

# Finance & IS

Norfolk

County Council

News and views for  
those interested in  
finance and  
information systems

Issue 25  
March 2002

## Council tax -

# Decision time!

**Final decisions about the Council's budget for next year and the level of the council tax will be made by the County Council on 25 February, a few days after this newsletter is published.**

You can see the recommendations made by Alison King, Chairman of the Cabinet, on the Council's internet site – just press the Budget Information button at the bottom of the front page.

Setting the budget and council tax, however, are only one part of the year round financial management of the Council.

Departmental budgets will be continually monitored throughout the year to ensure that spending is kept within the agreed limits, and if that is not possible, the reasons will be reported to the Cabinet.

The budget forms part of the overall resource management of the Council and needs to be seen in a longer-term perspective with our Performance Plan, goals and future changes in service delivery and costs.



Budgets are continually monitored.....

### ***In this issue***

- ♦ **Spotlight on Sure Start—**  
page 2
- ♦ **NPS Limited - or  
unlimited? -** page 4
- ♦ **Paying for extra work—**  
page 5
- ♦ **Practise Being Good -  
honorary work—**page 6
- ♦ **BACS to the future—**  
page 3
- ♦ **Delayed hospital  
discharge grant—**page 6

The coming year will be very interesting for those of us who are directly involved in the financial scene. A replacement for Standard Spending Assessments will be announced in the early summer.

July will see publication of the next three-year Spending Review. And that vexed issue of the Area Cost Adjustment, and how it might be changed, will also be surfacing sometime during the year.

All of this and more will be fed into this interactive process of Budget management. We are going to be rather busy.

Bob Summers  
Director of Finance

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**Spotlight on**

## **Sure Start Thorpe Hamlet**

**The spotlight this time falls on Sure Start Thorpe Hamlet. So what is Sure Start? Below Programme manager Liz Chapman tells us.**



The aim of Sure Start is to work with parents-to-be, parents and children to promote the physical, intellectual and social development of babies and young children, particularly those who are disadvantaged, so that they can flourish at home and at school, and thereby break the cycle of disadvantage.

The programme is at the centre of the government's anti-poverty strategy. By 2004 there will be at least 500 local programmes, concentrated in neighbourhoods where a high proportion of children live in poverty.

The Thorpe Hamlet Sure Start was one of the first to be set up, with services starting in summer 2000. Lead agency is the NSPCC and finances are managed by Education Financial Services.

The Sure Start team is multi-agency, comprising myself, health visitors, midwife, speech and language therapists, project workers, volunteer co-ordinator, playworker and childminding co-ordinator, plus administrative staff.

We are based currently at a Drop-in Centre in the middle of the Sure Start area. We provide a comprehensive range of new free services, including play sessions for parents with their children, baby massage, speech and language groups, increased health visiting, events and trips.

The full involvement of parents in Sure Start is the key to its success. In Thorpe Hamlet this started with full consultation with local parents in the early planning stages. Now a parents' group feeds ideas into the project and parents sit on the Steering Group and project groups and run some services.

Plans are underway for a new building in the grounds of Thorpe Hamlet Middle School. This will eventually accommodate all our services and provide daycare places so that local parents have affordable, accessible childcare.



*Busy hands at the Drop-in Centre*

The present building will become a learning centre for parents, offering training and learning opportunities, building on the courses which have developed so far.

DfES funds Thorpe Hamlet Sure Start with £400,000 - £500,000 revenue per year and £1m capital, available for 7-10 years. After this it is hoped that this exciting and innovative way of working will become 'mainstreamed' into the way services are delivered generally.

**Ongoing evaluation of Sure Start, nationally and locally shows that it is making a significant difference in the lives of local families.**

## *What does it mean??*

**This second article looks at revenue budget preparation from a departmental viewpoint.**

Having been given a total for our cash limited budget, we now have to allocate this to the Responsible Budget Officers (RBOs).

