

**REPORT TO:** POLICY AND RESOURCES COMMITTEE - 10 DECEMBER 2007  
**REPORT ON:** FINANCE GENERAL SERVICE PLAN 2007-2011  
**REPORT BY:** HEAD OF FINANCE  
**REPORT NO:** 628-2007

**1 PURPOSE OF REPORT**

- 1.1 The purpose of this report is to seek approval for the Finance General Service Plan 2007-2011 and the Annual Action Plan 2007-2008.

**2 RECOMMENDATION**

- 2.1 It is recommended that the Policy and Resources Committee approves the Finance General Service Plan 2007-2011 and the Annual Action Plan 2007-2008.

**3 FINANCIAL IMPLICATIONS**

- 3.1 The resources required to implement the Service Plan objectives and projects detailed in the Finance General Service Plan 2007-2011 will be funded from approved Revenue Budgets.

**4 MAIN TEXT**

- 4.1 The Finance General Service Plan 2007-2011 has been produced within the framework of the Council Plan 2007-2011 approved by the Policy and Resources Committee on 22 October 2007.

- 4.2 The proposed Finance General Service Plan 2007-2011 and the Annual Action Plan 2007-2008 seeks to address a number of the Council's key priorities, the most relevant for Finance General being:-

- improve the efficiency of how services are delivered
- ensure the Council can achieve its plans within a balanced Revenue Budget that means the Council Tax does not have to rise above the level of inflation

The following are the priority outcome measures for the next 4 years:-

- the total value of recorded efficiency gains each year
- level of customer satisfaction when contacting the department
- level of Council Tax each year compared to growth in inflation
- percentage variance on expenditure against Revenue and Capital Budgets

- 4.3 To meet the above priorities a number of service planning objectives have been identified for each service unit within the department's Section Plan/Action Plan which include performance measures and targets to ensure progress towards meeting these objectives can be assessed on a regular basis.

**5 POLICY IMPLICATIONS**

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

The major issues identified are:-

a **Sustainability**

The Policy and Resources Committee meeting on 12 March 2007 approved a report by the Depute Chief Executive (Finance) on Corporate Procurement Strategy. The policy principles adopted in the Corporate Procurement Strategy will be implemented by the inclusion of a project in the Finance General Service Plan 2007-2011 for the procurement and the management of contracts and contractors.

In particular the implementation of the Corporate Procurement Strategy will impact on Corporate Sustainability priority principles of compliance with environmental legislation and purchasing and procurement.

b **Equality Impact Assessment**

Each of the projects identified in the Plan have been subjected to an EIA screening and this forms a specific section of the Plan. All items deemed to require further action are shown in the EQIA section of the Plan.

c **Risk Management**

The Finance General staffing structure includes the Insurance and Risk Management Section. This function is concerned with addressing the key strategic issues contained within the Council's overall Risk Management Strategy.

6 **CONSULTATION**

The Chief Executive, Depute Chief Executive (Support Services) and Depute Chief Executive (Finance) have been consulted on this report.

7 **BACKGROUND PAPERS**

Council Plan 2007-2011.

**MARJORY M STEWART**  
**HEAD OF FINANCE**

**DATE 27 NOVEMBER 2006**

**FINANCE DEPARTMENT - FINANCE GENERAL**

**SERVICE PLAN 2007-2011**

**AND ANNUAL ACTION PLAN FOR 2007-2008**



## **PREFACE**

Councillor Joe Morrow

I am pleased to introduce the new Finance General Service Plan for the Finance Department which will cover the period 2007 to 2011.

In addition to the fundamental fiduciary role, one of the main tasks for financial services in any large organisation public or private is to facilitate the transformation of service provision. This requires Finance Officers to be suitably equipped to provide professional advice to service departments to help them achieve best value.

To work smarter we must continually review our key processes and assess whether improved efficiency can be achieved and value added to the services we provide. In particular we need to ensure that we can achieve more for every pound of the public's money we spend.

In this regard information technology will play a key role in future service provision. The department is in the process of changing its financial systems and implementing a major e-procurement system which is expected to result in substantial savings to the Council as electronic transactions replace traditional paper methods with the accompanying speeding up of the standard transaction process. We anticipate that more and more of the department's main processes will be carried out electronically with less paper based work.

In 2006 the Department implemented the CIPFA Financial Management Model which is a comprehensive performance measurement system designed to gather and evaluate the views of the department's many and varied stakeholders. The results of this exercise were highly encouraging and we will be running this programme again shortly to measure the extent of our improvement as assessed by our stakeholders who we place at the top of our agenda.

I hope you find the contents of this document of interest.

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## **FINANCE DEPARTMENT**

### **STRATEGIC DIRECTION**

#### **PURPOSE OF DEPARTMENT**

The Mission Statement of the department is to provide "a quality service to the Finance Department's customers". This role is fulfilled by ensuring that efficient, effective and timeous financial services are provided.

#### **STRATEGIC CHALLENGES**

The department will need to measure and sustain high levels of departmental satisfaction with its services and the Council's high standards in relation to sustainability and equalities. This will be carried out by implementing the CIPFA Financial Management Model for a second time. There is a forecast tightening of resources therefore the department's focus will be on quality and efficiency. There is extensive demand for the department's services therefore the focus should be on those with most added value. This may mean moving resources from some areas into others. Reviews will focus on options to rationalise services and look at systems for maximising efficiency.

Funding has been secured for the development of e-procurement systems and the upgrading of the main financial system.

