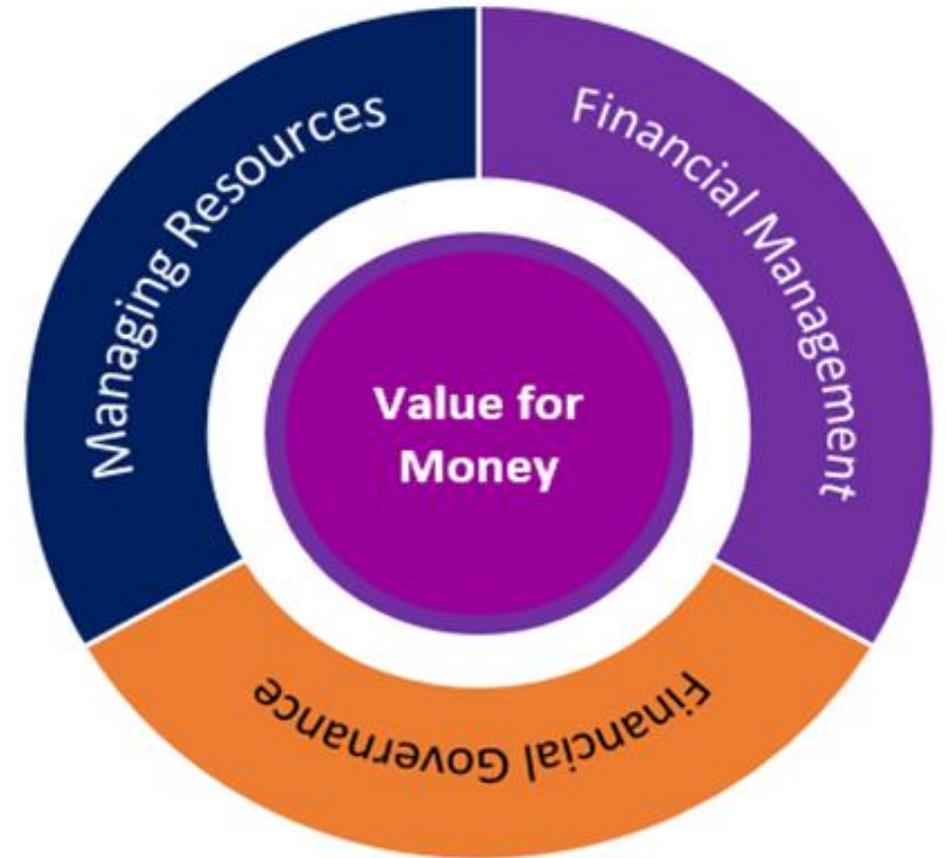


# Financial Management Improvement Plan 2017



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Northamptonshire County Council  
November 2017

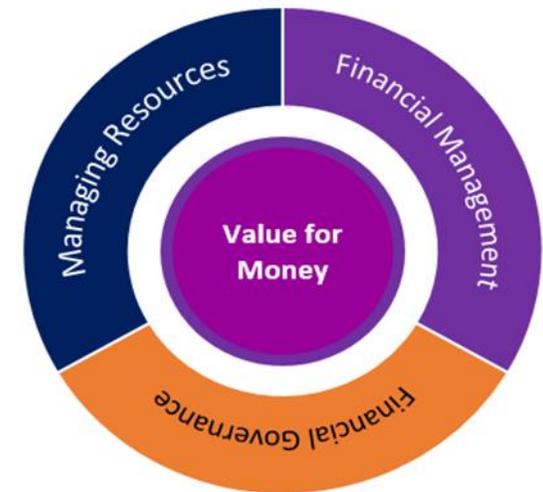


# Introduction

Northamptonshire County Council commissioned the LGA to conduct a Peer Review of its financial position in September 2017. The operating conditions for the council are challenging and the council took the opportunity to draw on available experience from within the sector. The Peer Review Team explore several areas of the Council's financial management processes. The main focus areas being:

1. **Financial leadership:** Does the authority have plans for its long-term financial sustainability which are owned by its councillors and officer leaders?
2. **Financial strategy, planning and forecasting:** Does the authority understand its short and long-term financial prospects?
3. **Decision-making:** Are key decisions taken in the understanding of the financial implications, risks and options?
4. **Financial outcomes:** Are financial results (including those of the Council's capital investments and transformation projects) monitored and acted upon so as to realise the authority's intentions?

