



MANCHESTER
CITY COUNCIL

FINANCIAL MANAGEMENT BUSINESS PLAN

2009/10 – 2011/12

CONTENTS

Foreword

Section 1 Business Analysis

- 1.1 Introduction to the Business
- 1.2 Key Drivers for Change
- 1.3 Contribution to the Corporate Plan
- 1.4 Strategic Risk Analysis
- 1.5 Customer and Neighbourhood Analysis
- 1.6 Performance Analysis
- 1.7 Value for Money Analysis
- 1.8 Work Force Analysis
- 1.9 Financial Drivers
- 1.10 Partnerships, Key Linkages and Cross Cutting Issues

Section 2 Business Objectives and Performance Measures

Section 3 Operational Plans

- 3.1 Business Financial Plan
- 3.2 Business Work Force Plan
- 3.3 Business Risk Register

SECTION 1: BUSINESS ANALYSIS

1.1 Introduction to the Business

The Financial Management Division provides financial leadership for the Council through financial planning, the provision of financial advice and information for service managers and Councillors and the maintenance of a sound financial management framework. It also provides a full range of exchequer services – payments to suppliers and employees, collection of income, recovery of overdue debts and the management of the Council's cashflow and its borrowing and investment needs.

Essential components of the service are:

- Providing excellence in advice, support and training
- Customer focused performance and service
- Streamlined processes
- Better use of data and technology
- Strong and transparent governance arrangements
- Well trained and skilled finance staff
- Customers trained to an appropriate level of financial literacy
- Simple charging model

The priorities for the Financial Management service are to:

- provide a high quality, customer focused Financial Management Service that is also cost efficient.
- Maximise the benefits from the implementation of the SAP computer system
- To improve the quality of the Council's financial management, as measured by the Audit Commission's Comprehensive Area Assessment – Use of Resources judgements. This will include
 - Improving the accuracy of financial reporting
 - Improving medium term financial planning and its links with business planning to ensure resources are deployed to deliver the Council's priorities
 - Improving delivery of Value for Money
 - Improving the quality of budget monitoring and management

The service is currently undergoing change as part of the Financial Management Service Improvement Project or SIP. As well as being driven by a need to create efficiencies and a desire to improve the quality of service provided it is also in recognition of the fact that although the Council spends a comparatively high level of resource on financial management¹, there is a below average level of qualified staff and a higher proportion of time is spent on transactional activity and less on strategy, training and advice. The first phase focussed on the establishment of a Shared

¹ Core Cities Benchmarking Club

Service Centre to provide efficient, customer focussed exchequer services. The second phase is focussing on the departmental and corporate finance functions.

Financial Management is structured into four areas:

Departmental Finance Support

This section provides financial support to each of the Council's Strategic Directorates: Children's Services, Neighbourhood Services and Chief Executives and Corporate Services. The service is there to provide high quality financial advice and support that adds value to the delivery of the Council's business. As part of the Finance Service Improvement Programme the management of these functions has now been centralised into Corporate Services and the associated budget transfers are under way. The aim remains to provide customer focused services that are located with and understand the business they support.

Corporate Finance

The Finance SIP will deliver a streamlined and efficient corporate finance function. The responsibilities include:

- the overall co-ordination of the Council's capital and revenue budget setting and budget monitoring processes
- Co-ordination of the Council's period end and year end closedown processes including the production of the statutory final accounts
- the provision of expert support to major projects including PFI initiatives
- ensuring the council's activities are properly funded through the active management of the Council's cash flows, borrowing and lending
- VAT and taxation advice

Shared Service Centre

The Shared Service Centre was opened in January 2009. It brings together a full range of exchequer services for the Council including the collection of income (other than council tax and housing rents) and the subsequent recover of debts, payments to all Council suppliers, management of the Council's internal trading arrangements and the administration of the Purchase Card scheme. The second phase of the SSC will look to bring together the Payrolls and Pensions section and cash collection and banking arrangements.

Business Support

The Business Support service is designed to support the business and SAP users in Back Office activities. It does this by:

- Providing training and expert help and advice for SAP users
- Ensuring there is a consistent approach to Back Office processes
- Managing and coordinating system change
- Providing a single point of contact between the business and Corporate Technology
- Controlling access and security in SAP
- Engaging with other SAP users and user groups to ensure we maximise the potential of our investment in SAP

There are about 230 staff who work within the Corporate Centre and the annual gross cost of these services, excluding recharges, is approximately £8.6m. In addition there are currently about 220 staff in departmental finance teams, located within the business.

Internal Audit and Risk Management

Internal Audit and Risk Management are also an integral part of Financial Management. Both services are currently in transition following a major service improvement programme undertaken during 2008. Currently both services have interim line management arrangements with Internal Audit reporting directly to the City Treasurer and Risk Management reporting through the National Census Co-ordinator. It is anticipated that the reporting arrangements for both services will change following the appointment of a Head of Internal Audit and Risk Management in the spring of 2009.

Internal Audit is a service that assists management, the City Treasurer, Members and the Audit Committee in the effective discharge of their responsibilities including the evaluation of the effectiveness of the Council's risk management process, internal control arrangements, governance processes and value for money controls. The team comprises an establishment of 26 staff plus the HIA post and at January 2009 will have eight vacancies. The team delivers approximately 3,200 audit days per annum and buys in additional technical resources from Salford Council and financial framework partners to support the delivery of the annual plan.

1.2 Key Drivers for Change

Internal Drivers for Change

The internal drivers for change have been summarised in the SWOT analysis below.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Loyal, knowledgeable, committed and experienced staff • Flexible service that can respond to rapid change • Stable SAP platform to build on • Council with clear sense of direction 	<ul style="list-style-type: none"> • Staff turnover • Pace of organisational change • Levels of financial literacy across the council • Capacity to meet objectives • New to SAP so less experience in supporting it – not fully using the system to its potential • Complicated processes • Reactive – more time needed for forward planning • Limited resource to invest in service improvement • Limited resources to support the delivery of Corporate Risk Management
Opportunities	Threats

<ul style="list-style-type: none"> • SAP development and ‘exploitation’ • Efficiency and process improvements in Shared Service Centre • Financial Management SIP • Job Evaluation • Improving financial literacy of all stakeholders • Recruitment /economic climate • Workforce development and succession planning • Brokerage – selling services to customers eg school support • Implementation of SIP recommendations to significantly enhance resources for corporate risk management • Internal Audit well placed to support the Council’s assurance and governance frameworks 	<ul style="list-style-type: none"> • Desire to achieve quickly with little regard for process • Staff recruitment and retention • The need to achieve large efficiency savings • Impact of Job Evaluation • Worsening economic climate • Change in govt /policy • Competition for services eg school support • Failure to implement SIP recommendations for corporate risk management • Impact of competing demands for internal audit support reducing delivery of the planned audit programme.
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

External Drivers for Change

The external drivers for change are summarised in the PEST analysis below:

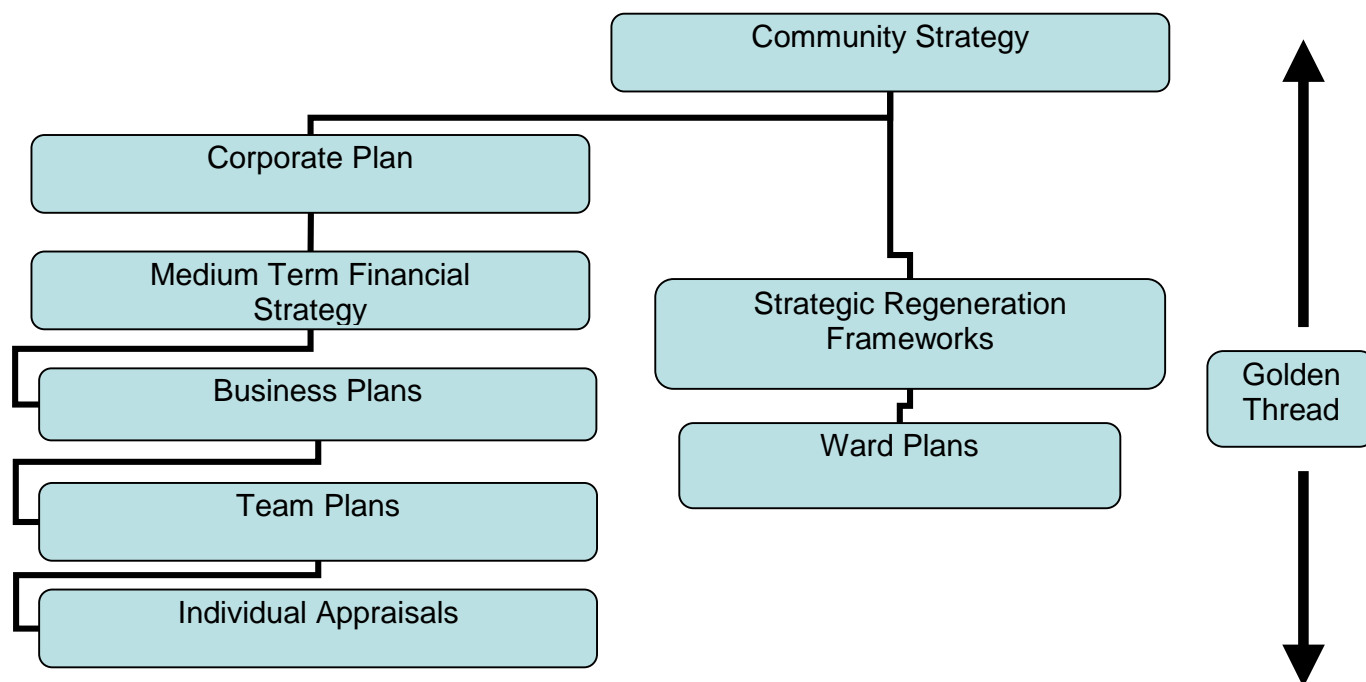
POLITICAL	ECONOMIC
<ul style="list-style-type: none"> • There may be a change in Government in the next three year period with uncertainty about the policy changes this is likely to bring. • Financial Management needs to respond and adapt to a number of service policy initiatives such as the implementation of the Adult Social Care personalisation agenda and the transfer of commissioning functions for 14-19’s from the LSC. • Significant changes to the allocation of regeneration, housing and infrastructure funding are expected with the implementation of the Housing and Communities Agency and development of regional governance processes supporting the Multi Area Agreement or MAA. • There are a growing number of requirements to improve 	<ul style="list-style-type: none"> • The Comprehensive Spending Review (CSR) has set a challenging three year settlement and 3% per annum efficiency savings targets. • The 2010/11 financial settlement may be lower than planned in the CSR due to the difficult position of Government finances and the following CSR is expected to be even tougher. • The economic downturn is putting increased pressure on budgets and rising inflation in some areas is also having a significant impact on revenue and capital budgets • There are other financing changes, such as the Local Authority Business Growth Incentive Scheme that the Council will have to respond to and which will further impact on the resources available. • Economic climate increases the risk of financial crime against the Council.
SERVICE	TECHNOLOGY
<ul style="list-style-type: none"> • The introduction of International Financial Reporting Standards for 2009/10 will have a significant impact on the Annual Accounts process. • The implementation of the Comprehensive Area Assessment has raised the bar with 	<ul style="list-style-type: none"> • SAP (the financial platform for the council) is continuing to develop and there is a need to ensure maximum benefit is achieved from the system. • There are opportunities to provide more web based exchequer services with the planned

