



Service Plan 2007/08

(covering April 2007 – March 2010)

Service Plan for: Financial Services

Directorate: Resources

Service Plan Holder: Peter Steed, Head of Finance

Workplans: Corporate Accountancy, Exchequer
(Creditors, Debtors and Payroll)

Director: Resources, Simon Wiles

Signed off _____

Date: _____

EMAP : Corporate Services – Cllr Q. Macdonald

Signed off _____

Date: _____

Section 1: The service

Service description

Service Functions

- Corporate Accountancy (includes FMS replacement)
- Creditors
- Debtors (including recovery of Housing Benefit Overpayments)
- Payroll

Service Linkages

| | | Service Functions | | | |
|---------------------------|---|---|----------------------------------|------------------------------------|------------------------------------|
| | | Corporate Accountancy | Creditors | Debtors | Payroll |
| Internal Customers | Elected Members | Strategic financial advice & management | | | |
| | Management Team | Strategic financial advice & management | | | |
| | Directorates | Strategic financial advice & management | Provision of payment service | Debt collection / recovery service | Provision of payroll service |
| | Finance Teams | Strategic financial advice & management | | | |
| | Human Resources | | | | Provision of payroll service |
| | CYC Staff | | | | Provision of payroll service |
| External Customers | Central Government | Financial information, VAT. | Payments to governmental bodies. | | Provision of payroll related data. |
| | Pensions | Strategic overview of CYC pensions | | | Provision of pension related data. |
| | Audit Commission | District Audit, CPA, Specific Studies | District Audit | District Audit | District Audit |
| | Parish and Other Government Bodies | Council Tax, Double Taxation | Payments to | Payments from | Taxation |
| | Payroll Clients | | | | Full Service |
| | Financial Institutions | Banking and Treasury Management | | | |
| | Public | Financial Information | Payments to | Payments from | |

Service objectives

1. To ensure all financial operations of the council are conducted in a timely and accurate manner in line with statutory and regulatory requirements.
2. To champion effective financial management.
3. To utilize good services to optimize the council's financial position.
4. To develop and maintain quality, constructive relationships with key clients and customers.
5. To contribute towards the development of a modern, efficient and forward-looking council.

Section 2: The Drivers

| Driver Type | How this might affect our service | Sources |
|--|--|--|
| External drivers | | |
| The corporate inspection and changes to the CPA inspection criteria | Corporate finance will have a role in ensuring the new inspection criteria is understood and complied with to pursue the Council's aim to become excellent. | CPA KLOEs, CPA Action Plans, IS (Partners) |
| Significant amendments to statutory reporting requirements | Development work will be required to integrate major changes into the council's accounts from April 2007. | SORP, BVACOP, Audit Commission work |
| Payment of Invoices | BVPI 8 requires that all supplier invoices be paid within 30 days of their receipt. Creditors Team will need to keep monitoring all payments to ensure compliance. | BVPI8 |
| Future of Local Government Funding | The service will need to deal with the implications of the Lyons Review and the Comprehensive Spending Review 2007. | Lyons Review, CSR07 |
| Gershon – Delivering Efficiency in Local Services | Work on efficiency needs to be integrated into the planning and reporting cycles. We will have a key role in leading such work. | Efficiency Review Programme, Transport Review Project, Gershon Requirements, IS (Efficiency) |
| Corporate drivers (Those with a directorate driver dimension are indicated by a 'D' suffix) | | |
| Replacement of the Finance Management System (D) | The FMS replacement project is led from the Accountancy team with key input also required from both the Creditor and Debtors teams in relation to the 'add on' modules for their services. Large amounts of work will be done to prepare for the new system going live in early 2008/09. | FMS Replacement Project Plan, IS (Waste), IS (Leadership), IS (Efficiency) |
| Replacement of the HR / Payroll System (D) | An appraisal of the future needs for the HR / Payroll system will be undertaken in 2007/08. This may lead to the implementation of a system replacement project. | Delphi Systems Appraisal exercise, IS (Waste), IS (Efficiency) |
| Budgetary Issues | As the lead service for coordinating and developing the budget Accountancy will have a key involvement in defining future timetables of work and dealing with the further development of short, medium and long term financial planning. | Finance Strategy, Annual Budget Report, CPA UoR KLOEs and Action Plan, IS (Efficiency) |
| Integrated Planning and Reporting | Accountancy has a pivotal role in developing and delivering an integrated approach to service and financial planning / reporting. | Finance Strategy, Annual Budget Report, CPA UoR KLOEs and Action Plan |

