

**Audit Commission Management Paper**

**Planning to Succeed: service and financial planning in local government**

| <b>Recommendations</b> |   | <b>South Derbyshire's Approach</b>   |
|------------------------|---|--|
| <b>1</b>               | Carry out a strategic review of priorities and resources, to provide a foundation for the five-year best value review cycle                                 | <p><b>Addressed</b></p> <p><b>Within implementation process for Best Value</b></p> <p><b>Approach to issues Developed as Council Implements Best Value and develops performance management framework</b></p> |
| <b>2</b>               | Assess the plans needed at a corporate level; in particular, the information requirements of the best value performance plan                                |  |
| <b>3</b>               | Extend joint planning with partners, including setting shared objectives, pooling financial resources, and strengthening monitoring and review process      |  |
| <b>4</b>               | Develop effective mechanisms for community consultation to inform corporate aims, service planning and resource allocation                                  |  |
| <b>5</b>               | Map the requirements of all statutory plans, and integrate with other planning processes to provide a foundation for the annual best value performance plan |  |
| <b>6</b>               | Establish clear lines of reporting and accountability for cross-cutting issues  |  |
| <b>7</b>               | Introduce a single policy and resource allocation cycle that clearly links policy decisions, service review and   |  |
|                        |   | Suggested cycle for integrating service and financial planning set out at Annex I  |

## ANNEX E – NATIONAL STUDY RECOMMENDATIONS

| Recommendations |   | South Derbyshire's Approach   |  |
|-----------------|---|---|--|
|                 | the budget process  |   |  |
| 8               | Develop medium-term financial plans, which look forward at least three years and ensure that the best value review cycle is properly resourced  | Medium term financial plans have been produced. These focus over a three year period and consider the impact of government resource allocations, known legislative changes, known commitment and the associated level of savings required and balances projected. |  |
| 9               | Use activity-based budgeting or priority-based budgeting to target resources on priority services   | Refocusing and reprioritising exercise will seek to focus resources on priority areas while achieving the savings that the council needs (Chapter 3)  |  |
| 10              | Improve the co-ordination of capital planning, establishing agreed criteria for prioritising capital projects; ensure that future revenue implications are taken into account in capital spending decisions | Covered within the action plan for the Capital Strategy and implemented for the 2001/5 capital programme development  |  |
| 11              | Review and improve financial information and reporting; the budget process should be opened up to all councillors, staff, partners and the community  | Review needs to examine ways to involve these groups more. Suggestions sought through training sessions – Finance for Non-Financial Managers  |  |

**POLICY AND BEST VALUE DIVISION  
SERVICE SUMMARY 2001/02**

**1.0 Service Description**

**1.1** The Division is responsible for:

- managing the Council's Best Value programme including the production of the Best Value Performance Plan
- providing support for the development and implementation of Council policies and strategies
- developing a performance management framework for the Council
- the collection and publication of relevant performance indicator information
- helping with the development of a Corporate Plan to enable the achievement of the Council's objectives and priorities
- working with partners to develop a Community Strategy for South Derbyshire
- contributing to the scrutiny of Council policies and services (once the new political structures are in place)

**1.2** The service is provided to a wide range of internal and external customers.

**1.3** Best Value and the preparation of a Community Strategy are statutory duties

**2.0 Purpose**

**2.1** To provide an effective and efficient service to the Council in relation to Policy Development and Best Value

**3.0 Opportunities and challenges**

**3.1** The Government has introduced a range of new legislation and guidance that will have a significant impact on the Council and the work of the division:

- Local Government Act 1999 (duty to achieve and demonstrate Best Value)
- Local Government Act 2000 (the local government modernisation agenda; duty to prepare a Community Strategy)

**3.2** The introduction of a new Code of Audit Practice means that the Council's external auditors will give greater attention to the Council's arrangements for performance management.

**4.0 Best Value**

**4.1** The service will be reviewed as part of:

- Community Planning (Year 4)
- Corporate Planning and Communication (Year 5)

## ANNEX F – SERVICE & FINANCIAL PLANNING TEMPLATE

### 5.0 Key Tasks 2001/02

| Task                                  | Action  | Timescale                                 |
|---------------------------------------|---|---|
| Best Value                            | Publish BVPP by statutory deadline and in accordance with statutory guidance                                  | March 2002                                |
|                                       | Publish Statement of Action following the audit of the BVPP   | July 2001                                 |
|                                       | Respond to the recommendations made by the District Auditor in respect of the BVPP                            | March 2002                                |
|                                       | Monitor implementation of Year 1 Best Value Reviews   | Quarterly from April 2001                 |
|                                       | Progress and support Year 2 Best Value Reviews  | On going from April 2001                  |
|                                       | Produce supplementary guidance for Review Teams on Implementation Plans and preparing for Inspection.         | June 2001                                 |
| Policy Development                    | Establish arrangements to respond to policy initiatives from Government and partners                          | September 2001                            |
|                                       | Review Equal Opportunities Policy Statement and Action Plan   | September 2001                            |
| Performance Indicators                | Make arrangements for the collection, audit and publication of the 2000/01 PIs                                | October 2001                              |
| Corporate Plan/Performance Management | Provide support for the development of a Corporate Plan and Performance Management framework for the Council. | (Arrangements in place by) September 2001 |
| Community Planning                    | With partners, develop a framework for the production of a Community Strategy for South Derbyshire            | September 2001                            |
|                                       | Have strategy in place  | September 2002                            |
| Overview and Scrutiny                 | Provide support for the Overview and Scrutiny process (including Scrutiny Plan/programme)                     | On going from July 2001                   |

## **6.0 Performance Indicators and targets**

| Indicator  | Government target<br>2004/05 | SDDC target<br>2001/02 | SDDC estimate<br>2000/01 | Top 25% of<br>English districts<br>1999/2000 |
|--|------------------------------|------------------------|--------------------------|--|
| BVPI 1<br>Has the local authority established a timetable for preparing a community strategy that works towards a long-term sustainable vision for the area?<br>Yes/No |                              | Yes                    |                          |  |
| BVPI 2<br>The level of the Commission for Racial Equality's Standard for Local Government to which the authority conforms  |                              | 1                      | 0                        |  |

