

Contents

INTRODUCTION	1
OVERVIEW OF THE GUIDE	1
USING THIS GUIDE	2
THE CIPFA ACCOUNTANCY BENCHMARKING CLUB	3
THE ACCOUNTANCY FUNCTION	5
THE ROLE OF THE ACCOUNTANCY FUNCTION.....	5
THE SCOPE OF THE ACCOUNTANCY FUNCTION AND THE MAIN ACTIVITIES THAT IT UNDERTAKES	6
RECENT TRENDS IN THE STRUCTURE OF THE ACCOUNTANCY FUNCTION	8
THE COST OF THE ACCOUNTANCY FUNCTION	11
THE OVERALL COST OF THE ACCOUNTANCY FUNCTION	11
THE COST OF THE ACCOUNTANCY FUNCTION BY ACTIVITY	15
THE COST OF THE ACCOUNTANCY FUNCTION BY COST TYPE	17
THE COST OF THE ACCOUNTANCY FUNCTION BY SERVICE	19
THE STAFFING OF THE ACCOUNTANCY FUNCTION	23
STAFF NUMBERS WITHIN THE ACCOUNTANCY FUNCTION.....	23
STAFF COSTS PER MEMBER OF STAFF.....	26
STAFF NUMBERS PER PAY BAND.....	27
STAFF QUALIFICATIONS	29
STAFF SICKNESS ABSENCE	32
STAFF TURNOVER	34
THE QUALITY OF THE ACCOUNTANCY FUNCTION	35
SPEED OF REPORTING	35
FORMAT OF REPORTING	38
BUDGETING AND FORECASTING	39
SUBMISSION OF STATUTORY RETURNS	42
APPROVAL AND SIGN-OFF OF FINANCIAL ACCOUNTS	43
LOOKING TO THE FUTURE	45
KEY CHALLENGES FACING THE ACCOUNTANCY FUNCTION.....	45
HOW ORGANISATIONS ARE SEEKING TO ADDRESS THESE CHALLENGES.....	46
HOW TO JOIN THE BENCHMARKING CLUB	49
ABOUT CIPFA BENCHMARKING.....	49
WHO CAN JOIN THE BENCHMARKING CLUBS?.....	49
WHAT MEMBERS NEED TO DO	49
HOW TO JOIN.....	50
CONTACT DETAILS	50

Introduction

As the drive to cut costs continues, local authorities are taking difficult decisions about what gets funded and what does not. Never before has a skilled and experienced finance team played such a critical role in determining the organisation's future.

But with all services coming under intense scrutiny, it is vital that the accountancy function has its own house in order, too. It needs to be cost effective, high quality and responsive to the needs of its users. And it needs to be able to demonstrate that this is the case. Can yours?

In this short guide, CIPFA lifts the lid on its successful accountancy benchmarking club and provides valuable insight into the current state of local government accountancy services across the United Kingdom.

OVERVIEW OF THE GUIDE

We start by looking at **the accountancy function** itself. We explore what it does, how it is organised and how its role and structure vary across local authorities. We also consider trends and recent developments in how local authorities provide accountancy and finance services.

We then get into the detail of the benchmarking data. We look first at **the cost of the accountancy function**, including the costs of the different activities that it undertakes and how much it costs to support different services.

We consider **how the accountancy function is staffed**. This includes the number of staff working in the accountancy function and what they are paid. We also look at their levels of qualification and how staff turnover compares across different local authorities.

We look at **the quality of service** that the accountancy function provides. We consider how local authorities report final performance and how long it takes them to produce routine reports. We also look at how successful they are at budgeting and forecasting.

We conclude by **looking to the future** of the accountancy function. We consider the key themes that are impacting its work. We explore the issues and challenges that local authority accountants are facing. And we ask how they are addressing them.

In most organisations, accountancy forms part of a broader finance function. This guide focuses specifically on the accountancy element of the finance function, the role and activities of which are defined in the next section. The role of the finance function in its entirety is discussed in detail in other CIPFA publications, notably the 2012 discussion paper *Emerging Stronger: Shaping the Finance Function to Meet New and Future Challenges*.

USING THIS GUIDE

The aim of this guide is to provide readers with insight into the performance of local government accountancy functions, drawing on the quantitative and qualitative data submitted by members of the benchmarking club.

