

Finance and Procurement

BUSINESS PLAN 2019-2023



2021-2022 Refresh

Service Summary and Operating Context

Finance & Procurement provides strategic advice and support to the Council to seek to ensure that increasingly limited resources are effectively applied towards the achievement of the Council's agreed priorities and objectives. We provide a range of technical, professional and advisory services essential to the achievement of our Council's agreed priorities, currently structured over four functional areas:-

Finance and Procurement (Section 95 Officer)

Finance and Accounting (Depute S95 Officer)	Treasury and Capital (Business Officer)	Procurement and Commissioning	Financial Transactions
<ul style="list-style-type: none"> Financial strategy Budget Development Process Financial Monitoring Statutory Accounts & Financial returns Financial Support & Advice to Services Council Financial Management & Control Framework 	<ul style="list-style-type: none"> Capital Strategy Capital Investment Planning & Monitoring Insurance Programme Pension Fund Investment Mgmt. Treasury Management, Investment & Borrowing Departmental Business Support Taxation/VAT Advice 	<ul style="list-style-type: none"> Procurement Policies & Strategies Procurement Advice & Support to Services Regulated & Collaborative Procurement Activity Contract & Supplier Management Strategy Sustainable Procurement Commissioning 	<ul style="list-style-type: none"> Payroll for All Council Staff Staff Advertising & Recruitment Statutory Employment Returns, incl. HMRC Ordering & Payments to Suppliers Sales/Service Billing and Payment management Debt Recovery

Values and Behaviours

The key values which underpin the work of Finance & Procurement are:-

- **Act with integrity** through consistently upholding the highest public standards while maintaining our reputation and that of the Council.
- **Be open, accountable and honest** including through sharing the right information at the right time across and beyond the Council
- **Lead by Example** through demonstrating professionalism, leadership, support and appropriate behaviours at all times
- **Demonstrate Fairness, Equality & Respect** in all our dealings with each other, with our customers and with other stakeholders
- **Seek and present the facts** to support informed and effective decision making
- **Work together** through embracing partnership and collaborative working to create a strong and successful Council
- **Organise our services** to meet the needs of service users, putting the customer first to support the community

Objectives

- Provide high quality strategic advice and support to the Council to ensure that increasingly limited resources are deployed in an effective and financially sustainable manner which supports the delivery of key priorities and objectives;
- Deliver high quality, efficient and effective professional services across each of

our functions.

- Continuously support and develop our staff and teams.
- Lead the development and implementation of the Council's Medium Term Financial Strategy, including the Budget Development Process and the Capital Investment Strategy, and support the progression of the Council's Transformation Programmes.
- Provide effective leadership, compliance and governance for procurement across the Council through the development of Procurement strategies and procedures and through the provision of strategic procurement advice.
- Ensure the effective stewardship of public monies through the development of clear financial management frameworks, budget monitoring & control, effective transactional processes and the provision of training, advice and support to our customers
- Ensure all payments made to the Council's employees, pensioners and suppliers are paid accurately and timeously.
- Support the effective recruitment of staff across the Council.
- Maximise the collection and recovery of income due to the Council.
- Ensure that the Council's treasury management, pension fund investment management and insurance arrangements are efficient and effective and represent best value.
- Develop improved links with Customers, other Departments and Partners.
- Drive results, efficiency and innovation by supporting improvements and delivering strategic solutions.

Strategies

The key strategies that Finance & Procurement has responsibility for delivering include:-

- Financial Strategy & Supporting Budget Plan
- Capital Strategy & Supporting 10 Year Capital Investment Strategy
- Procurement Strategy & Supporting Standing Orders
- Contract & Supplier Management Strategy
- Sustainable Procurement Policy
- Treasury Management Strategy and Prudential Indicators
- Finance & Procurement Workforce Strategy
- Pension Fund Investment Strategy

Key successes 2020/21

The Covid-19 emergency period presented a significant challenge for all services in relation to increased requirements associated with the emergency response and the need to ensure that key services continued to be delivered. Finance & Procurement staff adjusted very effectively to revised working arrangements to ensure that all of Finance & Procurement's key services, including ensuring that staff, pensioners, suppliers and clients continued to receive payments on time, continued to be delivered with almost all staff working from home.

In addition to the effective delivery of ongoing services, Finance & Procurement staff also played a key role in response measures including the distribution of business support grants, PPE procurement and distribution, increased recruitment to support emergency response activities and implementation of payment schemes to support casual teaching and non teaching staff. The Service also monitored and managed the overall financial implications of the Covid-19 response & recovery and ensured that officers and members received regular updates on the projected impact of requirements on the Council's overall financial position during this period.

Key areas of progress during the year included:-

- Finance & Procurement worked closely with colleagues in Services to ensure effective and prompt payment of Covid-19 support arrangements, including Free School Meal payments, Winter & Spring Hardship payments and other support schemes.
- Finance & Procurement worked closely with colleagues in Economic Development and Revenues & Benefits to support a range of Business Grant Support Schemes to assist local businesses during the Covid-19 response. Supplier Support arrangements to support the sustainability of those suppliers who normally provide services to the Council were also effectively introduced.
- While the impact of the lockdown and lengthy restrictions associated with the Covid-19 response reduced the number of contracts awarded during the financial year, the proportion of procurement spend with local suppliers has increased from 32.64% to an estimated 36.51% in 2020/21 (based on figures to the end of Quarter 3).
- A number of improvements have also been implemented under the Purchase to Pay (P2P) project including the further rationalisation/reduction in the number of Council ordering and payment systems, further centralisation of activity to ensure a consistent approach for ordering and payments and the introduction of new purchase card arrangements which has secured the receipt of rebates for the Council.
- Continued development of the use of digital technology to improve customer service and efficiency with a further increase in the percentage of job applications made online and in the proportion of staff receiving e-payslips.
- During the year, Finance & Procurement supported the Pensions Sub Committee in developing its approach to sustainable investment which included agreement at the Sub Committee's meeting of 10 December 2020 that the Dumfries and Galloway Council Pension Fund sign up as a supporter of *Climate Action 100+*. This initiative supports companies that are systematically important to the global transition to net-zero emissions.
- In addition, Finance & Procurement is increasingly supporting the extent to which climate change and sustainability are taken into account as part of Members' considerations in relation to resource allocation and capital investment. The increased focus on projects that can effectively support the Council's Climate Change Commitment is a key element of the current asset class review within the Capital Investment Strategy.
- Progression and delivery of a number of actions under the Capital Investment Strategy Transformation Programme including delivery of agreed savings associated with reduced borrowing costs through effective treasury management activities, agreement through Full Council in June 2020 of revised arrangements for the approval and control of capital project development costs (ie, design fees, legal fees, investigation costs etc) and the introduction of a Financial Code for Capital Programme development, monitoring and control.
- Positive performance has been maintained against the agreed range of corporate financial management indicators. The maintenance of the Council's overall financial position, based on the decisions taken and the financial management principles that Members have consistently applied over a prolonged period, have contributed significantly to the Council's ability to effectively address the Covid-19 response and recovery process to date.

Challenges & Opportunities

There are a range of challenges and opportunities facing both Finance & Procurement and the overall Council over the upcoming period:-

Financial Sustainability – While the impact of the Covid-19 response, and the receipt of additional UK and Scottish Government funding to support the additional costs incurred, has delayed the need for the Council to identify significant savings against underlying services, it is fully anticipated that, beyond the current financial year, local government will face a return to requiring to significantly reduce spending while meeting increased service demands/requirements. Finance & Procurement will continue to play a key role in supporting the Council to effectively address this challenge in a manner which supports the ongoing delivery of the Council's key priorities and objectives.

