

# Finance News



**Norfolk** County Council

## 2002-03 accounts are closed!

### What next . . . ?

Over the last few months the 2002-03 accounts have been closed. I thought it would be helpful to provide a summary of the overall position and what is happening now. The final accounting entries for 2002-03 were made in NORBAS at the end of May. An updated monitoring report was presented to the June Cabinet with the final outturn position being reported to the July Cabinet for them to consider the carry forward of service underspends and overspends.

On revenue, the outturn shows an overall overspend of £0.3m against a final net budget of £610.7m. This in percentage terms is an overspend of 0.04%. Not surprisingly the net position contains a number of significant variations compared to the budget. For example pressures on Social Services areas and the Education Home to School Transport budget. These have been offset by reductions in the use of revenue to fund the capital programme due to increased capital receipts being received, and reductions in the volume of waste disposed of in landfill sites.

The position on capital is that a final spend of £98.5m was achieved compared to the planned budget of £120.9m in 2002-03. This is a net underspend of £22.5m which is a reduction on the 2001-02 net underspend of £30.3m. Most of the underspend is due to slippage which will be carried forward and the expenditure incurred in 2003-04.



News and views for  
everyone interested  
in finance

**Issue 37**  
**July 2003**

### Learning lessons

After closing the 2002-03 accounts, the attention shifts to monitoring the 2003-04 budgets and preparing for the 2004-05 budget. However in order to provide sound financial advice and support to Members and Chief Officers it is worth considering what lessons can be learnt from closing the accounts that can be applied to future years.

If you have not already, it is worth reviewing the reasons for the 2002-03 variances against the budget in order to assess whether the overspends and underspends will continue in 2003-04 and what, if any, steps are required to ensure that the 2004-05 budget is prepared on a sound basis.

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## *Spotlight on* **Planning & Transportation Department** **EU Funding**

### **North Sea Cycle Routes**

No, it's not about the best way to peddle over the water to Europe, but one of several projects that link us with other countries bordering the North Sea – projects that have been very successful in attracting EU funding.

Bidding for Euro cash is not for the faint-hearted. However, the potential reward for success means that Norfolk County Council does actively engage in the process, in partnership with other authorities in the UK and Europe.

Funds are allocated under a variety of programmes, the most extensive being 'Interreg'. Interreg is a programme funded by the European Regional Development Fund to promote cross-border, trans-national and inter-regional ('interreg') co-operation within the EU. Within this programme we led a bid for EU support into research on sustainable development in the coastal tourist areas of the North Sea region (that's where the cycle routes come in!)

We worked with authorities in Holland and Norway to prepare the detailed bid, which had to compete with others for a share of the pot. It had to prove that our plans met the objectives of the Interreg programme. Eventually we heard that the project would secure around a quarter of a million – money that can be claimed in stages up to 2006.

Both the bidding process and the subsequent claims are subject to a rigorous audit procedure. Phil Ballard from Finance oversees the interim audits of project accounts and there is a final audit by the external District Audit service.

Chris Kutesko from P&T has co-ordinated Interreg bids. He says that the process relies heavily on contributions from staff in many parts of the Council. "Financial support from Europe can be the kick start for a project that has been waiting for resources. Often it's hard to find money internally for longer-term initiatives, but if we are prepared to put in the effort, EU funds can be a tremendous boost."

The County Council has just appointed a Corporate European Manager, Jo Middleton, who is part of the Economic Development team in the Chief Executive's Department. "I'm very pleased to have joined the authority and congratulate the team on their winning bid. One of our challenges is to ensure that European activity such as this becomes part of the day-to-day work of Council departments. It's clear from the Interreg success that European funding can be obtained for the right proposition."

**Alison Smith**      01603 224222  
Communications Officer, P&T



# Best Value Review of Income and Charging

In response to best practice recommendations from the Audit Commission, the Best Value Review Programme 2001/02 identified the need for a strategic assessment of the Council's income and charging practices.

A review team with staff recruited from most departments of the Council was tasked with understanding current charging policies and recommending actions on how the Council could more effectively use charges to deliver priorities, improve services and generate income.

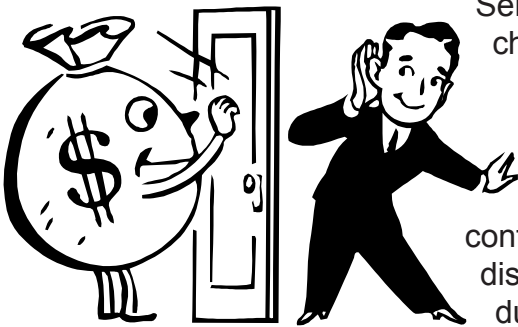


The review identified a number of issues including difficulty in locating information on charges and inconsistencies in calculating the cost of service delivery. An action plan was developed to address these issues and Service Development Committee (SDC) approved a number of key actions including:

- Establishing a set of charging principles which promote a fair, consistent and simple approach to charging;
- Create a corporate database of all Council fees and charges; and
- Develop a reporting process to measure how successful the Council is in collecting income and reviewing its charges.

## Progress so far . . .

The Department of Finance has been liaising with former Finance Board members and their nominated staff to collect details of charges raised, how these are calculated and how much income they generate for the Council. We have also been working with our colleagues in Legal Services to compile a single definitive list of all the possible charges the Council can levy.



Despite the pressures of year-end, the data collection exercise is nearly complete. So thanks go to everyone who has helped us to achieve this. The database so far contains almost 120 fees and charges, most of which are discretionary. These raised over £60million for the Council during 2001/02.

