

BEST VALUE REVIEW REPORT OF THE FINANCIAL MANAGEMENT SERVICE

1. INTRODUCTION

- 1.1 Financial Management has been identified as a discrete package for Best Value review purposes and the review of this corporate support function has now been completed.
- 1.2 This report, produced by the Accountancy Services Self Assessment Team (SAT), informs Members about the Financial Management service, the process used to undertake a fundamental review, the key challenges, the verification process and the outcomes from the review.
- 1.3 The report also seeks approval to an action plan for continuous improvement of the service over the next five years, which will be required to achieve the desired outcomes.
- 1.4 The report draws on inputs from the SAT, users, stakeholders, Members and the Best Value Review Board (BVB).

2. EXECUTIVE SUMMARY

- 2.1 The Financial Management Service is a corporate support service providing essential financial services to the Authority.
- 2.2 The review has focussed on the Accountancy Section which provides the vast majority of this central support function. However, some staff in other directorates also provide support and the scope of their input has also been thoroughly reviewed.
- 2.3 Statutory and discretionary elements of the service have been separately identified and all aspects have been subject to the 4 C's.
- 2.4 The results of the review have been verified by the BVB and their comments are included within this report. The BVB are satisfied that the review was both thorough and robust and tackled the critical business activities undertaken in providing financial management for the Authority. The report has also been considered by the Corporate Management Team.

2.5 Review of Costs and Savings

2.5.1. The overall estimated outturn cost of the service for 2001/2 is:-

| | £ |
|---------------------------------------|---------------|
| Accountancy Services | 609,000 |
| Finance Officer, Environment Services | <u>36,370</u> |
| Financial Management Services | 645,370 |

2.5.2 The overall cost of the review to-date is £27,845 or 4.3% of the value of the service. A small amount of cost will continue to accrue as the report is presented to the Review Panels and for any subsequent consultation and amendment.

2.5.3. It has not been possible to identify further efficiency savings over and above those already made this financial year. These were reported to Members earlier in the year and equate to nearly **20%** of the original budget.

2.5.4 It is possible that some efficiency savings may arise when the new financial system is fully implemented. However, there are also reservations about future work commitments which may have resource implications for the Accountancy Section.

2.6 4C's Key Activities of the Review

2.6.1 CHALLENGE - Whilst there are elements of the service which are statutory, the way in which the service is provided is almost completely discretionary. The SAT asked a range of questions that challenged all aspects of the service, looked at the different options for service delivery and identified areas of best practice. Where the potential for improvement was evident it has been included in the Continuous Improvement Programme.

2.6.2 COMPETE – The SAT thoroughly investigated all service delivery options and set the criteria for change which should be a demonstrable improvement in service and/or a reduction in costs. The service delivery models were matched against this criteria. The most efficient, effective and competitively advantageous model for the authority was identified.

2.6.3 COMPARE - The performance of the Financial Management Service was compared directly with a large number of other authorities for a range of accountancy functions. The results were very encouraging in terms of cost although information on quality issues was more difficult to come by, and some issues have been included in the action plan for further investigation.

2.6.4 **CONSULT** – Feedback from a range of key stakeholders was extremely valuable and showed a very high degree of satisfaction with the services being provided. It was also useful in that some comments indicated areas where the Accountancy Section could improve its performance and give its users a better quality of service. These have been incorporated in the Continuous Improvement Programme.

2.7. **Key Review Outcomes**

2.7.1 Whilst the opportunity for cost savings or income generation was considered, it was not one of the expected outcomes. Nevertheless, the potential for further savings to be made has been identified as a possibility if partnership working or shared service centres are developed.

2.7.2 A number of possible service improvements have been identified as a result of the review. They have been included in the Continuous Improvement Programme.

2.7.3 No fundamental policy changes are required.

2.7.4 Having investigated the alternative service delivery options and matched them against the criteria for change, there is no compelling business case to change the current service delivery model.

2.7.5 A number of service performance indicators have been created which also link with those used by other authorities for comparison purposes. The indicators are clearly linked to targets. However, the need to refine and develop performance indicators has been included in the Continuous Improvement Programme.

2.7.6 The improvements identified for the provision of Financial Management services will ensure better information is available for the Authority to consider when deciding how to achieve its Corporate Objectives.

3. **BEST VALUE BOARD – REVIEW OF FINANCIAL MANAGEMENT CONSIDERATION OF FINAL REPORT – 7TH JANUARY 2002**

3.1 The Best Value Board (BVB) considered the Review Plan for Financial Management on 20 August 2001 and produced a brief report detailing the areas discussed, noting comments received and actions recommended. (Appendix 7, Final Report).

3.2 In considering the Final Report the BVB were therefore pleased to note that the various issues identified had been comprehensively addressed where possible. However, the BVB were disappointed that elected Members input into the review was limited and whilst accepting the reasons for delaying a Member forum, considered this should be done as a priority within the improvement plan. (action point 18)

- 3.3 The BVB commended the approach taken by the Self-Assessment Team (SAT) in setting out the four areas of challenge, compete, consult and compare in Table 1 of Section 6. The questions and answer style was considered to be very good and an example for future best practice.
- 3.4 The main points identified by the BVB and discussed with the SAT were:-
- 3.4.1 The team had investigated the options for service delivery and reasonably concluded that there would be no realistic prospect of a private sector or partnership option for a package of this type. A private partnership would only be interested in a larger package including 'Benefits'. The BVB consider that when the 'Benefits' service is subject to Best Value, the option of a larger package, which might permit alternative service delivery options, should be reconsidered. (action point 31)
- 3.4.2. The BVB were interested to hear from the SAT that various innovations were being proposed in terms of the presentation and availability of financial information. They considered that this could have been beneficially highlighted as part of the review and should be included in the final reports. (Action Points 14 & 15).
- 3.4.3. BVB considered a structure chart for the team, linked with the functions they carried out, could be usefully incorporated into the final report. (appendix 14)
- 3.4.4 The BVB noted concerns of the SAT that the recent reduction in staffing resources might adversely impact on the service's ability to achieve its aims and objectives. This situation should be very carefully monitored, including attention to the staff's perceptions and the views of service users on whether standards are being maintained.(action point 17)
- 3.4.5 The service delivery options involving centralisation within the service or more decentralisation to other Directorates was discussed in detail. The BVB noted and concurred with the SAT's view that the best option would involve some further limited (lower level) decentralisation into some Directorate's, based upon the success of the arrangements applying in Environmental Services. This issue needs to be developed and kept under review. (action point 23)
- 3.4.6 The BVB questioned whether the service provided information to the Section 151 officer at the appropriate level. They were satisfied that this was the case. The good reports on the service from District Audit verified that good practice was achieved in this respect.
- 3.4.7 The BVB questioned the basis on which the Benchmarking group was established. They were satisfied that it was the only practical basis for looking at comparative information, that it was a representative group and therefore that the conclusions drawn from it were soundly based.

- 3.4.8 The BVB questioned the lack of use made of the comparative information for the nine main work areas within the service. Whilst there may be reasons for this information not being totally reliable, this should be explored further or the reasons for not doing so explained in the report. (action point 9)
- 3.4.9 The BVB noted and agreed with the SAT that the improvement plan should be reformatted to give a greater emphasis on the priorities for improvement. This will involve giving more detail on dates for improvements tasks within the years and more emphasis on the improved outcomes which are expected. (appendix 8)
- 3.4.10 The successful implementation of the new FIS system was agreed to be crucial to a large part of the improvement plan. This needs to be carefully monitored with effective action taken quickly if it is not achieving required outcomes. (action points 17 &19)
- 3.4.11 It was agreed that feedback on the review from key stakeholders, staff and Members, is still to be obtained. This will be fed into portfolio panel and other intended reports as part of the on-going package. (action points 6,13,14,18,19 & 20)
- 3.4.12 The BVB noted that the development of performance indicators and targets is to be extended through improvement planning work. This is very important to the longer term monitoring of the work of the section. (action point 7)
- 3.5 The BVB considered that subject to the points raised above, this Best Value Review had been carried out very effectively in accordance with the Council's new corporate guidelines. In addition, the BVB having been satisfied with the answers provided by the SAT to the various issues raised, decided that no further verification work was required before producing this report.
- 3.6 The BVB considered overall that the Financial Management Service was a good one, providing for the needs of its stakeholders at a low cost (upper quartile), falling within the 2 star category. It also concluded that the improvement plan (adjusted as discussed) provided the promise of further improvement over the five-year period.
- 3.7 Finally, the BVB recognised the hard work which had gone into the review and wished to thank all those involved for their efforts and the SAT for their co-operative and helpful responses to this process.

4 THE SERVICE

4.1 Nature and Definition of Service

- 4.1.1 Financial Management is a generic term that covers a range of financial services. These services are mainly delivered by the Accountancy Section, although some support is also provided within directorates. Accountancy is a corporate support service providing essential financial services which enable the authority to make informed decisions for the delivery of front line services.
- 4.1.2 Financial Management, a central support service, was selected as a package because it impacts on every service provided by the authority and therefore, depending on its effectiveness or efficiency, can effect the achievement of corporate objectives and direct service delivery to the community.
- 4.1.3 Although the Accountancy Section's costs include allocations for the Director of Resources and the Assistant Director (Corporate and Client Services), most of their costs are allocated directly to the Corporate Management cost centre being associated with strategic management decisions. They are, therefore, excluded from the total costs of providing Financial Management services.
- 4.1.4 The service could be considered pivotal to the public's perception of the effectiveness of the authority. Whilst direct service delivery is often quoted, the media tend to focus on the level of council tax set every year. The quality of financial management and advice to Members can directly influence the council tax set, and the public will always have a view about what they consider to be value for money.
- 4.1.5 The gross turnover for the authority for 2001/02 will be approximately £82m of which £10m is for capital expenditure, £24m is Housing Revenue Account income, and £48m is General Fund expenditure. The Accountancy Section of 16 full time staff and one part time member of staff, prepares, monitors and controls this budget in its entirety (a structure chart can be found at Appendix 14). A few staff in other directorates undertake some work and more information on this can be found at paragraph 6.2.6.
- 4.1.6 The Authority has nearly 1500 employees, which equates to just under 900 full-time equivalents. It covers an area of 290 square miles and has a population of 172,000 making it the second largest district council in England.
- 4.1.7 The Accountancy Section provides the following services to the authority: -
- short and medium term strategic financial planning and advice to the Council.
 - forecasting of revenue and capital expenditure and council tax levels.

- provision of financial advice and management information to officers and members.
 - financial advice at a strategic level on major policy issues.
 - treasury management
 - budget preparation.
 - budget monitoring and reporting.
 - preparation of the Council's annual accounts.
 - preparation of the Council's Capital Strategy and Asset Management Plan.
 - preparation of subsidy, grant and other financial returns.
 - reconciliation of all bank accounts.
 - administration of grants and lease finance contracts, replacements and renewals.
 - administration of the financial contributions of developers.
 - administration and maintenance of corporate financial information and feeder systems.
 - administration of the sale of council houses.
 - administration of council mortgages.
 - accounting for and provision of advice on VAT.
- 4.1.8 The majority of the section's work is internally focussed, its main client being the Section 151 officer and the 58 Members. Other service users include directors, budget responsibility officers, Town and Parish Councils and, indirectly, the general public.
- 4.1.9 There is an increasing involvement in benchmarking with other authorities and the private sector. The Section has to deal with a variety of organisations and financial institutions in order to conduct successfully the financial arrangements of the Council. However, whilst important to the financial management of the authority, these organisations are not significant stakeholders.
- 4.1.10 The Council has a statutory responsibility to nominate one officer who will be responsible for the administration of the financial resources (s.151). There is a statutory requirement on the authority to set an annual budget and to publish annual final accounts.
- 4.1.11 The way in which the Council wishes to provide its Financial Management is not mandatory. However, there are professional guidelines and codes of practice issued by the Central Council of Accountancy Bodies, the Chartered Institute of Public Finance and Accountancy, (CIPFA), the Audit Commission and the Department for Transport, Local Government and the Regions, (DTLR), which regulate the production and presentation of information. Financial returns have to be completed for central government and the duty of Best Value requires a significant amount of accountancy support.

4.2 Other Factors

4.2.1. The scope of the review also covered the finance functions undertaken in other directorates:-

- to see if this is an efficient and effective use of resources and to ensure that there is no duplication of effort;
- to see if there is a case for further devolvement of accountancy functions to the directorates and whether this would produce an improvement in service delivery.

4.2.2. It was established that there is no real duplication of work. Where staff in other directorates prepare budgets or monitor expenditure on their own services, the accountancy staff provide a scrutiny role and/or co-ordinate information to provide high level reports for senior officers and Members. More information on this and the devolvement issue can be found in section 6 of this report.

4.2.3. The role of the Accountancy Section has developed over a period of time, responding to new legislation and guidelines introduced by the Government and Accounting Standards Committee, and new technology.

4.2.4. New technology has had a significant impact on the way the section operates. The financial information system introduced in 1995 was replaced in April 2001 by an integrated system, (Agresso Financials), that should be fully operational by the end of the financial years. Improvements in the way financial information can be accessed can lead to efficiency savings and improvements in the quality of service to the clients.

4.2.5. The efficiency savings arising from new technology have also lead to a restructuring of the section to maximise the use of resources. The structure of the section was reviewed after the implementation of FMIS and restructuring took place in 1996 with the loss of 3.4 posts. The improvements expected from the Agresso financial system by the of the financial year have been anticipated with a further reduction of 3 staff at a senior level.

4.2.6. The above trend is clearly represented by the year on year costs of the section shown below with costs for 2002/03 expected to be the lowest for over 10 years although the demand for financial information has increased year on year.

| 1996/7 | 1997/8 | 1998/9 | 1999/0 | 2000/1 | 2001/2 | 2002/3 |
|---------|---------|---------|---------|---------|---------|---------|
| £ | £ | £ | £ | £ | £ | £ |
| 675,350 | 644,000 | 654,300 | 643,400 | 663,900 | 609,000 | 549,000 |

- 4.2.7. The total cost of the Financial Management package should include the costs of staff in other directorates whose input to the package is significant, as well as the Accountancy Section's costs. For this purpose, it is only the Finance Officer in the Environment Services Directorate, who has a 100% input. The cost of this officer is estimated to be £36,370 for 2001/02, and £37,890 for 2002/03. The total cost of the package for 2001/02 is estimated to be £645,370.

5. REVIEW PROCESS

- 5.1 The Financial Management Best Value review commenced in February 2001 with a meeting of all accountancy staff at which the reasons for the review and the review process were explained. A Self-Assessment Team (SAT) was selected and the staff engaged in a brainstorming session to identify issues affecting performance.
- 5.2 The Self-Assessment Team consists of:-
- Leader – Pat Higgins
 - Philip Butterworth
 - Jan Hawker
 - Martin Townsend
 - Phil Dunsdon
 - Kevin Green
 - Mentor – Geoff Bettle
- 5.3 A timetable to complete the review was proposed and the SAT was allotted various tasks to ensure that all aspects of the 4 C's were thoroughly investigated. The first task undertaken was a survey of all major stakeholders. These consisted of:-
- Members
 - Budget Responsibility Officers
 - Staff
 - Town and Parish Councils
 - District Audit
- Summarised results from the five surveys are in section 6.1. A copy of each of the questionnaires is attached as appendices 1 to 5.
- 5.4 The SAT has considered the approaches to service delivery as laid down by the DTLR, and judged them on the basis that they should result in a demonstrable improvement in service and/or a reduction in costs. Other authorities, private sector organisations and consultants have been contacted to establish the potential for outsourcing or partnerships and to understand the criteria that should be present to support such an approach. Stakeholders have also been consulted on their views as to how service delivery could be better provided.

- 5.5 The results of the annual benchmarking exercise for accountancy services, based on budgets for 2001/02, have been analysed. They indicate that the section's costs are 23rd lowest when compared to the other 63 district authorities that took part in the benchmarking exercise. When the costs of the three accountancy staff, who are due to leave through redundancy, are also taken out, then the authority's overall position in the table drops to 15th, which is in the lower quartile. The Accountancy Section has also been carrying a vacancy for part of the year which has so far not been reflected in the figures. However, cost is inextricably linked to quality, and comparison on quality issues has not been possible yet. The SAT has tried to obtain examples of best practice from both the public and private sectors, but with very limited success. The development of process benchmarking is recognised as an important factor in establishing best practice and has been included in the Continuous Improvement Programme, appendix 8, at action point 8.
- 5.6 Throughout the review, the SAT has kept the principle of challenge to the forefront in all its activities. In this way, it is confident that the process has been consistent, objective and robust.
- 5.7 The review has been conducted over a much longer time frame than was originally planned, although the amount of time spent by the SAT is still within the original estimate. The review was delayed for several weeks whilst a new process was formulated corporately. Whilst a lot of preparatory work was undertaken during this period, there was inevitably a reluctance to proceed with some major tasks until the new framework had been produced. Unfortunately, this meant that most of the SAT were heavily involved in preparing the authority's final accounts when the new guidelines were introduced, which then flowed seamlessly into the expenditure plan process and budget preparation.
- 5.8 The time spent to-date is as follows:-
- | | | £ |
|----------------------|-----------------|----------------|
| • Pat Higgins | 60 hrs @ £75 = | 4500 |
| • Philip Butterworth | 227 hrs @ £42 = | 9534 |
| • Philip Butterworth | 60 hrs @ £21 = | 1260 |
| • Jan Hawker | 80 hrs @ £30 = | 2400 |
| • Martin Townsend | 160 hrs @ £45 = | 7200 |
| • Phil Dunsdon | 80 hrs @ £22 = | 1760 |
| • Kevin Green | 15 hrs @ £44 = | 660 |
| • Geoff Bettle | 15 hrs @ £36 = | 540 |
| Estimate | | £29509 |
| | | Actual £ 27854 |
- 5.9 The brainstorming, surveys, and follow-up consultation with stakeholders, identified a number of challenges for the section. These are shown in the Continuous Improvement Programme, together with the actions necessary to bring about the desired outcomes, and the proposed time-scale for achievement, (see Appendix 8).

- 5.10 The majority of research has been desktop based although much important information has been gathered by networking at seminars and by talking to private sector organisations or consultants. On the whole, external visits have been limited because of cost and time constraints. Using the Internet has been a valuable source of information with access to the Audit Commission's Best Value inspection reports. Unfortunately, this proved to be less productive than was hoped for when looking for examples of best practice in other Authorities. The CIMA discussion boards produced a very useful response on performance monitoring from the private sector. However, neither CIPFA nor the Inter Authorities Group boards produced any answers at all to the request for information or examples of best practice in Accountancy Services.
- 5.11 The SAT also looked at work of a financial nature undertaken by staff in other directorates. All staff undertaking such work were identified and interviewed. The prime consideration of the review was to establish the extent of financial work being undertaken in other directorates, whether there was any duplication of effort, and where the service could be best provided.
- 5.12 An initial report, which outlined the package to be reviewed, the timetable, the key challenges and the expected outcomes (see appendix 6), was submitted to the Best Value Review Board on 20th August. The review board consisted of John Mascal, Cllr. J.Heron, Cllr. M.Robinson, Chris Elliott, and Stuart Hunter who is an external representative from the Royal Bournemouth Hospital.
- 5.13 The Review Board made a number of recommendations (see appendix 7) which the SAT has taken into consideration when compiling this report.
- 5.14 The Portfolio holder has been consulted on the contents of the Continuous Improvement Programme. Two of the action points are the development of a Member Focus Group and a Staff User Focus Group, to consider how the Financial Management of the authority can be further improved (see action points 18 & 6).

