

***** DRAFT *****

CORPORATE FINANCE

CHIEF EXECUTIVE'S DEPARTMENT

**Annual Business Unit Operational Plan
2008/09**

SECTION 1: SERVICE PROFILE

PURPOSE OF THE SERVICE

Corporate Finance is responsible for planning, managing and reporting upon the Council's financial resources, in liaison with both Members and senior management, in accordance with the Council's Financial Regulations. To achieve this we have identified 6 Strategic Objectives:

- Participate in the development of both service and corporate policy, providing a lead role in the development of medium term planning and optimise Kent's share of external funding resources.
- Develop a strategic approach to ensuring value for money in the delivery of the Council's services.
- Promote strategic risk management across the Council and contribute to good corporate governance.
- Maximise the opportunities to use information technology to improve financial management and the effectiveness of business processes.
- Lead improvements in KCC's procurement practice in line with the Procurement Strategy.
- Develop the people who work in the function and our people management practices to provide a world first class finance service.

OPERATING CONTEXT

Corporate Finance delivers the Chief Finance Officer's statutory responsibilities, as set out in various Local Government Acts (in-particular S151 1972 Local Government Act and S114 1988 Local Government Finance Act). Also the Accounts and Audit Regulations 2003 and the Local Government Pension Scheme Regulations.

USERS

Corporate Finance provides services to all parts of the County Council and as the administering authority for the Kent Pension Fund manages the pension arrangements of over 200 employers in Kent and 40,000 scheme members and 50,000 pensioners and deferred pensioners.

REVIEW OF PERFORMANCE 2007/08

KEY PERFORMANCE INDICATORS

Indicator	Actual performance 2006/2007	Estimated performance 2007/08	Target 2008/09
BVPI8 Payment of Invoices	93.94%	94%	100%
Revenue and Capital Budgets prepared to statutory and corporate timetable	100%	100%	100%
Respond to Government Consultation Papers in a timely and appropriate manner	100%	100%	100%

A minimum of £2m of external funding secured for Kent	£4m	£5.1m	£2m
An evaluation of the Kent and Medway Funding Fair	Completed	Completed	Not applicable
Treasury Strategy Approved	Approved	Approved	Approved
Corporate Revenue / Capital budgets delivered within budget	Within Budget	Within Budget	Within Budget
Return on investment of short term cash balances to exceed benchmark rate (LIBID)	Benchmark Target 4.63% Average Performance 4.98%	Benchmark Target 4.72% Average Performance 5.21%	Benchmark Exceeded.
Budget Book published by 31 March	31 March 2006	31 March 2007	31 March 2008
Regular monitoring reports to Cabinet to specified timetable underpinned by Directorate monthly reports	100%	100%	100%
Final accounts approved by 30 June, signed by 31 July and published by 30 September.	30 June 2006	29 June 2007	27 June 2008
Monitor performance of individual fund managers and provide quarterly reports to Superannuation Fund Committee on investment performance	100%	100%	100%
Superannuation report and accounts produced and reported to the September Committee meeting with no adverse audit opinion.	30 September 2006	30 September 2007	30 September 2008
Percentage of invoices paid within 30 days (BVPI 8)	94.72%	94%	100%
75% of the Council's total debt is less than 2 months old	67%	65%	75%
Retirements benefits paid within 15 / 20 (for 2006/07 and 2007/08) working days of all paperwork received.	96%	95%	95%
Dependant's benefits awarded within 10 / 15 (for 2006/07 and 2007/08) working days of all paperwork received.	96%	95%	95%
Estimates of benefits provided within 25 / 20 (for 2006/07 and 2007/08) working days of request:	91%	95%	95%
• Redundancy / Efficiency	94%	95%	95%
• Ill Health	90%	95%	95%
• Voluntary			
Pensions Correspondence – full response within 10 / 15 (for 2006/07 and 2007/08) working days	73%	95%	95%
Percentage of monthly VAT returns	100%	100%	100%

produced within 3 days of month end.			
Deliver Finance Group budget within cash limit	Within budget	Within budget	Within budget
Internal Audit – client satisfaction	-	93%	n/a
Average client satisfaction score	-	n/a	70%
Internal Audit - % of available time spent on direct audit work	-	69%	80%
Internal Audit - % of draft reported completed within 10 days of fieldwork (was 15 days in 2006/07)	-	90%	90%