<p>regard to achieving a good score on Use of Resources.</p>	<p>improvements to the Council’s web site and customer relationship management software</p> <ul style="list-style-type: none"> • Opportunities for use of computer assisted audit techniques to drive efficiency and deliver pro-active fraud work.
--------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

The issues highlighted above will have a significant impact on the work of the Division over the next three years. At the same time there will be growing pressures on the budgets across the council that will need to be managed effectively. These drivers for change inform the business objectives set out in Section 2.

1.3 Business Contribution to the Corporate Plan

The Financial Management Business Plan is part of the overall performance management framework for the Council which fits together as follows:



The Financial Management Division has an important role in that it provides financial leadership for the Council through financial planning, the provision of financial guidance and advice for service managers and Councillors and the maintenance of a sound financial management framework. It also provides a full range of exchequer services – payments to suppliers and employees, collection of income, recovery of overdue debts and the management of the Council’s cash flow and its borrowing and investment needs. It has a critical role in ensuring the Council maximises its use of resources.

Internal Audit and Risk Management have important roles in providing the Council with the sources of assurance required by Members, Chief Officers and senior managers regarding the effective and appropriate governance of the organisation.

Priority	Business Outcomes Which Contribute To This Priority
Promoting Economic Development	Examples include the provision of sound financial advice and support to regeneration activity, PFI schemes and other major Council/Council sponsored events (eg: Major Events) as well as supporting effective management of grants and external funding.
Reaching Full Potential in Education and Employment	The provision of financial advice in Children's Services including close financial consultation with schools which supports the effective use of resources and enhances educational potential. Effective and transparent distribution of resources to schools to support school development and planning.
Promoting Individual and Collective Self Esteem - Mutual Respect	Staff confidence in the delivery of the service is raised as a result of increased competence and higher skill levels following the financial skills training programme.
Creating Neighbourhoods of Choice	Again Financial Management contributes to these outcomes through providing sound financial advice, for example to the Housing PFI schemes, as well as working with services to remove VAT "obstacles" to capital developments focussed on this priority area.
Improving Council and Community Leadership	Financial Management has had an important role in establishing a Governance Code for the Council and led on the process to complete the first Annual Governance Statement reviewing the Council's performance against the governance standards set. An important contribution has also been made to ensuring that financial management and governance in partnerships is of a high standard. Key advice and guidance for budget setting and longer term planning to assist effective leadership and decision making. Internal Audit focuses a significant proportion of the annual plan on the provision of assurance, advice and guidance in respect of the Council's overall governance and performance framework. The Financial Management Service provides the corporate risk management service for the Council. It is responsible for the delivery of key priorities in developing an embedded, Council-wide risk management service.
Delivering the Manchester Improvement Programme	The Financial Management SIP, already underway, is a priority SIP within the Manchester Improvement Programme. Activities within the Financial Management Service also have key linkages with other City Council priorities such as Customer Relationship Management (through the Accounts Receivable function), and delivery of the Procurement SIP. The first phase of the Shared Service Centre was delivered in 2007/08, with the Finance SIP due to be completed in 2008/09. In addition the Division provides support to the MIP Programme's management.
Continuously Improving Value For Money	Financial Management supports the culture of improving value for money through its processes and support to Managers as well as the provision of cost comparison data and challenging and supporting services in reviewing their VFM. Through the Finance SIP the Division is looking to improve its own performance and deliver an efficient world class service.
Developing Our Workforce To	The SAP Business Support Team ensures a fully trained and supported workforce enabled to use SAP to its potential.

Priority	Business Outcomes Which Contribute To This Priority
Deliver High Quality Services	It is a priority to ensure managers are skilled to exercise their financial functions effectively.

Neighbourhood Funding Strategy

The Neighbourhood Funding Strategy is designed to engage directly local members in how council resources can be used more effectively to meet the priorities for the words they represent. In the main proposals relate to the street scene environment, improvements to parks, highways and footpaths, crime and disorder and youth services. Ward councillors submit proposals, where possible officers implement these in the current year using existing resources. Where this cannot be achieved proposals go forward for consideration during the budget and business planning process to identify resources and ensure strategic fit with the Council's policies. Finance support is essential in order to assess the impact in terms of costs and identify whether there is resource capacity in the current year or within future business plans.

Although Financial Management has received no direct proposals from members arising from the strategy the Division is committed to supporting its successful implementation.

1.4 Strategic Risk Analysis

This business faces the following strategic risks:-

Ref	Risk	Consequence	Risk Rating
1	New processes and procedures are not complied with, eg No Purchase Order No Payment (No PO No Pay)	Finance savings are not achieved and MCC does not benefit from planned improvements in performance.	H
2	Skills are vested in key staff.	Skills and knowledge lost if those staff leave.	M
3	Staff morale falls due to changes in the service.	Key staff leave, staff turnover and absence increases and performance falls.	H
4	There is insufficient capacity to deliver on the changes within the service and to local and national requirements in the council.	Service becomes reactive and ineffective. Strategic planning is threatened. Poor advice may be given and insufficient capacity to implement and embed. Staff morale falls.	H
5	Financial Management does not achieve its significant savings targets.	Savings have to be identified in other ways leading to reductions in service provided, council overspends budget. Achievement of savings target threatens visibility of service, delivery of customer needs and CPA score.	H

6	There is a large volume of strategic change – Financial Management may not be involved in/aware of all the changes and hence be unable to provide advice and support.	Council as a whole may be unaware of financial implications and not maximise its use of resources. Finance capacity not used to best effect. Result may be fire-fighting and resolving issues after the event.	H
7	Errors at closedown during year lead to material errors in the final accounts.	Use of Resources score falls. Reputational Risk.	M
8	Skills shortages mean that SAP upgrades and improvements cannot be delivered to deadline.	MCC does not realise business benefits from SAP.	M
9	Council is unable to appoint to key posts in a competitive market.	Staff capacity is exceeded. Service provision challenged – customer dissatisfied. Risk of poor financial advice (see ref. 4)	M
10	Internal Audit fails to deliver the annual audit plan and demonstrate compliance with the CIPFA Code of Practice.	Use of Resources score falls. Reputational Risk.	H

1.4 Customer and Neighbourhood Analysis

The Financial Management Division provides a corporate service and as such does not impact directly on individual neighbourhoods. The Service has a range of internal and external customers and stakeholders and is therefore often subject to competing priorities. The Division is also supporting the work to develop a City Council Customer Strategy with the objectives of transforming our interactions with customers.

