

Finance News

News and views for
those interested
in finance

 **Norfolk** County Council

Issue 36
June 2003

Implementing FIMS within NCC

The FIMS Project has two main strands, both of which are being delivered by the County Council project team in partnership with Capita.

The first strand is the technical build and implementation of the new Oracle product which will replace NORBAS.

The second strand of work, termed 'business transformation', is the roll out of the new system to all NCC users. This includes the design and documentation of new business processes and the identification and training of NCC users of the new system.

As you will all be aware, there has been slippage on the implementation of FIMS. A further round of detailed planning with Capita has just been concluded and agreement reached between the two organisations to a realistic, resourced plan which will deliver FIMS for 1 April 2004.

The FIMS Project Board met on 27 May and formally agreed the plan.

A number of stages have been incorporated into the plan leading to Go Live next April. Much of the work undertaken to date has related to the technical implementation.

The business transformation activity begins shortly and will involve many employees across all departments of the Council.

Initial focus is being placed on process improvements from next April.

As you will know, the underpinning ethos of FIMS is standard business processes across the Council and, implicit in that, minimal customisation of the Oracle product.

Suzanne Sowter is leading the Business Transformation activity, but cannot deliver this without the active participation and support of all.

She will be looking to establish a core transformation team to champion delivery of FIMS within the council's departments and I would urge you to give her and her team your full support.

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Spotlight on

Education Department

Changes in Schools Finance

New Education Funding Structure from 2003/04

From April 2003, the expression 'Formula Spending Share' (FSS) replaced Standard Spending Assessment (SSA) and brought with it a new structure used by the Government to allocate LEA and schools' funding. This makes clear the level of funding which central Government intends should go into school level provision.

Funding is allocated in two blocks, a schools block (including a sub-block for High Cost Pupils) and a LEA block (including a sub-block for Youth and Community).

Schools Block

The formula used to assess each authority's allocation in this block uses a basic national rate entitlement per pupil that is then topped up for:

- **deprivation**

by looking at levels of Income Support, Working Families' Tax Credit, levels of English as an additional language in primary schools and levels of ethnicity in secondary schools.

There is also additional funding for LEAs with over 12% of pupils with additional educational needs

- **area costs**

calculated using the general labour market index and a factor for sparsity applied to the primary sector (and the LEA block for home to school transport).

A separate formula is used for the calculation of three separate sub-blocks for Under 5s Education, Primary Education and Secondary Education. The SEN sub-block for High Cost Pupils is based on pupil numbers (ages 3-15) derived from an index composed of indices for levels of income support and low birth weight.

LEA Block for LEA Central Functions

The allocation for this block is based on the number of resident pupils, the number of pupils in schools, sparsity, levels of income support and the historic pattern of spending for LEAs.

Damping

The changeover to this national funding formula has resulted in a redistribution of funding across LEAs nationally, with some LEAs receiving a better funding settlement than others. In order to damp the effect of these changes, a lower (3.2%) and upper (7%) limit has been set for the per pupil increase in both the School and LEA blocks. The DfES required LEAs to confirm that the increase in the Schools' Block was actually being passed on to schools (technically known as "passporting").

The effect of the funding changes for Norfolk

To ensure the new funding formula provides at least a 3.2% pupil increase a sum has had to be added to Norfolk's funding to bring it up to this minimum level.

New Education Funding Structure from 2003/04 (continued . . .)

Being an Authority receiving the minimum per pupil increase, this has resulted in considerable budgetary turbulence for Norfolk this financial year.