Compliance & Assurance – The issues relating to the recent Finance, Procurement & Transformation Committee review of the Council's Financial Procedures and Procurement Standing Orders has highlighted a number of areas where significant improvement is required, particularly in relation to procurement compliance. The implementation plan agreed following that review identifies a number of actions that will significantly contribute to an increase in compliance and assurance across the Council. While the resourcing of these actions represents a significant challenge, the Member support and profile given to these issues provides a significant opportunity to work with services to make significant improvements to existing arrangements and to ensure that compliance and assurance are key areas of focus on a sustained basis. These actions also represent an opportunity to ensure effective engagement with local suppliers and to support their capability to effectively compete for Council contracts.

Workforce & Resourcing – The support and skills provided by Finance & Procurement staff are essential to support the Council during a period of significant change and financial challenge, particularly in relation to the post-Covid-19 recovery process. This places a range of demands and expectations on our staff which are difficult to adequately address within the limited resources available. A continuing focus on the development and training of our teams will be crucial to allowing Finance & Procurement to effectively contribute to the achievement of the Council's priorities over the upcoming period. The support and development of trainees within Procurement, alongside the securing of additional temporary resources and close working with service colleagues, will be a key element of further developing the Council's procurement capabilities. In addition to prioritising our input to best support the achievement of the Council's priorities and objectives, greater partnership working and collaboration with both local and national partners will be progressed where possible. In addition, we will also seek to enhance the level of finance and procurement capabilities of officers within Service departments through the progression of training programmes with supporting on-line resources.

The development and adaptation of Finance & Procurement staff and services during the Covid-19 response period also provides a source of key learning to support the development of our approach moving forward.

Business Plan Refresh - Appendix 1

Performance Information

The tables below highlight our detailed deliverables for the year ahead, aligned to our strategic priorities and commitments, together with the risks we face.

The Council's Strategic Priorities are numbered as follows:

1. Build the local economy

- 1.1 Improve the level of skills within our communities and workforce
- 1.2 Support our small and medium sized businesses to be established and grow
- 1.3 Invest in our key infrastructure
- 1.4 Provide an attractive location to do business

2. Provide the best start in life for all our children

- 2.1 Ensure early intervention, in particular to keep our region's most vulnerable children safe
- 2.2 Invest in creating schools fit for the 21st century which are at the heart of our communities
- 2.3 Raise ambition and attainment, in particular to address inequalities
- 2.4 Support children to be healthy and active

3. Protect our most vulnerable people

- 3.1 Tackle the causes and effects of inequality and poverty
- 3.2 Help older or vulnerable people live healthy and independent lives
- 3.3 Ensure older or vulnerable people receive the care and support they need
- 3.4 Keep our communities safe

4. Be an inclusive Council

- 4.1 Ensure that local people and communities are at the heart of our decision making
- 4.2 Empower our communities to make the most of their assets
- 4.3 Increase equality of opportunity

5. Urgently respond to climate change and transition to a carbon neutral region

- 5.1 Encourage understanding of how the way we live and work in the region impacts on climate change
- 5.2 Empower our communities and stakeholders to make significant changes to reduce emissions and adapt to a low carbon approach
- 5.3 Lead on the transition to cleaner and greener technologies
- 5.4 Promote and protect our region's natural environment
- 5.5 Contribute to a greener economy, maximising the region's green energy potential

6. Transformation Activities

- 6.1 Prioritise our resources
- 6.2 Improve our Customer and Digital Offer
- 6.3 Modernise our Council
- 6.4 Maximise use of fewer assets
- 6.5 Develop a smaller more flexibly skilled workforce for the future
- 6.6 Maximising our income and underpinning fairness through targeted concessions

7. Renewal Activity

- 7.1 Developing alternative delivery models to ensure a sustained Focus on Council Priorities with agile, affordable and achievable services
- 7.2 Support the Local Economy and maximise the benefits of Borderlands and South of Scotland Enterprise (SOSE)
- 7.3 Take a practical and inclusive approach to everything we do focusing on tackling inequalities and supporting the Vulnerable across a broad range of services, partners and communities.
- 7.4 Take a practical and inclusive approach to the needs of Children and Young People across a broad range of services, partners and communities.
- 7.5 Support the development of an inspirational and engaged workforce and reduce our number of buildings.
- 7.6 Support Third Sector Dumfries and Galloway to develop locality hubs as the focus for working and achieve investors in volunteering status
- 7.7 Take forward opportunities to improve sustainability and tackle climate change.

8. Recovery Activity

- 8.1 Schools and learning
- 8.2 Economy and Business
- 8.3 Inequality and Vulnerability
- 8.4 Local Communities
- 8.5 Climate Recovery

9 Key service functions

- 9.1 People / Learning and Growth
- 9.2 Process
- 9.3 Customer
- 9.4 Finance / Asset

10. Health and Safety

- 10.1 Our Service will set out and demonstrate our commitment and arrangements for health and safety.
- 10.2 Our Service shall incorporate health and safety considerations when planning activities and before carrying out tasks.
- 10.3 Our Service shall ensure people have the competency to enable them to fulfil their H&S responsibilities
- 10.4 Our Service shall consult, engage and communicate effectively on H&S arrangements.
- 10.5 Our Service shall work safely and be positive and pro-active in our approach.
- 10.6 Our Service shall monitor that we are managing H&S effectively
- 10.7 Our Service shall audit and review our H&S arrangements to encourage continuous improvement.
- 10.8 Incident Information

Service Risks

Table 1 outlines what we are going to do:

Project	Strategic Objective	Timescale	Status
Realignment of Service Budgets to Support Effective Budget Monitoring	Supporting	30 June 2021	In Progress
Completion of Rationalisation of Payment Systems	Supporting	31 December 2021	In Progress
Establishment of Comprehensive Contracts Register and associated monitoring arrangements	Supporting	31 March 2022	In Progress
Update of Procurement Standing Orders (and associated policies and procedures) and Establishment of new Procurement Sharepoint Site	Supporting	31 March 2022	In Progress
Development of the Council's Financial Strategy & Revenue Budget 2022/23 – 2024/25	Supporting	28 February 2022	In Progress
Development and Agreement of the Capital Investment Strategy 2022/23 – 2024/25	Supporting	28 February 2022	In Progress

Table 2 outlines how we will measure what we do

Indicator	Purpose of measure	Target	Strategic Objective
Number of Local Suppliers Applying for Council Contracts	Indicator of the level and effectiveness of engagement and support provided to local suppliers	200	1.2
% of Contract Spend with Local Suppliers	Indicator of the level and effectiveness of engagement and support provided to local suppliers	34%	1.2
% of Job Applications Made Online	Indicator of the effectiveness and efficiency of recruitment arrangements	99%	6.2
% of Invoice Payments Made by Electronic Means	Indicator of the effectiveness and efficiency of payment arrangements	97%	6.2
% of Staff Receiving e-payslips (PR10)	Indicator of the effectiveness and efficiency of staff (non-teacher) payment arrangements	70%	6.2

