

Finance Services Strategy

2011-14

OUR MISSION

To deliver excellent, customer focused
and cost effective housing services
to all our residents



Please feel free to get in touch with us if:

- You feel this document is not as clear and easy to read as you would expect; or
- You believe that we aren't doing the things that this document says we will do; or
- You just want to talk to someone about this document

Whatever the reason, if you want to talk to us about this document you should contact:

Head of Finance on Freephone 0800 195 5552

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Introduction

- 1.1** Within SHP a range of services are provided that support the delivery of direct services to the tenants and leaseholders of Sutton Council.
- 1.2** The Finance Services team are responsible for delivering services relating to financial control, purchase & sales ledgers, budget setting, financial information and rent setting & collection. This strategy identifies the medium term approach to the delivery of these services.
- 1.3** An annual satisfaction survey of internal customers is used to gather feedback on performance and to inform future improvements.
- 1.4** Feedback from residents is gathered during the annual budget consultation process. This informs budget setting based on expressed resident priorities. There are also more targeted consultations on specific elements of SHP expenditure e.g. Freephone numbers, publication costs.
- 1.5** There are complementary support strategies for Communications, HR and ICT. Together with the strategies for the direct services and the strategic drivers, our strategies provide the focus for achieving our Priorities.

Where Are We Now?

- 2.1** The current state of the service is reflected in the following:
 - The Finance team consists of two distinct but supportive teams; Resident

Charges and Accountancy. The major stakeholders are the Board and management, auditors, budget holders, suppliers, Government Departments (mostly DCLG & HMRC) and tenant customers;

- A survey of internal customers indicates high levels of satisfaction with performance (100% - December 2010);
- Finance leads on the strategic drivers of Value for Money and Risk Management;
- A full rent accounting service is provided to over 6,500 HRA tenancies, maintaining accounts, dealing with payment issues and issuing Tenancy Details Notifications (TDN's) and statements;
- A rent accounting service is also provided for 39 non-HRA dwellings;
- A leaseholder charging service is provided to approximately 1,400 leaseholders and Section 16 freeholders, maintaining accounts, dealing with Estimated and Actual service charge billing and creating invoices for the recovery of major works costs;
- Annual rent and service charges are calculated in accordance with Government guidelines where appropriate and applied to tenant's and leaseholder's accounts;
- Overall management of HRA income and debtors balances is maintained through regular reconciliation of account balances to financial records;

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- Data is submitted annually to the National Fraud Initiative (NFI) supporting the Government's drive to reduce Benefit Fraud;
 - Individual charges for Water and Contents Insurance are calculated and applied to appropriate tenant's accounts;
 - Housemark benchmark data indicates that the finance costs per direct employee for 2009/10 were £3,100, placing us in the third quartile amongst organisations with similar stock levels;
 - Restructuring of the Finance Team in 2010 will result in reducing costs;
 - The Accountancy team is responsible for all financial records of SHP and for maintaining the HRA on behalf of the Council, including the tenants' heating account;
 - With the exception of the HRA Business Plan, developed by LBS, financial planning to date has traditionally been on a year-to-year basis following an April to March financial year in line with procedures carried over from the Council at incorporation. However, a process is in place to move to a 3-year, rolling financial plan utilising BRIXX modelling software;
 - Finance work to facilitate service teams in maximising inward investment opportunities;
 - Financial control is exercised through adherence to SHP's Financial and Procurement Regulations. Approval of purchase orders and invoices are subject to control structures within the Agresso and Northgate systems, while all manual input to the General Ledger is controlled by Finance and subject to a 'four-eyes' principle of scrutiny. Only select managers are allowed to sign BACS release forms or cheques;
 - An internal audit service is purchased from LBS, and this team will also scrutinise the HRA as part of the Council's managed audit;
 - External audit is purchased from Baker Tilly under a three year contract which was re-negotiated in 2009 and is being extended annually;
 - All budget holders are provided with a monthly report of expenditure against budget;
 - The management accountant meets at least monthly with all budget holders to discuss variances;
 - A full pack of financial information is provided to EMT and the Board on a monthly basis. This includes a report on the HRA, a statement of income & expenditure and a statement of capital (MRA) expenditure. Additionally, on a quarterly basis, a balance sheet and a cash-flow forecast are also supplied. Commentary on value for money is included with each report;
 - The reports on the HRA and MRA are provided to the Council in accordance with their reporting schedule;
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- Completion of, and adherence to, the requirements of NII 79 Efficiency Reporting;
 - All utility bills, including those for tenants heating charges and estate lighting are monitored.

Where Do We Want To Be?

