

STRATHCLYDE
FIRE & RESCUE



Finance Department Plan 2011-2013

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INTRODUCTION

As part of the Corporate Resources Directorate, the Finance Department plays a key role in supporting Strathclyde Fire & Rescue (SFR) to achieve its Vision of *making our communities safe places to live, work and visit.*

Without sufficient financial resources it would not be possible to deliver the high standard of service that SFR is known for. It is one of our key objectives to enable SFR to secure the funding that it requires.

Equally, having secured funding it is essential that these resources are well used, in a controlled environment. As such we aim to provide world-class financial management that delivers the necessary financial governance and leadership, supported by genuinely useful information to managers at all levels within the organisation to enable them to manage the financial resources under their direction.

Procurement is a key aspect of our service delivery, and an area that Government is focused on to improve efficiency in public services. Alongside our colleagues throughout Scotland we play a

key role in the Fire Sector Centre of Procurement Expertise, one of a range of sector-specific groups that are helping to drive improvement in public sector procurement across Scotland. We aim to ensure that all procurement activity is undertaken in accordance with legislative requirements and best practice.

We are also responsible for processing financial transactions in respect of payroll, creditor invoices and income, and work in partnership with the Strathclyde Pension Fund Office to ensure our pensioners are paid, and that pension records are accurately maintained. Our aim here is to undertake this task as efficiently as possible, making best use of technology, and to deliver the highest possible service standard.

In striving to meet these aims we recognise that our people are our greatest asset and to be successful we must maximise their potential. We also recognise the need to listen to the priorities of our customers and stakeholders and to work towards continuously improving our service.

NATIONAL CONTEXT

The Scottish Government provides an overarching vision for public services that focuses on the creation of a more successful country, with opportunities for all of Scotland through increasing sustainable economic growth.

This direction is supported by Scottish Government Strategic Objectives to make Scotland a wealthier & fairer, smarter, healthier, safer & stronger and greener place.

Through a concordat between the Scottish Government and the Convention for Scottish Local Authorities (COSLA), the Strategic Objectives have been expanded into local Single Outcome Agreements which include indicators and targets that provide the framework for how local Authorities and their Community Planning partners will deliver services.

SFR fully supports this National Performance Framework and works hard, with partners, to provide the best possible service for our communities. In addition to the performance framework, The Board of Strathclyde Fire and Rescue also seeks to comply with all relevant legislation governing fire and rescue services, such as the primary legislation, the Fire (Scotland) Act 2005, and The Civil Contingencies Act (2004).

Funding for our running costs (revenue) is provided through the 12 constituent local authorities in the Strathclyde area, while core capital finance is received by way of grant from the Scottish Government.

Like all public bodies, SFR is facing significant financial challenges and uncertainty going forward. As such it is more important than ever that our financial position is understood and managed at all levels throughout the

organisation and that our financial controls are strong.

The reporting of our financial performance is in the process of undergoing significant change with the adoption of International Financial Reporting Standards (IFRS) within the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and the Best Value Accounting Code of Practice 2010/11 which together comprise proper accounting practices as required under Section 12 of the Local Government in Scotland Act 2003.

Pensions are a key employee benefit within public sector organisations and an area which has been subject to significant change in recent months. SFR is committed to playing an active part in shaping future provision through contributing to Government consultation processes.

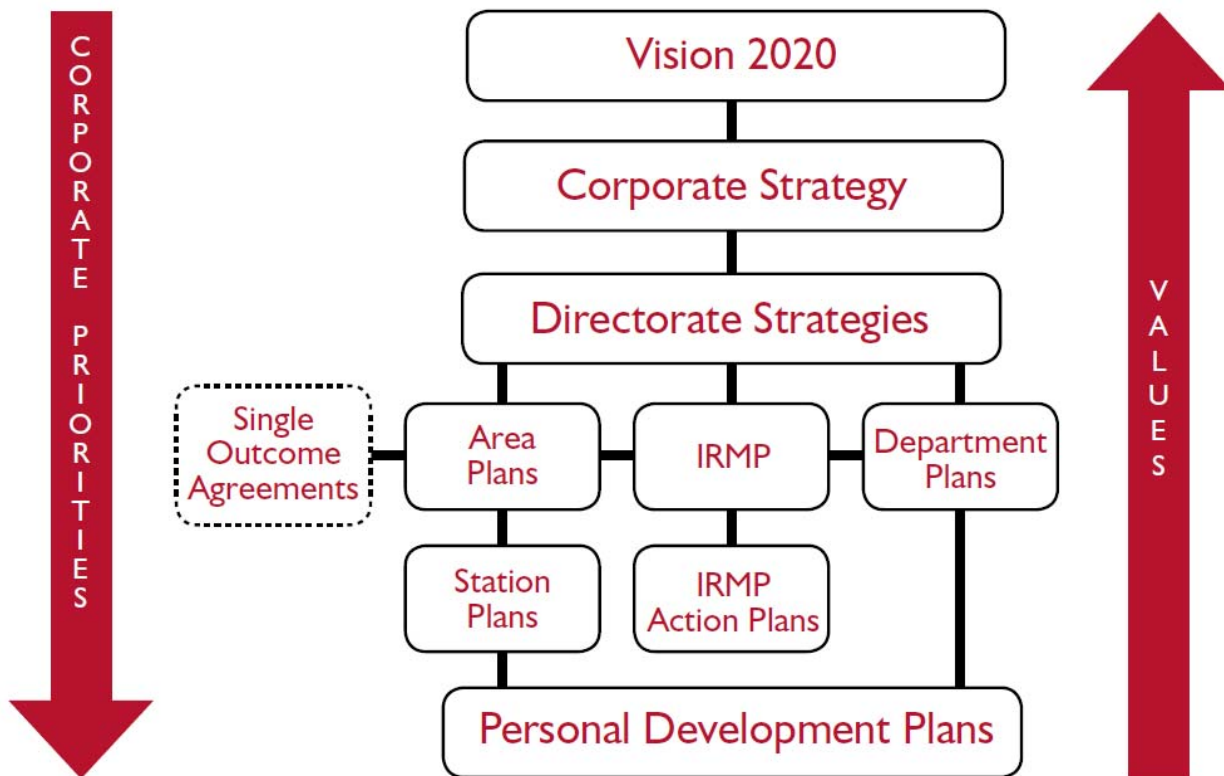
The Scottish Government's Public Procurement Reform Programme aims to provide continuous improvement in procurement across the Scottish Public Sector in order to deliver value for money and support increased efficiency. A key element of the Reform Programme has been the establishment of sector specific centres of procurement expertise. SFR undertakes a leading role within Fire and Rescue Scotland, the fire sector's Centre of Procurement Expertise).