## **7.0 Staffing structure**

7.1 The Policy and Best Value Division is one of three divisions within the Development Services Department.

7.2 There are three posts on the establishment:

- Policy and Best Value Manager (Scale JNC/CO)
- 2 No Policy and Best Value Officers (Scale PO1)

7.3 All three are funded through the General Fund.

7.4 One of the Policy and Best Value Officer posts will be 'frozen' when it becomes vacant on 20 May.

7.5 An organisation chart is attached at Annexe A.

## **8.0 Work organisation**

8.1 In view of the small number of people within the Division, there is no scope for individual specialisms.

8.2 Admin support is notionally available from Support Services but in practice, the Division's work is given a low priority and most tasks (e.g. typing letters, filing, inputting timesheets etc) are undertaken independently.

## ANNEX F – SERVICE & FINANCIAL PLANNING TEMPLATE

- 8.3 There is co-operation with County Council and other Derbyshire Districts in a number of areas (e.g. Best Value, consultation/user satisfaction surveys, community planning etc)

### 9.0 Expenditure

#### *Departmental Account (RLY)*

|                                    | Probable<br>2000/01<br>£ | Cash Limit Estimate<br>2001/02<br>£ |
|------------------------------------|--------------------------|-------------------------------------|
| Employees                          |                          |                                     |
| Salaries                           | 97,090                   | 94,630                              |
| Other                              | 33,400                   | 33,440                              |
| Premises                           | 0                        | 0                                   |
| Transport                          | 3,730                    | 3,660                               |
| Supplies and Services              | 7,560                    | 7,750                               |
| Central Dept and Technical Support | 15,990                   | 16,580                              |
| Capital Financing Costs            | 0                        | 0                                   |
| <b>Total Expenditure</b>           | <b>157,770</b>           | <b>156,060</b>                      |

#### *Revenue Expenditure (gross)*

| Heading  | Description       | Probable<br>2000/01<br>£ | Cash Limit<br>Estimate 2001/02<br>£ |
|----------|-------------------|--------------------------|-------------------------------------|
| CA3 4315 | CI Newsletter/PIs | 2,500                    | 2,500                               |
| CA3 4845 | Best Value        | 54,770                   | 70,000                              |

#### *Revenue Expenditure (income)*

None

#### *Capital Expenditure*

None

**FINANCE & IT DEPARTMENT  
SERVICE SUMMARY 2001/02**

**1. SERVICE DESCRIPTION**

- 1.1 The Department is managed by the Chief Finance Officer, who is the Council's statutory Section 151 Officer. This means he has overall responsibility for advising the Council on all finance matters and in particular a financial strategy, which ensures the Council keeps its spending within available resources. In addition he must also ensure that proper arrangements are in place to protect against fraud and financial irregularity.
- 1.2 The department provides a range of general administrative finance and IT support services across the Council. It is divided into four main divisions as follows:

**Financial Services**

- **Accountancy Services** – maintaining the Council's accounts, monitoring council spending to ensure it remains within budget, budget preparation plus provision of general financial advice to budget holders.
- **Exchequer Services** – payments (staff and creditors) and income collection (general debts) plus financial advice on risk management, treasury management and VAT matters.

**Revenues Services**

- **Tax Collection** – maintain Council Tax accounts and recover sums outstanding for both Council Tax and National Non Domestic Rate.
- **Benefit Administration** – administration of housing benefits across the district
- **Cash Office** – collection and processing of cash payments received at Council Offices plus administration of Concessionary Fares scheme.

**Internal Audit**

- Review core controls in key financial systems and across all other council activities in line with the audit plan. Investigate fraud/financial irregularity. Enforce and keep under review financial regulations.

**IT & Customer Services**

- **IT Services** – implement council IT strategy. Maintain and develop existing IT systems, including council web-site. Maintain council network and hardware, software that staff operate on that network. Advice on enhancing the use of IT.
- **Customer Services** – secretarial support, post handling, general administrative support to all staff. Internal Printing unit and central reception desk.

**Other Services (miscellaneous budgets managed by Finance & IT)**

- **Outside organisations** – concurrent functions provided by parish councils, grant to Trident Housing Associations, Meals on Wheels contract with County Council.
  - **Corporate Management** – central costs e.g. corporate management team
- 1.3 Most Services are provided to a wide range of internal customers. In the case of revenues and benefits all customers are external. Indeed this service has the most external customers of any service delivered by the Council.
- 1.4 The Department is responsible for the following strategies
- ❖ Financial Strategy
  - ❖ Capital Strategy
  - ❖ Anti-fraud and corruption strategy – including prosecution policy
  - ❖ IT Strategy
  - ❖ Implementing E-Government (IEG) Statement – required July 2001

**2. PURPOSE**

- 2.1 The specific purpose will vary according to the service provided across the department but there are a number of clear themes that run across all the services delivered within Finance and IT. These are as follows:-
- ❖ **To raise awareness and commitment to sound financial management** – this means ensuring all members and staff have the information and training they need to plan financially for the service they provide and to monitor financial performance against these plans.
  - ❖ **To ensure excellent levels of probity/accountability** – to ensure that members and staff are audit-aware and maintain effective systems/procedures to prevent fraud and financial irregularity.
  - ❖ **To administer financial transaction efficiently and effectively** – this includes paying benefits accurately and speedily as well as maintaining good levels of debt collection for council tax, NNDR and general debts.
  - ❖ **To harness the opportunities provided by IT to deliver improved services to local residents** – this means seeking opportunities to deliver services in different ways through e-government and ensuring existing IT systems work effectively and are appropriate to the needs of staff and customers alike.
  - ❖ **To provide efficient and appropriate administrative support** – this means ensuring that administration adds value to the work that it is supporting.



### 3. OPPORTUNITIES AND CHALLENGES

3.1 I have only listed below the key opportunities and challenges facing the Finance and IT. More specific issues will be listed in individual service plans produced by each division.

