



## **DRAFT** PORTFOLIO HOLDER DECISION NOTICE

### **PROPOSED INDIVIDUAL DECISION BY THE PORTFOLIO HOLDER FOR FINANCE & RESOURCES**

#### **TOPIC – FINANCIAL SERVICES BUSINESS PLAN**

#### **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 City Secretary and Solicitor, the Chief Executive and the Director 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.

**If you wish to make representation on this proposed Decision please contact the relevant Portfolio Holder and the following Committee Administrator by 5.00pm on Monday 26 March 2007.**

#### **Contact Officers:**

**Case Officer:** Alexis Garlick, Tel: 01962 848 224, Email: [agarlick@winchester.gov.uk](mailto:agarlick@winchester.gov.uk)

#### **Committee Administrator:**

Frances Maloney, Tel: 01962 848 155, [fmaloney@winchester.gov.uk](mailto:fmaloney@winchester.gov.uk)

#### **SUMMARY**

Approval is sought to the detailed Business Plan for this Division. The Business Plan sets out the key tasks that the Division will undertake over the coming five years, 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:

- Producing the annual Statement of Accounts fully compliant with the accounting guidance and within the timescales legislated
- Ensuring that appropriate monitoring and reporting procedures are in place for the Council to manage performance against budgets effectively
- Procuring and implementing a replacement core Financial system (including e-procurement)
- Undertaking a service review & full review of the Accountancy team structure
- Providing financial information and challenge to support service reviews

- Undertaking a comprehensive review of the capital programme
- Completing 90% of the annual internal audit plan
- Continued implementation of printer and copier review
- Development of a standard template for financial appraisals

The Head of Division is satisfied that the actions put forward in this Business Plan will work towards the Council's corporate objectives, as set out in the Corporate Strategy 2007-12 or otherwise ensure that the Council meets the statutory obligations place 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 timescale shown.

### **PROPOSED DECISION**

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

### **REASON FOR THE PROPOSED 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 its corporate objectives and meet its statutory obligations within the resources available to it, as far as can be seen in the light of current circumstances. While alternative approaches would be possible in many parts of the Plan, the actions being recommended are believed to give best value to the authority.

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

The Resources Scrutiny Panel will be consulted on this Business Plan.

### **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

**Councillor Frederick Allgood – Portfolio Holder for Finance & Resources**

# Financial Services Business Plan 2007 – 2012

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

Financial Services provides four main functions with the following purposes:

- Accountancy –
  - To ensure that the Council produces timely and accurate statutory accounts, supported by comprehensive working papers
  - 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
  - To provide accountancy services to the South East Employers in accordance with the terms of the contract
  - To provide effective treasury management services for the Council
- 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
- Design & Print –
  - To provide cost effective design & print services

2. Links between Council strategic priorities and services

<i>Strategic priority</i>	<i>Divisional responsibility</i>
Economic Prosperity	Support good practice in civil contingency and business continuity
High Quality Environment	Minimise materials usage
Safe and Strong Communities	
Efficient & Effective Council	<p>Support to front line services to help them deliver their strategic services within budget.</p> <p>Making sure effective financial controls and procedures are in place to reduce waste, inefficiency and fraud.</p> <p>Promote good practice in the management of risk.</p>

### 3. Summary of Progress in 2006/07

#### Key Service Priorities

	Corporate Priority	What will we do?	When will we do it?	How will we measure our success?	How much time/money will it take?	Who's accountable?	Progress update
1.	Legislative requirement	Produce Statement of Accounts 2005/06	Jun 06	Committee approval	Internal staff resources identified in project plan	Chief Accountant	Achieved
2.	Effective use of resources	Prepare capital strategy	Jul 06	Committee approval	Internal staff resources	Asst Director of Finance	Achieved
3.	Effective management of taxpayers money	Complete annual audit plan	During 2006/07	Completed on target	Internal staff resources	Audit Manager	On target to achieve 90% of plan although some slippage during the year because of resourcing changes.
4.	Effective use of resources	Commence review of funding for new offices	During 2006/07	New offices built within budget	Resources to be identified in project plan	Asst Director of Finance	Timescales slipped
5.	Effective management of taxpayers money	Improve budget management and monitoring	During 2006/07	Feedback from Scrutiny Panels	Internal staff resources and training	Asst Director of Finance/ Chief Accountant	To be further developed in 2007/08

