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**FINANCE SERVICE PLAN**

**2017 - 2020**

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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** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **2016/17** | **2017/18** | **2018/19** |
|  |  | **Latest** | **Latest** | **Latest** |
|  | Finance | 1,034,060 | 945,230 | 956,390 |
|  | Fraud | 249,420 | 251,370 | 253,360 |
|  | **Total Service Cost** | **1,283,450** | **1,196,600** | **1,209,750** |

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.**SECTION 2: OUTPUTS AND OUTCOMES**

|  |  |
| --- | --- |
| **2.1** | **Performance management** |

**2.1.1 Contribution to the Councils’ Strategic Aims and Objectives**

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| --- | --- |
| **Three Rivers District Council** | ***“The District should remain a prosperous, safe and healthy place where people want and are able, to live and work”*** |
| Safety and Well-being | We will support and enable the service departments to meet these objectives |
| Clean and Green |
| Economic Opportunities |
| Customer Service |
| **Watford Borough Council** | ***“A successful town in which people are proud to live, work, study and visit”*** |
| Making Watford a Better Place to Live | We will support and enable the service departments to meet these objectives |
| To Provide the Strategic Lead for Watford’s Sustainable Economic Growth |
| Promote an Active, Cohesive & Well-Informed Town |
| Operating the Council Efficiently and Effectively |

**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.

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| --- | --- | --- | --- |
| **PI** **Reference** | **Description** | **Frequency** | **Target 2016/17** |
| FN09 (2) SSF1 | % payment made by BACS | Monthly | 95% |
| FN09 (1) SSF2 | Creditor payments paid within 30 days  | Monthly | 100% (tolerance 10%) |
| FN08 SSF3a | Treasury Management - Return on Investments - Rate | Monthly | Average Base Rate + 0.12%  |
| SSF3b | Treasury Management - Return on Investments - Cash | Monthly | Budget |
| FN02SSF4 | System reconciliations i.e. Bank, Cash, CIS, procurement Cards and refunds | Monthly | 100% - Task Completed |
| FN03SSF5 | Provision of Budget Monitoring Reports | Monthly | 100% |
| FN04SSF7 | Closure of Annual Accounts and approval of Statement of Accounts  | Annual | Task Completed |

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| 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. |

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|  **2.2** | **Projects** |

|  |  |
| --- | --- |
| **Project details** | **Project timescales** |
| **Project title** | **Proposed outcome** | **2016/17** | **2017/18** | **2018/19** |
|  |  |  | **-** | **-** |
| Collaborative Planning | To enable the production of Budget Monitoring and other reports which are system generated | June 2017 | **-** | **-** |
|  |  |  | **-** | **-** |
| Investigation into other Investment vehicles | Greater returns through higher yields on interest rates | July 2016 | **-** | **-** |
|  |  |  |  |  |
| Renew Printing & Stationery contract | Retender the Council’s contract for office supplies for start date of February 2018 | August 2016 | Feb 2018 | **-** |
|  |  |  |  |  |
| Review of the Councils Financial Procedure rules | To update the constitution | June 2017 |  |  |

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| **2.3** | **Risk Management**  |