KEY ACHIEVEMENTS/OUTCOMES IN 2007/08

- Obtained top rating, Level 4, on the Use of Resources block of CPA, aggregate score being the highest of all County Councils.
- Met the Government's deadline for the approval and audit of final accounts.
- Established new innovative arrangements for the management of internal audit by PwC.
- Reviewed and introduced revised reporting arrangements to Governance and Audit Committee for Internal Audit and Risk Management (to take effect from end 2007-08).
- Fraud awareness and risk mapping training provided across Council.
- Development of Council-wide Partnership guidance.
- Managed the actuarial valuation process to timescale and achieved a stable KCC employer contribution rate.
- Achieved a forecast underspend / over- recovery of £7.9m from treasury management.
- Contributed £4.6m savings on treasury management to the 2008-09 budget.
- Established the new Strategic Procurement Unit. Developed and promulgated "Spending the Council's Money".
- Improved the Council's approach to the management of risk within the business planning process and Annual Internal Audit Programme.
- Analysing the impact of, and briefing key stakeholders, on the publication of the Comprehensive Spending Review 2007.
- Responding to the publication of the Lyons Inquiry into Local Government.
- Responding to the proposals for a Supplementary Business Rate.
- Responding to consultation on substantial Formula Grant changes.
- Managing and responding to the first ever three year multi settlement for local government funding.
- Lobbying government about KCC's funding position.
- Further development and integration of medium term financial planning with service planning under the auspices of Policy Led Budgeting.
- Successful public consultation on Council Tax and budget issues, including 2 full day workshops with the public, business consultation forum and informal and formal trade union consultation.
- Successful further consultation with young people as part of 11 Million Takeover day including getting live coverage of KCC's approach to budget consultation on the BBC.
- Delivered a further £2.4m income generation as part of the budget.
- Evaluated and disseminated to partners the new proposals for Local Area Agreements and the funding arrangements for Area Based Grant worth in excess of £60 million, rising to £90 million+ next year.

SERVICE COMPARISON

Finance participates in a full range of CIPFA benchmarking clubs with reporting as follows:

Accountancy	- to Finance Strategy Board
Debtors / Creditors	- to the Head of Financial Services
Internal Audit	- to Governance & Audit Committee
Pensions Administration	- to Superannuation Fund Committee
Treasury Management	- to Governance & Audit Committee

SECTION 2: PRIORITIES AND OBJECTIVES

KEY RESPONSIBILITIES OF THE SERVICE

	Key Corporate / Directorate Targets	
PLAN	NAME OF TARGET IN FULL	LEAD OFFICER
Medium Term Plan 2009-12 and Budget 2009-10	The two documents summarise the overall budget and strategic financial position for the whole authority.	Lynda McMullan
Towards T2010 Procurement	Target 5 – Ensure Kent County Council uses its significant purchasing power to allow fair and open competition.	Nick Vickers
BVPI8	Prompt payment of Invoices.	Linda Arnold
Statement of Accounts	Statement of Accounts signed by the Auditors, with an unqualified opinion, by 31 July.	Cath Head

CORE SERVICES AND FORECAST ACTIVITY LEVELS

Financial Management - Andy Wood

- Manage the preparation and production of the final accounts ensuring that statutory deadlines are achieved.
- Report advise and guide on the revenue and capital budget monitoring position of the Council to Cabinet on specified dates.
- Provide advice and guidance on best accounting practice and the correct treatment of VAT and tax and ensure proper financial records are maintained.
- Assist Corporate Services budget managers in the preparation of three year financial plans in accordance with the Authority's and Department's Medium Term Financial Plan.
- Lead on the development and improvement of corporate financial systems.
- Provide Medium Term Financial Planning and Budgeting for both revenue and capital budgets. This includes prioritisation of resource allocation, together with public consultation on Budget and Council Tax proposals, and the publication of KCC's Medium Term Financial Plans.
- Produce the £2.2bn revenue budget and the £438m capital budget, and precept on district councils for Council Tax.
- Provide financial research, pro-actively lobby to support and enhance KCC's funding position and appraise the financial impact of major developments and initiatives.
- Provide a dedicated support activity for major investment programmes.
- Provide dedicated finance support and advice for the Local Area Agreement and £61m of Area Based Grant.
- Coordination of external funding activity.

