

Finance News



Norfolk County Council

News and views
for those interested
in finance

Issue 33
February 2003

Budget 2003-2004

By the time you read this, the County Council will have made its decision on the Budget for the coming year and the Council Tax increase.

Pulling together the annual budget is a very large logistical exercise and really tests our ability to act in a co-ordinated and consistent way across all departments in the County Council.

This year had the added dimension of the uncertainty created by the replacement of Standard Spending Assessments (SSAs) with Formula Funding Shares (FFSs) and for good measure we saw Resource Equalisation introduced as well.

A key issue over the last few years in the discussions on the replacement of SSAs has been the need for the new system to be a lot more intelligible and understandable.

Sadly, FFSs have failed the test. It is not easy to explain why there is a 12% increase between SSAs and FFSs but only a 6% increase in government grant. Many people across the country have said this and the government felt compelled to issue an explanatory letter, which is unusual, to try to put the record straight.

The other feature of the governments grant settlement which is a key issue for the Council is the extent to which there remains a substantial mismatch between expenditure commitments the Council faces and the government grant we receive.

As 2003-2004 is the first year of the latest Spending Review, which was announced by the government last summer, there is no real prospect of change until the next Spending Review, which will be published in 2004. This will affect the financial year 2005-2006.

On the national scene, all eyes now need to be focused on the governments Balance of Funding Review. This will commence in April and has immense significance for local government funding. It is a real opportunity to address and ask hard-hitting questions about whether the taxes we pay locally and through PAYE and other sources are being allocated fairly to local government. Additionally, it also raises the possibility of putting arguments about the need for more local flexibility and freedom to top up government grants with other sources of income.

The Balance of Funding Review is definitely something to watch very carefully. I would not under-estimate the significance of this for all of us.

Bob Summers

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Spotlight on

Chief Executive's Department - Policy Unit

BVPIs

So what are BVPIs and why are they so important?

All effective organisations need to know how well they are performing, and what their strengths and weaknesses are. The aim is continuous improvement in service quality. Organisations need a comprehensive baseline of their current performance against which future performance can be measured and quantified. This will enable the organisation to measure both the absolute level of progress and the rate of change.

Best Value Performance Indicators (BVPIs) are government defined indicators of Performance by local authorities. They either measure local authorities' contribution to the government's seven key priorities or the authorities' effectiveness.

BVPIs have a precise definition of how to measure performance. Some BVPIs allow the targets to be set locally but the way that performance is to be measured is set nationally. This is so that comparisons between authorities can be made.

The definition of BVPIs is usually quite precise. If the calculation does not meet the definition in every detail it will be qualified by the external auditors. This would mean that the authority's performance, and Norfolk's achievements, would not be recognised.

Norfolk has negotiated extra money from government for key service delivery areas under a Local Public Service Agreement (LPSA). This additional money only comes to Norfolk if we can demonstrate that we have achieved agreed targets for certain BVPIs.

The targets are challenging. A lot of hard work is going into delivering the service improvements on the ground. If we do not calculate the BVPIs correctly and strictly according to the rules we will not get the extra money because that achievement will not be recognised and these resources for further improvements will be lost to Norfolk.

We know that some BVPIs are based on returns that have not been completed at the date the BVPI is required. In those cases you must be able to demonstrate that you have made your best estimate based on current information.

It is not enough to reuse data from the previous year. You must have a documented process justifying the calculations and assumptions you have made. If this is not the case then external audit may disallow that BVPI.

If you are calculating a BVPI please ensure that you read the instructions and follow them closely. If in doubt ring your lead co-ordinator. There are quite literally millions of pounds at stake.

Mary Ledgard
Senior Consultant

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Caron Bye
Client Manager

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New faces in Finance . . .

Welcome to . . .

Rachel Spencer has recently joined the Norfolk Audit Services team.

