

Action Plan

Annex 1

	Item	Background	Action
1.	To deliver, either directly or through others, good quality and efficient services; assisted by a finance culture where continuous improvement and the search for more efficient, effective and economical ways of working are pursued throughout the organisation.	Test Valley Borough Council's culture needs to ensure that efficiency, effectiveness and economy are at the heart of service provision. These issues need to be driven from the top of the organisation. When incurring expenditure all staff need to be as vigilant (if not more so) as they are when incurring expenditure in their domestic lives, and this needs to be evaluated when reviewing performance.	<ul style="list-style-type: none"> Require officers to prepare budgets and service plans which demonstrate new and continuing savings on the cost of existing services each year. <p>Savings are to be found on the basis of the following priority :-</p> <ul style="list-style-type: none"> (a) Make efficiency savings; (b) Secure external income for specific projects or initiatives; (c) Reduce or cease delivering lower priority services; (d) Increase charges. <ul style="list-style-type: none"> Continue a programme of Corporate Challenge and Service/Function Reviews and provide appropriate training throughout the organisation to support the culture of efficiency. Ensure relevant staff and managers are provided with enhanced financial training through management development initiatives. Focus upon the opportunities for partnerships and external funding to support revenue, and capital programmes.
2.	To make demonstrable progress in moving financial resources to the Council's highest priorities as set out in the corporate plan.	In a period of constant financial pressures the Council has a good record of making savings.	<ul style="list-style-type: none"> Review the Council's Corporate Plan each year prior to the initial consideration of the Budget Strategy in July. Review the allocation of resources between priority services and those identified by the Council as being its non-priorities.
3.	To prepare and implement strategies on capital and external funding that support the Council's aspirations in the corporate plan.	The Council must take an integrated view of capital and revenue spending, since capital expenditure impacts through financing and revenue costs of projects upon the revenue budget.	<ul style="list-style-type: none"> Target available capital funding towards high priority initiatives identified in the Council's Corporate Plan. Develop a strategy on external funding and the possible use of public/private partnerships, in future years, to support the aspirations in the Corporate Plan. Review the Asset Management Plan at least annually to identify opportunities for creating capital resources from the disposal of surplus and under-performing assets. Review the implications of the Prudential Code for Capital

			Finance in relation to the framework for Capital investment and investigate opportunities for affordable prudential borrowing.
4.	To prepare financial projections (budget forecast) for at least three years ahead which show how the Council intends to balance its budget.	The preparation of financial projections is well-established within the authority.	<ul style="list-style-type: none"> • Agree a preliminary budget forecast in July each year which shows a clear outline of how a balanced budget at an acceptable Council Tax level is expected to be achieved over a three year period. • Review the Asset Management Plan to establish whether there are further opportunities for revenue generation. • Ensure that the revenue costs of capital schemes are fully evaluated through good project management and appraisals without optimism bias. • On a yearly basis, evaluate whether any borrowing should be undertaken to fund capital schemes, taking into account the impact of borrowing on the desired level of Council Tax.
5.	To agree a policy as part of the consideration of the Budget Strategy to constrain Council Tax increases to a reasonable level, in line with any Government Guidelines.	Whilst consideration needs to be given each year to the detail of budget requirements this framework is intended to give some strategic direction to the setting of Council Tax levels. It needs to be recognised that the level of increases each year has a long term effect on the Council's ability to deliver services	<ul style="list-style-type: none"> • Review the Council Tax strategy in detail every July at the start of the budget process and consider the long term implications on levels of service. • Consult public and stakeholder groups on the priority of services on a regular basis.
6.	To manage a budget process which allows adequate time for, and takes account of, consultation with the public, business community, councillors and staff.	The Council's budget processes have been evolving in recent years. The budget process should include adequate external consultation with the public and strategic partners.	<ul style="list-style-type: none"> • Agree a budget timetable each year in accordance with the Council's Strategic Planning Framework (corporate clockwork), which allows for adequate consultation to take place.
7.	To maintain balances and reserves that provide the Council with the ability to react to contingencies, provide for future known liabilities and to take advantage of opportunities that arise.	The Council's balances and reserves fall into four categories:- (a) General Fund Balance: the Council's strategy is to maintain a minimum balance of £2m over the medium term. This is deemed to be the minimum prudent level having taken into account such factors as:-	<ul style="list-style-type: none"> • Continue to maintain a General Fund balance of a minimum balance of £2m, without the need to budget for increases of balances (i.e. any required increases should normally be met from out-turn savings). • Review earmarked reserves at least annually.