#### **ADDRESSING THE COUNCIL'S KEY PRIORITIES**

The Council Plan sets out a number of key priorities for the Council as a whole. The most relevant Council priorities for Finance General are:-

Improve the efficiency of how public services are delivered

Ensure the Council can achieve its plans within a balanced revenue budget that means the council tax does not have to rise above the level of inflation

Therefore the priority outcome measures for the next 4 years are:-

- the total value of recorded efficiency gains each year
- level of customer satisfaction when contacting the department
- level of council tax each year compared to growth in inflation
- percentage variance on expenditure against revenue and capital budgets

To meet these priorities the department will:-

- collate an annual efficiency statement and forecast based on projects proposed to deliver efficiencies across all departments of the Council
- deliver a corporate procurement strategy that includes more joint procurement and efficient processes
- develop a programme that applies whole systems thinking (lean service) principles to service reviews
- use the "balanced scorecard" method to focus on customer and organisational strategic initiatives

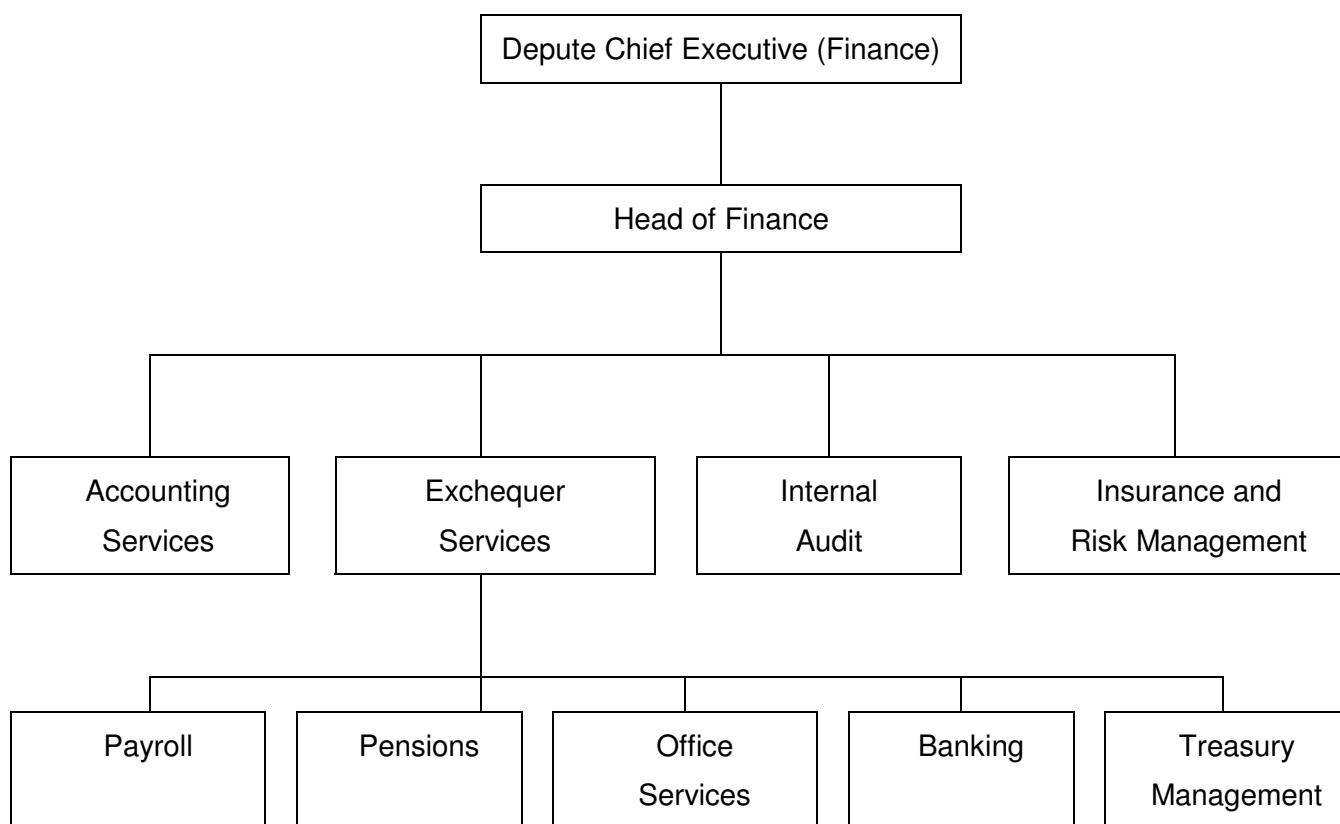
- review how the budget process and financial information supports achieving the Council Plan
- model the Council's resources against the longer term population projections
- install Resourcelink - a new payroll and human resource system
- install a new accounting system linked to e-procurement

The following key targets for the next four years will have a strategic impact on the Council to meet the Council's overall plan.

Keep Council Tax increases to a minimum

Minimise the difference between outturn and budgeted expenditure as a measure of effective budget management

## FINANCE GENERAL SERVICE PLAN 2007-2011





## **FINANCE GENERAL SERVICE PLAN 2007-2011**

### **ACCOUNTING SERVICES**

This function is primarily responsible for the statutory accounting and budgeting activities of the Council, ensuring that the Council meets its statutory deadlines for the completion and reporting of financial information.

Financial policy guidance and advice is provided to Elected Members and Heads of Departments on all corporate and operational financial matters including preparation and monitoring of revenue and capital budgets, options appraisal and corporate governance issues. This function plays an important role in maximising income through progressing and finalising all external revenue and capital grant claims to Scottish Government, ERDF/ESF, Lottery Funds, Community Regeneration Funds etc. The support and advice provided to Elected Members and Officers is crucial to the efficient and effective delivery of the Council Plan objectives and it is, therefore, essential that the financial information produced is both accurate and timeous.

Accounting Services are also responsible for the payment of all Council suppliers and suppliers to various external bodies by arrangement through Service Level Agreements. As well as processing the payment of invoices, the Creditors Section maintains all sub-contractor records and provides support and assistance to all Council Departments and various external bodies in supplier payment matters.

The Sales Ledger Section is also part of Accounting Services and is responsible for the billing, collection and debt recovery of invoices raised by Dundee City Council and various external bodies.

### **STRATEGIC ISSUES**

In line with the Council Plan, a key strategic issue for the Finance Department is to co-ordinate the Revenue Budget process to ensure any Council Tax increases are not above the rate of inflation. Within the overall financial strategy, the Finance Department will ensure Capital Plans are affordable, prudent and sustainable as required by the CIPFA Prudential Code. In regard to affordability, the key issue is the impact of capital plans on Council Tax or Housing rent levels. Longer term financial modelling will be developed to project the financial impact of demographic changes from longer term population projections.