% of Staff Receiving e-payslips (PR30)	Indicator of the effectiveness and efficiency of staff (teacher) payment arrangements	95%	6.2
% of Invoices Paid within 30 Days	Indicator of the effectiveness and efficiency of supplier payment arrangements	96%	1.2
Delivery of Agreed Savings	Indicator of the effectiveness of financial planning and monitoring arrangements	90%	9.4
Average Number of Days Lost through sickness absence	The indicator looks at the effectiveness of the HR function in terms of impact on the overall levels of sickness absence in the council through development of processes and procedures, and training for managers. Councils should aim to reduce the number of days lost through sickness absence over time.	9 days	9.1
% of Days Lost through sickness absence	The indicator looks at the effectiveness of the HR function in terms of impact on the overall levels of sickness absence in the Council through development of processes and procedures, and training for managers. Councils should aim to reduce the number of days lost through sickness absence over time	4%	9.1
% of Staff who have completed PDR	The percentage of staff who have received an annual performance review within the service. Performance development reviews take place to:- effectively manage, develop and support employees through periods of significant change; develop our workforce ; and measure and report on performance against our objectives to help improve commitment, performance and service delivery.	95%	9.1
Level of Positive Engagement Recorded in Survey	Provides feedback on how staff within the service are feeling through the staff survey. The temperature check questions are asked every quarter and provides evidence of positive engagement through the level of positive return.	80%	9.1
% of Staff who know how Job Contributes to Council Priorities	To demonstrate whether our employees know how their job contributes to Council priorities and recognise their role in the achievement of the Council's Priorities through effectively engaging through improved communication and participation to help improve service delivery.	80%	9.1
% of Member Enquiries dealt with through the Elected Members Enquiry Service within the agreed timescales	This is to ensure that these 5 day and 20 day timescales are met within the service	85%	9.3
Percentage of Stage 2 complaint responses issued within statutory timescales	This is to ensure that the Stage 2 complaint responses are issued within statutory timescales within the service.	80%	9.3
Percentage of Freedom of Information and Environmental Information (Scotland) Regulations requests received that have been responded to within 20 working days of receipt	This is to ensure that when information is requested from a Scottish public authority, it must give it (or explain why it is allowed to withhold it) as quickly as possible and within 20 working days.	94%	9.3
Percentage of requests for subject access requests completed within one month	This is to ensure that we comply with a request without undue delay and at the latest within one month of receipt of the request.	85%	9.3

Percentage of Community Council enquiries dealt with through the Community Council Enquiry Service within the agreed timescale	This is to ensure that the 20 day timescale is met within the service.	85%	9.3
Percentage of MP/MSP enquiries dealt with through the Enquiry Service within agreed timescale	This is to ensure these 5 day and 20 day timescales are met within the service.	85%	9.3
Revenue Budget Outturn (Corporate)	Indicator of the effectiveness of financial planning and monitoring arrangements	98% - 100%	9.4
Revenue Budget Outturn (Finance & Procurement)	This highlights the service's performance against agreed budget limits set by Elected Members to ensure that spend is being maintained within those levels.	98% - 100%	9.4
Capital Spending (Corporate)	Indicator of the effectiveness of financial planning and monitoring arrangements	90% - 100%	9.4
Balances as a % of Annual Budgeted Spending	Indicator of the effectiveness of financial planning and monitoring arrangements and the Council's financial resilience	2%	9.4

Table 3 outlines how we measure our health and safety requirements:

Indicator	Target	Strategic Objective
Head of Service H&S Management Arrangements are up-to-date, relevant and within programmed review.	Yes	10.1
Health & Safety priorities from Head of Service (risk based) have been provided to H&S.	Yes	10.2
Head of Service has trained Health & Safety Duty Holders appointed and recorded in register	Yes	10.2
Planned occupational health needs verified and submitted to OD&HR	Yes	10.2
H&S risks and resource considered within business cases/Project Briefs	Yes	10.2
Competence requirements for Service Manager posts reviewed in terms of managing their service safely	Yes	10.3
Service Health & Safety training requirements reviewed, prioritised and submitted to Lifelong Learning Centre	Yes	10.3
Consultation arrangements for H&S Implemented	Yes	10.4
Communication arrangements for H&S Implemented	24	10.4
Number of Service wide Management meetings where H&S is discussed	10	10.4
Number of H&S Briefing Notes provided to managers	10	10.4
Number of H&S Newsletters issued to staff	4	10.4
Implementation of service H&S risk priorities	90%	10.5
Action plans produced within 6 weeks following health and safety management audits	Yes	10.5
Percentage of Corporate Health & Safety Audit Service action plans completed or on target as planned and agreed	90%	10.5
H&S Support offered and performance reviewed with Service Management	Yes	10.6
Percentage of Service Health & Safety Plan actions completed or on target and verified by the Head of Service	90%	10.6
Number of planning/review meetings held between Head of Service and H&S Partner	2	10.6
Number of performance reports incorporating delivery of Service Health & Safety Action Plan submitted to Service Committee	2	10.6

Carry out statistical analysis of work-related incidents and ill health and take appropriate actions	Yes	10.6
Percentage of RIDDOR investigations completed within 3 weeks	100%	10.6
Percentage of RIDDOR incidents reported to HSE within legal timescales	100%	10.6
Percentage of planned Service Health & Safety audits carried out	90%	10.7
Number of Service-wide employee accidents	Data only	10.8
Number of Service-wide violent incidents (all)	Data only	10.8
Number of Service-wide employee near miss incidents	Data only	10.8
Total number of Service-wide employee RIDDOR reportable incidents	Data only	10.8
Service-wide RIDDOR employee reportable incidents over 7 days	Data only	10.8
Service-wide RIDDOR employee serious injuries	Data only	10.8
Number of Service-wide RIDDOR employee specified diseases	Data only	10.8
Number of Service-wide RIDDOR employee specified diseases	Data only	10.8
No. 3rd party RIDDOR incidents	Data only	10.8

Table 4 outlines our high-level risks

Risk	Risk Factors	Mitigation / Contingency
Council incurs significant unanticipated expenditure and or significant financial loss	Issues/events that could result in unanticipated expenditure and/or loss may include, but might not be restricted to, the following:- <ul style="list-style-type: none"> - A severe weather event - Sustained disruption to, or increased requirements for, activities (eg. national emergency/pandemic) - A major incident or accident - A failure to recover debtors - A failure to recover deposits /investments (e.g. through Bank failure) - Compensation payments as a result of a legal action or other issue 	Control and mitigation measures include:- <ul style="list-style-type: none"> - The Council has an agreed policy for the retention of a prudent level of General Fund Balances to support unanticipated expenditure demands. - In addition, a modest level of resilience funding and contingency funding is retained to support specific issues such as Severe Winter Weather. - The Council has established Insurance arrangements, including an element of self-insurance, to help offset costs associated with insurable events. - The Council annually agrees a comprehensive Treasury Management Strategy with detailed arrangements for the investment and deposit of Council funds, with appropriate counterparty limits, to minimise the risk of loss. - Risk Management strategies and planning arrangements across the Council seek to minimise the potential for additional costs/losses.
Failure to agree and deliver a genuinely balanced budget within a medium-term Financial Strategy	The key issues that could make this risk a reality would be:- <ol style="list-style-type: none"> 1. Members/officers fail to identify, develop and progress savings options that are realistically deliverable and robust to the levels required to balance the budget. 2. Members are unable to agree a budget reflecting a sufficient level of deliverable savings to balance the budget. 	The Council has an agreed Budget Process which incorporates the development of detailed service and financial plans, the identification of required savings, the development of budget proposals and the agreement of annual budgets through Full Council. The agreed budget process includes the development of Budget Plans on a 3 Year