### Other Tasks and Proposed Developments and Improvements of the Service

	Corporate Priority	What will we do?	When will we do it?	How will we measure our success?	How much time/money will it take?	Who's accountable?	Progress update
1.	Effective use of resources	Support to corporate communication review	Dec 05 - May 06	Budget saving	Internal staff resources	Asst Director of Finance/ Design and Print Manager	Completed
2.	Effective use of resources	Benchmark accountancy services	Aug 06	Benchmark with others	Internal staff resources	Asst Director of Finance	Benchmarked with CIPFA benchmarking club
3.	Effective use of resources	Benchmark treasury management services	Sep 06	Investment return above LIBOR rate	Internal staff resources	Asst Director of Finance	Not benchmarked with CIPFA club this year. However investment returns achieved were higher than benchmark set
4.	Effective use of resources	Update accountancy manual	Sep 06	Issue updated sections	Internal staff resources	Asst Director of Finance	Updated manual is maintained on the intranet – some sections have been revised and others are in the process of being updated
5.	Effective management of taxpayers money	Review contract for treasury management advice	Jan 07	Award of new contract	Internal staff resources	Asst Director of Finance	Contract has been reviewed and renewed

	<b>Corporate Priority</b>	<b>What will we do?</b>	<b>When will we do it?</b>	<b>How will we measure our success?</b>	<b>How much time/money will it take?</b>	<b>Who's accountable?</b>	<b>Progress update</b>
6.	Effective management of taxpayers money	Review banking contract	Mar 07	Award of new contract	Internal staff resources	Asst Director of Finance	Tender completed and contract awarded within timescales
7.	Effective management of taxpayers money	Review insurance arrangements	Mar 07	Reduction in cost/improved cover	Internal staff resources	Insurance Officer	On target for completion
8.	Effective use of resources	Gershon submissions	To be determined	Timely submissions	Internal staff resources	Asst Director of Finance	AES Forward Look for 2006/07 and AES backward Look for 2005/06 submitted on time.
9.	Effective use of resources	Commence review of main financial system	2007/08	Implement new system	Internal staff resources	Asst Director of Finance	Some preliminary work has been undertaken in conjunction with IMT.

#### 4. Service Priorities 2007/12

##### A) Key Service Priorities

	Why are we doing this?	What will we do?	When will we do it?	How will we measure our success?	How much time/money will it take?	Who's accountable?
1.	Legislative requirement	Produce annual Statement of Accounts fully compliant with the accounting guidance and within the timescales legislated.	March to June	Unqualified Accounts and no significant ISA issues. Members receive Accounts in good time and with adequate briefing.	Internal staff resources identified in project plan	Chief Accountant
2.	Effective management of taxpayers' money	Ensure that appropriate monitoring and reporting procedures are in place for the Council to manage performance against budgets effectively.	To be developed during 2007/08	Standard suite of monthly management reports issued in electronic format within 10 working days of the period end, including management summary of key variances.	Resources identified in project plan - including some external resources for development work	Assistant Director of Finance
3.	Efficient & Effective Council	Procure and implement replacement core Financial system (including e-procurement)	2007/08 to 2008/09	Completed to time and within budget	Resources identified in project plan. £150k in Capital programme in 2008/09	Assistant Director of Finance