6 OUTCOMES FROM THE REVIEW

6.1 Overall Assessment of Performance

- 6.1.1. The tables shown on the following pages are summaries of answers to the four questions of Challenge, Compete, Consult, and Compare.

TABLE 1 CHALLENGE

| Question | Answer |
|---|--|
| 1.1 Is there a statutory requirement for accountancy services? | Not strictly for accountancy services, but, there is a requirement for the Council to have a Section 151(Local Government Act 1972) officer; to set a legal budget during March each year; to prepare and publish statutory final accounts by 31 December each year. These functions require the skills of trained and qualified accountants. |
| 1.2 Does a statutory level of service exist? | No. As with most statutory services, there is discretion on the resources to be provided and the way in which the tasks are performed. |
| 1.3 When was accountancy services last reviewed comprehensively? | In 1996, and in 2000 (for implementation in January 2001). |
| 1.4 What was the outcome of the reviews? | In 1996, 3.4 FTE redundancies resulting in greater efficiencies, at lower unit costs. The outcomes of the 2001 review still need to be assessed. The effect of the 3 FTE redundancies (2 established posts) and the introduction of the new financial information system on 1 April 2001 will not be felt until later in 2001/02 or 2002/03. This is action point no.17 on the Continuous Improvement Programme. |
| 1.5 What evidence is there that the public wants accountancy services? | None. It is a support service to the elected Members, direct service managers, and other support service managers. However, stewardship of public funds is considered to be essential. |
| 1.6 What evidence exists to show that the Council should provide, or be responsible for accountancy services? | Statutory requirements to set a legal budget, and to provide final accounts, and the need to manage effectively the Council's limited financial resources to achieve the Council's objectives. |
| 1.7 Are there any external factors that are likely to impact on the service in the next 3 years? | Yes. Changes to arrangements for political management, external finance (RSG and capital), and a review of highways agency arrangements, possible partnership with another local authority (see action points 11 & 12). |
| 1.8 How do accountancy services contribute to the Council's corporate objectives? | By providing and continuously updating Members with strategic financial advice on how to maximise financial resources for plans for 4 to 5 years; by preparing budgets and monitoring actual expenditure against budgets, and providing statutory year end accounts. |
| 1.9 What resources does the service consume and generate? | For 2001/02, its costs are £609k, which is 0.8% of the Council's gross revenue budgets. The service does not generate income directly. It provides advice to other service providers on this issue. |
| 1.10 Are there clear objectives for the service? | Yes, included in the Accountancy Section's business plan. |

| Question | Answer |
|---|---|
| 1.11 Can these objectives be seen to be achieved? | Yes, through the preparation of the Council's budgets, completion of final accounts with no qualified audit certificates, no financial penalties for VAT, completion of all statutory returns on time, through internal performance measures, and through the annual assessment of the Council's financial arrangements by the District auditor. |
| 1.12 What would be the effect of not providing these services? What would be the impact on the community? | No financial stewardship, no financial planning to match resources to objectives, no accounting, no monitoring, nor reporting of the use of public funds. |
| 1.13 Could the service be carried out more economically, efficiently and more effectively either directly by the private sector, or, in partnership with a third party (another local authority or private sector)? | <p>Investigatory work has been done to test this challenge and no evidence has been found to suggest that this is the case. However, other than voluntarily submitting the service to competition, the evidence is circumstantial. The only incidences of outsourcing of accountancy services have been as part of a complete outsourcing package e.g. including housing benefits, council tax collection, audit, and accountancy. The external market for accountancy services for local authorities is not very well developed.</p> <p>The Council is, however, currently looking at possible partnership arrangements with Test Valley District Council on providing DSO functions. This could provide the Accountancy Section an opportunity to provide some economies.</p> <p>As the cost and service quality provided by the current accountancy section is rated as good to very good, albeit capable of improvement, there are sound reasons for retaining, but improving the sections outputs, (see Continuous Improvement Programme at appendix 8).</p> |
| 1.14 Are there any services currently carried out by the section that are not accountancy functions? | Yes, sale of council houses administration, and administration of small grants given by the Council. The administration of these services will be reviewed, and, if efficiencies can be demonstrated, they will be transferred (see action point no. 22). |
| 1.15 Are there any services that could be carried out more effectively/efficiently by the directorates? | Directorate finance staff liaise effectively between accountancy staff and their service managers to assist with the delivery of, and obtaining financial information for accountancy. Some clerical and reconciliation monitoring tasks could be carried out by the directorates to make BROs more accountable. Potentially, benefits could be achieved by having a member of staff with a finance role in the Community Services Directorate (see action point no. 23) |
| 1.16 Do the services currently carried out meet the requirements of the stakeholders? 1.16 Cont'd. | The results of the surveys carried out with the accountancy section's stakeholders' groups showed that 62% of respondents considered that the overall quality of service provided by accountancy is good, 25% said very good, and 13% said fairly good. Main areas for improvement are: guidance notes in plain |

| Question | Answer |
|--|---|
| | <p>English, more financial awareness training, and the provision of financial reports tailored to the needs of Members and managers (see action points 1,2, 3, 10, 13, 14, 15 & 20). Customer focus groups will be set up to address the range of financial training requirements (see action point 6, 18 & 19).</p> <p>A key financial tool provided by the Accountancy Section is the FIS, which came into use on 1 April 2001, and whose full potential will be developed during 2001/02 and 2002/03. It is accountancy's aim that its stakeholders will not need to duplicate any financial information that is held in the FIS. (see action point 10)</p> |
| <p>1.17 How does the service's performance compare to other providers?</p> | <p>The benchmarking exercise based on the budgets for 2001/02 for 64 district councils including this one, resulted in NFDC being 21st lowest for providing 9 defined financial services (see appendix 9). By reducing NFDC's costs for the 3 redundant staff, the section's placing falls to 15th, which is in the lower quartile of the benchmarking club. NFDC's cost per £000 gross revenue turnover is £9.24 (reduced to £8.17), compared with the average of £10.24.</p> <p>The average staff cost per full time equivalent (FTE) for NFDC is £26380 (reduced to £24620) compared with the benchmark average of £29567. The dates by which NFDC completed statutory tasks were all earlier than the benchmark average e.g. the date final accounts available for inspection for NFDC was 29/8/00, compared with the average of 19/9/00.</p> |
| <p>1.18 To what extent are any financial activities duplicated in the departments?</p> | <p>Interviews with departmental officers who carry out financial functions within their departments showed that no duplication of financial activities exists. More of the accountancy functions could be undertaken, especially in the Community Services Directorship, (see action point no.23).</p> |

TABLE 2 COMPETE

| Question | Answer |
|--|---|
| <p>2.1 What processes have been carried out to demonstrate that financial management services are competitive?</p> | <p>The benchmarking exercise has shown that the Accountancy Section's costs are in the lower quartile. Benchmarking against external organisations was considered, but not pursued due to the difficulty in finding suitable competitors, the time needed to develop a range of comparators, and the resources required.</p> <p>The SAT considered the competition issue and felt that whilst the indicators suggested that the function is being conducted at a competitive price (compared with other district councils), the only true test would be to subject it to voluntary competitive tender. This would involve the Section in a lot of cost in preparing the specification, advertising for interested parties and analysing the bids.</p> <p>The SAT identified six potential suppliers of the function, viz</p> <ul style="list-style-type: none"> • CAPITA • CSL • Hyder • W S Atkins • ITNet • Mouchel <p>Discussion with representatives of some of these companies indicated that they would only be interested if financial services were part of a bigger package, including exchequer and housing benefit functions, and, in some cases, other central support functions, e.g. IT, personnel.</p> <p>Further research into this issue established that there are 2 main requirements for creating a case for changing the current in-house supplier:</p> <ul style="list-style-type: none"> • A compelling business case with a measurable business benefit, i.e. a cost saving or an investment in skills, technology or finance. • An organisational desire to change |
| <p>2.2 Is there a compelling business case for change?</p> | <p>No. The main competitors in the market are only interested in bigger packages than just financial management services. Combining financial management services with Revenues and Benefits might interest the private sector, but Revenues and Benefits has been exposed successfully to competition in 1998/99. It is unlikely that significant cost savings would result from outsourcing. The costs of the Accountancy Section are within the lower quartile (when compared with 63 other district councils).</p> <p>Staff recruitment is difficult due to the average remuneration in a relatively high cost of living area. Although this affects staff turn-over and the efficiency and effectiveness of the Section in the short term, the calibre of the staff has been maintained at a high level.</p> |

| Question | Answer |
|--|--|
| 2.2. Cont'd | The authority has made a major investment in a new financial information system this year. All accountancy staff have modern computers, and have been trained in the use of Agresso, and all of them are competent in using Microsoft Office. |
| 2.3 Is there an organisational will to change? | No business case for change exists. It is unlikely that elected Members would see the investment of time and resources in such a policy as being cost effective, particularly in view of the competitive costs of the Accountancy Section. It is not in the remit of the Council's Best Value policy to go through a competition exercise when a service is in the lower cost quartile. |
| 2.4 What are the other options for alternative ways of delivering the service? | <p>Shared service centres could provide benefits:- economies of scale, reductions in overall staffing, reduced accommodation needs, consolidation of systems, and improved quality of service provision.</p> <p>NFDC is already actively pursuing this concept with Test Valley District Council. Southampton City Council will be implementing the Agresso financial systems. This may provide an opportunity to work in partnership, especially utilising our expertise with the system.</p> <p>Links could be made with Christchurch Borough Council to identify if there are any areas where mutual assistance and shared working could be of benefit.</p> <p>Approach suitable private sector companies to set up further benchmarking for the accountancy function.</p> <p>These areas for improvement are shown as action point 11.</p> |

TABLE 3 COMPARE

| Question | Answer |
|--|--|
| 3.1 Is it possible to benchmark the service against others? | Yes. NFDC has used the CIPFA benchmarking club for accountancy services to compare costs for 1999/00, 2000/01 and 2001/02. One cost element was for 'Treasury Management'. Because of the importance of this activity, a new benchmark club has been set up for 2001/02. Information is being collated currently. The results will not be known until later this year. The full results of the accountancy benchmarking exercise are shown in Appendix 13 |
| 3.2 What national P.I.s exist for the service? | None, currently. Some P.I.s have been used in the benchmarking club, but these have not been adopted nationally. The previous Corporate Accountancy section maintained some P.I.s, but they were time based, and were not compared with other authorities. Each accountancy task was assigned a date by which the activity should have been completed. For the 11 months April 2000 to February 2001, the section completed 1294 out of 1441 on time, or within 7 days of the target. This was a 89% success rate, (see Appendix 10 for summary of results) These indicators did not measure quality of outputs. Development of P.I.s is included on the list of identified improvements (see action point 7). |
| 3.3 How has the service improved over the last 3 years? | With the provision of more detailed costing information, more and better financial forecasts, better use of IT systems and PCs, reduced costs, and the replacement of the general ledger, costing, commitments, and accounts payable systems. The provision of financial information will be streamlined further from April 2002 when the purchase ordering system and the remainder of the accounts payable system, go live. |
| 3.4 Is there a market for suppliers of accountancy services for local authorities? | <p>Limited to a small number. Competitors usually require other financial services as well, such as housing benefits, and council tax collection. This may be considered as part of a more fundamental review of all financial services (see action point 29).</p> <p>If the cost and service quality of the existing accountancy section is generally satisfactory, albeit capable of improvement, which is the case according to the customer surveys carried out in 2001, there are sound reasons for retaining, but improving, the existing in-house providers.</p> <p>The Council owes a duty of care to those they are working with and its local community to ensure that it does not waste money and time. For this reason, it must be clear about why it needs to bring in the private sector, and how the private sector can demonstrate that it can add value. By identifying the barriers that prevent the section from delivering</p> |
| 3.4 Cont'd. | |

| Question | Answer |
|---|---|
| | better services, the Council can reduce considerably the risk of failure. |
| 3.5 Can comparable information be obtained from other external suppliers? | Only to a very limited extent, However, more information could be bought. |

TABLE 4 CONSULT

| Question | Answer |
|--|---|
| 4.1 Who are the stakeholders for the financial management service? | Elected Members, directors, direct service and support service managers, and all other staff who need to use the financial systems, and receive financial advice; Town and Parish Councils; District Auditor; Government departments; Customs and Excise. |
| 4.2 What consultation techniques are appropriate to the stakeholders and the kind of information needed? | Mainly written (e-mail) and face-to-face surveys and interviews. |
| 4.3 Should the Council Tax payers be consulted on the service provided. | No. The financial management service is a support service to the Council's Members and Managers. |
| 4.4 What are the results of the surveys carried out? | Surveys were carried out with elected Members, budget responsible officers (BRO), the Town and Parish Councils, and the District Auditor. A further survey was carried out with the Accountancy Section's staff. The results of the surveys are shown below in tables 5 to 9. |

RESULTS OF THE SURVEYS

TABLE 5 ELECTED MEMBERS

| <p align="center"><u>ELECTED MEMBERS SURVEY</u> <u>Number surveyed and responses</u></p> | <p align="center"><u>Comments</u></p> |
|--|---|
| <p>5.1 No. of questionnaires issued = 58 No. of questionnaires returned = 13 (22%) Note: only 11 questionnaires were returned initially. A further 2 were returned when the deadline was extended.</p> | <p>The response from Members, who are key stakeholders to the Accountancy Section, was disappointing. Of those who did respond:- 61% considered the quality of support and advice they received was good or very good. None thought it was poor, only 50% considered the clarity of reports was good or very good, generally, Members are content with the service, and find Accountancy staff approachable and helpful.</p> |
| <p>5.2 <u>Specific Issues</u></p> <ul style="list-style-type: none"> • Clarity of financial reports and other financial documents • Timeliness of availability of financial reports • Question the value of the financial information presented in budgetary control reports | <p><u>Comments and Proposed Action</u></p> <p>Clarity of information, easily understandable, and timely reports are essential for keeping decision makers informed of their financial positions. This issue is being addressed as part of the development of the reports of the new financial information system (see action point 2)</p> <p>The calendar of Members' meetings is not compatible with the financial reporting period ends. This situation will be reviewed, especially as reports will be available on the Intranet (see action points 2 & 15).</p> <p>Financial information required by Members will be dealt with as part of the production of financial reports, training on financial awareness will be reviewed, and appropriate training programmes will be arranged. In addition, a Member's Focus Group will be set up to follow up key financial issues, (see action point 18).</p> |

TABLE 6 BUDGET RESPONSIBLE OFFICERS (BRO)

| <p><u>BUDGET RESPONSIBLE OFFICERS</u> <u>Number surveyed and responses</u></p> | <p><u>Comments</u></p> |
|--|---|
| <p>6.1 No of questionnaires issued = 87 No of questionnaires returned = 47 (54%)</p> | <p>72% of respondents considered that the quality of support overall was good to very good, with 2 notable exceptions. For the quality of guidance notes issued e.g. for final accounts, and budget preparation, 61% considered that the notes were only fairly good or poor. For financial training for non-financial managers, 47% considered that the quality was only fairly good or poor. 100% of respondents considered that their working relationship with Accountancy was good or very good, and 60% thought that they did not need more support from Accountancy. A small amount of duplication of functions was identified, but in most cases there are very good reasons for it occurring, e.g. probity (internal check), re-analysis of existing reports for users' benefit.</p> |
| <p>6.2 <u>Specific Issues</u></p> <ul style="list-style-type: none"> • Quality of guidance notes e.g. for budget preparation, and final accounts • Financial training for non-financial managers • Adequacy of budget monitoring reports • Regular contact with accountants | <p><u>Comments and Proposed Action</u></p> <p>Most BROs considered this is an area for improvement, (see action point 13).</p> <p>BROs who receive proper financial training should be better equipped to run their services, and, therefore be more accountable (see action point 6)</p> <p>Clarity of information, easily understandable, and timely reports are essential for keeping decision makers informed of their financial positions. This issue is being addressed as part of the development of the reports of the new financial information system (see action point no. 2)</p> <p>Some BROs would appreciate regular face to face meetings with their accountants for each side to find out more about what the other's business needs are (see action point 6).</p> |

TABLE 7 TOWN AND PARISH COUNCILS

| <p align="center"><u>TOWN & PARISH COUNCILS</u> <u>Number surveyed and responses</u></p> | <p align="center"><u>Comments</u></p> |
|---|--|
| <p>7.1 No. of questionnaires issued = 37 No. of questionnaires returned = 24 (65%).</p> | <p>The questionnaire asked the local councils how they rated the Accountancy Section on accuracy, courteousness, ease of communication, efficiency, professionalism, and timeliness. With the exception of 1 council, all the others considered that the service provided was satisfactory (39%) or good (59%).</p> <p>On the question of whether the local councils felt that there were any areas within the financial management function where it would be possible for assistance to be given, or received, between the Accountancy Section and their councils, the response was evenly divided.</p> |
| <p>7.2 <u>Specific Issues</u></p> <ul style="list-style-type: none"> • Assistance and advice required within the financial management function, especially on grant aid, developers' contributions, budgets, final accounts, investment, and project funding • Financial training on issues affecting local councils, especially those imposed by the Government | <p><u>Comments and Proposed Action</u></p> <p>Closer working relationships between the Accountancy Section and the local councils would provide advice on financial decisions affecting the councils, and support on accountancy issues (see action point 12).</p> <p>This would foster working relations between the Accountancy Section and the local councils</p> <p>Ad-hoc training has been provided over the last 2 years on developers' contributions and general budget issues. Consideration will be given to providing further ad-hoc training, subject to the availability of accountancy resources.</p> |

TABLE 8 ACCOUNTANCY STAFF

| <u>ACCOUNTANCY STAFF</u> <u>Number Surveyed and Responses</u> | <u>Comments</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|----------|----------|----------|----------|----------|-----------|----------|-----------|------------------|--|---|---|---|---|---|--|----------------|--|---|---|---|---|---|--|---------------------|--|---|---|----|---|---|--|--------|--|---|---|----|----|---|--|
| <p>8.1 No. of questionnaires issued = 17 No. of questionnaires returned = 17 (100%)</p> | <p>The questionnaire was divided into 4 sections covering communications, management processes, quality of services provided, and what improvements could be made.</p> <p>The communications section had 24 questions covering communications between staff and their supervisors, within their teams, and within the directorate. In overall terms, the staff rated communications as follows where 1 is poor and 5 is very good:-</p> <table border="0" data-bbox="820 506 1252 621"> <tr> <td></td> <td>(Poor)</td> <td><u>1</u></td> <td><u>2</u></td> <td><u>3</u></td> <td><u>4</u></td> <td><u>5</u></td> <td>(V. Good)</td> </tr> <tr> <td>In your sub-team</td> <td></td> <td>1</td> <td>1</td> <td>3</td> <td>8</td> <td>4</td> <td></td> </tr> <tr> <td>In the section</td> <td></td> <td>2</td> <td>0</td> <td>9</td> <td>5</td> <td>1</td> <td></td> </tr> <tr> <td>in the directorship</td> <td></td> <td>1</td> <td>3</td> <td>10</td> <td>3</td> <td>0</td> <td></td> </tr> <tr> <td>Totals</td> <td></td> <td>4</td> <td>4</td> <td>22</td> <td>16</td> <td>5</td> <td></td> </tr> </table> <p>In percentage terms, 84% of staff considered that communications were satisfactory to very good, and 16% considered that they were poor.</p> <p>For the Management Processes, there were 26 questions. Generally, staff considered that their line managers take an interest in how they are performing, agree monthly targets, and provide adequate coaching/training to undertake their jobs effectively. Only 11 staff felt motivated to work well, and only 10 felt enthusiastic about their jobs. Most staff considered it was too early to say what effect the recent review would have on the Section; this would become evident during 2002 after the redundant staff have left the Section.</p> <p>There were 18 questions on Quality Evaluation. 80% of staff considered that they provided a quality service to their customers, and gave clear and timely guidelines on appropriate financial issues.</p> <p>All staff felt that the quality of service can be improved, but not significantly. The Improvement section of the questionnaire asked staff what improvements they think could be made to their jobs to make them more efficient, effective, or economical. Suggested improvements included the full implementation of the latest Accountancy Section review, including all staff taking on fully their appropriate responsibilities, improvements to the office layout to create the feeling of one Accountancy Section, and sharing all non-sensitive computer work files.</p> <p>Action points 21,22 and 24 to 30 relate to the improvements in the operation of the Accountancy Section.</p> | | (Poor) | <u>1</u> | <u>2</u> | <u>3</u> | <u>4</u> | <u>5</u> | (V. Good) | In your sub-team | | 1 | 1 | 3 | 8 | 4 | | In the section | | 2 | 0 | 9 | 5 | 1 | | in the directorship | | 1 | 3 | 10 | 3 | 0 | | Totals | | 4 | 4 | 22 | 16 | 5 | |
| | (Poor) | <u>1</u> | <u>2</u> | <u>3</u> | <u>4</u> | <u>5</u> | (V. Good) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| In your sub-team | | 1 | 1 | 3 | 8 | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| In the section | | 2 | 0 | 9 | 5 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| in the directorship | | 1 | 3 | 10 | 3 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Totals | | 4 | 4 | 22 | 16 | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