| Driver Type | How this might affect our service | Sources |
|---|---|---|
| Developing a medium term budget process within the scarce resources available | The service needs to lead upon the development of more strategic budget processes which will enable the council to fully utilize the opportunities available through multi-year settlements and enhance its ability to forward plan. | Finance Strategy, Annual Budget Report, CPA UoR KLOEs and Action Plan, IS (partners), IS (Efficiency) |
| Review of the council's transport arrangements | Externally funded study looking to reduce passenger journeys within York by one million miles per annum. | Transport Review Project, , IS (Transport) |
| HR developments | Potential changes to employee details arising from the implementation of equal pay and job evaluation will distort the normal workflow for the Payroll Service and require significant accounting input. | Equal Pay and Job Evaluation Workplans |
| Local Area Agreement | Work needs to be undertaken to develop new financial structures for the operation of the Council's Local Area Action plan. | LAA Project plans, LPSA2 documentation, LAA Regulations, IS (Partners) |
| Corporate projects | Strategic Finance has a key role in a number of corporate projects. These include admin accom, Gershon, the Finance Strategy, the annual budget process, job evaluation / equal pay, transport, ledger replacement and York Pools. In many instances finance staff act either as key officers and advisors for such work. In such an environment developing relevant skills will be key to their success. | Relevant Project Plans, IS (Efficiency) |
| Service drivers | | |
| Development of comparative benchmarking information. | Work to be undertaken to establish and assess relative spend on services to that provided by other councils. Such work will help target work in the development of short, medium and long term budget planning. | Audit Commission, CIPFA and CLG Data Sources |
| Develop the management of external grants. | Work to be continued to maximize successful applications for government grants and to promote their proper management by the authority. | External grant opportunities and requirements |
| VAT | There is a need to enhance the quality of VAT analysis to ensure that eligibility requirements are met, especially in relation to the de-minimis boundary and where new companies and partnerships are entered into. | VAT Regulations |

Section 3: Critical Success Factors (CSFs)

| CSFs for 2007/08 | Why a CSF? |
|---|--|
| 1. To procure a replacement financial ledger during 2007 followed by a successful implementation during 2008. | Replacement of the council's antiquated financial systems should enable step change improvements in terms of the quality of information and operational processes. |
| 2. To deliver unqualified statement of accounts within the deadlines set by central government and in line with the new code of practice. | York has an excellent track record in producing its accounts. However tighter deadlines combined with major accounting changes in 2007 and a complete system replacement in 2008 will make maintaining this position a particular challenge. |
| 3. Ensure full compliance with Gershon principals and embedding service improvement / efficiency across the council. | The Gershon requirements are a key additional duty on the council. Strategic Finance has a pivotal proactive and promotional role in ensuring that such requirements are properly met. |
| 4. Dealing with the financial and managerial changes which the White Paper, CSR 07, Lyons and other reviews will present to the council. | These areas present the possibility of major changes in how the council must operate and be financed in the future. Finance staff will be at the core of delivering many of the changes which this will require. |
| 5. To improve the effectiveness of the council's income collection and debt recovery process. | As the financial position gets ever tighter there is an increasing need to ensure that all income streams are maximised. Stream lined systems, proactive chasing of debt and prepayment will all be key elements of achieving this. |
| 6. To manage the successful delivery of a council wide efficiency review programme. | The council's efficiency review programme will be a key driver to improving services and prioritising scarce resources. |
| 7. To continue to learn from best practice elsewhere. | The service recognises that in order to progress it must learn from best practice elsewhere. In the past year this has covered areas as diverse as the production of summary accounts and budget consultation with stakeholders. |