The [report](#) that was produced by the LGA highlighted a number of areas where improvements could be made. This action plan is the County Council's response to the recommendations. It is owned by the Management Team and demonstrates that the will be used to help the authority to strengthen its arrangements for delivering value for money. This action plan is to be implemented before the end of the current financial year 2017/18 and progress will be monitored by the Corporate Leadership Team.



# 1. Financial leadership

Action Ref.	Improvement theme	Improvement Action	Action Task(s)	Action Task Owner	Intended outcome
1.1	<b>Financial Governance</b>	<b>Strengthening political involvement in shaping the council's budget.</b>	<ul style="list-style-type: none"> <li>Review of the arrangements for incorporating political leadership in shaping the council's budget.</li> <li>Review pre-approval process for key decisions and major projects involving cabinet members.</li> <li>Review role and information requirements of Finance and Scrutiny committees for financial and performance related challenge.</li> </ul>	<p>CEO</p> <p>Strategic Leadership Team</p> <p>Overview and Scrutiny Committee Chair</p>	Joint ownership of the council's financial position across political and managerial leadership.
1.2	<b>Managing Resources</b>	<b>Ensuring that all tiers of the organisation understand the current and future financial position of the council.</b>	<ul style="list-style-type: none"> <li>Incorporate budget messaging and planning requirements into staff communications plan.</li> <li>Establish leadership network for Assistant Directors and Heads of Service.</li> <li>Review budget and programme/project delivery reporting arrangements at NCC Group and Directorate level.</li> </ul>	<p>Finance &amp; Comms</p> <p>Learning &amp; Development</p> <p>Finance</p>	Cabinet and the management team can to demonstrate consistently a collective commitment to addressing the Council's serious financial position.
1.3	<b>Managing Resources</b>	<b>Developing an targeted engagement plan for government departments and stakeholders.</b>	<ul style="list-style-type: none"> <li>Establish strategic financial and operational key messages for stakeholders.</li> <li>Establish key contacts and develop briefing materials for relevant stakeholders.</li> </ul>	<p>Management Team</p> <p>Communications</p>	To ensure they are aware of challenges and solutions an to identify short term solutions until it can achieve financial balance in the medium and longer term.



# 1. Financial leadership

Action Ref.	Improvement theme	Improvement Action	Action Task(s)	Action Task Owner	Intended outcome
1.4	Financial Governance	Creating an effective budget proposal and transformation review process for approval of major projects.	<ul style="list-style-type: none"> <li>Develop monitoring and reporting arrangements for compliance with Project Management and related Financial Planning Statements of Required Practices.</li> <li>Review terms of reference for budget scrutiny and consider formal process for projects suitable for being brought forward within future MTFP years via scrutiny committees.</li> </ul>	<p>Business Intelligence</p> <p>Democratic Services</p>	Allows members to understand in sufficient detail the implications of the decisions being made.
1.5	Managing Resources	Review of financial training and competency of staff and members.	<ul style="list-style-type: none"> <li>Continued delivery of the 2017/18 financial training programme for Members and accountable officers.</li> </ul>	Learning and Development with Finance	Building knowledge and understanding of financial information across the organisation.
1.6	Financial Governance	Addressing external audit recommendations made to NCC.	<ul style="list-style-type: none"> <li>Implementation of external audit report and advisory audit report recommendations undertaken by KPMG in 2016/17.</li> <li>To conduct a review against the implemented actions for the 2017/18 delivery programme.</li> </ul>	Internal Audit	Ensuring improvement recommendations are built into council financial and delivery processes.
1.7	Financial Governance	Strengthening collective ownership of solutions to the 2017/18 budget.	<ul style="list-style-type: none"> <li>Implementation of 2018/19 Star Chamber Programme and to include a review of the 2017/18 delivery programme.</li> <li>Consider creating cross-party working group for budget planning.</li> </ul>	Corporate Leadership Team	Allows members to be more involved in budget process.