3.1 We want to see a service where robust financial planning, management and control support the long term sustainability of the organisation because there is:

- The highest levels of financial information to stakeholders in a timely and efficient manner using a range of communication channels;
- Improved use of electronic invoicing and payment methods;
- Improved involvement of customers in determining our budgetary priorities;
- Improved customer awareness and involvement in costs and budgetary issues via reports and communication with the Resident Associations and other Resident Involvement groups;
- The ability to easily invoice users of our services, with adequate debt monitoring arrangements in place;
- Improved understanding of the fixed and variable costs of the organisation;
- Full participation in Housemark's enhanced benchmarking service including overhead benchmarking;
- To be minimising the costs of the service.

Our Strategic Objectives

4.1 In order to achieve our desired service level we have prioritised a number of strategic objectives and identified the scope of each objective across the service. These strategic objectives are:

- **To provide robust medium term financial planning to ensure ongoing viability [FS01]**
Covering planning, HRA
- **To generate appropriate surpluses for reinvestment in customers' priorities [FS02]**
Covering budgeting, financial management
- **To ensure the highest levels of financial control and probity [FS03]**
Covering financial regulations, controls
- **To provide accurate and timely financial information to stakeholders [FS04]**
Covering rents, service charges, revenues, expenditures, financial reports

4.2 To measure our progress in meeting these objectives we will use quantitative and qualitative indicators including:

- Financial plans, budgets and accounts produced and on time;
- Internal and external audit reports;
- Sending out of accurate and timely rent change letters, tenancy details notifications (TDNs) and leaseholder invoices;
- Production of accurate and timely budget reports;
- Staff satisfaction with finance services.

Our Drivers

5.1 In delivering finance services we will seek to embed the organisation's strategic drivers:

- In supporting staff to provide the best possible services to their **customers**: we will set budgets that reflect customer priorities and involve customers in the setting of these budgets. We will provide customers with timely and accurate rent and service charge information and will seek to increase their access to this information (e.g. through the internet).
- In ensuring the service is appropriate for the **diversity** of customers we will assess the impact of the procedures within the service and take action to address any diversity issues that arise.
- We will seek to minimise the **risks** of ineffective financial management and controls through the effective use of financial regulations and budget management.
- We take account of **sustainability** issues by working to minimise office waste particularly through recycling. Developments such as online rent statements will enable us to reduce the use of paper. In addition, we will assist in the efficient use of energy through close monitoring of invoices and consumption.
- In pursuing opportunities for **value for money** in service delivery we will make use of benchmarking and identify best practice in reviewing costs of

service delivery with managers in relation to both staff and non-staff costs.

Issues To Consider

6.1 The issues which may impact on the delivery of finance services that we are currently aware of are:

- Our reliance on third party applications (e.g. Agresso, Payroll, Cash-Receipting) can affect our ability to process or report on transactions;
- The current economic climate may affect our ability to attract any additional funding or inward investment;
- The single-year approach by Government used in setting rent and housing subsidy allowances can create difficulties in generating an accurate three year financial plan;
- Increased capital expenditure on the Decent Homes programme will impact on our ability to report;
- Changes to the HRA subsidy system and funding mechanisms may affect the levels of the SHP management fee and currently affect our ability to develop an accurate 3-year financial plan;
- Changes to regulatory requirements (tax, accounting standards etc) may lead to a temporary impact on our ability to provide information.
- Poorly developed and implement modules within the Housing Management System can reduce our

ability to process or report on resident charges and balances.

- Problems following the implementation of the Agresso Update could affect our ability to reconcile balances or provide budget monitoring.

Expected Impact

7.1 We expect, through the successful implementation of this strategy, to have the following impact:

- **Customers** will be receiving information that is up to date and accurate and they will be able to access this information through a variety of media appropriate to their needs. Effective financial planning and budgetary control helps to ensure that customers are receiving the best services possible with the resources available.
- **SHP** will have financial processes that enable effective planning, control and management and help minimise the ineffective or wasteful use of resources.

- **Suppliers** will benefit from timely and efficient payment of creditors.

Resources Required





8.1 To successfully deliver this strategy we will require the appropriate level of resources, the implications of which are:

- Additional accounting staff may be required to support the control and management of Decent Homes expenditure;
- New accounting systems may need to be implemented to facilitate the effective invoicing and debt management of sundry debts.





Strategy Delivery

9.1 The actions required to implement this strategy in its second year are contained in the appended Finance Services Service Plan 2011-12.