In March 2007, the City Council's Finance Committee approved a report recommending an upgrade of the current financial management system Powersolve to its new version Authority Financials. The implementation of this system in 2007/08 encompassing integrated modules for General Ledger, Sales Ledger, Purchase Ledger, Purchase Ordering and Bank Reconciliation will provide improved financial reporting facilities for all departments of the Council.

Again, in March 2007 the City Council's Policy and Resources Committee approved a report on Corporate Procurement Strategy. This report committed the Council to modernising its procurement function in line with the Scottish Government's Efficient Government Plan and in particular addressing the main recommendations in a report by John McClelland entitled "Review of Public Procurement in Scotland". The Council has signed up to a Tayside Procurement Consortium and a Corporate Procurement Manager has been appointed and this strategy will be rolled out over all departments of the Council during the lifetime of this Plan. The Authority Financials system includes an e-procurement capability that will assist with the implementation of the Corporate Procurement Strategy.

A new requirement for the department is to collate details of cashable and non-cashable efficiency gains to include in an annual efficiency statement incorporated into the Council's Annual Performance Report. COSLA aggregates this information for all Scottish Local Authorities to measure against the target set by the Scottish Government.

The Purchase Ledger Team will endeavour to maintain and, where possible, improve on the current excellent performance in paying creditor invoices both in relation to the statutory target of paying all creditors within 30 days and the locally determined target of paying local suppliers within 14 days.

The Sales Ledger Team will continue to improve procedures to maximise in year collection of miscellaneous Sales Ledger invoices and improve the debt profile to reduce debt still outstanding after 90 days as a proportion of total Sales Ledger debt.

The Finance Department will continue to consult with all key stakeholders through project boards, user groups, SLAs, internet etc and Accounting Services will use the CIPFA FM Model as a self assessment tool to canvas views internally within the Council with Elected Members and Senior Officers. This model is designed to help the Finance Department develop a profile of the strengths and weaknesses of financial management, its predominant style in the organisation and how far this is aligned to supporting the organisation's strategic goals.

## **OBJECTIVES**

### **Objective 1**

Ensure the Council can achieve its plans within a balanced budget that minimises Council Tax increases.

### **Objective 2**

Revenue Budget monitoring

### **Objective 3**

Capital Budget monitoring

### **Objective 4**

Collate an annual efficiency statement and forecast based on projects proposed to deliver efficiencies across all departments of the Council

### **Objective 5**

Maintain current performance for payment of creditor invoices

### **Objective 6**

Reduce percentage of miscellaneous Sales Ledger debt outstanding for more than 90 days

### **Objective 7**

Measure level of customer satisfaction when contacting the department

## PERFORMANCE INDICATORS FOR ACCOUNTING SERVICES

<b>Service Objective 1</b>								
<b>Ensure the Council can achieve its plans within a balanced budget that minimises Council Tax increases</b>								
<b>Performance Measure</b>	<b>Baseline</b>	<b>Target</b>	<b>External Comparison</b>	<b>Responsible for Data Collection</b>	<b>Link to Strategic Theme</b>	<b>Link to CIPFA FM Model</b>	<b>Previous Years' Trends</b>	
							<b>2006</b>	<b>2007</b>
Annual Increase in Council Tax per Band D Property	Band D Council Tax 2007/08 £1,211	Maximum annual increase inflation	All Scotland average Band D increase in 2007/08 + 1.8%	MS/DKD	Finance	Stewardship	+2.63%	0%
<b>Service Objective 2</b>								
<b>Revenue Budget Monitoring</b>								
% Net Revenue Expenditure of Budgeted Expenditure	0%	+/- 1%	Scottish LA Headline PI's	GMM	Finance	Stewardship	- 0.6%	- 1.1%
% Net Revenue Expenditure of Projected Expenditure	0%	+/- 1%	Scottish LA Headline PI's	GMM	Finance	Stewardship	0%	0%
% Projected Outturn of Budgeted Expenditure	0%	+/- 1%	Scottish LA Headline PI's	GMM	Finance	Stewardship	0%	0%
<b>Service Objective 3</b>								
<b>Capital Budget Monitoring</b>								
% Capital Expenditure of Budgeted Expenditure	0%	+/- 5%	N/A	GMM	Finance	Stewardship	- 5.8%	- 1.8%
% Capital Expenditure of Projected Outturn Expenditure	0%	+/- 5%	N/A	GMM	Finance	Stewardship	- 0.6%	- 1.1%
% Projected Outturn of Budgeted Capital Expenditure	0%	+/- 5%	N/A	GMM	Finance	Stewardship	+ 1.7%	+ 0.9%

<b>Service Objective 4</b>								
<b>Collate an annual efficiency statement and forecast based on projects proposed to deliver efficiencies across all departments of the Council</b>								
<b><u>Performance Measure</u></b>	<b><u>Baseline</u></b>	<b><u>Target</u></b>	<b><u>External Comparison</u></b>	<b><u>Responsible for Data Collection</u></b>	<b><u>Link to Strategic Theme</u></b>	<b><u>Link to CIPFA FM Model</u></b>	<b><u>Previous Years' Trends</u></b> <b><u>2006</u>   <b><u>2007</u></b></b>	
Cashable and non-cashable efficiency savings	2006/07 Cash savings £1.206m Non-cash savings £0.698m	£8m cumulative by March 2011	COSLA	GMM	Efficiency	Stewardship	N/A	N/A
<b>Service Objective 5</b>								
<b>Improve Current Performance for Payment of Creditor Invoices</b>								
% of Invoices paid within 30 Days as a % of all invoices paid	93%	95%	Scottish LA Statutory PI	RS	Finance	Supporting Performance	93%	93%
% of Local Supplier Invoices paid within 14 Days as a % of all invoices paid to Local Suppliers	75%	80%	N/A	RS	Finance	Supporting Performance	73%	75%
<b>Service Objective 6</b>								
<b>Reduce Percentage of Miscellaneous Sales Ledger Debt Outstanding for more than 90 Days</b>								
% of Income due from Accounts issued during the year that was received during the year	85%	89%	Scottish LA Headline PI	RS	Finance	Supporting Performance	89%	86%
% of Debt Outstanding:								
Under 30 Days Old	51%	55%	N/A	RS	Finance	Supporting Performance	70%	63%
30-59 Days Old	12%	10%					8%	10%
60-89 Days Old	3%	5%					4%	2%
More than 90 Days Old	34%	30%					18%	25%