Audit and Risk – Janet Dawson

- Delivery of the 2008-09 Audit Plan – 2230 audit days
- Maintain database of controls and risks linked to the business objectives of the Council, and use as the basis for flexing audit plan to provide assurance to G&AC.
- Provide Annual Audit Opinion to support Annual Governance Statement.
- Provide advice and information (A&I) on risks and controls to all – 500 days of advice and information, subject to sufficient demand for our A&I service.
- Investigate financial irregularities.
- Lead on the strategy and facilitation of risk management across the Council.
- Insurance arrangements to cover the Council's assets and risks and advise on insurance and risk management issues. The team deals with 4,500 claims a year.
- Lead on the development and delivery of the Value for Money programme across the Council.

Financial Services - Nick Vickers

- Manage the investment strategy, asset allocation and investment manager monitoring for the £2.5bn Kent Pension Fund.
- Undertake cash investments (£350m) and long term borrowing (£900m).
- Pensions administration for the 220 employers participating in the Kent Pension Fund, covering 40,000 scheme members and 50,000 pensions (and deferreds). Administer the Police and Firefighters pensions schemes.
- Develop and maintain the Council's Procurement Strategy and the associated rules and regulations for procurement.
- Develop the Council's eProcurement strategy.
- Process and pay invoices through Accounts Payable and iProcurement (400,000 invoices).
- Manage the Council's debt management system Accounts Receivable and control debt recovery processes.
- Bank, allocate and reconcile income to the Council.

Revenue Budget

FINANCE BUSINESS PLAN /BUDGET 08/09

2007-08 FTE	2007-08 Controllable Expenditure £'000	COST CENTRE	Activity/budget line	2008-09 FTE	EMPLOYEE COST £'000	RUNNING COSTS £'000	Contracts & Projects £'000	GROSS EXPENDITURE £'000	EXTERNAL INCOME £'000	INTERNAL INCOME £'000	CONTROLLABLE EXPENDITURE £'000
9.6	1584.4	50030/2 5/50/51	COUNTY FINANCE	9.1	1,040.20	612.4		1652.6	-159.6	-54	1439
30.4	649.2	50100/5 0055	INTERNAL AUDIT & RISK	31.5	1,193.90	102.3		1296.2	-658.8	-24.6	612.8
91.6	937.6	50040; 50060; 50105; 50135	FINANCIAL SERVICES	100.3	3,064.20	556		3620.2	-2412.9	-193.5	1013.8
27.8	1810.4	50045; 65;5001 0;20;35	ACCOUNTING & BUDGETING	24.0	1,078.60	745.3		1823.9	-118	0	1705.9
159.4	4981.6		TOTALS	165	6,376.90	2016	0	8392.9	-3349.3	-272.1	4771.5

FINANCE CONTROL TOTAL	4,771.5
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BUDGETED FTEs	2007/08	2008/09
J AND ABOVE OR EQUIVALENT (FTEs)	11	12

DIFF 0.0

I AND BELOW (FTEs)	148.4	153
TOTAL	159.4	165
OF THE ABOVE TOTAL, THE ESTIMATED FTE WHICH ARE EXTERNALLY FUNDED		

RE
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159.4	165.0
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BALANCE
SHOULD BE
ZERO

0.0

0.0

PROJECTS, DEVELOPMENTS, KEY ACTIONS

"The Director of Finance is authorised to negotiate, settle the terms of, and enter the following agreements/projects:

Project/ development/key action	a/c manager	Link to Corporate/ Directorate Target	Deliverables or outcomes planned for 2008/09	Target dates
Budget / Strategic Finance				
Policy Led Budgeting	Andy Wood	To help achieve 4 in Use of Resources Score under CPA	<ul style="list-style-type: none"> • Deliver MTP 2009-12 and Budget 2009-10. 	May 2008 – March 2009.
Public Sector Spending	Ben Smith	Supports efficiency savings and builds relationships ahead of CAA in 2009.	<ul style="list-style-type: none"> • Prepare data across the Kent public sector working with partners to provide information for the Kent Public Services Board. 	July 2008
Local Area Agreement, Area Based and Performance Reward Grant.	Ben Smith	Kent Agreement 2	<ul style="list-style-type: none"> • Manage the development of the Local Area Agreement including development of monitoring arrangements for receipt and allocation of Area Based Grant and Performance Reward Grant. 	Ongoing through 2008-09.
Capital Accounting on Oracle	Cath Head		<ul style="list-style-type: none"> • Embed process for maintaining and reporting capital budgets, funding and expenditure on Oracle. Link to Property systems to improve monitoring. 	March 2009
IFRS	Cath Head		<ul style="list-style-type: none"> • Gain knowledge and produce project plan for move to IFRS's ready for 	March 2009

