

FINANCE SERVICES DIVISION – SERVICE PLAN 2004/07

1. SERVICE DESCRIPTION & PURPOSE

- 1.1 The Division is managed by the Finance Services Manager, who is assisted by 2 Unit Managers. They are each responsible for the following service areas.

Accountancy Services

- 1.2 The main workload of this unit involves the following activities:

- ✓ Maintenance of the Council's accounts and financial records
- ✓ Compiling the annual accounts and financial statements
- ✓ Co-ordinating the Council's medium-term financial strategy and 3-year financial projection (5-year for capital)
- ✓ Monitoring Council spending
- ✓ Production of finance briefings
- ✓ Co-ordinating budget preparation
- ✓ Monitoring and advising on financial settlements and on overall resources available to the Council
- ✓ Analysing and advising on developments in government finance and accounting regulations
- ✓ Completion of statutory financial records
- ✓ General financial advice and support to members and budget managers

Exchequer Services

- 1.3 The main workload of this unit involves the following activities:

- ✓ Co-ordination and maintenance of the Council's payroll
- ✓ Co-ordination of creditor payments
- ✓ General debt collection and processing of miscellaneous income
- ✓ Maintenance and reconciliation of the Council's bank accounts
- ✓ Treasury management including dealing with the Council's daily cash flow requirements
- ✓ Monitoring and advising on all VAT and other taxation matters
- ✓ Arranging and administering the Council's insurance requirements
- ✓ Co-ordinating risk management
- ✓ Administering council house mortgages
- ✓ Calculation and checking of Right to Buys
- ✓ Administering the Council's car loan scheme
- ✓ General technical advice and support to members and budget managers

Nature and Level of Service

- 1.4 To a large extent, the Division provides a management support function to all Council activities; users of the Services are almost entirely internal. The cost of the main activities and how they are recharged is set out in the annual Service Level Recharge document, which is circulated to all Divisional Managers for consultation.

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1.5 However, the services provided are also undertaken within the remit of the Chief Finance Officer's Statutory Section 151 responsibilities – to safeguard the financial affairs and assets of the Council. Therefore, the services also provide a stewardship function to ensure that the Council complies with:

- Local Government Finance Acts
- Other Financial Regulations
- The Account and Audit Regulations
- Codes of Best Practice

Partnership/External Working

1.6 None of the Division's services are out-sourced, although external consultancy is occasionally used to support more technical issues around risk management, insurance and treasury management. In addition, the Division does buy-in some support from a neighbouring authority to deal with high level VAT and other taxation issues.

1.7 Furthermore, the Division is currently working closely with another neighbouring authority in implementing its new financial management (IT) system. Infact, the Council is hosting the hardware and software requirements for both authorities.

Best Value

1.8 During July 2003, a Best Value Review of the Division's services was completed. This set out the vision and aspirations for the services for the future. In particular, to balance

- the requirement to carry on developing to meet the needs of service users,
- whilst maintaining the robustness of the services, and
- maintaining sound financial management and overall probity of the Council.

Key Aims

1.9 Set against this, the key aims of the Division are:

- Ensuring that members and officers are aware of the financial consequences of decisions being taken.
- Supporting budget holders and service managers in managing the resources under their responsibility, including the provision of financial information and advice.
- Raising financial awareness via ad-hoc seminars, open days and "teach-ins" to train and develop the knowledge of members and officers. Finance is also an option as part of the induction process for new employees.

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- Using the budget process via area committees, to raise the awareness of local residents about the Council's finances and the options available to it.
- Providing a high level of accountability by producing the annual statement of accounts and regular financial reporting.
- Administering financial transactions efficiently and effectively in accordance with Government and local targets.
- Paying employees and members promptly and in accordance with national and local standards
- Helping to safeguard the assets and resources of the Council by providing adequate insurance (where appropriate) and co-ordinating risk management.
- Analysing opportunities to ease the Council's financial burden. For example, through debt rescheduling and obtaining the best interest rate possible with low risk on the Council's bank deposits.
- Developing the use of IT in relation to the principles of E-Government, in order to provide financial services in a more efficient and effective manner.
- Developing ways to ensure that all staff within the Division feels involved in contributing to the direction of the services they deliver, and that they receive feedback from management on their progress.
- Ensuring payments are made and income collected is in accordance with the Council's financial procedural rules.

