

# **FINANCE and PROPERTY SERVICES DIVISION**

## **SERVICE PLAN 2005 to 2008**

### **1. SERVICE DESCRIPTION and PURPOSE**

- 1.1 The Division is a new one, arising out of the management restructure at the Council in 2004. The Division brings together the financial and asset management functions of the Council, including Internal Audit.
- 1.2 The Division is split into 4 units with specific responsibilities, as set out below. However, there is a large degree of integration between the services, although Internal Audit is required to maintain independence to fulfil their role. Consequently, they have a direct reporting line into the Corporate Management Team.

#### **Accountancy Unit**

- 1.3 The main workload of the unit involves:

- Maintaining the Council's accounts and financial records
- Compiling the Council's annual accounts and financial statements
- Co-ordinating the Council's financial strategy and medium term spending plans
- Co-ordinating the annual budget setting process
- Monitoring Council spending
- Completing statutory financial records
- Administering financial systems

#### **Exchequer Unit**

- 1.4 The main workload of the unit involves:

- Co-ordinating and maintaining the Council's payroll
- Co-ordinating creditor payments
- Co-ordinating sundry debt collection
- Maintaining the Council's bank accounts
- Treasury management
- Monitoring and advising on VAT and other taxation matters
- Arranging and administering the Council's insurance requirements
- Co-ordinating Risk Management

#### **Internal Audit**

- 1.5 The main workload of the unit involves:

- Examining and evaluating the adequacy of internal controls
- Reviewing core controls in key financial and other systems
- Investigating fraud/financial irregularity
- Enforcing and reviewing financial regulations and procedural rules

#### **Property Services**

- 1.6 The main workload of the unit involves:

- Overall management of, and strategic advice on, utilisation of the Council's assets
- Co-ordinating the management of commercial and industrial property holdings

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- Identifying and making recommendations for disposing of surplus assets
- Maximising rental income and minimising voids to preserve the value of the Council's non-operational property portfolio
- Reviewing the Council's property holdings as a strategic resource and challenge how well they contribute to its core objectives
- Dealing with land sales

### **Service Scope**

- 1.7 To a large extent, the Division provides a management support function to all Council activities. Consequently, service users are mainly internal, although there is some contact with local residents and property tenants in respect of Estate Management.
- 1.8 In addition, the Division's services are also required to undertake the Council's statutory responsibilities in safeguarding the financial affairs and assets of the Council. This includes fulfilling statutory reporting requirements.
- 1.9 Effectively, with this role, the Division is delivering the "stewardship" function. This ensures that the Council complies with various finance and property management regulations in utilising public finances and property.
- 1.10 The Division is accountable to the Council's Finance and Management Committee. On an annual basis, the workload dealt with across the Division involves:
- Maintaining 300 Cost Centres
  - Processing 8,000 payslips
  - Processing 38,000 creditor payments
  - Processing 5,000 sundry debtor invoices
  - Managing a cash turnover of £80m
  - Strategic management of 100 properties and 400 acres of land

### **Partnership and External Working**

- 1.11 None of the Division's services are currently out sourced, although external support is used on an ad-hoc basis for work around risk management, insurance provision, treasury management and property valuations. In addition, the Division buys-in some support from a neighbouring authority to deal with VAT and other taxation issues on an ad-hoc basis.
- 1.12 Internal Audit is part of joint working arrangements with Derbyshire authorities in some areas such as computer audit. Furthermore, the Division works in partnership with another neighbouring authority in providing the Council's main financial management system and associated processes. The Council hosts the hardware and software on behalf of the partnering authority.

### **Key Aims**

- 1.13 The key aims of the Division are:
- To ensure that members and officers are aware of the financial consequences of decisions being taken.