TABLE 9 DISTRICT AUDIT

| <u>DISTRICT AUDIT</u> | <u>Comments</u> |
|---|--|
| 9.1 The questionnaire asked the D.A. to rate the quality, accuracy, timeliness of grant and subsidy claims, compliance with codes and accounting standards, and presentation of information for the following activities:- Final Accounts Key Financial Systems and Processes | The D.A. indicated that the Accountancy section could make improvements on its final accounts working papers, and on its reconciliation of feeder systems into the general ledger(see action point 4) |
| 9.2 In addition, the D.A. was asked to comment on the accountancy staff, their responses to D.A. queries, their approachability, and their level of understanding on accounting issues. All responses were 'Good', with the exception of one 'Satisfactory' in relation to compliance with accounting standards. | Although the D.A. was unable to identify specific examples of best practice in other organisations, he will be prepared to research and make available to the Accountancy Section any that he finds. He also considered that the Accountancy Section needs to develop the use of e-mailing working papers to him to save travelling time. This will become more important for the final accounts for 2003/04 when they will be required to be produced by 30 June. Improvements have been included on the Action List. |

6.2 Alternative Delivery Options

- 6.2.1. Although the provision of accountancy services is not mandatory, the Council requires accountancy skills and experience to ensure that it sets a legal budget, and prepares and submits statutory final accounts. The policy-making Cabinet and Corporate Management Team (CMT) have to be satisfied that they receive the best possible support for the resources available.
- 6.2.2 Elected Members need informed opinions from the public as to priorities. For this purpose, 'informed' means informed about cost. Informing them is a responsibility of accountants. They also need early notice from service managers and planners of changes in demand, and up-to-date information from accountants on the likely funds to be available, and constraints or opportunities as a result of new legislation. Members need costed options from accountants, who represent the Council's overall interest, on strategic financial issues e.g. large scale voluntary transfer of housing stock, and whenever there are real choices to be made, such as each time changes are made to the Council's strategic plan or a new year is added to the plan.
- 6.2.3 Members need access to accountants who are willing and able to give advice and are able to respond to urgent requests for meetings.

- 6.2.4. The advantages and disadvantages of providing Accountancy Services by alternative ways were fully considered by the SAT.
- 6.2.5 There are a limited number of competitors who prefer to provide a wider range of financial services to councils than just accountancy services. In comparing the accountancy services to other district councils, no examples of external management have been identified. Internal management arrangement changes are possible, as are changes to duties and responsibilities of the Accountancy Section. Issues relating to this have been considered during the Best Value Review, and some of these issues are included in the action points, e.g. review the operating effectiveness of the accounting section after the three redundant staff have left the Council.
- 6.2.6 A service delivery option suggested by the DTLR was the restructuring or re-positioning of the in-house service. This description would cover the devolvement of the Accountancy function to other directorates.
- 6.2.7 During the consultation exercise with users, the issue of a devolved accountancy function was suggested only once. A number of specific questions were asked about the current situation where some financial services are provided within directorates by their own personnel but responses suggested that these simply complemented the service provided by the Accountancy Section. The other directorate staff involved are shown below together with the percentage of time that has been assessed as being spent on accountancy services by themselves.
- Finance Officer, Environment Services 100%
 - Finance Officer, Contract Services (Environment Services) 33%
 - Head of Support Services, Community Services 10%
 - Financial Administrator, Community Services 10%
 - EMIS and Resources Manager, Chief Executive's Dept 10%
 - Housing Performance Manager, Community Services 14%
 - Housing Performance Assistant, Community Services 5%
 - Clerical Assistant, Community Services 11%
 - Housing Officer (Rents), Community Services 20%
 - Housing Assistant (Rents & Home Sales), Comm Serv. 5%
- 6.2.8 The majority of these staff were interviewed to review the types of financial functions they were performing and to identify any aspects of duplication. Job descriptions were also obtained for analysis but these did not give enough detail about the functions being performed and some were out-of-date and needed revising. Much of their work was of a financial nature but consisted of elements of debtors, creditors and income as well as work in connection with responsibility for their own budgets.

- 6.2.9 In only one instance was any form of duplication found and this related to Trading Account queries for Contract Services. The Trading Accounts are compiled in the Accountancy Section, and any variances are checked to ensure that the figures given are accurate and to enable a forecast of the likely out-turn. When Contract Services receive the variances they also check them to discover why they happened and what management action needs to be taken to rectify them. Both staff are looking at the variances but for different reasons. Contract Services were keen that the accountancy member of staff should come down to the depot more frequently and this general issue of more face to face contact came up in the consultation process and is included in the Continuous Improvement Programme (see action point no. 6).
- 6.2.10 The work undertaken by the Finance Officer, Environment Services, is the only example of a post that is 100% involved in accountancy type functions. None of the work appears to duplicate that carried out in the Accountancy Section, but is necessary to support many of the service monitoring reports produced. The post-holder is also able to undertake significant financial investigations for the directorate, for which accountancy doesn't necessarily have sufficient resources. Similarly, as the directorate resource, the post-holder attends DMT on a regular basis and also briefs the director about the financial performance of the directorate. Whilst directorate BRO's are still held accountable, the post-holder assists the majority of them with monthly monitoring of their service budgets leaving the Accountancy Section to provide a scrutiny role.
- 6.2.11 Whilst it is acknowledged that the new financial information system, Agresso Financials, has already produced substantial benefits, comments have been made that for some BROs who only use it infrequently, it is not user friendly. With staff in post in directorates to undertake some financial functions there is a ready pool of expertise to help in cases where the BRO has difficulty in using the system. The members of staff are usually well known in their own directorates, know and use the system frequently, are located near their users and can respond quickly. Conversely, accountancy staff may not be able to respond quickly enough because of higher priority corporate work taking precedence, or not being located near the user.
- 6.2.12 The SAT consulted further with a number of officers to assess the demand for a fully devolved service and also estimated the resource implications for the authority (and de facto, the budgets). It was felt that full devolvement to directorate level would require at least one more qualified accountant and perhaps a finance clerk and services would have to bear the additional costs. Given an unlimited budget, the thought of having accountancy skills "on tap" was very desirable. However, when the cost implications were highlighted, demand for a devolved service varied in inverse proportion to the cost with a consensus that felt the current service, with some enhancement, provided a very good service. Consideration will be given to ensuring the provision of a dedicated

resource in the Community Services Directorate rather than the fragmented approach taken currently, to support the central accountancy functions.

6.2.13 The Accountancy Section's costings may be further reduced if the Council goes into a partnership with Test Valley District Council on the provision of DSO services with effect from April 2002. Test Valley will contribute towards the costs of providing accountancy services for this function.

6.2.14 The SAT have concluded that the provision of accountancy services is a valuable and essential support service for elected Members, chief officers, and all levels of both service and other support service managers. In turn, the accountancy section provides support for the whole of the Council and its services to the community and its partners.

6.3 Efficiency Improvements and Targets

6.3.1 As the Accountancy Section has already undergone a significant review with effect from January 2001, and introduced the new financial information system from April 2001, with a further phase, including a new purchase ordering system, due from April 2002, the efficiency improvements will need to be evaluated. With effect from 2001/02, the Accountancy Section is not preparing revised budgets. This should reduce the overall time taken to prepare budgets both for the Accountancy Section and budget responsible officers. The last of the three redundancies in the accountancy section will be effected on 31 December 2001. Financial savings of about £80,000, i.e. 13%, have been identified for 2002/03 compared with 2001/02. The full year effect of the total saving is nearly 20% which far exceeds the Government's expectation of 2%.

6.3.2 In addition to the financial savings, the SAT considers that the following improvements can be made, which should provide efficiency savings and improved financial information on which decisions are based by elected Members, directors, and service managers:

(a) Reports

- Produce budgetary control reports on-line via the intranet
- Reduce the time taken to make reports available
- Produce special reports within agreed time-scales
- Produce tailor-made reports on any of the data held in the financial information system, using the new reporting tools within the system

(b) Budget Preparation

- Streamline the process.

(c) Final Accounts

- Review the final accounts preparation procedure to produce the accounts by 30th June

(d) Relationships with Stakeholders

- Meet users regularly to discuss service delivery
- Improve standard of financial advice given
- Produce guidelines, e.g. on expenditure plans, in plain English
- Produce financial information in user-friendly formats
- Review and provide the type and level of financial training required

(e) Evaluation of Service

- Review level of accountancy resources
- Review non-accountancy functions e.g. grants administration
- Review the use of the accountancy help-desk
- Consider strengthening the financial functions in directorships
- Develop user manuals and accounting guidance
- Review potential partnership arrangements
- Develop the use of relevant P.I.s
- Continue to benchmark the service and adopt best practice
- Development of systems administration role to encompass whole financial suite and to ensure integrity of the systems. It may be necessary to evaluate the staff resources and skills required when the systems are fully implemented.

6.3.3 Appendix 8 sets out the Continuous Improvement Programme for financial management detailing the actions arising from the review, and how these will be dealt with over the next four years.

6.3.4 At this point in time, it is difficult to assess the long term staffing levels that will be necessary to continue to deliver the level of service to the standard required. The effect of losing three experienced staff, (two qualified accountants, and one qualified senior accounting technician), will need to be assessed. There should be some savings in time when the new Agresso accounting system is fully implemented, although the implementation of new feeder system modules, such as accounts payable and purchase ordering, will create additional pressure on key resources in the short-term.

6.3.5 New corporate initiatives, such as the Leader Plus Bid, the Test Valley Partnership arrangement, the development of the new democratic arrangements, and fundamental changes to the financial framework as a result of Government initiatives, will continue to impact on the workload of the Accountancy Section. Resources may need to be re-directed to ensure that the skills mix is sufficient to meet the changing demands of the organisation.

6.3.6. As recruitment of high calibre staff becomes increasingly difficult to meet future needs, the investment in the training of staff in technical, management, and IT skills will continue. The service, however, faces continual pressure to retain skilled and experienced staff in the face of competition from the private sector and other public bodies.

6.4 Best Practice

- 6.4.1 The review has identified several areas where processes need to be challenged e.g. budget preparation, budget monitoring. Further work on the operational processes within the Section has been included as action points 21 & 22. As the Council is now using the Agresso financial information systems, the Accountancy Section has liaised with Babergh District Council to benefit from its experiences of the systems, especially in connection with budget preparation. The Council has been a lead authority in the use of the Eureka time recording system, which has enabled managers to assess accurately their staff's time and costs over user defined activities and cost centres. The Section is also represented on the Agresso Local Authority user group. Best practice ideas will be considered at these meetings, and, if appropriate, will be applied at this Council.
- 6.4.2 The SAT has contacted Oldham Council to obtain a copy of the 'Best Practice Guidelines', which have been produced by a consortium of authorities based in the greater Manchester area. These will be considered, and, if appropriate, will be applied at this Council.
- 6.4.3. In addition, the SAT has contacted the Audit Commission for a list of best practices. The Audit Commission does not have such a list. The Council's District Auditor is prepared to research and make available to NFDC examples of good practice experienced in other authorities.

6.5 Sustainability Assessment

- 6.5.1 As part of the review process, a Sustainability and Quality of Life Assessment was carried out. As Accountancy Services is a support service, there is very little opportunity for any direct influence on this issue. The main area of impact is the quality of the strategic financial advice provided on maximising the resources available to the Council to promote sustainability issues.
- 6.5.2 The Accountancy Section also complies with Council policies in the purchasing of consumables and equipment, and its recycling initiatives.

7. BEST VALUE BOARD SCRUTINY

- 7.1 Councillor Wise acted as lead scrutiny Member for this review and was satisfied that the process was robustly undertaken in an open and honest way.
- 7.2 The Best Value Board has inspected independently the review and have included key additional issues as detailed in Appendix 7. The Board's overall assessment of the review can be found at section 3.

8. FINANCIAL IMPLICATIONS

- 8.1 The cost of officers' time undertaking the review is estimated to be £27,850. No additional direct costs were incurred in conducting the review.
- 8.2 The Accountancy Section has already identified and implemented savings of about £80,000 for its own 2002/03 budget in respect of the redundancies,
- 8.3 At this stage, no additional costs should be incurred for implementing the action points in the Continuous Improvement Programme. However, the further review of the Accountancy Section following the departure of the redundant staff, and the mix of qualified to unqualified accountancy staff, may result in additional resources being required.
- 8.4 The proposed Continuous Improvement Programme should result in efficiency savings, which, currently, cannot be quantified and improvements in the quality of service provision.

9. ENVIRONMENTAL IMPLICATIONS

- 9.1 The Sustainability Assessment undertaken by the service has not resulted in the identification of any new areas for improvement.

10. CRIME AND DISORDER IMPLICATIONS

- 10.1 None have been identified during this review.

11. CONCLUSIONS

- 11.1 Whilst the review has considered the Financial Management of the Authority it is clear that the majority of this service is provided by the Accountancy Section.
- 11.2 The Accountancy Section does not provide direct services to the Council Tax payers. Therefore, its value lies in providing strategic financial advice, preparing the Council's budgets and final accounts, and carrying out all the key financial functions that a large multi-service Council must do for its Members, directors, and other service and support service managers.
- 11.3 As the Accountancy Section has already made savings of nearly 20%, the structure needs to be reviewed in 2002 to establish whether the staffing levels are adequate.
- 11.4 The review has confirmed that the services provided by the Accountancy Section are, generally, good to very good, and are provided cost Efficiently, being in the lower quartile when compared with 63 other

district councils. However, areas for improvement were also identified and have been included in the Continuous Improvement Programme.

12. **RECOMMENDATION**

It is recommended that:-

- 12.1 The action plan included in the Continuous Improvement Programme for the Financial Management Service, as set out in Appendix 8, be approved.

| | |
|--|---|
| For further information, contact Pat Higgins Assistant Director of Resources Town Hall Tel: (023) 8028 5725 Fax: (023) 8028 5929 Email: pat.higgins@nfdc.gov.uk Or | Background Papers: Review Plan Report to CMT (20 th February 2002) Best Value Board Report on Financial Management Review Plan Schedule of documentation |
| Phil Butterworth Accountancy Assistant Town Hall Tel: (023)n8028 5671 Fax: (023) 8028 5929 Email: phil.butterworth@nfdc.gov.uk | |

Best Value Questionnaire (Members) - Financial Management

APPENDIX 1

NAME: Cllr :

1- Please tell us how you rate the quality of support and advice that you receive from staff in the Accountancy Section?

- a Help in preparing for Portfolios, for example, at briefing meetings.
- b Financial Advice and responses to questions at the Portfolio meetings.
- c Response to ad hoc requests in a timely, efficient way.
- d Approachability of Accountancy staff.

2- How would you rate the quality of the following documents in terms of clarity?

- a The contents of reports to Members :
 - Budget Monitoring Reports
 - Strategic Financial Management (e.g. Expenditure Plans Guidelines)
 - Treasury Reports
 - Budget Preparation Reports
- b The Policy Budget Book
- c The Statement of Final Accounts
- d The Council Tax Leaflet

| Evaluation | | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| <i>(Please mark a ' X ' in one box on each line)</i> | | | | |
| Very Good | Good | Fairly Good | Poor | N/A Don't Know |
| 1 | 2 | 3 | 4 | 5 |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| Very Good | Good | Fairly Good | Poor | N/A Don't Know |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1 | 2 | 3 | 4 | 5 |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

If you have marked boxes 3 or 4 for any question, please provide further information.

What improvements should be made to the level of the service you receive from Accountancy?

As an Accountancy user, do you consider yourself a frequent i.e. at least once a month or an occasional i.e. less than once a month service user? Frequent Occasional

Best Value Questionnaire (BRO'S) - Financial Management

NAME:

1- How would you rate the quality of the following services provided by Accountancy?

- a Budget preparation support
- b Budgetary control support
- c Year end assistance
- d General accountancy support
- e Specialist advice (e.g. VAT, Financial Regulations, leasing etc)
- f Support preparing for and at Portfolio meetings
- g Financial advice (including policies and strategic issues)
- h Financial Training
- l The quality of guidance notes issued (e.g. Year End/Budget Prep guidance)
- j The clarity of the Management Budget Book

| Evaluation | | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| <i>(Please mark a 'X' in one box on each line)</i> | | | | |
| Very Good | Good | Fairly Good | Poor | N/A Don't Know |
| 1 | 2 | 3 | 4 | 5 |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

2- The way in which Accountancy Services supports you.
How would you rate the quality of support in the following areas?

- a Understanding your business/service needs
- b Providing an innovative approach
- c Communication with your department (e.g. clarity)
- d Response to requests in a timely, efficient manner
- e Working relationships with Accountancy
- f Overall quality of service
- g Accessibility of the personnel
- h Technical Competence
- i Resolving Financial Issues
- j Would you appreciate more support from Accountancy

If yes, what support/services would you like?

| Very Good | Good | Fairly Good | Poor | N/A Don't Know |
|---------------------------------|--------------------------------|--|--------------------------|--------------------------|
| 1 | 2 | 3 | 4 | 5 |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Yes <input type="checkbox"/> | No <input type="checkbox"/> | Don't know <input type="checkbox"/> | | |

3- Financial support you receive from your own directorate.
 CB060302FAppendices 1,2&3.xlsBRO'S

a Apart from the services provided by Accountancy, do you receive any of the following financial support:

- Estimate preparation
- Trading accounts, budget monitoring reports or statements
- Final Accounts preparation
- Financial advice
- Other (please state):

b How do you rate the level of support provided.

c Is it adequate to enable you to manage your service effectively?

If no, please state what you would like:

d Do any of the services provided to you by the Accountancy Section duplicate the work already done by yourself, or, your department support staff.

If yes, please identify tasks:

| | | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--|
| Yes | No | Don't know | | | |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | |
| | | | | | |
| Very Good 1 | Good 2 | Fairly Good 3 | Poor 4 | N/A Don't Know 5 | |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Yes | No | Don't know | | | |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | |
| | | | | | |
| Yes | No | Don't know | | | |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | |

If you have marked boxes 3 or 4 for any question, please provide further information.

