

**FLINTSHIRE COUNTY COUNCIL**

**REPORT TO:**           **CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE**

**DATE:**                 **THURSDAY, 13 JUNE 2013**

**REPORT BY:**         **HEAD OF FINANCE**

**SUBJECT:**           **FINANCE AS A FLINTSHIRE FUTURES WORKSTREAM**

**1.00   PURPOSE OF REPORT**

1.01   To provide an update on the Finance Workstream within the Flintshire Futures Programme.

**2.00   BACKGROUND**

2.01   The Council has developed the Flintshire Futures Programme as its leading corporate programme for modernising and transforming the organisation and to make best use of its resources and secure efficiencies. Within this programme there are number of workstreams of which Finance is one.

2.02   The report provides information on progress made on the various projects within the Finance workstream. As will be seen within the report, several aspects within this workstream have developed and are being built into the wider organisational change programme which is being scoped to achieve a more ambitious level of efficiencies alongside the Medium Term Financial Plan.

2.03   As part of its ongoing work programme, this Committee has committed to receiving half yearly updates on the Flintshire Futures programme. The previous update on the Finance workstream was provided in October 2012 in a composite report from the Head of ICT and Customer Services. The next update is scheduled for December 2013.

**3.00   CONSIDERATIONS**

3.01   The Finance Workstream encompasses a range of work items which are grouped into the following four areas:

1. Identifying new ways of funding key capital priorities
2. Efficiency and Cost Effectiveness of Internal Process
3. Stretching Existing Finance Programmes
4. Developing a Value for Money (VFM) Strategy

- 3.02 The nature of the items in this workstream is that they are largely of a corporate nature, extending beyond managing the council's finances and / or the work of the Finance Division. Whilst being led by Finance, they do require wide input from across the whole organisation.

### **Identifying New Ways of funding key capital priorities**

- 3.03 The objective of this work is to identify ways in which capital investment can be achieved by the use of new and innovative approaches. This recognises:
- the reduced level of capital funding available to the Council from Welsh Government and other external funding sources both currently and for the foreseeable future, and
  - that the Council requires capital funding to invest in assets and infrastructure to deliver on its priorities.
- 3.04 Initial research has been carried out by officers into what options might be available to fund Council Fund Schemes e.g. Prudential Borrowing, Local Asset Backed Vehicles, joint ventures, leaseback schemes. The research has involved looking at what Councils in Wales and in parts of England have done and the types of capital works or projects that the funding options have been used to finance. A specific piece of work to look at possible ways to fund affordable housing is due to be reported to Cabinet in July.
- 3.05 The Council Fund research work will now feed into the Assets and Capital Programme review which has recently commenced and will inform the development of a capital strategy. The major review, referred to at the setting of the annual budget for 2013-14, is intended to be wide-ranging and governed by a member-officer board. It is planned that the first meeting of the Board in June/July will be recommended to review the whole buildings and land estate against the objectives of maintaining a scale of estate which both meets service needs and is sustainable with reduced resources for maintenance and investment; reducing the specific estate where a modern business model for a given service can operate from less premises; balancing income with cost in competitive environments (e.g. industrial estates) and making reductions in the estate according to market conditions and potential; targeted disposal of estate to achieve forward capital receipt targets. Possible priorities for early review include the civic office, community buildings and industrial unit estate.

## **Efficiency and Cost Effectiveness of Internal Processes**

- 3.06 The objective of this work is to review areas of internal administration with the aim of ensuring that they are as simple and straightforward as possible and keep overhead cost to a minimum so that resources can be directed to front line service delivery.
- 3.07 **Internal Market** – this work is yet to be planned and, in doing so, will need to support future organisational design. The aim is to ensure that internal charging processes between departments (where these are required) are as simple as possible and that the support services cost allocations are more accurate and that there is accountability for costs.
- 3.08 **Finance, Governance and HR Processes** – significant progress has and continues to be made to simplify and automate (where possible) a range of process which have the effect of enabling and supporting change. This assists in the modernisation of the organisation, speeding up the decision making processes, standardisation of approach and reducing administrative costs. These have been achieved through a variety of workstreams e.g.