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- To support members, corporate management and operational service managers, in managing the resources under their responsibility, including the provision of information and advice.
- To raise awareness, of finance and asset management issues and develop the knowledge of members and officers.
- To provide a high level of accountability by earlier production of the annual statement of accounts and regular financial and audit reporting.
- To ensure payments are made and income is collected in accordance with the Council's financial procedural rules.
- To pay employees and members promptly and in accordance with national and local standards
- To control and administer all other financial transactions as efficiently and effectively as possible in accordance with Government and local performance targets.
- To help safeguard the assets and resources of the Council by providing adequate insurance (where appropriate) and co-ordinating risk management.
- To help ensure good corporate governance by providing internal control through financial regulations and procedural rules.
- To analyse opportunities to ease the Council's financial burden. For example, through alternative financing methods and disposing of surplus assets.
- To develop the use of IT in relation to the principles of E-Government. For example in paying suppliers, collection of income, procurement, property records and the provision of financial and asset management information.

## 2. OPPORTUNITIES and CHALLENGES

2.1 The key opportunities and challenges facing the Division over the next 3 years are considered to be:

- Developing an **asset management strategy** and integrating this with the Council's financial strategy. In particular, identifying and releasing "surplus" assets to generate resources to finance the Council's capital investment programme.
- Developing the **information and reporting** modules of the newly implemented Financial Management (Agresso) System.
- Developing **E procurement** including fully electronic requisitioning, ordering and paying for goods and services.

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- Updating **system documentation and evaluating the control criteria** arising from the recent and planned implementation of new computer systems across the Council.
- Developing **estate management practice and procedures** – the new Division has inherited a backlog of work and issues which will need to be addressed whilst delivering on strategic asset management.
- Strengthening **risk management** across the Council in accordance with advice and guidance from the District Auditor.

2.2 In addition, it is anticipated that other factors will influence the work of the Division. For example:

- Complying with the **“Whole of Government Accounts”** regulations and new International Financial Reporting Standards. This will entail the production of more financial information and to a consistent standard.
- The yearly **“Use of Resources” assessment** which will be evaluated by District Audit. This will be one of the main tests of how much the Council is improving. Continuous improvement in this area will be a major factor in whether the Council is able to have its CPA score reviewed. Amongst other things, this focuses on the council’s accounts, the provision of financial information, asset management and corporate governance – all key issues for the Division.
- The requirements of the **“Gershon Efficiency Review,”** both from a general advisory role across the Council, together with probably having to contribute to the Council’s target (as a corporate service) by providing more efficient and effective services. In addition, asset management is considered to be a key part of this, as is E-procurement.
- The Government’s current review into the **future funding of local government**. Proposals for changing local taxation and the balance of funding between central and local government may affect the Council’s financial strategy.
- Assessing and co-ordinating the financial implications of **Single Status, Job Evaluation**.

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**3. WORKFORCE PLANNING**

3.1 The following 2 issues have been identified.

<b>Issues</b>	<b>Intended Solutions</b>	<b>Measurement of Success</b>
<p><b>Recruitment and Retention of Staff</b></p> <ul style="list-style-type: none"> <li>• Difficulty in filling vacancy for Senior Accountant. Market in particular for certain finance staff is becoming a suppliers market.</li> </ul>	<ul style="list-style-type: none"> <li>• Temporarily, staff “act up” and overtime is worked.</li> <li>• Longer-term, review duties and responsibilities within a revised grading (but more streamlined) structure.</li> </ul>	<ul style="list-style-type: none"> <li>• Standards are maintained and externally verified.</li> <li>• Deadlines such as closure of accounts are met.</li> </ul>
<p><b>Reliance on Agency Staff</b></p> <ul style="list-style-type: none"> <li>• In particular on Estates Management, where the approved establishment of 1 is being covered by 2 Agency staff.</li> </ul>	<ul style="list-style-type: none"> <li>• With the appointment of a Corporate Asset Manager, duties, responsibilities and alternative methods of working are being reviewed.</li> <li>• Recruitment to the established post is to be progressed.</li> <li>• Longer-term, depending on the review, additional resources may be required either through additional staff, partnering or outsourcing of work associated with property management. Alternatively, certain work may need to be curtailed.</li> </ul>	<ul style="list-style-type: none"> <li>• Current backlog of rent reviews, land sale enquiries and lease renewals is reduced.</li> <li>• Document management systems are improved.</li> <li>• External score for asset management in “use of resources” assessment improves</li> </ul>

**4. KEY TASKS**

4.1 Many of the tasks undertaken by the Division are completed on a yearly basis in accordance with statutory timescales. This includes the preparation of the annual budget and council tax setting, production of annual accounts and financial returns.

