

Finance News



News and views for
everyone interested
in finance

Issue 38
September 2003

Gearing up or down?

The Balance of Funding Review

The Government has set up a high level Review Group to look at the proportion of funding which comes to local government from local resources, e.g. Council Tax, as opposed to Government funding via general and specific grants.

Currently the proportion met from local resources is small, meaning that any shortfall in grant resources can have a disproportionately high effect on Council Tax. The technical term for this is "gearing".

In addition to considering various technical papers and research relevant to this subject, the Review Group has issued a consultation paper to which councils and other interested parties can respond by the end of September 2003.



- What are the most important principles and objectives for a new system?
- Whether the balance of funding and local election turnout is linked.
- What other factors might be distorting local accountability
- How far the system should attempt to equalise resources throughout the country.
- How this equalisation would work if local government were funded entirely from local resources.
- Whether the restriction of local government's ability to raise taxes due to 'gearing' is a useful discipline or an undemocratic burden.

Continued on back page . . .

In framing a response to this consultation, key issues to be considered include:

- Whether a change in the balance of funding would affect the accountability, efficiency and flexibility of the Council.
- Whether there are serious problems with the current local government taxation system, and if so, how these could be addressed.

In this issue

- ◆ **Highways Management**
- ◆ **Termination of Capita Contract**
- ◆ **Realising the benefits of FIMS**
- ◆ **Asset registers and why we have them**
- ◆ **Who's who and what's what in auditing**
- ◆ **Staff suggestions scheme**



Spotlight on

Transport & Planning department

Highways Management moves to Exor

One of the Council's complex public services, management of the highways network, is moving to a single integrated multi-user IS system provided by Exor. The Department of Planning and Transportation is implementing the change over the next twelve months – and a significant programme of system testing and staff training lies ahead.

The Highway Management System (HMS) has its main interface with NORBAS / FIMS, as well as with P&T's departmental works management and job costing system (called Uniclass). This will remove the need to re-key documents into different systems and maintain reconciliation of accounting entries thereby allowing better use of resources.

"We've been looking to replace four separate systems with just one since we completed a Best Value review of highway services and an action plan in 2001. Our existing systems have some very positive features and it was important not to lose these in any transition," said Martin King, P&T's IS Manager.

"However, they are also suffering from the loss of supplier support as they become obsolete, the inability to talk to each other and in some cases more and more frequent system failures."

"We need something that gives us seamless access to information from any of our highways offices around the county, improved tools for asset management and opportunities for other service developments. The Exor system, which is called Highways, was chosen after a competitive tendering process," said Martin.

Among the functions that Exor will be managing are:

- Network inspection, management and inventory
- Works ordering
- Information about street works by utilities etc.
- Asset management including whole life cost predictions
- Customer care

Pinpointing potholes

Exor has developed a system for their customer care module that enables customer service requests entered via the internet to be logged and managed by the back-office system.

Needless to say, any highway system needs to be able to provide management information in both text and geographical formats – allowing map-based use of the data, for example in pinpointing potholes that need to be filled.

Like many other Council services, highways is moving to a more integrated IS solution. Existing systems have served us well, but with the focus on e-government, continuous improvement and value for money, we must procure the most up-to-date and integrated systems for the future.

Alison Smith - 01603 224222
Communications Officer, P&T

Realising the Benefits of FIMS

As the FIMS project progresses, sights are now firmly set on implementation. The first part of this is actually putting Oracle in. The second is putting in redesigned business processes across NCC to ensure that we all get the most out of the new system.

The new system will provide flexibility for all our different types of users but has not been customised. This means that wherever we work within the County Council we will be using the same financial business processes.

These standard processes are being designed by user departments as part of the business transformation element of the project. They will be designed to ensure that we have consistent workable processes that deliver the outputs the business requires.

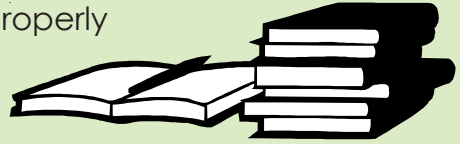
Below are some of the key process improvement areas that were identified earlier in the project and the benefits that will be delivered.

Management Information: Implementation of a financial management system which is totally integrated; easily accessible and able to evolve to meet changing business needs - a one stop shop with common tools.	
Review and redesign of financial information categorisation	Financial data held in a consistent and logical format to support all our financial and management reporting requirements.
Range of reporting tools giving easier access to information	Will remove the need for local systems that were developed to cover gaps in management reporting provided by NORBAS.
Financial information delivered electronically to desktop	Will reduce delays in receiving financial information and enhance information to support the broader 'value added' role of finance staff throughout the authority.
Exchequer: A standard process and procedures, which maximise efficiency, minimise cost and enable fairness and consistency.	
One record per client/service user	Single point of reference and standardisation of customer information will enable consistency in dealing with invoicing, enquiries and debt recovery.
Standard invoice formats/Minimise delay issuing invoices	Clearer, timely and comprehensive invoices will improve customer information and encourage earlier settlement.
Alternative methods of payment – direct debits, debit cards etc./Matching of debt recovery rules to type of debt	Reduction in length of time debt is outstanding. Improved cash flow and convenience for the client. Less time spent chasing debts
Improved access to management information	Ability to monitor income collection and service delivery.
A single supplier database	Better supplier management - gain from economies of scale.
Integrated purchase to payment system that captures cost information earlier	Improvements in budgetary control since the service manager will check funds available at the point an order is placed. Improved management information - budget monitoring based on commitment to spend as well as actual expenditure. Local commitment accounting systems no longer needed. Less duplication.

