FINANCE OFFICER

MEMBERS' CONTACT POINT: TERRY NEAVES (5800)

DOC:

SUBJECT: IEG
Progress Report

REF: TN

WARD(S) AFFECTED: ALL

TERMS OF REFERENCE:

1. Recommendations

1.1 Members are asked to note the progress made against the action points identified within the round 2 IEG Statement

2. Purpose of Report

2.1 To update members on progress against the IEG 2 statement and E-Government Issues Generally

3. Background

3.1 The Council prepared its second IEG statement in October 2002. This report updates members on the progress made with implementing the action plan set out within that report.

3.2 The report also updates members on the current position with E-Government in relation to preparing the next IEG3 statement. It also informs members of recent work undertaken by the Council's external auditors.

4. Detail

IEG 2 Progress.

4.1 Annex A sets out the progress made so far in implementing the IEG 2 Action plan. A key new development this quarter is:-

- **Member IT Pilot** – this has been facilitated with the introduction of a CITRIX server which enables remote access to council systems for members and officers seeking to work from home.
- **Electronic Payments** – over the next three months a system will be implemented to collect electronic payments over the council web-site. This is supplied by Academy systems.

4.2 During the last quarter officers have been working closely with the Derbyshire Partnership of Councils. This is helping to take forward a number of key e-government projects.

- **E-forms** – will help to enable residents to apply for services etc over the internet 24-7. They will also help to streamline administration by ultimately inputting information collected electronically directly into the back-office systems.
- **Customer Relationship Management** – this is a key project aimed at answering customer questions at the first point of contact and avoiding unnecessary and confusing delays for customers.
- **GIS** – this will help bring together the geographic information held by councils across the county and make this information more readily available to local residents via our web-site.

4.3 At the same time a number of internal projects are also progressing, some at a faster pace than others.

- **National Land & Property Gazetteer** – this is a key national project aimed at consolidating property records as the cornerstone for on-line land searches. Our progress in taking this project forward has been recognised at a national level with the council invited to apply for a national award.
- **Financial Management System** – work is progressing well with the revised timetable and in partnership with Derbyshire Dales District Council. This will provide for more electronic transactions
- **Revenues & Benefits System** – work on this has been delayed considerably, mainly due to problems with the system supplier converting data supplied to them. The revised implementation date is now June 2004.

IEG 3 STATEMENT

4.4 Work is now commencing to prepare the council's third IEG 3 statement. The next statement is due in October and is more evidence based. It is trying to establish what project councils have now implemented and how they are progressing to the 100% targets for e-government transactions.

AUDIT COMMISSION REVIEW

4.5 Our external auditors have recently undertaken a review of our approach to e-government. The final report is expected by the end of this month and will be reported to the Corporate Scrutiny Committee at that stage.

5. Conclusions

- 5.1 Overall good progress has been made towards implementing e-government. In particular the Council is beginning to reap the benefits of its close partnership working with other Derbyshire Councils within the Derbyshire Partnership.

6. Background Papers

- 6.1 IEG 2 Statement October 2002.

**Terry Neaves
Chief Finance Officer
12th September 2003**

	Project	Project Description/benefits	Estimated Savings/Improvements	Progress	Est. Date /Progress
1	Citizen access to on-line information systems and information	Increased access to community information and involvement. Access points available to all sections of population.	Any savings will depend on approach to financing citizen access. Reduced reliance on office-based services and reduced election costs. Lower licence charges		2003-2005
2	Establish on-line partnership links	Common use of GIS. Improved delivery of services.	Reduced reliance on office-based services. Save management costs through time for professional staff.	Council part of GIS project managed by the Derbyshire Partnership. GIS solutions assessed with a view to upgrading existing GIS software to make it available to all council staff and residents over the internet	2004/05
3	Enhancement to SDDC web site (e-forms)	Greater provision of information to the community, ability to access 24/7 services On-line payments, enquiries, on-line form filling, bulletin boards	Professional staff savings. Administration savings.	E-forms project being piloted at Amber Valley as part of the Derbyshire Consortium. SDDC will purchase software within IEG2 resources plan. Work will then commence to draw up appropriate forms in partnership with other Derbyshire Districts	2001-2005 Web site re-released 2002
4	Web-enablement of existing systems	Allow on-line access to citizens of South Derbyshire to planning, health, and housing. 24/7 accessibility for e-citizen.	Single point of contact. Better access to back-office procedures and systems.	As systems are selected – the council seeks to ensure that they will be web enabled. This is the case with both the Revenues & Benefits Systems and the Financial Management System	2003/04
5	Contact Centre set-up	Improved access towards ALL services in Derbyshire via one-call number. Shift work allows better adaptation to working patterns.	Reduction in administration costs.	Following the recruitment of the Customer Services Manager, work has now commenced to undertake a feasibility study to establish a contact service centre. Again this is a key project for the Derbyshire Partnership with the Council taking the lead in procuring an appropriate CRM system to meet the needs of councils across Derbyshire.	2004/05
6	NLPG/NLIS integration	Move towards common national property database. Access channel.	Expected savings from 250,000 annual central support costs. Reduced reliance on in-house development. Reduced processing/administration cost	Good progress being made with NLPG/GIS. The Council has been selected to apply for a national award to recognise the progress that it has made in this area. At present it is anticipated that all data will be cleansed by March 2004.	Installed 2002.
7	Revenue Systems Replacement	Web-enabled access to on-line information for payers and claimants. Greater local accountability. 24/7 access.	Expected savings from central support costs. Reduced reliance on in-house development.	Progress with the replacement of this system has been slow with more difficulties experienced with data migration than anticipated. This has delayed the implementation to June 2004, compared to the intended date of October 2003. In part the extra time has been due to the need to now change existing systems to deal with pension credits.	April 2003 On Target
8	Financial Systems Replacement	Web enabled access to on-line information. On-line payments and invoicing, improved management reporting.	Expected savings from central support costs. Reduced reliance on in-house development.	This is scheduled to be replaced in April 2004 and making good progress. This work is now being done in partnership with Derbyshire Dales District Council.	April 2003 On Target
9	E-procurement	Give access to current negotiated prices from recommended suppliers. Speed up process of tendering, procurement of services, payments.	Lower administration costs and lower costs for supplied goods and services. Overall est. savings of 10% with hardware savings up to 15%.	This will be progressed as an add on to the Council's Financial Management package	Exploring Partnership options

