

FINANCIAL SERVICES BUSINESS PLAN (SUMMARY)

2012/13 to 2015/16

8/29/2012

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1. Statement of Purpose

Financial Services are responsible for supporting the delivery of Services bounded by a Gross Revenue Expenditure Budget of £569m, Gross Income Budget of (£381m) and a balanced Capital Programme of £600m. Financial Services defines the overall financial parameters in which the Council can operate over the medium term and seeks to ensure that the Council's overall financial health and resilience remains strong. In supporting the delivery of Services, Financial Services has an obligation for the financial stewardship of those funds and to ensure that they are transparently used.

In summary, the purpose of Financial Services is to:

- Protect and maintain the financial health of the City Council
- Supporting our customers in strategic and operational decision making
- Be transparent and promote public accountability
- Promote and actively drive value for money
- Safeguard public funds
- Maximise the use of public funds

2. Vision

Financial Services' vision is to be:

- Integrated with our customers and know their business
- Responsive to our customers needs
- The provider of choice
- Technically excellent
- Leaders and innovators in financial advice and management
- Resilient and with robust processes and procedures
- Motivated and responsible

Financial Services is fully committed to the aim of working together and shaping a great waterfront city by being a value for money service that works closely with its customers by providing support in strategic decision making and helping to identify risks, challenges and opportunities.

3. Values & Behaviour

Financial Services' vision is underpinned by the Council's guiding principles for transformation:

- Put our customers at the heart of everything we do
- Make sure services are always value for money
- Be ambitious and continue to improve
- Use information and evidence to shape services our customers really need
- Simplify and strengthen our processes and share them with each other
- Make sure every enquiry that can be resolved first time is resolved first time
- Support councillors as the strategic leaders of our organisation
- Recognise the importance of our staff and support them as we change
- Listen to our customers and our staff, and learn from what we hear

4. Objectives

The next 3 years' objectives for Financial Services are all aimed at realising the Financial Services' vision:

Objective	Action	Measure	Lead Officer	Time Frame
Strong Corporate Financial Health & Resilience	Medium Term Financial Strategy Approved by the Council	Strategy approved by Council	Chris Ward	October 2012
	Budget Timetable Agreed & Implemented	Timetable agreed by Informal Cabinet	Chris Ward	
	Annual Budget & Council Tax level approved in accordance with the MTFS	Budget & Council Tax agreed by Full Council in February 2013	Chris Ward / Julian Pike	February 2013
	Capital Programme approved in accordance with the Capital Strategy	Capital Programme agreed by Full Council in February 2013	Chris Ward / Julian Pike	February 2013
	Approval of an adequate level of general reserves to maintain	Approved minimum level of General Reserves commensurate with the Council's risk profile	Chris Ward	February 2013
	Approved Treasury Management Policy agreed to the Council's risk appetite	<ul style="list-style-type: none"> • A policy that adequately safeguards the Council's Investments. • No loss of Investment • Investment returns exceed 3 month Libor • Alternative investments reviewed (e.g. Corporate Bonds) 	Mike Lloyd / Chris Ward	March 2013
	Prudential Indicators approved and adhered to	<ul style="list-style-type: none"> • Prudential Indicators for Capital Investment approved • Prudential Indicators for Treasury Management approved • All Prudential Indicators adhered to 	Mike Lloyd Mike Lloyd Mike Lloyd	February 2013 March 2013 Monitored Monthly

Objective	Action	Measure	Lead Officer	Time Frame
Maximising the resources available to the Council	Maximising Existing Income Opportunities	Increasing the ultimate Council Tax Collection rates from 98.3% to 98.5%	Julie Gregory	98.4% for Feb 13 98.5% for Feb 14
		Maintain In Year Council Tax Collection Rate at 95.2%	Julie Gregory / Ed Woodhouse	March 2013
		Capturing telephone numbers of Council Tax Debtors to enable proactive collection work	Julie Gregory	Ongoing
		Maintain In Year Business Rate Collection Rate at 98.5%	Julie Gregory / Ed Woodhouse	March 2013
		Revised Fees & Charges Policy Adopted (inc. full cost recovery)	Nick Haverly	October 2012
		Reviewing fees and charges in line with the revised policy	Nick Haverly / Finance Managers	February 2013
		Implementation of the new Income Handling System	Chris Ward / Amy Manning / Julie Gregory	Dec 2013
		Review of Internal Bailiff Fees and introduction of new fees to disincentivise payment default	Julie Gregory	April 2013
	Develop Oracle EBS to enable external organisations to have payroll and full financial management and reporting	System development implemented	Julian Pike	Dec 12
	Benchmarking of Housing Rents compared to other Authorities	Benchmark included in HRA report	Nick Haverly	Feb 2012
	Maximising Grant Income	Claiming all available grant funding	Finance Managers	Ongoing
	Identifying new income opportunities in Children's Services	Review of income opportunities from non-statutory services & Youth Service Careers Advice	Richard Webb	April 2013
	Systems modifications for being able to charge interest on Commercial Rents (selective customers)	Relies on R12 Upgrade. Configured and set up complete	Julie Gregory	April 2013
SLAs - what services and their prices are being offered	SLA's agreed with schools which are consistent with costs rather than allocations	Richard Webb	March 2013	
To continue to provide PCC with a revenue stream that achieves long term growth	The Port will satisfy and retain its key customers, attract new customers, maintain efficient and effective operations and invest in infrastructure	Mark Willcox	Ongoing	