This process updates the previous year's budget (the "base budget") by:

- Allocating an allowance to cover inflation required to fund the cost of pay awards and price increases
- Making any technical adjustments to the base budget (eg an increase in employer's pensions contributions)
- Moving or transferring budgets (known as virement) to reflect anticipated changes within the service
- Increasing income budgets where appropriate
- Allocating any additional money to fund known pressure areas
- Removing any savings that can be made to fund some or all of the pressures.

Ideally, all the above, except the allocation of additional money and savings, will have been carried out between September and early January in conjunction with RBOs.

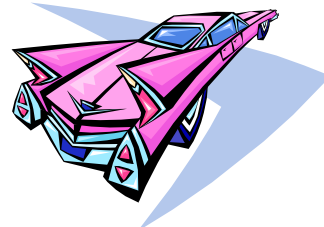
Once Members have made decisions on the final budget, during late February, additional money and or savings can then be included.

The final agreed budgets are issued to RBOs by the end of March, ready to commence the new financial year.

John Marjoram                      01603 223178  
Tony Howard                        01603 222547

## ***BACS to the future.....***

As we move towards buying and paying for goods and services electronically (e-procurement) we are reviewing the way we pay our suppliers.



In 2001 we paid 338,000 invoices submitted by 18,500 suppliers. Of these suppliers

- ♦ 15,100 were paid by cheque (88,000 invoices)
- ♦ 3,400 by BACS (250,000 invoices)

BACS - Banker's Automated Clearing Services - means that money is paid directly in to a bank account (in the same way as our salaries are paid each month).

**Paying by BACS is one of the first steps towards trading electronically with our suppliers. It is more efficient than paying by cheque and also incurs lower bank charges.**

Which begs the question as to why are we still paying over 15,000 suppliers by cheque....

Capita are working with our existing suppliers to transfer them to BACS payments.

- ♦ If you are responsible for setting up new suppliers you should have received information on how to set them up so they are paid by BACS.
- ♦ If you are responsible for setting up new contracts with suppliers, please make payment by BACS a condition of the contract. Suppliers tend to prefer this method of payment as they don't have to take a cheque to the bank!

If you would like any further information, please contact me.

Anton Bull  
Purchasing Process Manager  
01603 224429

# NPS Limited— or unlimited ....?

From 1 April NPS (Norfolk Property Services) and NCS (Norfolk County Services) will become limited companies instead of being departments of the County Council.

Below Mike Britch, Director of Property, writes about the implications for NPS accountancy. In the next issue we will hear from NCS.

The main reason for the change is the overwhelming success of NPS.

The new status will have a major impact throughout NPS, particularly in accountancy, where new requirements will have to be met.

To meet these requirements, the company will implement a new accounting system for its exclusive use and new bank accounts will be operated. The main advantages of these arrangements are:

- A unique chart of accounts and coding structure will be established which best suits the trading activities of the new company.
- Online, real-time commitment accounting will become a reality to aid budget monitoring.
- An extensive range of reports will be available to meet all managerial needs.
- It will be possible to enhance or write additional reports in-house, at no cost and as soon as the need is identified.

- Full functionality with Microsoft Office will become a reality as live data can be exported to Excel, Word or Powerpoint.

The change in status and related independence will also result in a raft of activities being undertaken in-house and, whilst these may appear onerous, they represent a tremendous learning opportunity for the development of finance staff.



A tremendous learning opportunity...

The activities include:

- Preparing company accounts
- Company secretarial work
- Dealing with the Inland Revenue and HM Customs & Excise
- Credit control

It is clear that the new year will be one of significant change and challenge for all of NPS, particularly its finance function.

Although the company will be limited in name, the opportunities for the future are unlimited!

If you would like this newsletter in large print, audio, braille, alternative format or in a different language, please contact Doris Piper on 01603 223488 or on minicom 223833.

## **Warning:**

# **Paying for extra work**

Many problems can arise when you require additional work to be carried out or need to employ temporary staff.