3.2 The key challenges which will affect all divisions to a greater or lesser extent are as follows:-

- ❖ **Community Planning** – this will create a greater focus on meeting the needs of customers and for our services to demonstrate that they achieve this. Best Value and associated performance management indicators will increase the need to provide audited statistical information that demonstrates that this is being achieved.
- ❖ **Council Finances** – the Council has limited resources. We need to make sure that they are used most effectively and appropriately by having sound systems to manage and monitor council finances. In addition we must ensure that administration is kept to a minimum so that resources are focussed on the delivery of services to the public.
- ❖ **New Code of Audit Practice** – signals central government's continued commitment to securing the highest standards of probity within local government.
- ❖ **E-government** – offers the opportunity and prospect of government funding to change the way we deliver services to our customers using IT. At the same time the targets for achieving e-government are extremely challenging.
- ❖ **Other ways of delivering services** – we need to be open to other ways of delivering services if this means lower costs and a better service. This does not always have to be outsourcing but could involve closer working/partnerships with other councils so that we can share knowledge and expertise.

3.3 The opportunities that flow from the above challenges are as follows:-

- ❖ **A wider range of options** – the above challenge do bring opportunities to deliver services in a different and innovative way to meet better the needs of local residents.
- ❖ **Greater flexibility amongst members to consider alternative methods of delivery** – few of the challenges above can be addressed if members are unwilling to consider and accept alternative ways of delivering services.

#### 4.0 BEST VALUE

- 4.1 The majority of the services provide within Finance and IT are due to be reviewed as part of the year 2 best value programme. The cross-cutting review of Financial Management and Control Commenced in Year 1. The relevant reviews are as follows:-

##### Year 1

- ❖ Financial Management and Control

##### Year 2

- ❖ Finance Services – including Financial Services, Audit, Revenues and Benefits
- ❖ Customer Services – including central administration, printing, reception

##### Year 3

- ❖ Implementing E-Government – including IT Services

## ANNEX G – SERVICE & FINANCIAL PLANNING – FINANCE & IT

| Key Services       | Tasks   | Timescale      |
|--------------------|---|----------------|
| Financial Strategy | <b>Revenue Budget</b> – ensure budget approved within statutory timescales for General Fund and HRA | March 2002     |
|                    | <b>Capital Programme</b> – ensure programme developed and approved within statutory timescales      | March 2002     |
|                    | <b>Financial Strategy</b> – keep under review council financial strategy                            | July 2001      |
|                    | <b>Refocusing and Reprioritising</b> – identify options for achieving required budget savings       | October 2001   |
|                    | <b>Capital Strategy</b> – update existing strategy and ensure monitoring arrangements continue.     | July 2001      |
|                    | <b>Best Value</b> – complete review of Financial Management and Control                             | March 2002     |
| Financial Services | <b>Close Accounts</b> within statutory timescales   | September 2001 |
|                    | <b>Financial Monitoring</b> – commence monthly monitoring meetings as part of monitoring framework  | July 2001      |
|                    | <b>Finance Training</b> – for members and managers to enhance awareness of council finances.        | June 2001      |
|                    | <b>Treasury Management</b> – keep under review opportunities to restructure debt portfolio.         | March 2002     |
|                    | <b>Budget Process</b> – review existing budget process in the light of modernisation.               | September 2001 |
|                    | <b>Best Value</b> – undertake Best Value Review of Financial Services                               |                |
| Internal Audit     | <b>Audit Plan</b> – implement internal audit plan and carry out audit work accordingly              |                |
|                    | <b>Financial Regulations</b> – review financial regulations in the light of modernised structures   |                |

| Key Services | Tasks  | Timescale |
|--------------|--|-----------|
|              | <p><b>Routine Duties</b> – look at ways to transfer/delete existing routine duties to enable more time to be devoted to audit work</p> <p><b>Best Value (corporate)</b> – look at ways for internal audit to add value to the best value process e.g. pre-inspection audit checks</p> <p><b>Best Value</b> – undertake Best Value Review of Audit Services</p> |           |

## ANNEX G – SERVICE & FINANCIAL PLANNING – FINANCE & IT

| Key Services           | Tasks   | Timescale          |
|------------------------|---|--------------------|
| Revenues               | <b>Council Tax Billing</b> – ensure prompt and accurate despatch of bills                                     | March 2002         |
|                        | <b>Council Tax Recovery</b> – maintain existing recovery rates and improve recovery of previous years debt    | March 2002         |
|                        | <b>Benefits Administration</b> – implement options to remove benefits backlog                                 | July 2001          |
|                        | <b>Benefit Fraud Inspectorate</b> – review existing benefits procedure in preparation for future B.F.I. visit | September 2001     |
|                        | <b>Benefit Fraud Investigation</b> – prepare for changes in procedures.                                       | October 2001-06-04 |
|                        | <b>Cash Office</b> – implement debit/credit card payments.  | January 2002       |
|                        | <b>Best Value</b> – undertake review of Revenues and Benefits   | March 2002         |
| IT & Customer Services | <b>Electronic Government</b> – prepare IEG statement  | July 2001          |
|                        | <b>Introduce revised customer complaints procedure</b>  | October 2001       |
|                        | <b>IT Strategy</b> – keep under review and implement  | March 2002         |
|                        | <b>Procure new IT systems</b> – subject to availability of funds e.g. FIS.                                    | March 2002         |
|                        | <b>Best Value</b> – undertake review of Customer Services (including printing)                                | March 2002         |

**6. PERFORMANCE INDICATORS AND TARGETS**

- 6.1 Annex A summarises the performance indicators for the Finance and IT Department as set out in the Best Value Performance Plan.
- 6.2 These services do not have a wide coverage of performance indicators and this is being addressed by working with other Derbyshire Authorities to exchange performance indicators at a local level for Finance Services. Similar arrangements are also being made for Revenue Services.