	<b>Why are we doing this?</b>	<b>What will we do?</b>	<b>When will we do it?</b>	<b>How will we measure our success?</b>	<b>How much time/money will it take?</b>	<b>Who's accountable?</b>
4.	Efficient & Effective Council	Undertake service review & full review of the Accountancy team structure	April – September 2007	Appropriate team structure for future demands	To be determined	Assistant Director of Finance
5.	Effective management of taxpayers' money	Provide financial information and challenge to support service reviews	July – September 2007	Base revenue budgets for 2008/09 fully aligned to corporate priorities and endorsed by Members	Internal staff resources	Assistant Director of Finance
6.	Effective management of taxpayers' money	Undertake comprehensive review of the capital programme	April – September 2007	Base capital programme fully aligned to corporate priorities and endorsed by Members	Internal staff resources	Assistant Director of Finance
7.	Effective management of taxpayers' money	Complete 90% of annual internal audit plan	During 2007/08	Completed on target	Internal staff resources	Internal Audit Manager
8.	Efficient & Effective Council	Continued implementation of printer and copier review	April 07 – Sept 07	Efficiencies in paper and maintenance costs of printers	Internal staff resources	Design and Print Manager in conjunction with Head of IMT

	<b>Why are we doing this?</b>	<b>What will we do?</b>	<b>When will we do it?</b>	<b>How will we measure our success?</b>	<b>How much time/money will it take?</b>	<b>Who's accountable?</b>
9.	Efficient & Effective Council	Develop standard template for financial appraisals	2007/08	Comprehensive & consistent presentation of financial information in committee reports	Staff resources	Assistant Director of Finance

**B) Other Tasks and Proposed Developments and Improvements of the Service**

	<b>Why are we doing this?</b>	<b>What will we do?</b>	<b>When will we do it?</b>	<b>How will we measure our success?</b>	<b>How much time/money will it take?</b>	<b>Who's accountable?</b>
1.	Effective use of resources	Review & update capital strategy, financial strategy and treasury management strategy	Annually per the timetable	Strategy fit for purpose	Internal staff resources – 9 days	Asst Director of Finance / Chief Accountant
2.	Effective use of resources	Review of funding and options appraisal for new offices	During 2007/08	New offices built within budget and appropriately funded	Resources to be identified in project plan	Asst Director of Finance
3.	Efficient & Effective Council	CIPFA benchmarking for accountancy and treasury Services	Annually in accordance with CIPFA timetables	Completed on target	Staff resources - 6 days	Asst Director of Finance
4.	Effective use of resources	Ensure the timely and accurate completion of Annual Efficiency Statements	In accordance with the timetable	Timely and accurate submissions – no audit amendments	Staff resources – 15 days	Management Accountant
5.	To develop effective corporate governance	Take actions to ensure that the assurance framework is fully embedded in the Council's business processes.	By December 2007	External Audit feedback	Internal Staff resources	Internal Audit Manager
6.	Support for corporate	Update the Risk Strategy	April – June	New Strategy	£7,500 and	Risk & Insurance

	<b>Why are we doing this?</b>	<b>What will we do?</b>	<b>When will we do it?</b>	<b>How will we measure our success?</b>	<b>How much time/money will it take?</b>	<b>Who's accountable?</b>
	project	and migrate data into Covalent	2007	document and successful Covalent data integrity check	internal staff resources	Officer
7.	Efficient & Effective Council	Tender the Insurance Programme April 2008	October 2007	Actuarial Check on Self Insurance Fund and appoint insurer provider	Actuary and Insurance Advice £13,000; internal staff resources	Risk & Insurance Officer
8.	Efficient & Effective Council	Submit an application for the Charter Mark Award	2007/08	National accreditation for service delivery excellence	Internal staff resources	Internal Audit Manager
9.	Efficient & Effective Council	Explore opportunities for partnership working with other local authorities for design and print services	2007/08	Committee decision on most appropriate solution	Internal staff resources	Design and Print Manager

## Resource Implications

### A) Financial

2006/07 Revised			Service Activity	2007/08 Estimate			FTEs	Notes
Exp. £000	Income £000	Net £000		Exp. £000	Income £000	Net £000		
523	(523)	0	Accountancy	498	(498)	0	7.76	
166	(166)	0	Audit	167	(167)	0	3.00	
70	(70)	0	Risk & Insurance	72	(72)	0	1.00	
41	(40)	1	Treasury Management	39	(40)	(1)	0.40	
708	(708)	0	Design & Print	715	(715)	0	9.00	
<b>1,508</b>	<b>(1,507)</b>	<b>1</b>	<b>Total</b>	<b>1,491</b>	<b>(1,492)</b>	<b>(1)</b>	<b>21.16</b>	