What improvements should be made to the level of the service you receive from Accountancy?

As an Accountancy user, do you consider yourself a frequent i.e. at least once a month or an occasional i.e. less than once a month service user? Frequent Occasional

NEW FOREST DISTRICT COUNCIL
ACCOUNTANCY SERVICES - STAFF QUESTIONNAIRE JUNE 2001

1. COMMUNICATIONS

| | | | | | |
|------|--|-------------------------------------|---------------------------------------|------------------------------------|--|
| 1.1 | Do you feel that you are kept informed of the main issues affecting the directorate? | Yes <input type="checkbox"/> | Sometimes <input type="checkbox"/> | No <input type="checkbox"/> | Don't know <input type="checkbox"/> |
| 1.2 | Do you think you are informed of all issues that are of direct relevance to you and your job? | Yes <input type="checkbox"/> | <input type="checkbox"/> | No <input type="checkbox"/> | Don't know <input type="checkbox"/> |
| 1.3 | Do you see CMT agendas/minutes? | Yes <input type="checkbox"/> | Sometimes <input type="checkbox"/> | No <input type="checkbox"/> | Don't know <input type="checkbox"/> |
| 1.4 | Do you see DMT agendas/minutes? | Yes <input type="checkbox"/> | Sometimes <input type="checkbox"/> | No <input type="checkbox"/> | Don't know <input type="checkbox"/> |
| 1.5 | Do you think there should be meetings for the whole of the Acc'y section? | Yes <input type="checkbox"/> | <input type="checkbox"/> | No <input type="checkbox"/> | Don't know <input type="checkbox"/> |
| 1.6 | How frequently do you think they should occur? | Monthly <input type="checkbox"/> | Quarterly <input type="checkbox"/> | Ad hoc <input type="checkbox"/> | Don't know <input type="checkbox"/> |
| 1.7 | Do you think there should be regular meetings for your sub team? | Yes <input type="checkbox"/> | <input type="checkbox"/> | No <input type="checkbox"/> | Don't know <input type="checkbox"/> |
| 1.8 | How frequently do you think they should occur? | Monthly <input type="checkbox"/> | Quarterly <input type="checkbox"/> | Ad hoc <input type="checkbox"/> | Don't know <input type="checkbox"/> |
| 1.9 | Do you think that minutes of sub team and section meetings should be produced? | Yes <input type="checkbox"/> | <input type="checkbox"/> | No <input type="checkbox"/> | Don't know <input type="checkbox"/> |
| 1.10 | Do you think that changes/developments which affect Acc'y are effectively communicated to you? | Yes <input type="checkbox"/> | Sometimes <input type="checkbox"/> | No <input type="checkbox"/> | Don't know <input type="checkbox"/> |
| 1.11 | Do you think that you have adequate opportunities to put forward your ideas for improvement? | Yes <input type="checkbox"/> | <input type="checkbox"/> | No <input type="checkbox"/> | Don't know <input type="checkbox"/> |
| 1.12 | Do you think that your ideas are given proper consideration? | Yes <input type="checkbox"/> | Sometimes <input type="checkbox"/> | No <input type="checkbox"/> | Don't know <input type="checkbox"/> |
| 1.13 | Are you encouraged to suggest improvements to your job? | Yes <input type="checkbox"/> | <input type="checkbox"/> | No <input type="checkbox"/> | Don't know <input type="checkbox"/> |
| 1.14 | Do you think that communications would benefit from lunch time and/or evening social events? | Yes <input type="checkbox"/> | <input type="checkbox"/> | No <input type="checkbox"/> | Don't know <input type="checkbox"/> |
| 1.15 | Do you think sufficient time is spent by your sub team in planning the team's work? | Yes <input type="checkbox"/> | <input type="checkbox"/> | No <input type="checkbox"/> | Don't know <input type="checkbox"/> |
| 1.16 | Do you know how well your sub team is performing against its set targets? | Yes <input type="checkbox"/> | <input type="checkbox"/> | No <input type="checkbox"/> | Don't know <input type="checkbox"/> |
| 1.17 | Do you think that communication between you and your immediate supervisor is effective? | Yes <input type="checkbox"/> | Sometimes <input type="checkbox"/> | No <input type="checkbox"/> | Don't know <input type="checkbox"/> |
| 1.18 | Do you prefer to resolve situations without involving your manager? | Yes <input type="checkbox"/> | Sometimes <input type="checkbox"/> | No <input type="checkbox"/> | Don't know <input type="checkbox"/> |
| 1.19 | Do you think that communication between you and your immediate team is effective? | Yes <input type="checkbox"/> | Sometimes <input type="checkbox"/> | No <input type="checkbox"/> | Don't know <input type="checkbox"/> |
| 1.20 | Do you think that you receive sufficient feedback on the quality of your work? | Yes <input type="checkbox"/> | Sometimes <input type="checkbox"/> | No <input type="checkbox"/> | Don't know <input type="checkbox"/> |
| 1.21 | Do you think that good work is recognised by your line manager? | Yes <input type="checkbox"/> | Sometimes <input type="checkbox"/> | No <input type="checkbox"/> | Don't know <input type="checkbox"/> |
| 1.22 | Were you encouraged to get involved with the Best Value review? | Yes <input type="checkbox"/> | <input type="checkbox"/> | No <input type="checkbox"/> | Don't know <input type="checkbox"/> |
| 1.23 | Did you have an opportunity to contribute to the Acc'y Business Plan for 2001/2? | Yes <input type="checkbox"/> | <input type="checkbox"/> | No <input type="checkbox"/> | Don't know <input type="checkbox"/> |

| | | | | | | | |
|------|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------------|
| 1.24 | In overall terms, how do you rate communications: - in your sub team - in the section - in the directorate | 1 | 2 | 3 | 4 | 5 | 1 = very poor 5 = very good |
| | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |

Comments:-

| 2. MANAGEMENT PROCESSES | | Mostly Agree | Unsure N/A | Mostly Disagree |
|-------------------------|--|--------------------------|--------------------------|--------------------------|
| 2.1 | My immediate line manager takes an interest in how I am performing | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.2 | I have a PDI meeting every 3 months | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.3 | I find the PDI process of value in helping me to undertake my job | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.4 | I know how my role fits into the Directorate's overall operations | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.5 | I agree monthly targets/priorities with my line manager | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.6 | I receive little informal feedback between quarterly PDIs | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.7 | Specific examples are given to help me understand the feedback I receive | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.8 | I am encouraged to ask for help and guidance to improve my performance | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.9 | My immediate supervisor spends enough time monitoring my performance | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.10 | I feel fairly treated by my line manager | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.11 | My sub team is encouraged to achieve its deadlines | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.12 | Poor performance is dealt with constructively | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.13 | I feel really motivated to work well | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.14 | I am enthusiastic about my job | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.15 | I am encouraged to work to the best of my abilities | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.16 | I consider my potential is not being recognised | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.17 | In my sub team I consider there are adequate contingency plans to cover most work situations | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.18 | I receive adequate coaching/training to undertake my job effectively | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.19 | I consider that I have the tools I need to carry out tasks effectively | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| | | | | |
|------|---|--------------------------|--------------------------|--------------------------|
| 2.20 | I consider that my sub team is encouraged to explore better ways of improving performance in work tasks | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.21 | I consider that the tasks in my sub team are allocated to maximise the staff resources of the team | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.22 | I share ownership of the values and objectives put forward in the business plan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.23 | I know what my tasks and responsibilities are | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.24 | I think the recent restructuring of Accountancy will/has help(ed) me to work more effectively | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.25 | I think the recent restructuring of Accountancy will/has help(ed) the sub-group work more effectively | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.26 | I think that management encourages flexible working practices. eg.paid overtime,homeworking,temporary appointments. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Comments:-

| 3. QUALITY EVALUATION | | Mostly Agree | Unsure N/A | Mostly Disagree |
|------------------------------|---|--------------------------|--------------------------|--------------------------|
| 3.1 | I have the appropriate knowledge to provide a quality service to my clients | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.2 | I have the appropriate skills to provide a quality service to my clients | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.3 | I consider all accountancy staff are courteous and co-operative when dealing with clients | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.4 | I consider that I provide my clients with the accountancy services they require: a) promptly b) efficiently | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.5 | I consider that I am flexible (within laid down rules) in providing financial advice to my clients | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.6 | I consider that I give clear and timely instructions/guidelines on appropriate financial issues to my clients | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.7 | I prefer to use the following to communicate with my clients/colleagues:- a) telephone b) E-mail, including memos and reports c) face to face meetings | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.8 | I know clearly who my clients are | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.9 | I know clearly what my clients' accountancy requirements are | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.10 | I have a reasonable knowledge of what services Accountancy provides | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.11 | I have a reasonable knowledge of who are Accountancy clients | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.12 | I understand what Service Level Agreements (SLA) are | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.13 | I know what services are included in the section's SLA relating to my clients | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| | | | | | | |
|------|--|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|
| 3.14 | I know how my service objectives relate to the Council's Corporate objectives | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.15 | The PDI process helps to develop my relationship with my line manager | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.16 | The PDI process helps identify work priorities for thre coming year | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.17 | I last referred to the following document:- a) the Employee Hand Book b) Crossing the Bridge/Heart of the Forest c) the <u>current</u> Financial Regulations d) the <u>current</u> Standing Orders as to Contracts e) the Accountancy Business Plan f) other Directorates' Service Plans (please specify) | This month | Last 6 months | Last Year | Never | Don't know where it is |
| | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.18 | To what extent do you think the quality of service provided by Accountancy can be improved? | 1 | 2 | 3 | 4 | 5 |
| | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | | 1 = none at all | | 5 = significantly improved | | |

Comments:-

4. GENERAL

4.1 What improvements do you think could be made to your job to make it more efficient, effective or economical.

Thank you for completing the questionnaire

Survey of Town and Parish Councils

Dear

New Forest District Council – Best Value Review

The New Forest District Council is undertaking Best Value reviews encompassing many of its services and functions.

The Financial Management of the Council is one of the services under review currently, and includes the following functions:

- Budget preparation
- Capital and revenue expenditure forecasting
- Budget monitoring
- Preparation and production of statutory final accounts
- Financial returns
- Grant administration
- Reconciliation of financial records
- Financial system administration
- Treasury management
- Capital asset financing, including leasing
- Developers Contributions administration
- Financial advice
- Management information
- Production of the Council Tax Leaflet
- Arrangements for the payment of precepts to town & parish councils

The following services are **not** included in the Financial Management Best Value Review:

- Council Tax Administration
- Audit Services
- Housing Benefits Service
- Council Tax Benefits Service
- Payments and Payroll Services
- Income Collection Services

The review is about financial management issues not financial policy decisions.

The Best Value initiative encourages Councils to work with partners and key stakeholders in the community. Town and parish councils play a large part in providing services to the community and your input into the review would be greatly valued.

One of the tasks of the Financial Management Best Value team is to consult with its partners and key stakeholders about how services are provided now, and how they may be enhanced or improved in the future.

The completion of the questionnaire will help to identify any areas of financial management where the District Council and the Town and Parish councils may be able to work together to improve services to the community.

Each town or parish council within the district will receive a copy of the questionnaire.

The identification of any areas of partnership working is the first step in considering any proposals under the Best Value review.

The questionnaire will be treated in confidence and there is no need to disclose the name of your Council. However, if you would like to receive a copy of the analysis of the questionnaire in due course please include the name of your council where indicated. One of the tasks of the Financial Management Best Value team is to consult with its partners and key stakeholders about how services are provided now, and how they may be enhanced or improved in the future.

I attach a short questionnaire, which I would be grateful if you would complete and return, in the prepaid envelope provided, by 20 June 2001 to:

Mrs Jan Hawker
New Forest District Council
Town Hall
Avenue Road
Lymington SO41 9ZG

If you have any queries regarding the completion of the questionnaire please telephone Jan Hawker on 023 8028 5722, or Phil Dunsdon on 023 8028 5907.

Your help in this matter would be greatly appreciated.

Yours sincerely

Mrs J Hawker
Treasury Management Accountant

QUESTIONNAIRE FOR FINANCIAL MANAGEMENT BEST VALUE REVIEW

Please tick the box that most fits your view of the services provided by the NFDC Accountancy Section.

Please also make any comments that you feel would help the review.

1. In any financial management matters, listed on page 1, that you have with the NFDC currently, please consider the manner in which any aspect of the business is conducted.

| | Poor | Satisfactory | Good |
|-----------------------|--------------------------|--------------------------|--------------------------|
| Accuracy | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Courteousness | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Ease of Communication | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Efficiency | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Professionalism | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Timeliness | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

If you have ticked any box under the heading **POOR** please provide further information.

Other Comments

Please refer to the list of financial management functions listed in the covering letter.

2. To aid partnership working and, consequently, help in improving services to the community, are there any areas within the financial management function where you consider that it would be possible for assistance and advice to be given, or received, between the NFDC and your council

YES

NO

If you have ticked the **YES** box please provide further information.

Other Comments



- 3 Are there any other areas of financial management, not included at question 2 above, where you consider that the NFDC and your council could work together to improve the provision of services to the community?

Comments



Please use an additional sheet of paper for your comments if there is insufficient room above.

If you would like a copy of the analysis of the questionnaire please complete the information below:

Name of Contact

Name of Council

Address of Council

.....

.....

.....

Jsh/bestvaluequestionnaire

**Best Value Questionnaire
District Audit
Financial Management**

Poor Satisfactory Good

Please tell us how you rate the following activities:

FINAL ACCOUNTS:

| | | | |
|---|--------------------------|--------------------------|--------------------------|
| 1. Overall quality and accuracy of information provided within the working papers | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Compliance with Accounting Standards | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Technical understanding of Accounting Standards and accounting issues | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Presentation of Final Accounts | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Compliance with statutory timetables | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

KEY FINANCIAL SYSTEMS AND PROCESSES:

| | | | |
|---|--------------------------|--------------------------|--------------------------|
| 1. Systems Administration - control of General Ledger and key feeder systems | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Expenditure Plans and Financial Strategy | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Budget preparation, monitoring and reporting | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Treasury Management function | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Understanding and implementation of new statutory or accounting standards or Codes of Practice | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| | | | |
|--|--------------------------|--------------------------|--------------------------|
| 6. Quality and accuracy of Financial Reports | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Standard of Codes of Practice and Guidance Notes issued by Accountancy: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> Financial regulations | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> Budget preparation/control | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> Council Tax Leaflet | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> VAT Guidance | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> Use of FIS | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 1. Timely and accurate completion of grant and subsidy claims | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Quality of working papers in support of key financial decisions/advice | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

ACCOUNTANCY STAFF:

1. Response to ad-hoc queries in a timely, efficient way
2. Approachability of Accountancy staff
3. Level of understanding on accounting issues

GENERAL ISSUES

1. The Accountancy section has recently implemented a new General Ledger. Have you any comments or impressions to offer about:
 - *The management of the project*

 - *The functionality of the system and its ability to meet the future needs of the organisation*

 - *Any perceived limitations?*

1. Are there any accounting activities which we could do better

2. Have you any examples of good practice in other organisations which could be beneficial to NFDC

3. Have you any views about how we can improve delivery of our service (e.g.) through devolvement of staff to service departments

4. Have you any other comments that would be useful?

5. Have you any views or concerns about the current level of resources or mix of qualified/non-qualified staff within Accountancy?

7. Are you satisfied with the responses received in relation to issues raised during the course of an audit

DMTs 13th-14th August
Best Value Review Board 20th August

**REVIEW PLAN FOR A FUNDAMENTAL BEST VALUE
REVIEW OF FINANCIAL MANAGEMENT**

1. PURPOSE OF THE REVIEW PLAN

- 1.1 The Financial Management Best Value review commenced in February of this year and a scoping document was produced for consideration by Directorate Management Teams in April. Subsequently, the Authority reviewed the process by which best value reviews are undertaken and has implemented a number of modifications.
- 1.2 As a result of the changes introduced a new report now needs to be submitted to the Best Value Review Board. Inevitably this covers some areas which were in the original scoping document but this report will also show how it is intended to conduct the review, the key challenges and the expected outcomes.

2. SERVICE OUTLINE

2.1 Nature and Definition of Service

- 2.1.1 Financial Management is a generic term which covers a range of financial services. These services are mainly delivered by Accountancy Services although some support is also provided within Directorates. Accountancy is a corporate support service providing essential financial services which enable the Authority to make informed decisions for the delivery of front line services.
- 2.1.2 The service covers :-
- short and medium term strategic financial planning and advice to the Council.
 - forecasting of revenue and capital expenditure and council tax levels.
 - provision of financial advice and management information to officers and members.
 - financial advice at a strategic level on major policy issues.
 - budget preparation.
 - budget monitoring and reporting.
 - preparation of the Council's annual accounts.

- preparation of the Council's Capital Strategy and Asset Management Plan.
- preparation of subsidy, grant and other financial returns.
- reconciliation of all bank accounts.
- administration of grants and lease finance contracts, replacements and renewals.
- administration of the financial contributions of developers.
- administration and maintenance of corporate financial information and feeder systems.
- accounting for and provision of advice on VAT.
- Treasury management

2.1.3 The majority of its work is internally focussed, its main client being the Members who in turn are responsible to the Council Tax payer. There is also a small element of work that impacts at a national level through professional institutes and an increasing involvement in benchmarking with other Authorities and the private sector.

2.1.4 Service users include Members, Directors, Budget Responsibility Officers, Town and Parish Councils and, indirectly, the general public.

2.1.5 The Council has a statutory responsibility to nominate one officer who will be responsible for the administration of the financial resources (s.151). There is a statutory requirement on the Authority to set an Annual Budget and to publish Annual Accounts.

2.1.6 Some aspects of the service are not mandatory. However, there are professional guidelines and codes of practice issued by the Central Council of Accountancy Bodies, the Chartered Institute of Public Finance and Accountancy, the Audit Commission and the Department for Transport, Local Government and the Regions, which regulate the production and presentation of information. Financial returns have to be completed for Central Government and the duty of Best Value requires a significant amount of Accountancy support.

2.1.7 The scope of the review will also cover the finance functions undertaken in other Directorates to see if this is an efficient and effective use of resources and to ensure that there is no duplication of effort.

2.2 **Establishment**

- 2.2.1 The establishment of the Accountancy section is shown on the structure chart at Appendix 1. All staff assist in the provision of a mandatory service and are funded solely from revenue (17 employees including vacant posts). In addition 2 Accountants, band 8 and a Senior Accountancy Assistant, band 5 will be working for part of the financial year prior to redundancy.
- 2.2.2 An analysis of the time spent on accountancy type tasks in other directorates has established that only one other member of staff in Environment Services spends more than 50% of her productive time on these functions. There are about six other staff who undertake a significant financial management role in their respective Directorates. The role of these staff will not be directly examined in the review although the financial functions they undertake will be checked.
- 2.2.3 The total number of employees in Accountancy is currently 20 (dropping to 17 when the full impact of the restructuring takes effect in 2002). In addition both the Director and the Assistant Director of Finance spend some time on financial management at a more strategic level.
- 2.2.4 The section utilises 182.5 m² of office space and storage at Lymington Town Hall costing approximately £24,000. Each person has a workstation linked to a server and associated peripherals. The office space utilised by the member of staff in Environment Services is 14.6 m² costing £2000.
- 2.2.5 A skills audit of the twenty personnel within the Accountancy Section indicates the following:-
- Qualified Accountants – 5 (2 being made redundant)
 - Accounting Technicians – 6 (1 being made redundant)
 - Trainees* – 4
 - Other relevant qualifications – 1
 - Un-qualified – 2
 - Vacancies – 2
- * Two Trainees are studying for AAT, one is studying for CIMA and one is studying a BTec/HNC in Computing
- 2.2.6 Some staff have degrees in addition to their primary accounting qualifications and all have been trained in the use of Microsoft Office and other relevant software.