Section 4: Links to corporate priorities

| Improvement Statement (IS) | Contribution |
|--|---|
| Decrease the tonnage of biodegradable waste and recyclable products going to landfill. | <ul style="list-style-type: none"> a. Move to electronic mechanisms for invoicing, payments and debt collection. b. Ledger replacement to provide enhanced electronic rather than paper driven systems. |
| Increase the use of public and other environmentally friendly modes of transport. | <ul style="list-style-type: none"> c. Support for internal transport review. |
| Increase people's skills and knowledge to improve future employment prospects. | <ul style="list-style-type: none"> d. Continued support for professional, work related and personal development training. |
| Improve leadership at all levels to provide clear, consistent direction to the organization. | <ul style="list-style-type: none"> e. Provide modern financial systems to aid effective management decision making. f. Embedding delegation and training to enhance the succession needs of the service. g. Support a devolved accounting service placing service needs at the core of provision. |
| Improve the way the council and its partners work together to deliver better services for the people who live in York. | <ul style="list-style-type: none"> h. Deliver training and support for internal staff and partners. i. Address with colleagues in City Strategy the council's partnership action plan. j. Provide professional support and advice for the Local Area Agreement. k. Further integrate partners into the development of the council's financial strategy and annual budgets. |
| Improve efficiency and reduce waste to free up more resources. | <ul style="list-style-type: none"> l. Manage the council's efficiency review programme, financial strategy and budgeting processes. m. Lead on the Gershon efficiency agenda. n. Develop integrated service and financial planning / reporting. o. Review the effectiveness of the council's budgeting processes. p. Integrate revenue, capital and treasury management budget making processes. q. Use the replacement ledger as a catalyst for change in how services are delivered. r. Provide skilled financial support for key projects in the council. s. Use external contracts to help offset overhead costs. |
| Links to other plans | |
| CPA | <ul style="list-style-type: none"> t. Take key actions to improve the council's assessment against the use of resources criteria. u. Provide expert input and support to the council's corporate assessment. |
| Gershon | <ul style="list-style-type: none"> v. To ensure the council meets and exceeds the efficiency targets set by central government by proactively managing the efficiency programme and ensuring the council meets the CPA targets for efficiency. |
| Job Evaluation / Equal Pay | <ul style="list-style-type: none"> w. To support the work of the project team implementing the Pay and Grading strategy by ensuring the financial impacts are known and leading the workstream for equal pay settlements |
| Council Plan | <ul style="list-style-type: none"> x. Support in developing annual plan. |
| Admin Accommodation | <ul style="list-style-type: none"> y. Specialist financial support |

Section 5: Balanced Scorecard of outcomes and measures (3 pages max)

Customer based improvement

| Outcomes | | Measures | | | | | Actions | |
|----------|---|----------|--------------|-------------------|-------------------|-------------------|---------|---|
| | | Measure | Current | 2007/08 Target | 2008/09 Target | 2009/10 Target | | |
| a. | To make positive progress on the FMS replacement project | | | | | | d. | Procurement complete May 2007 |
| b. | To continue progress on improving the quality of services as judged by the Audit Commission as part of the CPA scoring system | C1 | 2 | 3 | 3 | 4 | e. | System implemented 2008/09 |
| | | C2 | 360 | 400 | 450 | 500 | f. | Work to identify and address weaknesses within the CPA assessment |
| c. | To ensure we produce Final accounts in line with revised deadline and without qualification. | C3 | 12 | 12 | 14 | 16 | g. | Assessment of new and changed requirements arising from the revised CPA framework |
| | | C4 | Not provided | Not provided | Not provided | Not provided | h. | Accounts submitted to council by 30 th June each year |
| | | | | | | | i. | Unqualified audit statement issued by 30 th September each year |