## PROJECTS FOR ACCOUNTING SERVICES

<b><u>Service Objective</u></b> Various (1-6 as listed on page 8)							
<b><u>Project Description</u></b>	<b><u>Lead Officer</u></b>	<b><u>Start Date</u></b>	<b><u>End Date</u></b>	<b><u>Revenue Budget Allocation</u></b>	<b><u>Capital Budget</u></b>	<b><u>External Funding</u></b>	<b><u>Strategic Theme</u></b>
Upgrade current financial system Powersolve to new version Authority Financials	RS	04/07	03/08	£49k Repairs and Renewals Fund (07/08) £235k Revenue Budget (06/07) £18k IT Dept budget (07/08)	-	-	Finance
Implement a Strategy for Procurement and the Management of Contracts and Contractors	DKD	04/07	03/08	Existing Staffing Resources Staffing £100k	-	£167k Scotland Excel	Finance
<b><u>Service Objective</u></b> Ensure the Council can achieve its plans within a balanced budget that minimises Council Tax increases							
Develop long term Revenue Budget reflecting Projected Demographic Changes	MS	Financial Year 2007/08	N/A	Existing Staffing Resources	-	-	Finance
<b><u>Service Objective</u></b> Measure Level of Customer Satisfaction when Contacting the Department							
Undertake self-assessment of the strengths and weaknesses of financial management using the CIPFA FM model	RMK	12/07	04/08	-	-	-	Efficiency

## **EXCHEQUER SERVICES**

This section has responsibility for all borrowing and lending undertaken by the Council along with the operation and maintenance of the Council's various bank accounts. In addition, this section manages the investments and administration of the Tayside Superannuation Funds and Payroll functions.

The Pensions Section arranges payment of all local government pensioners in the Tayside area. The Payroll Section administers payrolls for Dundee City Council and other local Public bodies and outside Agencies.

## **STRATEGIC ISSUES**

The Pensions Section will be affected by changes to the Local Government Pension Scheme which are currently out for consultation. The full implications will not be clear until the Regulations are issued.

The Pensions Section will also look at the development of a section of the Council website specifically dedicated to the Tayside Superannuation Funds to enable easier and more widespread communication.

The Payroll Section needs to finalise the migration of all departments to Resourcelink and then begin a process of continuous improvement to make best use of the capabilities of the new system.

The Banking Section will be involved in co-ordinating the movement to paperless direct debit for payment for Council Services.

## **OBJECTIVES**

- 1 Ensure Council's Loan Fund interest rate remains affordable.
- 2 Ensure Pension Fund administration is operated efficiently.
- 3 Monitor performance of pension fund managers to ensure that they are investing on an active basis to generate return.
- 4 Maintain funding level of Superannuation Fund at 100%.
- 5 Ensure Payroll Section is operating efficiently.
- 6 Ensure wages and salaries are paid correctly and on time.
- 7 Ensure Pension Fund administration and investment information more readily available.

## PERFORMANCE INDICATORS

Service Objective: Various (1-6 as listed on previous page)								
<u>Performance Measure</u>	<u>Baseline</u>	<u>Target</u>	<u>External Comparison</u>	<u>Responsible for data collection</u>	<u>Link to Strategic Theme</u>	<u>Link to CIPFA FM Model</u>	<u>Previous Years' Trends</u> <u>2006</u> <u>2007</u>	
1 Loans Fund interest rate in line with Budget	5.9%	5.9%	Scottish LA Headline PI	SF	Finance	Stewardship	5.94%	5.52%
2 Cost of Pension Fund administration per member	£28.88	£30	Scottish LA Headline PI	SF	Finance	Stewardship	£30.83	£28.88
3 Pension Fund Investment Performance relative to benchmark	+ 1%	+1%	Scottish LA Headline PI	SF	Finance	Stewardship	+ 0.9%	+ 1.3%
4 Funding level of Superannuation Main Fund	100%	100%	N/A	SF	Finance	Stewardship	102%	102%
5 Unit Cost of Salaries Payslip	£4.10	£4.00	N/A	AM	Finance	Supporting Performance	£3.70	£4.10
6 Number of salaries paid correctly and timeously	99.9%	99.9%	N/A	AM	People	Supporting Performance	99.8%	99.85%

## PROJECTS

<b>Service Objective: Ensure Payroll Section is operating efficiently and ensure wages and salaries are paid correctly and on time</b>							
<b><u>Project Description</u></b>	<b><u>Lead Officer</u></b>	<b><u>Start Date</u></b>	<b><u>End Date</u></b>	<b><u>Revenue Budget Allocation</u></b>	<b><u>Capital Budget</u></b>	<b><u>External Funding</u></b>	<b><u>Strategic Theme</u></b>
Resourcelink Implementation	MS	04/03	12/07	Existing resources	-	-	ICT
Resourcelink Development	AM	08/07	08/08	£30k New post charged to service users	-	-	Efficiency
Review Business Processes of Payroll Section	SF	01/08	09/08	Existing resources	-	-	Efficiency
<b>Service Objective: Ensure Pension Fund administration and investment information more readily available</b>							
Pension Fund Website Development	RH	12/07	12/08	Existing resources	-	-	Communication
Review Business Processes of Pension Admin Section	CR	05/07	12/07	Existing resources	-	-	Efficiency



## **INTERNAL AUDIT SERVICE**

Dundee City Council's Internal Audit Service is an assurance function, providing to various stakeholders an independent and objective opinion on the control environment which comprises the systems of governance, risk management and internal control. To provide optimum benefit to the organisation the Council's Internal Audit Service works in partnership with management in such a way as to ensure that legal requirements and the standards of the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 are met and assist management in meeting the Council's objectives.

## **STRATEGIC ISSUES**

There are several major areas of change within the Council which will present significant challenges for the Internal Audit Service. The move to embrace ever-changing technology and to adhere to Scottish Government policies such as the McClelland report on procurement will require staff to keep abreast of new developments. Significant financial systems are in the process of being upgraded or replaced, including the Council's payroll system and its financial system for the management of creditors, debtors and general ledger. Staff will have to familiarise themselves with these systems in order to effectively audit them. The Internal Audit Service will have to embrace these changes and, in some cases, adapt to moving from paper-based evidence to evidence which is maintained electronically.