	<p>3. Members/officers fail to agree and develop plans for the delivery of savings and service transformation on a sustainable, multi-year basis.</p>	<p>Basis to ensure ongoing financial sustainability is fully taken into account.</p> <p>A 5 Year Financial Strategy has been agreed by Full Council, providing the overall financial context within which 3 year budgets are developed.</p> <p>The Council has agreed a set of Budget Setting Principles which include the requirement for budgets to be balanced on a sustainable basis, the need for medium-term financial planning and for the maintenance of an agreed level of General Fund Balances</p>
<p>Significant budget overspending by the Council and/or an individual service department</p>	<p>The key issues that could make this risk a reality include:-</p> <ol style="list-style-type: none"> 1. Significant increase in unavoidable service demand and associated costs 2. Impact of unanticipated events including a major incident/accident (eg. pandemic) or a severe weather event 3. Lack of effectiveness of budgetary control and monitoring arrangements within Services and/or at a corporate level 4. Inability to generate budgeted levels of income from fees & charges 5. A failure to recover debtors and/or a failure to collect all income due, including grant income 6. A failure to deliver agreed savings measures 	<p>The Council has in place a comprehensive set of Financial Regulations and Codes. The Financial Regulations indicate that <i>Directors are fully accountable for the financial performance of their Department or Service against the budgets allocated. They may incur revenue expenditure in pursuit of policies agreed by a relevant Committee of the Council only to the extent that budgetary provision has been made.</i> In addition, there is a specific Financial Code which sets out guidance on budget monitoring procedures including the responsibilities of the Head of Finance & Procurement, Service Directors and individual budget holders.</p> <p>Comprehensive training arrangements are in place to support budget holders, both through formal training arrangements (including FLO courses) and direct support from Finance & Procurement staff.</p> <p>Budget monitoring, including the identification of potential budget overspending, is subject to regular formal reporting to both Service Committees and, at a corporate level, to the Finance, Procurement & Transformation Committee. Where potential overspending has been identified, there is a clear responsibility on the relevant Chief Officer to implement mitigation measures (eg. a formal action plan where necessary) to seek to bring expenditure within the agreed budget level.</p> <p>The annual budget process recognises and makes financial provision for budget pressures and all budget holders are required to undertake an annual Budget Realignment exercise to ensure that budgets are realistic and that potential pressures are identified and addressed.</p>

		<p>The Council also operates a Budget Flexibility Scheme, through service reserves, which allows Services to retain funds to address identified demands and to smooth spending levels between years. As a last resort, the Council also has an agreed policy for the retention of a prudent level of General Fund Balances to support unanticipated expenditure demands, including overspending.</p>
<p>Significant overspending against an agreed capital project budget</p>	<p>The key issues that could make this risk a reality include:-</p> <ol style="list-style-type: none"> 1. Change in project scope from that agreed by Members and reflected in the agreed budget 2. Identification of unanticipated factors which add to costs (eg. site issues, condition issues for refurbishment projects, restrictions etc) 3. Impact of unanticipated events such as severe weather which can both extend project timescales and increase project costs 4. Impact of inflationary cost increases beyond anticipated levels 5. Lack of effectiveness of budgetary control and project monitoring arrangements 6. Inability to secure budgeted levels of external contributions 	<p>To support effective management of capital projects, the Council has introduced Minimum Standards for Programme and Project Management (PPM). These standards, which are informed by Scottish Government best practice and Treasury Green Book Guidance on Construction Projects, set out guidance for the identification costing and development of projects, key roles and responsibilities, project resourcing, risk identification and management, project governance and project monitoring (both physical and financial).</p> <p>The Council has established Governance structures in place to ensure that there is a regular and robust reporting on the progress of projects including spend profiles against budget and risk areas across the capital investment programme. There are a range of groups and Committees in place to add oversight and scrutiny to the progress of capital projects including the Strategic Asset Board, the Capital Strategy Group Service Committees, Finance, Procurement & Transformation Committee & Full Council.</p> <p>A Capital Financial Code has also been implemented and provides officers involved in taking forward Capital Projects with clear guidance on devolved spending limits and reporting requirements.</p> <p>Risk Management strategies and planning arrangements across the Council seek to minimise the potential for additional costs/losses.</p> <p>Project monitoring arrangements are supported by the use of 3rd party Cost Consultants where appropriate and Finance & Procurement oversight.</p> <p>In addition, a modest level of contingency funding is retained in relation to significant priority projects to cover unforeseen cost increases outwith the agreed plans. The release of these amounts requires the formal approval of the Finance, Procurement & Transformation Committee.</p>

<p>Delivery of agreed Capital Investment Strategy (CIS) adversely impacted as a result of unanticipated increase in borrowing costs</p>	<p>An increase in interest rates beyond anticipated levels:- While the majority (over 80%) of existing long term borrowing is at fixed rates (ie. not exposed to current/future rate movements), an increase in borrowing rates above anticipated levels would increase costs by approximately £2.5 per annum by the end of the current investment strategy period for each 1% rate increase if applied to all current variable rate debt and the further borrowing required to support the agreed capital investment strategy. A range of factors influence interest rates including economic growth levels (absolute and comparative), inflation and employment levels and global geopolitical factors.</p> <p>Difficulties in accessing/securing external borrowing at appropriate rates:- While of lesser likelihood in current circumstances, potential difficulties in accessing/securing external borrowing at appropriate rates could become an issue in future with the potential impact of political and/or constitutional change a potential factor.</p>	<p>The Council receives and approves a comprehensive Annual Treasury Management Strategy Statement and receives, as a minimum, a Half Yearly and an Annual Report report on treasury matters. A Treasury Management Procedure document is maintained by the Treasury Section which details how potential risks are mitigated. Amongst limits included which aim to minimise the potential risk of any unforeseen increase in borrowing costs are:</p> <p>Maximum level of debt that is variable rate = 30% Maximum level of debt that is short term = 25% Maximum level of long term debt maturing in any financial year = 15%</p> <p>The main source of long term borrowing for the Council is the Public Works Loan Board (PWLB), part of the Debt Management Office (DMO), an Executive Agency of Her Majesty's Treasury, which makes long term borrowing available to UK local authorities.</p> <p>The Council also has access to long and short term borrowing from banks, financial institutions and other local authorities through money markets.</p> <p>In addition, the Council has appointed external Treasury Advisors, Link Asset Services, who provide regular economic and interest rate forecasts. Finance & Procurement work closely with these advisers to ensure that borrowing activities are undertaken in an effective manner, in line with the agreed Strategy, taking full account of projections of future interest rate movements.</p>
<p>Salaries and pensions are not paid on time or are paid incorrectly</p>	<p>The key issues that could make this risk a reality would be:-</p> <ol style="list-style-type: none"> 1. Failure of iTrent system – either short-term affecting a particular payroll run; or longer term affecting a number of payroll runs 2. Failure of payments file to reach BACS 3. Loss or unavailability of key staff especially those crucial to instigating the payroll runs 4. Incorrect information provided/used to calculate payment levels 5. Failure to communicate details of officers leaving Council employment resulting in these officers continuing to get paid after ceasing Council employment 	<p>Pay & Employment Services have robust procedures and controls in place to ensure that staff, pensioners etc are paid correctly and on time. These processes and controls are under constant review, maintenance and improvement.</p> <p>As part of these arrangements, Pay & Employment Services:-</p> <ol style="list-style-type: none"> 1. liaises closely with Business and Technology Solutions to ensure that our systems are managed properly, and have strong back-up procedures in place to allow a quick recovery if there is a failure. These arrangements have proved particularly effective during the recent period of increased homeworking. 2. have built in to our processes an additional back-up day that acts as a cushion to allow any iTrent/BACS problems to be resolved.