**Workforce** – the implementation of ITrent has brought in significant changes to the processing of HR and payroll data and the provision of management information for both corporate and individual managers use.

**Procurement** – the introduction of the P2P system across the Council is bringing significant administrative savings as well as reductions in the cost of purchases.

**Council Constitution** – a three year review began in 2012/13 and will look at all aspects of the constitution in a rolling programme. This will provide opportunity to review and streamline governance arrangements

**Financial Procedure Rules and Contract Procedure Rules** – both of these are currently the subject of review and will be coming forward for Member approval in July. The updated sets will reflect the new and modernised ways in which the Council wants to work.

For the future, reporting on these initiatives will be through the specific Flintshire Futures Workstream rather than globally through Finance.

### **Stretching Existing Finance Programmes**

- 3.09 This group of work items builds on review areas which had had earlier phases developed through the Flintshire Futures Programme. Again, the objective is to streamline processes and maximise resources for front line service delivery.

- 3.10 **Invest to Save** – the inclusion of resources to be utilised for invest to save in order to make organisational change happen and realised financial efficiencies is built into the Medium Term Financial Plan.
- 3.11 **Income Maximisation** – the Council has begun to introduce new fees and charges in areas where it did not previously do so and increase fees and charges to be more in line with market rates. This has been the case in the 2012/13 and 2013/14 budgets but has been quite limited. This now needs to be taken forward into a much more business focused approach which is consistent across the Council and encompassed within a Fees and Charges Policy. This is identified within the Improvement Plan which is being published in June.
- 3.12 **Corporate Debt** – significant progress has been made through the adoption by the Council in the last 6 months of the Corporate Debt Policy followed by the Fair Debt policy. These documents set out very clearly the Council's approach to collecting monies which are due and how we will work with those who are experiencing difficulty in paying. Revised policies and procedures are now being rolled out across the Council and we are tackling areas of aged debt to bring outstanding issues to a close.
- 3.13 It has been recognised that the software system currently in use for sundry debt is not suitable for modern day debt management and debt recovery. The procurement options for a new system which will support improved recovery processes and widen the options available to customers to make payment through modern methods are currently being considered. Implementation is likely to be in April 2014.

#### **Developing a Value for Money (VFM) Strategy**

- 3.14 The objective is to develop a strategic programme which will enable the Council to be clear about the relative cost and performance of its range of services. This will allow the Council to make informed choices in support of maintaining investment in Council priorities during a challenging period of reduced resources.
- 3.15 The VFM strategy is being developed as a major change programme in its own right – to replace the current approach to service reviews which has had mixed results, and the annual approach to budget and efficiency reviews, with a challenging review of base budgets and the better alignment of budgets to priorities underpinning the strategy. This strategy will frame our approach to the review of functions, their budgets and their performance, and will support the achievement of efficiency targets to bridge the budget gap over the period of the Medium Term Financial Plan.

**4.00 RECOMMENDATIONS**

4.01 Members are asked to note the report

**5.00 FINANCIAL IMPLICATIONS**

5.01 None arising directly from this report

**6.00 ANTI POVERTY IMPACT**

6.01 None arising directly from this report

**7.00 ENVIRONMENTAL IMPACT**

7.01 None arising directly from this report

**8.00 EQUALITIES IMPACT**

8.01 None arising directly from this report

**9.00 PERSONNEL IMPLICATIONS**

9.01 None arising directly from this report

**10.00 CONSULTATION REQUIRED**

10.01 None arising directly from this report

**11.00 CONSULTATION UNDERTAKEN**

11.01 None

**12.00 APPENDICES**

12.01 None

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985  
BACKGROUND DOCUMENTS**

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