In common with other local authority internal audit services, there has been a shift of emphasis in the nature of the work undertaken. Whilst internal audits are still carried out on the major financial systems, staff are now required to audit key non-financial areas such as Corporate Governance and key Council policies. The basis of planning Internal Audit work has also changed in recent years moving to a more risk-based approach. Consequently, more reliance will require to be placed on Corporate and Departmental Risk Registers.

In order to deliver a high quality service and improve the organisation's control environment, consultation with stakeholders is essential. Ensuring adequate staff resources with appropriate skills to deliver the audit plan is also a key driver.

## **OBJECTIVES**

- To assess the integrity of processes and systems, including those under development, to ensure that controls offer adequate protection against error, fraud and loss of all kinds recommending improvements where required.
- To maintain the planned level of service laid down in the Internal Audit Annual Plan.
- To achieve client agreement for recommendations made in internal audit reports.
- To maintain the level of resources made available by the Council for the provision of the Internal Audit Service.

## PERFORMANCE INDICATORS FOR INTERNAL AUDIT

<u>Performance Measure</u>	<u>Baseline</u>	<u>Target</u>	<u>External Comparison</u>	<u>Responsible for Data Collection</u>	<u>Link to Strategic Theme</u>	<u>Link to CIPFA FM Model</u>	<u>Previous Years' Trends</u> <u>2006</u> <u>2007</u>	
<u><b>Service Objective 1 : To achieve client agreement for recommendations made in internal audit reports</b></u>								
% of Recommendations agreed with Clients	N/A	90%	N/A	SMD	Customer Services	Stewardship	N/A	N/A
<u><b>Service Objective 2 : To maintain the planned level of service laid down in the Internal Audit Annual Plan</b></u>								
Efficiency of adherence to the Internal Audit Annual Plan	85%	90%	CIPFA Director of Finance Pls	SMD	Efficiency	Stewardship	100%	100%
<u><b>Service Objective 3 : To maintain the level of resources made available by the Council for the provision of the Internal Audit Service</b></u>								
Cost of Internal Audit per £1 million of net expenditure	£1,144	£1,200	CIPFA Director of Finance Pls	SMD	Efficiency	Stewardship	£1,077	£1,144

## **INSURANCE AND RISK MANAGEMENT SECTION**

This function is concerned with the protection of the Council's assets and liabilities, the placing of protective insurances and encouragement of resilience throughout the Council's departments. This work is consolidated within the Council's overall Risk Management Strategy.

A working definition of Risk Management would be

"A management discipline through which concerted and co-ordinated action is taken to identify, evaluate and control current and potential causes of loss which could threaten the Council's ability to deliver services."

Skilled Risk Management offers the Council the prospect of both tangible and intangible benefits:

### **Tangible**

- Reduced financial loss
- Fewer injuries to staff/public
- Preserved assets (buildings/vehicles/ equipment)

### **Intangible**

- Better Public Image
- Reduced opportunity for criminal damage
- Orderly consideration of risk when planning new projects

Intelligent application of Risk Management concepts serve to reduce the "fear of the unknown" and so enable operational activities to be expanded. In this way the discipline is a catalyst to service delivery rather than viewed as a reason why certain Departmental activities cannot be undertaken.

To achieve this vision requires a disciplined approach to risk which percolates through all levels of the Council and its numerous operations. In turn, all tiers of management are required to absorb and apply Risk Management concepts in their every day thinking.

## **STRATEGIC ISSUES**

The key strategic issues contained within the Risk Management Strategy relate to the Council's desire to:

- safeguard its employees
- protect its property
- preserve and enhance service delivery
- maintain effective stewardship of public funds
- promote a favourable corporate image.

The efficient management of risk forms part of the City Council's overall business objectives.

To achieve this, standards and principles applicable to the Council as a whole, are developed and maintained. This process involves identification and evaluation of risks to create practical and cost effective means of loss control and avoidance.

Risk Management is recognised as a continuous process, demanding awareness and action from employees at every level, to reduce the possibility and impact of injury and loss.

## **OBJECTIVES**

- 1 Reduced financial loss to Council
- 2 Protection against Council liability and material damage exposures
- 3 Service delivery preservation
- 4 Continuity of critical services in time of emergency
- 5 Service recovery following emergency

## PERFORMANCE INDICATORS

Service Objective: Reduced financial loss								
<u>Performance Measure</u>	<u>Baseline</u>	<u>Target</u>	<u>External Comparison</u>	<u>Responsible for data collection</u>	<u>Link to Strategic Theme</u>	<u>Link to CIPFA FM Model</u>	<u>Previous Years' Trends</u>	
Cost of risk by class of insurance expressed as a % of the Council's Revenue Budget (including HRA)							2006	2007
Employers Liability	0.12%	-5%	-	DU	N/A	N/A	0.08%	0.12%
Public Liability	0.35%	-5%	-	DU	N/A	N/A	0.24%	0.35%
Property	0.50%	-5%	-	DU	N/A	N/A	0.63%	0.50%

## PROJECTS

Service Objective: Various (2-5 as listed on page 17)							
<u>Project Description</u>	<u>Lead Officer</u>	<u>Start Date</u>	<u>End Date</u>	<u>Revenue Budget Allocation</u>	<u>Capital Budget</u>	<u>External Funding</u>	<u>Strategic Theme</u>
Foster and encourage business continuity within local community	GM	April 2007	April 2008	2,500	Nil	Nil	N/A
Provide support, assistance and training to enable effective Business Continuity Plans to be held by Service Departments	GM	April 2007	March 2010	10,000	Nil	Nil	N/A
Further embed risk management processes within Council	GM	April 2007	31 March 2009	10,000	Nil	Nil	N/A
Test business continuity plans	GM	April 2009	April 2010	10,000	Nil	Nil	N/A

