
Report To:	Policy & Resources Committee	Date:	22 September 2009
Report By:	Chief Financial Officer	Report No:	FIN/46/09/AP/SC
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	Financial Capacity Development Plan		

1.0 PURPOSE

1.1 The purpose of the report is to ask Committee to consider and approve the Financial Capacity Development Plan which has been produced following consideration of the Financial Capacity Review carried out by the Institute of Public Finance (IPF) in early 2009.

2.0 SUMMARY

2.1 IPF carried out a review of financial capacity within Inverclyde Council between January and March 2009. The results of the review have been reported to the Policy & Resources Committee in June 2009.

2.2 The Policy & Resources Committee remitted it to the Chief Financial Officer to develop a Plan which would address the main issues arising in the IPF report and bring this back to Committee in September 2009.

2.3 The Plan attached as an appendix to this report has been reviewed by the CMT, the Resources Reference Group established through the Organisational Improvement Plan and Accountancy Services.

2.4 Any resource implications arising from this plan will be developed as part of the 2010/12 revenue budget process.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Committee approve the Financial Capacity Development Plan attached as Appendix 1 to this report, and agree that updates on progress in respect of this plan be monitored by the Resources Reference Group and reported through the Corporate Performance Report.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 A comprehensive review of financial management and capacity was approved by the Policy & Resources Committee in November 2008, and was carried out in January to March 2009 by the Institute of Public Finance.
- 4.2 The executive summary of the report was reported to Policy & Resources Committee in June 2009 where it was agreed that the Chief Financial Officer bring back an improvement plan in September 2009.

5.0 DEVELOPMENT PLAN

- 5.1 The Improvement Plan has eight themes each of which has a number of actions it has proposed to undertake to generate the benefits sought. The themes fit into three broad categories:
- a) Up-skilling within Accountancy Services
 - b) Up-skilling financial management capability within all Services
 - c) Corporate projects
- 5.2 It can be seen from the Plan that all actions are scheduled to be delivered no later than September 2011 which, given current pressures and competing priorities, is accepted as being a challenging timescale. However, given the significant financial challenges facing the Council, in particular from 2011/12 onwards, then having the right financial skills and competencies in place throughout the Council supported by the appropriate information systems will be a prerequisite if the Council intends to meet these challenges in an effective manner.

6.0 PROPOSALS

- 6.1 It is proposed that any resource implications resulting from this report be developed as part of the budget process. This however is partially dependent on the outcome of the proposed management restructure within the Council.
- 6.2 It is proposed that monitoring and reporting of the Development Plan be carried out via the Management of Resources Reference Group chaired by the Corporate Director Regeneration & Resources. Thereafter this will be reported to the Policy & Resources Committee through the Corporate Performance Report.

7.0 IMPLICATIONS

- 7.1 Financial Implications – At this point in time there are no specific financial implications which are highlighted, however, as indicated 6.1 these will be developed over coming months.
- 7.2 HR Implications – The delivery of the attached Development Plan will require close working with Human Resources through the agreement of core financial competencies required for all Senior Managers and the development and delivery of training programmes.
- 7.3 Legal Implications – There are no legal implications associated with this report.

8.0 CONSULTATIONS

- 8.1 The attached Plan has been reviewed by the CMT, the Management of Resources Reference Group and Accountancy Services.

Financial Capacity Development Plan

Appendix 1

<u>Theme</u>	<u>Benefit Sought</u>	<u>Actions</u>	<u>Timescale</u>	<u>Lead Officer</u>
1/ Finance Up skilling	Accountancy staff have the necessary skills to meet the demands of a modern and diverse organisation. Improvements in skills are sustainable.	Identify training requirements covering both basic training and value added training needs. Deliver a structured training programme to Accountancy staff. Review resource requirements to develop & sustain the necessary improvements. Submit a budget bid if required.	Oct 2009 From Jan 2010 Oct 2009	LB/Principal Accountants/HR LB/JP/ External Support LB/JP/AP
2/ Improving Accountability & Performance within Accountancy	Professional Staff within Accountancy are clear as to their standards, roles and responsibilities. Improved team working within Accountancy.	Identify and record key cyclical tasks for individuals and teams. Monitor progress against these tasks via formal weekly meetings. Formal meetings with CFO to present Committee monitoring reports. Performance Appraisal to be implemented for all Professional Accountancy staff. Accountants to attend Committees and working groups and to provide briefings/presentations to rest of the team.	Dec 2009 Oct 2009 From 2010/11 Oct 2009	LB/Principal Accountants AP/LB LB/JP Principal Accountants
3/ Reduced Single Person Dependencies within Finance	Greater involvement of managers and Principal Accountants in key Financial projects. Directorates have strong relationships with their Principal Accountant. Clear Policies and Procedures are documented and accessible.	CFO to ensure via Managers Performance Appraisals, Directorate Plan & Budget Projects allocation that all 3 rd & 4 th Tier officers have ownership at least one key project. Principal Accountants are first point of contact for all Finance/Business issues including regular meetings with Corporate Directors & DMT. All existing policies are reviewed and updated and a timetable developed to fill in any gaps.	Oct 2009 From Nov 2009 From Mar 2010	AP LB/AP LB/Principal Accountants