Objective	Action	Measure	Lead Officer	Time Frame
Maintaining the Resilience of Financial Services' Operations with reduced resources	Identification of Joint working with other Partners / Local Authorities	Review Opportunities for the following: <ul style="list-style-type: none"> Internal Audit VAT Financial Assessments & Benefits Financial Support for S75 arrangements 	Chris Ward Peter Pennekett Peter Pennekett	Ongoing
	Up-to-Date Business Continuity Plan	Completion of the services Business Continuity Plan	Sue Page	Ongoing
	Standardisation of Financial Processes	Standardisation of Budget Monitoring	Finance Managers	June 2013
		Standard Forecasting process	Finance Managers	June 2013
		Standard Salary Monitoring	Finance Managers	June 2013
		Standardisation of Capital Monitoring	Julian Pike	June 2013
		Standardisation of approach to Purchase Order process (Interim pending outcome of P2P review)	Julie Gregory	Dec 2012
		Standardisation of approach to the use of cost centres	Nick Haverly	April 2013
		Standardisation of reporting to Heads of Service	Finance Managers	June 2013
	Standardisation of reporting to Portfolio Holders	Finance Managers	June 2013	
Continuity for key financial activities	Identification of key activities and making appropriate cover arrangements	Finance Managers	April 2012 to Sept. 2013	
Devolution of HFS & S151 decision making	Financial Services Scheme of Delegation completed	Chris Ward	Oct. 2012	
Reducing the costs of Financial Services - Service Efficiencies	Complete the Procure to Pay Review	<ul style="list-style-type: none"> Reduced cost of the Procure to Pay Function Re designed Processes Re-organisation of staff if appropriate 	Julie Gregory	Sept 12 to Sept 13
	Audit of Potential Duplicate Payments	Audit complete by Dec 12	Julie Gregory	Dec 12
	Automation of Government Returns	<ul style="list-style-type: none"> 90% Automation of RO Return 90% Automation of RA Return 90 % Automation of Quarterly Spend return 	Sue Page	June 12
	Review the operation and management of Cashiers via Customer Management workstream	Action plan for implementation of report	Chris Ward / Julie Gregory	Dec 12
Reducing the costs of Financial Services - Service Reductions in non core activities	Reduced level of financial support provided for Clients	<ul style="list-style-type: none"> Feedback from customers regarding Service design Reduced Service and reduced costs 	Chris Ward / Finance Managers	Oct. 2012 Sept. 2013
Supporting the organisation / clients to deliver their savings' targets	Financial evaluation and appraisal of options and alternatives	Evaluations and appraisals completed in line with the Budget timetable	Finance Managers	Ongoing
	Implementation of I expenses	I expenses implemented	Julian Pike	Dec 12

Objective	Action	Measure	Lead Officer	Time Frame
Strong Financial Governance	Financial Reporting to Full Council	Budget and Performance Monitoring Reports presented to Council quarterly	Julian Pike	Ongoing
	Treasury Management Reporting	Treasury Management Reports presented to Cabinet quarterly	Mike Lloyd	Ongoing
	Revise Financial Rules	<ul style="list-style-type: none"> Revised Financial Rules – Section A to D Revised Financial Rules – Section E to G 	Chris Ward / Lyn Graham / Julian Pike	Sept. 12 April 13
	Refresh Financial Rules Training	Financial Rules training refresher on “Critical” and “High Risk” Audit exceptions / recommendations	Chris Ward / Lyn Graham	Dec 12
	Review of Financial Training for Members and Senior Managers	<ul style="list-style-type: none"> Re-designed training programme 	Chris Ward	June 2013
Strong Public Accountability	Statutory Financial Statements approved	<ul style="list-style-type: none"> Presented for Audit on time An unqualified Auditor Opinion Good quality working papers for all information that is produced 	Mike Lloyd Mike Lloyd Finance Managers	End June each year
	Implement Real Time Information for Payroll information to HMRC	<ul style="list-style-type: none"> Oracle EBS system changes implemented Data extraction file developed 	Shaun Tetley	June 2013
Provide Expert Professional Advice for decision-making	Financial advice, appraisal and evaluation	See list of Projects that Financial Services is supporting	Finance Managers	Various
	Benchmarking S251 of VfM Children's Services	Benchmarking report complete	Richard Webb	Dec. 12
To maintain a robust Financial Management System	Oracle R12 Upgrade	Upgrade successfully implemented	Julian Pike	Dec 12
	Oracle EBS Budget Patches	Patches successfully implemented	Julian Pike	March 12
	5 year Development Plans for Oracle EBS Stakeholders	Development Plans approved by EBS Board	Julian Pike	April 13
	Robust month end system closedown	Month end system closedown completed to timetable	Finance Managers	Ongoing
	Completed Bank reconciliations	Complete all control and bank reconciliations within 20 days of month end	Mike Lloyd	Ongoing
	Minimise EBS system downtime	Maintain system availability to 98% within working hours	Julian Pike	Ongoing