The following key customer issues are important to the delivery of this business and are being addressed in the Service Improvement Project:

Issue	Impact on the Customer / Neighbourhood	Impact on the Service
Financial Management must ensure that it provides the framework for its internal customers to deliver high quality services for the people of Manchester. Whilst the standard and nature of the service needs to be generic it must be responsive to the needs of different stakeholder groups.	Without such a framework the essential business and other financial needs of customers will not be met.	The structure of the FMS after the SIP must reflect the needs of the diverse customer groups and be capable of timely appropriate responses.
Significant cultural change will be required to ensure that the service is	A more customer focused service will	The service will experience significant

customer focussed and delivers to customer expectations.	increase customer satisfaction levels and efficiency.	cultural change
The opening of the Shared Service Centre will provide a more efficient service to our customers for the payment of invoices.	The customer will receive an improved service but performance may reduce whilst the new service is embedded.	The service will need to develop standards to enable effective performance monitoring.
The Financial Management SIP will need to ensure that there is consistency of service standards across the organisation.	A more centralised /centrally managed service will lead to a greater level of consistency hence service users' expectations will be clarified.	The SIP will deliver the Shared Service Centre for Exchequer Services and consistency across departmental finance functions.
Financial Management will support the development of participatory budgeting.	Participatory budgeting will increase the involvement of local residents in budget decision making.	Finance will need to provide additional support for these changes.
Payment of providers for goods and services outside the SSC (e.g. Carers)	Timely and accurate payments to ensure correct support and prevent risk of hardship.	Finance will need to provide additional support for these changes
Internal Audit is charged with delivery of an annual audit plan that competes with in year demands for resources driven by internal customer needs.	Increase in resources and education of customers will help manage the demand for planned and reactive audit work.	Additional resources are required to meet the developing needs of all customers.
As part of the Service Improvement Programme, the corporate risk management service undertook a full review of the expectations of senior managers in relation to establishing a fully embedded risk management programme. They endorsed the view that there is a need to expand the corporate risk management function if all services are to develop their risk assessment processes to a uniform, high quality standard.	Enhanced capacity to support customer departments in delivering effective risk management.	Additional funding required to create the necessary posts.

The Financial Management service has both internal and external customers and must ensure that not only the Council's legal responsibilities under the various Equality acts are satisfied but also, through the actions of its staff, that equality

issues are positively promoted. The Division must also ensure equality of opportunity for all its staff.

The business faces the following risks to equality of access to service provision:-

Ref	Risk	Consequence	Risk Rating
C1	Staff are not aware of equality and diversity issues.	Potential inequality of service provision or a failure to recognise the needs of some members of the community.	Low
C2	Inadequate income collection methods are available.	Certain groups in the community might face difficulty in making payments to the Council.	Low
C3	Inadequate payment arrangements.	Suppliers may face cash flow difficulties. Certain groups may face hardship if payments not accurate and timely e.g. carers.	Low
C4	Public access facilities may not meet legal standards.	Adverse publicity or possible legal challenge.	Low
C5	Written communications are not in plain language and capable of translation into other languages and formats where appropriate.	There may be a failure to communicate effectively with some client groups.	Low

1.6 Performance Analysis

The overall performance of the Financial Management Division is measured through the Audit Commission's Use of Resources assessment. The Use of Resources Block (UOR) of the Audit Commission's Comprehensive Performance Assessment (CPA) measures the effectiveness of the financial management function across the board and is the only recognised performance measure for the service. The Audit Commission has progressively 'raised the bar' in terms of its expectations from financial management and the Comprehensive Area Assessment (CAA) which replaces it from 2009 continues this trend, increasing the emphasis on, and substantially widening the breadth of, the UOR element.

For 2006/07 the Council scored and overall '2' in its Use of Resources assessment. Within this the authority performed strongly on the assessment of its financial standing as seen in the table below.

Performance Measure / Indicator	Comparator	Impact on Service Outcomes
CPA Use of Resources –	Scored 3 out of 4 (17% of	Provides flexibility to weather

Financial Standing (2007).	metropolitan authorities scored 4).	any financial risks facing the Council.
----------------------------	-------------------------------------	-----------------------------------------

There are also some areas where Financial Management is working to improve its performance. These are summarised in the table below:

Performance Measure / Indicator	Comparator	Impact on Service Outcomes
CPA Use of Resources - - overall score 3 / 4 (2008)	Scored 3 out of 4 – the results have recently been published and the comparative position will be included as soon as it is confirmed.	It is vital for Manchester City Council to improve on its current rating to ensure that VFM is improving year on year and that the residents of Manchester are having financial resources maximised.
CPA Use of Resources – Internal Control (2008).	Scored 2 out of 4 with scope for improvement across risk management, internal control and probity and propriety.	Whilst improvements noted in risk management during 2008 there is a need to embed these arrangements and develop the internal audit service. This is necessary to ensure that risks to the achievement of organisational objectives are identified and effective mitigating controls are in place.
Invoices paid on time – 82% in 2006/7 (target 100%).	Likely to be in lowest quartile [cf 2 nd quartile (96%) in 2005/06 and 2 nd quartile (94%) in 2004/5].	Delayed payments can affect supplier cash flow and particularly for small suppliers their viability. A Council wide “No Pay, No Pay” policy is being implemented that will have a short term impact upon performance with the result that possible delayed payment may affect supplier cash flow and viability (particularly for small suppliers). Longer term it is anticipated that performance will improve considerably, moving towards the upper quartile.

The following key performance issues are important to the success of this business:

- There is a need to focus on the service improvements that will deliver an improved service to our customers and hence our overall Use of Resources score. Manchester has not kept pace with the overall improvement that other authorities have achieved and in 2007 fell into the lowest quartile. The implementation of the Financial Management SIP is consistent with achieving a high CPA score and it is essential to achieve this both in terms of

demonstrating the worth of the service internally and, in terms of the Council's reputation, with external stakeholders.

- Financial Management needs to develop, as part of the implementation of the Shared Service Centre, internal performance standards and targets. This is vital to ensure that the Centre delivers improved services and efficiencies.
- Departmental and Corporate Finance will develop standards and qualitative measures.
- Internal Audit is being managed on an interim basis pending the appointment of a permanent Head of Audit and Risk Management. This arrangement was designed to help develop the service towards a 'best in class' model following the identification of areas for improvement in the initial SIP and from external audit reports. Service improvement measures are being developed but current resources are considered insufficient to deliver this ambition and a 'best in class' audit plan for 2009/10.
- The risk management service is being project managed from within the SMT Use of Resources and Governance Sub Group. The service was formally assessed by External Audit (published in June 2008). 16 recommendations were made; these need to be addressed if the risk components of the CPA/CAA assessment are to progress from the current level of 2. The SMT Sub Group scrutinise progress against these recommendations. The service is developing in line with key milestones and is on track to meet all performance measures within agreed timescales.

1.7 Value for Money Analysis

The tables below summarise the VfM position for Financial Management. Most of the data is derived from the CIPFA benchmarking club and comes with the generally acknowledged caveats that local authorities are configured very differently and it is difficult to draw direct comparisons. Nevertheless it provides a useful starting point in understanding our performance and on the areas where we need to focus for improvement.

Departmental and Corporate Finance

In summary the analysis shows that MCC is low cost for Accountancy relative to the authority's turnover. It employs more staff than the average but they are lower graded and the proportion of qualified staff is low. Work is too focused on transactional and monitoring activity with below average strategic level input. These issues are being addressed in the second phase of the Finance SIP which will focus on restructuring these areas to provide a focused and efficient service that adds value and ensuring that we have the skills in place to deliver.

VFM Indicator	<i>Departmental and Corporate Finance</i>
----------------------	-------------------------------------------

VFM Indicator	<i>Departmental and Corporate Finance</i>
Economy	<ul style="list-style-type: none"> Total accountancy costs per £1,000 gross revenue turnover are slightly above average (in comparisons with other unitary authorities and the comparator group) with a higher level of spend on financial advice, budget monitoring, final accounts, technical projects and treasury management. However spend on financial strategy and planning, budget preparation and systems support is lower than the average. Manchester has a lower than average staff cost per fte, a below average number of CCAB qualified staff and invests less time in training its finance staff.
Effectiveness	<ul style="list-style-type: none"> The effectiveness measures currently used are the Use of Resources scores and the timeliness of the completion of statutory returns. As stated in the performance section the UoR scores are below average for all categories other than financial standing which was on the average.
Efficiency	<ul style="list-style-type: none"> Manchester has above average amounts of combined long and short term sickness.
Action to reduce costs / improve outcomes	<p>The delivery of the second stage of the Finance SIP will include the following:</p> <ul style="list-style-type: none"> Revised roles and structures which will reflect the need to place more emphasis on the 'value added' work and the need to increase the ratio of qualified staff. Workforce development strategy to support career progression and to ensure staff are equipped with the skills and competencies to deliver their role. An end to end review of the main customer processes to move the emphasis from data manipulation to working with budget holders and 'adding value'.

Exchequer Services

Broadly the data indicates that we have a high quality and slightly higher than average cost payroll service. For creditor payments the service is of comparatively low cost but the impact of the implementation of SAP has temporarily had an adverse effect as impact on performance. The cashier service has a low cost per transaction and performs at the average for comparable local authorities. Overall these services do deliver reasonable value for money. The implementation of the Shared Service Centre will enable performance to be considerably improved in the medium to longer term (implementation of significant change is likely to lead to a short term reduction in performance) and for further efficiencies to be achieved.