Rachel qualified as a chartered accountant in October 2002 with Grant

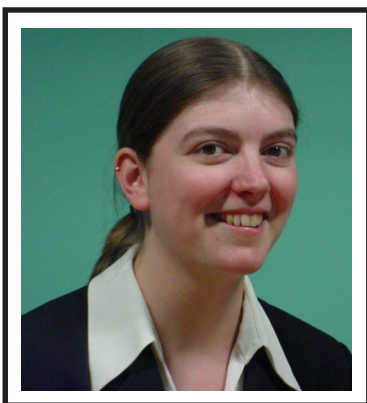
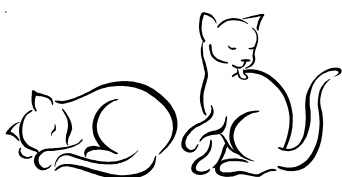
Thornton in Norwich. Whilst in practice she worked with a number of commercial and charitable organisations throughout Norfolk, as well as some doing some investigative work elsewhere.

Rachel's main area of responsibility within NAS will be Joint Funding, but she will also be heavily involved in other audit areas such as BVPIs as well as the normal run of audit work.

When not at work, Rachel is enjoying being free from exams for the first time. Her non-work time is spent renovating her house and an old Mini which is in need of attention.

Rachel also plays squash and swims, as well as being interested in films, music and cars.

She has two spoilt cats and, until recently, kept a couple of pigs.



Alex Younger, is another new team member in NAS.

Alex joins Norfolk Audit Services as a client manager with particular client responsibility for Norfolk County Services and computer audit.

For the last four years Alex has worked in corporate audit for Ernst & Young in Norwich, and latterly Cambridge, which made him overly familiar with the roadworks on the A11. A Norfolk boy at heart, he is pleased to be back on the right side of Thetford!

Outside of work Alex is a keen hockey player, although with "greater enthusiasm than skill" and plays regularly for North Walsham. He enjoys cycling and gentle rambling, and has an interest in current affairs.



Like many in the Department of Finance, he enjoys accumulating an unfeasibly large number of CDs, although current expenditure is somewhat curtailed by his wedding plans for June.

He is looking forward to a new challenge and meeting more of his colleagues across the organisation.



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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FIMS Update

A Testing Time!

In the recent FIMS Special we reported that the project was about to enter the exciting stage of Conference Room Pilot. These sessions have now been held and the system design is complete.

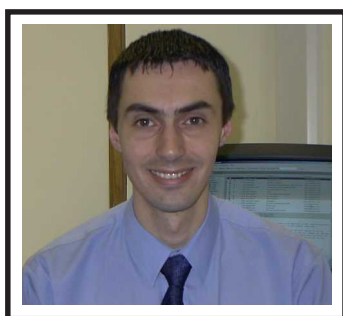
The next phase of the project is to undertake rigorous testing in a simulated “live” environment. Our partners Oracle and Capita will be doing some of this testing, with the final stage - User Acceptance Testing (UAT) - undertaken by NCC.

A team of people from NCC is currently identifying all areas that require testing. Each area will then be expanded to define the process to be tested, the data to be used and the expected results. The complete set of tests will cover all aspects of the Statement of Requirements. Once this has been completed we will commence testing with any amendments required to the system being carried out during this phase.

Once the system has been successfully tested we will be ready to commence implementation of the General Ledger.

Suzanne Sowter

FIMS Project Manager 01603 224430



Meet **Darren De Lara**, Deputy FIMS Project Manager (NCC). Darren joined the FIMS team on secondment last September and was recently promoted to his present post. He is currently overseeing the user acceptance testing phase of the project.

New Improved General Ledger (GL)

Oracle GL will deliver direct to the desktop accurate, up to date financial information on a timely basis.

Financial reports comparing actual expenditure and income, plus outstanding purchase orders (commitments) against an annual budget will be produced on a regular basis.

Reports will be available on screen and can be run on a predetermined or ad hoc basis and thereby provide financial information when required.

When summary level financial information is viewed, “drilldown” can be used.

Drilldown is a quick way of tracking back to the original transactions, which are contained within the summary information. All GL journals, Accounts Payable (including purchase orders) and Accounts Receivable (including order management) transactions can easily be tracked to the person who initiated the transaction.

The drilldown function will become available as soon as the AP and AR sub ledgers are up and running.