<b>Service Objective: Various (2-5 as listed on page 17)</b>							
<b><u>Project Description</u></b>	<b><u>Lead Officer</u></b>	<b><u>Start Date</u></b>	<b><u>End Date</u></b>	<b><u>Revenue Budget Allocation</u></b>	<b><u>Capital Budget</u></b>	<b><u>External Funding</u></b>	<b><u>Strategic Theme</u></b>
Evaluate, refine and review Risk Registers	GM	April 2007	31 March 2009	3,000	Nil	Nil	N/A
Develop cross departmental Risk Management Group	GM	April 2007	Dec 2008	-	Nil	Nil	N/A
Refine claims reporting systems for departments	GM	April 2007	Dec 2009	-	Nil	Nil	N/A
Re-tender Council's Catastrophe Insurance arrangements	GM	April 2008	Dec 2009	3,000	Nil	Nil	N/A

## Service Planning - EQIA Screening

Department: Finance General

Policy/Function	Equality Group								Evidence	Equality Indicator	Decision	Lead Officer	Target Date
	AGE	DEP	DIS	GEN	LGBT	OFF	REL	RACE					
Upgrade Authority Financials			L					L	Review Templates for Best Practice	6	SP	RS	03/08
Implement a strategy for Procurement	M	M	M	M	M	M	M	M	Review Documentation	1	FIA	DD	03/08
Training Plan	L	L	L	L				L		7	SP	BF	03/08
Consultation Process	M	M	M	M	M	M	M	M	Review Procedures	5	FAI	RMc	03/08
Develop long term Revenue Budget	L	L	L	L	L	L	L	L	Remodel Resources against Long term Population Projections	1	SP	MS	-
Resourcelink Implementation	L	L	L	L	L	L	L	L	Review Templates for Best Practice	7	SP	MS	12/07

Explanation of Terms:	Possible Decisions
<p>DEP: People with dependents</p> <p>DIS: People with disabilities</p> <p>GEN: Gender</p> <p>LGBT: People who are lesbian, gay, bisexual or transgender</p> <p>OFF: People with an offending past</p> <p>REL: People with differing religious beliefs</p>	<p>SP: Place as an equality action in service plan*</p> <p>FIA: Complete a full Impact Assessment</p> <p>ER: Complete an equality screening at next review</p> <p>* This may include formal service plans, team plans or individual job plans</p>



## Service Planning - EQIA Screening

Department: Finance General

Policy/Function	Equality Group								Evidence	Equality Indicator	Decision	Lead Officer	Target Date
	AGE	DEP	DIS	GEN	LGBT	OFF	REL	RACE					
Resourcelink Development	L	L	L	L	L	L	L	L	Review & Develop Documentation	7	SP	AM	08/08
Pension Fund Website Development	M	M	M	M	L	L	L	L	Ensuring Council Policy on Web Design adhered to	4	SP	RH	12/08
Foster and encourage business continuity within local community	L	L	L	L	L	L	L	L	Review Procedures	4	SP	GM	04/08
Provide support, assistance and training to enable effective Business Continuity Plans to be held by Service Departments	L	L	L	L	L	L	L	L	Review Procedures and training	4	SP	GM	03/10
Test business Continuity Plans	L	L	L	L	L	L	L	L	Review Procedures and test	1	SP	GM	04/10

Explanation of Terms:	Possible Decisions
<p>DEP: People with dependents</p> <p>DIS: People with disabilities</p> <p>GEN: Gender</p> <p>LGBT: People who are lesbian, gay, bisexual or transgender</p> <p>OFF: People with an offending past</p> <p>REL: People with differing religious beliefs</p>	<p>SP: Place as an equality action in service plan*</p> <p>FIA: Complete a full Impact Assessment</p> <p>ER: Complete an equality screening at next review</p> <p>* This may include formal service plans, team plans or individual job plans</p>

## Service Planning - EQIA Screening

### Department: Finance General

Policy/Function	Equality Group								Evidence	Equality Indicator	Decision	Lead Officer	Target Date
	AGE	DEP	DIS	GEN	LGBT	OFF	REL	RACE					
Further embed risk management process within Council	L	L	L	L	L	L	L	L	Review Procedures	6	SP	GM	03/09
Evaluate, refine and review Risk Registers	L	L	L	L	L	L	L	L	Review Procedures	6	SP	GM	03/09
Develop cross departmental Risk management Group	L	L	L	L	L	L	L	L	Review Procedures	6	SP	GM	12/08
Refine claims reporting systems for departments	L	L	L	L	L	L	L	L	Review Procedures	6	SP	GM	12/09
Re-tender Council's Catastrophe Insurance arrangements	L	L	L	L	L	L	L	L	Review Procedures	6	SP	GM	12/09

Explanation of Terms:	Possible Decisions
<p>DEP: People with dependents</p> <p>DIS: People with disabilities</p> <p>GEN: Gender</p> <p>LGBT: People who are lesbian, gay, bisexual or transgender</p> <p>OFF: People with an offending past</p> <p>REL: People with differing religious beliefs</p>	<p>SP: Place as an equality action in service plan*</p> <p>FIA: Complete a full Impact Assessment</p> <p>ER: Complete an equality screening at next review</p> <p>* This may include formal service plans, team plans or individual job plans</p>

## Sustainable Development

### Sustainability Action Plan - Evidence of Service contribution towards Sustainability Policy

Sustainability Policy Principle	Y/N	Project Description	Lead Officer	Start Date	End Date	Revenue Budget Allocation	Capital Budget	External Funding (state source)	Strategic Theme
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#### 1. Compliance with Environmental Legislation *(is the Department undertaking any projects that contribute to):*

a.	Protecting the environment by complying with the statutory requirements for Strategic Environmental Assessment (SEA).	N								
b.	Improving sustainability performance through the Council's Best Value Audit Improvement Plan	Y	Corporate Procurement Strategy	DKD	04/07	03/11	-	-	£167k Scottish Exec  £160k Scotland Excel	Efficiency

#### 2. Energy & Water *(is the Department undertaking any projects that contribute to):*

a.	Reducing CO <sub>2</sub> emissions from its activities	N							
b.	Promoting energy efficiency and energy from renewable sources	N							
c.	Using water efficiently within its premises	N							