VFM Indicator	<i>Exchequer Services</i>
----------------------	---------------------------

VFM Indicator	<i>Exchequer Services</i>
Economy	<p>PAYROLL</p> <ul style="list-style-type: none"> Payroll cost per employee is £54; this is 12.5% higher than the average for unitary authorities (£48). Payroll cost per weighted employee (allowing for payroll frequency and positive input) is £42; this is 5% higher than the average for unitary authorities (£40). Net cost per payslip is £5.32; this is in the upper quartile and is 5% higher than the average for unitary authorities (£4.17). the employee cost per payslip is also higher than average, as are postage costs as payslips are posted to home. High levels of manual/special payments compared to other unitary authorities. The cost per FTE (£26,690) is only slightly above average of £26,068. <p>CREDITORS</p> <ul style="list-style-type: none"> CIPFA benchmarking identifies MCC's total cost per invoice at £0.98 as the third lowest of all unitary authorities (58.8% below the average £2.38). Central processing costs at £0.64 per invoice are also below the average for unitary authorities. Employee costs per transaction are £0.85 (86.7% of total cost), and this is 52.2% below the average for unitary authorities (£1.78). Staff costs per central FTE are £32,436 per FTE; 41% higher than the average for unitary authorities (£23,005). <p>CASHIERS</p> <ul style="list-style-type: none"> Core cost per transaction is in the lowest quartile, and at £0.19 is 80% below the average (£0.95) for the CIPFA benchmarking club. Employee costs per transaction are also below average. Staff costs per FTE are £27,778 per FTE; 22% higher than the average for unitary authorities (£22,773)
Effectiveness	<p>PAYROLL - Accuracy of payments is high, with one of the lowest error rates of unitary authorities, and one of the fastest processing times. The Payroll Section achieves 87% against the CIPFA good practice checklist, compared against the average of 80% for unitary authorities.</p> <p>CREDITORS - Performance is in the lowest quartile for unitary authorities in terms of BVPI8: invoices paid on time (BVPI8) – MCC is 80% compared against the average of 89%.</p> <p>CASHIERS - Performance is close to average against the CIPFA Good Practice Checklist and turnaround time is above average.</p>
Efficiency	<p>PAYROLL</p> <ul style="list-style-type: none"> The number of employees per FTE at 588 is 12% less than the average for unitary authorities (668). The number of payslips per FTE at 6295 is 27.9% less than the average for unitary authorities (8728). Turnover of payroll staff is one of the lowest of unitary authorities. Staff sickness at 14.9 days per FTE is 47.5% higher than the average for unitary authorities (10.1). <p>CREDITORS - The number of invoices per FTE at 28,928 is 48.9% above the average for unitary authorities (19,427).</p>

VFM Indicator	<i>Exchequer Services</i>
Action to reduce costs / improve outcomes	CASHIERS - Performance is close to average against the CIPFA Good Practice Checklist and turnaround time is above average.
	Through the Financial Management SIP, a Shared Service Centre (SSC) is being developed, and will be rolled-out throughout 2009 to encompass all finance based transactions. The SSC will be modern, flexible and efficient and add value to existing finance operations.
	Payroll is included in both the Financial Management & Personnel SIPs with a view to move the service into a "shared service centre" which potentially could reduce costs with economies of scale. The SIPs are also considering manager & employee self service which when fully introduced should improve performance and reduce costs.
	It is proposed to consider on line payslips (where possible) early next year which if successful could reduce the large postage overhead cost - we are the only unitary who have 100% payslips to home addresses.

Internal Audit

VFM Indicator	<i>Internal Audit</i>
Economy	<p>Key measures of economy for Internal Audit in 2007/08 in relation to CIPFA comparator authorities include:</p> <ul style="list-style-type: none"> • Total audit cost per £m gross turnover is 21% below the average. • Average cost per auditor at £44k and below the average of £51k. • Numbers of qualified staff are above average. • Overhead cost per auditor is £5,738; this is 46.3% below the average (£10,682). • Chargeable days are 156 per annum compared to the average of 178. <p>These measures suggest that the cost of Internal Audit in Manchester is lower than in comparable Councils but there is scope to increase the proportion of time chargeable to audits.</p>
Effectiveness	<p>Manchester City Council's score against the Use of Resources Internal Control theme for 2006/07 was 2 and was below the average of 2.8 for the CIPFA benchmarking authorities. This position is not anticipated to change for 2007/08 and key areas identified for improvement include the delivery of the annual audit plan, development of a proactive approach to the audit of fraud and corruption and ensuring the service can comply with the CIPFA Audit Code of Practice.</p> <p>A key measure of the effectiveness of Internal Audit is the implementation of audit recommendations. This has been an issue for the Council with implementation rates at the end of the 2007/08 as follows:</p> <ul style="list-style-type: none"> • Recommendations from 2006/07 implemented by 30 September 2008: 47% • Recommendations from 2007/08 implemented by 30 September 2008: 43%
Efficiency	<p>Internal Audit efficiency is assessed through the delivery of audits to time and cost budgets.</p> <ul style="list-style-type: none"> • In 2007/08 a total of 3,252 days were used on direct audit work, fraud investigations and demand led work requested by the business. This was significantly lower than planned. • A total of 165 final outputs (reports and management letters) were issued in the year against a target of 140. A further seven reports remained in draft at year end.
Action to reduce costs /	<ul style="list-style-type: none"> • Plans are in place and a number of actions have been taken to help improve outcomes across the service including the

VFM Indicator improve outcomes	<i>Internal Audit</i>
	<p>development of audit reporting, enhancement of operating procedures and investment in technology. Progress is being monitored and reported on a regular basis to the City Treasurer and Audit Committee.</p> <ul style="list-style-type: none"> An initial review of the service by the Interim Head of Internal Audit suggests current resources are insufficient to deliver a 'best in class' audit plan for 2009/10. Estimates and benchmarking with comparable Council's suggest an annual plan of approximately 5,000 days would be reasonable and this would require additional resources.

Risk Management

The Service Improvement Programme included research and proving visits to seven other Councils; the visits made included a review of resources employed by Council's to support the corporate risk management function. Although different Councils provided very different levels of resources, the resources provided within Manchester was significantly lower than any other Council. Whilst the overall costs for the Council are, therefore, lower than any other comparable authority, it should be noted that this does not, in itself, indicate that the service constitutes good value for money as the Council currently struggles to ensure that risk management is developed as a mainstream and embedded management tool, assisting service managers in developing and delivering service priorities. Councils that perform well in delivering integrated risk management stress the need to provide an appropriate level of corporate support with identified risk managers providing dedicated support both to senior corporate managers and to the main operational service divisions.

1.8 Workforce Analysis

Financial Management employs 224 employees (207 fte) in the Corporate Centre. In addition around 220 fte employed in financial management are based in departments. The Workforce Development Plan is attached at the end of this document. The following issues / factors are drivers for workforce change:

Driver for Change	Change(s) Needed in the Business	Timescale
SAP implementation and development.	Process changes facilitated by SAP will be made to deliver efficiencies and savings which will lead to a reconfigured service and reductions in the workforce.	Ongoing
Implementation of the Shared Service Centre	Support to learn and efficiently operate new business processes Support for cultural change required and to implement new customer and performance management approach.	SSC will be fully operational from 1 April 2009.

Driver for Change	Change(s) Needed in the Business	Timescale
Second Stage of the Financial Management SIP – Departmental and Corporate Finance	Support for implementation of new structures and roles Learning and Development plan to support staff to ensure they have the skills and knowledge required to deliver those roles. Management of change support for managers to ensure effective implementation	2009/10
SAP Development	Support for implementation of system change and development of new training, business processes and governance. This will ensure that any SAP users have the necessary knowledge and skills to use the system effectively and efficiently. It will also facilitate business continuity and improvement.	
Continuous Improvement in Skills, knowledge and performance of the workforce	Ensure training and guidance is provided for changes resulting from implementation of IFRS, new requirements to improve our UoR performance and other statutory guidance and policy changes Continue to provide quality induction training for all new staff Ensure all 1-2-1's and team meetings are taking place at least monthly and that they cover individual service targets, performance information and personal development issues Ensure all annual appraisals and six monthly reviews are completed Develop a qualifications strategy and support for all finance staff including NVQ/AAT and Accountancy qualifications Improve the learning and development plan for internal audit based on proposed structure including mix of CCAB, IIA, and other relevant qualifications.	2009/10
Staff retention and increased job satisfaction	Approved structure in place. Appropriate job descriptions. Jobs fully evaluated. Internal Audit has completed JE and are looking to embed and develop staff through career progression and development plans. Full training to address skills gap. Regular review between staff member and line manager.	Ongoing

Driver for Change	Change(s) Needed in the Business	Timescale
Diversity and equality challenges within the workforce	Set targets for the number of BME staff both within the organisation and at grade 7 or above. Implement development opportunities for under represented groups as they arise. Set targets to increase the number of disabled staff.	2009/10
Reduce sickness absence by a day in the annual days lost figure	Monitor attendance levels monthly and review management action Recognise excellent attendance	2009/10
Strategic repositioning of audit and risk to support business improvement	Appoint Head of Audit and Risk Management	2009

The risk management service currently consists of 1 full time manager (PO6) supported by interim line management provided by the National Census Co-ordinator. The Service Improvement Programme report highlighted the need to increase the level of resource and the proposal was accepted by the Project Board and Audit Committee in March 2008. Additional resources are being supplied on an interim basis from within the Manchester Improvement Programme. The intention is to increase the level of corporate resource following the appointment of the new Head of Audit and Risk Management.

1.9 Financial Drivers and Considerations

The Financial Management cash limit budget for 2008/09 is shown in the table below. Work is currently being carried out to 'zero base' the budgets to more accurately reflect the current establishment. The table will be updated as soon as this work is completed

	Gross £'000	Net £'000	
Financial Management			
Capital, Projects & Taxation			
Financial Accountancy			
Strategic Planning			
SAP Business Support			
Exchequer Services			
Internal Audit & Risk M'ment			
Other			
Total Cash Limit	7,404	5,488	

The table above includes the budgets for the Financial Management service that is delivered corporately. Work is underway with Departments to bring together all of the budgets for financial management across the council.

