

Finance News

News and views for
everyone interested
in finance



Issue 40
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Contract Standing Orders keeping up with the times

For many years, Contract Standing Orders did not change but lately they have been updated twice in two years. What is happening?

The Contract Standing Orders (CSO) are a framework within which we must all work when we procure supplies, services or works. They take account of the need for the Council to be seen as fair and transparent in its dealings with the marketplace and to give the marketplace the optimum information about our needs and how we propose to go about procuring them.

What has changed is that the focus is now very much on how we deliver services and how the procurement process can enhance the services delivered, rather than just the legal contracting process. Best Value and the 4Cs (**C**hallenge, **C**ompare, **C**onsult, **C**ompete) now figure strongly in all stages of the procurement process, from establishing the need to buy something right through to good contract management.

The Byatt Report 'Delivering Better Services for Citizens' highlighted the need to keep Contract Standing Orders under review to ensure up-to-date procurement practices were enabled and encouraged. This has been reinforced by the new Best Value Circular 03/2003 and the focus on procurement in the CPA. The Corporate Procurement Unit, set up in 2001 as a result of a Purchasing Best Value Review, now works closely with Legal Services to ensure that procurement guidance and procedures are frequently reviewed.

The CSO are on the intranet as Appendix A of the Purchasing Guide (follow Procurement on the list of council functions on the intranet front page). They provide clear instructions to officers about how the Council expects contracting and especially tendering to be carried out. The recent update has clarified exemptions from CSO, strengthened the evaluation process and, most particularly, extended the situations where we are allowed to negotiate with tenderers. Structured negotiation helps us achieve that bit better value but must be done so as not to harm the integrity and accountability of the County Council.

CSO should now be easier to read and understand. If you 'procure' on behalf of the authority, i.e. if you simply buy things or ask other people to order things on your behalf or take part in service review projects looking at how we deliver services, then you should be aware of CSO – give them a read!

Wendy Baker
Procurement Manager

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Spotlight on

Corporate accounting

Capital Team

In the current financial year, the Council's capital budget is more than £120 million. The role of the Capital Team is to manage this budget at a corporate level, working closely with departments who manage their own capital budgets.

The capital budget process begins in August with departments preparing bids for new capital schemes. The Capital Team prepares guidance on the process, especially where there are new regulations. This year the Prudential Code (see separate article) is the major change driving the process.

Once bids have been submitted, they are reviewed by the Chief Officers Asset Management Group (AMG). The Capital Team represents the Finance Department on this group. AMG prioritises the bids, using the capital project prioritisation model – this takes into account how well the bids meet corporate and departmental objectives and plans.

The Capital Team calculates how much the Council can afford to spend on the capital budget. This means identifying the amount of funding available from external sources. The total amounts available are then reviewed against existing commitments and any specific allocations to Education and Planning & Transportation. Any money left, plus any income from capital receipts and, for the first time this year, prudential borrowing can then be used to fund bids which have scored highest on the model.

The Capital Team then prepares a report for Cabinet, setting out the recommendations from AMG.

Once Cabinet have approved the budget, the Capital Team co-ordinates the monitoring of expenditure against budget - receiving information from departments and using it to prepare monthly monitoring reports for Cabinet.

The Capital Team also manages the Council's main asset register which contains details of all our property, plant and vehicles, and is used to generate the capital charge figures for the budget and final accounts.

Finally, the Capital Team provides specialist advice on technical issues such as leasing, credit arrangements, the funding of the capital programme and definitions of capital expenditure.

If you have any queries on any capital related issues, please contact one of the team - Cathy Morrey (228980), Andrew Skiggs (222477), Kim Atkins (228980) or Marion Sadler (222477)

Paul Mason 01603 224427
Finance Services Manager

What is the Prudential Code?

Over the last year or so, there have been various rumours and mutterings about something new called the 'Prudential Code'.

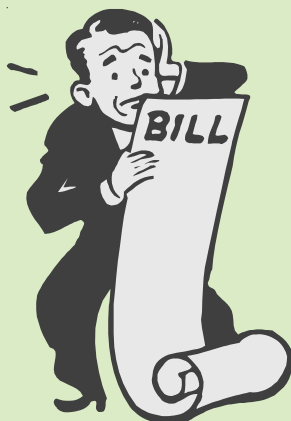
This is a code of practice produced by CIPFA that, along with the new Local Government Act 2003 that recently received Royal Assent, will change the rules we have to follow regarding the financing of the capital programme and debt management.

The rest of this article answers frequently asked questions about the Prudential Code (or at least those questions frequently asked by those of us trying to work out the implications for Norfolk).

Does this mean we can borrow as much as we want for the capital programme?

Sadly not. Whilst the new system does give us the freedom to decide on our own borrowing, we will have to pay for any borrowing that isn't funded by the Government.

Additional borrowing could lead to further increases in Council Tax and this will need careful consideration by Members.



One area where the capital programme could be increased is 'Invest to Save' projects, where the revenue savings that result from the capital investment are enough to pay for the increased loan charges.