		<p>3. are expanding the knowledge of staff so that they are experienced and proficient with processes surrounding payroll runs etc.</p> <p>4. have tightened up and publicised the importance for Leavers processes to be followed to prevent former employees being paid after they have left Council employment.</p>
<p>Payments to Council Suppliers/Clients not paid on time or are paid incorrectly</p>	<p>The key issues that could make this risk a reality would be:-</p> <ol style="list-style-type: none"> 1. Failure of Integra system – affecting the processing of invoices and/or a particular purchase ledger payment run either short-term or for a longer term leading to delays in payments made to suppliers/contractors/clients. 2. Failure of service creditor system (eg. Mosaic) affecting the processing of invoices 3. Failure of interface file from service creditor system leading to delays in payments made 4. Failure of payments file to reach BACS 5. Loss or unavailability of key staff especially those crucial to instigating payments file runs 6. Creditor payment error – overpayment, paying twice etc 7. Wrong supplier details selected and not-corrected leading to paying creditor significant sum in error and cannot recover monies 8. Banking details are fraudulently amended leading to payments to fraudsters and Council cannot recover monies 	<p>Billing, Ordering & Payments Team have robust procedures and controls in place to ensure that suppliers, contractors and clients get paid correctly and on time. These processes and controls are under constant review, maintenance and improvement.</p> <p>As part of these arrangements, the Billing, Ordering & Payments Team:-</p> <ol style="list-style-type: none"> 1. liaises closely with Business and Technology Solutions to ensure that our systems are managed properly and have strong back-up procedures in place to allow a quick recovery if there is a failure. These arrangements have proved particularly effective during the recent period of increased homeworking. 2. have robust procedures around supplier maintenance, in that any request to change a supplier record, including bank details, then Council must always contact the business using contact information currently held on Integra; and get confirmation from an officer of the business that the request to make the change is genuine. 3. are expanding the knowledge of staff so that they are experienced and proficient with processes surrounding payment runs etc. <p>In addition, Creditor computer systems have built in checks to identify duplicate invoice numbers to help reduce suppliers and contractors being paid twice for the same invoice.</p> <p>The implementation of the Purchase to Pay (P2P) Project has further enhanced the control arrangements outlined above and will be subject to further development as improved processes are embedded.</p>
<p>Failure to fully comply with statutory requirements (e.g. HMRC requirements, Procurement Legislation, Accounting Requirements)</p>	<p>The key issues that could make this risk a reality would be: -</p> <ol style="list-style-type: none"> 1. HMRC payroll returns submitted incorrectly or late 2. Improper administration of VAT and/or returns submitted incorrectly or late 3. Construction Industry Scheme (CIS) Returns submitted incorrectly or late 4. Qualified Statutory Annual Accounts/Late Accounts 	<ol style="list-style-type: none"> 1 - 3. HMRC payroll returns, VAT Returns, Construction Industry Scheme returns – staff are experienced and knowledgeable; there are clear timetables and process deadlines in place; management monitors the submission of returns; specialist external tax advice available for assistance if required. 4. Statutory Annual Accounts - staff are experienced and knowledgeable; clear

	<p>5. Non-compliant procurement activities and failure to comply with agreed policies and associated legislation</p> <p>6. Data Protection (GDPR) compliance breach</p> <p>7. Late Government Returns</p> <p>8. Breaches of Health & Safety legislation</p>	<p>guidance and timetables in place for closure and submission of Accounts</p> <p>3. Procurement Compliance - Procurement training and advice provided to key officers in the Council; procurement documentation in place (e.g. Procurement Strategy and Procurement Standing Orders).</p> <p>6. Data Protection Compliance – in-house training for staff, including arrangements for handling sensitive or personal data; Records Retention Policy; Acceptable Use of ICT Facilities and Information Security Policies; Information Security Awareness Training.</p> <p>7. Government Returns - staff are experienced and knowledgeable; timetables for submitting returns in place; key returns are monitored and reconciled.</p> <p>8. Health & Safety legislation - regular health & safety risk assessments carried out; robust Council health & safety policy; regular DSE assessments</p>
<p>Failure to Comply with procurement regulations</p>	<p>The key issues that could make this risk a reality relate mainly to the activities of procuring officers and include:-</p> <ol style="list-style-type: none"> 1. Lack of awareness of full requirements resulting in non-compliant procurement, potentially through a lack of training and/or capability 2. Deliberate non-compliance to seek to avoid the procedures and time required to meet policies and legislative requirements 3. Deliberate non-compliance potentially through fraudulent activity (eg. collusion with certain suppliers) 4. A failure of control and monitoring arrangements to identify and address non-compliance 	<p>The Council has an agreed Procurement Strategy which provides clear guidance and direction on how the Council will conduct its procurement activities in accordance with the relevant policies and legislation.</p> <p>In addition, the Procurement Standing Orders set clear rules and procedures for the procurement of goods, works and services for the Council. These rules and procedures help ensure that the Council complies with its legal obligations and is fair, transparent and accountable in its dealings with contractors and suppliers. The Standing Orders are also intended to ensure that the Council obtains best value for money and takes good care of the public pound.</p> <p>Both the Procurement Strategy and the Procurement Standing Orders are being reviewed and further developed as part of the implementation of the recommendations from the Finance, Procurement & Transformation Committee's review of the Council's financial codes and procurement standing orders.</p> <p>Other measures being progressed following this review include the establishment of a cross-service Procurement Officers Group, a Review of Non-Compliant spend and the development of a more Comprehensive Contracts Register.</p> <p>The Council's central Procurement Team provide direct support to Service</p>

		<p>Departments to support and ensure effective and compliant procurement activity.</p> <p>Training on the obligations under procurement regulations and the Procurement Standing Orders has been delivered across all Service Departments.</p>
Failure to secure best value through procurement activities	<p>The key issues that could make this risk a reality include:-</p> <ol style="list-style-type: none"> 1. Contract/tender specifications being insufficiently detailed or inaccurate resulting in increased payments or failure to secure procurement objectives 2. Failure to take advantage of economies of scale through collaborative contracts or use of established procurement frameworks 3. Overcharging by suppliers not identified and/or addressed by procuring officers 4. Failure of procuring officers to comply with agreed procurement procedures and standing orders 5. Lack of, or lack of effectiveness of, contract and supplier management arrangements 	<p>The Council has an agreed Procurement Strategy which provides clear guidance and direction on how the Council will conduct its procurement activities in accordance with the relevant policies and legislation.</p> <p>In addition, the Procurement Standing Orders set clear rules and procedures for the procurement of goods, works and services for the Council. These rules and procedures help ensure that the Council complies with its legal obligations and is fair, transparent and accountable in its dealings with contractors and suppliers. The Standing Orders are also intended to ensure that the Council obtains best value for money and takes good care of the public pound.</p> <p>Both the Procurement Strategy and the Procurement Standing Orders are being reviewed and further developed as part of the implementation of the recommendations from the Finance, Procurement & Transformation Committee's review of the Council's financial codes and procurement standing orders.</p> <p>The Council also has an agreed Contract & Supplier Management Strategy which provides clear leadership and governance arrangements for procurement and to:-</p> <ol style="list-style-type: none"> 1. Deliver realistic cashable savings, through competitive market conditions, contract management and reviews of requirements, specification and delivery models 2. Maximise efficiencies and collaboration; 3. Deliver procurement activity that aligns to Council priorities and objectives; 4. Create a focus on sustainable procurement; 5. Measure procurement performance.
Failure to prevent or detect acts of significant fraud or corruption	<p>There is an ever-changing landscape and nature of threat around fraud and corruption. Areas of risk change, as does how the risk would become a reality. Therefore, it is difficult to be precise about what aspect the fraud and corruption could take. However, historically there are several areas which represent a risk in terms of fraud and corruption activities as follows: -</p>	<p>The Council's overall financial control and monitoring arrangements help to mitigate the risk of fraud and corruption through the following: -</p> <ol style="list-style-type: none"> 1. Monthly/quarterly budget monitoring 2. Established processes and procedures, including authorisation processes, additional authorisation requirements for high value banking transactions, procedure manuals and segregation of