- 2.2.7 Of the staff based within other Directorates who spend less than 50% of their time on financial management issues, three are qualified Accounting Technicians and one other has a relevant qualification.
- 2.2.8 The management budget for the section indicates an original approved estimated cost for 2001/2 of £609,000 of which £455,000 (75%) is direct employee costs. This figure has already been reduced by 1.5% to take into account savings made as a result of staff turnover. Difficulty in recruitment and retention has meant that actual savings will exceed this figure.
- 2.2.9 Previous years actual expenditure, the current budget and the forecast for next year show the impact of successive restructurings on the cost of the section. These figures have not been adjusted for inflation which means the saving is greater in real terms.

| 1996/7 Actual £ | 1997/8 Actual £ | 1998/9 Actual £ | 1999/00 Actual £ | 2000/01 Actual £ | 2001/02 Budget £ | 2002/03 Forecast £ |
|-----------------------|-----------------------|-----------------------|------------------------|------------------------|------------------------|--------------------------|
| 675,350 | 643,970 | 654,320 | 643,440 | 663,890 | 609,000 | 549,000 |

- 2.2.10 The full year effect of the latest restructuring will mean a net decrease in the total cost of the section of £131,000, equivalent to a saving of nearly 20%.

2.3 **Performance Data**

- 2.3.1 Cost data is available for prior years although two previous restructurings and changes in allocations mean that comparison is not straightforward. Performance data is limited for previous years but is now being accrued and qualitative criteria and data is currently being developed.
- 2.3.2 Comparative data is available from other local authorities and the section provides data to its national benchmarking clubs (Accountancy and Treasury Management) for comparison purposes. Data is also available on the Internet and greater use is now being made of this valuable source.

2.4 **Evaluation Criteria**

- 2.4.1 Currently there are only a limited number of performance indicators that are recognised at a national level. The service tends to be very human resource intensive. Therefore, indicators based on full time equivalents, salary costs and skill levels have been developed. User Satisfaction surveys and the external Audit report will be used as an indicator of the quality of output from the section.
- 2.4.2 Some further analysis has been undertaken on the various financial activities which the section provides based on time and cost. The Section has maintained its time recording data although the restructurings once again make establishing trends somewhat difficult.

3 **BACKGROUND TO REVIEW**

3.1 **Culture of Service**

- 3.1.1 The Section has not undertaken any previous Best Value review. By its very nature, this Service tends to look for the most efficient and effective way of performing any task. The previous restructurings have resulted in a reduction in numbers of experienced staff and associated cost and skill levels. This has been as a direct result of the continual drive to achieve cost and efficiency savings.
- 3.1.2 It has yet to be established whether the most recent restructuring, which took effect on the 1st January 200, will result in a staffing mix that is sustainable. That is one of the outcomes looked for from this review. It is also linked to efficiency savings which are expected to accrue from the new Financial Information System when it is fully operational.
- 3.1.3 The Section pursues excellence and the development of best practice within the constraints imposed by statute, professional guidelines and codes of practice. It attempts to ensure that all its financial information is presented in a clear and meaningful way and that the implications of any financial advice are fully understood by the recipients. Staff continue their own personal development and post qualification education where appropriate, this helps to maintain the standards of the Section and contributes to improvement of the service.

- 3.1.4 The Section has been part of an IPF benchmarking group for the last three years. The development of some performance indicators and the ability to compare with similar size Authorities has been extremely helpful. The Section will develop networking through direct contact with the participating Authorities and the dissemination of best practice.
- 3.1.5 Consultation with stakeholder groups was commenced over two years ago with service user satisfaction surveys. Information from these helped to identify the need for an overhaul of the old Financial Management and Information System and other comments resulted in action being taken to improve the service being provided.
- 3.1.6 The Section was faced with the prospect of compulsory competitive tendering several years ago and as a result set about preparing itself to submit a successful bid. Although the need to bid subsequently did not materialise, the groundwork put in served to consolidate the Section as an efficient, effective and economic unit.

4. STRATEGIC LINKS

4.1 *Corporate Plan*

- 4.1.1 "Heart of the Forest", the Council's corporate plan, shows how it intends to work with the public and partners to place the Council at the heart of community life. The key interface between this strategically focussed plan and the service plan, which tends to be operationally focussed, is the Directorate Service Plan. This makes specific reference to managing the Council's finances by:-
- Offering quality financial advice
 - Delivering timely information
 - Ensuring that controls do not stifle innovation
 - Being balanced risk takers
- 4.1.2 These Directorate aims link directly with those set out in the Corporate Plan to develop as an organisation of excellence, specifically in the management of our finances. The Directorate Plan incorporates the Accountancy service plan enabling the corporate aims to cascade down and impact at an operational level. The Accountancy service plan also outlines the corporate aims of the Council and shows how the Section helps to achieve them through its key supporting role.

4.2 **Other Strategies**

- 4.2.1 The Section produces medium and long term financial strategies for the Authority and is responsible for producing Financial Plans, Expenditure Plans and Budgets. These plans encompass the work programmes of all the Directorates and represent a significant workload for Accountancy in bringing them together.

4.3 **National Plans and Objectives**

- 4.3.1 Much of the work undertaken by Accountancy is statutory in nature and some of it is linked to strategic objectives set by the Government. This is especially so in relation to funding and grant applications where the criteria relate directly to what the Government wants to achieve nationally.

5. EXPECTED OUTCOMES AND KEY CHALLENGES

5.1 **Expected Outcomes**

- Verification that the new structure will improve the efficiency and effectiveness of the section and is sustainable.
- Improved direct service provision as a result of improved, more meaningful and detailed financial information enabling better decision making.
- Improved financial planning and control at both operational and strategic level.
- Better financial performance data enabling improved performance monitoring and benchmarking.
- Improved accuracy and timeliness of reporting.
- Increased access to management information with enhanced presentation of data at the lowest possible cost.
- Better knowledge of the Council's services and its needs.
- More face-to-face contact with budget holders.
- Better, simpler Budget preparation system.
- Clearer, simpler guidelines for year end procedures, expenditure plans, budget preparation etc.
- Improved use of financial applications.
- Transfer of non-accountancy functions to the appropriate direct service providers.
- Eradication of any duplication within the devolved Finance function.

5.2 **Key Challenges**

- Improving service delivery and optimising cost.
- Fundamental review of the Budget Process.
- A thorough review of Budget Monitoring:-
 - Accuracy
 - Timeliness
 - Method
 - Information
- Relevance and cost-benefit of time-recording:-
 - Management Information
 - Performance monitoring
 - Benchmarking
- Process benchmarking
- Proving the section's competitiveness.
- Developing a suite of performance indicators to assess quality of output as well as timeliness and cost.
- Improved Final Accounts procedures
- Service focus.
- Centralised versus devolved service delivery.

6. REVIEW PANEL

6.1 **Review Panel Involvement**

- 6.1.1 A briefing note of the "Expected Outcomes and Key Challenges" has been sent to the Corporate and Finance Review Panel for consideration. Any comments, suggestions or feedback will be taken into consideration when undertaking the full review.
- 6.1.2 All Members have been surveyed to try and establish their opinion of the service provided by Accountancy and areas where it could be improved or provided in a different way.

7. 4Cs ACTIVITIES AND ISSUES PLANNED FOR REVIEW

7.1 **Challenge**

- 7.1.1 Although the service is mandatory and elements of it are prescriptive, all areas will be challenged, especially delivery options, current processes, outputs, resource utilisation, costs, accountability and similar support functions in other Directorates.

- 7.1.2 It will be necessary to evaluate the cost/benefit of pursuing an alternative delivery option including partnership with other local authorities. Different service delivery options have been previously considered by officers in preparation for compulsory competitive tendering.
- 7.1.3 Consideration was also given to the devolvement of Service Accountancy functions to other Directorates just over three years ago. Although this option would have had advantages for clients in terms of accessibility, responsiveness and service knowledge, it was not the most cost effective use of resources or necessarily the most efficient. However this option will be re-assessed in the light of the new structures (corporate and service based) and improvements in the financial information system and information/communication technology.
- 7.1.4 A number of minor functions have also been identified which the Section currently undertakes. These will be reviewed to appraise whether they could be more effectively carried out in other Directorates and whether there is the necessary capacity and relevant skills available to do this.

7.2 **Consult**

- 7.2.1 The Accountancy Section has already undertaken major consultation exercises with most stakeholder groups and this has generated some useful feedback. The key stakeholders include Members, Accountancy staff, Corporate Management Team, Budget Responsibility Officers (BROs), service groups, District Auditor, Hampshire County Council, Town and Parish Councils.
- 7.2.2 The replies received from the Accountancy staff themselves, who made a 100% response to a very comprehensive questionnaire, provided some important feedback regarding management processes, communications, quality evaluation and service improvements.
- 7.2.3 A good response was received from the budget responsibility officers (including the Directors) and Town and Parish Councils. The survey of BROs follows up an earlier service user survey undertaken over two years ago. The response from Members was, unfortunately, lower than anticipated for a major stakeholder group although those replies received did identify some areas for further development.

- 7.2.4 It is intended to incorporate where possible all the very valuable comments and feedback in the plan for continuous improvement. It is also intended, as part of the action plan, to undertake regular service user surveys which will help identify whether targets for improvement are being achieved.
- 7.2.5 District Audit has also been asked its views on the quality and effectiveness of the Accountancy Service as seen from an Audit perspective. This is in addition to the annual review and report of Accounting practices and systems.
- 7.2.6 Further consultation will be undertaken with various stakeholders during the review as and when necessary and staff will be regularly updated on progress. As part of the process it is proposed to invite a cross-section of Members to form a focus group which can consider issues and input to the review as it proceeds.

7.3 Compare

- 7.3.1 The Accountancy Section is a partner in a major benchmarking exercise which commenced three years ago. This has produced very useful data which is being used for trend analysis, cost and resource utilisation comparison purposes. Treasury Management is also being separately benchmarked for 2001/02 because of its specialist nature.
- 7.3.2 Parts of the service have developed local performance indicators which are used for internal performance measurement. They are mainly aimed at checking effectiveness, performance targets being set based on this information. National indicators do exist but have proved to be unreliable in the past as comparators. More work is being undertaken in this area to establish a reliable basis.
- 7.3.3 The Section has identified a number of areas where indicators need to be developed in the future. There is a shortage of quality and ease of access indicators and work is commencing on process benchmarking and the development of related indicators. Comparison to-date has been almost exclusively with other local authorities so attempts will be made to develop links with the private sector to achieve an external perspective.

7.4 Compete

- 7.4.1 Preliminary investigation indicates that the service could be provided by the private sector or possibly in partnership. However, there does not appear to be a well established market for the range of services being provided by Accountancy. One or two large operators have shown interest in Accountancy Services where this would be part of a combined Finance and Revenues package. It is intended to approach the private sector with a view to ascertaining how the market is developing and what interest might be shown in the package as proposed.
- 7.4.2 Although the Section 151 role must be carried out by an officer of the Council, the review will consider whether the outsourcing of the mandatory elements could add value in terms of access, effectiveness, timeliness and either quality or cost of service which tend to vary in inverse proportion. It will also consider the benefits of providing strategic financial advice and other support functions externally.
- 7.4.3 Comparison within the CIPFA benchmarking family group suggests that the Accountancy service is already operating at below average cost. The service user survey feedback indicates that the majority consider the service currently provided to be good or very good and the comments returned will help generate a number of improvements at little or no cost.
- 7.4.4 Although the above factors point to the service being efficient, effective and competitive, the review team will investigate all service delivery options to ensure that the Authority is achieving Best Value.

8. ASSESSMENT OF LINKS WITH OTHERS

8.1 Internally

- 8.1.1 Because of the nature of the service provided by Accountancy there are internal services which may have an impact on the Section's output. This is particularly relevant when responding to major service initiatives.
- 8.1.2 Changes in Council policy by Members can also have significant implications for the output of the section.

- 8.1.2 Accountancy is heavily dependent on the support of the Information and Communication Technology (ICT) Section in providing computerised systems and maintenance. Clearly any shortage of resources or failure of the systems would have an immediate and detrimental impact on the output of Accountancy.
- 8.1.3 ICT are not due to undertake their Best Value review until next year. Issues identified as a result of the Financial Management review will be included in the improvement plan and fed into the ICT review process next year (or earlier if necessary).

8.2 *Externally*

- 8.2.1 There are a number of external agencies which could potentially have an impact on the performance of the Accountancy section. Perhaps the most significant of these would be a failure in communication links (either IT or telephone) which would severely disrupt output.
- 8.2.2 Government agencies might impact on service delivery if changes in legislation give rise to the need to amend procedures. Likewise new guidance from the Audit Commission, District Audit and CIPFA could lead to changes affecting output.
- 8.2.3 Software suppliers might have an impact when upgrading (or not) software.
- 8.2.4 The output of the Treasury Management section is subject to the quality of advice received from specialist Treasury Consultants, Brokers and Fund Managers and can vary accordingly.
- 8.2.5 External partnerships or joint commissioning may also impact on the output of the Section.

9. PROGRAMME FOR THE REVIEW

9.1 *Key Stages of the Review*

- 9.1.1 The key stages of the review have been highlighted in the various paragraphs of this report. Much work has already been undertaken since the inception of the review process in February this year.

- 9.1.2 Subject to the approval of the Best Value Review Board and the Review Panel it is expected to commence the fundamental review immediately as further delay would not be in the interest of the Section or the Authority.
- 9.1.3 It is anticipated that a report to the Member Review Panel will be completed for consideration of the evaluation stages by mid-October. Stakeholders will be given the opportunity to comment on the improvement plan at this time. The final improvement report will be concluded by 31st October and be presented to the Best Value Board, DMTs, CMT and Cabinet in November.

10. RESOURCES FOR THE REVIEW

10.1 *Review Team*

- 10.1.1 The Team Leader is Pat Higgins with team members Philip Butterworth, Kevin Green, Martin Townsend, Jan Hawker and Philip Dunsdon. The team mentor and Directorate Best Value representative is Geoff Bettle. The team has been specifically selected to cover the full range of skills needed for the review.
- 10.1.2 The portfolio holder will be invited to participate along with other key Members.

10.2 *Budgets*

- 10.2.1 No specific budgetary provision has been made for the review process and the costs of all the resourcing will be absorbed within the service although some additional overtime may be required. A temporary resource has been identified to assist with the progress of the review amongst other outstanding project work. All team members will be subjected to additional pressures to achieve the given deadlines of their normal work programme as well as the review.
- 10.2.2 The budgeted cost of the Accountancy Section for 2001/02 is £609,000; this is an 8% reduction on the 2000/01 outturn (£663,890). In addition the value of the devolved finance function in Environment Services is approximately £31,000.
- 10.2.3 The notional cost of the review will be kept within the 2-5% guideline (£12,800 to £32,000).

11. FURTHER INFORMATION

11.1 **Contact**

11.1.1 For further information and any supporting documentation please contact Pat Higgins on ext 5821 or Philip Butterworth on ext. 5976.
(BoardRp2)

BEST VALUE BOARD REPORT ON FINANCIAL MANAGEMENT REVIEW PLAN

Best Value Board:

J Mascal (Leader)
 Councillor J Heron
 Councillor M Robinson
 C Elliott
 S Hunter (Head of Finance, Royal Bournemouth Hospital)

Service Leaders (present):

C Malyon
 Councillor Wise
 Mrs P Higgins
 P Butterworth

Date of Review: 20 August 2001

The Best Value Board considered the Review Plan and the criteria set out in the Best Value guidance provided. They prepared the following series of questions/comments to discuss with the Service Leaders, noted the comments received and recommend that the following actions be taken:

1. Information Provided

- 1.1 The Best Value Board felt the Review Plan provided too little information on some issues and this should be expanded in the final report. These are
- how much work is to be done in looking at the devolved financial services? This also needs to consider the work of the Support Services Best Value Review which might be considering similar issues.
 - expanding on the key works of the section to include the scale and scope of all functions.
 - defining the mandatory/discretionary functions of the service and the further work to be done in this area.
- 1.2 The Best Value Board also felt that Section 2 of the Review Plan should be entirely descriptive and not be making assumptions as this might be taken to indicate predisposition towards certain outcomes.
- 1.3 **Response:** the service outline in the Review Plan was intended to reflect where we are now and not to indicate any sort of predisposition or intention of not reviewing thoroughly. This was perhaps inevitable given earlier review work as well as the Best Value work already undertaken.

1.4 **Recommendation:** that the final report includes more information on these issues where appropriate and justifies any conclusions reached on the basis of evidence and evaluation.

2. Challenge

2.1 The Best Value Board felt that the Challenge element did not appear to be covered as fundamentally as possible, in particular there was some evidence of predisposition to particular conclusions (see para 5.1 first bullet point). This should be addressed by ensuring the following areas were fully considered in the on-going review work:

- reconsidering the contents of the package if necessary to attract competitors who might only be interested in a larger package.
- challenge whether the service could provide for other customers eg Town and Parish Councils.
- challenge whether alternative means of service delivery could arise from partnership working with others eg other Local Authorities.
- Revisit the possibility of devolving service delivery to business units if this is strongly supported by service users.

2.2 **Response:** assurances were given that all service delivery options would be fully considered in on-going work and in the final report.

2.3 **Recommendation:** that the issues set out in the bullet points above be fully considered and concluded in the final report.

3. Consult

3.1 The Best Value Review Board noted the poor response to the Member questionnaire, which was disappointing, as they were identified as Key Stakeholders. There was an urgent need to rectify this by trying to engage more fully with Members and a focus group was thought to be a good suggestion. If the response was not good from other external customers it would be necessary to do further work to engage them in the process.

3.2 **Response:** it was agreed that a Members focus group would be a good way forward. There was also discussion about further Member training as this was a service with a very high level of impact.

3.2 **Recommendation:** that more work be undertaken to engage Members in the Review Process.

4. Compare

- 4.1 The Best Value Board felt that some elements of the Review Plan appeared negative about the value or ease of using comparative information. Such information was essential especially to gauge customer reaction to the changes arising from the proposed reorganisations. If good benchmarks or comparative information are not currently available, they should be developed as part of the on-going work on the review.
- 4.2 **Response:** the difficulties of using some types of comparative information were re-emphasised, but it was accepted that good comparative and benchmarking information was important, particularly to validate the impact of changes in the structure of the service.
- 4.3 **Recommendation:** ensure that comparative and benchmarking information is used to validate the performance of the service and to allow the impact of proposed changes to be fully assessed. Internal performance indicators should be developed together with external comparators through benchmarking club(s) and private sector contacts. Comparators should not only be efficiency based but should also consider the DTLR measures of quality, effectiveness, access and strategic objectives.

5. Work Programme

- 5.1 The Best Value team felt that a flow-chart would help to understand the work which had been and was still to be undertaken.
- 5.2 **Response:** yes a flow-chart could be provided. In discussion it became clear that the programme to finish the Review by November might be very difficult because of other workload pressures.
- 5.3 **Recommendation:** the Review Team should urgently reappraise the existing programme and advise the Board as to whether it is likely to be completed for verification in November 2001.

6. Financial Information

- 6.1 The Best Value Board, as an example of the difficulties of presenting financial information, referred to the interpretation of paragraphs 2.2.9 and 2.2.10 of the Review Plan.
- 6.2 **Response:** the figure included was explained but highlighted the importance of producing financial information in a simple and easy to explain manner.
- 6.3 No recommendation

7. Member Involvement

- 7.1 The Best Value Board felt that the new Portfolio holder and his Shadow should be included in the further work of the Review Team with immediate effect.