Practice being good . . .

Asset registers – Why have them and what should they contain?

Asset registers and inventories provide a record of the assets based at a particular location. The record needs to be maintained continuously (i.e. recording new acquisitions and disposals), otherwise it is a series of censuses with no history of what has been properly disposed of, and what has been purchased. Financial Regulations 71 and 72 cover the requirement to keep such a record.



What are the advantages of keeping a record of what the County Council owns?

- So that we know what should be there
- It helps accountability for assets
- When the record is checked any items that are missing can be identified and what happened to them investigated
- To help budget setting, monitoring and control by identifying items for disposal and those that need to be replaced in the near future.

So what is the minimum that my register should contain?

- A description of the item
- The date of acquisition
- Price on acquisition
- Purchase invoice reference
- Serial numbers
- Date of disposal
- Income received on disposal
- Authorisation of disposal
- Location of item
- Nominated holder (if any)
- Columns for date of checks carried out
- And for high value items:
 - Depreciation
 - Current book value



The register can be in a book or on a computer. The main principle is that all pages should be retained and a record of the history of all changes made should be maintained. Computer records, if used, must be backed up regularly and a history maintained. Both types of record must be kept secure from theft, flood and fire. There may be additional requirements for particular types of asset e.g. intellectual property.

A bound asset register can be bought from Berry Catchpole (01603-222777) for £15.

Phil Ballard

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Termination of Capita Contract

You will all be aware of the recent announcement that the Council is to terminate the Partnership Agreement with Capita with effect from 29 December 2003.

The Partnership has been in place since July 1999 and, as the Leader of the Council said in the joint press statement announcing the termination,.... it is a decision which 'has not been taken lightly'.....but is one which reflects the fact that 'the needs and priorities of the Council have changed'.

The announcement particularly affects the finance and ICT communities across the Council, since many core financial and ICT services are presently provided by Capita staff both within Charles House and at County Hall. Capita is also a key partner in delivering the FIMS project.

In terms of managing the transition out of the Partnership, it is essential that the quality of service and business continuity is secured. It is also important that delivery to timetable of the FIMS project is not unduly compromised. The existing Capita staff delivering core finance services are key to maintaining service quality and continuity and they have already been made aware of the value which the Council attaches to the work they do. It is proposed that they be brought back in house pending more detailed working up and analysis of a range of options for future delivery of these services.

In respect of FIMS, consideration is ongoing to assess the impact of the announcement on delivery of the project, including the measures needed to ensure that the project has at its disposal the necessary resources and skills in the absence of Capita.

As you can imagine, there is a huge amount of work to be done to effect the transition and this is being led by Alan Tidmarsh, the Director of E Government. A County Council Steering Group has been set up to oversee the work from the Council's perspective and Bob Summers is a member of that group.

There are other working groups relating to legal and commercial issues (Paul Brittain the Department's representative); staffing and HR matters; and operational transition. Peter Shackley is to be the Exchequer Services Transition Manager.

Progress with the transition will be reported on a regular basis and I would urge you all to support in whatever way you are asked to do, those directly involved in effecting a smooth transition of service and people back to the County Council.

Paul Brittain

Head of Financial Management

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



Are you feeling suggestive?

Did you know that your ideas could earn you money? Suggestion schemes are a way for staff to get recognition for improving how we do things at work.

If you put forward a good original idea and it gets used, there could be a cash reward.

Does your department have a scheme?

Planning & Transportation have 'BEST' (Bringing Enterprising Suggestions Together) and the scheme is open to any member of staff. A suggestion that's used wins £10, with the potential to share any savings generated, up to a maximum of £1,000.

The P&T scheme is overseen by a departmental team and there's a database of suggestions so that staff can see what has already been put forward. Forms are available on noticeboards and as a Word template and staff don't have to get their manager's approval before submitting an idea.

As an added incentive, the scheme has a league table showing the most 'suggestive' teams - the winners get a small prize.



So find out if you are part of a suggestion scheme and put your thinking cap on!

Being suggestive could be rewarding!

Alison Smith
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Communications
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continued from page 1 . . .

The Balance of Funding Review

We are currently drafting a possible response for the Chairman of the Cabinet which will be submitted to the Cabinet in September.

We are also commenting, through the Society of County Treasurers, and the County Council's Network, on the various papers that are submitted to the Review Group.

This matter is crucial to the relationship between local and central government and the amount of freedom local authorities have to make local decisions.

We will keep you posted on developments. Meanwhile - if you have any questions please contact:

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