Objective	Action	Measure	Lead Officer	Time Frame
People Performance Management	Team and Individual Performance Management Indicators	Each Team and Individuals to have agreed performance management indicators / targets	Finance Managers	April 2013
	Development of a performance management suite of information for Income Collection and Recovery	<ul style="list-style-type: none"> • Workflow indicators • Internal / External Bailiff collection indicators • Development of Sundry Income collection and aged debt targets to be determined for each Finance Team 	Julie Gregory	April 2013
	Systems integration - Central Debt recovery Team's development of External Debtors reporting	Development of interface between External Bailiff System with PCC In House system	Julie Gregory	
A resilient, well trained and motivated workforce	Service Training Priorities reviewed	Training Plan designed	Chris Ward / Finance Managers	Dec 12
	Continuation of Secondment Policy	All vacancies considered for secondment prior to advertising	Finance Managers	Ongoing
	Continuation of Trainee Programmes	Maintain trainee programmes for: <ul style="list-style-type: none"> • CIPFA / CIMA / ACA • AAT • ICM & IRRV 	Julian Pike	Ongoing
	Improve Leadership, Management and Communication aspects of the PULSE survey	Develop the following: <ul style="list-style-type: none"> • Back to the floor programme • HFS Round table programme • Quarterly Service updates 	Chris Ward Chris Ward Finance Managers	Dec 12

5. Success Criteria

Success will be measured by a variety of methods:

- Corporate Financial Health remains strong with balanced and robust budgets and adequate levels of Reserves
- Strong Financial Governance as measured by internal and external audit reviews and the delivery of adequate training
- Financial Management Systems are available and robust
- Service resilience and efficiency is improved
- Staff development and satisfaction is improved
- The extent to which time critical objectives are met on time
- Customer views and evaluation on the achievement of quality measures
- Ensuring new processes have been implemented and that post implementation reviews have taken place with any corrective action taken
- Corporate, Statutory and Professional financial responsibilities are met

Progress against achievements can be monitored quarterly by the Financial Services Management Team.

6. Customer Analysis

Financial Services have both Internal and External Customers:

- Internal Customers:
 - The Council
 - The Cabinet, Portfolio Holders and Committees
 - Councillors
 - Chief Executive and Strategic Directors
 - Heads of Service
 - Managers and Staff
 - Central and Devolved Finance Teams

- External Customers:
 - Local Residents
 - Local Businesses
 - Central Government and Government Departments
 - Head Teachers / Governors & School Finance Officers / Schools – both PCC & Academies
 - Partners including Local Enterprise Partnership, PUSH, Ensign, COLAS, Parkwood, BIFFA, Housing Associations, Health, Heritage Groups
 - Trusts
 - Auditors
 - HMRC
 - Suppliers
 - Clients / Debtors
 - External Funding Partners

7. Key Projects

Finance Managers are working closely with their Services and are involved with the following projects:

Supporting the Transformation workstreams

EBS 12 upgrade

Income Handling Project

Implementation of the CRC Scheme

Catering Strategy

Asset Management Plan

Implementation of a Voluntary National Code for regulation of Council Housing

Supporting the Highways Management Contract

Regeneration programmes

Multi Authority Partnership Agreement for Coastal Defence

LEP

Grounds Maintenance and Leisure Management Facilities Contracts

Seafront Strategy

Income Generation and Transformation Agenda

Welfare Reform

Housing Revenue Account Self Financing

Final Accounts

Capital Budget

Revenue Budget

Portsmouth Football Club

Revision of and enforcement of Financial Rules

Delivery of Savings

Meet Statutory Obligations for HMRC and Pension Authority

Universal Credit

Pensions Auto Enrolment

Pension Reform Agenda

Schools Funding Formula

Investing in unrated building societies

Investing in corporate bonds

Meeting the requirements of the Code of Practice on Local Authority Accounting, several changes are proposed to the Code in 2013/14