# 2. Financial strategy, planning and forecasting

Action Ref.	Improvement theme	Improvement Action	Action Task(s)	Action Task Owner	Intended outcome
2.1	<b>Financial Governance</b>	<b>Coherent corporate plans for the council covering strategic objectives, finance and resources.</b>	<ul style="list-style-type: none"> <li>• Prepare a new Council Plan for 2018/19 .</li> <li>• Prepare a new Medium Term Financial Plan.</li> <li>• Prepare new business plans for directorates with revised elements showing forward plan for delivery.</li> <li>• Preparing resource plans as part of each business case.</li> </ul>	Business Intelligence Finance Management Team Directors	Financial strategy to deliver a sustainable position for the Council. Allows members to understand in sufficient detail the implications of the decisions being made. Ensures timing and quantum of efficiencies is clear and modelled accurately.
2.2	<b>Managing resources</b>	<b>Ensuring there is a clear strategy and plan for use of finance linked to the strategic priorities of the council.</b>	<ul style="list-style-type: none"> <li>• Consider producing a commercial strategy for NCC.</li> <li>• Undertake stress test review of the Borrowing Strategy within the NCC Treasury Management Strategy.</li> <li>• Review of Capital Programme with focus on benefits realisation and re-prioritisation.(See 1.7 above).</li> </ul>	Commercial Director Finance Finance	Measurable goals for market shaping, investment portfolio and income. Ensuring council borrowing is sustainable and affordable. Ensuring capital programme has strong return on investment. Ensuring deliverable revenue budget.
2.3	<b>Financial Management</b>	<b>Deliverable plan for a balanced budget for 2018/19.</b>	<ul style="list-style-type: none"> <li>• Stress testing of all budget proposals and major projects by scrutiny committees or working groups</li> <li>• Establishing scenarios for incorporating within budget planning and MTFP process.(See 1.7 above).</li> </ul>	Scrutiny Finance	Ensuring all budget proposals and major projects have realistic and achievable financial benefits.



# 2. Financial strategy, planning and forecasting

Action Ref.	Improvement theme	Improvement Action	Action Task(s)	Action Task Owner	Intended outcome
2.4	Financial Management	Ensuring there are adequate processes for budget planning for the short and long term	<ul style="list-style-type: none"> <li>Re-establish in year budget delivery task/finish group.</li> <li>In-year star chamber process to review short term budget options at regular intervals.</li> <li>Leadership Forum to be initiated for budget planning across 1<sup>st</sup> and 2<sup>nd</sup> tiers of management.</li> </ul>	<p>Finance</p> <p>Finance</p> <p>Finance</p>	Sufficient capacity to manage in year budget control as well as longer term financial and service planning.
2.5	Managing Resources	Rebasing of revenue budget.	<ul style="list-style-type: none"> <li>Continue the full zero-based budgeting exercise over 2018/19 to set full rebased budget for 2019/20.</li> </ul>	Directorates (BI&PM Finance Support)	Future savings targets are realistic and fully assessed against duties and impact on effectiveness.
2.6	Financial Management	Ensuring that budget holders comply with financial procedures and other related processes.	<ul style="list-style-type: none"> <li>Commission internal audit to undertake compliance testing of standing orders, financial procedures and annual governance statement.</li> <li>Design performance framework with appropriate metrics for key financial processes e.g. budget returns and tolerances for budget variance.</li> </ul>	<p>Internal Audit</p> <p>BI&amp;PM</p>	<p>Standing orders and required protocols are assured to high degree of confidence.</p> <p>Developing a strong culture of financial responsibility and accountability.</p>
2.7	Managing Resources	Review of major controllable income streams.	<ul style="list-style-type: none"> <li>Review the council tax base and estimates for growth.</li> <li>Review the business rates and estimates for growth.</li> </ul>	<p>Finance</p> <p>Finance</p>	<p>Accuracy in future modelling of income.</p> <p>Maximisation of income through funding tax base.</p>



# 2. Financial strategy, planning and forecasting

Action Ref.	Improvement theme	Improvement Action	Action Task(s)	Action Task Owner	Intended outcome
2.8	Managing Resources	Review of key commissioning strategies	<ul style="list-style-type: none"><li>Develop corporate commissioning strategy to enhance and remodel the care market.</li></ul>	Commercial Director	Ensuring a long term approach to commissioning of key services and to stimulate local markets.
2.9	Managing Resources	Review the Capital programme	<ul style="list-style-type: none"><li>Review of capital programme and reprioritising against new council plan priorities.</li></ul>	Management Team	Ensuring investment and improvement is directed to areas with of most benefit.