## So what happens next . .

Once the database is complete, the next step is to find a way of ensuring that it is kept up to date with all new fees and charges and to use this information in developing an annual reporting process which reviews the Council's performance against targets.

Progress against the action plan will be regularly reported to SDC and updates will be given in future editions of ***Finance News***.

**Karen Betts**                      01603 222807  
Principal Financial Projects Manager, Department of Finance



# New Sure Start Centre now open

Charles Clarke, Secretary of State for Education and local Norwich MP, opened the £1m purpose built Sure Start Centre & Day Nursery in Wolfe Road, Thorpe Hamlet.

The building is expected to attract awards for its exceptional design and approach to providing an exciting environment for children.

This Sure Start Project was originally launched in September 2000, in St Leonards Road, as part of the Governments strategy to support pre-school children and families by offering all the services families might need under one roof.



The new building offers an opportunity to expand on these services and to offer a high quality nursery for the area.

Sure Start programme manager Liz Chapman says that "One of the really positive aspects of Sure Start has been the way different agencies and parents have worked together to plan for this building and give the community something to be proud of.

For example, our Nursery is the first in Norfolk to be opened using funding from the Neighbourhood Nurseries Initiative and enables us to provide affordable childcare for working parents.

Through Sure Start and the European Social Fund, we are also able to provide free crèches to enable parents to undertake local courses on our learning programme."



The 'Starting Out' Day Nursery is headed by Shona

Nelson. It aims to provide a high quality service to both children and parents, offering children learning opportunities which will be the foundation to their future education.

**Liz Chapman**, Programme Manager  
01603 307680

# Implementing FIMS – What's happening and when

NOW – August 2003

## Stage 1 - System Design Review & Test

This is the stage when we will confirm what the system will look like and if it meets the Council's requirements. We will achieve this by undertaking, firstly, design qualification workshops and then user acceptance testing (UAT). Design qualification is well underway and UAT is due to commence at the beginning of July. Also in this stage we begin looking at the requirements for business transformation.

NOW – January 2004

## Stage 2 - Planning for Business Transformation & System Prep

In this stage the work on business transformation begins in earnest with a series of user workshops in September to agree the business processes which will operate from April 2004. We will also be looking at the infrastructure requirements of the new system to ensure that the desktop PCs we have are fit to take the new system. Towards the end of this stage we will look at the planning and development of end user training ready for Stage 3.

January 2004 – April 2004

## Stage 3 - Transition into Live Operations

This stage marks the transition from our existing systems to FIMS ready for the start of the next financial year.

Data migration and/or data conversion activities will take place, business transformation will roll out the new financial management processes and end user training will be undertaken throughout January, February and March in readiness for go live from April.

March 2004 – September 2004

## Stage 4 - Project Close

Having gone live with our new system we need to decommission NORBAS and this will happen in this closing stage. We will also undertake a review of the FIMS project to see what lessons we have learned and there will also be an ongoing review of business transformation (to Mid September 2004). Work will also take place around business processes to ensure that the benefits offered by the new system are being realised.

## iProcurement Contract Placed

One of the benefits of FIMS will be the ability to introduce an effective e-procurement process. To achieve this Norfolk County Council has placed an order directly with Oracle for iProcurement licences, annual support, consultancy and training. iProcurement will be introduced once the Oracle Core Purchasing (which is part of FIMS) has been implemented in April 2004.

Work is now underway to ensure that the iProcurement processes are considered within the FIMS design stage to avoid any unnecessary re-engineering at a later date and to ensure a smooth implementation of iProcurement after FIMS has gone live.

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



## Good practice . . .

### Why do we monitor budgets?

Budget monitoring is an important phase in the whole budgeting cycle, but why are the auditors so interested in it?

- ◆ Budget monitoring is a key control in preventing budgets from an unplanned overspend
- ◆ By monitoring any incorrect entries will be spotted and corrected in good time
- ◆ By monitoring the actual against the projections savings can be spotted and used for other purposes and overspends can be reported
- ◆ By monitoring it is easier to prove when the budget is inadequate or incorrect and a better case for an increase in the base budget can be made
- ◆ Commitment records are an important element of monitoring. Without them the budget will not give a full record of expenditure to date. Budgets can very easily be overspent if commitments are missed
- ◆ By knowing that accounting records are correct the authority as a whole knows the correct financial position. Your monitoring forms a very important cog in the bigger machine

If monitoring is performed on a regular basis it should not be difficult. Monthly checking should make you feel in control of your budget.

**Kate Dulieu**, Auditor 01603 224349

## 2002-03 accounts are closed!

### What next . . . ?

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In considering the lessons that can be learnt from closing the 2002-03 accounts, it is worth bearing in mind what processes can be improved. The reason for this is that in future years the closing process will have to be shortened to comply with the 2003 Accounts and Audit Regulations.

Over the next three years (2003-04 to 2005-06) the approval and publication of the Statement of Accounts will be reduced by one month each year. This means that for 2003-04 accounts the Statement of Accounts must be approved by the Council by 31st August and published by 30th November 2004. From 2005-06 onwards the Statement of Accounts must be approved by 30th June and published by 30th September.

Finally, I would like to take the opportunity to thank all of you involved in closing the 2002-03 accounts for your hard work during this period. From my perspective this has been achieved within the timescale, without too many surprises and at a time when colleagues are also involved with implementing the new Oracle financial systems.

**Harvey Bullen** 01603 223330  
Corporate Revenue Manager