Implementation of a new Income Management System

8. Risk Analysis

SERVICE / BUSINESS AREA : Finance

Risk Number	Risk Title	Corporate / Business Objective	Risk Owner	Probability	Impact	Net Risk Score	Control Measures	Control Owner	Probability	Impact	Controlled Score	Action
SOC0004 - Financial	Risk of significant cuts in public expenditure at next comprehensive spending review (20%)	Strong Corporate Financial Health & Resilience	Chris Ward	4	4	16	Good financial evaluation to enable to Council to lobby Robust forecasting	Chris Ward	2	4	8	
1	Loss of Principle Sums Invested	Strong Corporate Financial Health & Resilience	Chris Ward	2	4	8	Treasury Management Policy: Monthly monitored Updated at least twice a year Significant delegations to S151 Office, so that Finance can be responsive	Mike Lloyd	1	4	4	
2	Accuracy of Budget Forecasts	Strong Corporate Financial Health & Resilience	Chris Ward	2	3	6	Adequate levels of contingency in the Reserves	Chris Ward	1	3	3	
3	System Downtime of Major Financial System Failure	To maintain a robust Financial Management System	Chris Ward	1	3	3	User Acceptance Testing prior to the implementation of R12 1st 2 x months of new system Beyond 2 months of new system	Julian Pike	2 1	3 3	6 3	
4	Unknown Financial Risks	Strong Corporate Financial Health & Resilience	Chris Ward	2	2	4	Adequate levels of contingency in the Reserves	Chris Ward	2	1	2	
5	Significant Budget Overspends	Strong Corporate Financial Health & Resilience	Chris Ward	2	3	6	Regular Budget Monitoring Highly skilled financial teams offering financial advice	Chris Ward	1	2	2	
6	Loss of Capacity	Maintaining the Resilience of Financial Services' Operations with reduced resources	Chris Ward	4	3	12	Identification of savings and additional income earning opportunities Improve standardisation of working practices, so that there's flexible staff between teams Identify core cover arrangements for key financial activities	Chris Ward	3	2	6	
7	Significant Business Interruption	Maintaining the Resilience of Financial Services' Operations with reduced resources	Chris Ward	2	4	8	Robust Business Continuity Plan	Sue Page	2	2	4	

9. Business Continuity

Under the Civil Contingencies Act 2004 Portsmouth City Council has a duty to put in place Business Continuity Management arrangements. Business Continuity is the process of planning to ensure that we can maintain or resume essential services with minimum delay and cost following a disruption.

The Financial Services Business Continuity Plan focuses on the impact of the disruption within the service rather than the cause. Each service owns and has responsibility for its own plan. It details the resources required such as staff, premises and equipment to ensure delivery of essential services. The plan also details the generic corporate BCM arrangements should the disruption be widespread throughout the council.

The Financial Services Business Plan is the generic overall plan for the service and includes the subsidiary plans for Payroll and EBS.

The **aim** of the plan is to:

- Prepare the service for a correct and timely restoration after a disruption or interruption

The **objectives** of the plan are to:

- To carry out critical Financial transactions including transfer of data to and from EBS to external business systems used by PCC
- To ensure all PCC employees are paid correctly and on time

10. Cost of Financial Services

The budgeted cost of delivering the finance function in 2012/13 for the City Council is set out in the detailed Business Plan. As a consequence of the 30% reductions in funding for Local Government over the past 2 years and the following 2 years, the cost reductions likely to face the Service amount to circa 10% in 2013/14 and a further 5% in 2014/15.

Over 90% of the Service's costs comprise staffing or staff related costs and therefore is one of the primary considerations relating to delivering the Service within budget. The Service however, also raises significant income for services provided and always seeks to maximise such income to the extent that any income at least makes a contribution towards overheads but with the overall aim of full cost recovery.

In delivering the Business Plan and achieving the necessary savings targets, the Service has sought primarily to become more efficient and raise additional income in order to maintain the resilience of service provision and therefore continue to properly resource strong

corporate financial health. Where service reductions have been made, these have been aimed at low risk and lower priority Service areas.

11. Equality and Diversity

As a service, Financial Services reflects the make-up of the overall Council on both a gender and ethnic basis. At the start of FY12 13, Finance had a headcount of 192. The Gender split across the service was 51 (26.6%) male and 141 (73.4%) female, which is similar to the overall gender split within the Council.

The Ethnic split across the service was 156 (81.3%) Non BME (Black and Minority Ethnic), 4 (2.1%) BME and 32 (16.7%) did not disclose, which is very similar to the overall ethnic split of the Council.

As a steward of the Council's Financial Resources, prior to the commencement of any new scheme, an Equalities Impact Assessment must be undertaken. During the Budget setting process, Budget consultation meetings are held with a wide range of public representatives to give these groups an opportunity to meet with political Group Leaders and put forward their views and comments before any decisions are taken.