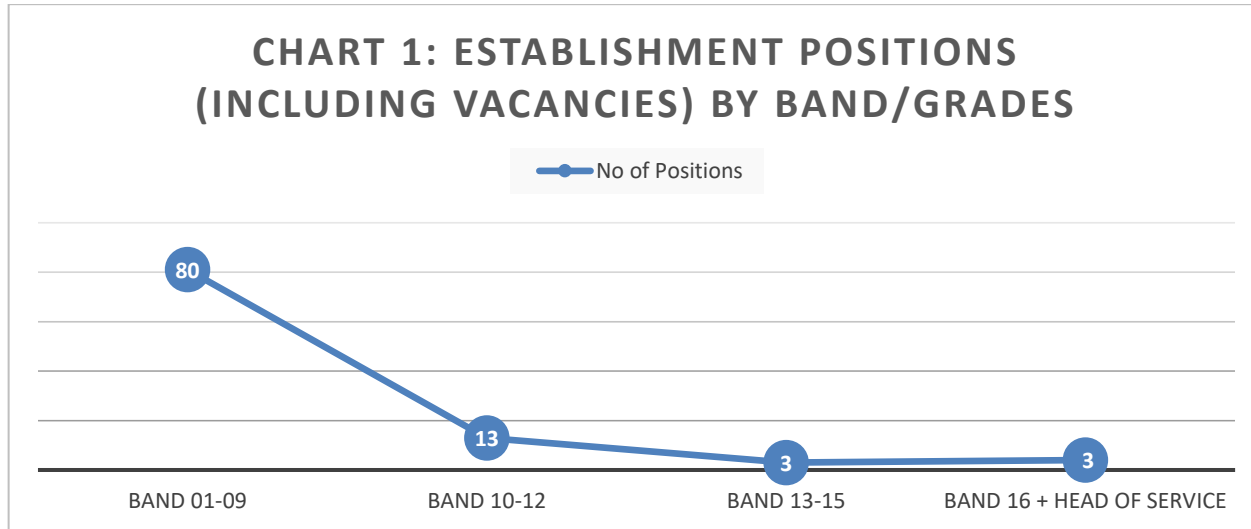
	<ol style="list-style-type: none"> 1. Theft – cash or assets 2. Misuse of accounts (e.g. Dundee City Fraud) 3. Purchase Ledger related – for example (but not limited to) false cheque requisitions; false invoices; diverting BACS payments; changes to supplier bank details; pay and return schemes; fictitious suppliers 4. Improper use of purchase cards 5. Payroll related - for example (but not limited to) fictitious employees; falsified overtime payments; improper salary levels; false expense claims. 6. Fraudulent insurance claims 7. Falsified employment credentials 8. Improper award of contracts, collusion with contractors and/or acceptance of bribes 9. Supplier receiving favourable treatment 10. High value banking transactions 11. Purchase of goods or supplies at higher than market value 12. Fraudulent grant claims – eg. in relation to the recent Business Grant support arrangements. 	<p>duties, annual review of authorised signatures</p> <ol style="list-style-type: none"> 3. The work of Internal/External Audit 4. Visible audit trails within processes, especially computer processes 5. Participation in National Fraud Initiative 6. Robust computer systems, including robust system and processing controls 7. Good IT security <p>Specific measures include the following:-</p> <ol style="list-style-type: none"> 1. Theft (cash or assets) - Buildings have regularly maintained intruder alarms. 2. Misuse of accounts - BTS have robust processes in place to prevent system administration users having access to lists of usernames and passwords. BTS also restrict access by systems administrators to payment systems, and any work on this is closely monitored. 3. Purchase Ledger - Check of authorised signature; invoices matched to purchase orders & Goods Receives Note; validation of changes to bank accounts; robust processes around supplier maintenance; 4. Improper use of purchase cards - statements and transaction logs to be signed off by an independent administrator, as well as an authorised signature. 5. Payroll related - An annual staff check by each department; robust budget monitoring of staff costs; budget holder review of costs; All expenses claims require to be certified by an authorised signature 6. Fraudulent insurance claims - insurance brokers have processes and checks to help counteract fraudulent insurance claims 7. Falsified employment credentials - It is the recruiting managers responsibility to check qualifications and references are genuine 8-11. Improper award of contracts, Collusion with Contractors, Acceptance of Bribes, Supplier Receiving Favourable Treatment, Purchase of Goods at Higher than Market Value - The Council has developed robust procedures which are reflected in the Procurement Standing Orders which must be adhered to for all procurement and contract award activity. The Council also has an agreed Contract & Supplier Management Strategy which provides a framework for a consistent approach by appropriately trained officers who are managing the Council's suppliers to ensure these activities are appropriately controlled and managed. The Council has also established both a Procurement Officers Group and an Integrity Group of senior officers with
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		<p>responsibility to maintain oversight of the Council's anti-fraud and anti-corruption policy framework and ensure compliance with it.</p> <p>12. Additional checks were introduced, including bank detail checks, to support the effective administration of the business grants process.</p>
<p>Significant system or process failure (or other event) impacting on service delivery</p>	<p>Given the extent of reliance on computer systems, these risks often relate to computer system failure. Finance & Procurement utilises a range of computer systems and the key issues that could lead to system failure include: -</p> <ol style="list-style-type: none"> 1. Computer system breakdown – system not working 2. Technology problems – issue with a particular system not performing as it should – e.g. Integra 2 upgrade – Pecos doubling up transactions; CIS not working; poor system speed. 3. Network not working or not working properly 4. Issues with hardware – e.g. servers not working 5. Power failure 6. Cyber-attack causing system to be taken down or computer virus attack <p>Non-computer system issues that could impact on service delivery relate mainly to staff availability such as a widespread outbreak of illness, severe weather restricting travel/attendance or a significant level of staff departures (eg. through loss of staff to another employer, group lottery win etc). Significant damage to accommodation (eg. through storm damage, fire etc) could also impact on service delivery arrangements</p>	<ol style="list-style-type: none"> 1. Finance & Procurement has developed a Business Continuity plan to be used to support the maintenance of service during, or as a result of a significant system or process failure (or other event) which impacts negatively on Finance & Procurement's ability to deliver services. 2. Finance & Procurement liaises closely with Business and Technology Solutions to ensure that our computer systems are managed properly and have strong back-up procedures in place to allow a quick recovery if there is a failure. These arrangements have proved particularly effective during the recent period of increased homeworking. 3. Finance & Procurement also maintain good relations with our major IT providers – Capita; Midland HR etc and can draw on their assistance to help rectify any ICT problems. 4. Upgrades (including interfaces) are subject to a more rigorous testing environment which lessens the risk of software not performing as expected. 5. Arrangements are in place to maximise staff attendance and to seek to minimise the likelihood of widespread unavailability (eg. through flu jabs). Smarter/flexible working arrangements support staff in being able to undertake tasks away from their base location. 6. Building security and safety arrangements are in place and are regularly tested. <p>The effectiveness of these arrangements has been demonstrated through the maintenance of the delivery of key activities during the pandemic response period.</p>