**7. STAFFING STRUCTURE**

- 7.1 The Divisional Management Structure for Finance and IT is set out in Annex B.
- 7.2 In addition the structures for each of the four divisions are also provided within Annex B.

**8. WORK ORGANISATION**

- 8.1 Much of the work carried out within Finance & IT relies on specialist staff.
- 8.2 In view of the size of individual teams it is often only possible for one member of staff within each team to have the required specialist knowledge.
- 8.3 This can create problems when that expertise is lost permanently through staff turnover or indeed temporarily due to absence or sickness.
- 8.4 Some of the partnership arrangements mentioned above are considered to be a way of addressing this issue.
- 8.5 To be effective the department relies on being able to work with staff across the council.

**9. EXPENDITURE**

***Revenue Spending***

- 9.1 Annex C details the revenue spending controlled by the Finance & IT Department. This is split between committee expenditure and central expenditure, which is recharged to committees. The summarised information is shown in the table below.

***Committee Spending***

| <b>FINANCE &amp; IT</b>      | <b>Gross Spending</b> | <b>Income</b>    | <b>Net Spending</b> |
|------------------------------|-----------------------|------------------|---------------------|
| Central Costs                | 990,270               | 45,960           | 944,310             |
| Finance Services             | 210,680               | 56,540           | 154,320             |
| Internal Audit               | 58,690                | 31,090           | 27,600              |
| IT & Customer Services       | 350                   | -                | 350                 |
| Revenues & Benefits          | 7,773,740             | 6,012,650        | 1,761,090           |
| <b>Total Committee Costs</b> | <b>9,033,910</b>      | <b>6,146,240</b> | <b>2,887,670</b>    |

***Central Departmental Costs – recharged to committees***

| <b>FINANCE &amp; IT</b>      | <b>Gross Spending</b> | <b>Income</b> | <b>Net Spending</b> |
|------------------------------|-----------------------|---------------|---------------------|
| Central Costs                | 483,550               | -             | 483,550             |
| Finance Services             | 650,390               | -             | 650,390             |
| Internal Audit               | 121,810               | -             | 121,810             |
| IT & Customer Services       | 1,467,800             | 640           | 1,467,160           |
| Revenues & Benefits          | 934,330               | -             | 934,330             |
| <b>Total Committee Costs</b> | <b>3,657,880</b>      | <b>640</b>    | <b>3,657,240</b>    |

***Capital Expenditure***

- 9.2 The capital programme includes provision for a replacement Financial Information System in 2002/3.

- November** ➤ **Base estimates are prepared for the next financial year.** These assess how much the Council will need to spend to maintain the services that it is providing at present after taking into account the impact of inflation
- **Assess Probable out-turn for current financial year.** To assess the level of under/over spending if any on the current year's budget.  
*(This work is carried out by Accountancy staff in consultation with budget holders)*
- December** ➤ **Budget holders identify new spending pressures** – some of these may be unavoidable i.e. an increase in the number of properties in the district means that there will be an increase in refuse collections. They may also relate to proposals for improving services – stemming from Best Value review or the need to meet new government requirements.
- **Budget holders identify savings proposal** – alongside spending proposals budget holders are also asked to identify savings proposals that can finance these new pressures.
- January** ➤ **Budget Strategy** – the Chief Finance Officer reports to Policy and Resources at the beginning of January with the budget projection for the following financial year and beyond. Members are then asked to consider options to frame the budget strategy
- **Star Chamber** – Officer group/CMT considers savings and growth proposals with a view to identifying achievable savings and key spending pressures that need to be included within the following year's budget. This results in a range of proposals submitted to service committees
- **Service Committees** – meet at the end of the month to comment on savings and growth proposals for their committee prior to making recommendations to Policy and Resources.
- February** ➤ **Special Policy and Resources Committee** – considers overall level of Council budget and recommends level of Council Tax increase to be considered by the Budget Council.
- March** ➤ **Budget Council** – full Council meets to set the Council Tax and Budget for the following financial year.



# ANNEX I - PROPOSED TIMETABLE FOR SERVICE AND FINANCIAL PLANNING

| FINANCIAL PLANNING |  | SERVICE PLANNING   |  |
|--------------------|--|--|--|
| Month              |  |  |  |
| April              |  | ➤ Personnel review Personal Development Plans  |  |
| May                | ➤ Review and Consider existing capital spending priorities – to inform capital strategy process  | ➤ Corporate Training Plan approved   |  |
| June               | ➤ Prepare and update Capital Strategy  | ➤ Divisional Managers report to Service Committee on performance against previous year's service plan <ul style="list-style-type: none"> <li>❑ Achievement against milestones</li> <li>❑ Performance indicators</li> </ul>                           |  |
|                    |  | ➤ Consultation (June – July) <ul style="list-style-type: none"> <li>❑ Local Residents – focus groups</li> <li>❑ Voluntary organisations</li> <li>❑ Business Groups</li> <li>❑ Partners organisations e.g. Police, PCG etc</li> </ul>                 |  |
| July               | ➤ Member consideration of Capital Strategy – prior to submission at the end of July to GOEM including method for prioritising capital schemes.                                       | ➤ Report to Policy Committee on Community Plan. <ul style="list-style-type: none"> <li>❑ Achievement of milestones</li> <li>❑ Performance indicators</li> <li>❑ Results of consultation</li> <li>❑ Proposed changes to the community plan</li> </ul> |  |
|                    | ➤ Budget Out-turn reported to members – setting out performance against budget and projected level of balances at end of previous financial year.                                    |  |  |
|                    | ➤ Members consider revised budget strategy – updated to reflect out-turn position and provide guidance on preparation of council finance plans/prioritisation of saving/growth items |  |  |