The main financial drivers that impact on the budget are as follows:

- The majority of the budget (85%) is on the workforce. Investment will need to be made in reskilling the workforce to meet the requirements of the new finance service and to support the required cultural change.
- The delivery of the planned high quality, cost effective supportive service is dependent on successful implementation the Service Improvement Project. Phase One, the establishment of a Shared Service Centre has been delivered, with planned savings in the first year still to be confirmed.
- The importance of the business support function has been recognised and has now been established following its own Service Improvement Project. The total cost of the service has to be met from within the existing Financial Management budget as there was no additional budget provision for the service.
- Whilst undergoing its own internal changes, the service will need to keep pace with and commit resource to respond to substantial external changes such as the structural and other changes in Manchester City Council departmental customers, radical changes in accounting and financial reporting requirements with the introduction of IFRS and the “raising of the bar” in terms of CAA standards.
- Service Development savings proposals are currently target figures which anticipate scope for savings from joint working (eg: with Chief Executives) and will need working up in conjunction with outcomes from the Corporate Organisational Development SIP.

The business has a cash limit budget in 2008/9 of £5.488m and has been set an initial planning target for the next three years of:

	2009/10 £'000	2010/11 £'000	2011/12 £'000	Total £'000
Original Cash Limit	5,488	5,059	5,056	
Inflation	152	144	153	449
Sub Total	5,640	5,203	5,209	
Savings Targets				
Targets from previous business plan	0	49		49
Savings from Service Improvement Project	523	0		523
Additional Savings Target	29	68	152	232
Inflation Savings Target	29	30	39	97
Total Savings Targets	581	147	191	919
Budget Requirement				
Cash Limit Target	5,059	5,056	5,018	

Figures above include Audit and Risk Management

The following planned efficiencies and savings were identified within the business plan 2008/9 to 2009/10:-

Ref	Planned Efficiency / Saving	Amount (£)			Risk Rating
		2008/09	2009/10	2010/11	
E1	Financial Management SIP target	1,000k	1,700k	1,700k	High

E2	Audit and Risk Management Income/generation	65k	65k	75k	Medium
E3	Service Development – target staffing saving	30k	30k	69k	Medium

The savings from the FM SIP have been reviewed and revised downwards as part of the review of the medium term financial plan, but the other savings are still considered achievable.

Some additional resource requirements have been identified during the budget setting process. These are as follows:

- The need to invest additional resources in Risk Management following the Service Improvement and External Audit Reviews. The total cost is £150k.
- The need to invest additional resource to support effective financial governance arrangements in partnerships. The estimated cost is £100k.
- The review of Internal Audit is being finalised and there may be a further resource requirement to achieve a world class internal audit service.

1.10 Partnerships, Key Linkages and Cross Cutting Issues

The Financial Management Division has a key role in the delivery of all the Business Plans within the Council and the priorities of the Division have to be consistent with the objectives of our internal customers. The objectives of the Service Improvement Project include the provision of a streamlined corporate centre and a departmental finance service that works with the business to add value. This will help ensure that we meet our customers needs whilst maintaining financial probity and an effective challenge role.

Financial Management will also work closely with other corporate services to ensure joined up service delivery and support. This will include working with Corporate Technology Unit (CTU) and the Manchester Improvement Programme (MIP) to ensure that the maximum benefits are achieved from the implementation of SAP and with Procurement to deliver savings through improvements in procurement processes and contracts.

The Division also has a key role in supporting developments to improve the performance of the Council including:

- Working with partners through fora such as the Public Services Board, to improve how we jointly use our resources to deliver the Local Area Agreement (LAA) and other Council priorities.
- Supporting the Public service Board in developing an integrated approach to risk management and assurance across partnerships
- Improvements to Governance and the embedding of the Annual Governance Statement
- Key involvement in the SMT Performance and Governance Sub Group to deliver improvements in business planning, value for money, risk management and performance processes

- Development of the Medium Term Financial Strategy in a way that fully supports the Council's objectives and links to the People Strategy, Information Strategy, Asset Management and other corporate strategies
- Development and delivery of an annual audit plan that provides focussed assurance to stakeholders, Members and officers on the effectiveness of the Council's risk management process, internal control arrangements, governance processes and value for money controls.
- Supporting major initiatives such as the Academies Programme and PFI schemes
- Supporting the Development of the Customer Strategy
- Supporting both local and national initiatives and pilot working for service improvement.

As more of the priorities for Manchester are delivered either through working with our partners such as Health, Police, Learning and Skills Courses (LSC) and Job Centre Plus, or through developing regional governance arrangements and the Multi-Area Agreement, Financial Management will need to become more outward focussed to ensure it can provide effective support.

Other key external linkages include working with networks such as the Core Cities Treasurers Group, as a way of developing best practice, sharing understanding and information to progress common issues, and to provide a pressure group, for example in relation to RSG and other government resource allocation processes. In addition Manchester has a specific role in supporting the LGA as lead negotiator for Adult Social Care (which also provides useful intelligence to support the service in a Manchester context).

Section 2: Business Objectives and Performance Measures Priorities for Financial Management

The priorities for Financial Management are set out below. The table below sets out in more detail the targets that will need to be achieved in order to achieve these objectives. Our performance will be measured by the position on the CAA Use of Resources scores.

The objective for Financial Management is to provide a high quality, customer focused and efficient service to be achieved through:

1. Continuing to improve the quality of financial management and hence our Use of Resources score under CAA. This will be achieved through:
 - a. Working to improving standards of financial literacy across the council
 - b. The provision of effective financial advice and support to heads of service, cost centre managers, school governing bodies and headteachers
 - c. Continuing to develop and improve the global monitoring process and integration with performance reporting. This will include the implementation of balance sheet monitoring.

2. Providing leadership for the council's budget setting process, including supporting implementation of Participatory Budgeting, embedding the Neighbourhood Funding Strategy and working to align more closely budget and monitoring processes with partners
3. Delivering an accurate and efficient financial reporting and closedown process. As part of this we will:
 - a. Improve the format of accounts for stakeholders to provide information in a more user friendly way
 - b. Manage an effective joined up corporate/departmental closedown and period end process
 - c. Project manage the preparation for implementation of IFRS to ensure that deadlines and reporting requirements can be achieved.
 - d. Work closely with the Council's external auditors
4. Management and development of the Finance Risk Register for the Council
5. Implementation of the Shared Service Centre (SSC) in order to achieve efficiencies in back office functions and improve the quality of the service to customers.
6. Continuing to maximise benefits of SAP and support implementation of SIPs, strategic review and design and implementation of efficient business processes
7. Implementation of Departmental and Corporate Finance SIP to provide an effective finance support service which adds value to the business
8. Achievement of savings target (to be achieved across all of financial management)
9. Supporting our staff through change and ensuring they have the right skills for the future requirements. Ensuring that managers are committed to workforce development and carry out appraisals, one to ones and team meetings.
10. Demonstrable progress towards a 'best in class' audit service that meets the varied needs of all stakeholders and represents continued value for money.

Our Objectives and Performance Measures

Ref	Objective	Performance Measure	Baseline (date)	Target Performance			Risk Rating
				09/10	10/11	11/12	
All these targets contribute to the overall financial effectiveness of the Council and hence its ability to deliver the corporate objectives and demonstrate value for money.							
1.	To provide a high quality, customer focused and efficient service. This will improve our service to stakeholders and therefore our Use of Resources score. The performance measures set out the specific action we need to take to improve our performance.	<p>Improving standards of financial literacy across the council.</p> <ul style="list-style-type: none"> • Training delivered in 2008/09 will be evaluated in early 2009/10 re-using the initial questionnaire. • Training and supporting materials to be embedded in induction training, new manager training, management courses as well as available as refresher training. A full programme of available training will be in place from September 2009. 					M
		<p>To improve the quality of support to Heads of Service, budget holders and other customers, including schools and their governing bodies.</p> <ul style="list-style-type: none"> • This will be partly delivered through the Finance SIP: <ul style="list-style-type: none"> ○ To define the roles and skills profiles of new departmental and corporate finance roles, in consultation with key stakeholders by February 2009. This will set out the standard of service that Finance will provide. ○ To implement by 1 April 2009 and then embed new structures for Corporate and Departmental Finance. • To play an active role in supporting fora, such as the SMT Use of Resources Sub Group, to ensure that we influence the design of processes and can effectively support managers in their implementation. • To work with managers to ensure that the budgets on the financial system accurately reflect their structures to ensure that the information that is produced is meaningful and can be directly accessed by managers. 					M