Business Plan Refresh - Appendix 2

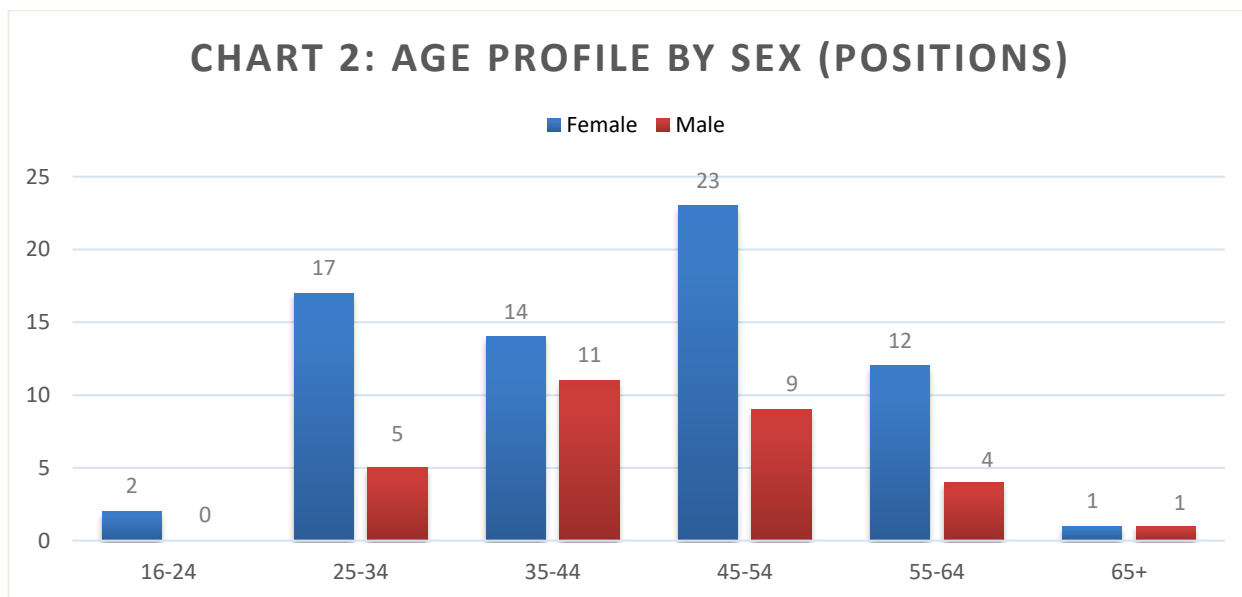
Workforce Information

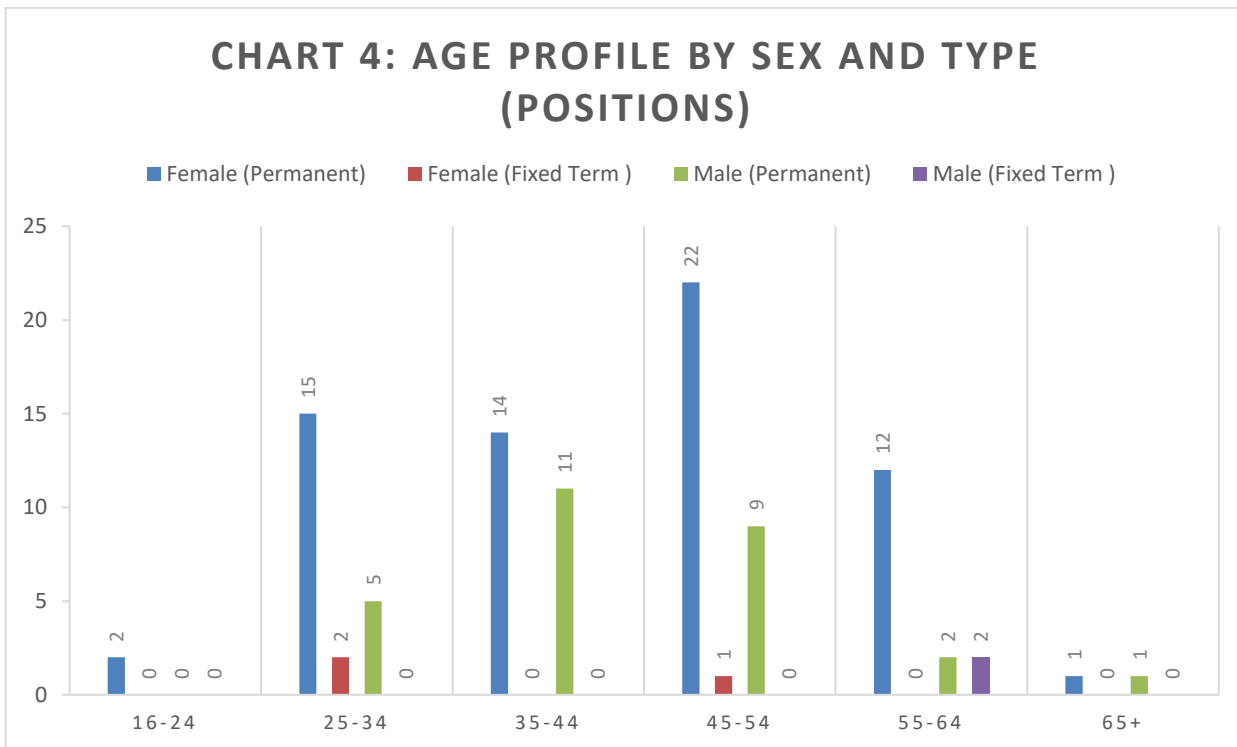
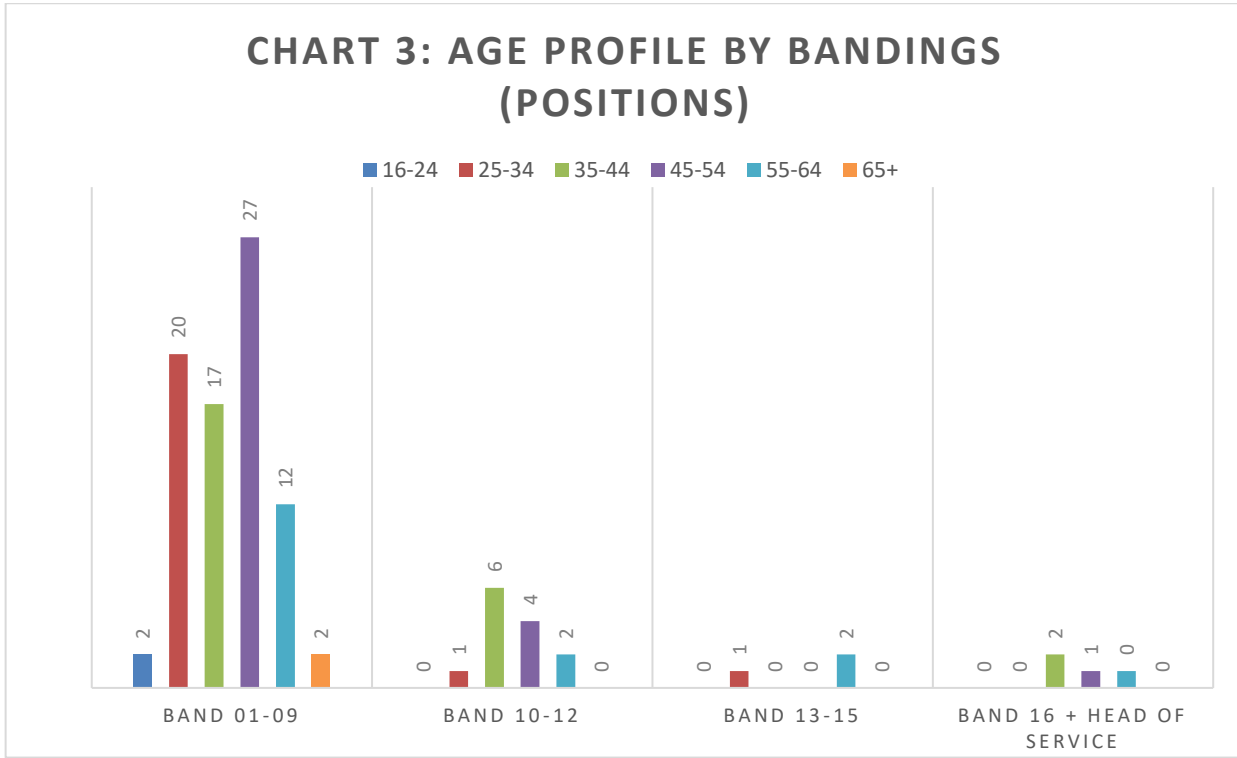
In Finance & Procurement there are a range of employment types including full-time, part-time, fixed-term and term-time. Using a 'snap-shot' position as at 1 April 2021, there are 99 staff/positions. We actively manage jobs, and vacancies to help contribute to our overall balanced budget which has a vacancy saving against establishment applied.