			implementation for 2010-11.	
Accounting Manual	Cath Head		<ul style="list-style-type: none"> Finalise Accounting Manual and promote use to Directorates. 	Sept 2008
Review Superannuation Fund investment strategy	Nick Vickers		<ul style="list-style-type: none"> Review asset allocation. Consider new asset classes. Implement new asset allocation and consequent investment manager changes following tender processes. 	Commence April 2008, complete December 2008
Actuarial services tender	Nick Vickers		<ul style="list-style-type: none"> EU tender of actuarial services. 	December 2008.
Participative budgeting	Andy Wood		<ul style="list-style-type: none"> Investigate possible use and report to COG. 	March 2009
Budget Consultation	Ben Smith		<ul style="list-style-type: none"> Review format in line with area based assessment. 	October 2008
Links to performance management and performance indicator processes	Lynda McMullan		<ul style="list-style-type: none"> Ensure proper integration with financial planning and monitoring. 	September 2008
VFM				
Efficiency savings through closer two tier working.	Lynda McMullan	Supports efficiency savings and builds relationships ahead of CAA in 2009.	<ul style="list-style-type: none"> Continue to develop, identify, monitor and report upon unlocking efficiencies KCC and districts have committed to through closer two tier working. 	Ongoing through 2008-09.
Review approach to VFM	Janet Dawson		<ul style="list-style-type: none"> Establish scope for sharing with other counties. 	October 2008
Risk Management				
Review Internal	Janet		<ul style="list-style-type: none"> Review methodology 	Begin

Audit methodology	Dawson		<p>in comparison with best in class and auditee feedback.</p> <ul style="list-style-type: none"> • Revise • Consult with stakeholders on any proposed changes • Ensure appropriate IA team training performed. 	March 2008, with a view to implementing early 2008/09.
Remarket the Council's insurance programme for 2009 onwards	Janet Dawson		<ul style="list-style-type: none"> • Review current arrangements to include scope of cover and spread amongst leading providers 	Complete by December 2008.
Develop role of risk management team	Janet Dawson		<ul style="list-style-type: none"> • Review and revise Council – wide risk management timetable and reporting arrangements. • Consider actions required to embed RM further, measure and report progress. 	Ongoing
Skills development within internal audit	Janet Dawson		<ul style="list-style-type: none"> • Baseline assessment of team skills and development needs, including IT assurance • Development action plan implemented throughout 2008/09 	Begin March 2008, implementation from April
Deliver risk based internal audit plan	Janet Dawson		<ul style="list-style-type: none"> • Delivery of plan with improved monitoring and reporting processes 	March 2009
Business Change				
Oracle – Way Forward	Cath Head		<ul style="list-style-type: none"> • Examine Oracle products to determine way forward. • e.g. Fixed Assets Business Intelligence Release 12 	March 2009

Oracle iProcurement roll-out	Linda Arnold		<ul style="list-style-type: none"> • Roll-out plan developed and implemented • 	Ongoing
Development of use of Purchase Cards	Nick Vickers		<ul style="list-style-type: none"> • Identify areas where p cards can be implemented. 	Ongoing
Implement the new 2008 Local Government Pension Scheme	Pat Luscombe		<ul style="list-style-type: none"> • Communication of scheme to employers and employees. • System software changes complete. • New administering authority directions determined. 	Ongoing
Procurement				
Develop the role of the Strategic Procurement Unit	Nick Vickers		<ul style="list-style-type: none"> • Resourcing Issues resolved. • Input to strategic procurements. 	June 2008 Ongoing
Mini Procurement Strategies	Nick Vickers	T2010 Target 5	<ul style="list-style-type: none"> • Strategies reported to Procurement Board and action plan developed. 	June 2008
Staff Development				
IIP Profile	Greg White		<ul style="list-style-type: none"> • Evaluate performance against the IIP Profile and develop an action plan. 	September 2008
Develop Equality and Diversity Action Planning	CFMT	CED Equality Plan	<ul style="list-style-type: none"> • Adoption of a Corporate Finance (Unit Level) Equalities & Diversity Action Plan by June 2008. • Screening and prioritisation of all Corporate Finance services for equality impact assessment purposes. • Audit of equality and diversity training needs in the Unit and 	Ongoing