	Project	Project Description/benefits	Estimated Savings/Improvements	Progress	Est. Date /Progress
10	Develop Intranet	Better in-house information delivery and reduce duplication and printed material. Allow recommended equipment specifications to be publicised and orders to be generated on-line. Links to extranet services.	Reduction of print costs. Reduced administration costs.		2003-2005 Go-Live 2003/04
11	Extension to Document Image Processing	Reduce storage of paper-based information. Speed up enquiries. Move closer to one point of information access. Enable close partnership & joint working.	Reduced storage costs, reduction of paper-based procedures and lower administration charges.	Software has now been purchased to roll out document image processing across the council. The Council will now need to look at ways to source staff resources to roll this initiative out across the council.	Work in Progress
12	Enable home-working.	Better access for principal officers, Council staff, members. Flexibility and better quality environments.	Reduced administration costs. Potential reduction of office accommodation costs.	Citrix server software has been introduced which now enables home working and easy safe secure access to council systems. A trial is soon to be established for a member of staff. A trial has already been established for members.	2003/04 Pilot 2003

	Project	Project Description/benefits	Estimated Savings/Improvements	Progress	Est. Date /Progress
13	Infrastructure development/ upgrade	24/7 access to existing and new systems. Enable the infrastructure to be able to take-on the increased traffic efficiently. Maximise access times, security and minimise risk – towards BS7799.	Reduced administration costs. Efficiency savings. Empower speed of access.	New citrix solution has been implemented that will enable 24-7 access for members and home-workers to existing council systems.	2001/2002 Enhancements installed through 01/02. On-going
14	Skills/ESD Training	Ability to maintain ESD systems. Develop integration. Manage risk projects. Improved risk management through release of reliance on 3rd party suppliers.	Contract savings.	Training programme established with training to be implemented by the end of the financial year	2001-2005 Training Provided 01/02. Further training in progress
15	Telecom-munications Upgrade	Replacement of existing telecoms provision and improvement infrastructure for future technology implications.	Cost Neutral Improved administration Improved access channels Improved citizen satisfaction	Specification produced for new telecommunication system. Invitations to tender to be despatched by the end of September with new system implemented by March 2004. The specification takes into account any call centre requirements.	2003/04
16	Environmental Health systems replacement	Replacement of outdated existing system to enhance customer contact and service delivery.	Improved access to information (internal and external). E-enabled. NPLG compliant.	New Flare System implemented and linked to the Local Land and Property Gazetteer	Installed 2002. Live 2003.
17	Replacement housing systems	Commission integrated housing IT system, including repairs, ordering with capacity for frontline staff to work from handheld computers.	Improved customer access channels. E-enabled. Improved service delivery.	Project commencement to look at replacement of Housing Systems	2003/04
18	Destination Management system (DMS)	Implementation of new county wide information system for Tourism and Leisure services.	Provision of on-line services for the e-citizen to enable events, bookings and locations of interest within the area. Improved access to local information nationally.	Council part of Derbyshire consortium to implement Destination Management System.	2004/05 Subject to funding.
19	Implement on-line recruitment	Provision of e-enabled application packs and guidance for vacancies.	Improved access for e-citizen and minority groups Reduced advertising costs. National catchment area. Reduced administration costs	Implemented. Council web-site now includes details of Council vacancies. Considerable proportion of applications now received via the web-site.	Implemented 2002.
20	Asset Management system	Identified as a key issue, a system is required to centralise asset data for improved management.	Alleviates current duplication Centralised asset information.	Under consideration.	2004 onwards

Project	Project Description/benefits	Estimated Savings/Improvements	Progress	Est. Date /Progress
21	Replacement of Planning and Building Control Systems.	E-enablement of the systems to allow real-time interaction with the e-citizen. Improved efficiency of service delivery. 24/7 access to services.	Scheduled for replacement by the end of 2003.	Supplier selected. Install to commence late 2003/04.
22	Replacement of Landcharges system.	Full integration with NLI/S. 24/7 access to the e-citizen. Improved efficiency of service delivery.	Scheduled for replacement by the end of 2003 alongside planning system.	Supplier selected. Install late 2003/04
23	GIS Development and installation of advanced GIS access tools	24/7 access to maps and map-based information to Councilors and the e-citizen. Integration with Destination Management System.	Please see item 2 above.	Review 2002/03. Procurement and installation 2003/04.