Service Plan Key





























Reference	Service Improvement Plan reference	Summary of action	Responsible Officer	Start date	End date	Evidence of action having been completed
		Expected impact on customer focus (access, care or involvement)				Expected impact on risk
		Expected impact on equality & diversity				Expected impact on value for money









Improvement Actions

FS.IA.II.01	SIP11.02	Build an SHP medium term business plan	SL	Jul-11	Dec-11	3-year plan & BRIXX model to support it
		Customers will see the benefits of improved value for money and more efficient services				Reduces the risk that individual services and the organisation as a whole will not remain viable in the medium term
		Services will be delivered to provide the best value for money to all diversity strands				Additional sources of income will be identified and existing services will be provided more efficiently

Operational Actions

FS.OA.01	Develop programme of future VFM reviews	SL	Jan-12	Feb-12	Program agreed with MPG and EMT and incorporated in to 2012/13 SIP
		Beyond maintaining current performance levels, there will be the following impact on the driver(s) indicated (✓): Helping to embed VFM across the organisation			
	 ✓				
FS.OA.02	Implement the Bank Auto-Reconciliation module	AR	Aug-11	Nov-11	Bank Rec's generated through the Auto-Rec process
	 ✓	Beyond maintaining current performance levels, there will be the following impact on the driver(s) indicated (✓): B/F from 2010/11 as Agresso Upgrade not completed. Reduces risk of manual error and improves efficiency of officer time			
					
FS.OA.03	Implement an interface between Northgate & Agresso for posting of Rent Module outputs	SL	Aug-11	Dec-11	Manual journals replaced by automated interface
	 ✓	Beyond maintaining current performance levels, there will be the following impact on the driver(s) indicated (✓): B/F from 2010/11 as Agresso Upgrade not completed. Reduces risk of manual error and improves efficiency of officer time			
					

FS.OA.04	Contribute to the sourcing and implementation of a new Payroll System	AR	Apr-11	Dec-11	Full involvement in implementation team
		Beyond maintaining current performance levels, there will be the following impact on the driver(s) indicated (✓):			
	 ✓	Ensures a system that is fit for purpose and value for money			
FS.OA.05	Develop a range of improved procedures covering Finance Team functions	AR	Apr-11	Mar-12	At least one new / revised procedure per team member prepared and filed
	 ✓	Beyond maintaining current performance levels, there will be the following impact on the driver(s) indicated (✓):			
		Written and tested procedures enhance our ability to ensure cover is available across the department during times of staff absence and improves training of new staff			
FS.OA.06	Develop a range of educational resources for other staff	AR	Apr-11	Mar-12	At least one educational resource delivered per team member. Monitored through 1-2-1
 ✓		Beyond maintaining current performance levels, there will be the following impact on the driver(s) indicated (✓):			
		Delivery of finance related information to other staff will improve understanding of issues affecting SHP across the organisation			
FS.OA.07	Update and improve the Rent & Leaseholder pages on the Internet	SL	Jul-11	Sep-11	Revised pages published
 ✓		Beyond maintaining current performance levels, there will be the following impact on the driver(s) indicated (✓):			
		Ensures customers have easy access to up to date and easily understandable information. Can help minimise customer confusion and calls to Customer Care.			
FS.OA.08	Review of the Northgate Leasehold Module from Accounting principles	JS	Apr-11	Dec-11	Understanding of how the module works and recommendations for improvements
		Beyond maintaining current performance levels, there will be the following impact on the driver(s) indicated (✓):			
	 ✓	Ensures the module is fit for purpose and value for money			
FS.OA.09	Review system methodology for the generation of 2012/13 Leaseholder Estimates	JS	Aug-11	Nov-11	Methodology agreed and implemented
 ✓		Beyond maintaining current performance levels, there will be the following impact on the driver(s) indicated (✓):			
		Helps in providing leaseholders with the most appropriate estimates			
FS.OA.10	Review methodology of calculating the bulk refuse charge to ensure equity across developments	JS	May-11	Nov-11	Equitable charges calculated and implemented for 2012 Estimates
 ✓		Beyond maintaining current performance levels, there will be the following impact on the driver(s) indicated (✓):			
		Residents benefit from equitable charges			

FS.OA.11	Review Leasehold Management Fee calculation methodology	AR	May-11	Nov-11	Equitable charges calculated and implemented for 2012 Estimates
 ✓		Beyond maintaining current performance levels, there will be the following impact on the driver(s) indicated (✓): Helps in providing leaseholders with the most appropriate charges			
					
FS.OA.12	Ensure all Major Works Actual invoices are billed within 6 weeks of final account being agreed	AR	Apr-11	Sep-11	Revised procedure agreed and being followed.
 ✓		Beyond maintaining current performance levels, there will be the following impact on the driver(s) indicated (✓): Provides more timely information to leaseholders			
					





Putting Customers First
Making Services Accessible To All
Achieving Value For Money
Providing Quality Homes
Creating Safe, Welcoming Neighbourhoods