2. OPPORTUNITIES and CHALLENGES

- 2.1 The key opportunities and challenges facing the Division over the next 3 years revolve around the aspirations and associated development plan that arose out of the Best Value Review. These are detailed in the Division's key tasks and performance indicators as set out in sections 3 & 6.
- 2.2 A main cornerstone in delivering these key tasks is the implementation of a new financial management system that is due to go live on 1st April 2004. This is a supported "off the shelf" software package.
- 2.3 In addition, it is anticipated that other factors will influence the work of the Division. For example:
- The new Prudential System for borrowing and capital finance.
 - The Balance of Funding Review
 - Assessing and co-ordinating any financial implications of Single Status.

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- Co-ordinating the development of risk management across the Council.
- E-Government, especially in purchasing and payments.
- The Account and Audit Regulations (2003). This is bringing forward the deadline for producing the Council's accounts, with associated requirements for more working papers and financial statements.

3. KEY TASKS

- 3.1 Many of the tasks undertaken by the Division are completed on an annual 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.
- 3.2 Many other tasks such as paying employees, creditors, cash flow management and production of budget monitoring, are undertaken on a cyclical basis in accordance with both local and statutory circumstances. Other tasks such as insurance provision are subject to constant change.
- 3.3 These are the crucial areas for the Division. The table below sets out the significant development activities that will be undertaken by the Division over this planning period. These encompass the activities described above and will also assist in the Division meeting its key aims as set out in section 1.9.

Developing Finance Services – Key Tasks

Ref.	Action	Timescale
FS1	Implement Financial Management System (FMS) and revised business processing	April 2004
FS2	Introduce profiled Budgets and overhead costing	June 2004
FS3	Implement Document Management	Sept 2004
FS4	Develop (FMS) to E-procurement and WEB capability	April 2005
FS5	Review comparative costs and performance of Division with benchmarking group	Annually in August
FS6	Develop and implement strategy with Revenues for debt collection	December 2004
FS7	Assess and review arrangements with Derby City Council for VAT advisory service	May 2004
FS8	Develop and co-ordinate a Risk Management Strategy out of updated Corporate & Service Plans	April 2004
FS9	Consider the feasibility of an Insurance Fund	September 2004

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FS10	Develop and co-ordinate a strategy for reducing the Council's insurance loss ratios	On-going during the planning period
FS11	Review and develop the Council's financial, capital and treasury management strategies	On-going during the planning period
FS12	Crime & Disorder – Section 17 <input type="checkbox"/> Audit existing services and policies <input type="checkbox"/> Implement action plan	<input type="checkbox"/> Sept 2004 <input type="checkbox"/> Sept 2004 onwards
FS13	Equal Opportunities and Diversity <input type="checkbox"/> Annual audit of services and policies in light of Race Equality Scheme <input type="checkbox"/> Implement action plan	<input type="checkbox"/> Annually in September <input type="checkbox"/> Sept 2004 onwards

4. MANAGING RISKS

The following tables set out the main risks that could have a significant effect (if they occurred) on the Division in undertaking its key aims and in delivering the key tasks above.

Risk of insufficient resources, in particular staffing

Consequences	Likelihood of Occurring	Actions in Place
This is particularly pertinent due to the implementation of a major system and the on-going targets post April 2004. This is being achieved in addition to normal routines and tasks. Could mean other developmental work is delayed to meet plan.	Medium	Provision for overtime working has been included in budgets. Project budget includes a contingency for additional consultancy support if required. Will be monitored on a regular basis.

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Risk of software suppliers ceasing to exist

Consequences	Likelihood of Occurring	Actions in Place
Would be left with major Council systems being unsupported. This would limit enhancements and mean software problems remaining unfixed.	Low	The IT market is still fairly volatile. However, the Council's suppliers are well established (and growing) in the local authority market. The Council owns the licenses for the systems, which are registered with the market regulator.