- 7.2 This point was agreed.
- 7.3 The Portfolio holder also pointed out the value of the service developing a clear mission statement / vision to enable focussing of objectives.
- 8. Conclusions**
- 8.1 The Best Value Board felt that the Service Review team had produced a good Review Plan in circumstances complicated by the restructuring decisions already made and the change in Best Value processes.
- 8.2 Subject to the recommendations contained in this paper being fully incorporated into the further work which remains to be done, the Best Value Board believe the Review will comply with the statutory and New Forest District Council requirements and will lead to improvements which can be implemented. These should be identified within the review as specific targets, with time scales as appropriate.
- 8.3 In terms of the further challenge needed at the end of the Review, the Board are mindful that this is a very high impact service and as such warrants a reasonable degree of further appraisal. This is likely to involve some checking of evidence and discussions with key stakeholders of the service.
- 8.4 The Best Value Board have provisionally set aside one day (likely to be two half days) to conduct this further work in due course. This time allocation will need to be reassessed on receipt of the final report and taking into account the extent to which the recommendations set out in this paper have been addressed.

NEW FOREST DISTRICT COUNCIL
BEST VALUE REVIEW OF FINANCIAL MANAGEMENT
PROPOSED PERFORMANCE MEASURES

| No. | Description | Performance Target |
|------|---|---|
| | <u>Local</u> | |
| L.1 | Publish Statement of Accounts | Completed by statutory deadline (31/12) |
| L.2 | Final accounts signed off by D. A. without qualification | Completed for Council meeting in December |
| L.3 | Budget prepared for Council Tax setting | Completed by 11/03 |
| L.4 | Completion of statutory forms | |
| | RO | Completed by statutory deadline (31/08) |
| | RA | Completed by statutory deadline (31/03) |
| | CO | Completed by statutory deadline (31/08) |
| | CRA | Completed by statutory deadline (quarterly) |
| L.5 | Production of Statement of Accounts | Reported to Members by 30/09 |
| L.6 | All budgets at account code level to be in general ledger system | By 15/04 |
| L.7 | Reconciliation of financial information from feeder systems into the general ledger | Daily |
| L.8 | Treasury Management(TM).-operation of bank accounts to keep within set to keep within limits for overdrawn/surplus balances | Daily |
| L.9 | T.M.-earn specified interest on monies invested | Greater than the average 7 day 'libid' rate |
| L.10 | Make available on-line budgetary control reports | Within 10 days of the period end |
| L.11 | Set up requests for general ledger codes | Within one working day |
| L.12 | Post suspense account transactions to correct codes | Within 10 days of the original posting |
| L.13 | General account bank reconciliation | Complete within 21 days of the period end |
| L.14 | Requests for virements/supplementary estimates | Set up in General Ledger within 2 work days of the request. |

| | | |
|------|---|---------------------------------------|
| L.15 | Accountancy staff available for advice | Between 08.30 and 17.00 each work day |
| L.16 | New BROs offered training on the general ledger | Within 1 month of their commencement |
| L.17 | Accountancy's cost of budget monitoring per £1000 of gross expenditure | Within lowest quartile |
| L.18 | Accountancy's cost of preparing final accounts per £1000 of gross expenditure | Within lowest quartile |
| L.19 | Completion of key accountancy tasks | Within agreed timetables |
| L.20 | Complete VAT returns | Within 28 days of the period end |

NEW FOREST DISTRICT COUNCIL
BEST VALUE REVIEW OF FINANCIAL MANAGEMENT

CORPORATE ACCOUNTANCY SECTION - PLANNED AND ACTUAL OUTPUTS FOR
2000/01

CUMULATIVE FOR THE WEEK ENDING 25 FEBRUARY 2001

| | | Number of Targets Achieved | | | | | | | | |
|-----------------------|-----------|----------------------------|-------------|--------------|---------------|---------------|-------------|-------------|-------------|-------------|
| | | On Time | 1 to 7 Days | 8 to 14 Days | 15 to 21 Days | 22 to 28 Days | 28+ Days | No Actual | No Target | Totals |
| Group 1 | Actual | 361 | 36 | 16 | 4 | 1 | 8 | 76 | 84 | 586 |
| | Per cent. | 61.60 | 6.14 | 2.73 | 0.68 | 0.17 | 1.37 | 12.97 | 14.33 | 100 |
| Group 2 | Actual | 39 | 27 | 3 | 4 | 2 | 14 | 15 | 0 | 104 |
| | Per cent. | 37.50 | 25.96 | 2.88 | 3.85 | 1.92 | 13.46 | 14.42 | 0.00 | 100 |
| Group 3 | Actual | 617 | 71 | 23 | 17 | 10 | 24 | 11 | 17 | 790 |
| | Per cent. | 78.10 | 8.99 | 2.91 | 2.15 | 1.27 | 3.04 | 1.39 | 2.15 | 100 |
| Manager | Actual | 23 | 9 | 2 | 0 | 1 | 3 | 9 | 0 | 47 |
| | Per cent. | 48.94 | 19.15 | 4.26 | 0.00 | 2.13 | 6.38 | 19.15 | 0.00 | 100 |
| SECTION TOTALS | Actual | 1040 | 143 | 44 | 25 | 14 | 49 | 111 | 101 | 1527 |
| | Per cent. | 68.11 | 9.36 | 2.88 | 1.64 | 0.92 | 3.21 | 7.27 | 6.61 | 100 |

NEW FOREST DISTRICT COUNCIL
BEST VALUE REVIEW – FINANCIAL MANAGEMENT

SERVICE DELIVERY OPTIONS

NB. The Advantages and Disadvantages highlighted here are intended to show potential strengths and weaknesses of the service delivery options considered but DO NOT necessarily relate to existing service provision.

1. RETAINING IN-HOUSE SERVICE PROVISION

| Advantages | Disadvantages |
|--|--|
| Skills base and knowledge of the services and practices of the Council. Availability of staff on site Cost effectiveness (see benchmarking results) Planned staff development Use of integrated, corporate financial systems Rapid re-action to clients' queries Close working relationships with and empathy with clients | Lack of incentive to change and develop staff Tendency to be re-active rather than pro-active to clients queries Lack of vigorous challenge on processes Complacency, (accept the status quo) |

3. RESTRUCTURING OR RE-POSITIONING OF THE IN-HOUSE SERVICE (DEVOLVEMENT)

| Advantages | Disadvantages |
|--|--|
| Knowledge of service being provided and clients' requirements Availability of staff within the directorships Being client focussed and service specific In-house expert in financial and management systems Available for financial training within directorship Rapid re-action to clients' queries Close working relationships with and empathy with clients | Cost Lack of corporate awareness (do not see the bigger picture) Loyalty (reporting to which Director? Own or Resources?) Keeping abreast of new developments Lack of staff development Possible duplication Corporate finance function will still need to be provided Confidence in output corporately e.g. for final accounts, budgetary control. |

3. CESSATION OF SERVICE

This is not an option as there is a statutory requirement to produce legal budgets and final accounts, and the fiduciary role of the Section 151 officer to ensure that the finances of the Council are properly safeguarded and accounted for.

4. **CREATION OF A PUBLIC/PRIVATE PARTNERSHIP (e.g. with HYDRA)**

| Advantages | Disadvantages |
|--|--|
| Access, potentially, to a new source of investment Wider resource base Economies of scale Transfer of in-house staff (under TUPE) New ideas/innovation from partners Can continue to use existing financial systems | Learning curve Variations to agreed specification will cost more Lack of flexibility (will not be able to change rapidly without negotiation) Lack of a fully developed market Under TUPE, transfer of staff whether required or not May have to continue to use Council's own in-house financial systems |

5. **EXTERNALISATION (NO INTERNAL BID)**

| Advantages | Disadvantages |
|--|---|
| Access to a new source of investment New perspective on how to provide the service Innovation Economies of scale Greater resource base | Confrontational Lack of control Probity Availability Lack of knowledge of service and clients Lack of a fully developed market Compatibility of financial systems Quality of external company's staff Quality of staff training Quality of service provided may be unknown until too late Cost of engaging external supplier Resource diversion to produce specification |

6. **MARKET TESTING OF SERVICE (ALL OR PART) IN-HOUSE BID**

| Advantages | Disadvantages |
|---------------------------|---|
| Proves cost effectiveness | Cost of tender process Resource diversion to produce specification |

7. **RE-NEGOTIATION**

Not applicable.

8. **JOINT COMMISSIONING ON DELIVERY OF SERVICE**

Not applicable to this service.

FINANCIAL MANAGEMENT BEST VALUE REVIEW
SUSTAINABILITY ASSESSMENT**1. Does the service increase the cohesiveness and capacity of the local community;**

As a support service, it is difficult to influence directly any initiatives which support sustainability. However it is possible to help deliver targets set in the local community safety strategy through the quality of advice which is given at a corporate level, in identifying resources which can be made available to achieve key objectives

2. Does the service ensure energy and resources are widely used;

Recycling and reuse of resources are undertaken as often as possible; the service uses paper which is sourced from a renewable source for the production of reports, utilise recycling sacks for office waste, and purchases office furniture through the Central Purchasing Unit, using green purchasing policies.

Light fittings in the office are now high frequency electronic lights, partly controlled on daylight, and all radiators are fitted with thermo-static valves to conserve energy and heat

3. Does the service maximise health promotion:

The Council's Health and Safety Policies have been implemented within the service; office working conditions are reviewed regularly.

4. Does the service add to the local economy:

The employment policies of the Council are followed in the employment of staff; all vacancies are advertised locally, and majority of staff have been recruited from the local community.

5. Does the service encourage equity and opportunities for all:

Training of staff is seen as a high priority within the service; this includes professional and technical training, as well as more general education in issues such as safety in the home, encouraging good driving skills.

Information for the general public will be made more widely available by use of the Council's web site on the internet, for such areas as the Council Tax Leaflet, publication of the statutory Accounts. Graphics will be used to illustrate financial information in a more user-friendly style.

6. Does the service improve its transport profile:

To help meet the CO2 emissions, car journeys are kept to a minimum and the video conferencing facilities used as often as possible.

7. Does the service put sustainability into practice:

Yes; also a member of the finance staff is a member of the LA 21 corporate strategy team.

NEW FOREST DISTRICT COUNCIL
RESULTS OF BENCHMARKING OF THE ACCOUNTANCY FUNCTION

1. INTRODUCTION

1.1. The Accountancy Section joined the Institute of Public Finance Limited's (IPF) benchmarking club in 1998. This has produced useful data that has been used for cost and resource utilisation comparison purposes. The results of the benchmarking exercise, based on the 2001/02 financial year, are reported below.

2. BENCHMARKING CLUB 2001/02

2.1. This Council's Accountancy section was compared with 63 other district councils, which are listed in Appendix 1. Due to the nature of accountancy work, most of the benchmarking ratios are expressed as cost per £1000 of the Council's gross revenue turnover (GRT), which for 2001/02 is estimated at £71 million.

2.2. The benchmarking exercise identified 9 main accountancy service areas, which are listed in Table 1 below.

2.3. This Council's Accountancy section's estimated costs for 2001/02 include the costs of the three staff who will be made redundant during the year. The net reduction in the Accountancy Section's costs, with effect from 1 Jan 2002, will be about £80,000. Using this revised cost base, the accountancy sections estimated costs would be about £580,000. This would reduce the total cost per £000 GRT from £9.24 to £8.17, and its position from 21 to 15, which is in the lower quartile of the district councils included in the benchmarking club.

2.4. The results of the benchmarking exercise are listed in Tables 1 to 3.

TABLE 1

| Service | Cost per £000 GRT | Group Ave | Position (out of 64, where 64 is highest) |
|-------------------------------|------------------------------|----------------------|--|
| Financial Strategy & Planning | 1.13 | 0.52 | 59 |
| Financial Advice | 0.52 | 0.87 | 20 |
| Budget Preparation | 1.33 | 1.55 | 22 |
| Budget Monitoring | 1.71 | 1.42 | 59 |
| Maintenance of Records | 1.15 | 1.76 | 8 |
| Final Accounts | 1.11 | 1.56 | 20 |
| Technical Research & Projects | 0.53 | 0.63 | 30 |
| Systems Support | 1.32 | 2.00 | 17 |
| Treasury Management | 0.45 | 0.53 | 28 |

| | | | |
|-----------------------|-------------|--------------|-----------|
| TOTALS | 9.24 | 10.24 | 21 |
| Amended Totals | 8.17 | | 15 |

NEW FOREST DISTRICT COUNCIL
RESULTS OF BENCHMARKING OF THE ACCOUNTANCY FUNCTION

TABLE 2

| Type of Expenditure | Cost per £000 GRT | Group Ave | Position (out of 64, where 64 is highest) |
|----------------------------|--------------------------|------------------|--|
| Staff | 6.96 | 6.77 | 37 |
| Running Costs | 0.51 | 0.54 | 35 |
| Accommodation | 0.31 | 0.46 | 17 |
| Information Technology | 0.80 | 1.55 | 10 |
| Central Charges | 0.66 | 0.92 | 21 |
| TOTALS | 9.24 | 10.24 | 22 |
| Amended Totals | 8.17 | | 15 |
| Lowest | 4.00 | | 1 |

When substituting these costs with the reduced Accountancy Section's costs, the Staff cost becomes £5.89 and the position improves to 23.

TABLE 3

| Description | NFDC | Average | Position (where 1 is earliest date) |
|---|-------------|----------------|--|
| Average Staff Cost per FTE | £26380 | £29567 | |
| Amended | £24620 | | |
| No. of Accountancy FTE | 19.3 | 17.5 | |
| Amended | 17.3 | | |
| Staff Qualifications | | | |
| CCAB & CCAB Trainees | 29% | 43% | |
| AAT & AAT Trainees | 52% | 33% | |
| Other | 19% | 24% | |
| Revenue Summary Form Sent To DETR | 28/7/00 | 7/9/00 | 9 out of 55 |
| Audit Opinion Received For 1999/00 Final accounts | 17/10/00 | 22/11/00 | 13 out of 54 |
| Date Accounts Available For Inspection | 29/8/00 | 18/9/00 | 21 out of 54 |

DMTs 13th-14th August
Best Value Review Board 20th August

**REVIEW PLAN FOR A FUNDAMENTAL BEST VALUE
REVIEW OF FINANCIAL MANAGEMENT**

8 PURPOSE OF THE REVIEW PLAN

- 8.1 The Financial Management Best Value review commenced in February of this year and a scoping document was produced for consideration by Directorate Management Teams in April. Subsequently, the Authority reviewed the process by which best value reviews are undertaken and has implemented a number of modifications.
- 8.2 As a result of the changes introduced a new report now needs to be submitted to the Best Value Review Board. Inevitably this covers some areas which were in the original scoping document but this report will also show how it is intended to conduct the review, the key challenges and the expected outcomes.

9 SERVICE OUTLINE

9.1 Nature and Definition of Service

- 9.1.1 Financial Management is a generic term which covers a range of financial services. These services are mainly delivered by Accountancy Services although some support is also provided within Directorates. Accountancy is a corporate support service providing essential financial services which enable the Authority to make informed decisions for the delivery of front line services.
- 9.1.2 The service covers :-
- short and medium term strategic financial planning and advice to the Council.
 - forecasting of revenue and capital expenditure and council tax levels.
 - provision of financial advice and management information to officers and members.
 - financial advice at a strategic level on major policy issues.
 - budget preparation.
 - budget monitoring and reporting.
 - preparation of the Council's annual accounts.

- preparation of the Council's Capital Strategy and Asset Management Plan.
 - preparation of subsidy, grant and other financial returns.
 - reconciliation of all bank accounts.
 - administration of grants and lease finance contracts, replacements and renewals.
 - administration of the financial contributions of developers.
 - administration and maintenance of corporate financial information and feeder systems.
 - accounting for and provision of advice on VAT.
 - Treasury management
- 9.1.3 The majority of its work is internally focussed, its main client being the Members who in turn are responsible to the Council Tax payer. There is also a small element of work that impacts at a national level through professional institutes and an increasing involvement in benchmarking with other Authorities and the private sector.
- 9.1.4 Service users include Members, Directors, Budget Responsibility Officers, Town and Parish Councils and, indirectly, the general public.
- 9.1.5 The Council has a statutory responsibility to nominate one officer who will be responsible for the administration of the financial resources (s.151). There is a statutory requirement on the Authority to set an Annual Budget and to publish Annual Accounts.
- 9.1.6 Some aspects of the service are not mandatory. However, there are professional guidelines and codes of practice issued by the Central Council of Accountancy Bodies, the Chartered Institute of Public Finance and Accountancy, the Audit Commission and the Department for Transport, Local Government and the Regions, which regulate the production and presentation of information. Financial returns have to be completed for Central Government and the duty of Best Value requires a significant amount of Accountancy support.
- 9.1.7 The scope of the review will also cover the finance functions undertaken in other Directorates to see if this is an efficient and effective use of resources and to ensure that there is no duplication of effort.

9.2 **Establishment**

- 9.2.1 The establishment of the Accountancy section is shown on the structure chart at Appendix 1. All staff assist in the provision of a

mandatory service and are funded solely from revenue (17 employees including vacant posts). In addition 2 Accountants, band 8 and a Senior Accountancy Assistant, band 5 will be working for part of the financial year prior to redundancy.

- 9.2.2 An analysis of the time spent on accountancy type tasks in other directorates has established that only one other member of staff in Environment Services spends more than 50% of her productive time on these functions. There are about six other staff who undertake a significant financial management role in their respective Directorates. The role of these staff will not be directly examined in the review although the financial functions they undertake will be checked.
- 9.2.3 The total number of employees in Accountancy is currently 20 (dropping to 17 when the full impact of the restructuring takes effect in 2002). In addition both the Director and the Assistant Director of Finance spend some time on financial management at a more strategic level.
- 9.2.4 The section utilises 182.5 m² of office space and storage at Lymington Town Hall costing approximately £24,000. Each person has a workstation linked to a server and associated peripherals. The office space utilised by the member of staff in Environment Services is 14.6 m² costing £2000.
- 9.2.5 A skills audit of the twenty personnel within the Accountancy Section indicates the following:-
- Qualified Accountants – 5 (2 being made redundant)
 - Accounting Technicians – 6 (1 being made redundant)
 - Trainees* – 4
 - Other relevant qualifications – 1
 - Un-qualified – 2
 - Vacancies – 2
- * Two Trainees are studying for AAT, one is studying for CIMA and one is studying a BTec/HNC in Computing
- 2.2.6 Some staff have degrees in addition to their primary accounting qualifications and all have been trained in the use of Microsoft Office and other relevant software.
- 2.2.7 Of the staff based within other Directorates who spend less than 50% of their time on financial management issues, three are qualified Accounting Technicians and one other has a relevant qualification.

9.2.6 The management budget for the section indicates an original approved estimated cost for 2001/2 of £609,000 of which £455,000 (75%) is direct employee costs. This figure has already been reduced by 1.5% to take into account savings made as a result of staff turnover. Difficulty in recruitment and retention has meant that actual savings will exceed this figure.

