



**FINANCE SERVICE PLAN
2019 - 2022**

CONTENTS

Section	Item	Page
	Introduction	3
1	Inputs	3
1.1	Budgets	3
2	Outputs and Outcomes	4
2.1	Performance management	4
2.2	Projects	6
2.3	Risk Management	7
	Version Control	12

INTRODUCTION

The progress of this service plan will be monitored in the following ways:

- Through regular discussion at departmental management team (DMT) and shared services operations board (SSOB) meetings.
- Performance indicator monitoring by the Council's Management Board on a quarterly basis
- By Committee reports twice a year (at the end of quarters two and four)

Service Plans will be formally updated on an annual basis, taking into account internal and external influences arising from monitoring arrangements throughout the year.

SECTION 1: INPUTS

1.1 Budgets			
	2018/19	2019/20	2020/21
	Latest	Latest	Latest
Total Service Cost	0	0	0

Finance is a shared service with Watford BC. The total service cost is charged on the metrics (TRDC 40/WBC 60) agreed under the lead authority model from April 2014.

[Further financial analysis can be found by using this link](#)

SECTION 2: OUTPUTS AND OUTCOMES

2.1 Performance management

2.1.1 Contribution to the Councils' Strategic Aims and Priorities

<p align="center">Three Rivers District Council</p>	<p align="center"><i>“The district should be a better place for everyone, their neighbourhoods, health, employment and access to services”</i></p>
<p>Better neighbourhoods</p>	<p align="center">We will support and enable the service departments to meet these aims</p>
<p>Healthier Communities</p>	
<p align="center">Watford Borough Council</p>	<p align="center"><i>“To create a bold and progressive future for Watford”</i></p>
<p>Identify ways to manage the borough’s housing needs</p>	<p align="center">We will support and enable the service departments to meet these priorities</p>
<p>Champion smart growth and economic prosperity</p>	
<p>Provide for our vulnerable and disadvantaged communities</p>	
<p>Deliver a digital Watford to empower our community</p>	
<p>Securing our financial future</p>	

2.1.2 Performance indicators

Performance indicators are used to aid the decision making process as well as assess the efficiency and effectiveness of service delivery. The data that we use must be accurate, reliable and timely. To meet these requirements we have adopted the Audit Commission's Standards for Better Data Quality. Further details of the Council's commitment to data quality can be found in the Strategic Plan. Performance of the internal audit service is reported quarterly to the Audit Committee by SIAS.

PI Reference	Description	Frequency	Target 2018/19
FN013	Statutory Returns	Quarterly	Returns completed on time (100%)
FN09 (1) SSF2	Creditor payments paid within 30 days	Monthly	100% (tolerance 5%)
FN08 SSF3a	Treasury Management - Return on Investments - Rate	Monthly	Average Base Rate + 0.12%
FN02 SSF4	System reconciliations -Bank, Cash, Payroll etc.	Monthly	100% - Task Completed
FN03 SSF5	Budget Monitoring - To monitor and challenge service heads in delivering service budgets	Monthly	100% of Availability
FN04 SSF7	Closure of Annual Accounts and approval of Statement of Accounts	Annual	Task Completed

The Head of Finance is responsible for the source data, data entry and checking the data. The purpose of collating this data is to ensure that our service standards are met.

2.2 Projects

Project details		Project timescales		
Project title	Proposed outcome	2019/20	2020/21	2021/22
Fixed Asset Module	To procure an integrated FA module that categorises all the Council's assets including leasing terms and conditions	New System July 2019	All records complete April 2020	
Upgrade of E financials	Up to date integrated Financial Management System	April 2019		
Support for the Councils' commercialisation activity including new investment opportunities.	Projects supported improved financial sustainability.	Ongoing	Ongoing	Ongoing
Review of the Councils Financial Procedure rules	To update the constitution/ develop finance process manuals for key areas.	September 2019		