**B) Workforce**

KEY EXTERNAL DRIVERS	KEY INTERNAL DRIVERS
E-Government Government requirements (e.g. accounting standards) Professional requirements (e.g. Codes of Practice) Partnerships Transformation agenda	Corporate initiatives (health and safety; equality and diversity; risk) Flexible working Performance indicators Sickness and absence, including maternity Succession planning Professional training
WORKFORCE IMPLICATIONS	
<p><b>E-Government</b> Continued focus on and drive for e-government programme</p> <p><b>Government Requirements</b> New SORP requiring presentation of statutory accounts to change in 2007/08 and 2008/09 requires specific understanding and development of procedures</p> <p><b>Professional Requirements</b> Ongoing training and CPD</p> <p><b>Partnerships</b> Discussions with others as opportunities arise</p> <p><b>Corporate Initiatives</b> Limited number of staff available</p> <p><b>Flexible working</b> Opportunities to be explored</p> <p><b>Sickness and absence</b> Limited ability to cover for absence to be addressed through review of structures and consideration of job rotation</p> <p><b>Succession planning</b> Chief Accountant post to be recruited and staff nearing retirement age. Also implications of Organisational Development to be managed.</p>	

**6. Key Performance Indicators**

**Local PIs**

<b>Ref. No.</b>	<b>What does this show?</b>	<b>Who reports this?</b>	<b>Achieved 2004/05</b>	<b>Achieved 2005/06</b>	<b>Estimate 2006/07</b>	<b>Target 2007/08</b>	<b>Target 2008/09</b>	<b>Target 2011/12</b>
1.	Average return on investments to exceed sterling interbank rate	Assistant Accountant	+0.1%	+0.3%	+0.1%	+0.1%	+0.1%	+0.1%
2.	Comprehensive Monthly Management Accounts issued within 10 working days after period end	Chief Accountant	new	new	new	75%	95%	100%
3.	Chargeable internal audit time as % of total productive time	Audit manager	new	new	new	84%	90%	90%
4.	% of D&P work finished and delivered on time	DP Manager	99%	92%	80%	90%	95%	100%

## 7. Proposals for Consultation

What research or consultation do we intend to carry out?	How will we be doing it?	When will we be doing it?	How will we use the results?
Accountancy customer satisfaction survey	Questionnaire via CIPFA Benchmarking Club	September 2007	To inform and improve service delivery
Internal Audit customer satisfaction survey	Questionnaire sent after every audit completed	Continuous	To inform and improve service delivery
Risk & Insurance Survey	Questionnaire on intranet	June 2007	To inform and improve service delivery
D&P Customer satisfaction survey	Questionnaire on intranet	June 2007	To inform and improve service delivery

## 8. Key elements of risk management

Area	Risk number	Rating	Cluster and MAP link	Short name	Risk ownership	Cause	Consequence	Note
Corporate	4757	A2	Financial	Non-compliance with code of corporate governance	Sheila Boden	Ineffective management of risks. Poor business planning and poor performance management	Officer time, Audit criticism, Poor CPA, damaged Council reputation	Revised MAP February 2007



Area	Risk number	Rating	Cluster and MAP link	Short name	Risk ownership	Cause	Consequence	Note
Financial Services	tba	B2	Managerial	Failure to implement SORP changes	Alexis Garlick	Guidance received late, significant impact on presentation of accounts requiring specific technical expertise and requiring improvements to financial systems	Qualified accounts, and loss of reputation	Link to Strategic Risk 11B
Financial Services	tba	B2	Managerial	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	Link to Strategic Risk 11B
Financial Services	tba	A2	Managerial	Managing capacity / succession planning	Alexis Garlick	Corporate organisational development changes, retirement of key staff, & inadequate succession arrangements	Inability to deliver key functions	Link to Strategic Risk 11B
Corporate	11A	A2	Financial	Revenue budget overspend	Sheila Boden	(1) Incorrect projections/assumptions. (2) Not achieving savings/efficiencies. (3) Poor financial controls/monitoring arrangements.	Depletion of reserves, higher base expenditure for future years	Revised MAP February 2007