Risk of misinterpreting financial legislation and regulations

Consequences	Likelihood of Occurring	Actions in Place
Could jeopardise the overall financial position of the Council or mean financial penalties being incurred from such bodies as Inland Revenue or Customs & Excise.	Very Low	Staff attend training workshops and seminars as required and also network with colleagues in other authorities. Best practice bodies such as CIPFA also provide practitioner guides and support. Independent advice (consultancy) is also available if necessary and is actually in place for Vat matters.

Risk of financial institutions failing

Consequences	Likelihood of Occurring	Actions in Place
Would see the Council losing any money on deposit.	Very Low	The Council's approved lending list is restricted to regulated institutions with the highest quality ratings. This list is reviewed on a regular basis. In accordance with this, short-term deposits run an extremely low risk as they are mainly placed with traditional high street banks, the Government and other local authorities.

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Failure to meet Payroll deadlines

Consequences	Likelihood of Occurring	Actions in Place
Particularly due to an unplanned reduction in staffing. Could see employees and members not being paid.	Low	Staff cover is provided. Procedural notes are also available. In extreme circumstances, the software supplier could offer short-term assistance, as could a neighbouring authority that also uses the same system.

5. EMPLOYEE STRUCTURE & WORK ORGANISATION

5.1 The Division is part of the Finance and IT Department and contains 16 posts across the 2 major units, split into 4 smaller sections. These sections deal with the individual specialist areas, which are broadly defined as

- Accountancy,
- Technical (Treasury Management, VAT, Insurance),
- Payroll, and
- Accounts (Creditors & Debtors, Cash Income)

Training and Development

5.2 Generally, this is undertaken on an-going basis to cover technical updates and 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 (as part of the Council's PDR process).

5.3 In order to meet the requirements for the key tasks (as set out in section 3.3) the following training is anticipated:

Key Task Ref.	Training/Development Required
FS1 to 4	Major training requirement for implementation and development of new systems - being provided by suppliers as part of project.
FS8 to 10	Training and awareness to be supported by the Council's insurers.

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6. PERFORMANCE INDICATORS and TARGETS

Best Value Performance Indicators

Indicator	Estimate 2003/04	Target 2004/05	Target 2005/06	Target 2006/07
BVPI 8 Proportion of undisputed invoices paid within 30 days	95%	97.5%	100%	100%

Local Performance Indicators

Indicator	Estimate 2003/04	Target 2004/05	Target 2005/06	Target 2006/07
FSLI 1 Proportion of payments made to suppliers electronically	n/a	75%	95%	100%
FSLI 2 Production of Annual Statement of Accounts	31 st July 2003	15 th July 2004	30 th June 2005	15 th June 2006
FSLI 3 Proportion of new sundry debts raised in year collected	90%	95%	99%	100%
FSLI 4 Proportion of financial & management reports that meet user requirements	n/a	75%	95%	100%
FSLI 5 Proportion of service users agreeing Service Level Recharge	75%	95%	100%	100%
FSLI 6 Proportion of service users satisfied with system processing	n/a	95%	100%	100%
FSLI 7 Return on short-term investments (bank deposits and money market funds)	Local Authority 7-Day Rate	Local Authority 7-Day Rate	Local Authority 7-Day Rate	Local Authority 7-Day Rate
FSLI 8 Partial exemption limit for VAT does not exceed	5%	5%	5%	5%

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7. USEFUL CONTACTS

Any questions or queries on any aspect of the Division's services should be directed to:

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REVENUE SERVICES SERVICE PLAN 2004/07

1. SERVICE DESCRIPTION AND PURPOSE

- 1.1 The Division is responsible for the collection and recovery of Council Tax and the National Non-Domestic Rate, the administration of the Housing and Council Tax Benefit Scheme along with the provision of remittance processing facilities and the administration of the Concessionary Fares Scheme.

Revenues

There are almost 35,750 properties banded for Council Tax purposes.

In addition, there are almost 1,900 National Non-Domestic Rate properties.

Accounts are despatched to all liable persons and amendments are carried out to reflect the various discounts and exemptions which are available. The recovery of amounts outstanding is governed by a Code of Practice which includes action in the Magistrates' Court, the use of two firms of Bailiffs and the use of attachments of earnings or benefits.