Process based improvement

| Outcomes | | Measures | | | | | Actions | |
|----------|---|----------|---------|-------------------|-------------------|-------------------|---------|--|
| | | Measure | Current | 2007/08 Target | 2008/09 Target | 2009/10 Target | | |
| a. | Continued improvement in payment processes | | | | | | c. | Monitoring of problem areas for paying invoices alongside remedial action to address issues arising from such monitoring |
| b. | Work to enhance the accuracy of payroll records | P1 | 95% | 95.5% | 96% | 96.25% | d. | Introduce a visiting officer to reduce reliance on external bailiff services |
| | | P2 | 99.6% | 100% | 100% | 100% | e. | Implementing revised procedures alongside replacement ledger in 2008. |
| | | P3 | 100% | 100% | 100% | 100% | | |
| | | P4 | 100% | 100% | 100% | 100% | | |
| | | P5 | 59k | 55k | 50k | 45k | | |

| | | | | | | |
|--|----|---------------------------------------|-------|-------|-------|------|
| | P6 | Invoices Processed (manual input) | 120k | 115k | 110k | 100k |
| | P7 | Invoices Cancelled or Disputed | 1,206 | 1,100 | 1,000 | 750 |
| | P8 | Number of Voluntary early Retirements | 60 | 60 | 60 | 60 |

Finance based improvement

| Outcomes | | Measures | | | | Actions | | |
|----------|--|----------|---|----------------|----------------|----------------|--------|--|
| | | Measure | Current | 2007/08 Target | 2008/09 Target | 2009/10 Target | | |
| a. | Use freedom under the prudential regime to ensure that all borrowing is made at the lowest possible interest rates. | F1 | Improve level of housing benefit overpayment recovery. | £260k | £280k | £290k | £300k | d. Borrowing made in advance of need to lock in beneficial interest rate payments for the future. e. Better targeting of reserves and introduction of plan to manage move from current to ideal position. |
| b. | To introduce risk assessments for all reserves to enable an appropriate level of balances to be identified and held. | F2 | Identification of cashable and non-cashable efficiency savings to meet Gershon criteria. ¹ | £3.70m | £2.93m | £3.64m | £3.79m | |
| c. | Increase income via salary sacrifice. | F3 | Council Income from salary sacrifice | £17k | £20k | £25k | £30k | |
| | | F4 | Average Interest Payable on Council Borrowing | 4.69% | 4.63% | 4.60% | 4.60% | |
| | | F5 | Benefit achieved from Treasury Management Activity | +1.04% | +1.00% | +1.00% | +1.00% | |
| | | F6 | Cost of Voluntary Early Retirements | £892k | £900k | £900k | £900k | |

¹ 2008/09 and 2009/10 values are subject to the outcomes of Comprehensive Spending Review 2007 and subsequent revisions to classifications and targets.