The age profile of staff in Finance & Procurement shows a significant proportion of staff age 45 and older. This information is helpful in directing our planning and actions around future retirements and where we might need to recruit or retrain staff in the future.

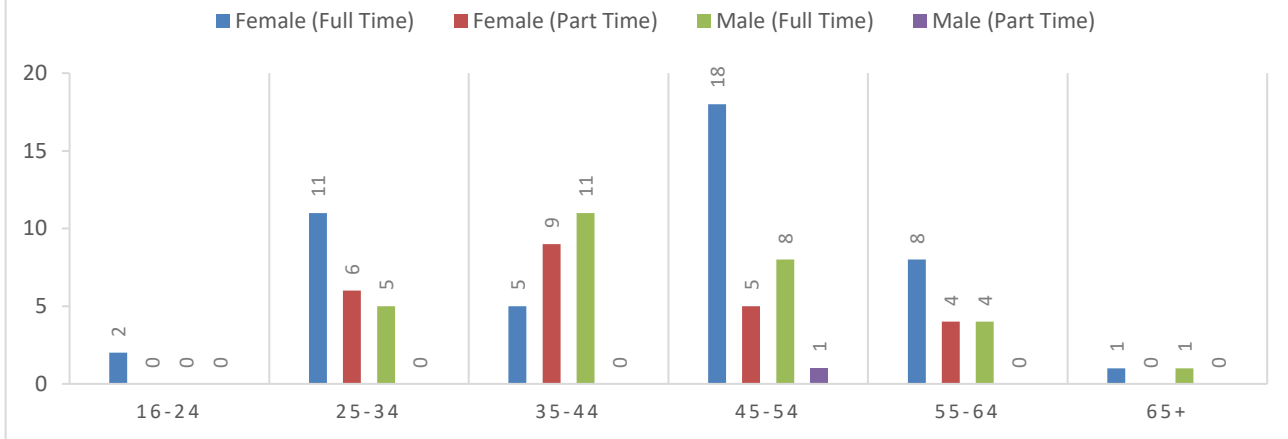
The continuing development of our workforce, with a focus on the training and development of our own staff to seek 'grow your own' through professional training and qualifications and through wider competencies is a key priority within Finance & Procurement.





The profile within Finance & Procurement is 70% female and 30% male and most of our staff are employed within salary bands 3-9. Our Council Plan 2017 – 2022 sets out clear objectives on ensuring that we address equality and diversity in the workplace, and we have consolidated the Scottish Living Wage into normal pay for all staff. Our Council has reduced the Gender Pay Gap since 2013 (11.99%) to 4.63% in 2020

CHART 5: AGE PROFILE BY SEX AND BASIS (POSITIONS)



Business Plan Refresh - Appendix 3

Financial Budgets

Finance and Procurement – Budget Estimates		Budget Estimates	Directorate	Finance & Accounting	Financial Transactions	Procurement & Commissioning	Treasury & Capital
		2020/21 £	2020/21 £	2020/21 £	2020/21 £	2020/21 £	2020/21 £
EXPENDITURE							
Employee Costs	Salaries - SJC	2,939,927	261,703	813,178	1,115,984	372,669	376,393
	Superannuation - SJC	645,935	56,266	177,200	241,847	80,197	90,425
	National Insurance - SJC	294,170	33,690	85,846	94,221	38,137	42,276
	Overtime Costs	1,900	0	0	1,900	0	0
	Vacancy Assumption	-54,534	-5,140	-14,770	-20,611	-7,003	-7,010
	Other Employee Related Costs	3,210	200	100	1,800	610	500
	Total	3,830,608	346,719	1,061,554	1,435,141	484,610	502,584
Transport Costs	Vehicle Fuel Costs	1,180	700	150	130	150	50
	Vehicle Hire and Leasing	1,700	1,650	0	0	0	50
	Other Transport Related Costs	2,199	750	789	160	200	300
	Total	5,079	3,100	939	290	350	400
Supplies and Services	Computer Equipment and Maint	92,747	2,000	1,985	53,400	2,812	32,550
	Telecommunications	1,220	148	248	0	87	737
	Professional Services	442,984	0	334,379	15,905	82,000	10,700
	Membership Fees and Subs	296,100	1,500	107,850	2,150	184,000	600
	Subsistence	3,050	1,400	250	450	0	950
	Other Supplies & Services Related Costs	53,198	3,928	2,446	39,350	212	7,262
	Total	889,299	8,976	447,158	111,255	269,111	52,799
Transfer Payments	Transfer Payments	800	0	800	0	0	0
	Total	800	0	800	0	0	0
TOTAL EXPENDITURE		4,725,786	358,795	1,510,451	1,546,686	754,071	555,783
INCOME	Internal Recharge Income	-8,300	0	0	-8,300	0	0
	Fees and Charges	-110,930	0	-5,930	-89,000	0	-16,000
	Total	-119,230	0	-5,930	-97,300	0	-16,000
TOTAL INCOME		-119,230	0	-5,930	-97,300	0	-16,000
NET EXPENDITURE		4,606,556	358,795	1,504,521	1,449,386	754,071	539,783

The detailed budget estimates for 2021/22 are currently being finalised and the above details are based on the 2020/21 figures.

If you would like some help understanding this document or need it in another format or language please contact:

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