This article looks at tax— if you use an existing employee, how do you pay them for the extra work? If it is someone new, should you put them on the payroll? What if they say they are self employed?

The general rules are:

### **Existing staff**

Additional payments must be processed through the payroll. For example, a caretaker who paints a school classroom at the weekend should have this payment made through the payroll, as an extra to his normal pay.



### **New engagements**

Treat the person as an employee and process through the payroll unless you are absolutely certain self employed status applies (see below). A temporary teacher will be paid through the payroll even if that person undertakes private tuition as well.

### **Self employed**

In exceptional circumstances an individual may be engaged under a contract for services and be treated as self employed. This could include Christmas entertainers, theatre groups, or disco and band members performing at a school who are paid a price for the job.

**The decision about whether someone is employed or self employed does not rest with the individual. It is decided by the Inland Revenue, based on certain tests.**

**You should not authorise payment to someone as a self employed person unless they show you a relevant 'status letter' from the Norwich tax office.**

If an employee is wrongly treated as self employed any tax, national insurance, interest or penalties levied for non operation of PAYE will be the responsibility of the department or school.

If you are in doubt contact us for advice—better safe than sorry!

Sue Catton  
Bob Batterham

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## **FIMS latest**

Progress continues on the FIMS (Financial Information Management Systems) Project with the implementation team now in place.

At the time of going to press Oracle, the Council's preferred suppliers, are showing the proposed software to a range of finance people from all departments.

At the same time workshops looking at the chart of accounts are being held, with people from all departments thinking about their coding requirements and feeding back this information to the team.

We are at an important threshold at present, very much wanting to achieve implementation from the summer onwards but also urgently looking at additional costs of which Capita have advised us, and other implications.

More next issue!

Suzanne Sowter  
Project Manager 01603 224430

## **Referring back**

If you want to refer back to an article in a previous issue of FIS the easiest way to do it is via the intranet.

There is an index by subject in the DFI section. The link is:

<http://intranet.norfolk.gov.uk/dfi/Newsletters/finance/Index.htm>

## ***PRACTISE BEING GOOD...***

**Have you ever been asked through work or privately to volunteer to be treasurer or a committee member of a club or group?**

If so, you are responsible for the proper control of the club's money and assets. There is a risk that you could fall foul of the law or have problems if you do not show you are keeping proper records.

The advice from Norfolk Audit Service is therefore that:

**Transactions** should be recorded in a cashbook and kept separate from any other business or personal transactions.

**The Treasurer** should report regularly to the management committee on the balances, receipts, payments, commitments and future transactions.

**Two signatories** should be required on cheques and there should be enough signatories to cover for holidays. Blank cheques must not be pre-signed.

**Equipment or items of value** should be recorded in a fixed asset register and checked yearly. Details should be recorded when property has been loaned out.

**An annual statement of account** should be produced, reconciled to the bank balances and presented at the annual general meeting.

**Club records and the annual statement** should be subjected to an independent audit.

**You should consider** whether you need Officers and Directors Liability Insurance. The club or group could pay for this.

Adrian Thompson	01603 222784
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## **Delayed hospital discharge grant**

A special grant of £100 million has been made available nationally in the current financial year to:

- Reduce delayed discharge from hospital ('bed blocking')
- Help stabilise the care home market

A further £200 million will be available in 2002/03.

Norfolk already performs well in this area and therefore receives less proportionately than some authorities which do not.

Our share is £1.213 million for this financial year and £2.572 million for 2002-03. The money is being used to:

- Stabilise the care market by increasing fees paid for residential and nursing home placements by Social Services.
- Avoid admission to hospital by providing 'out of hours' rapid response services and increasing home care support.
- Develop additional 'reablement' services to facilitate discharge from hospital and to help avoid subsequent permanent placements into institutional care.
- Buy transitional placements where people who need residential or nursing home care can go until there is a vacancy in the home of their choice.

John Marjoram 01603 223178

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