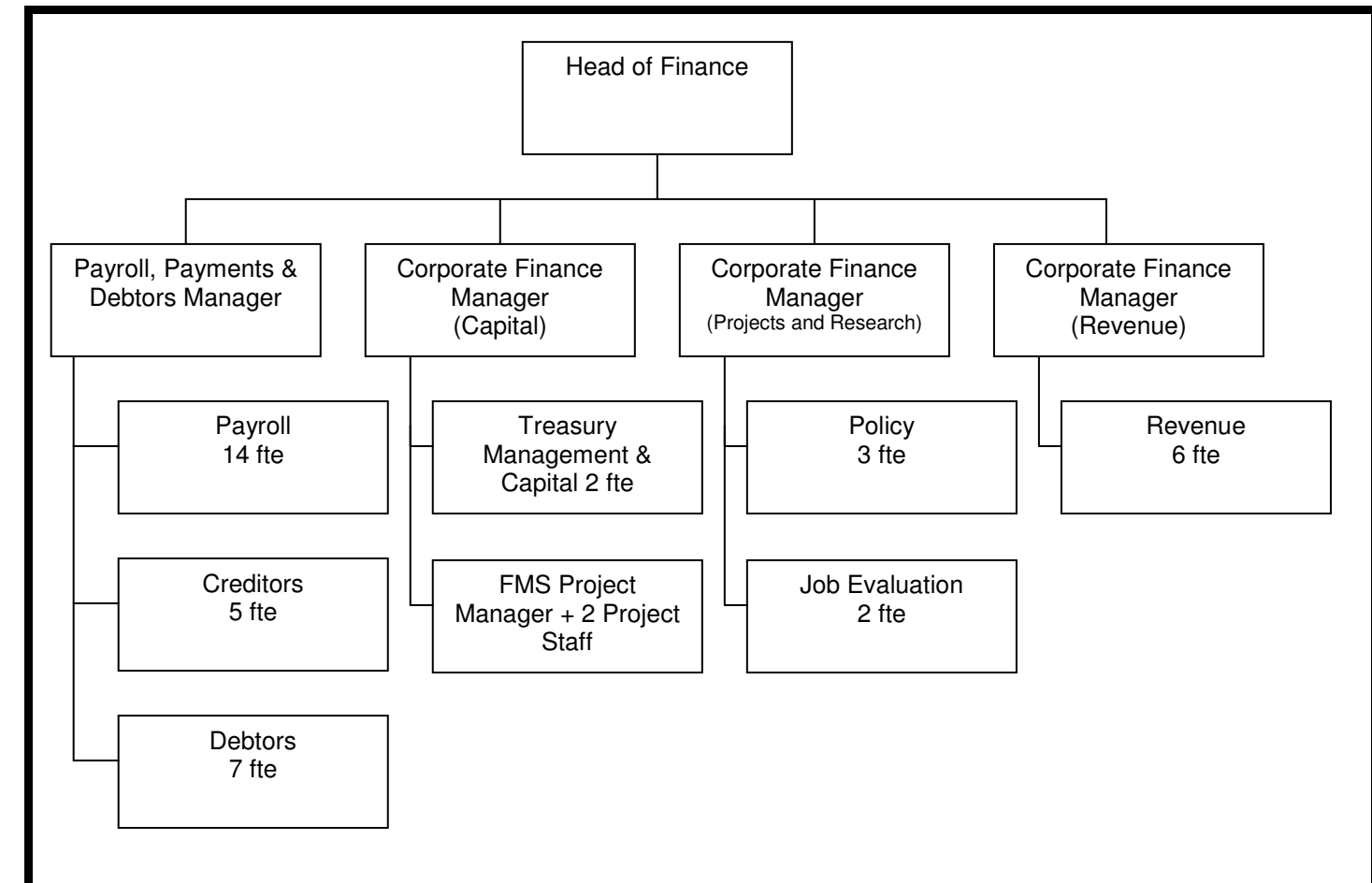
Staff based improvement

| Outcomes | | Measures | | | | Actions | |
|---|----|--|---------|----------------|----------------|----------------|---|
| | | Measure | Current | 2007/08 Target | 2008/09 Target | 2009/10 Target | |
| a. Maintain and improve proportion of staff holding relevant qualifications for the posts they hold. b. Ensure focus on staff development in Resources, by improving staff appraisal system c. Increase staff productivity in Resources, by reducing the incidence of sickness absence d. Enhance staff morale and management capabilities | S1 | No of staff who have received an appraisal in past 12 months in Resources. | 90% | 92.5% | 95% | 95% | e. Monitoring of current levels of qualified staff, identification of skills gaps and emphasis on personal development via the appraisal process. f. Ensuring a continued middle management focus on the need for appraisal and performance review g. Placing greater emphasis on the need to address patterns of absence and fairly dealing with causes of such absence at an earlier stage h. Establishing a belief in all staff that their contribution is valuable and valued by management. |
| | S2 | Proportion of staff attendance (excludes contracted absence such as leave) | 96% | 96.5% | 96.5% | 96.5% | |
| | S3 | Level of Staff Turnover (+/- 2%) | 10% | 10% | 10% | 10% | |
| | S4 | Proportion of respondents expressing job satisfaction in staff survey within Resources | 63% | 66% | No survey | 70% | |
| | S5 | Proportion of staff holding a professional qualification relevant to their post. | 88% | 88% | 94% | 94% | |

