



## PORTFOLIO HOLDER DECISION NOTICE

### **INDIVIDUAL DECISION BY THE PORTFOLIO HOLDER FOR FINANCE AND EFFICIENCY**

### **TOPIC – FINANCIAL SERVICES BUSINESS PLAN 2010/11 ONWARDS**

#### **PROCEDURAL INFORMATION**

The Access to Information Procedure Rules – Part 4, Section 22 of the Council's Constitution provides for a decision to be made by an individual member of Cabinet.

In accordance with the Procedure Rules, the Corporate Director (Governance), the Chief Executive and the Head of Finance are consulted together with Chairman and Vice Chairman of the Principal Scrutiny Committee and all Members of the relevant Scrutiny Panel (individual Ward Members are consulted separately where appropriate). In addition, all Members are notified.

Five or more of these consulted Members can require that the matter be referred to Cabinet for determination.

#### **Contact Officer:**

Alexis Garlick, Head of Financial Services, Tel 01962 848 224,

Email: <mailto:agarlick@winchester.gov.uk>

#### **Committee Administrator:**

Nancy Graham, Tel: 01962 848 235, Email: [ngraham@winchester.gov.uk](mailto:ngraham@winchester.gov.uk)

#### **SUMMARY**

Approval is sought to the detailed Business Plan for this Division. The Business Plan sets out the key actions that the Division will undertake over the coming five year period, with SMART (Specific, Measurable, Agreed, Resourced and Timed) targets (both through actions and performance indicators) by which progress will be measured and monitored. The Plan also gives additional information about the role of the Division, the resources allocated to it (in terms of both staff and budgets) and the key risks that are being addressed through its work.

Key actions to be undertaken in this Division are:

- To produce the annual Statement of Accounts, fully compliant with the accounting guidance and within the timescales legislated,
- To prepare for the introduction of International Financial Reporting Standards (IFRS) with comparative Statement of Accounts for 2009/10

- To implement the upgrade of the core Financial system,
- To develop the Internal Audit Partnership between Havant Borough Council and Winchester City Council to include Test Valley Borough Council
- To take all action appropriate to recover the Council's funds that are at risk in the Heritable Bank (in administration),
- To implement EDRMS for the Division.
- To provide financial input and support for the corporate planning cycle and presentation of budget options.

The Head of Division is satisfied that the actions put forward in this Business Plan will work towards the Council's objectives, as set out in the Sustainable Community Strategy 2009-14 and Corporate Business Plan or otherwise ensure that the Council meets the statutory obligations put on it by central Government. Other than where indicated, these actions can be achieved within the resources available. Plans are in place, or will be developed, to ensure that targets shown for key performance indicators can be achieved in the timescales shown

### **DECISION**

That the Business Plan for the Financial Services Division be approved as attached at Appendix A.

### **REASON FOR THE DECISION AND OTHER ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

Business Plans form an important part of the Council's performance management process as they set out the key actions for the coming year. The Business Plan put forward for adoption sets out the actions that will best help the Council achieve the outcomes as set out in the Sustainable Community Strategy and meet its statutory obligations within the resources available to it.

The Resources Panel has been consulted on the Business Plan and raised the following issues:

None.

### **FURTHER ALTERNATIVE OPTIONS CONSIDERED AND REJECTED FOLLOWING PUBLICATION OF THE DRAFT PORTFOLIO HOLDER DECISION NOTICE**

N/A

**DECLARATION OF INTERESTS BY THE DECISION MAKER OR A MEMBER OR OFFICER CONSULTED**

None.

**DISPENSATION GRANTED BY THE STANDARDS COMMITTEE**

N/A

**Approved by: (signature)**

**Date of Decision: 15.04.10**

**Councillor Frederick Allgood - Portfolio Holder for Finance and Efficiency**

# Financial Services Business Plan 2010/11 – 2014/15

## 1. Brief Description of the Service and its Purpose




Financial Services provides the following main functions:






- Financial Accounts –
  - To ensure that the Council produces timely and accurate statutory accounts
  - To provide effective treasury management services for the Council
  - To ensure compliance with VAT requirements and assist in tax planning
  - To provide accountancy services to the South East Employers in accordance with the terms of the contract
- Management Accounts –
  - To ensure that the Council's medium term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities
  - To ensure that the Council manages performance against budgets and manages its spending within the available resources
- Audit –
  - To provide an independent appraisal function of Council activities through the provision of an Internal Audit service
- Insurance & Risk Management –
  - To ensure all Council assets and resources are insured appropriately and to support best practice in the management of Council risks



## 2. Links between Council strategic priorities and services

<b><i>Strategic priority</i></b>	<b><i>Divisional responsibility</i></b>
All Key Service Areas	<ul style="list-style-type: none"> <li>• The provision of Financial Services to support Members and other Divisions in achieving their objectives.</li> </ul>
Health and Well Being	<ul style="list-style-type: none"> <li>• Financial advice and services to relevant projects led by other Divisions.</li> </ul>
Safe and Strong Communities	<ul style="list-style-type: none"> <li>• The provision of Financial Services to support Members and other Divisions in achieving their objectives.</li> </ul>
Economic Prosperity	<ul style="list-style-type: none"> <li>• Support the work of other Divisions in maintaining and improving the economic wellbeing of the District.</li> </ul>
High Quality Environment	<ul style="list-style-type: none"> <li>• Ensure the sustainable use of resources, encouraging a paper free environment, and adopting modern working practices.</li> </ul>
Inclusive Society	<ul style="list-style-type: none"> <li>• Provision of relevant information on Division's functions through the website.</li> </ul>
An Efficient and Effective Council	<ul style="list-style-type: none"> <li>• Implementation of upgrade to core finance system</li> <li>• Implementation of Retriever EDRMS system in Financial Services.</li> </ul>

**3. Summary of Progress in 2009/10**

Action Code	What will we do?	Expected Outcome	Milestones	Milestone Due Date	Milestone Complete?	Status Icon	Overall Progress	Action Due Date	Latest Comment	Assigned To
FIN/FAC/001	Produce annual Statement of Accounts	Unqualified Accounts and no significant ISA issues. Members receive Accounts in good time and with adequate briefing.					100 %	30 Sep 2009		Alexis Garlick
FIN/FAC/004	Investment Strategy	Strategy fit for purpose - Council funds secure	Annual stewardship report	16 Sep 2009	Yes		100 %	31 Mar 2010	Treasury Management Strategy for 2010/11 approved by Council in February	Alexis Garlick
			Treasury Mgt IMOG mtg	10 Nov 2009	Yes					
			Revised Investment Strategy	09 Dec 2009	Yes					
			Annual Investment Strategy	03 Feb 2010	Yes					
FIN/FAC/005	Recovery of Council funds held with Heritable Bank	Maximum funds recovered at earliest possible opportunity	1st distribution (16.13%) received from Administrator	31 Jul 2009	Yes		35 %	01 Aug 2013		Alexis Garlick
			2nd Distribution (12.66%)	31 Dec 2009	Yes					
			3 <sup>rd</sup> Distribution (6.19%)	31 March 2010	Yes					
			4th distribution (20%)	31 Jul 2011	No					

Action Code	What will we do?	Expected Outcome	Milestones	Milestone Due Date	Milestone Complete?	Status Icon	Overall Progress	Action Due Date	Latest Comment	Assigned To
			5th distribution (15%)	31 Jul 2012	No					
			final distribution (15%)	31 Jul 2013	No					
FIN/HOF/008	Implement EDRMS	More efficient working supporting flexible working practices	complete		No		0 %	01 Nov 2010	the timing of this has been deferred	Alexis Garlick
FIN/HOF/009	Provide Finance input to the Council's major projects	Better informed decision making with financial implications of options clearly and correctly stated					0 %	31 Mar 2011	Temporary contract for part time project accountant extended to May 2010 to support the waste mgt contract considerations	Alexis Garlick
FIN/HOF/010	Customer Service Excellence	Continuous service improvement. Formal award of Customer Service Excellence Award					0 %	30 Sep 2010	timescale has been slipped to allow for the work on the implementation of the new finance system	Alexis Garlick
FIN/IAP/003	Complete 95% of annual audit plan	Completed on target	Audit Plan complete	31 Mar 2010	No		64 %	31 Mar 2010	PS403 - March 2010 - reports 64% fully completed and 16% at draft stage- Additional external resources have been brought in to ensure completion of the plan	Alexis Garlick
FIN/MAC/006	Review and update Capital Strategy and the Capital	Capital Strategy that is fit for purpose					100 %	30 Jun 2009	REVISED CAPITAL PROGRAMME BEING PREPARED FOR CONSIDERATION AT	Alexis Garlick