<p>4/ Increased Financial Management Capacity within Services</p>	<p>Budget holders are aware of the financial impact of decisions they take via increased use of business case/option appraisals and post implementation reviews.</p> <p>Budget holders have increased ownership of their budgets and are clear of their responsibilities.</p> <p>Financial Support within Directorates is fit for purpose.</p>	<p>Develop and deliver financial management training to all managers/Heads of Service covering areas such as Budgeting, Financial Planning, VFM, Options Appraisal and Financial Regulations.</p> <p>Review FMS reporting capability and where required develop new reports which meet Budget Holders requirements.</p> <p>Develop and deliver FMS training to all budget holders.</p> <p>Develop a formal scheme of budget delegation including roles and responsibilities between Services and Accountancy.</p> <p>Incorporate a review of the most effective way to deliver financial support to Directorates as part of Council Restructure.</p>	<p>From Feb 2010</p> <p>Feb 2010</p> <p>From Dec 09</p> <p>Approval Dec 2009</p> <p>Implement 2010/11</p> <p>Implement 2010/11</p>	<p>AP/JB/LB/ External Partner</p> <p>LB/ M Thomson</p> <p>M Thomson</p> <p>JB</p> <p>AP/LB</p> <p>J Mundell / CMT/AP</p>
<p>5/ Accountability for Financial Management Performance</p>	<p>Budget holders are held accountable for financial management performance.</p> <p>Performance Appraisal process adapted to incorporate an assessment of financial management performance.</p>	<p>Identify financial competencies and incorporate in future Performance Appraisal exercises. Competencies to include achievement of Value for Money.</p> <p>Implement a formal budget monitoring recording process for all budget holders over and above current monthly Accountancy/Service meetings.</p>	<p>June 2010</p> <p>From 2010/11</p>	<p>J Mundell/ A Moore/AP</p> <p>LB/Corporate Directors</p>
<p>6/ Demonstrating Value for Money</p>	<p>Increase and embed the use of unit costing within all services in order to demonstrate competitiveness and improved efficiency.</p>	<p>Develop a Corporate approach to identifying and calculating unit costs.</p> <p>Utilise functionality within FMS reports to support the calculation of unit costs.</p>	<p>Feb 2010</p> <p>April 2010</p>	<p>AP/LB</p> <p>JB</p>

	Increased budget holder recognition of the importance of demonstrating VFM.	Agree a Corporate approach for all areas of the Council to be able to demonstrate the achievement of VFM and embed this within Directorate Planning guidance. Include the need for all budget holders to be able to demonstrate that they deliver VFM within the use of their resources as part of their annual appraisal process. Deliver training to budget holders and Accountancy employees in the areas of VFM and Options Appraisal.	Feb 2010 June 2010 April 2010	JMundell/AP/ A Spowart J Mundell/HR AP/LB/ External Party
7/ Improved Linkages: Finance Strategy / Strategic Plans	Increased demonstration that the Council's budget is aligned to deliver its Corporate priorities. Council's medium term budgets align to its SOA and performance targets. Council's Strategic Planning & Performance Management Framework includes key financial performance targets.	Finance Strategy to include reference to the Strategic Planning processes and how the two exercises are linked within an integrated timescale. Review budget presentation to match resources to strategic outcomes. Approved Directorate Plans to incorporate VFM indicators which are reported to Committee each cycle. Increased use of unit costs/value for money indicators within Public Performance Reporting.	Dec 2009 April 2010 April 2010 June 2010	PW/AP PW/AP/LB CMT/A Spowart CMT/A Spowart /AP
8/ E-procurement	Improved management information resulting in improved decision making and demonstration of effective use of resources. Reduced Purchase to Pay transactional costs. More specialist procurement officer time for adding value in areas such as contract formulation and supplier management.	Following approval of the Strategic Procurement Framework, the Business Case for e procurement (including Benefits realisation) is developed. Ensure FOM reflects a post e procurement staffing structure. Implement e procurement and integrate with FMS and other key systems. Review and amend all key Governance documents. Train and develop staff to operate in a post e-procurement implementation environment.	April 2010 June 2010 July 2011 Sept 2011 July 2011	GMcL/AS/JB GMcLoughlin GMcL/AS/JB API/E Paterson GMcL/AS