Section 6: Corporate Issues

| Actions/Evidence | Deadline |
|---|-------------|
| Equalities action/s | |
| a. Supporting actions outlined in the directorate and corporate equalities action plans. | On-going |
| b. Enhancing disabled access to office accommodation via the implementation of the admin accom project. | On-going |
| c. Undertaking appraisals for all staff to ensure specific personal and development needs are identified and acted upon. | Annual |
| Safer City action/s | |
| a. Supporting the development of prioritized budget plans enabling these issues to be developed and addressed. | 21/2/08 |
| Operational Risk – red risk action/s | |
| The service currently has no red risk items. However significant risks are considered to exist relating to: | |
| a. The scale and breadth of the agenda being addressed by services; | On-going |
| b. The impact of legislative change (including accounting changes such as GAAP); | 30/6/07 |
| c. The future capital and revenue budget pressures facing the council as a whole; | 31/7/07 |
| d. Job evaluation impacting upon the service's ability to recruit and retain suitable staff; | 2007/08 |
| e. The general shortfall of professionally skilled staff currently available in the market; | On-going |
| f. Potential system problems following the replacement of key financial systems. | Autumn 2008 |
| Gershon – Efficiency improvement | |
| a. Securing external payroll contracts to support internal overheads. | On-going |
| b. Operating significant external legislative and regulatory schemes without comparable increases in staffing. | On-going |
| c. Delivering comparable level services with reduced staff requirements. | On-going |
| d. Delivering new ledger systems to improve data quality improvements. | Summer 2008 |
| e. Implementing salary sacrifice schemes for childcare and bikes. | On-going |
| Competitiveness statement | |
| a. External contracts for payroll won with 12 other organizations. | |
| b. CPA Use of Resources assessed at Level 2. | |
| c. Banking and treasury management services being re-tendered / re-evaluated during 2007. | |
| d. Ledger system replacement to be tendered during 2007. | |
| e. Potential HR / Payroll system replacement to be formally evaluated during 2007/08. | |
| f. Historically benchmarking of accountancy services has proved difficult due to the variety of models adopted at different authorities. Exploration could be made of the viability of undertaking comparisons of other services within the finance function. | |

Section 7: Resources



Budget

| | <u>2006/07</u> £'000 | <u>2007/08</u> £'000 | |
|-----------------------|-------------------------|-------------------------|---|
| Employees | 1,180 | 1,267 | There has been a 4% increase in our gross cost since last year. This is due to the appointment of a debt recovery officer and inflationary increases in the cost of staffing which have been partially offset by savings. |
| Premises | 0 | 0 | |
| Transport | 4 | 4 | |
| Supplies and Services | 272 | 254 | |
| Miscellaneous | | | |
| – Recharges | 814 | 844 | |
| – Other | 0 | 0 | |
| Capital Financing | 0 | 0 | |
| Gross cost | 2,270 | 2,369 | |
| Less Income | (2,182) | (2,319) | |
| Net cost | 88 | 50 | |

Section 7: Monitoring and reporting arrangements

Overall monitoring will be undertaken as part of the fortnightly cycle of Finance Management Team meetings. Such monitoring will focus upon progress against workplan areas especially where these impact upon key council projects and the service's own critical success factors.

In addition to this details of the balanced scorecard measures will be held with the council's QPR system and updated as relevant information becomes available. The likely schedule for this is:

Annual

- C1 Maintain and improve on relevant areas of the CPA (currently included in Use of Resources)
- C3 Number of External Payroll Clients
- S3 Level of Staff Turnover (+/- 2%)
- S4 Proportion of respondents expressing job satisfaction in staff survey within Resources
- S5 Proportion of staff holding a professional qualification relevant to their post.

Quarterly

- P6 Number of Voluntary Early Retirements
- F2 Identification of cashable and non-cashable efficiency savings to meet Gershon criteria.
- F4 Average Interest Payable on Council Borrowing
- F5 Benefit achieved from Treasury Management Activity
- F6 Cost of Voluntary Early Retirements
- S1 No of staff who have received an appraisal in past 12 months in Resources.
- S2 Proportion of staff attendance (excludes contracted absence such as leave)

Monthly

- C2 Number of staff accessing a salary sacrifice benefit
- C4 External Funding Information Requests Dealt With
- C5 Pension Detail requests Dealt With
- P1 BVPI 8 – Invoices paid with 30 days (council wide measure)
- P2 Paying all staff correctly in year
- P3 Key Report Deadlines Met (total 18)
- P4 Key Internal Milestones Met (total 27)
- P5 Invoices Raised
- P6 Invoices Processed (manual input)
- P7 Invoices Cancelled or Disputed
- F1 Improve level of housing benefit overpayment recovery.
- F3 Council Income from salary sacrifice