2.3

Risk Management

Risk ref	Risk owner	Category	Risk description	Comment	Likelihood score (inherent)	Impact score (inherent)	Inherent risk score	Risk controls	Risk control owners	Likelihood score (residual)	Impact score (residual)	Residual risk score	Risk direction	Action plan	Action plan owners
FN01	Head of Finance	Service	Loss of staff/inability to recruit.	The Finance Team relies on having suitably qualified professional staff at all levels in order to maintain the service.	3	3	9	Finance Team currently almost fully staffed with permanent post holders. Effective succession planning. Ensure resilience within teams and functions.	Head of Finance	2	2	4	↓	Recruitment of two apprentice finance officers. Training needs analysis and provision.	Head of Finance/ Section Heads
FN02	Head of Finance	Service	Loss of key systems.	Core council financial activity is dependant upon the availability of financial systems. Loss of accounts payable and income systems are critical for even very short term periods, critically of the loss of the general ledger depends upon the point in the financial year and all loss of data is critical.	3	3	9	Maintain most up to date versions of systems, ensure regular back-ups occur. Ensure systems are fully supported by suppliers.	Head of Finance	2	3	6	↓	Update to latest version of e-Financials.	Financial and Accounting Section Head
FN03	Head of Finance	Service	Loss of accommodation	Inability to provide services due to access to accommodation being prevented.	2	2	4	With increased working from home capability this risk becomes less critical. Ensure business continuity plan kept up to date	Head of Finance	1	1	1	↓	Review Business Continuity Plan	Head of Finance/ Section Heads
FN04	Head of Finance	Service	Loss of resources through mistake, misadministration or fraud.	The council experiences loss of resources as a result of mistake, misadministration or fraud.	2	3	6	Effective financial procedure rules, internal audit review and fraud prevention. Reconciliations carried out.	Head of Finance	2	2	4	→	Review Financial Procedure Rules. Improve effectiveness of reconciliations.	Head of Finance/ Section Heads
FN05	Head of Finance	Service	Progress against Audit recommendations are not implemented.	If Internal Audit recommendations are not implemented, essential controls may be inadequate and improvements will not be made to internal control frameworks.	2	3	6	The implementation of all recommendation is regularly reviewed. High and Medium Priorities are monitored by the Council's Audit Committee with officers held to account.	Head of Finance	1	3	3	→	Audit Committee to monitor the implementation of all high and medium priority recommendations.	Head of Finance/ Audit Committee
FN06	Head of Finance	Service	Failure to produce the Statement of Accounts on time	The draft annual statement of accounts is due by 31 May each year with the audited statements to be published by 31st July. The 31st July deadline was missed for Watford for 2017/18	4	3	12	Early planning to ensure deadline, within the council's control, for draft accounts continues to be met and to allow working with auditors to help them complete audit work on time.	Head of Finance	2	3	6	↑	Early agreement of Audit Plan with auditors, External Auditors to identify audit manager. Regular updates between Head of Finance and Audit Partner and between Section Head and Audit Manager.	Head of Finance/ Financial and Accounting Section Head

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FIN07	Director of Finance	Strategic	The Medium term financial position worsens.	In that the general fund balance falls below the minimum prudent threshold and capital funding is insufficient to meet the capital programme. This appears as item no.8 in the Council's strategic risk register.	3	4	12	Regular budget monitoring reports to committees; Budgetary and Financial Risk Register reviewed and updated as part of the budget monitoring process; Early identification of budgetary pressure when reviewing the medium term financial plan during the budget setting process; Audited Statement of Accounts, including Annual Governance Statement.	Head of Finance	3	3	9	↑	Service Reviews to identify efficiencies and additional income; Drive to increase Business Rate income; Drive to increase commercial income. Medium Term Financial planning.	Heads of Service/Head of Finance	Continuous
FIN08	Director of Finance	Budgetary	Revenue balances insufficient to meet estimate pay award increases	The medium term planning period takes into account increases for the period 2018/19 to 2020/21. If there is a change due to government policy, then every effort would be made to secure extra funding for any increase.	3	3	9	Multi year pay award includes 2019. Maintain reserves to guard against risk. Early identification of new pressures.	Head of Finance	2	3	6	↓	MTFS to review pay pressure beyond 2019.	Head of Finance	Dec-18
FIN09	Director of Finance	Budgetary	Revenue balances insufficient to meet other inflationary increases	Other than contractual agreements, budgets have been cash limited where possible.	2	3	6	Monitor future inflation projections. Actively manage budgets to contain inflation. Maintain reserves .	Service Heads/Head of Finance	2	1	2	↑	MTFS to review inflation assumptions	Head of Finance	Dec-18
FIN10	Director of Finance	Budgetary	Interest rates resulting in significant variations in estimated interest income	The interest rate has a significant impact on the proceeds from capital receipts that are invested in the money market. The volatility of the global economy continues to place uncertainty on the investment strategy. The PIB strategy has diversified investment income to provide a more certain rate of return.	2	3	6	PIB strategy has diversified interest rate risk to provide income security.	PIB/Head of Finance	2	1	2	↑	PIB to identify new income opportunities including financial investments and joint ventures.	PIB	Mar-19
FIN11	Director of Finance	Budgetary	Inaccurate estimates of fees and charges income	See Key Budget Indicators shown in the latest Budget Monitoring report. Green Waste and Parking charges monitored by Management Board at each meeting.	4	2	8	Budget levels realistically set and closely scrutinised	Service Heads/Head of Finance	3	2	6	↑	Fees and Charges to be reviewed as part of budget setting and estimates updated.	Service Heads	Mar-19