Benefits

The caseload for Housing and Council Tax Benefit claimants is almost 4,800. Of these, 2,020 also receive Rent Rebate (paid to Council Tenants) and 1,280 receive Rent Allowance (paid to private tenants and tenants of Registered Social Landlords).

Applications are received from claimants and each claim has to be reviewed on an on-going annual basis. Payment of Council Tax Benefit is made direct to the Council Tax account, whilst Rent Rebate is paid to the Rent Account and crossed cheques are issued in respect of Rent Allowance payments.

The division also carries out any necessary Fraud Investigations to ensure that benefits are paid only to those who have an entitlement.

Cash Collection

The Cash Office in the Civic Offices provides a remittance processing centre for the authority dealing not only with personal callers but also with the processing and reconciliation of remittances received from other sources such as the Post Office, Banks and Debit/Credit Cards.

Concessionary Fares

The Division is responsible for the issuing of passes in connection with the Concessionary Fares Scheme. This scheme is a joint venture with Derbyshire County Council and the councils within the county, including Derby City. The scheme provides reduced fares for the elderly and certain disabled persons.

- 1.2 The service is currently involved in the Joint working with the Derbyshire and Staffordshire Revenues and Benefits Consortium.
There is also joint working with other Derbyshire and neighbouring authorities to produce benefit information leaflets.
- 1.3 The Revenue Division provides a service to a wide range of external customers. A Council Tax bill is sent to every household in the district and a National Non-Domestic Rate bill to every business. Some of the occupiers of domestic properties are benefit claimants and many payers use the services offered by the cash office, including those who wish to obtain a Concessionary Travel Permit.
- 1.4 The purpose of the Division is to provide an effective and efficient service to the Council and our customers in relation delivery of the Revenues and Benefits Service.

2. OPPORTUNITIES AND CHALLENGES

2.1 The **Corporate Related Challenges** 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.
- **E-government** – offers the opportunity and prospect of government funding to change the way we deliver services to our customers using IT. The government is about to make regulations to allow the production of electronic Council Tax and National Non-Domestic Rate bills.
- **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. We are now involved with closer working/partnerships with other councils so that we can share knowledge and expertise. The introduction of the “Customer First” project will have a significant impact on the service.

2.2 The **service related challenges** are as follows:-

- **Replacement of Computer Systems** – it has been identified that the computer systems used in Revenue Services are now outdated and are in need of replacement. The Derbyshire and Staffordshire Revenue and Benefits Consortium, of which we are one of the five councils involved, was formed to acquire modern, e-government compatible systems which will lead to the service being delivered in an imaginative way. The work on the conversion to the new system is advanced and the scheduled “go live” date is June 2004. The period beyond will be used to develop the service around the facilities available following the introduction of the system.

- **Legislation Changes** – there are constant changes to the regulations governing the administration of the Housing and Council Tax Benefit scheme. These changes have to be introduced to strict timescales and have a direct impact on many claimants. The main proposals for further changes include changing the scheme to:
 - Introduce a flat standard local housing allowance
 - Make payments direct to claimants
 - Speed claims processing
 - Reduce the need for repeat new claims
 - Allow for a service that enables claiming over the telephone and once only
 Further developments will, no doubt, following in the period to 2007.
- **Performance Standards** – work has been undertaken to introduce practices and procedures to increase the number of HB/CTB Performance Standards achieved by the service.
- **Verification Framework** – experience at other authorities shows that the introduction of the Benefit Verification Framework has a direct impact on the processing times. The verification framework involves the confirmation of identity and the verification of income and capital with key documentation in all cases. There is also a complex system of recording such actions. However, the framework is designed to prevent fraud entering the system and at the moment councils have discretion to decide whether to adopt this framework. A complete review of the Framework has taken place and revised arrangements are to be introduced with effect from April 2004. Work will commence to move towards the Framework from that date and full implementation is likely to take place when the new benefit software is in place.
- **Fraud Initiatives** – there will be a continuing requirement during the period to adopt various initiatives to attempt to combat benefit fraud. Some of these initiatives will be carried out jointly with the local DWP office.
- **The Benefit Fraud Inspectorate** – whilst a full inspection has not been scheduled, the Inspectorate is involved with this part of the Council's Corporate Performance Assessment. The inspection carried out in November, 2003 will be reviewed on a regular basis and form part of the continuing work on the CPA.
- **Preparation to extend joint working with other Councils** – This will continue to develop during the period to 2007. This will build on the work already carried out following the acquisition of computer software and the work done on the design of leaflets and forms. Other developments will be the sharing of expertise (e.g. recovery of Council Tax) and the possible sharing of workload between authorities.
- **Other changes** –
 - The content and appearance of the Council Tax bill is being amended further to include changes to the statutory information and make provisions for e-billing.
 - Work is currently being carried out by the Valuation Officer for the next non-domestic rate revaluation. This is due to come into effect on 1 April 2005 and will, in all probability, be accompanied by a transitional scheme.
 - A "revaluation" of bands for Council Tax will take place before 1 April 2007. The date on which this exercise will be based is April 2005. Further details will be announced over the coming months.