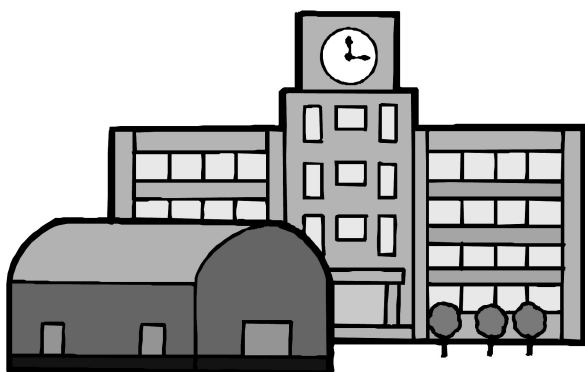
In order to maximise the level of funding for schools in 2003/04, Norfolk set the budget for schools at £1 million above the passport threshold, and has since distributed a further £0.5 million. An additional £1.6 million was also made available for distribution to Norfolk schools from central government.

In recognising the difficulties being faced by schools as a result of changes to the funding system, Education Secretary Charles Clarke has recently announced new flexibilities allowing the use of capital funding to support day-to-day school running costs.

This will be for this year only, based on a decision taken by the school and the LEA where there is a clear case that failing to do so would lead to excessive instability within the school.

To end on a more positive note, the new process will see authorities being issued with an indication of funding levels for the next 3 financial years that should ensure greater predictability for schools in their future budget setting.

Kim Robertson 01603 224272
Finance Support Manager



2003/04 Period End Dates

Because of the changes to the FIMS timetable (included elsewhere in this newsletter) the monthly period end dates have been revised as set out below.

Your departmental finance officer may set you earlier target dates to allow for processing of transactions. These will be communicated separately within each department.

Month	Period end date
May	Friday 30
June	Friday 27
July	Thursday 31
August	Friday 29
September	Friday 26
October	Friday 31
November	Friday 28
December	Wednesday 31
January	Friday 30
February	Friday 27
March	Friday 26

Community Safety - the role of the Department of Finance

Maybe not a headline you often see, but in fact the Department of Finance, through its Risk Management (RM) section, does make a significant contribution to community safety within Norfolk. Obviously, the section doesn't patrol the streets or arrest criminals. However, community safety is a much broader area than this, and this is where the RM section gets involved.

Derek Gorrod, the Council's Risk Officer explains.

"We spend a lot of our time giving advice to schools and other establishments about securing their premises and making them safer places to work in. With schools, for example, we can help them to improve their access controls to keep out undesirable people during the school day, protecting both pupils and staff. Out of hours, the risks tend to be against the property, such as break ins, vandalism, trespass and arson attacks. Again, we can advise how to make the premises more secure and less vulnerable to criminal damage.

"One current initiative that we commissioned from our external insurers is an assessment of every one of our schools, looking at access controls, fire and security risks. This produces a series of prioritised recommendations for improvements and enables the premises to put in place measures to reduce their risks.

"We also help by funding certain security initiatives at our premises from our risk management budget. This is spent where the greatest risks exist and is often used to 'pump-prime' projects. Several large CCTV schemes at our premises have been funded this way in the past few years, as well as a couple of major fencing projects.

"On a smaller scale, we have funded or part funded the securing of wheelie bins at many of our schools. Wheelie bins are a favourite target of arsonists but by securing the bins away from the premises, any damage from fire is limited to the bin and cannot spread to

the main building. Arson in schools is a huge problem in the UK with an annual cost in excess of £80m, so any cost effective measures to reduce the risks are worthwhile.

"Community safety isn't just about preventing crimes. It's also about making people's lives safer and improving their well-being. One such initiative is the corporate motor policy that we developed and which is being introduced across the authority. Part of this will involve each driver of a County Council insured vehicle undertaking a practical assessment of their driving skills. Where necessary, training is then provided as needed. This, and the assessments, are organised through Road Safety.

"The aim is to make our drivers better and safer drivers, thereby reducing their chances of having an accident and injuring themselves or others. Lease car drivers have been through the assessment programme, and drivers of school minibuses are now going through a similar programme. Once completed, drivers, parents of pupils and the passengers themselves will have more confidence that they will be safe.

"Finally, we try to raise awareness of risk management and specific issues relating to community safety. The aim is to enable people to make their own judgements and decisions about risks that can affect them by making them aware of the issues involved and what can be done about them.