2.2.9 Previous years actual expenditure, the current budget and the forecast for next year show the impact of successive restructurings on the cost of the section. These figures have not been adjusted for inflation which means the saving is greater in real terms.

| 1996/7 Actual £ | 1997/8 Actual £ | 1998/9 Actual £ | 1999/00 Actual £ | 2000/01 Actual £ | 2001/02 Budget £ | 2002/03 Forecast £ |
|-----------------------|-----------------------|-----------------------|------------------------|------------------------|------------------------|--------------------------|
| 671,420 | 643,970 | 654,320 | 643,440 | 663,890 | 609,000 | 549,000 |

9.2.7 The full year effect of the latest restructuring will mean a net decrease in the total cost of the section of £131,000, equivalent to a saving of nearly 20%.

2.3 **Performance Data**

9.2.8 Cost data is available for prior years although two previous restructurings and changes in allocations mean that comparison is not straightforward. Performance data is limited for previous years but is now being accrued and qualitative criteria and data is currently being developed.

9.2.9 Comparative data is available from other local authorities and the section provides data to its national benchmarking clubs (Accountancy and Treasury Management) for comparison purposes. Data is also available on the Internet and greater use is now being made of this valuable source.

2.4 **Evaluation Criteria**

9.2.10 Currently there are only a limited number of performance indicators that are recognised at a national level. The service tends to be very human resource intensive. Therefore, indicators based on full time equivalents, salary costs and skill levels have been developed. User Satisfaction surveys and the external Audit report will be used as an indicator of the quality of output from the section.

9.2.11 Some further analysis has been undertaken on the various financial activities which the section provides based on time and cost. The Section has maintained its time recording data although the restructurings once again make establishing trends somewhat difficult.

10 BACKGROUND TO REVIEW

3.1 Culture of Service

3.1.1 The Section has not undertaken any previous Best Value review. By its very nature, this Service tends to look for the most efficient and effective way of performing any task. The previous restructurings have resulted in a reduction in numbers of experienced staff and associated cost and skill levels. This has been as a direct result of the continual drive to achieve cost and efficiency savings.

10.1.1 It has yet to be established whether the most recent restructuring, which took effect on the 1st January 200, will result in a staffing mix that is sustainable. That is one of the outcomes looked for from this review. It is also linked to efficiency savings which are expected to accrue from the new Financial Information System when it is fully operational.

10.1.2 The Section pursues excellence and the development of best practice within the constraints imposed by statute, professional guidelines and codes of practice. It attempts to ensure that all its financial information is presented in a clear and meaningful way and that the implications of any financial advice are fully understood by the recipients. Staff continue their own personal development and post qualification education where appropriate, this helps to maintain the standards of the Section and contributes to improvement of the service.

10.1.3 The Section has been part of an IPF benchmarking group for the last three years. The development of some performance indicators and the ability to compare with similar size Authorities has been extremely helpful. The Section will develop networking through direct contact with the participating Authorities and the dissemination of best practice.

10.1.4 Consultation with stakeholder groups was commenced over two years ago with service user satisfaction surveys. Information from these helped to identify the need for an overhaul of the old Financial Management and Information System and other comments resulted in action being taken to improve the service being provided.

10.1.5 The Section was faced with the prospect of compulsory competitive tendering several years ago and as a result set about preparing itself to submit a successful bid. Although the need to bid subsequently did not materialise, the groundwork put in served to consolidate the Section as an efficient, effective and economic unit.

11 STRATEGIC LINKS

4.1 Corporate Plan

4.1.1 “Heart of the Forest”, the Council’s corporate plan, shows how it intends to work with the public and partners to place the Council at the heart of community life. The key interface between this strategically focussed plan and the service plan, which tends to be operationally focussed, is the Directorate Service Plan. This makes specific reference to managing the Council’s finances by:-

- Offering quality financial advice
- Delivering timely information
- Ensuring that controls do not stifle innovation
- Being balanced risk takers

4.1.2 These Directorate aims link directly with those set out in the Corporate Plan to develop as an organisation of excellence, specifically in the management of our finances. The Directorate Plan incorporates the Accountancy service plan enabling the corporate aims to cascade down and impact at an operational level. The Accountancy service plan also outlines the corporate aims of the Council and shows how the Section helps to achieve them through its key supporting role.

11.1 Other Strategies

11.1.1 The Section produces medium and long term financial strategies for the Authority and is responsible for producing Financial Plans, Expenditure Plans and Budgets. These plans encompass the work

programmes of all the Directorates and represent a significant workload for Accountancy in bringing them together.

4.3 **National Plans and Objectives**

11.1.2 Much of the work undertaken by Accountancy is statutory in nature and some of it is linked to strategic objectives set by the Government. This is especially so in relation to funding and grant applications where the criteria relate directly to what the Government wants to achieve nationally.

12 EXPECTED OUTCOMES AND KEY CHALLENGES

5.1 **Expected Outcomes**

- Verification that the new structure will improve the efficiency and effectiveness of the section and is sustainable.
- Improved direct service provision as a result of improved, more meaningful and detailed financial information enabling better decision making.
- Improved financial planning and control at both operational and strategic level.
- Better financial performance data enabling improved performance monitoring and benchmarking.
- Improved accuracy and timeliness of reporting.
- Increased access to management information with enhanced presentation of data at the lowest possible cost.
- Better knowledge of the Council's services and its needs.
- More face-to-face contact with budget holders.
- Better, simpler Budget preparation system.
- Clearer, simpler guidelines for year end procedures, expenditure plans, budget preparation etc.
- Improved use of financial applications.
- Transfer of non-accountancy functions to the appropriate direct service providers.
- Eradication of any duplication within the devolved Finance function.

12.1 **Key Challenges**

- Improving service delivery and optimising cost.
- Fundamental review of the Budget Process.
- A thorough review of Budget Monitoring:-

- Accuracy
- Timeliness
- Method
- Information
- Relevance and cost-benefit of time-recording:-
 - Management Information
 - Performance monitoring
 - Benchmarking
- Process benchmarking
- Proving the section's competitiveness.
- Developing a suite of performance indicators to assess quality of output as well as timeliness and cost.
- Improved Final Accounts procedures
- Service focus.
- Centralised versus devolved service delivery.

6. REVIEW PANEL

12.2 Review Panel Involvement

12.2.1 A briefing note of the "Expected Outcomes and Key Challenges" has been sent to the Corporate and Finance Review Panel for consideration. Any comments, suggestions or feedback will be taken into consideration when undertaking the full review.

12.2.2 All Members have been surveyed to try and establish their opinion of the service provided by Accountancy and areas where it could be improved or provided in a different way.

13 4Cs ACTIVITIES AND ISSUES PLANNED FOR REVIEW

7.1 Challenge

13.1.1 Although the service is mandatory and elements of it are prescriptive, all areas will be challenged, especially delivery options, current processes, outputs, resource utilisation, costs, accountability and similar support functions in other Directorates.

13.1.2 It will be necessary to evaluate the cost/benefit of pursuing an alternative delivery option including partnership with other local authorities. Different service delivery options have been previously considered by officers in preparation for compulsory competitive tendering.

- 13.1.3 Consideration was also given to the devolvement of Service Accountancy functions to other Directorates just over three years ago. Although this option would have had advantages for clients in terms of accessibility, responsiveness and service knowledge, it was not the most cost effective use of resources or necessarily the most efficient. However this option will be re-assessed in the light of the new structures (corporate and service based) and improvements in the financial information system and information/communication technology.
- 13.1.4 A number of minor functions have also been identified which the Section currently undertakes. These will be reviewed to appraise whether they could be more effectively carried out in other Directorates and whether there is the necessary capacity and relevant skills available to do this.

7.2 **Consult**

- 13.1.5 The Accountancy Section has already undertaken major consultation exercises with most stakeholder groups and this has generated some useful feedback. The key stakeholders include Members, Accountancy staff, Corporate Management Team, Budget Responsibility Officers (BROs), service groups, District Auditor, Hampshire County Council, Town and Parish Councils.
- 13.1.6 The replies received from the Accountancy staff themselves, who made a 100% response to a very comprehensive questionnaire, provided some important feedback regarding management processes, communications, quality evaluation and service improvements.
- 13.1.7 A good response was received from the budget responsibility officers (including the Directors) and Town and Parish Councils. The survey of BROs follows up an earlier service user survey undertaken over two years ago. The response from Members was, unfortunately, lower than anticipated for a major stakeholder group although those replies received did identify some areas for further development.
- 13.1.8 It is intended to incorporate where possible all the very valuable comments and feedback in the plan for continuous improvement. It is also intended, as part of the action plan, to undertake regular service user surveys which will help identify whether targets for improvement are being achieved.

13.1.9 District Audit has also been asked its views on the quality and effectiveness of the Accountancy Service as seen from an Audit perspective. This is in addition to the annual review and report of Accounting practices and systems.

13.1.10 Further consultation will be undertaken with various stakeholders during the review as and when necessary and staff will be regularly updated on progress. As part of the process it is proposed to invite a cross-section of Members to form a focus group which can consider issues and input to the review as it proceeds.

13.2 **Compare**

13.2.1 The Accountancy Section is a partner in a major benchmarking exercise which commenced three years ago. This has produced very useful data which is being used for trend analysis, cost and resource utilisation comparison purposes. Treasury Management is also being separately benchmarked for 2001/02 because of its specialist nature.

13.2.2 Parts of the service have developed local performance indicators which are used for internal performance measurement. They are mainly aimed at checking effectiveness, performance targets being set based on this information. National indicators do exist but have proved to be unreliable in the past as comparators. More work is being undertaken in this area to establish a reliable basis.

13.2.3 The Section has identified a number of areas where indicators need to be developed in the future. There is a shortage of quality and ease of access indicators and work is commencing on process benchmarking and the development of related indicators. Comparison to-date has been almost exclusively with other local authorities so attempts will be made to develop links with the private sector to achieve an external perspective.

13.3 **Compete**

13.3.1 Preliminary investigation indicates that the service could be provided by the private sector or possibly in partnership. However, there does not appear to be a well established market for the range of services being provided by Accountancy. One or two large operators have shown interest in Accountancy Services where this would be part of a combined Finance and Revenues package. It is intended to approach the private sector with a view to

ascertaining how the market is developing and what interest might be shown in the package as proposed.

13.3.2 Although the Section 151 role must be carried out by an officer of the Council, the review will consider whether the outsourcing of the mandatory elements could add value in terms of access, effectiveness, timeliness and either quality or cost of service which tend to vary in inverse proportion. It will also consider the benefits of providing strategic financial advice and other support functions externally.

13.3.3 Comparison within the CIPFA benchmarking family group suggests that the Accountancy service is already operating at below average cost. The service user survey feedback indicates that the majority consider the service currently provided to be good or very good and the comments returned will help generate a number of improvements at little or no cost.

13.3.4 Although the above factors point to the service being efficient, effective and competitive, the review team will investigate all service delivery options to ensure that the Authority is achieving Best Value.

8. ASSESSMENT OF LINKS WITH OTHERS

8.1 *Internally*

13.3.5 Because of the nature of the service provided by Accountancy there are internal services which may have an impact on the Section's output. This is particularly relevant when responding to major service initiatives.

8.1.2 Changes in Council policy by Members can also have significant implications for the output of the section.

13.3.6 Accountancy is heavily dependent on the support of the Information and Communication Technology (ICT) Section in providing computerised systems and maintenance. Clearly any shortage of resources or failure of the systems would have an immediate and detrimental impact on the output of Accountancy.

13.3.7 ICT are not due to undertake their Best Value review until next year. Issues identified as a result of the Financial Management review will be included in the improvement plan and fed into the ICT review process next year (or earlier if necessary).

13.4 **Externally**

- 13.4.1 There are a number of external agencies which could potentially have an impact on the performance of the Accountancy section. Perhaps the most significant of these would be a failure in communication links (either IT or telephone) which would severely disrupt output.
- 13.4.2 Government agencies might impact on service delivery if changes in legislation give rise to the need to amend procedures. Likewise new guidance from the Audit Commission, District Audit and CIPFA could lead to changes affecting output.
- 13.4.3 Software suppliers might have an impact when upgrading (or not) software.
- 13.4.4 The output of the Treasury Management section is subject to the quality of advice received from specialist Treasury Consultants, Brokers and Fund Managers and can vary accordingly.
- 13.4.5 External partnerships or joint commissioning may also impact on the output of the Section.

14 **PROGRAMME FOR THE REVIEW**

14.1 **Key Stages of the Review**

- 14.1.1 The key stages of the review have been highlighted in the various paragraphs of this report. Much work has already been undertaken since the inception of the review process in February this year.
- 14.1.2 Subject to the approval of the Best Value Review Board and the Review Panel it is expected to commence the fundamental review immediately as further delay would not be in the interest of the Section or the Authority.
- 14.1.3 It is anticipated that a report to the Member Review Panel will be completed for consideration of the evaluation stages by mid-October. Stakeholders will be given the opportunity to comment on the improvement plan at this time. The final improvement report will be concluded by 31st October and be presented to the Best Value Board, DMTs, CMT and Cabinet in November.

15 RESOURCES FOR THE REVIEW

15.1 *Review Team*

10.1.1 The Team Leader is Pat Higgins with team members Philip Butterworth, Kevin Green, Martin Townsend, Jan Hawker and Philip Dunsdon. The team mentor and Directorate Best Value representative is Geoff Bettle. The team has been specifically selected to cover the full range of skills needed for the review.

15.1.1 The portfolio holder will be invited to participate along with other key Members.

15.2 *Budgets*

15.2.1 No specific budgetary provision has been made for the review process and the costs of all the resourcing will be absorbed within the service although some additional overtime may be required. A temporary resource has been identified to assist with the progress of the review amongst other outstanding project work. All team members will be subjected to additional pressures to achieve the given deadlines of their normal work programme as well as the review.

15.2.2 The budgeted cost of the Accountancy Section for 2001/02 is £609,000; this is an 8% reduction on the 2000/01 outturn (£663,890). In addition the value of the devolved finance function in Environment Services is approximately £31,000.

15.2.3 The notional cost of the review will be kept within the 2-5% guideline (£12,800 to £32,000).

16 FURTHER INFORMATION

16.1 *Contact*

11.1.1 For further information and any supporting documentation please contact Pat Higgins on ext 5821 or Philip Butterworth on ext. 5976.

(BoardRp2)

BEST VALUE BOARD REPORT ON FINANCIAL MANAGEMENT REVIEW PLAN

Best Value Board:

J Mascal (Leader)
 Councillor J Heron
 Councillor M Robinson
 C Elliott
 S Hunter (Head of Finance, Royal Bournemouth Hospital)

Service Leaders (present):

C Malyon
 Councillor Wise
 Mrs P Higgins
 P Butterworth

Date of Review: 20 August 2001

The Best Value Board considered the Review Plan and the criteria set out in the Best Value guidance provided. They prepared the following series of questions/comments to discuss with the Service Leaders, noted the comments received and recommend that the following actions be taken:

1. Information Provided

- 1.1 The Best Value Board felt the Review Plan provided too little information on some issues and this should be expanded in the final report. These are
- how much work is to be done in looking at the devolved financial services? This also needs to consider the work of the Support Services Best Value Review which might be considering similar issues.
 - expanding on the key works of the section to include the scale and scope of all functions.
 - defining the mandatory/discretionary functions of the service and the further work to be done in this area.
- 1.2 The Best Value Board also felt that Section 2 of the Review Plan should be entirely descriptive and not be making assumptions as this might be taken to indicate predisposition towards certain outcomes.
- 1.3 **Response:** the service outline in the Review Plan was intended to reflect where we are now and not to indicate any sort of predisposition or intention of not reviewing thoroughly. This was perhaps inevitable given earlier review work as well as the Best Value work already undertaken.

- 1.4 **Recommendation:** that the final report includes more information on these issues where appropriate and justifies any conclusions reached on the basis of evidence and evaluation.
- 2. Challenge**
- 2.1 The Best Value Board felt that the Challenge element did not appear to be covered as fundamentally as possible, in particular there was some evidence of predisposition to particular conclusions (see para 5.1 first bullet point). This should be addressed by ensuring the following areas were fully considered in the on-going review work:
- reconsidering the contents of the package if necessary to attract competitors who might only be interested in a larger package.
 - challenge whether the service could provide for other customers eg Town and Parish Councils.
 - challenge whether alternative means of service delivery could arise from partnership working with others eg other Local Authorities.
 - Revisit the possibility of devolving service delivery to business units if this is strongly supported by service users.
- 2.2 **Response:** assurances were given that all service delivery options would be fully considered in on-going work and in the final report.
- 2.3 **Recommendation:** that the issues set out in the bullet points above be fully considered and concluded in the final report.
- 3. Consult**
- 3.1 The Best Value Review Board noted the poor response to the Member questionnaire, which was disappointing, as they were identified as Key Stakeholders. There was an urgent need to rectify this by trying to engage more fully with Members and a focus group was thought to be a good suggestion. If the response was not good from other external customers it would be necessary to do further work to engage them in the process.
- 3.2 **Response:** it was agreed that a Members focus group would be a good way forward. There was also discussion about further Member training as this was a service with a very high level of impact.
- 16.2 **Recommendation:** that more work be undertaken to engage Members in the Review Process.

4. Compare

- 4.1 The Best Value Board felt that some elements of the Review Plan appeared negative about the value or ease of using comparative information. Such information was essential especially to gauge customer reaction to the changes arising from the proposed reorganisations. If good benchmarks or comparative information are not currently available, they should be developed as part of the on-going work on the review.
- 4.2 **Response:** the difficulties of using some types of comparative information were re-emphasised, but it was accepted that good comparative and benchmarking information was important, particularly to validate the impact of changes in the structure of the service.
- 16.3 **Recommendation:** ensure that comparative and benchmarking information is used to validate the performance of the service and to allow the impact of proposed changes to be fully assessed. Internal performance indicators should be developed together with external comparators through benchmarking club(s) and private sector contacts. Comparators should not only be efficiency based but should also consider the DTLR measures of quality, effectiveness, access and strategic objectives.

5. Work Programme

- 5.1 The Best Value team felt that a flow-chart would help to understand the work which had been and was still to be undertaken.
- 5.2 **Response:** yes a flow-chart could be provided. In discussion it became clear that the programme to finish the Review by November might be very difficult because of other workload pressures.
- 5.3 **Recommendation:** the Review Team should urgently reappraise the existing programme and advise the Board as to whether it is likely to be completed for verification in November 2001.

6. Financial Information

- 6.1 The Best Value Board, as an example of the difficulties of presenting financial information, referred to the interpretation of paragraphs 2.2.9 and 2.2.10 of the Review Plan.
- 6.2 **Response:** the figure included was explained but highlighted the importance of producing financial information in a simple and easy to explain manner.
- 6.3 No recommendation

7. Member Involvement

- 7.1 The Best Value Board felt that the new Portfolio holder and his Shadow should be included in the further work of the Review Team with immediate effect.

- 16.4 This point was agreed.
- 16.5 The Portfolio holder also pointed out the value of the service developing a clear mission statement / vision to enable focussing of objectives.

8. Conclusions

- 16.6 The Best Value Board felt that the Service Review team had produced a good Review Plan in circumstances complicated by the restructuring decisions already made and the change in Best Value processes.
- 8.2 Subject to the recommendations contained in this paper being fully incorporated into the further work which remains to be done, the Best Value Board believe the Review will comply with the statutory and New Forest District Council requirements and will lead to improvements which can be implemented. These should be identified within the review as specific targets, with time scales as appropriate.
- 8.3 In terms of the further challenge needed at the end of the Review, the Board are mindful that this is a very high impact service and as such warrants a reasonable degree of further appraisal. This is likely to involve some checking of evidence and discussions with key stakeholders of the service.
- 8.4 The Best Value Board have provisionally set aside one day (likely to be two half days) to conduct this further work in due course. This time allocation will need to be reassessed on receipt of the final report and taking into account the extent to which the recommendations set out in this paper have been addressed.