			<p>action planning to prioritise and address these.</p> <ul style="list-style-type: none"> • Audit of Corporate Finance communications/ publications to ensure they meet diversity criteria and KCC minimum standards. • Diversity training for staff. 	
AAT Training Programme	Nick Vickers		<ul style="list-style-type: none"> • Identify current AAT training and implement a cross function training scheme. 	December 2008

USER/ RESIDENT INVOLVEMENT PLANNED FOR 2008/09 (update)

Any planned work (it does not need be a surveys) that will give the residents of Kent an opportunity to consider and give its views on issues so that those views can be taken into account before decisions affecting policies or services are taken. This can be a nil return.

Please see the following example

Name	Start date/ End date (dd/mm/yy)	Feedback date (dd/mm/yy)	Target Group	Target area (Kent, Town, district, ward etc	Brief summary	What we want to find out and how we will use the information,(approx 25 – 50 words)	Statutory Yes/No	Consultation type (*see list below table)	Contact name, e-mail & phone No.
Budget Focus Groups	01/07/08 30/09/08	28/02/09	Random Sample of Kent Residents	Kent	Budget consultation with the public, consistent with best practice	Statutory duty to consult taxpayers on budget and council tax levels before setting budget	Yes	Council	Ben Smith 01622 220000 Ben.smith@kent.gov.uk
Budget Exercise with young people	01/10/08 31/10/08	On the day	Invited representation from Youth County Council	Kent	Budget consultation with young people	Discretionary extension to young people of the same, albeit statutory, consultation undertaken with council taxpayers	No	Council	Ben Smith 01622 220000 Ben.smith@kent.gov.uk
Consult with staff side and Trade Union representatives	01/11/08 09/02/09	On the day	Invited representation from all KCC recognised Trade Unions	Kent	Budget consultation with the staff through the Trade Unions and their representatives, consistent with best practice	Statutory duty to consult staff on budget and implications for staffing budgets, staff numbers etc.	Yes	Council	Ben Smith 01622 220000 Ben.smith@kent.gov.uk

Consult with Business Rate Payers	01/01/09 09/02/09	On the day	Invited cross section of business leaders and business representatives	Kent	Budget consultation with business rate payers, consistent with best practice	Statutory duty to consult business rate payers on budget and council tax levels before setting budget	Yes	Council	Ben Smith 01622 220000 Ben.smith@kent.gov.uk
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* Consultation types – Business, Council, Environment, Social, Community, Education, Leisure, Transport

CAPACITY, SKILLS AND DEVELOPMENT PLANNING

There are 3 main areas for development:

- Audit Commission World Class Financial Management – we will evaluate our performance against this document.
- Best of the private sector / international – we will seek to establish contacts with the best in the private sector and internationally to help us develop our services further.
- Staff development – we will continue to give a very high priority to staff development.