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| Month     | FINANCIAL PLANNING  | SERVICE PLANNING   |
|-----------|---|--|
| August    |   |  |
| September | <ul style="list-style-type: none"> <li>➤ <b>Statement of Accounts</b> – approved by Management and Finance Committee and Council within statutory deadline.</li> <li>➤ <b>Issue guidance to managers on:-</b> <ul style="list-style-type: none"> <li>□ revenue budget preparation</li> <li>□ capital bids.</li> <li>□ General level of savings to be identified</li> </ul> </li> </ul>  | <ul style="list-style-type: none"> <li>➤ <b>Divisional Managers Prepare Service Plans</b> <ul style="list-style-type: none"> <li>□ Explanation of services provided by division</li> <li>□ Contribution of division to achieving council aims and objectives (community plan)</li> <li>□ Resources used to deliver services</li> <li>□ Opportunities and Threats facing the division</li> <li>□ Plans for addressing opportunities and threats</li> <li>□ Milestones and performance indicators for the service</li> </ul> </li> </ul> |
| October   | <ul style="list-style-type: none"> <li>➤ <b>Base estimates are prepared for the next financial year.</b> These assess how much the Council will need to spend to maintain the services that it is providing at present after taking into account the impact of inflation</li> <li>➤ <b>Assess Probable out-turn for current financial year.</b> To assess the level of under/over spending if any on the current year's budget.</li> <li>➤ <b>Managers identify spending pressures due to:-</b> <ul style="list-style-type: none"> <li>□ Legislative change</li> <li>□ Demographic change</li> <li>□ Service improvement/enhancement</li> </ul> </li> <li>➤ <b>Managers submit capital bids</b> – based on pro-forma information and scoring system.</li> </ul> |  |

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| FINANCIAL PLANNING |   | SERVICE PLANNING  |  |
|--------------------|---|---|--|
| Month              |   |   |  |
| November           | <ul style="list-style-type: none"> <li>➤ <b>Local Government Finance Announcement (provisional)</b> provides indication of level of government support (RSG and NNDR for next financial year). In turn this gives a guide to potential level of council tax, savings etc.</li> <li>➤ <b>Capital bids</b> scored against an agreed pro-forma/criteria in consultation with Chair/Vice-Chair F&amp;P</li> <li>➤ <b>Revenue bids</b> scored against agreed pro-forma/criteria in consultation with Chair/Vice-Chair F&amp;P</li> </ul>                               | ➤ <b>Service Committees</b> consider service plans (mid-end of November)  |  |
| December           | <ul style="list-style-type: none"> <li>➤ <b>Budget Strategy</b> – the Chief Finance Officer reports to Finance &amp; Management on the impact of the Local Government Finance announcement on the budget strategy</li> <li>➤ <b>Star Chamber</b> – Finance &amp; Management Committee advised by CMT considers savings and growth proposals with a view to identifying achievable savings and key spending pressures that need to be included within the following year's budget. This results in a range of proposals submitted to service committees</li> </ul> |   |  |
| January            | <ul style="list-style-type: none"> <li>➤ <b>Policy Committees</b> – meet at the beginning of the month to comment on savings and growth proposals for their committee prior to making recommendations to Finance &amp; Management.</li> <li>➤ <b>Scrutiny Committee (Corporate)</b> – meets at end of the month to comment on Policy Committee proposals prior to making submission to Finance and Management</li> </ul>  | ➤ <b>Commence Performance Development Review</b> – all staff to undertake PDR interview, which will be informed by the contents of service plans. |  |

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| FINANCIAL PLANNING |  | SERVICE PLANNING  |  |
|--------------------|--|---|--|
| Month              |  |   |  |
| End January        | <ul style="list-style-type: none"> <li>➤ <b>Local Government Finance Settlement (Final)</b> – confirms/amends government grant figures. Council will be able to clarify level of Council Tax.</li> </ul>   |   |  |
| February           | <ul style="list-style-type: none"> <li>➤ <b>Area Meetings</b> – final consultation on budget proposals for consideration by area meetings</li> <li>➤ <b>Business Ratepayers</b> – statutory consultation</li> <li>➤ <b>Special Finance and Management Committee</b> – considers overall level of Council budget and recommends level of Council Tax increase to be considered by the Budget Council. (mid February)</li> </ul> | <ul style="list-style-type: none"> <li>➤ <b>First Draft of Best Value Performance Plan</b> – to be submitted to Council for comment</li> </ul>  |  |
| March              | <ul style="list-style-type: none"> <li>➤ <b>Budget Council</b> – full Council meets to set the Council Tax and Budget for the following financial year.</li> <li>➤ <b>Budget Book Produced</b> – notification to managers on their budgets for the following financial year.</li> </ul>  | <ul style="list-style-type: none"> <li>➤ <b>Complete PDR process</b> – all Development plans to be submitted to Personnel. Each employee to be issued with list of key tasks and performance targets for the following year.</li> <li>➤ <b>Approval of Best Value Performance Plan</b> – Budget Council</li> <li>➤ <b>Publication of Best Value Performance Plan</b></li> </ul> |  |

**2<sup>nd</sup> DRAFT (Revised)****Report to: Financial Planning Best Value Review Team****From: Financial Services Manager****Date: April 23 2001****Financial Information System**

During January & February 2001, demonstrations were arranged with 4 suppliers of FIS products. At this stage suppliers were chosen purely to get an understanding of what systems were capable of within the market place and did not signify that the system had any merit.

Funding, in principle has been secured within the 2002/2003 capital programme for a new FIS.

The following report is an initial draft of the methodology and timetable that will need to be put into place to help guide the authority towards selection and implementation of a new FIS. This paper is to help kick-start discussion.

**Financial System**

The financial system currently in place at SDDC consists of an in-house developed ledger, creditor and debtor system together with budget and time recording systems. From the demonstrations mentioned earlier, it was evident that the existing system was not up to date in terms of current techniques available. In particular the existing FIS does not profile budgets or have any meaningful commitment information. Staff resources will not be available in-house for development of the existing system and therefore the authority must move towards a supported package in line with many other local authorities. This would be within line with the current IT strategy. The authority must also be aware that any FIS selected must be fully Euro compliant and be able to support e-commerce.

Users of the current systems have already made the Chief Finance Officer aware that they are not happy with the information provided by the existing system during a recent consultation exercise as part of the Financial Planning Best Value Review.