#### 3. Purchasing & Procurement *(is the Department undertaking any projects that contribute to):*

a.	Promoting the use of recycled and recyclable products and disposing of in an environmentally responsible way	Y	Waste Management in the department	LG	04/07	03/11	-	-	-	Environment
b.	Implementing the Council's Fair Trade policy and promoting the use of fair trade products	Y	Purchasing Policy in the department	LG	04/07	03/11	-	-	-	Sustainable Development
c.	Encouraging Council contractors and suppliers to improve their environmental performance	N								

#### 4. Travel & Transport *(is the Department undertaking any projects that contribute to):*

a.	Implementing the Council's Travel Plan	Y	Promote within department	SF	10/07	03/11	-	-	-	Sustainable Development
b.	Encouraging greater use of public transport, walking and cycling as an alternative means of travel	Y	Reduce business car use	SF	10/07	03/11	-	-	-	Sustainable Development
c.	Increasing the usage of cleaner fuels in Council vehicles	N								

**5. Built Environment** (is the Department undertaking any projects that contribute to):

a.	Protecting the quality of the city's built heritage	<b>N</b>								
b.	Enhancing the city centre and local environments through regeneration	<b>N</b>								
c.	Sustainable design, construction and maintenance of buildings and infrastructure	<b>N</b>								

**6. Open Spaces & Woodlands** (is the Department undertaking any projects that contribute to):

a.	Protecting and enhancing the quality of the city's greenspace and woodlands	<b>N</b>								
b.	Promoting leisure and access opportunities to greenspace and woodlands	<b>N</b>								

**7. Natural Heritage** (is the Department undertaking any projects that contribute to):

a.	Protecting and enhancing biodiversity	<b>N</b>								
b.	Promoting awareness of Dundee's natural heritage	<b>N</b>								

**8. Waste Management** (is the Department undertaking any projects that contribute to):

a.	Minimising the generation of waste	<b>Y</b>	<b>Not significant</b>							
b.	Encouraging re-use and recycling	<b>Y</b>	<b>Not significant</b>							
c.	Maximising economic opportunities arising from waste generation	<b>N</b>								

**9. Minimising & Remediating Pollution** (is the Department undertaking any projects that contribute to):

a.	Minimising impact to air and water quality	<b>N</b>								
b.	Reducing Noise intrusion	<b>N</b>								
c.	Monitoring the remediation of contaminated land	<b>N</b>								
d.	Reducing land dereliction	<b>N</b>								

**10. Communication & Environmental Reporting** (is the Department undertaking any projects that contribute to):

a.	Implementing the Sustainability Policy principles in its activities	<b>Y</b>	<b>See above</b>							
b.	Monitoring and reviewing the Council's environmental performance and reporting on progress	<b>N</b>								
c.	Consulting and informing the public on the Council's environmental policies and practices	<b>N</b>								
d.	Encouraging and promoting sustainability issues to other organisations.	<b>N</b>								

## HUMAN RESOURCE PLAN

### WORKFORCE PLANNING

<u>Service Objective</u>	<u>Workforce Change</u>	<u>Lead Officer</u>	<u>Start Date</u>	<u>End Date</u>	<u>Revenue Budget Allocation</u>	<u>Capital Budget</u>	<u>External Funding</u>	<u>Strategic Theme</u>
Successful relocation of department to Dundee House	Staff transfer to new working environment	SF	5/07	5/10	Not yet identified	-	-	Assets
Annual Staff Appraisal	Identify training, development and succession issues	Team Leaders	4/07	4/11	Existing staffing resources	-	-	People
Health and Safety Committee	Meets quarterly to identify issues and communicate best practice	GM	4/07	4/11	Existing staffing resources	-	-	Health and Safety

## HUMAN RESOURCE PLAN

### TRAINING

<u>Training Need</u>	<u>Lead Officer</u>	<u>Start Date</u>	<u>End Date</u>	<u>Revenue Budget Allocation</u>	<u>Capital Budget</u>	<u>External Funding</u>	<u>FTE to be trained</u>	<u>Strategic Theme</u>
Internal Audit - Team Training Personal Effectiveness CPD	SMD	4/07	3/08	£2,760	-	-	7	Efficiency
Professional Training	GM	01/08	12/11	£10,000	-	-	4	People
Exchequer - Personal Effectiveness CPD	SF	4/07	3/08	£1,250	-	-	19	People
Insurance and Risk Management	GM	4/07	3/08	£1,000	-	-	6	People
Financial Services	RS	4/07	3/08	£5,000	-	-	25	People
Directorate - CPD	DKD	4/07	3/08	£2,250	-	-	3	People
Payroll - New System	AM	4/07	3/08	£1,000	-	-	12	People
Pensions Admin - New Scheme	CR	4/07	3/08	£500	-	-	18	People

## Template 9: Risk Register - Finance

### SEVERITY OF RISK

<u>Service Objective</u>	<u>Nature of Risk</u>	<u>Probability</u>	<u>Severity</u>	<u>Overall Assessment of Risk (Probability x Severity)</u>	<u>Risk Controls</u>	<u>Risk Owner</u>	<u>Business Continuity Implications?</u>
Multiple service areas	Financial systems Failure	4	3	12	Increased resilience through second computer suite	MS	Y
Management of budgets/grants income to contain Council Tax increase to inflation	Council Tax increase is more than inflation	2	5	10	Revenue budget process	MS	N
Maximisation of external funding	Failure to obtain maximum funding	2	4	8	Financial management processes	MS	N
Effective budget management	Overspends	3	3	9	Budget monitoring	MS	N
Prompt payment of creditors	Poor cash flow within local business economy	2	3	6	Statutory and local targets	MS	N
Meet the planned Audit Work Strategy	Reduced effectiveness of internal controls	2	3	6	Structured Audit Plan	SMD	N
Timeous and accurate payroll service	Missed deadline	1	5	5	Payroll processes and controls	SF	Y
Ensure effective Risk Management Systems are in place	Poor loss and risk exposure	2	4	8	Adherence to Risk Management Plan. Audit & Risk Management Sub Committee	GM	N