Opportunities

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

- **A wider range of options** – the above challenges do bring opportunities to deliver services in a different and innovative
- **Greater flexibility across the Council to consider alternative methods of delivery** – a number of the challenges outlined above will require decision makers to consider and accept alternative ways of delivering services.

3. KEY TASKS

Ref. No.	Actions	Timescale
Rev1	Implement the new Revenues and Benefit Software	To June, 2004
Rev2	Plan developments to follow the introduction of the new software (eg. Further joint working arrangements)	To June, 2004 (and beyond)
Rev3	Continue to develop the joint working arrangements with other authorities for the production of leaflets and standards	Throughout the period to March 2007
Rev4	Implementation Plan following the work carried out on the HB/CTB Performance Standards (as part of the BFI inspection for the CPA)	Covers the period until 30 September 2005
Rev5	Enhance the fraud investigation function as a result of the CPA inspection and the HB/CTB Performance Standards	Covers the period until 30 September 2005
Rev6	Introduce the provisions of the Verification Framework	April to September 2004
Rev7	Prepare for and Implement the National Non-Domestic Rate revaluation	To April, 2005
Rev8	Prepare for and Implement the Council Tax re-banding	To April, 2007
Rev9	Introduce e-billing facilities for Council Tax and the National Non-Domestic Rate	June, 2004
Rev10	Investigate and make bids (either as an individual authority, or jointly with other authorities and organisations) for funding for various projects	Throughout the period to March 2007
Rev11	Crime and disorder - Section 17: <ul style="list-style-type: none"> • Audit existing services and policies • Implement action plan 	September 2004 September 2004 (onwards)
Rev12	Equal Opportunities and Diversity <ul style="list-style-type: none"> • Annual Audit of services and policies in the light of the Race Equality Scheme • Implement the Race Equality Scheme Action plan 	September 2004/05/06 September 2004 (onwards)

4. MANAGING RISKS

Risk	Extent of risk	Likelihood of occurrence (High/Medium/Low)	Proposed Action to minimise the risk
Substantial delay (or non-delivery) of the new Revenues and Benefit computer system	Litigation by the Consortium	Low	Weekly meeting of the Implementation Team and Project Board to ensure adherence to timetables
Substantial changes to the Benefit scheme prior to the implementation of the new Revenues and Benefits computer system	Need to update existing software (at the expense of introducing the new system)	Low	No substantial changes have been identified at the moment
Substantial changes to the Council Tax and Non-Domestic schemes prior to the implementation of the new Revenues and Benefits computer system	Need to update existing software (at the expense of introducing the new system)	Medium	Delay the introduction of any changes until the new software is in place (e.g. changes to Council Tax discounts and exemptions)
Non-delivery of required legislative changes to new system	Litigation by the Consortium	Low	Involvement in user groups to endeavour to ensure all requirements are met