Ref	Objective	Performance Measure	Baseline (date)	Target Performance			Risk Rating
				09/10	10/11	11/12	
		<p>To continue to improve the Global Monitoring process.</p> <ul style="list-style-type: none"> To implement performance monitoring against key indicators on management of debt and other indicators of financial standing. This will be in place for the last quarter of 2008/09. To identify, monitor and include in the Global Monitoring Report monitoring of the key drivers of volatile budgets, for example numbers and unit costs for looked after children, planning applications etc. This will be fully implemented in Departmental and Executive Member briefing notes by July 2008/09 and included in the Global Monitoring from September 2008/09. To report on the year to date position as accurately as possible through a review of the Period End process (to be completed by December 2008). To include the forecast year end position for the current financial year by December 2008 to include the full year effect of projections on the following financial year. In the last quarter of 2008/09 review the CIPFA model of rolling forecasting with a view to implementing for 2009/10. 					M
		<p>To review the capital monitoring both corporately and departmentally and how it links with the Gateway and revenue monitoring processes in order to raise the profile of capital monitoring, increase its effectiveness and make the process more accurate and efficient.</p> <p>This will be completed by September 2009 as part of the Finance SIP.</p>					M
		<p>To fully implement a balance sheet monitoring process and integrate this with the monthly monitoring process and global monitoring report. An approach to balance sheet monitoring will be agreed before April 2009. This will be piloted in the monthly monitoring processes in the first quarter of 2009/10 and implemented in the September Global Monitoring report.</p>					M

Ref	Objective	Performance Measure	Baseline (date)	Target Performance			Risk Rating
				09/10	10/11	11/12	
2	Providing leadership for the council's budget setting process, including supporting implementation of Participatory Budgeting, embedding the Neighbourhood Funding Strategy and working to align more closely budget and monitoring processes with partners	To provide the budget timetable, financial guidance and information on a timely basis to support early budget planning by SMT, members and with partners.					L
		To continue to work with the Council to improve its budget consultation and schools forum processes. Specific measures for improvement will be developed through the SMT Sub Group on Use of Resources and through the Finance Sub Group of the Schools Forum as well as the main group. We will also work to ensure that the necessary links with the Customer Strategy are made.					M
		To support the Members Sub Group to develop neighbourhood funding proposals and the implementation of Participatory Budgeting. Specific actions will be developed with the sub group.					M
		To support the LAA Performance and Governance Sub Group and Commissioning workstream to develop more effective commissioning and financial planning processes. This will enable us to align our resources more effectively with our partners to deliver improved value for money. Specific actions will be developed with the Sub Group.					H
3.	Further improvement to the financial reporting and closedown process	To improve how we provide summary accounts information to our stakeholders and ensure that equalities legislation is complied with. Summary final accounts to go on the intranet by end of June and in the Annual Report for October.					H

Ref	Objective	Performance Measure	Baseline (date)	Target Performance			Risk Rating
				09/10	10/11	11/12	
		<p>To improve further the year end process for 2009/10. This will be achieved through:</p> <ul style="list-style-type: none"> • Training to Departmental and Corporate finance on the year end process, to be provided each February, and involvement of Departmental finance in agreeing the closedown timetable and process. • Implementation of a lessons learnt process with Departments – this will be implemented in 2008/09 and further developed in Autumn 2009. • To identify resources and work with departmental finance to develop a more effective quality assurance process for year-end reporting. This will include identifying departmental owners for all balance sheet information and the review of the Period End process previously referred to. • Finance to prepare managed audit files containing detailed timetables/action planning and supporting evidence to facilitate achievement of corporate time lines and necessary documentation for external audit. 	Yr end 2008/09 Mar-May 2009				M
		<p>Prepare for the implementation of IFRS</p> <ul style="list-style-type: none"> • Develop full project plan to manage implementation • Ensure all staff in Financial Accountancy fully briefed and have clear communications strategy for departmental finance staff and key stakeholders (eg for asset valuations) • Work with external auditors to identify the impact on current accounting format and reinstate 2008/09 accounts 					
4.	Risk Management	<p>Manage and regularly update the Financial Risks in the MCC Risk Register on behalf of SMT. Ensure risks and mitigating actions are reviewed on a monthly basis. Develop and maintain an impact assessment report of actions</p>					M

Ref	Objective	Performance Measure	Baseline (date)	Target Performance			Risk Rating
				09/10	10/11	11/12	
		taken.					
5.	Implementation of the Shared Service Centre	Ensuring clear performance standards are set, agreed and monitored, including establishing SLA's with customer departments Scope next phase of the SSC					M
6.	To ensure that the benefits of the implementation of SAP are maximised.	The specific targets will be agreed following the current SAP Review and SAP Operational Review. To review the current governance arrangements for SAP in Financial Management and implement fit for purpose future arrangements following the SAP Review.					M
7.	Implementation of the second phase of the Finance SIP	The specific targets will be agreed following the November scoping session.					H
8.	Achievement of Savings Target	The savings target will be achieved through: <ul style="list-style-type: none"> • Implementation of the Shared Service Centre Business Case • Improved budget monitoring and control through centralisation and of financial management budgets. This will be completed for 1 April 2009. • Development and implementation of the Business Case for the second phase of the SIP 					H
9.	Supporting and developing the workforce	See the Workforce Development Plan at the end of the document					M
10	Progress towards best in class audit service	Delivery of the Audit Plan Positive feedback from Audit Committee, External Audit and SMT Appointment of permanent Head of Audit and Risk Management and resourcing of the integrated service.	June 2009				H

Section 3: Operational Plan

3.1 Financial Plan

Efficiency Proposals

Ref	Efficiency Proposal	Type of Saving*	Savings Profile (£)			Impact on Customers/ Stakeholders	Risk Rating
			2009/10 £'000	2010/11 £'000	2011/12 £'000		
E1	Establishment of Finance Shared Service Centre, with Phase 1 including Accounts Payable, Accounts Receivable, including debt management, Internal Trading and Purchase Card Administration. Note most of these savings have been achieved against the 2008/09 savings target.	E	0	50	100	The objective of the SSC is to improve the quality of the service to customers with clear service level agreements including quality measures and customer response times. There may be an initial reduction in the quality of the service when the centre first opens and the new processes are embedded.	M
E2	Review of budgets and implementation of new structures for Corporate and Departmental Finance	E	480	500	500	The objective is to standardise, improve and make more efficient our service to customers.	H
E3	Review of key processes to improve efficiency.	E	100	120	320	To be achieved through end to end review of key customer processes such as revenue monitoring and capital monitoring.	H
I4	Internal Audit fye of increase in income generation	I	0	10	0	Fye of saving put forward in 2008/09 business plan	M
E4	Staffing and efficiency savings in service development	E	0	39	0	To be achieved through the MCC cross-cutting review of organisational development	M
	TOTAL		581	728	919		

*Notes

Type of Saving:

C: Reduction in cost base (e.g. through improved value for money)

A: Change in activity
I: Growth in Income earned

Budget Pressures

Ref	Budget Pressure	Type of Pressure*	Spend Profile (£)			Impact on Customers/ Stakeholders and service of not meeting the pressure
			2009/10	2010/11	2011/12	
1.	The Business Support function has been established and is to be funded from overall savings achieved through the implementation of SAP and the Finance Service Improvement project.	O				
2	There is a need to provide additional resource to support the development of corporate risk management	DG	150,000	150,000	150,000	If the pressure is not met then the Risk Management service will not have the capacity to effectively support the council or meet the management actions stemming from the external audit review. The lessons learnt from recent issues in partnership working is that more resource is required to review the risks identified through the governance framework and provide more effective support to managers to ensure robust financial governance arrangements can be implemented.
3	Support to effective financial governance arrangements in partnerships. The initial estimate of additional internal audit resource required to deliver a best in class audit service..	GB	100,000	100,000	100,000	
3		GB	220,000	220,000	220,000	

* This should be identified as;

Demographic pressure (DM), Demand led Growth (DG), reduced or lost Income (I), Grants falling out (G), Growth Bid (GB) or Other (O)

Detailed Proposals on Income from Charges for Services

Charge/ Income Budget	Current Income £'000	Estimated Income			Reason for Increase	Current Charge £.p.	Proposed Charges		
		2008/9 £'000	2009/10 £'000	2010/11 £'000			2008/9 £.p.	2009/10 £.p.	2010/11 £.p.
Corporate Accountancy: Recharges to external clients	137	140	143	146	1	n/a	Charges based on proportion of cost		
Exchequer Unit: Payroll (Commission)	23	24	24	25	1	n/a	Charges based on proportion of cost		
Payroll recharges	1,651	1,688	1,727	1,765	1	n/a	Charges based on proportion of cost		
Internal Audit:									
Recharges to external clients	0	65	66	78	2	n/a	Efficiency saving to raise new income by charging external clients.		
Note: Inflationary increase only assumed.									
Total	1,811	1,917	1,960	2,014					

Reason for increase/decrease should show:

- 1 Change in charges
- 2 Change in activity
- 3 Both

3.2 Work Force Plan

The Financial Management Workforce Development Plan is designed to support directly the implementation of the People Strategy and the Financial Management Business Plan. The priorities in the Business Plan will only be achieved by having people with the right knowledge, skills and behaviours deployed appropriately in the service.

The People Strategy

The [People Strategy](#) sets out our strategic aims and objectives for developing the Council's current and future workforce to enable and support delivery of the [Community Strategy](#) by 2015. The strategy also supports the [Manchester Improvement Programme](#), which is transforming the Council's services.

