



**FINANCE SERVICE PLAN
2018 - 2021**

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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			
	2018/19 Latest £	2019/20 Latest £	2020/21 Latest £
Total Service Cost	536,020	548,680	562,860

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	2018/19	2019/20	2020/21
Collaborative Planning	To enable the production of Budget Monitoring and other reports which are system generated	March 2018		
Upgrade of E financials	Up to date integrated Financial Management System	March 2018		
Investigation into other Investment opportunities	Greater returns through higher yields on interest rates	Ongoing		
Review of the Councils Financial Procedure rules	To update the constitution	March 2018		

2.3

Risk Management

RISK REGISTER


Service Plan: Finance 2018-21							
Risk Ref	Risk <i>Brief Description – Title of Risk</i>	Impact <i>See Impact Table</i>	Impact Classification <i>See Impact Table</i>	Likelihood Classification <i>See Likelihood Table</i>	Reason for Assessment <i>Use this box to describe how the score has been derived</i>		
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	23/01/17
		Reputation	III			Next Milestone Date	11/12/17
		Legal Implications	I			Next Review Date	29/01/18
		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	23/01/17
		Reputation	III			Next Milestone Date	11/12/17
		Legal Implications	I			Next Review Date	29/01/18
		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	23/01/17
		Reputation	III			Next Milestone Date	11/12/17
		Legal Implications	I			Next Review Date	29/01/18
		People	I			Date Closed	--
4	Fraudulent Activity	Service Disruption	III	E	Increased threat of cybercrime.	Requires Treatment	Yes
		Financial Loss	IV			Last Review Date	23/01/17
		Reputation	IV			Next Milestone Date	11/12/17
		Legal Implications	II			Next Review Date	29/01/18
		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	23/01/17
		Reputation	III			Next Milestone Date	11/12/17
		Legal Implications	II			Next Review Date	29/01/18
		People	I			Date Closed	--

Risk Ref	Risk	Impact	Impact Classification	Likelihood Classification	Reason for Assessment		
	<i>Brief Description – Title of Risk</i>	<i>See Impact Table</i>	<i>See Impact Table</i>	<i>See Likelihood Table</i>	<i>Use this box to describe how the score has been derived</i>		
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	23/01/17
		Reputation	IV			Next Milestone Date	11/12/17
		Legal Implications	I			Next Review Date	29/01/18
		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 the additional income identified is achieved. The Council has made no provision to borrow funds for the capital programme. This is subject to the development of the SOI and the retender of the Leisure Management Contract.	Requires Treatment	Yes
		Financial Loss	III			Last Review Date	23/01/17
		Reputation	III			Next Milestone Date	11/12/17
		Legal Implications	II			Next Review Date	29/01/18
		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	III			Last Review Date	23/01/17
		Reputation	I			Next Milestone Date	11/12/17
		Legal Implications	I			Next Review Date	29/01/18
		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	23/01/17
		Reputation	I			Next Milestone Date	11/12/17
		Legal Implications	I			Next Review Date	29/01/18
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10	Variation in interest rates resulting in significant variations in estimated interest income	Service Disruption	I	C	The volatility of the global economy places uncertainty on the investment strategy	Requires Treatment	No
		Financial Loss	III			Last Review Date	23/01/17
		Reputation	I			Next Milestone Date	11/12/17
		Legal Implications	I			Next Review Date	29/01/18
		People	I			Date Closed	--
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	23/01/17
		Reputation	I			Next Milestone Date	11/12/17
		Legal Implications	I			Next Review Date	29/01/18
		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 exempt income exceeds 5% of total vatable expenditure, then the Council may lose its ability to recover VAT on all of its exempt inputs.	Requires Treatment	No
		Financial Loss	III			Last Review Date	23/01/17
		Reputation	I			Next Milestone Date	11/12/17
		Legal Implications	I			Next Review Date	29/01/18
		People	I			Date Closed	--
13	The estimated cost reductions and additional income gains are not achieved	Service Disruption	I	E	Savings identified will be monitored as part of the budget monitoring process	Requires Treatment	Yes
		Financial Loss	IV			Last Review Date	23/01/17
		Reputation	II			Next Milestone Date	11/12/17
		Legal Implications	I			Next Review Date	29/01/18
		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	23/01/17
		Reputation	II			Next Milestone Date	11/12/17
		Legal Implications	II			Next Review Date	29/01/18
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15	The Council's government grant is adversely affected	Service Disruption	I	E	The grant settlement for 2017/18 and provisional settlements for 2018/19 and 2019/20 have been factored into the MTFP. The Council decided to accept the Government's offer of a four year settlement at the Policy & Resources Committee on 6 October 2016.	Requires Treatment	Yes
		Financial Loss	II			Last Review Date	23/01/17
		Reputation	I			Next Milestone Date	11/12/17
		Legal Implications	I			Next Review Date	29/01/18
		People	I			Date Closed	--
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	23/01/17
		Reputation	I			Next Milestone Date	11/12/17
		Legal Implications	I			Next Review Date	29/01/18
		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	23/01/17
		Reputation	I			Next Milestone Date	11/12/17
		Legal Implications	I			Next Review Date	29/01/18
		People	I			Date Closed	--
18	Fluctuations in Business Rates retention	Service Disruption	I	C	The Council is legally obliged to cover the first 7.5% loss on its baseline level.	Requires Treatment	Yes
		Financial Loss	IV			Last Review Date	23/01/17
		Reputation	I			Next Milestone Date	11/12/17
		Legal Implications	I			Next Review Date	29/01/18
		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	23/01/17
		Reputation	I			Next Milestone Date	11/12/17
		Legal Implications	I			Next Review Date	29/01/18
		People	I			Date Closed	--

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20	Failure of ICT systems	Service Disruption	I	E	The Council's 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.	Requires Treatment	Yes
		Financial Loss	III			Last Review Date	23/01/17
		Reputation	I			Next Milestone Date	11/12/17
		Legal Implications	I			Next Review Date	29/01/18
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Likelihood	A					
	B					
	C			10	18	
	D		9	7,8	19	
	E	2,6	1,15,16	12,14,20	4,13,17	11
	F	3		5		
			I	II	III	IV
Impact 						

Impact

V = Catastrophic

IV = Critical

III = Significant

II = Marginal

I = Negligible

Likelihood

A = ≥98%

B = 75% - 97%

C = 50% - 74%

D = 25% - 49%

E = 3% - 24%

F = ≤2%

Version Control

Version No.	Date	Reason for Update / Significant Changes	Made By
.01	12/10/17	First draft	NP
.02	28/02/2018	Final Service Plan	GG
.03			