Action Code	What will we do?	Expected Outcome	Milestones	Milestone Due Date	Milestone Complete?	Status Icon	Overall Progress	Action Due Date	Latest Comment	Assigned To
	Programme								JANUARY CABINET	
FIN/MAC/007	Review and update the Financial Strategy and the Efficiency Strategy	Strategy fit for purpose	NI179 2009/10 target input to hub	18 Nov 2009	Yes		100 %	30 Jun 2009	VFM/NI179 target approved by Cabinet and submitted to hub in accordance with required timescales. Update report to Cabinet in March 2010 – forecast to achieve target.	Alexis Garlick
FIN/PROJ/001	Upgrade or replace core Financial system (including e-procurement)	Project completed to time and within budget – including Business Process re-engineering for “procure to pay”, and debtors.					42 %	01 Jul 2010	Project plan under review	Stephanie Schmitt



4. Service Priorities 2010/11 – Key Priorities

A) **Significant Areas of Work and Projects for 2010/11 (Top Ten Priorities)**

Priority	Code	What will we do	Why are we doing this?	Planned Start Date	Milestones	Milestones Due Date	Action Due Date	Expected Outcome	Who's Accountable
1	FIN/FAC/06	Produce annual Statement of Accounts fully compliant with the accounting guidance and within the timescales legislated.	<b>Corporate Outcome –</b> MAINTAINING GOOD CORPORATE GOVERNANCE	01 Jan 2010	Agree detailed project plan and assign resources.  Statement of Accounts Committee  Annual Governance Report	31 March 2010  29 June 2010  30 Sept 2010		Unqualified Accounts and no significant ISA issues. Members receive Accounts in good time and with adequate briefing.	Principal Financial Accountant
2	FIN/FAC/011	Prepare for the introduction of International Financial Reporting Standards (IFRS) with comparative Statement of Accounts for 2009/10	<b>Corporate Outcome –</b> MAINTAINING GOOD CORPORATE GOVERNANCE	30 Sept 09	Restatement of 2009/10 Statement of Accounts on IFRS basis  2010/11 Statement of Accounts (IFRS basis)	30 Sep 2010  30 June 2011		Unqualified Accounts and no significant ISA issues. Members receive Accounts in good time and with adequate briefing.	Principal Financial Accountant
3	FIN/MAC/002	Implement upgrade of core Financial system	<b>Corporate Outcome –</b> BEING MORE EFFICIENT and MAINTAINING GOOD CORPORATE GOVERNANCE	1 May 09	Fully implemented	31 Dec 2010		Timely, accurate and relevant financial management information available to all stakeholders enabling informed decisions and appropriate financial control	Head of Finance

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APPENDIX A

Priority	Code	What will we do	Why are we doing this?	Planned Start Date	Milestones	Milestones Due Date	Action Due Date	Expected Outcome	Who's Accountable
4	FIN/IAP/004	Development of the Internal Audit Partnership between Havant Borough Council and Winchester City Council to include Test Valley Borough Council	<b>Corporate Outcome – DEVELOPING PARTNERSHIPS TO DELIVER</b>	1 April 2010	Completion of one year interim period of expanded audit partnership	31 March 2011		To create a more resilient and robust partnership structure for 2010/11	Internal Audit Partnership Manager
5	FIN/FAC/005	Take all action appropriate to recover the Council's funds that are at risk in the Heritable Bank (in Administration)	<b>Corporate Outcome – MAINTAINING GOOD CORPORATE GOVERNANCE</b>	7 October 2008	1 <sup>st</sup> distribution (rec'd) 2 <sup>nd</sup> distribution (rec'd) 3 <sup>rd</sup> distribution (est'd) 4 <sup>th</sup> distribution (est'd) 5 <sup>th</sup> distribution (est'd) Final distribution (estimated)	31-7-2009 31-12-09 31-7-2010 31-7-2011 31-7-2012 31-7-2013		Maximum funds recovered at earliest possible opportunity.	Principal Financial Accountant
6	FIN/HOF/008	Implement EDRMS	<b>Corporate Outcome – BE MORE EFFICIENT</b>	1 June 2010	Complete	31 Dec 2010		More efficient working supporting flexible working practices	Head of Finance
7	FIN/MAC/008	Provide financial input and support for the corporate planning cycle and presentation of budget options.	<b>Corporate Outcome – MAINTAINING GOOD CORPORATE GOVERNANCE</b>	April 2010	Council approval of Budget & Council Tax	Feb 2011		Balanced budget for 2011/12 and for the medium term	Head of Finance/ Principal Manag't Accountant