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| **Service Plan: Finance 2016-2019** |
| RiskRef | Risk | Impact | ImpactClassification | LikelihoodClassification | Reason for Assessment |  |  |
| *Brief Description – Title of Risk* | *See Impact Table* | *See Impact Table* | *See Likelihood Table* | *Use this box to describe how the score has been derived* |
| 1 | Insufficient staff | Service Disruption  | I | E | Need to ensure full establishment to maintain quality of service delivery  | Requires Treatment | Yes |
| Financial Loss | II | Last Review Date | 26/01/16 |
| Reputation | III | Next Milestone Date | 05/12/16 |
| Legal Implications | I | Next Review Date | 23/01/17 |
| People | I | Date Closed | -- |
|  |  |
| 2 | Failure of ICT systems | Service Disruption  | II | E | Accounts Payable is a key business function. | Requires Treatment | Yes |
| Financial Loss | I | Last Review Date | 26/01/16 |
| Reputation | III | Next Milestone Date | 05/12/16 |
| Legal Implications | I | Next Review Date | 23/01/17 |
| People | I | Date Closed | -- |
|  |  |
| 3 | Loss of accommodation | Service Disruption  | II | F | Accounts Payable is a key business function. | Requires Treatment | No |
| Financial Loss | I | Last Review Date | 26/01/16 |
| Reputation | III | Next Milestone Date | 05/12/16 |
| Legal Implications | I | Next Review Date | 23/01/17 |
| People | I | Date Closed | -- |
|  |  |
| 4 | Fraudulent Activity | Service Disruption  | III | E | Increased threat of cybercrime. | Requires Treatment | Yes |
| Financial Loss | IV | Last Review Date | 26/01/16 |
| Reputation | IV | Next Milestone Date | 05/12/16 |
| Legal Implications | II | Next Review Date | 23/01/17 |
| People | I | Date Closed | -- |
|  |  |
| 5 | Progress against Audit recommendations is not monitored, they are not implemented and internal controls are therefore weakened | Service Disruption  | I | F | If Internal Audit recommendations are not implemented essential controls will be inadequate and the Council’s governance arrangements will be weakened.  | Requires Treatment | No |
| Financial Loss | III | Last Review Date | 26/01/16 |
| Reputation | III | Next Milestone Date | 05/12/16 |
| Legal Implications | II | Next Review Date | 23/01/17 |
| People | I | Date Closed | -- |
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| --- | --- | --- | --- | --- | --- | --- | --- |
| RiskRef | Risk | Impact | ImpactClassification | LikelihoodClassification | Reason for Assessment |  |  |
| *Brief Description – Title of Risk* | *See Impact Table* | *See Impact Table* | *See Likelihood Table* | *Use this box to describe how the score has been derived* |
| 6 | Failure to produce the Statement of Accounts on time | Service Disruption  | III | E | 2015/16 Accounts for Watford and Three Rivers closed and reported on time.  | Requires Treatment | Yes |
| Financial Loss | I | Last Review Date | 26/01/16 |
| Reputation | IV | Next Milestone Date | 05/12/16 |
| Legal Implications | I | Next Review Date | 23/01/17 |
| People | I | Date Closed | -- |
| 7 | The medium term financial position worsens. In particular that the General Fund balance falls below the minimum prudent threshold and capital funding is insufficient to meet the capital programme | Service Disruption  | IV | D | The current Medium Term Financial Plans has prudent balances for the next 3 years, assuming that savings identified through the Service Review process are achieved. The Council has no requirement to borrow in order to fund the capital programme over the medium term. | Requires Treatment | Yes |
| Financial Loss | III | Last Review Date | 26/01/16 |
| Reputation | III | Next Milestone Date | 05/12/16 |
| Legal Implications | II | Next Review Date | 23/01/17 |
| People | II | Date Closed | -- |
|  |  |
| 8 | Revenue balances insufficient to meet estimated pay award increases | Service Disruption  | I | D | The medium term planning period takes into account increases for the period 2017-2020 | Requires Treatment | No |
| Financial Loss | II | Last Review Date | 26/01/16 |
| Reputation | I | Next Milestone Date | 05/12/16 |
| Legal Implications | I | Next Review Date | 23/01/17 |
| People | I | Date Closed | -- |
|  |  |
| 9 | Revenue balances insufficient to meet other inflationary increases | Service Disruption  | I | D | Other than contractual agreements, budgets have been cash limited where possible.  | Requires Treatment | No |
| Financial Loss | II | Last Review Date | 26/01/16 |
| Reputation | I | Next Milestone Date | 05/12/16 |
| Legal Implications | I | Next Review Date | 23/01/17 |
| People | I | Date Closed | -- |
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| RiskRef | Risk | Impact | ImpactClassification | LikelihoodClassification | Reason for Assessment |  |  |
| *Brief Description – Title of Risk* | *See Impact Table* | *See Impact Table* | *See Likelihood Table* | *Use this box to describe how the score has been derived* |
| 10 | Inaccurate cash flow forecasts or variation in interest rates resulting in significant variations in estimated interest income | Service Disruption  | I | D | The volatility of the global economy places uncertainty on the investment strategy | Requires Treatment | No |
| Financial Loss | II | Last Review Date | 26/01/16 |