APPENDIX 8

NEW FOREST DISTRICT COUNCIL
BEST VALUE REVIEW OF FINANCIAL MANAGEMENT

ACTION POINTS FOR THE CONTINUOUS IMPROVEMENT
PROGRAMME OF FINANCIAL MANAGEMENT

| IMPROVEMENT AREA:- ACTIVITY/PROCESS | | | | |
|--|---|---|--|---|
| No. | Improvement Area | What have we done? | What else needs to be done? | Performer Measures/Targets |
| 1 | Production of Financial Reports | Introduced a new Financial Information System | Review the timeliness of the production of period end financial information. Investigate feeder systems. | Improve on t Capital/Revenue timetable. |
| 2 | Production of Budgetary Control Reports | Largely achieved, online showing current approved budgets, virements and supplementary budgets, profiles, actual expenditure and variances. | Further development and improvement required on reports and budget profiles to ensure that they are appropriate to all Budget Holders and Manager's needs at all levels. | Further improve a monitor through group |
| 3 | Production of Special Reports | Generally achieve but not always within expectations. | Produce reports in the time-scale mutually agreed with the stakeholder. | By agreed deac |
| 4 | Closedown Procedures | Research into procedures of other local authorities commenced | Review the final accounts closedown procedure and develop Agresso to improve time scales and meet new deadlines for closedown. | Achieve by Apri |
| 5 | Budget Preparation | Some development work on Agresso | Review and, where possible, streamline the budget preparation process. | Achieve |
| 6 | Service Provision | Consultation exercise with users | Set up a focus group to meet key users at least annually to find out what improvements in the accountancy services they would value, training required and to discuss operational service support. | Achieve |
| 7 | Performance Indicators | Some Performance Indicators already in | Develop relevant Performance Indicators to demonstrate continuous improvements | List existing indi and identify new |

| | | | | |
|----|---------------------|---|--|---------------------------------|
| | | existence | to service delivery. | |
| 8 | Benchmarking | Annual Benchmarking through the CIPFA Benchmarking club of 64 Authorities | Continue to benchmark the service to demonstrate improvements and extend to other organisations including relevant external organisations if possible. Develop process benchmarking. | Achieve |
| 9 | Benchmarking | Annual Benchmarking through the CIPFA Benchmarking Club of 64 Authorities | Follow up on existing comparative information to establish reasons for the high cost of some specific functions. | Achieve |
| 10 | Access | Access to Agresso available to all users | Develop computer report writing facilities to maximise the use of IT. | List Improvem |
| 11 | Partnership Working | Partnership with Test Valley at developmental stage. | Review potential partnership arrangements with other organisations. | What has been re and the outcor |
| 12 | Partnership Working | A survey of Town & Parish Councils has been undertaken. Some areas of assistance were identified and met. | Respond to any relevant Corporate initiatives in supporting closer working relationships with Town & Parish Councils where appropriate to the service. | Achieve |
| 13 | Communication | Guidelines produced | Produce guidelines e.g. on the expenditure plan process, in plain English. | User Feedba |
| 14 | Communication | Financial Information produced | Produce Financial Information in user-friendly and digestible formats. Make more use of graphics. | User feedba |
| 15 | Communication | Some financial information already on the Internet and development of the Intranet in progress. | Develop the use of the Intranet and Internet for informing stakeholders. | Achieve |
| 16 | Management Review | Undertaken in September 2000 and fully implemented by December 2001. | | Achieved |

| | | | | |
|----|-------------------|---|--|---|
| | | | | |
| 17 | Resourcing Review | The section was restructured recently and the establishment reduced by two senior posts. | Review the level of Accountancy resources in the light of changes from the recent review and the introduction of the new FIS to ensure that the standards of service set by the Section 151 officer are met. | Assessment by Officers/District Stakeholder fee |
| 18 | Feedback | A survey of members has been undertaken | Review the type and level of Financial training that is required, set up a focus group of Members and provide the agreed training. | Achieve |
| 19 | Feedback | Informal feedback has already been received and considered. | Set up a FIS user group to meet at least quarterly. | Achieve |
| 20 | Feedback | User surveys undertaken prior to review. | Undertake regular service user surveys to measure quality of service provided, and seek continuous improvement. | Achieve |
| 21 | Processes | Some procedures manuals in place but not necessarily up-to-date. | Develop and maintain user manuals, procedure manuals and departmental accounting guidance to promote consistency and best practice. | Achieve |
| 22 | Processes | The grants process is being handed over to Community Services. | Complete the review of providing non-accountancy functions e.g. Social Housing Grants. | Achieve |
| 23 | Devolved Support | Accountancy support in other directorates has been reviewed to establish there is no duplication of effort. | Review the need to strengthen the support financial functions in other directorates, in conjunction with the BV review of Directorate Support Services. | Achieve |
| 25 | Technology | A new Financial Information System has been introduced.. | Ensure that hardware, software and other financial tools used by Accountancy are maintained to the standard required for efficient and effective working. Keep under review software developments. | Staff feedba Review Logbo Systems Admini |
| 26 | Technology | Staff have access to a fairly recent version of M/Soft Office | Ensure that software and other financial tools used by Accountancy are maintained to the standard required for efficient and effective working. Keep | Staff feedba |

| | | | | |
|----|--------------------------|---|--|---|
| | | | under review software developments. | |
| 27 | Technology | Access to shared work files has occurred in a number of cases. | Provide facility to share all non-sensitive computer work files within the section. | Achieve |
| 28 | Training | Staff are given opportunities to develop and enhance their skills. | Provide training to maintain and enhance skills and encourage personal development. | Staff feedba |
| 29 | Management Communication | Attempts have been made to ensure that decisions taken are communicated effectively. | Improve the communication of decisions to appropriate Accountancy staff to enable any necessary action to be taken in a timely and effective manner. | Staff feedba User feedba |
| 30 | Output | Timetables are produced for major Accountancy tasks. | Provide realistic timetables for major Accountancy tasks and ensure adherence to the target dates by involving stakeholders where appropriate. | Percentage of tin target achiev Average number target missed |
| 31 | Competition | Comprehensive research established that there is no business case for the Accountancy Section to be outsourced. | Liaise with Tax & Benefits when their contract finishes, in undertaking a wider review to explore joint service provision by the private sector. | Achieve |

Key to Priority Rating

H = Areas where improvements to service can be achieved rapidly or will have a significant impact on service provision.

M = Areas where some development work may already have been undertaken, where the improvement to service provision may require work over a longer timeframe or the benefits produced are not so significant.

L = Areas where improvements are either intangible or marginal, or where the benefits to be obtained do not outweigh the investment in time and resources.

NEW FOREST DISTRICT COUNCIL
BEST VALUE REVIEW OF FINANCIAL MANAGEMENT
PROPOSED PERFORMANCE MEASURES

| No. | Description | Performance Target |
|------|---|---|
| | <u>Local</u> | |
| L.1 | Publish Statement of Accounts | Completed by statutory deadline (31/12) |
| L.2 | Final accounts signed off by D. A. without qualification | Completed for Council meeting in December |
| L.3 | Budget prepared for Council Tax setting | Completed by 11/03 |
| L.4 | Completion of statutory forms | |
| | RO | Completed by statutory deadline (31/08) |
| | RA | Completed by statutory deadline (31/03) |
| | CO | Completed by statutory deadline (31/08) |
| | CRA | Completed by statutory deadline (quarterly) |
| L.5 | Production of Statement of Accounts | Reported to Members by 30/09 |
| L.6 | All budgets at account code level to be in general ledger system | By 15/04 |
| L.7 | Reconciliation of financial information from feeder systems into the general ledger | Daily |
| L.8 | Treasury Management(TM).-operation of bank accounts to keep within set to keep within limits for overdrawn/surplus balances | Daily |
| L.9 | T.M.-earn specified interest on monies invested | Greater than the average 7 day 'libid' rate |
| L.10 | Make available on-line budgetary control reports | Within 10 days of the period end |
| L.11 | Set up requests for general ledger codes | Within one working day |
| L.12 | Post suspense account transactions to correct codes | Within 10 days of the original posting |
| L.13 | General account bank reconciliation | Complete within 21 days of the period end |
| L.14 | Requests for virements/supplementary estimates | Set up in General Ledger within 2 work days |

| | | |
|------|---|--|
| L.15 | Accountancy staff available for advice | of the request. Between 08.30 and 17.00 each work day |
| L.16 | New BROs offered training on the general ledger | Within 1 month of their commencement |
| L.17 | Accountancy's cost of budget monitoring per £1000 of gross expenditure | Within lowest quartile |
| L.18 | Accountancy's cost of preparing final accounts per £1000 of gross expenditure | Within lowest quartile |
| L.19 | Completion of key accountancy tasks | Within agreed timetables |
| L.20 | Complete VAT returns | Within 28 days of the period end |

**NEW FOREST DISTRICT COUNCIL
BEST VALUE REVIEW OF FINANCIAL MANAGEMENT**

**CORPORATE ACCOUNTANCY SECTION - PLANNED AND ACTUAL OUTPUTS FOR
2000/01**

CUMULATIVE FOR THE WEEK ENDING 25 FEBRUARY 2001

| | | Number of Targets Achieved | | | | | | | | |
|-----------------------|-----------|----------------------------|-------------|--------------|---------------|---------------|-------------|-------------|-------------|-------------|
| | | On Time | 1 to 7 Days | 8 to 14 Days | 15 to 21 Days | 22 to 28 Days | 28+ Days | No Actual | No Target | Totals |
| Group 1 | Actual | 361 | 36 | 16 | 4 | 1 | 8 | 76 | 84 | 586 |
| | Per cent. | 61.60 | 6.14 | 2.73 | 0.68 | 0.17 | 1.37 | 12.97 | 14.33 | 100 |
| Group 2 | Actual | 39 | 27 | 3 | 4 | 2 | 14 | 15 | 0 | 104 |
| | Per cent. | 37.50 | 25.96 | 2.88 | 3.85 | 1.92 | 13.46 | 14.42 | 0.00 | 100 |
| Group 3 | Actual | 617 | 71 | 23 | 17 | 10 | 24 | 11 | 17 | 790 |
| | Per cent. | 78.10 | 8.99 | 2.91 | 2.15 | 1.27 | 3.04 | 1.39 | 2.15 | 100 |
| Manager | Actual | 23 | 9 | 2 | 0 | 1 | 3 | 9 | 0 | 47 |
| | Per cent. | 48.94 | 19.15 | 4.26 | 0.00 | 2.13 | 6.38 | 19.15 | 0.00 | 100 |
| SECTION TOTALS | Actual | 1040 | 143 | 44 | 25 | 14 | 49 | 111 | 101 | 1527 |
| | Per cent. | 68.11 | 9.36 | 2.88 | 1.64 | 0.92 | 3.21 | 7.27 | 6.61 | 100 |

NEW FOREST DISTRICT COUNCIL
BEST VALUE REVIEW – FINANCIAL MANAGEMENT

SERVICE DELIVERY OPTIONS

NB. The Advantages and Disadvantages highlighted here are intended to show potential strengths and weaknesses of the service delivery options considered but DO NOT necessarily relate to existing service provision.

1. RETAINING IN-HOUSE SERVICE PROVISION

| Advantages | Disadvantages |
|--|---|
| Skills base and knowledge of the services and practices of the Council. Availability of staff on site Cost effectiveness (see benchmarking results) Planned staff development Use of integrated, corporate financial systems Rapid re-action to clients' queries Close working relationships with and empathy with clients | Lack of incentive to change and develop staff Tendency to be re-active rather than proactive to clients queries Lack of vigorous challenge on processes Complacency, (accept the status quo) |

1. RESTRUCTURING OR RE-POSITIONING OF THE IN-HOUSE SERVICE (DEVOLVEMENT)

| Advantages | Disadvantages |
|--|--|
| Knowledge of service being provided and clients' requirements Availability of staff within the directorships Being client focussed and service specific In-house expert in financial and management systems Available for financial training within directorship Rapid re-action to clients' queries Close working relationships with and empathy with clients | Cost Lack of corporate awareness (do not see the bigger picture) Loyalty (reporting to which Director? Own or Resources?) Keeping abreast of new developments Lack of staff development Possible duplication Corporate finance function will still need to be provided Confidence in output corporately e.g. for final accounts, budgetary control. |

3. CESSATION OF SERVICE

This is not an option as there is a statutory requirement to produce legal budgets and final accounts, and the fiduciary role of the Section 151 officer to ensure that the finances of the Council are properly safeguarded and accounted for.

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4. **CREATION OF A PUBLIC/PRIVATE PARTNERSHIP (e.g. with HYDRA)**

| Advantages | Disadvantages |
|--|--|
| Access, potentially, to a new source of investment Wider resource base Economies of scale Transfer of in-house staff (under TUPE) New ideas/innovation from partners Can continue to use existing financial systems | Learning curve Variations to agreed specification will cost more Lack of flexibility (will not be able to change rapidly without negotiation) Lack of a fully developed market Under TUPE, transfer of staff whether required or not May have to continue to use Council's own in-house financial systems |

5. **EXTERNALISATION (NO INTERNAL BID)**

| Advantages | Disadvantages |
|--|---|
| Access to a new source of investment New perspective on how to provide the service Innovation Economies of scale Greater resource base | Confrontational Lack of control Probity Availability Lack of knowledge of service and clients Lack of a fully developed market Compatibility of financial systems Quality of external company's staff Quality of staff training Quality of service provided may be unknown until too late Cost of engaging external supplier Resource diversion to produce specification |

6. **MARKET TESTING OF SERVICE (ALL OR PART) IN-HOUSE BID**

| Advantages | Disadvantages |
|---------------------------|---|
| Proves cost effectiveness | Cost of tender process Resource diversion to produce specification |

7. **RE-NEGOTIATION**

Not applicable.

8. **JOINT COMMISSIONING ON DELIVERY OF SERVICE**

Not applicable to this service.

FINANCIAL MANAGEMENT BEST VALUE REVIEW
SUSTAINABILITY ASSESSMENT

1. Does the service increase the cohesiveness and capacity of the local community;

As a support service, it is difficult to influence directly any initiatives which support sustainability. However it is possible to help deliver targets set in the local community safety strategy through the quality of advice which is given at a corporate level, in identifying resources which can be made available to achieve key objectives

2. Does the service ensure energy and resources are widely used;

Recycling and reuse of resources are undertaken as often as possible; the service uses paper which is sourced from a renewable source for the production of reports, utilise recycling sacks for office waste, and purchases office furniture through the Central Purchasing Unit, using green purchasing policies.

Light fittings in the office are now high frequency electronic lights, partly controlled on daylight, and all radiators are fitted with thermo-static valves to conserve energy and heat

3. Does the service maximise health promotion:

The Council's Health and Safety Policies have been implemented within the service; office working conditions are reviewed regularly.

4. Does the service add to the local economy:

The employment policies of the Council are followed in the employment of staff; all vacancies are advertised locally, and majority of staff have been recruited from the local community.

5. Does the service encourage equity and opportunities for all:

Training of staff is seen as a high priority within the service; this includes professional and technical training, as well as more general education in issues such as safety in the home, encouraging good driving skills.

Information for the general public will be made more widely available by use of the Council's web site on the internet, for such areas as the Council Tax Leaflet,

publication of the statutory Accounts. Graphics will be used to illustrate financial information in a more user-friendly style.

6. Does the service improve its transport profile:

To help meet the CO2 emissions, car journeys are kept to a minimum and the video conferencing facilities used as often as possible.

7. Does the service put sustainability into practice:

Yes; also a member of the finance staff is a member of the LA 21 corporate strategy team.

NEW FOREST DISTRICT COUNCIL
RESULTS OF BENCHMARKING OF THE ACCOUNTANCY FUNCTION

1. INTRODUCTION

1.1. The Accountancy Section joined the Institute of Public Finance Limited's (IPF) benchmarking club in 1998. This has produced useful data that has been used for cost and resource utilisation comparison purposes. The results of the benchmarking exercise, based on the 2001/02 financial year, are reported below.

2. BENCHMARKING CLUB 2001/02

2.1. This Council's Accountancy section was compared with 63 other district councils, which are listed in Appendix 1. Due to the nature of accountancy work, most of the benchmarking ratios are expressed as cost per £1000 of the Council's gross revenue turnover (GRT), which for 2001/02 is estimated at £71 million.

2.2. The benchmarking exercise identified 9 main accountancy service areas, which are listed in Table 1 below.

2.3. This Council's Accountancy section's estimated costs for 2001/02 include the costs of the three staff who will be made redundant during the year. The net reduction in the Accountancy Section 's costs, with effect from 1 Jan 2002, will be about £80,000. Using this revised cost base, the accountancy sections estimated costs would be about £580,000. This would reduce the total cost per £000 GRT from £9.24 to £8.17, and its position from 21 to 15, which is in the lower quartile of the district councils included in the benchmarking club.

2.4. The results of the benchmarking exercise are listed in Tables 1 to 3.

TABLE 1

| Service | Cost per £000 GRT | Group Ave | Position (out of 64, where 64 is highest) |
|-------------------------------|------------------------------|----------------------|--|
| Financial Strategy & Planning | 1.13 | 0.52 | 59 |
| Financial Advice | 0.52 | 0.87 | 20 |
| Budget Preparation | 1.33 | 1.55 | 22 |
| Budget Monitoring | 1.71 | 1.42 | 59 |
| Maintenance of Records | 1.15 | 1.76 | 8 |
| Final Accounts | 1.11 | 1.56 | 20 |
| Technical Research & Projects | 0.53 | 0.63 | 30 |
| Systems Support | 1.32 | 2.00 | 17 |
| Treasury Management | 0.45 | 0.53 | 28 |

| | | | |
|-----------------------|-------------|--------------|-----------|
| TOTALS | 9.24 | 10.24 | 21 |
| Amended Totals | 8.17 | | 15 |

**NEW FOREST DISTRICT COUNCIL
RESULTS OF BENCHMARKING OF THE ACCOUNTANCY FUNCTION**

TABLE 2

| Type of Expenditure | Cost per £000 GRT | Group Ave | Position (out of 64, where 64 is highest) |
|------------------------|-------------------|--------------|---|
| Staff | 6.96 | 6.77 | 37 |
| Running Costs | 0.51 | 0.54 | 35 |
| Accommodation | 0.31 | 0.46 | 17 |
| Information Technology | 0.80 | 1.55 | 10 |
| Central Charges | 0.66 | 0.92 | 21 |
| TOTALS | 9.24 | 10.24 | 22 |
| Amended Totals | 8.17 | | 15 |
| Lowest | 4.00 | | 1 |

When substituting these costs with the reduced Accountancy Section's costs, the Staff cost becomes £5.89 and the position improves to 23.

TABLE 3

| Description | NFDC | Average | Position (where 1 is earliest date) |
|---|----------|----------|-------------------------------------|
| Average Staff Cost per FTE | £26380 | £29567 | |
| Amended | £24620 | | |
| No. of Accountancy FTE | 19.3 | 17.5 | |
| Amended | 17.3 | | |
| Staff Qualifications | | | |
| CCAB & CCAB Trainees | 29% | 43% | |
| AAT & AAT Trainees | 52% | 33% | |
| Other | 19% | 24% | |
| Revenue Summary Form Sent To DETR | 28/7/00 | 7/9/00 | 9 out of 55 |
| Audit Opinion Received For 1999/00 Final accounts | 17/10/00 | 22/11/00 | 13 out of 54 |
| Date Accounts Available For Inspection | 29/8/00 | 18/9/00 | 21 out of 54 |

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