## BEST VALUE REVIEWS AND OPTION APPRAISALS

<u>Review Description</u>	<u>Service Plan Objective</u>	<u>Lead Officer</u>	<u>Start Date</u>	<u>End Date</u>	<u>Revenue Budget Allocation</u>	<u>External Funding (state source)</u>	<u>Strategic Theme</u>
CIPFA FM Model	Measure level of customer satisfaction when contacting the department	RMK	10/7	3/8	N/A	N/A	Customer services
Revenue Budget	Ensure the Council can achieve its plans with a balanced budget that minimises Council Tax increases	RMK	11/7	2/8	N/A	N/A	Customer services
Pension Fund Forum	Ensure Pension Fund administration and investment information more readily available	SF	9/7	10/7	N/A	N/A	Customer services
Staff Survey	Workforce planning service objectives	RMK	9/7	1/8	N/A	N/A	People



**DUNDEE CITY COUNCIL**

**CIPFA FINANCIAL MANAGEMENT MODEL**

**IMPROVEMENT ACTION PLAN 2006/08**

Priority	Improvement	Outcome	Action	Date
Stewardship				
L2/L4	Better integration of financial planning and resource allocation	Revised service planning guidelines to include links between service plans and budgets	MS	30/11/2006
P2	Set up a regular meeting between Finance and Service department finance managers	Improved understanding of financial policy issues and identify any financial training needed	RS	31/01/2007
PR6	Clearer documentation of budget holder responsibilities	Preparation of Revenue and Capital Budgetary Control Manuals	RS	30/11/2006
PR9	Financial System	Upgrade Powersolve Financial systems to Authority Financials	RS	31/03/2008
Performance				
P4	Training needs and generic financial competencies	Financial training facilitated by Final Accounts Working Group liP Accreditation to be progressed	RS SF	31/12/2007 31/03/2007
PR13	Finance attendance at management meetings	Head of Finance to confirm at COMT requirement for accountants to attend service department management teams for financial items	MS	31/12/2006
PR14	Improved documentation of procurement policies	Procurement strategy document to be prepared	DKD	31/03/2007
Transformation				
L8	Introduction of long term financial planning models	Prioritise expenditure to meet longer term objectives	MS	31/03/2007
PR16	A pilot project on process mapping to be commenced	Identification of efficiencies within financial systems	SF	31/03/2007
S7	Stakeholder feedback affecting financial policy	Continue annual stakeholder meetings with departments	DKD/MS/RS	31/07/2007

## FINANCE GENERAL SERVICE PLAN 2007-2011

### Template 12a: Strategic Financial Outlook

- 1 **Cost Pressures** - the main cost pressure facing the Department over the period 2007-2011 is anticipated to be the effects of Single Status implementation. Around 95% of the establishment posts within the Department are covered by the Single Status Agreement. Accordingly, there is potential for a significant increase in staff costs depending on the final pay gradings. There is currently no departmental budgetary provision to cover any additional costs although a corporate contingency provision has been made.

- 2 **Financial Risks** - the inherent financial risks facing the Department over the period 2007-2011 are anticipated to be:

the adequacy of pay award provisions - the Revenue Budget includes an allowance of 2.5% per annum, however each 1% above this allowance would result in additional expenditure of £34,000

increments - there is no provision in the Revenue Budget for staff incremental progression (estimated at £31,000 in 2007/08), rather this has been accommodated within an increased staff slippage target (see below)

the adequacy of inflation allowances - the Revenue Budget includes minimal allowances for specific and general price inflation, however inflation (RPI excluding mortgage interest) is currently running at a 3.3%

difficulties in achieving staff slippage targets - staffing budgets have been reduced by around 5% (c£200k), this reduction to be achieved through the management of vacant posts whilst continuing to deliver quality services to our customers

external income - the Department provides financial services to a number of outside bodies thereby generating a significant amount of external income. The loss of a major external customer would prove problematic in financial terms.

- 3 **Options for Dealing with Budget Problems** - the Department has a proven track record of operating within its allocated budgetary resources. Nevertheless, there are areas identified within the Department where limited budget flexibility exists and where activity and expenditure can be curtailed at short notice:

management of staff turnover - delays in the filling of vacant posts, over and above those required to achieve the staff slippage targets (see 2 above)

non-renewal of temporary / agency contracts - at any given time, the Department will be employing a small number of temporary / agency staff on short-term contracts

freeze on admin-type budgets eg furniture, stationery etc

- 4 **Future Savings and Efficiencies** - the following areas will be examined by the Department over the period 2007-2011 to identify savings and efficiencies eg:

staffing structures - further rationalisation and service reconfiguration, as posts become vacant

absence management - reduce absence rates from 3.7% (2006/07) to 3.0% by 2010/11

shared services - opportunities to share core support services with other Council departments, other local authorities and other public sector organisations

procurement - improve procurement practices and reduce costs through a new procurement strategy and by utilising e-procurement

increased external income - provide additional services to other organisations, within existing resource levels

## FINANCE GENERAL SERVICE PLAN 2007-2011

### Template 12b: Indicative Financial Resources Available

- 1 **Revenue Budget** - the following amounts are included in the Council's 2007-2010 Revenue Budget:

	<u>Final</u> <u>2007/08</u> <u>£000</u>	<u>Provisional</u> <u>2008/09</u> <u>£000</u>	<u>Provisional</u> <u>2009/10</u> <u>£000</u>
Gross Expenditure	6,143	6,292	6,441
<u>Income</u>			
Central Support Recharges	2,624	2,712	2,775
Corporate & Democratic Core	1,638	1,676	1,714
Other Internal Income	491	496	508
Superannuation Fund	981	993	1,018
External Income	<u>409</u>	<u>415</u>	<u>426</u>
Total Income	<u>6,143</u>	<u>6,292</u>	<u>6,441</u>
Net Expenditure	<u>0</u>	<u>0</u>	<u>0</u>

(A copy of the pages from the 2007-2010 Revenue Budget volume is attached)

- 2 **Capital Budget** - there is no specific provision for Finance General in the Council's 2007-2010 Capital Plan.
- 3 **Other Financial Resources** - it is currently anticipated that there will be no other funding streams available to the Department over the period 2007-2010.

30-Nov-07RMCK/SERVICEPLAN07-11