When does the new system start?

Most of the changes will apply from April 2004. But as we are already working on budgets for 2004-05, we have to start preparing for the new system now. Members of the Asset Management Group are currently preparing bids for the Capital Programme in line with the new system.

Do the changes affect leases?

Yes. The final regulations haven't been published yet, but we expect there to be changes to the definitions of operating and finance leases, and changes to the way they impact on the capital programme.

We will be running workshops covering aspects of the Prudential Code – including leases – in February or March when we have more information.

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If you would like this newsletter in large print, audio, Braille, alternative format or in a different language, please contact the helpline, 01603 222820.

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communication for all

FIMS Update

Work is continuing apace on two fronts: the technical implementation and business transformation. In respect of the technical implementation, you will be aware that this is being undertaken in partnership with Capita. In view of the termination of the Capita partnership on 29 December, a meeting was held on 15 October to review the key elements of the FIMS project outstanding from Capita and to agree a plan for ensuring that these are either completed by Capita or picked up by the County Council.

The main focus of project activity is presently centred around the business transformation stream. Many of you are involved in some way or other with the Process Transformation Team (PTT) workshops. These are being held over a period of weeks to provide the Council with standard core business processes to operate from next April.

I would like to thank all of those involved in the PTT process. The team working has been excellent and all participants have worked extremely hard to ensure that we get a satisfactory outcome. Thanks to you all for your considerable efforts. The standard processes are due to be signed off by the Financial Management Group on 17 November.

Jo Quarterman is in the process of pulling together a team of 'Change Agents' from each of the main Council Departments. The agents will have responsibility for working with system users to ensure that FIMS is implemented within their respective departments. Gerry Baker is to be the Agent for the Department of Finance. More about the full team in the next edition.

Paul Brittain

Head of Financial Management

Capita Transition

NCC's partnership arrangement with Capita, for the provision of ICT and Exchequer Services, ends on 29th December this year. Preparations have started for the transfer of services and employees to the County Council. This work is being overseen by a Steering Group, comprising senior colleagues from 'E' Services and Finance departments and Corporate HR, to ensure smooth transition and continuity of service. To help achieve a smooth transfer, services that are currently provided from Charles House will continue to be so and most, if not all, of the people providing them now will be joining NCC in December.

The DF Exchequer team are working with Capita and NCC colleagues specifically on service issues relating to Accounts Services, Payroll and Pensions. We are working our way through an agreed action plan and expect to have all the necessary changes in place by the December deadline.

If you would like to know more please contact Peter Shackley on 222916 or Alison Gilbert on 222995.

Peter Shackley 01603 222916
Principal Consultant



Norfolk Pension Fund

Are you a member of the Local Government Pension Scheme - or would you like to be?

We think you will agree it is a really great scheme. Our new website is there for anyone who has joined or is considering joining the scheme (and has access to the Internet of course).

The site includes the sections we think will be most helpful to you

- How to contact the Pension Team
 - addresses, maps and emails
- A quick guide to scheme benefits
 - everything you wanted to ask but didn't in case you got a lecture ...
- Detailed information on retirement benefits
 - what's in it for you
- Family benefits
 - Financial protection for your loved ones
- Options for joining or enhancing benefits
 - How to maximise your benefits

Plus copies of public documents such as the Annual Report, Accounts and the Pension Fund's Investment Principles

To view the new site, just go to:

www.yourpension.org.uk

and select the Norfolk Pension Fund link.

We hope that you will find our new site useful and easy to navigate, but if you have any feedback the Pension Fund would be pleased to hear from you.

You can contact the team on 01603 222 842, or, pensions@norfolk.gov.uk or at

Norfolk County Council, County Hall, Martineau Lane, Norwich, Norfolk. NR1 2DW

What is the Prudential Code?

How will the Government provide support for the Capital Programme in future?

We'll let you know later in November when we find out! The consultation process has just finished, but no conclusions have been announced yet.

Where can I get more information?

You can contact either Paul Mason (extension 4427) or Glenn Cossey (extension 8978).

Alternatively, if enough people express an interest we will run some presentations (with question and answer sessions) later in November.

We won't have all the details by then, but we will be able to deal with some of the issues and let you know the possibilities in other areas.

Paul Mason 01603 224427
Financial Services Manager



New Appointments

You will be aware that, in July, the Cabinet approved the appointment of four additional accountants to provide enhanced levels of financial support to three areas of County Council service.

The appointment process has now been concluded and we shall shortly be welcoming Robert Mayes, Peter Vickers and Susan Bancroft.

- Robert, one of our former colleagues who moved to work at North Norfolk District Council, will be joining the Social Services Finance team.
- Peter, is from Waveney District Council and will also be joining the Social Services Finance team.
- Susan, currently working at the John Innes Retail Park will join the Cultural Services Finance team.

The fourth post has been filled by Suzanne Sowter who is now working in the E Government Team.

Paul Brittain
Head of Financial Management

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