| Reputation | I | Next Milestone Date | 05/12/16 |
| Legal Implications | I | Next Review Date | 23/01/17 |
| People | I | Date Closed | -- |
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| 11 | Inaccurate estimates of fees and charges income | Service Disruption  | II | E | See Key Budget Indicators as part of the budget monitoring reports  | Requires Treatment | Yes |
| Financial Loss | V | Last Review Date | 26/01/16 |
| Reputation | I | Next Milestone Date | 05/12/16 |
| Legal Implications | I | Next Review Date | 23/01/17 |
| People | I | Date Closed | -- |
|  |  |
| 12 | Revenue balances insufficient to meet loss of partial exemption for VAT | Service Disruption  | I | E | 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.  | Requires Treatment | No |
| Financial Loss | II | Last Review Date | 26/01/16 |
| Reputation | I | Next Milestone Date | 05/12/16 |
| Legal Implications | I | Next Review Date | 23/01/17 |
| People | I | Date Closed | -- |
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| 13 | The estimated cost reductions and additional income gains are not achieved | Service Disruption  | I | E | Savings identified by the Strategic service review Working Party will be monitored as part of the budget monitoring process | Requires Treatment | Yes |
| Financial Loss | IV | Last Review Date | 26/01/16 |
| Reputation | II | Next Milestone Date | 05/12/16 |
| Legal Implications | I | Next Review Date | 23/01/17 |
| People | I | Date Closed | -- |
|  |  |
| 14 | The Council is faced with potential litigation and other employment related risks | Service Disruption  | I | E | No outstanding litigation cases. | Requires Treatment | Yes |
| Financial Loss | III | Last Review Date | 26/01/16 |
| Reputation | II | Next Milestone Date | 05/12/16 |
| Legal Implications | II | Next Review Date | 23/01/17 |
| People | I | Date Closed | -- |
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| RiskRef | Risk | Impact | ImpactClassification | LikelihoodClassification | Reason for Assessment |  |  |
|  | *Brief Description – Title of Risk* | *See Impact Table* | *See Impact Table* | *See Likelihood Table* | *Use this box to describe how the score has been derived* |  |  |
| 15 | The Council’s government grant is adversely affected | Service Disruption  | I | C | The reduced grant settlement for 2016/17 and further reductions in the medium term have been factored into the MTFP | Requires Treatment | Yes |
| Financial Loss | V | Last Review Date | 26/01/16 |
| Reputation | I | Next Milestone Date | 05/12/16 |
| Legal Implications | I | Next Review Date | 23/01/17 |
| People | I | Date Closed | -- |
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| 16 | Localising support for council tax | Service Disruption  | I | E | The introduction of universal credits is likely to substantially alter the administering of HB & CTB. | Requires Treatment | No |
| Financial Loss | II | Last Review Date | 26/01/16 |
| Reputation | I | Next Milestone Date | 05/12/16 |
| Legal Implications | I | Next Review Date | 23/01/17 |
| People | I | Date Closed | -- |
|  |  |
| 17 | Right to Buy Receipts & VAT Shelter Receipts reduce | Service Disruption  | I | E | Under the housing stock transfer with Thrive Homes Ltd the Council is entitled to use its share of the proceeds to fund the Capital Programme. The  | Requires Treatment | Yes |
| Financial Loss | IV | Last Review Date | 26/01/16 |
| Reputation | I | Next Milestone Date | 05/12/16 |
| Legal Implications | I | Next Review Date | 23/01/17 |
| People | I | Date Closed | -- |
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| 18 | Fluctuations in Business Rates retention | Service Disruption  | I | C | The Council will continue to be part of the Hertfordshire ‘pool’ for 2016/17. The Council is legally obliged to cover the first 7.5% loss on its pre determined baseline level. | Requires Treatment | Yes |
| Financial Loss | IV | Last Review Date | 26/01/16 |
| Reputation | I | Next Milestone Date | 05/12/16 |
| Legal Implications | I | Next Review Date | 23/01/17 |
| People | I | Date Closed | -- |
|  |  |  |
| 19 | Failure to deliver the South Oxhey Initiative to desired outcomes and objectives | Service Disruption  | I | D | This is a key project and appears as item No. 7 in the Council’s strategic risk register. | Requires Treatment | Yes |
| Financial Loss | IV | Last Review Date | 26/01/16 |
| Reputation | I | Next Milestone Date | 05/12/16 |
| Legal Implications | I | Next Review Date | 23/01/17 |
| People | I | Date Closed | -- |

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| **Likelihood** | A |  |  |  |  |  | Impact | Likelihood |
| B |  |  |  |  |  | V = Catastrophic | A = ≥98% |
| C |  |  |  | 18 | 15 | IV = Critical | B = 75% - 97% |
| D |  | 8,9,10 | 7 | 1,19 |  | III = Significant | C = 50% - 74% |
| E |  | 12,16 | 1, 2, 14 | 4, 6, 13,17 | 11 | II = Marginal | D = 25% - 49% |
| F |  |  | 3, 5 |  |  | I = Negligible | E = 3% - 24% |
|  | I | II | III | IV | V |  | F = ≤2% |
| **Impact** |  |  |

**Version Control**

|  |  |  |  |
| --- | --- | --- | --- |
| Version No. | Date | Reason for Update / Significant Changes | Made By |
| .01 | 17/10/16 | First draft | BW |
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