		<ul style="list-style-type: none"> • the size of authority • the volatility of income and expenditure streams • the overall accuracy of budgets • the quality of financial management, systems, processes and information • the risks faced by the authority (e.g. extreme weather conditions or legal action brought against the Authority regarding damages) • the financial risks inherent in significant partnerships. <p>(b) Reserves and Provisions to meet the cost of liabilities not covered by insurance (i.e. where the Council bears risks, e.g. through policy excesses, instead of arranging insurance).</p> <p>(c) Capital Reserves specifically to meet future capital expenditure.</p> <p>(d) Reserves for earmarked for specific purposes.</p>	
8.	To maintain a charging structure that aims to recover full cost, provides value for money and makes adequate provision for social factors.	All fees and charges are reviewed annually, but more can be done to link these to the cost of service provision and ensure that costs are fully recovered.	<ul style="list-style-type: none"> • Review all charges and potential new sources of charges income annually against the following principles: <ul style="list-style-type: none"> • Services should raise income wherever there is a power or duty to do so. • The income raised should cover the full costs of providing the service, including all overheads and cost of capital where capital is involved. • Any departures from these general principles must be fully justified in a transparent manner with reference to the Council's priorities and policies. • Review any further opportunities for introducing charges for discretionary services
9.	To employ strong, well-respected and timely budgetary control.	The Council prepares budgetary monitoring reports for Members each quarter and budgetary control has been continuously improving. Financial	<ul style="list-style-type: none"> • Prepare regular Member budgetary monitoring reports based upon the latest approved Budget. • Review budgetary monitoring reports monthly at Service

		<p>regulations permit the use of virement, to assist managers in delivering the purposes of the budget. The Council's budget already includes a staff vacancy allowance amounting to 4% of staffing budgets.</p>	<p>meetings and at each Performance Board meeting to inform the quarterly reporting to Cabinet.</p> <ul style="list-style-type: none"> • Ensure an appropriate relationship between budget holders and accountancy staff within the service structures and provide training where necessary. • Review the provisions for staff vacancy and out-turn variations each year in May/June. • Focus on financial capability in management training and appraisal. • Thoroughly investigate reasons for underspent budgets at the end of the year to identify any areas of overprovision. • Continue to challenge budget assumptions through the Corporate Challenge process.
10.	To provide clear and user-friendly financial management information.	<p>The Financial Management Information system was replaced in April 2010. This system, although adequate for accounting purposes, is now nine years old and investment in its development has been poor. It is also complex for the end user to extract the management information they need, and may now not be the best solution for the Council.</p>	<ul style="list-style-type: none"> • Ensure that managers and budget holders receive adequate refresher training so that they are aware of and can use the financial reporting system to its full potential and have access to the financial information they want. • Continue work in 2020 on investigating a potential replacement Financial Management Information System either alone or in partnership with other authorities.
11.	To implement sound, modern, imaginative financial systems and procedures.	<p>The Council's Financial Regulations and Contract Standing Orders were reviewed in 2018.</p>	<ul style="list-style-type: none"> • Review the Council's financial regulations and contract standing orders to ensure that they remain fit for purpose. • Work to improve the Council's procurement procedures and to achieve savings through better procurement. • Pay all suppliers within 10 working days. • Set and monitor against targets for the efficient collection of Council Tax, Business Rates and other debts.

			<ul style="list-style-type: none"> • Continue with an approach to Treasury Management based on a cautious approach to risk in relation to the approved Treasury Management Policy and Strategy. • Develop risk based approaches to all aspects of the Council's systems, controls and procedures.
12.	To implement a scheme for Council Tax Support and ensure it is carefully monitored to assess the impact on clients and the finances of the Council.	Council Tax Benefit was replaced by a local scheme of Council Tax Support from 1/4/13.	<ul style="list-style-type: none"> • Ensure that the Council approves a Local Council Tax Support Scheme by January each year for implementation in April. • Ensure that the Council Tax software remains fit for purpose. • Continue to develop monitoring arrangements to assess the impact of the scheme on clients and report regularly on the budgetary impact of the changes in collection rates and bad debts.
13.	To monitor and control income from Business Rates.	<p>The Local Government Finance Act introduced significant change to the local government finance system including a Business Rate Retention Scheme.</p> <p>A new Valuation list for non-domestic properties took effect from April 2017.</p> <p>Further changes are expected in 2021/22 following the outcome of the Government's Fair Funding Review.</p>	<ul style="list-style-type: none"> • Continue to monitor the impact of localisation of Business Rates e.g. ensuring prompt action to identify and bring into the Rating List new properties; anticipating reductions and increases in Rateable Value and correct and prompt billing, collection and recovery. • Liaise with the Valuation Office Agency to ensure local firms are having their properties valued correctly and paying the right amount of tax. • Report monthly on Business Rate income, adjustments, write offs, revaluations etc. Carry out projections of net income levels to the year end and forecast levels of income for future years, to ensure that the Council anticipates and plans for major fluctuations in this important income stream.
14.	To adopt an entrepreneurial approach to develop investment opportunities to generate additional income for the Council so that it can become more financially self-sufficient.	The Council can expect continuing reductions in Government support over the next three years and needs to deliver sustainable replacement income streams.	<ul style="list-style-type: none"> • The Enterprise and Innovation Board and project team will continue to facilitate property investment and acquisition and the development and management of housing projects in accordance with the Council's approved Investment Strategy.