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- 4.2 Internal Audit is subject to both an annual plan for reviewing the Council's main systems and a 4-year plan to cover all other activities on a cyclical basis. Estate management is undertaken on a constant and rolling basis.
- 4.3 Many other tasks such as paying employees, creditors, cash flow management and production of budget monitoring, are also undertaken on a cyclical basis in accordance with both local and statutory factors. Other tasks such as insurance provision are subject to longer term agreements with periodic reviews.
- 4.4 Besides being responsible for the Council's overall financial strategy and medium term financial projections, the Division also develops and reviews the Treasury Management Strategy, together with the Internal Audit and Asset Management Plans of the Council.
- 4.5 All of this covers the main operational and on-going tasks of the Division. They are mostly driven by externally set deadlines with external verification of standards, in many instances, by the Government and the Audit Commission.
- 4.6 In order for the Division to progress and meet the opportunities and challenges previously identified, a number of developmental activities have been identified for this planning period. These are summarised in the table below.

**Developing Finance and Property Services – Key Tasks**

Ref.	Actions	Time scale
FPS 1	Develop the <b>reporting and information</b> modules of the Agresso System <ul style="list-style-type: none"> <li>• Introduce profiled budgets</li> <li>• Implement overhead costing</li> <li>• Develop standard reports and tailor for individual budget managers</li> </ul>	April 05 to Apr 06 By Sept 05  April 05 to Apr 06
FPS 2	Implement <b>2<sup>nd</sup> Phase of Agresso</b> – E-purchasing and Web Enablement <ul style="list-style-type: none"> <li>• Pilot departments</li> <li>• All departments</li> </ul>	From April 05 By Dec 05
FPS 3	Develop <b>Asset Management</b> <ul style="list-style-type: none"> <li>• Review resources and future service delivery</li> <li>• Review property management system and produce business case for new software</li> <li>• Update corporate property strategy for consultation</li> <li>• Agree final strategy</li> <li>• Review Asset Management Plan</li> <li>• Identify key assets and policy for disposal or development opportunities</li> <li>• Compile Asset Register and undertake review of asset values on a rolling program</li> </ul>	June 05 June 05  Sept 05 Dec 05  Dec 05  April 06  April 06

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<b>FPS 4</b>	<b>Strengthen Risk Management</b> <ul style="list-style-type: none"> <li>• Committee to agree District Audit Action Plan</li> <li>• Draw up corporate strategy for consultation</li> <li>• Agree final strategy</li> </ul>	July 05 Sept 05 Dec 05
<b>FPS 5</b>	<b>Develop payroll/personnel computer system (in conjunction with HR)</b> <ul style="list-style-type: none"> <li>• Finalise arrangements for upgrade</li> <li>• Agree implementation plan</li> <li>• Develop payroll functionality and review</li> <li>• Review paper forms and procedures and move to electronic means</li> </ul>	By April 05 By May 05 By April 06  By April 06
<b>FPS 6</b>	<b>Document processes and evaluate controls in new computer systems</b> <ul style="list-style-type: none"> <li>• Agresso</li> <li>• Housing Management (Orchard) System</li> <li>• Revenues and Benefits (Pericles) System</li> </ul>	From April 05 and on-going When implemented

**5. MANAGING RISKS**

5.1 The following table sets out the main risks (apart from the Workforce Planning issues previously identified) that could have a significant effect (if they occurred) on the Division in undertaking its key aims and in delivering the key tasks above.