**B) Other areas of work (including 'business as usual')**

Priority	Code	What will we do	Why are we doing this?	Planned Start Date	Milestones	Milestones Due Date	Action Due Date	Expected Outcome	Who's Accountable
8	FIN/MAC/009	Ensure that appropriate monitoring and reporting procedures are in place for the Council to manage performance against budgets effectively.	<b>Corporate Outcome – MAINTAINING GOOD CORPORATE GOVERNANCE</b>	ongoing	Original Estimate Revised Estimate Outturn	Feb 2010 Oct 2010 June 2011		Effective Financial management- proper use of financial resources	Principal Management Accountant
9	FIN/FAC/007	Keep the Treasury Management & Investment Strategy under review & update as and when appropriate	<b>Corporate Outcome – MAINTAINING GOOD CORPORATE GOVERNANCE</b>	1 April 2010	Stewardship Review Mid year monitoring report Annual Strategy Review	Sept 2010 Oct 2010 Feb 2011		Strategy fit for purpose – Council funds secure	Head of Finance
15	FIN/HOF/010	Achieve Customer Service Excellence accreditation	<b>Corporate Outcome – BUILDING IN CUSTOMER EXCELLENCE</b>	2011	Assessment	2011		Improved services for customers	Head of Finance
10	FIN/MAC/010	Review & update the Capital Strategy & the Capital programme including requirements for prudential borrowing.	<b>Corporate Outcome – MAINTAINING GOOD CORPORATE GOVERNANCE</b>		Revised Strategy & programme	Oct 2010		Capital expenditure decisions that are; affordable, prudent and sustainable.	Principal Management Accountant
11	FIN/HOF/011	Review & update the Financial Strategy & the Efficiency Strategy	<b>Corporate Outcome – MAINTAINING GOOD CORPORATE GOVERNANCE</b>	April 2010	Strategy approved	July 2010		Strategy fit for purpose	Head of Finance / Principal Management Accountant

Priority	Code	What will we do	Why are we doing this?	Planned Start Date	Milestones	Milestones Due Date	Action Due Date	Expected Outcome	Who's Accountable
14	FIN/HOF/009	Provide Finance input to the Council's Major projects – incl. Waste mgt contract, Silver Hill, RPLC	<b>Corporate Outcome</b> – MAINTAINING GOOD CORPORATE GOVERNANCE	ongoing	As defined by the projects			Better informed decision making with financial implications of options clearly and correctly stated.	Head of Finance
13	FIN/HOF/020	Tender Contracts renewals	<b>Corporate Outcome</b> – BE MORE EFFICIENT		<ul style="list-style-type: none"> <li>• South East Employers</li> <li>• Treasury Mgt</li> <li>• Banking services</li> <li>• Insurance</li> </ul>	Sept 2010 Feb 2011 March 2011 March 2013		Renewed contracts as appropriate to business requirements.	Head of Finance
12	FIN/MAC/021	Prepare efficiency target and monitor and report progress	<b>Corporate Outcome</b> – BE MORE EFFICIENT	ongoing	NI179 backward look (outturn)  NI179 forward look – target set	June 2010  October 2011		Efficiency targets achieved and services delivered at lower unit costs or to higher quality.	Principal Management Accountant