The strategic priorities for people 2007–2015

The strategic priorities for people will enable us to develop the culture and working environment to enable the Community Strategy to be delivered. The priorities are

- Developing Leadership Capacity - We will ensure that leadership is distributed throughout the organisation, that leaders are developed and empowered to fulfil their role and develop a constructive and empowering culture.
- Tackling worklessness - Supporting Manchester residents into Manchester jobs with the Council and with other Manchester employers, supporting them to develop their aspirations, ensuring they are provided with the opportunity to develop the skills, competencies and attributes they need to be able to successfully compete for jobs and benefit from the growing economic prosperity of the City.
- Effective people management - We will have clear and workable processes in place to ensure that all employees are clear about what is expected of them, and how their performance and effectiveness will be measured and judged. In particular, we will have effective one-to-one management processes. We will have more effective policies and procedures in place to provide a framework for managers so they are equipped and empowered to manage people consistently and fairly across the organisation. We will maximise use of new technology in managing people efficiently. We will have values and competencies to guide managers and maximise employee engagement and ensure that our employees are satisfied in working for us.
- Developing workforce capacity - We will address imbalances in workforce composition and manage changes in workforce effectively through reskilling and redeploying people to meet changing service needs. We will continuously develop our

people so that as many of them as possible reach their full potential. We will also develop career routes and paths to support employees to make full use of their talents for the benefit of residents.

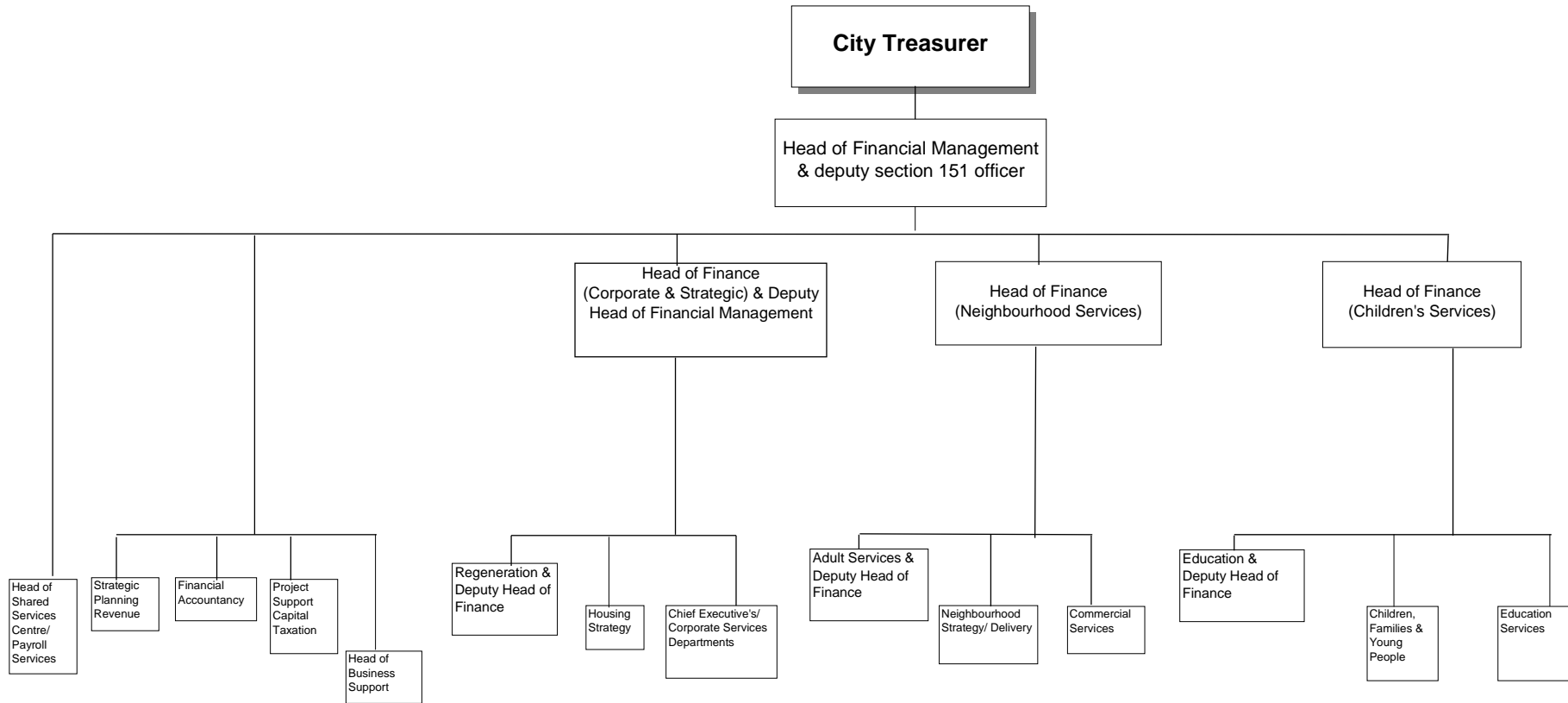
- Becoming an employer of choice - We will develop appropriate reward packages, which maximise our employment offer and we will have models in place which offer consistency and fairness in pay and reward. We will also develop a recognition culture, which acknowledges and recognises good performance and effort.
- Planning the future workforce - Developing excellent workforce plans, which are an integral part of business plans and which describe and address the gap between the current workforce, delivering the service today and the future workforce, delivering the future service, will be important. Developing a diverse workforce will be a priority. Supporting and managing changes in workforce
- Numbers, roles, skills and working patterns to meet changes in service delivery models will also be a priority, not just within Manchester City Council but also along the supply chain through commissioning organisations and partners.

The Workforce Development Plan will set out:

- An analysis of our current workforce and the drivers for change.
- A description of the workforce needed in March 2012 to deliver the business objectives outlined in the Business Plan.
- A summary of the gap between our current workforce and that needed by 2012.
- Proposed actions to address the gaps and how these will be taken forward between now and 2012.

Workforce Information

The Financial Management Division is structured as follows:



Our workforce is made up of 224 employees who are employed in the corporate centre and about 220 staff who are employed in departments. Within the 224 there are 19 job share and 22 part time employees. Together job sharers and part time employees make up 18% of our workforce. 48 of our staff (21%) are Manchester residents. Roughly 30% of the establishment undertakes accountancy duties, 10% audit duties and most of the remainder undertake transactional exchequer processes – payroll, accounts payable, accounts receivable, income and cash processing. Of the accountancy staff, 20% are fully qualified accountants, 15% in

training or partially qualified and 30% fully or partially qualified accounting technicians. Of the 220 staff who work in departmental finance teams, because transactional processes are already concentrated in Corporate Services, some 55% of departmental finance staff undertake accountancy duties. Similar proportions of these are fully and partly qualified accountants and accounting technicians to those in the corporate centre – 17%, 20% and 27% respectively. Of the 224 corporate centre employees there is the following grade split:

Grade	Number of Employees	% of Total
1 - 5 (or equivalent)	87	39
6 – 8 (or equivalent)	115	51
9 – 10 (or equivalent)	16	7
10 and above	6	3

The age breakdown of the workforce by band is as follows:

Grade Band	Age > 24	Age 25-34	Age 35-44	Age 45-54	Age 55-59	Age 60+	Total	Total %
Grades 1-5	1	8	28	30	13	7	87	
6-8	2	18	36	41	13	5	115	
9-10	-	3	4	8	1	0	16	
above 10			2	2	1	1	6	
Total	3	29	70	81	28	13	224	
Total %	1	13	31	36	13	6	100	

The equality data demonstrates the following:

Grade	Female Staff %	BME Staff %	Disabled Staff %
1-5	63	0	0
6-8	49	15	6
9-10	31	13	8
>10	50	0	0

Total	53	13	14
--------------	-----------	-----------	-----------

The days lost to sickness absence average 9.6 days per employee across the Division. Our turnover rate has increased from 4.3% to 6% in the year until the end of June 2008.

Workforce Vision and Drivers for Change

Drivers for Change

The drivers for workforce change in this business are:

Driver for Change	Change(s) Needed in the Business	Timescale
SAP implementation and development.	Process changes facilitated by SAP will be made to deliver efficiencies and savings which will lead to a reconfigured service and reductions in the workforce.	Ongoing
Implementation of the Shared Service Centre	Support to learn and efficiently operate new business processes Support for cultural change required and to implement new customer and performance management approach.	SSC will be fully operational from 1 April 2009.
Second Stage of the Financial SIP – Departmental and Corporate Finance	Support for implementation of new structures and roles Learning and Development plan to support staff to ensure they have the skills and knowledge required to deliver those roles. Management of change support for managers to ensure effective implementation	
SAP Development	Support for implementation of system change and development of new training, business processes and governance. This will ensure that any SAP users have the necessary knowledge and skills to use the system effectively and efficiently. It will also facilitate business continuity and improvement.	

Driver for Change	Change(s) Needed in the Business	Timescale
Skills, knowledge and performance of the workforce	Ensure training and guidance is provided for changes resulting from implementation of IFRS, new requirements to improve our UoR performance and other statutory guidance and policy changes Continue to provide quality induction training for all new staff Ensure all 1-2-1's and team meetings are taking place at least monthly and that they cover individual service targets, performance information and personal development issues Ensure all annual appraisals and six monthly reviews are completed Develop a qualifications strategy and support for all finance staff including NVQ/AAT and Accountancy qualifications	2009/10
Staff retention and increased job satisfaction	Approved structure in place. Appropriate job descriptions. Jobs fully evaluated. Full training to address skills gap. Regular review between staff member and line manager.	Ongoing
Diversity and equality challenges within the workforce	Set targets for the number of BME staff both within the organisation and at grade 7 or above. Implement development opportunities for under represented groups as they arise. Set targets to increase the number of disabled staff.	2009/10
Reduce sickness absence by a day in the annual days lost figure	Monitor attendance levels monthly and review management action Recognise excellent attendance	2009/10

Vision for the Workforce

By 2012 the Financial Management workforce will be smaller than at present and will contain :

- A streamlined corporate finance function – there will be three teams :
 - Financial Strategy
 - Financial Accountancy
 - Capital, Projects and Taxation.