EQUALITIES AND DIVERSITY

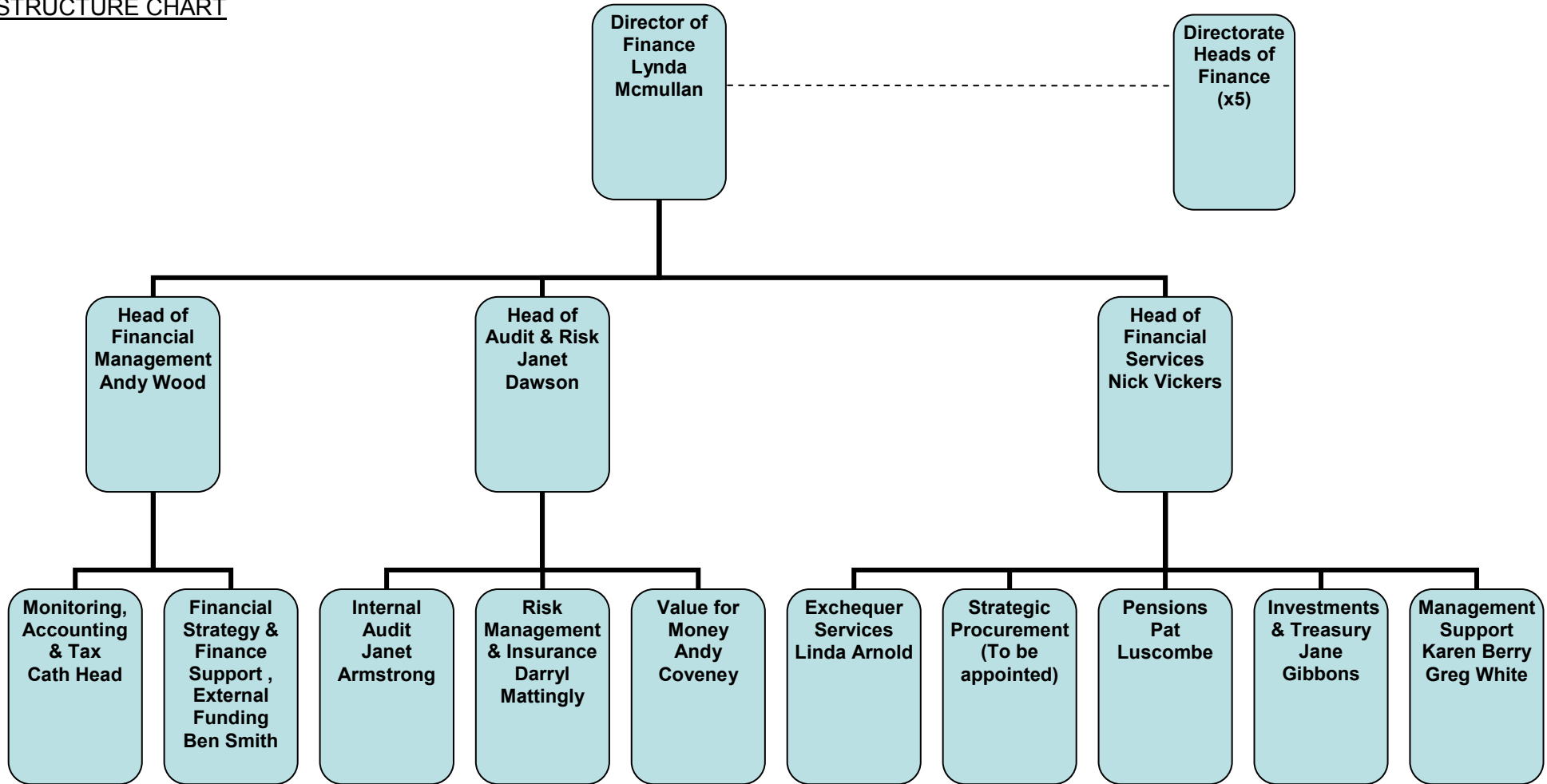
Through our service provision and people management we will promote equality of opportunity for all persons.

By September 2008 we will have undertaken equality impact assessments for all our significant services.

Specific action will also be taken to promote equality and diversity issues in procurement across the Council.

RESOURCES

STRUCTURE CHART



Staffing

	2007/08	2008/09
Pt13 and above or equivalent (FTEs)	11	12
Pt12 and below (FTEs)	148	153
TOTAL	159	165
Of the above total, the estimated FTE which are externally funded	-	-

SECTION 17 CRIME & DISORDER ACT

There are no specific actions which are relevant.

CORPORATE ENVIRONMENTAL PERFORMANCE AND CLIMATE CHANGE ADAPTATION

Business Unit cross-cutting environmental objective	Lead officer	Deliverables / outcomes for 2008/09	Target date
Promote sustainable procurement.	Nick Vickers / John Tunnicliff	<ul style="list-style-type: none"> Action Plan for delivery of procurement targets in the policy statement. 	Ongoing
Improved environmental performance within Corporate Finance	Corporate Finance Management team.	<ul style="list-style-type: none"> Action Plan 	June 2008

Project / development / key action	Evidence of compliance with KCC Environment Policy	Major climate change impacts on service delivery	Adaptive action in 2008/09
Environment Action Plan	<ul style="list-style-type: none"> Double sided photocopies Switching off lights / PC's Green Travel arrangements 	Not relevant	Not relevant

SECTION 3: MONITORING AND REVIEW - HOW DO WE KNOW WE ARE THERE?

Achievement of our core Key Performance Indicators and the Projects / Developments will be monitored through our monthly performance management process.