## 5. Resource implications

### A) Financial

#### Divisional Summary

<i>Subjective Analysis</i>		<i>Actual 08-09</i>	<i>Original 09-10</i>	<i>Revised 09-10</i>	<i>Budget 10-11</i>
Expenditure	Employees	556,363	570,910	604,525	652,909
	Premises	1,084	111	0	0
	Transport	22,159	18,537	23,937	23,684
	Supplies & Services	267,146	230,506	249,486	223,127
	Depreciation & Impairment Losses	0	0	0	0
<b>Expenditure Total</b>		<b>846,752</b>	<b>820,064</b>	<b>877,948</b>	<b>899,720</b>
Income	Income	(32,650)	(45,094)	(45,094)	(45,094)
	Income (Internal)				
<b>Income Total</b>		<b>(32,650)</b>	<b>(45,094)</b>	<b>(45,094)</b>	<b>(45,094)</b>
Support Services	Support Services	(672,215)	(662,068)	(690,135)	(691,083)
<b>Financial Services Total</b>		<b>141,887</b>	<b>112,902</b>	<b>142,719</b>	<b>163,543</b>

<i>Subjective Analysis</i>		<i>Actual 08-09</i>	<i>Original 09-10</i>	<i>Revised 09-10</i>	<i>Budget 10-11</i>
Expenditure	Employees	3,552	(564,556)	(11,691)	(197,479)
	Premises			(185,000)	2,542
	Supplies & Services	1,967	(14,458)	3,276	0
	Depreciation & Impairment Losses	0	0	0	0
<b>Expenditure Total</b>		<b>5,519</b>	<b>(579,014)</b>	<b>(193,415)</b>	<b>(194,937)</b>
Income	Income	(14,049)	0	0	0
	Income (Internal)				
<b>Income Total</b>		<b>(14,049)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Support Services	Support Services	(55,340)	42,046	1,530	32,530
<b>Financial Services Corporate Total</b>		<b>(63,870)</b>	<b>(536,968)</b>	<b>(191,885)</b>	<b>(162,407)</b>

**Budget Book Line Summary**

<i>Budget Book Line</i>	<i>Actual 08-09</i>	<i>Original 09-10</i>	<i>Revised 09-10</i>	<i>Budget 10-11</i>
Accountancy	(0)	0	0	31,922
Treasury Management	(20,694)	(22,455)	12,231	11,293
Insurance management	0	(5,577)	(1)	313
Audit Management	0	0	0	2,526
Corporate	(9,203)	(678,128)	(333,045)	(318,928)
Pensions Increases & Added Year Contributions	(54,666)	141,160	141,160	156,521
Audit Commission Fees	143,797	115,369	111,148	101,148
Bank Charges	18,783	19,874	19,341	16,341
<b>Financial Services Total</b>	<b>78,017</b>	<b>(429,757)</b>	<b>(49,166)</b>	<b>1,136</b>

**B) Workforce**

KEY EXTERNAL DRIVERS	KEY INTERNAL DRIVERS
Government requirements (e.g. accounting standards) Professional requirements (e.g. Codes of Practice) Partnerships Transformation agenda Efficiencies/ Value for Money	Corporate initiatives (health and safety; equality and diversity; risk) Flexible working Performance indicators Absence Succession planning Professional training
WORKFORCE IMPLICATIONS	
<p><b>Government Requirements</b> SORP and IFRS changes affecting presentation of statutory accounts requires specific technical understanding and development of procedures</p> <p><b>Professional Requirements</b> Ongoing training and Continuing Professional Development</p> <p><b>Partnerships</b> Discussions with others as opportunities arise</p> <p><b>Corporate Initiatives</b> New Financial System will require significant procedural changes Responsive support Limited number of staff available</p> <p><b>Flexible working</b> Optimising opportunities whilst ensuring delivery of support services</p> <p><b>Efficiencies</b></p>	

Continued focus on and drive for efficiencies

**Sickness and absence**

Limited ability to cover for absence to be addressed through review of structures and consideration of job rotation