These teams will be highly skilled, and equipped to meet the challenges of the future. They will provide a vital central role to the council in managing and co-ordinating key financial processes as well as providing effective support to departments.

- A departmental finance function that provides an effective service to our customers in Children's Services, Chief Executive's, Corporate Services and Neighbourhood Services. All finance staff that provide support in these areas will be based with the business but managed by Financial Management. They will be highly skilled, have an understanding of the business that they are supporting and add value to service delivery.
- The Council's Shared Service Centre will be in place. As part of this the finance exchequer functions will be provided by a skilled workforce which will deliver efficient and effective processes with a customer focus.
- The business support function will provide support across the Council to maximise the benefits of SAP. Again they will be highly skilled and customer focused.
- The positioning of Internal Audit and Risk management within the organisation will be formalised.

Underpinning these services :

- New roles, structures and job evaluations will all be completed and fully implemented.
- Managers and their staff will be fully supported to ensure they have the skills and confidence to deliver these roles.
- The workforce will be highly motivated, clear how it contributes to financial management and the Council's objectives, and know the career development opportunities that are available to it. 100% of appraisals will have been completed. Staff turnover will have reduced **{add target}**.

The workforce will be representative of the local population **{add equalities targets}** and a high attendance rate **{add target}**.
{note targets to be added will cover each year of the 3 year business plan}.

Gap Analysis

Currently Financial Management is going through its Service Improvement Programme. By April 2009 the first phase of the Finance Shared Service Centre will be fully in place, new roles and structures agreed and job evaluation completed for the whole of Financial Management. These roles and structures will have identified the skills required to deliver the Financial Management functions and have built in career paths. However, more work will be required to ensure we have effective learning and development strategies in place and that all staff fully understand their new roles and how they deliver to the overall priorities of the Council. Significant cultural change will be required in the future. Significant progress will also need to be made to achieve our equalities, attendance and workforce targets.

It should also be noted that Financial Management is carrying a significant number of vacancies against its original establishment. Whilst this has caused problems with capacity it will facilitate the introduction of the new more streamlined structures.

The table below sets out how we are going to respond to the drivers for change and the above gap analysis.

Workforce Development Objective	Responsibility	Timescale – 2009/10	2010/11
Supporting managers – starting with Heads of Finance, to manage change effectively. <ul style="list-style-type: none"> Supporting managers through change training. 	Service Development	Starting with FM Management team (FMT) members in 2008/09 and cascaded	
Ensuring managers have the management skills to carry out their roles effectively. <ul style="list-style-type: none"> Skills audit of all managers to be carried out during 2008/10. Management development needs to be identified through skills audit and appraisals. Management development programme to be developed to meet those needs – starting with FMT. 	Service Development with support from FMT and Organisational Development.	Skills audit and appraisal data to be collated 2008/10.	Management development programme to be in place 2009/10.
Ensuring all members of Financial Management are equipped with the skills to carry out their job effectively. <ul style="list-style-type: none"> New Corporate and Departmental Finance Structures to define skills required and career development pathways. work define new job descriptions, person specifications and structures to include the skills requirements for each role 	FMT supported by Service Development MIP and Personnel		
Ensure that all staff get the support that they need through ensuring that: Performance appraisals are carried out annually with a six monthly review and that the appraisal process includes the individuals development needs. One to ones with all staff are carried out on a monthly basis Team meetings are held on a regular basis and information cascaded.	All managers	Ongoing	
Continue to work to embed the culture that is required for Financial Management: Establishing clear communication processes including formal management and	FMT		

Workforce Development Objective	Responsibility	Timescale – 2009/10	2010/11
<p>team meeting structures, use of the intranet, communication forums including the Buzz. A communications strategy will be produced for financial management. The use of team development days This will be scoped in more detail.</p>			
<p>Qualifications Strategy to be in place that covers all staff within Financial Management. This will meet the requirements of the skills pledge and incorporate current NVQ, AAT and Accountancy qualification strategies. Appropriate Learning and Development Strategies will also be developed for the Shared Service Centre and Business Support Team.</p> <ul style="list-style-type: none"> ▪ Review current arrangements including the CIPFA Graduate Trainee Scheme, AAT and NVQ arrangements currently in place in order to implement a co-ordinated scheme that supports career development and improved recruitment and retention. ▪ Implement qualification/skills strategies for Shared Service Centre and Business Support. 	<p>FMT, current “leads” on trainee schemes, supported by Service Development.</p>	<p>Qualifications/Skills Strategies to be Designed in 2009/10 for full implementation by August 2010.</p>	
<p>Work with Organisational Development for Implementation of the Skills Audit and Skills Pledge. To be scoped.</p>			
<p>Ensure that all staff in Financial Management have the skills and knowledge to gain the maximum benefits from the implementation and review of SAP. To be developed in conjunction with Business Support, Finance SIP and the current SAP Review.</p>			
<p>Specific training to support new developments:</p> <ul style="list-style-type: none"> • Implementation of IFRS 			
<p>Improving attendance: Monitor attendance levels monthly and review management action Recognise excellent attendance Reduce average days lost from 9.6 to 8.6 by 2009/10</p>			
<p>Equalities To be completed</p>			

• **3.3 Business Risk Register**

Ref	Risk Description	Consequence Description	Risk Rating			Controls	Accept / Reject
			Likelihood	Impact	Rating		
1	New processes and procedures are not complied with, eg No PO No Pay	Finance savings are not achieved and MCC does not benefit from planned improvements in performance.	3	3	H	<ul style="list-style-type: none"> • Training and support for MCC managers and staff. • Engagement with SMT and the business. 	Accept
2	Skills are vested in key staff.	Skills and knowledge lost if those staff leave.	3	2	M	<ul style="list-style-type: none"> • Managers put emphasis on sharing learning and ensuring more than one person involved. • Procedure notes/working papers. 	Accept
3	Staff morale falls due to changes in the service.	Key staff leave, staff turnover and absence increases and performance falls.	3	3	H	<ul style="list-style-type: none"> • Delivery new structure and second phase of SIP to provide more certainty. • Provide clear vision and leadership for service from FMT. • Development and delivering WFD plan. • Ensure staff briefed and receive support through one-to-one's, team meetings etc. 	Accept

		Risk Rating					
4	There is insufficient capacity to deliver on the changes within the service and to local and national initiatives in the council.	Service becomes reactive and ineffective. Poor advice may be given and insufficient capacity to “follow through”. Staff morale falls.	3	3	H	<ul style="list-style-type: none"> • Delivery new structure and second phase Finance SIP. • Implementation Plan to improve recruitment and retention. 	Accept
5	Financial Management does not achieve its significant savings targets.	Savings have to be identified in other ways leading to cuts in service provided to council or overspends of budget.	3	3	H	<ul style="list-style-type: none"> • Ensure savings from SSC realised. • Business case for phase 2 SIP. • Identify alternative savings measures. • Centralise all finance budgets for improved control. 	Accept
6	There is a large volume of strategic change – Financial Management may not be involved in/aware of all the changes and hence be unable to provide advice and support.	Council as a whole may be unaware of financial implications and not maximise its use of resources. Finance capacity not used to best effect as has to fire-fight and sort out issues.	3	3	H	<ul style="list-style-type: none"> • Engaging with the business, attending management meetings. • Developing project list and sharing intelligence within Corporate Services. 	Accept

		Risk Rating					
7	Errors at closedown lead to material errors in the final accounts.	Use of Resources score falls.	3	2	M	<ul style="list-style-type: none"> Review lessons learnt from previous years closedown. Additional training and involvement of departmental staff. Capacity for quality assurance built into closedown process. 	Accept
8	Skills shortages mean that SAP upgrades and improvements cannot be delivered to deadline.	MCC does not realise business benefits from SAP.	3	2	M	<ul style="list-style-type: none"> Identify required skills and source necessary training Develop detailed cutover plans with dependencies Consider use of 3rd party software and consultancy to assist in development or upgrade 	
9	Internal Audit fails to deliver the annual audit plan and demonstrate compliance with the CIPFA Code of Practice.	Reputational impact Use of Resources score fails to improve	3	3	H	<ul style="list-style-type: none"> Recruitment exercise early 2009 Delivery of agreed Improvement Plan Management review, targeting and deployment of resources Audit Committee 	Accept
Risks to Equality of Access to Service Provision							
C1	Staff are not aware of equality and diversity issues.	Potential inequality of service provision or a failure to recognise the	1	1	1 Low	Training programme is in place.	Accept

			Risk Rating				
		needs of some members of the community.					
C2	Inadequate payment methods are available.	Certain groups in the community might face difficulty in making payments to the Council.	1	2	2 Low	Payment methods are constantly reviewed.	Accept
C3	Public access facilities may not meet legal standards.	Adverse publicity or possible legal challenge.	1	2	2 Low	DDA improvement programme in place?	Accept