**Establishing a Timetable and Implementation Plan**

Before a timetable can be established it will be necessary to define the stages and have some idea of the anticipated live running date. The authority must have regard to the fact that the accountancy team will implement any new FIS with no additional staff resources and therefore must be accommodated within their busy annual budget/final account cycle. It is too early in the process to be able to gauge an exact live date but from conversations with officers in other Derbyshire authorities we must allow at least six months for implementation from installation of the software. Given that the tendering process must conform to given timescales and that funding is

not available until 2002/2003 it is assumed that 1 April 2003 would be a reasonable estimate of any new FIS being live.

The various stages to be considered as part of implementing a new FIS are:

- Financial System Modules
- Establishing an Evaluation Team
- Project Definition
- Evaluation Criteria
- Initial Evaluation
- Outline Specification
- Responses to Outline Specification
- Demonstrations by the FIS Suppliers
- Site Visits
- Tender Process
- Tender/ Financial Evaluation
- Implementation
- Training

The following pages discuss each one of these areas in turn.

### **Financial Systems Modules**

As well as a new ledger system to fully engage the Government's e-commerce agenda any new FIS will need to have a fully integrated Creditor Payments system, Purchase Order Processing system and possible Debtor system. The fully integrated Creditor and Purchase Order processing system's will enable full commitment accounting to take place. The new FIS package would also need a budgeting module and possible time recording package for CEC purposes.

### **Establishing an Project/Evaluation Team**

A team of key users needs to be established to evaluate and recommend a new FIS to Committee. The team should consist of:

- Chief Financial Officer
- IT & Customer Services Manager
- IT Systems Manager
- Financial Services Manager
- Accountancy Manager
- Exchequer Manager
- Audit Manager
- Accounts Officer
- Accountant (Central Services)
- Users of the system
- Members

## **Project Definition**

Once the Evaluation Team has been set up Project Objectives/ Terms of Reference need to be established.

## **Evaluation Criteria**

Evaluation Criteria will need to be developed to assist in the evaluation process and therefore ensure that the authority purchases the 'right' system for its needs. When Bolsover District Council tendered for a new FIS a couple of years ago they defined a series of key evaluation factors including:

Functionality  
Input  
File Maintenance  
Processing  
Reports  
Integration  
Security and Continuity of Processing  
Ease of Use  
Supplier Suitability  
Software Installation and Training  
Support and Maintenance  
Documentation

For each evaluation criteria a series of essential and desirable criteria were established and then compliance with each could be measured. In practical terms the series of essential and desirable criteria made up the system specification in part.

## **Initial Evaluation**

Once a number of potential suppliers and systems have been identified in order to arrive at a short-list to carry out a full evaluation a series of criteria could be developed. Bolsover DC achieved this by applying the following criteria:

1. Is the system currently being operated at a minimum of 10 other local authority sites
2. Is the system compatible with existing hardware / software
3. Can the system / supplier provide all modules required
4. The estimated price obtained for the system was not excessive and could be met within budget

From a list of 12 potential suppliers Bolsover DC managed to arrive at a short-list of 5 by applying the above criteria.

## **Outline Specification**

An outline specification will need to be developed in conjunction with users although it could exist of a series of essential / desirable criteria. Any specific reports that need to be generated must be specified so that heavy reliance is not placed on a report writer. After saying this though any system must be flexible enough to generate reports in other formats as and when required. Year end processes are heavily reliant on ad hoc reports.

Once the outline specification has been developed short-listed suppliers can be asked to submit a tender for the system.

## **Responses to the Outline Specification / Tender Process**

A date needs to be set for responses to the specification. Tenders would be received in accordance with the authorities Standing Orders and Financial Regulations. The value of the contract could mean that the tender would have to follow OJEC legislation and as a consequence OJEC timetable. It is unlikely however that a Prior-Information notice would need to be placed.

Currently the OJEC rules apply where the estimated value of the contract (net of VAT) exceeds €200,000 (approx. £144,456). Prior Information Notices only apply to contracts exceeding €750,000 (approx £505,500)

## **Demonstrations by the FIS Suppliers / Site Visits**

Site Visits will need to be undertaken in order to shortlist prospective suppliers so that software can be viewed and question answers supplied early within the process. This will ensure that only suitable software suppliers have the chance to tender, thereby saving time and effort later in the process The SOCITM Survey of Application Software Report 2000 could be used to identify other local authority users of specific software.

Once tenders have been opened later in the process, short-listed suppliers would be invited to give a detailed demonstration of how the software meets specific requirements of the Council

## **Tender Evaluation**

A full evaluation will need to be carried out including both price and quality. Using the evaluation criteria developed earlier in the process the Council may also wish to use a model such as the CIPFA CJC Code of Practice for Competition model which allocates 200 points for quality and 100 for price. The quality criteria are Functionality, Compatibility, Implementation, Policies and Strategy, Supplier Strength and References

## **Implementation**

Following contract award and signing it is estimated that at least 6 to 8 months will be required for implementation and training of the new software. Different suppliers



adopt different training methods. Some train users direct while others train one or two key users whose job it is to cascade the training throughout the organisation. Again staff resource could be an issue and the preferred training method is suppliers direct to users.

A full implementation timetable would need to be developed highlighting key dates so that the target implementation date could be met.