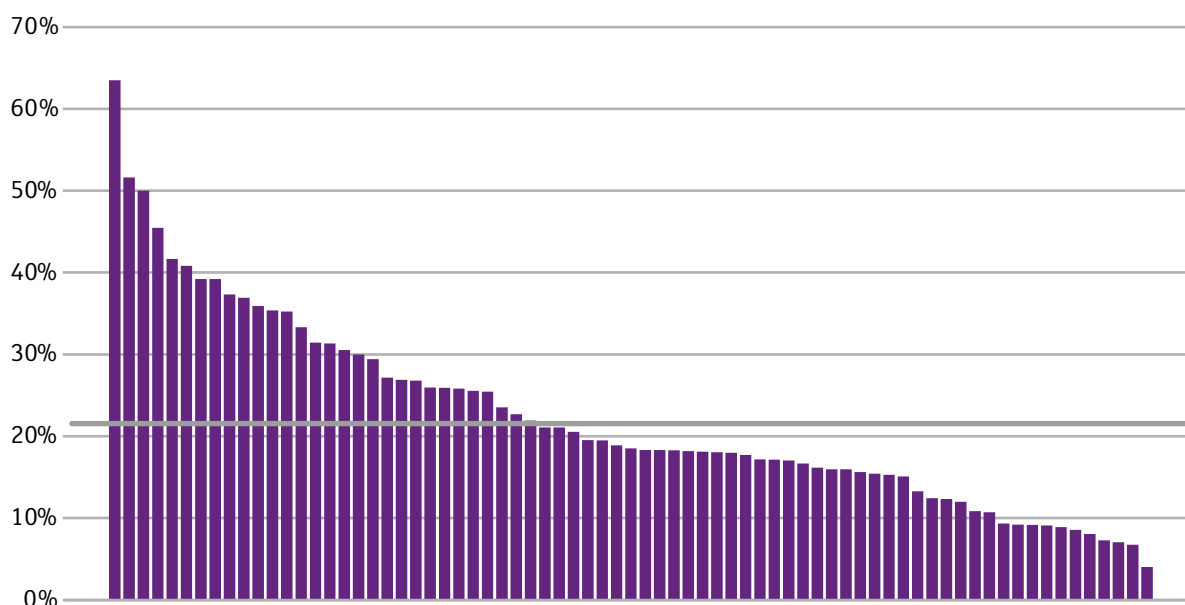
We go beyond a simple narrative description of the findings of the benchmarking club to include analysis of these findings and interpretation of what they might mean for local authority accountancy functions.

To help readers to get the most from this guide, we have included a number of features designed to highlight key ideas.

At the start of each chapter there is a short summary of the main findings from the work of the benchmarking club. This is aimed specifically at senior managers, who may wish to understand the key issues, but not to go into too much detail.

Where we present data from the benchmarking club, this is frequently in the form of bar charts like the example in Figure 1 below. Each bar represents the value submitted by an individual member of the benchmarking club and the horizontal line shows the group (mean) average. ‘Missing’ bars on the left represent missing data or excluded data and are not included in calculating the average. ‘Missing’ bars on the right represent zero values and are included in the average.

Figure 1: Example bar chart with benchmarking club data



Source: CIPFA Accountancy Benchmarking Club, 2013

We have also included a small number of anonymised case studies, which highlight specific issues that members of the benchmarking club have faced or action that they are taking in response to them.

THE CIPFA ACCOUNTANCY BENCHMARKING CLUB

The CIPFA Accountancy Benchmarking Club draws on financial, activity and performance data from almost 80 local government bodies across England, Scotland and Wales. This includes local authorities of all shapes and sizes, from metropolitan districts, unitaries and county councils to London boroughs and shire districts.

Members of the benchmarking club submit an annual return setting out detailed information about their accountancy function. To ensure consistency, members are provided with comprehensive guidance on data definitions and submission formats. Furthermore, all data is validated by CIPFA and subsequently reviewed by the submitting organisation.

This approach ensures that all data supplied to the benchmarking club is comparable across organisations and over time. It allows organisations to understand not just how well they are doing, but also how well they are doing in comparison with their peers.