5. EMPLOYEE STRUCTURE AND WORK ORGANISATION

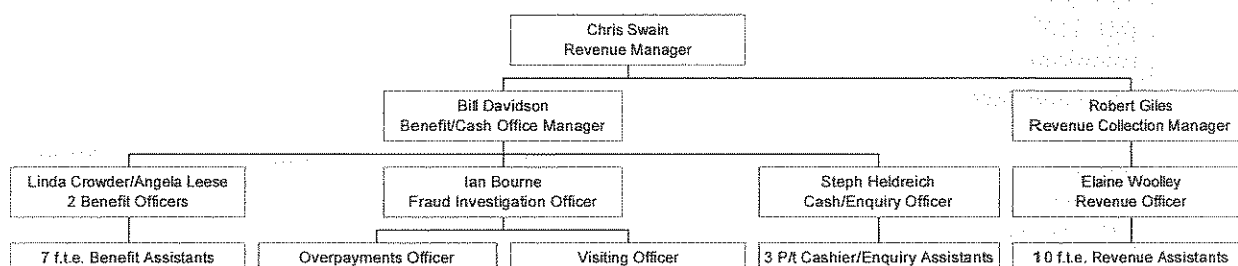
5.1 The Revenue Division is part of the Finance and I.T. Department.

5.2 The Division is managed by the Revenue Manager and is divided into two main sections as follows:

- ❖ Revenue Collection
- ❖ Benefits and Cash Office

5.3 An organisation chart is shown below:

Work organisation – Revenue Services



Development Needs

Service Plan Reference	Key Development Needs
Implementation of the new Revenues and Benefits System	Training on the implementation of the project. Intensive training on the workings of the new system.
Implement changes in Benefits legislation	Training on the changes to the legislation

6. PERFORMANCE INDICATORS AND TARGETS

Best Value Performance Indicators

Best Value Indicators	Estimate 2003/04	Target 2004/05	Target 2005/06	Target 2006/07
9- Percentage Council Tax Collected in year	98%	97%	97.5%	98.5%
10- Percentage NNDR collected in year	99%	97%	98%	99%
76 Security				
76a- No. of claimants visited per 1,000 caseload	100	100	150	200
76b- No. of fraud investigators per 1,000 caseload	0.45	0.90	0.90	0.90

76c- No. of fraud investigations per 1,000 caseload	40	80	80	80
76d- No of prosecutions and sanctions per 1,000 caseload	2	3	4	5
78a- Average number of days to process new benefit claims	23 days	30 days	25 days	20 days
78b- Average number of days to process changes of circumstances	6 days	10 days	8 days	5 days
78c- Percentage of renewals processed on time	100%	85%	95%	100%
79a- Accuracy of processing calculations)	98%	96%	98%	99%
79b- Accuracy of processing (percentage of overpayments recovered)	Unable to measure due to software limitations	Unable to measure due to software limitations	70%	80%
80 User Satisfaction Surveys	2003/04 only			
80a- Contact/access facilities at benefit office	80%			
80b- Service in benefit office	82%			
80c- Telephone service	70%			
80d- Staff in benefit office	80%			
80e- Clarity etc of forms and leaflets	70%			
80f- Time taken for a	82%			

decision				
80g- Overall satisfaction with the service	85%			

NB. The targets for 2004/05 have been adjusted to reflect the anticipated effect of the introduction of the new computer systems

Local Performance Indicators

Local Indicator	Estimate 2003/04	Target 2004/05	Target 2005/06	Target 2006/07
Average number of chargeable Council Tax dwellings per Revenue Assistant	2,750	2,750	2,800	2,850
Average number of chargeable NNDR properties per Revenue Assistant	1,125	1,125	1,150	1,150
Average time for paying new claims for Council Tax Benefit	7 days	12 days	8 days	6 days
Average time for paying new claims for Rent Rebate	7 days	12 days	8 days	6 days
Average time for paying new claims for Rent Allowance	7 days	12 days	8 days	6 days
Average time for processing changes of circumstances for Council Tax Benefit	6 days	12 days	7 days	5 days
Average time for processing changes of circumstances for Rent Rebate	6 days	12 days	7 days	5 days
Average time for processing changes of circumstances for Rent Allowance	6 days	12 days	7 days	5 days
Average number of claimants per Benefit Assistant	750	750	800	850

Percentage of claims not processed at the end of the year	2.50%	5.00%	3.00%	2.00%
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NB. The targets for 2004/05 have been adjusted to reflect the anticipated effect of the introduction of the new computer systems

7. USEFUL CONTACTS

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