# 3. Decision-making

Action Ref.	Improvement theme	Improvement Action	Action Task(s)	Action Task Owner	Intended outcome
3.1	Managing Resources	Clear and robust framework for challenging delivery of savings.	<ul style="list-style-type: none"> <li>Complete star chamber process 2017/18 including in year performance challenge.</li> <li>Establish in year budget delivery task/finish group.</li> <li>Develop and deploy minimum standards for business cases for budget proposals.</li> <li>Internal audit and external audit work programmes reviewed for focus on improvement and efficiency.</li> </ul>	<p>Corporate Leadership Team</p> <p>Management Team BI&amp;PM</p> <p>Management Team with Audit and Governance Committee</p>	Budget delivery and transformation is prioritised and approved against finance and outcome orientated business cases.
3.2	Financial Governance	Ensuring decision and actions from all governance boards are captured, shared and auditable.	<ul style="list-style-type: none"> <li>Ensuring that all governance boards are reviewed and minuted.</li> <li>Establishing process to share actions and key decisions with internal audit for monitoring.</li> <li>Review channels for cascade of critical information. E.g. top tier management communications and tasking.</li> </ul>	Management Team	Full tracking of decisions to build accountability within the organisation.
3.3	Managing Resources	Ensuring non-accountants are able to use and interpret financial information	<ul style="list-style-type: none"> <li>Review training programme for non-financial staff.</li> <li>Review key management reports for opportunities to simplify and present via business intelligence solutions.</li> </ul>	<p>Learning &amp; Development</p> <p>Finance BI&amp;PM</p>	Financial information is presented clearly and transparently.



# 4. Financial outcomes

Action Ref.	Improvement theme	Improvement Action	Action Task(s)	Action Task Owner	Intended outcome
4.1	<b>Financial Governance</b>	<b>Strengthening governance and reliability of benefits realisation for major projects.</b>	<ul style="list-style-type: none"> <li>Continue corporate change board with oversight for major projects e.g. investment or benefits &gt;£500k.</li> <li>Continue PMO Development Plan to capture approval of all major projects and co-ordinate project delivery and reporting against progress and financial benefits.</li> <li>Ensure robust project document templates with minimum standards that are used and adopted consistently.</li> <li>Appointment of Cabinet Member portfolio for Commercial Projects</li> </ul>	<p>Management Team</p> <p>BI&amp;PM</p> <p>BI&amp;PM</p> <p>Leader</p>	<p>The cost and benefits of budget proposals are fully articulated and approved, supported by fully developed business cases for each strands of the transformation programme.</p> <p>Enables refocusing of all available resources on realising savings and return on investment.</p> <p>Ensures sufficient capacity to deliver major projects.</p>
4.2	<b>Financial Management</b>	<b>Ensure that all staff comply with proper financial and other processes.</b>	<ul style="list-style-type: none"> <li>Annual Statements of Required Practice reviews conducted and amendments approved by Management Team.</li> <li>Regular monitoring of financial management KPIs e.g. budget returns, approvals and budget variance.</li> </ul>	<p>Management Team</p> <p>Finance</p>	<p>Compliance functions are effective with the Council placing more value on them and using them as an effective tool for improvement and assurance.</p>
4.3	<b>Financial Management</b>	<b>Improving monitoring of the savings programme and effective Member engagement</b>	<ul style="list-style-type: none"> <li>Develop delivery confidence and assurance framework for savings programme with clear and sufficient robust methodology for requirements and risk ratings.</li> <li>Establish metrics and reporting at board level for corporate programmes and council's savings programme.</li> <li>Performance Board to include Members to ensure rigorous challenge of the delivery programme.</li> </ul>	<p>BI&amp;PM</p> <p>BI&amp;PM</p> <p>Management Team</p>	<p>Increasing confidence in future plans and benefits realisation.</p>



# 4. Financial outcomes

Action Ref.	Improvement theme	Improvement Action	Action Task(s)	Action Task Owner	Intended outcome
4.4	Managing Resources	Revenue maximisation	<ul style="list-style-type: none"> <li>Develop action plan for improved council tax collection rates.</li> <li>Review discretionary discounts for business rates.</li> </ul>	Finance with Northants Finance Officers	Ensuring base income targets are continually stretched and maximised.
4.5	Managing Resources	Increasing procurement driven savings and efficiencies	<ul style="list-style-type: none"> <li>Review off-contract purchases – value and reasons.</li> <li>Negotiate contract extensions where appropriate for improved value for money.</li> <li>Review all future procurements for joint procurement opportunities with other bodies.</li> <li>Review the use of dynamic purchasing and the timely use of block purchasing.</li> </ul>	Procurement Procurement Procurement Procurement	Reducing spot purchase expenditure to ensure maximum value for money in commissioned services and provision.
4.6	Managing Resources	Increasing property and asset driven savings and efficiencies	<ul style="list-style-type: none"> <li>Produce options paper for leveraging value from One Angel Square</li> </ul>	Property	Ensuring revenue budget impact is minimised and commercial value is maximised.