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FIN12	Director of Finance	Budgetary	Revenue balances insufficient to meet loss of partial exemption for VAT	If the council's expenditure on functions for which it receives income that is exempt for VAT purposes exceeds 5% of its total vatable expenditure, then the Council may lose its ability to recover VAT on all of its exempt inputs. This is mitigated by close monitoring of exempt supplies and prudent VAT planning. The Council elects to tax on development schemes.	2	4	8	VAT Planning and opt to tax on schemes. VAT advisers employed.	Head of Finance	1	4	4	↑	Maintain vigilance. Continue to opt to tax.	Head of Finance	ongoing
FIN13	Director of Finance	Budgetary	The estimated cost reductions and additional income gains are not achieved	Savings identified and included in the budget will be monitored as part of the budget monitoring process. Property income target of £1m will be achieved once recent acquisitions are completed. See fees and charges above.	3	3	9	Service Heads to take responsibility for achieving savings. Budget monitoring to highlight any issues to allow corrective action to be taken.	Service Heads/Head of Finance	3	2	6	↑	Budget process to clearly identify savings to be achieved and ensure clarity over responsibility over delivery. Savings to be challenged.	Head of Finance	ongoing
FIN14	Director of Finance	Budgetary	The Council is faced with potential litigation and other employment related risks	The Council has no outstanding litigation cases.	2	3	6	Council procedures are adhered to	Solicitor to the Council	1	3	3	↑	Adherence to council procedures to be monitored and proceedings maintained.	Solicitor to the Council	ongoing
FIN15			The amount of government grant is adversely affected	The Council no longer receives RSG - RISK CLOSED												
FIN16			Localising support for council tax	RISK CLOSED												
FIN17	Director of Finance	Budgetary	Right to Buy Receipts & VAT Shelter Receipts	Under the housing stock transfer with Thrive Homes Limited (THL) the Council is entitled to use its share of the proceeds to fund the capital programme. The level of activity on these income streams are outside the Council's control.	3	3	9	Keep under review with Thrive Homes. Receipts from South Oxey increasing resilience. Develop other sources of support.	Head of Finance	2	2	4	↑	Capital programme and MTFS to identify other sources of funding and review level of receipts.	Head of Finance	Mar-19
FIN18	Director of Finance	Budgetary	Fluctuations in Business Rates Retention	The Council is legally obliged to cover the first 7.5% loss on its pre-determined baseline level. From April 2020 the system will be subject to reset and increase to 75% retention.	4	4	16	Membership of the Hertfordshire Pool, currently bidding for pilot status for 75% retention for 2019/20. Maintain reserves against risk.	Head of Finance	3	3	9	↑	Hertfordshire pilot bid to be submitted 23 September 2018. Outcome will be known Dec 2018.	Head of Finance	Dec-19

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FIN19	Head of Property Services	Budgetary	Failure to deliver the South Oxhey Initiative to desired outcomes and objectives	This is a key project. This appears as item no.7 in the Council's strategic risk register. Phase 1 delivered.	3	3	9	Project management team appointed to advise Council; Project management processes in place and reviewed regularly; Policy and Resources Committee receive regular reports on progress of project	Head of Property Services	2	3	6	↑	Continue to manage project	Head of Property	Mar-19
FIN20	Director of Finance	Budgetary	Failure of ICT systems	The Council's integrated Financial Management System (FMS) is held on an ICT platform. If this were to fail then potentially there will be a loss of functionality occurring during any downtime	3	2	6	System migrated to new platform. Downtime can be managed if short term and not at critical points in the financial year.	Head of Finance	2	2	4	↑	Monitor reliability	Head of Finance	ongoing
FIN21	Director of Finance	Budgetary	Property Investment	The Council set up a Property Investment Board in 2017 to manage its property portfolio in order to secure additional income of £1 million to support its general fund. Risk moving forward relates to ongoing income.	2	3	6	Portfolio to be actively managed to maintain income levels. Income to be reviewed regularly when MTFS is updated.	Head of Property Services	1	3	3	↓	PIB to assume responsibility for ongoing oversight.	Head of Property Services	Continuous
FIN22	Director of Finance	Budgetary	Financial Investment	The Council is currently negotiating the provision of two loans to local RSPs. It is likely that the council will need to borrow to fund the loans.	3	3	9	Due diligence to include legal advice on vires and state aid and to ensure security is of sufficient value in relation to the loan.	Head of Finance/Head of Property Services/Solicit or to the Council	2	3	6	new	Loans to be agreed within PIB framework.	Head of Property Services	Continuous
FIN23	Director of Finance	Budgetary	Commercial Investment	The Council is currently exploring other commercial options to improve self sustainability. Currently there is a commercial income target of £1M which has been met.	3	2	6	Oversight mechanisms to be put in place to ensure oversight by PIB or similar mechanism. Council to determine approach to risk and level of income dependency within budget.	Head of Finance	2	2	4	new	Monitor new developments	Head of Property Services	Continuous

Version Control

Version No.	Date	Reason for Update / Significant Changes	Made By
.01	28/09/18	First draft	NP
.02	01/10/18	Second Draft	AS
.03			