

<b>COUNTY COUNCIL LOCAL COMMITTEE FOR ALLERDALE</b>	<b>Paper No.  11</b>
<b>Meeting date: 30<sup>th</sup> June 2010</b>	
<b>From: THE CORPORATE DIRECTOR – RESOURCES</b>	

## **SERVICE LEVEL AGREEMENT FOR ACCOUNTANCY SUPPORT**

### **1.0 EXECUTIVE SUMMARY**

- 1.1 *This report seeks to renew the Service Level Agreement between Allerdale Local Committee and the Resources Directorate for the provision of Accountancy Services to the Local Committee.*

### **2.0 STRATEGIC PLANNING AND EQUALITY IMPLICATIONS**

- 2.1 *The proposed SLA concerns the provision of accountancy support to the Local Committee, complying with Corporate Accounting Requirements. The charge to the General Provisions Budget for the service will be £6,180, which represents no increase for 2010-11.*

### **3.0 RECOMMENDATION**

*The Local Committee is asked to:*

- 3.1 *To agree the proposed Service Level Agreement with Finance – Resources Directorate for the provision of accountancy support for the 2010-11 financial year at a cost of £6,180;*
- 3.2 *Agree that funding for the proposed SLA should come from the General Provisions budget.*

### **4.0 BACKGROUND**

- 4.1 Further to the paper received by Local Committee at its meeting of 8 April 2010, information was requested on a number of matters around the proposed SLA. These are addressed in Appendix 1 to this report.
- 4.2 Accountancy support for Local Committees is provided by the Finance Director – Resources Director through a Service Level Agreement with each Local Committee.

- 4.3 The key objectives of the accountancy support are two-fold:
- (i) To ensure compliance with Corporate Standing Orders and Financial Regulations;
  - (ii) To support the Local Committee's decision making process by ensuring proper recording and reporting of the financial implications of decisions.
- 4.4 This Local Committee purchased the following Accountancy Services for 2009-10 at a cost of £6,180:
- Compliance with Corporate Accounting Requirements;
  - Scrutiny of Committee Papers;
  - Financial Reporting (including Committee Attendance when requested).
- 4.4 The total cost of the service for 2010-11 is proposed at £6,180; represent no increase on the charge for 2009-10.

### **LEVELS OF SERVICES**

#### 4.5 Compliance with Corporate Accounting Requirements

This service covers the core accounting functions, and is necessary to ensure all Local Committee transactions are recorded correctly in the Council's accounting ledger.

The Directorate is required to report upon Local Committee finances regularly, to comply with Financial Regulations, and to consolidate the accounts for all six Local Committees to enable the completion of the Authority's Annual Accounts and statutory returns.

The following services are included:

- Maintenance of the Authority's coding, accounting and budget systems, to ensure information held therein is accurate and complete;
- Error reporting and correction;
- Compilation of monthly Corporate Budget Monitoring statements and answering queries thereon;
- Statutory reporting where this involves additional work because of the format the Authority has chosen for decision making purposes;
- Liaison with the Resources Directorate and Internal/External Audit;
- Production and analysis of Provisional and Final Outturn details for Corporate Finance, Cabinet Budget Sub-Group and County Council.

This service includes those procedures that are essential for the effective control of the accounts relating to Local Committees and the Director of Resources considers this to be the minimum requirement.

### **Scrutiny of Committee Papers**

- 4.6 This service involves the scrutiny of Committee reports that have financial implications to ensure they comply with Standing Orders and Financial Regulations. Reports are checked to ensure that:
- They contain full and accurate financial implications;
  - The figures and assumptions contained in reports are accurate;

- Proposed actions comply with Financial Regulations;
- Budgetary control reports submitted by managing departments are scrutinised on behalf of the Local Committee which has formal responsibility for managing the budget.

### **Financial Reporting and Committee Support**

4.7 A variety of reports are prepared to assist the Committee to manage its budget. These services include:

- Supporting the Local Committee process by preparing financial reports, translating activities and decisions into costs, and facilitating the budget monitoring process;
- Production of budget monitoring reports for the Local Committee meetings;
- Production of ad hoc reports as requested on items with significant financial implications;
- Provision of Provisional Outturn and Financial Outturn reports;
- Production of budget setting reports;
- Attendance at Local Committee meetings and Chairman's Briefing meetings and other meetings as requested by/agreed with Members and the Area Support Manager and Area Engineer;
- Reports for Sub-Groups as required.

## **5.0 OPTIONS**

5.1 The Local Committee may decide to support or not support the report recommendations.

## **6.0 RESOURCE AND VALUE FOR MONEY IMPLICATIONS**

6.1 The report commits £6,180 of the Local Committee's General Provision allocation to support the provision Accountancy Support to the Local Committee.

## **7.0 LEGAL IMPLICATIONS**

7.1 The recommendations in this report do not contain any legal implications, however, Local Committee could take decisions that could have future legal implications

## **8.0 CONCLUSIONS**

8.1 The Local Committee is asked to approve the Accountancy Support SLA for the 2010-11 financial year at a charge of £6,180 against the General Provisions Budget.