### **Timetable (Draft)**

|   |                 |
|---|-----------------|
| Financial System Modules – Further Site Visits/ Investigation | May / Jun 01    |
| Establishing an Evaluation Team                               | Jun 01          |
| Project Definition  | Jun 01          |
| Evaluation Criteria   | By Sep 01       |
| Initial Evaluation  | By Dec 01       |
| Outline Specification   | By Dec 01       |
| Responses to Outline Specification                            | By Feb 02       |
| Tender Process  | By Mar 02       |
| Demonstrations by the FIS Suppliers                           | Mar / Apr 02    |
| Site Visits   | Mar / Apr 02    |
| Tender/ Financial Evaluation                                  | Mar / Apr 02    |
| Implementation  | Jun 02 / Mar 03 |
| Training  | Dec 02 / Mar 03 |
| Live Date   | 1 Apr 2003      |

**ARH April 2001**

C:\Myfiles\Finance Services Manager\Financial Information System.doc

## 04/05/01

Main yearend 00-01.xls

| Month | Date needed               | Area                 | Task  | Responsible for task  | Comments   | Other significant accountability work in month  |
|-------|---------------------------|----------------------|---|---|--|---|
| Feb   | End                       | Year end preparation | <ul style="list-style-type: none"> <li>- detailed year end timetables</li> <li>- overall year end control timetable</li> <li>- 2001 / 02 accounting period calendar</li> <li>- system year end planning SDLED / SDTIM</li> <li>- accruals memo / forms</li> <li>- key tasks memo / schedules</li> <li>- review o/s orders on DSO system for potential problems</li> </ul> | RMB/KC/SAT<br><br>AMH<br><br>AMH<br><br>RMB/AMH (with IT)<br><br>KC<br><br>AMH<br><br>AMH | ) Need to check<br>) first when<br>) Easter falls<br><br>Needed for payroll y/e & VAT<br><br>For future years - need to warn SDLED users when system is likely to be unavailable<br><br>Especially capital |   |
| March | Before NDR y/e<br><br>End | All                  | <ul style="list-style-type: none"> <li>- NNDR on council properties - no cheque debit note</li> </ul>   | CJS   | Needs to be thoroughly checked   | March:<br>) PDRs<br>) Prepare/print Budget books<br>) Leasing drawdown<br>) 1st adv Hsg subsidy 2001/2<br>) RER forms |

OVERALL YEAR END TIMETABLE 2000/01

| Month | Date<br>needed | Area                    | Task  | Responsible<br>for task | Comments  | Other significant accountability<br>work in month |
|-------|----------------|-------------------------|---|-------------------------|---|---|
| April | 2/3            | SDLED year end          | - check that process has run correctly  | AMH                     | Includes DSO auto accruals  |   |
|       | 2/3            | SDTIM year end          | - run year end process / check O.K.   | RMB                     | Need to minimise time when input is disabled  |   |
|       | 6              | Week 52 ledger          |   |                         | N. B. that this will now be previous year   |   |
|       | 12             | CEC                     | - All timesheets input to SDTIM   | DMs + DRs               |   |   |
|       |                |                         | - Accruals for 'R' and 'S' codes submitted  | DMs + DRs               |   |   |
|       | 13             | GOOD FRIDAY             |   |                         |   |   |
|       | 16             | EASTER MONDAY           |   |                         |   |   |
|       | 20             | All                     | - All accruals submitted  | DMs + DRs               |   |   |
|       | End            | CEC                     | - Specialised info to allocate holding accounts (per key tasks)                                       | DMs + DRs               |   |   |
|       | End            | Control / holding a/c's | - All bank accounts reconciled  | PAC/CJS/AJS/JE          |   |   |
|       |                |                         | - Petty cash / floats reconciled  | CD                      |   |   |
|       |                |                         | - C & D book reconciled   | PAC                     |   |   |
|       |                |                         | - Payroll control accounts reconciled   | PAC                     | To include changeover advances  |   |
|       |                |                         | - Mortgages reconciled / Journals completed   | PAC                     |   |   |
|       |                |                         | - Housing rental reconciled / Journals completed  | KC                      |   |   |
|       |                |                         | - Sundry debtors system reconciled  | PAC                     |   |   |
|       |                |                         | - Cash income fund reconciled   | PAC                     |   |   |
|       |                |                         | - Car loans reconciled  | PAC                     |   |   |
|       |                |                         | - Contractors deposits reconciled   | KC                      |   |   |
|       |                | Stock accounts          | - Balances certified / Journals as necessary<br>(including interest on stockholding and YW* accounts) | KC/SAT/KW               | Housing materials / fuel / plastic sacks / Piper units<br>(N.B. sacks may recharge to CDT accounts) |   |
|       | End            | Capital                 | - Borrowing reconciled  | PAC                     |   |   |
|       |                |                         | - Average temporary borrowing / lending calculated  | PAC                     |   |   |
|       | End            | DSO                     | - Basis of apportionment for Refuse / Cleansing / Grounds   | FSM/CFQ                 | Approach for Highways agency needs to be<br>determined first  |   |
|       | End            |                         |   |                         |   |   |

April:  
) PDRs (continued)  
) CER form  
) 4th qtr P1 Housing  
) CPR4

OVERALL YEAR END TIMETABLE 2000/01

| Month | Date needed | Area | Task | Responsible for task | Comments | Other significant accountability work in month |
|-------|-------------|------|------|----------------------|----------|--|
|-------|-------------|------|------|----------------------|----------|--|

|     |   |                |   |   |  |  |
|-----|---|----------------|---|---|--|--|
| May | 1 | Week 53 ledger | <div>- Needs to include:<br/>- wages accruals<br/><br/>- print room accounts up to end of year<br/>- 'R' and 'S' accruals<br/>- sundry debtor system accruals<br/>- all DSO order accruals (incl partially completed)<br/>- estimated capital charges for 'R' and 'S'<br/>- insurance reallocations (incl clearing claims excesses)<br/>- car leasing reallocation<br/>- N.I. on car leasing<br/>- soft split recharges to 'R' and 'S'<br/>- VAT on car allowances adjustment<br/>- advance leasing adjustments / interest on new leases<br/>- full year taxi testing<br/>- all misc service/repair journals<br/>- 'G' and 'T' accruals<br/>- all suspense postings cleared i.e. XZZ<br/>- all DSO unposted costs cleared</div> | RMB<br><br>RMB<br>RMB/CD<br>AMH<br>AMH<br>KC<br>PAC<br>PAC<br>PAC<br>FSM<br>PAC<br>KC<br>SAT<br>SAT<br>SAT<br>AMH<br>KW | <div>Circulate to DMs + DRs?<br/>(note as to what is included?)<br/><br/>Need to check how many payroll weeks there were<br/>(for cash accruals re deductions)</div> |  |
|     |   |                |   |   | Possible scope for slippage on GA1 items if needed   |  |