Searching for accounting codes within Oracle will be easy. Codes can be picked from those available using normal database type search facilities e.g. I don’t know the subjective code number but I want one for “electricity” – I type in “elect” and all the descriptions containing “elect” will appear in a pick list box.

The Oracle GL will allow us to work more easily and efficiently and thereby provide an improved financial service to the County Council.

Tony Howard

Principal Financial Officer

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Best Value Financial Management Review

Brief Update

The review of the existing financial management framework was reported back to Finance Board at the beginning of January. Since then there has been a number of discussions and a workshop to both discuss the implications and alternatives, and also cement the outcomes that need to be achieved from such a review.

Susanne Baldwin 01603 228987
Management Accountant

CIS Workshops

Following on from the successful VAT training, the Exchequer Client Support Team have arranged several dates for CIS (Construction Industry Scheme) workshops.

The workshops, lasting about 2 hours will cover how the scheme works, frequently asked questions and provide the opportunity to ask all those tricky questions about CIS.

The workshop dates are
Tuesday 10th June at 10am
and **Thursday 19th June**
at 10am at County Hall

If you would like to book a place, please contact Alison on ext 2995 or email Alison.gilbert.dfi@norfolk.gov.uk

Exchequer Client Support Team
Department of Finance

Medium Term Planning

As an organisation we undertake a large amount of planning to meet statutory and service requirements, which consider the year ahead and in many cases the service deliverables over the next three to five years.

We also carry out financial planning, considering the expected resources the county council will receive over the medium term, including the financial impact of issues such as legislative changes and funding reviews.

However we have not in the past, brought all the streams of service planning, corporate strategy and financial forecasting together to form a comprehensive corporate medium term plan. The benefits of linking the service and finance plans include;

- Forward planning
- A cohesive approach to setting and agreeing priorities
- Opportunity for exploring the possibilities for service delivery and potential funding;
- Opportunity for early public consultation on the County Council's strategic direction

Aside from the fact that effective medium term planning represents best business practice, it is also a requirement within the new Prudential Code of Practice for capital accounting and borrowing and was identified as a development requirement within the Council's recent Corporate Performance Assessment.

The County Council has therefore agreed that we will deliver a medium term plan by the end of June 2003. This will not only help set the agenda for the 2004/05 budget, but will allow initial consideration to be given to a prioritised agenda for NCC and the financial implications and opportunities up to financial year 2006/07. Which should prove useful to all finance staff – not quite a crystal ball, but a step nearer!

Susanne Baldwin 01603 228987
Management Accountant

Electronic procurement planning is progressing

The Cabinet have approved a Business Case to implement Oracle iProcurement software.



1 What will be the benefits of iProcurement?

- It will enable procurement to be integrated with the replacement financial system (i.e. FIMS) which is also an Oracle based system
- It will modernise the purchase order to invoice payment process
- It will move the County Council significantly towards achieving e government targets

2 Who will benefit from iProcurement?

- Over 1,000 employees (directly or indirectly) who are involved in purchasing goods and services, or authorising orders and invoices

3 Will iProcurement affect all purchases of goods and services?

- No. Purchase of care from the independent or voluntary sector and foster carers by employees in Social Services is not covered by iProcurement because this is being considered as part of the replacement of ISSIS project.

4 How will employees purchasing goods and services benefit from iProcurement when it has been implemented?

- Rather than the present system of raising paper orders, employees will raise these electronically through a web browser. Goods or services will be selected from on-line catalogues and placed in your 'shopping trolley'.

- Responsible Budget Officers (RBOs) or Authorising Managers will no longer need to approve every order or authorise invoice coding grids. Workflow business rules will allow purchasers to 'self approve' orders, but within controlled parameters.

- Invoice processing will be simplified because all of the necessary information i.e. accountancy code is entered at the order stage.

5 What needs to be done now to prepare for implementation of iProcurement?

- Departmental purchasing officers will be asked to verify all employees involved in raising/approving purchase orders. This exercise will enable an evaluation of computers and network infrastructure.

6 What is the timescale for implementation?

- This has yet to be agreed and is subject to commercial negotiations with Capita.

If you have any questions, please call the CPU (Corporate Procurement Unit) helpline on 01603 222820