**Phil Healy**  
**Finance Manager**  
 25<sup>th</sup> March 2010

## **APPENDICES**

**Appendix 1                      Briefing note on principle of Finance SLA**

## **IMPLICATIONS**

Staffing: Finance Staff  
Financial: As detailed in the report  
Electoral Division(s): All Allerdale

Executive Decision	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Key Decision	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If a Key Decision, is the proposal published in the current Forward Plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is the decision exempt from call-in on grounds of urgency?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If exempt from call-in, has the agreement of the Chair of the relevant Overview and Scrutiny Committee been sought or obtained?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has this matter been considered by Overview and Scrutiny? If so, give details below.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has an environmental or sustainability impact assessment been undertaken?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has an equality impact assessment been undertaken?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

***N.B. If an executive decision is made, then a decision cannot be implemented until the expiry of the eighth working day after the date of the meeting – unless the decision is urgent and exempt from call-in and the Head of Member Services and Scrutiny has obtained the necessary approvals.***

## **PREVIOUS RELEVANT COUNCIL OR EXECUTIVE DECISIONS** ***[including Local Committees]***

***No previous relevant decisions***

## **CONSIDERATION BY OVERVIEW AND SCRUTINY**

***Not considered by Overview and Scrutiny***

## **BACKGROUND PAPERS**

***No Background paper to this paper***

Contact: Debra Taylor  
Senior Accounting Technician - Resources  
Tel No. 01228 226575  
E-mail address: [debra.anne.taylor@cumbriacc.gov.uk](mailto:debra.anne.taylor@cumbriacc.gov.uk)

## **Briefing Note on Finance SLA for Allerdale Local Committee**

At its meeting of 8 April 2010 Allerdale Local Committee considered a report by the Corporate Director – Resources which sought to renew the Service Level Agreement (SLA) between Allerdale Local Committee and the Resources Directorate for the provision of Accountancy Services to the Local Committee.

Members considered that there were some elements of the SLA that required amendment such as whether attendance by an Accountant at Committee for presentation of the information was essential. During the discussion, the broader issue of whether the Local Committee should be funding an accountancy service from its budget was raised and some members questioned the reasoning behind the Local Committee paying for a centralised service. It was therefore

**RESOLVED,** *that a decision regarding the proposed Service Level Agreement with Finance – Resources Directorate for the provision of accountancy support for the 2010-11 be deferred and a further report, addressing the issues raised in the discussion, be submitted to the next meeting.*

Members were asking for the background to the policy on why they are being charged for certain centralised services, such as accountancy, governor appointments etc when they are not charged for other centralised services. On further discussion it was identified that Members were querying whether they need the current level of support of an accountant attending each meeting and whether this could be reduced but without putting themselves ‘at risk’ in terms of receiving correct guidance.

### **History of the Accountancy SLA**

There has been an annual SLA for Local Committees Accountancy Support for over ten years. It originally dates from when the cost of Accountancy Support across the Authority was recovered from users by the Design and Business Services Unit (DBS). At that time DBS was operating as a Trading Unit and Departments were allocated budget to cover the costs. This included Local Committees. The budget allocated to Local Committees has in respect of these Accountancy Services remained in their base; any move to cancel the current charging arrangement would require an equivalent budget adjustment to counter the loss of “income” in Finance.

Not all corporate departments operated as trading units with Local Committees. The specific arrangement in respect of Accountancy was at a time when the service was part of DBS, and when Local Committees were being encouraged to review the level of service they required.

DBS was ultimately externalised and much of its work was subsumed into the CAPITA contract. Accountancy Services however, remained with the Authority and became a formal part of the Finance function. Most departmental budgets were recovered from Departments, but some were retained by the users of the service. Local Committee budgets were not reduced and the principle of an annual SLA has been retained.

## **Current Arrangements**

The current SLA sets out the basic principles of service provision. These have been split into three main areas;

- Compliance with Corporate Accounting requirements
- Scrutiny of Committee papers
- Financial reporting and Committee support

In 2010-11 each Local Committee is being asked to contribute £6,180 from its General Provision budget to the cost of the service. Thus a total £37,080 is recovered from the six Local Committees. The current actual cost of providing the service is significantly higher than the costs recovered, which are based on the original historical value. Over the years as the range of activities covered by Local Committees has increased the associated workload has also increased. The additional cost has been absorbed into the overall Finance budget.

The most visible aspect of the service is the attendance at meetings, however, in reality this is the least costly. Most of the work in respect of Local Committees is in respect of compliance, scrutiny, and financial reporting.

Accountancy attendance at meetings has not been seen as absolutely necessary. The SLA recognises this in that attendance is at request. Attendance is minimised in discussion with the Area Support Manager, and has generally been limited to full Committee meetings and the occasional briefing. In general most issues can be covered within the reports which receive financial scrutiny. However, they have been occasions when issues have emerged unpredictably at meetings and required clear financial advice. It would be fair to say that the risk associated with non-attendance is relatively low. Reducing attendance would not significantly alter costs.

## **Future arrangements**

The Finance Unit is currently is currently undergoing a significant review and restructure of it operations. Part of this review is looking at the support arrangements for Local Committees going forward. This will cover not only the support arrangements required for Local Committee meetings but the resource required to support the service effectively. As part of this review it may be that the current budgetary arrangements are changed.

Whatever future arrangements are agreed, the nature of the support is common across all Local Committees and accordingly it would be sensible to apply the same support principles across all Local Committees, reflecting the corporate nature of much of the work. It may be that Local Committees would express there operational preferences through the Leadership and Chairs group.

Any changes to the financial arrangements would likely need to be neutral across the Authority. Therefore at present it appears unlikely that the Local Committee benefit financially from a service variation.

Until these new arrangements are finalised it is therefore advised that the current arrangements as set out are retained for 2010-11.