NO ENTRIES TO 'R', 'S', 'U' OTHER THAN BY RMB FROM HERE ONWARDS

|    |                 |   |   |                        |   |  |
|----|-----------------|---|---|------------------------|---|--|
| 4  | General Fund    | - | Deadline for submission of claims from parishes   | SAT                    |   |  |
| 11 | General Fund    | - | Draft out-turn for Housing Benefits   | CJS/SAT                | Major area of uncertainty for GF (highly volatile in recent years)<br>Recovery from ongoing to be reflected for first time 2000/01 (issue raised by D.A.) |  |
| 16 | Week 54 ledger  | - | <div>GD1, GE1, 'T' to be cleared<br/>Improvement grant subsidy calculated / journalled<br/>Reverse notional DSO overheads (source 7's)<br/>Calculate cross DSO wages oncost recharges</div> | SAT<br>KC<br>KW<br>KW  | <div>Needed for Transport<br/>Needed for Transport</div>  |  |
| 18 | Collection Fund | - | Draft out-turn to FSM/CFO for review / decisions on bad debt provisions etc   | AMH (and then FSM/CFO) | Needs CTBSL data (FSM) and draft NDR3 (RM)  |  |
| 25 | Week 55 ledger  | - | CDT completed / transferred from SDTIM  | RMB                    | New entries needed 2000/01 for BV ACOP (Contributions from HRA to corporate costs)  |  |

NO ENTRIES TO 'GD1', 'GE1', 'R', 'S', 'T', 'U' FROM HERE ONWARDS

End

May:  
Exclude 'G' / adjust for DCC HAG when known / must be run before BUDGET yearend (also see notes in system file)  
Update SDLED for new budgets (by week 8)

OVERALL YEAR END TIMETABLE 2000/01

| Month | Date needed | Area                              | Task  | Responsible for task | Comments  | Other significant accountancy work in month |
|-------|-------------|-----------------------------------|---|----------------------|---|---|
| June  | 8           | Transport                         | - GA1 and GB1 recharged to users  | SAT                  | <b>Needs CDT /</b> Needed for DSO closure   |   |
|       | 8           | Capital                           | - Capital financing determined  | FSM                  | Capital grants total - needs SRB to have been completed (not programmed until 15 June - see below). However, this should not be a problem since they will all be SDDC projects, and so figures can be confirmed against SDLED |   |
|       | 15          | Personal a/cs                     | - All capital charges other than HRA journalled   | KC                   | Reverse estimates as necessary<br>Check that pre audit Housing subsidy claim has been received (includes DETR's calculation of average LIBID)   |   |
|       | 15          | All                               | - VAT balance reconciled  | PAC                  |   |   |
|       |             |                                   | - Draft final SRB claim calculated / Journalled   | FSM                  | Capital content needed earlier, for capital financing exercise (see above);<br>maximum possible needs to have been validated by Internal Audit (to minimise 2001 / 02 adjustments)  |   |
|       | 22          | DSO                               | - Soft split recharges to clear Refuse / Cleansing / Grounds                                      | KW                   | <b>Needs CDT and Transport /</b> needs decision on profit share for these DSOs  |   |
|       | 22          | Capital                           | - All ledger entries complete   | KC                   |   |   |
|       | 29          | General Fund                      | - Final ledger for General Fund entries   | AMH                  | <b>Needs soft split DSO recharges</b>   |   |
| End   |             | Control / holding / personal a/cs | - All accounts reconciled   | AMH                  |   |   |
| End   |             | Statement of Accounts             | - All 1999/2000 data copied to previous year and reheaded / current year blanked out and retitled | JHM                  |   |   |
| End?  |             | All                               | - Committee report to carry forward unspent revenue budgets                                       | FSM                  | Committee dates not yet known   |   |
| End   |             |                                   |   |                      | Advise DMs + DRs when this has been done  |   |
|       |             |                                   |   |                      | June:<br>} Reverse accruals in SDLED (by week 13)<br>} Capital expenditure / financing determination  |   |

OVERALL YEAR END TIMETABLE 2000/01

| Month | Date needed | Area                  | Task  | Responsible for task   | Comments  | Other significant accountability work in month |
|-------|-------------|-----------------------|---|------------------------|---|--|
| July  | 2           | General Fund          | - Draft out-turn to FSM/CFO for review / decisions on reserves and bad debts provisions | AMH (and then FSM/CFO) | Need to reflect IT strategy funding schedule and report on c/f of unspent revenue budgets (see end June)                                      |  |
|       | 6           | General Fund          | - All PA1 entries completed   | AMH                    | Needs decisions on reserves etc   |  |
|       |             |                       | - Variance analyses completed   | RMB/KC/CD/SAT          |   |  |
|       | 6           | Etwall JMC            | - All entries complete  | KC                     |   |  |
|       | 6           | HRA                   | - Draft to FSM for review   | KC/FSM                 |   |  |
|       | 6           | DSO                   | - Housing DSO closed  | KW                     | Needs decision on profit share  |  |
|       | 13          | HRA                   | - Variance analysis completed   | KC                     | Earlier than shown on KC's timetable  |  |
|       | 13          | All                   | - Final ledger  | AMH                    |   |  |
| End   |             | Etwall JMC            | - Annual report complete  | KC                     |   |  |
| End   |             | Statement of Accounts | - HRA and capital sections complete   | KC                     | Substantial number of changes needed: to reflect new Code where at all possible, or to ensure that all non compliance is made crystal clear!! |  |
| End?  |             | General Fund          | - Report out-turn to members  | CFO                    | Committee dates not yet known   |  |
| End   |             |                       |   |                        |   |  |

July:

- ) Regular monitoring cycle begins
- ) Probationary review: CD @ 6 months 11 Aug
- ) Pre audit final Housing subsidy 2000/01
- ) RO forms (run BUDGET yearend first)
- ) 1st qtr P1 Housing
- ) Tenants Extra
- ) CPR1
- ) Finance input to HIP annual plan