"Many of you will have seen Risk News. This is published on a quarterly basis and contains many articles on differing aspects of community safety and risk management, together with advice on how to deal with the risks. It is issued to all establishments including schools and school governors as well as being on the Council's intranet.

Feedback indicates that it is welcome and well read".

Derek Gorrod
Risk Officer

01603 222989

Imprest accounts part 3 - VAT

This is the third and final article of a series covering the operation of Imprest Accounts. Last edition (34) we covered the payments process and petty cash.

An important task in managing an imprest is proper completion of the “**VAT**” column. Sometimes the amounts may seem small, but it is important to claim all the VAT back on purchases made on behalf of the County Council.

It is especially important to have the correct documents to support the claim. This is because NCC could face heavy penalties (a surcharge) from HM Customs and Excise, who collect the tax for the government. In this article we explain what you need to enable VAT recovery to take place.

In order to claim any VAT, the claim must be supported by a tax invoice or receipt. For purchases over £100 certain detailed information must be contained on the document.

However, for items under £100 less information is required (known as a “less detailed tax invoice”). Till receipts may be used where the amount is under £100 provided that they contain the same information as a less detailed tax invoice.

The minimum information that must be on such a document includes;

- a) Suppliers name, address and VAT registration number
- b) Date of supply
- c) A description which identifies the goods or service supplied

- d) The charge made, including VAT
- e) The rate of VAT which has been applied (because so many firms omit the rate from their till receipts the local VAT office have agreed to waive this information at present)

The next step is to make sure the VAT identified will be recovered, and will not be charged against your budget. On the reverse of the imprest claim form is a coding grid, with a column marked “VAT CAT”. There are a series of letters which indicates which category the VAT falls into. The key to the letters are shown in the VAT manual.

If you do not have a copy of the manual contact Bob Batterham on (01603) 222840 and he will send you one. Schools have a different manual that includes information specific to their needs and for this you should contact EF & ICT SERVICES for a copy.

Please remember that VAT that we do not recover cannot be spent on services.

Richard Brown Auditor
01603-223399

Please note that any changes to imprest account operation (e.g. signatories or post offices) need to be routed through departmental finance section for onward transmission to the DF Treasury Section at County Hall.

The bank requires all changes to come from that section.

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



Security Marking of Leased Assets

One of the conditions to qualify an asset to be part of an **operating** lease (finance leases are not entered into by the County Council) is that the ownership must not pass to the Council. This must be seen to be the case both during the lease period and on disposal.

When leased assets are returned to a leasing company (i.e. the owner) they must meet the return conditions of that lease. If these return conditions are not met, then financial penalties can arise.

It is important to be aware of what can be done to security mark such assets, especially IT equipment. The ideal time to consider this is at the initial stages of arranging a lease.

Advice can be given by the Council's leasing advisers and any intentions on security marking can be included with the tendering advertisement. Return conditions of the lease would be tailored accordingly.

Leasing companies are not keen on having anything added to assets that will detract from the residual value (i.e. the sale proceeds) that they will have built into their rental calculations and would therefore hope to achieve on disposal.

The key message is to always be aware of what the lease agreement allows in the form of security marking or fitting of security devices.

The Department of Finance is happy to provide further guidance on this or any other leasing matter.

Andy Feek
01603 222826

Implementing FIMS within NCC

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Aside from Suzanne's work, the next few months will be spent finalising the system design before moving into User Acceptance Testing.

A number of you are involved in this activity and I know that it is often difficult to balance the needs of the project with your 'day jobs'. I am very appreciative of all of the effort put in by so many.

This is a key project, not only for the finance community, but also for the County Council as a whole, since it will deliver improvements in management information for all.

The period between now and next April will be one of intense activity. I urge you all to do what you can to actively support the project teams and delivery of a successful implementation into your respective departments

Paul Brittain
Head of Financial Management
Department of Finance

This newsletter can also be viewed on the Council's DF intranet site. If you have any comments or suggestions for improving it, please let us know.