**Succession planning**

New accountancy structure to be embedded will provide for this over time

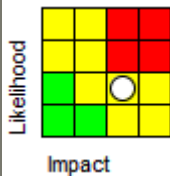
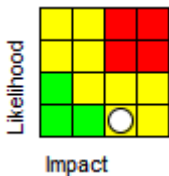
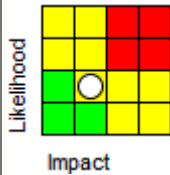
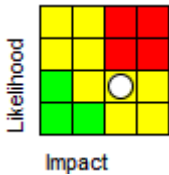
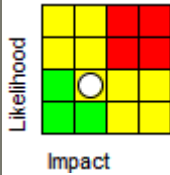
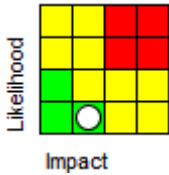
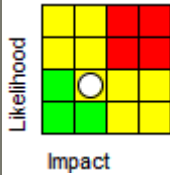
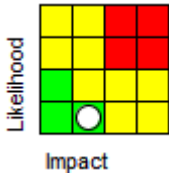


6. Key Performance Indicators

Code	Description	Managed By	How frequently is data gathered	2007/08	2008/09	2009/10		2010/11	2011/12	
				Actual	Actual	Estimate	Target	Target	Target	
LPI0139	Average return on investments to exceed sterling Interbank rate	Principal Financial Accountant	Annually	+0.2%	0.10%		To exceed Bank rate			
LPI0140	% of monthly accounts issued within 10 working days after period	Principal Management Accountant	Monthly	75%	100%	100%	100%	100%	100%	
LPI0806	Accurate and timely presentation of annual Statement of Accounts	Principal Financial Accountant	Annually		100%	100%	100%	100%	100%	
LPI0652	Chargeable internal audit time as % of total productive times	Internal Audit Partnership Manager	Monthly	82.92%	84.27%	96.46%	85%	85%	85%	
LPI####	Complete 95% of annual internal audit plan	Internal Audit Partnership Manager	Quarterly	tba	tba	tba	95%	95%	95%	

## 7. Key Elements of Risk Management

Risk Number	Risk	Risk Ownership	Cause	Consequence	Current Risk Matrix	Target Risk Matrix	Linked Strategic Risk
OP0051	Non compliance with code of Corporate Governance (Risk Management)	Jen Anderson; Alexis Garlick; Steve Tilbury; Stephen Whetnall	Ineffective leadership. Poor Business Planning and Performance Management	Officer time, Audit criticism, Poor CPA score, Damaged Council reputation, Qualified accounts, low staff morale			SR0012
OP0052	Failure to detect fraudulent acts	Alexis Garlick	(1) Inadequate financial control of resources or shared (Partnership/Contractual) activity (2) Poor supervision of financial or reconciliation procedures (3) Poor staff training and Performance Management	(1) Cost of Investigation. (2) Loss of Officer time. (3) Reduced Staff and Community confidence (4) Media involvement and reputation damaged.			
OP0057	Effective and solvent funding of insured risk	Alexis Garlick	Failure of contract assessment of risk carrier, Inadequate Self Insurance funding, Lack of Officer knowledge	Depleted financial resources, reduced service provision, extended delay in returning to normal working, replacement agency to deliver service			SR0002; SR0009
OP0058	Failure to retain appropriate financial management skills	Alexis Garlick	Department under resourced. Skills shortage. Inadequate planning of resources. Complacency?	Government intervention and action. Fines imposed. Inability to deliver key functions. Qualified accounts. Damage to Council reputation			

Risk Number	Risk	Risk Ownership	Cause	Consequence	Current Risk Matrix	Target Risk Matrix	Linked Strategic Risk
OP0062	Failure of core financial system	Alexis Garlick	Existing Powersolve system is old, not being developed and support is reducing	Inadequate core financial system, deteriorating performance			SR0014
OP0063	Not managing capacity / inadequate succession planning	Alexis Garlick	Corporate organisational development changes, retirement of key staff, & inadequate succession arrangements	Inability to deliver key functions			SR0009
OP0099	Failure to meet IFRS - International Financial Reporting Standards	Alexis Garlick	Inadequate planning. Lack of timely response from other departments. Late guidance.	Qualified accounts - public accountability and transparency			
OP0115	Failure to produce adequate Statement of Accounts	Alexis Garlick	Missed deadline for publishing accounts	Qualified accounts - public accountability and transparency			
OP0116	Absence of finance capacity to support corporate projects.	Alexis Garlick	Conflicting priorities. Changes to planned timescales	Financial cost/ loss	