Nature of Risk	Likelihood of Occurrence	Impact	Existing and Proposed Action to Minimise Risk
<b>Software suppliers cease to exit.</b> Would be left with major financial systems being unsupported. This would limit enhancements and mean any software problems occurring remaining unfixed.	Low	Critical	<ul style="list-style-type: none"> <li>• The Council owns the licenses for the systems, which are registered with the market regulator.</li> <li>• Staff are undertaking additional training on the Agresso system to understand its programming and mechanics.</li> </ul>
<b>Misinterpreting or not complying with legislation and regulations.</b> Could jeopardise the financial position of the Council or mean penalties being incurred. Council could also be sued.	Low	Critical	<ul style="list-style-type: none"> <li>• Staff attend training workshops and seminars as required and also network with colleagues in other authorities.</li> <li>• Best practice bodies such as CIPFA and RICS also provide practitioner guides and support.</li> </ul>

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			<ul style="list-style-type: none"> <li>• Extensive independent advice and consultancy is also available if necessary.</li> </ul>
<p><b>Financial Institutions Fail.</b> Could see the Council losing any money on deposit.</p>	Low	Critical	<ul style="list-style-type: none"> <li>• Money is mainly deposited with the Government and other local authorities.</li> <li>• The Council's approved lending list is restricted to regulated institutions with the highest quality ratings. This list is reviewed on a regular basis.</li> </ul>
<p><b>Failure to meet payroll deadlines.</b> Particularly due to an unplanned reduction in staffing. Could see employees and members not being paid.</p>	Low	Moderate	<ul style="list-style-type: none"> <li>• Staff cover is provided.</li> <li>• Procedural notes are also available.</li> <li>• A reciprocal arrangement is in place with a neighbouring authority as a further contingency. This has been used in the past.</li> </ul>

**6. EMPLOYEE STRUCTURE & WORK ORGANISATION**

6.1 The Division is part of the Corporate Services Directorate and contains 22 posts across the 4 major units. An organisation chart is shown in **Appendix 1**.

**Training and Development**

6.2 Generally, this is undertaken on an-going basis to cover technical updates and professional developments. Management and supervisory requirements and training on personnel policies are satisfied through in-house courses. This is all set out and monitored in individual training and development plans.

6.3 Besides this, in order to meet the requirements of the key tasks (as set out in section 4.6) the **major training will be associated with the implementation, development and assessment of the new financial systems**. The software suppliers as part of the respective projects will provide this, together with ad-hoc external courses and via user groups.



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**7. PERFORMANCE INDICATORS and TARGETS**

**Best Value Performance Indicators**

Indicator	Estimate 2004/05	Target 2005/06	Target 2006/07	Target 2007/08
<b>BVPI 8</b> Proportion of undisputed invoices paid within 30 days	95%	100%	100%	100%

**Local Performance Indicators**

<b>FPS LI 1</b> Proportion of payments made to suppliers electronically	65%	100%	100%	100%
<b>FPS LI 2</b> Production of Annual Statement of Accounts (statutory deadlines)	31 <sup>st</sup> July 2005	30 <sup>th</sup> June 2006	30 <sup>th</sup> June 2007	30 <sup>th</sup> June 2008
<b>FPS LI 3</b> Production of Whole of Government Accounts (statutory deadlines)	Nov 05	Oct 06	Sept 07	Sept 08
<b>FPS LI 4</b> Partial exemption limit for VAT does not exceed	5%	5%	5%	5%
<b>FPS LI 5</b> External Audit opinion of Internal Audit	Satisfactory	Satisfactory	Satisfactory	Satisfactory
<b>FPS LI 6</b> Percentage of Annual Audit Plan completed in the Year	90%	90%	95%	95%
<b>FPS LI 7</b> Rating for Asset Management in "Use of Resources Assessment"	2 out of 4 minimum requirement met	3 out of 4 above minimum	3+ out of 4 performing well	4 out of 4 performing strongly

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**7. USEFUL CONTACTS**

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Finance & Property Services  
 Corporate Services Directorate  
 As at 31st August 2004