Our Planning Framework has been developed to ensure SFR clearly demonstrates its commitment to comply with statutory requirements, and also help us to achieve our vision of *making our communities safe places to live, work and visit.*

SFR'S CORPORATE VISION, STRATEGY AND VALUES

SFR's corporate planning framework for 2011-13 reflects developments both internally and externally. Our Corporate Strategy provides a single focus for the development and delivery of all corporate improvement activity within SFR.

The Corporate Strategy has been developed to ensure that corporate improvement activity is prioritised and co-ordinated.



OUR CORPORATE PRIORITIES



Community

We exist to make our communities safe places to live, work and visit. We work closely with the communities we serve to ensure that the service we deliver is tailored to their expectations and is targeted towards areas of greatest need.



People

Our personnel are our greatest asset. We believe that by investing in their future, we can make our organisation stronger, more efficient and more effective. We work hard to maintain our reputation as a good employer and provide a workplace where everyone is treated with dignity, fairness and respect.



Protection

Our role is to protect the communities we serve. We deliver a service that works proactively to reduce the incidence of fire and other emergencies and one that responds with dedication and professionalism whenever and wherever the need occurs.



Partnership

Strong, productive partnerships are central to our service. By co-operating closely with our partner agencies, we are able to deliver an integrated approach to safety in the community and the most effective service possible. We know that by working together, we have much to offer and much to gain.



Environment

We have a duty to protect our environment. We are committed to taking positive steps to reduce the environmental impact of our business. We will strive to reduce our carbon footprint by increasing environmental awareness across all parts of our organisation and by doing all that we can to minimise and mitigate the effects our operations have on the planet.

ORGANISATIONAL CONTEXT

Finance has a strategic role to play within SFR by providing the financial analysis and support that enables optimum funding levels to be secured, by ensuring that financial plans are achievable, and by monitoring and reporting on financial performance.

Financial planning, budgeting and reporting is undertaken through an electronic system called Collaborative Planning (CP) which is integrated with our core financial system, E-financials, where all financial transactions are recorded. Each element of the budget has been assigned to a specific budget-holder who provides periodic variance reporting and forecasting information through CP.

Core financial services are delivered in-house, including payments to employees and suppliers, collection of income and the management of debt and cash flow.

SFR is in the process of implementing an integrated Human Resources and Payroll system, known as SFR People, whereby core people data is entered once and shared across the organisation, which will enable us to make significant improvements in the efficiency of payroll processing.

Finance is also responsible for ensuring that procurement of goods, works and services is conducted in a manner that secures best value and complies with regulatory requirements and the public procurement reform programme.

A risk register is maintained as part of a wider corporate risk approach. This is reviewed on a monthly basis and mitigating actions are agreed where necessary to manage risk to a tolerable position.

We participate in SFR's continuous improvement process known as the Strathclyde Improvement Model (SIM) and also undertake benchmarking with finance and procurement functions in other organisations through the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Scottish Government using its Best Practice Indicators (BPI) for procurement. We also incorporate feedback from our customers and staff into our improvement plans and undertake continuous improvement groups involving a cross section of staff to develop our service.

In order to gauge how we are progressing towards the achievement of our objectives we have set a number of Performance Indicators (PI's). Each indicator has an annual performance target and is linked to our objectives. These PI's are monitored periodically, on a 4-weekly basis, comparing current performance with targeted performance, and reported to the Finance Management Team, along with financial performance against budget and an update on progress of actions within our Improvement Plan, at each of its scheduled meetings.

An annual performance statement is compiled by 30 June each year and presents actual performance compared to targeted performance for all indicators, and includes analysis and explanation of significant variances from target. This report is made available to the Corporate Performance Team.

The cost of providing the overall finance service is budgeted over the next two years at £1.676M per annum.

Our Objectives



Finance will contribute to SFR's Vision of *making our communities safe places to live, work and visit* by pursuing the following five strategic aims and associated objectives;

1. To enable SFR to secure the necessary funding to deliver its service

- 1.1 **Revenue Funding** - We will seek to ensure that the net revenue budget is changed annually in line with the average change in funding levels provided to our 12 constituent councils through COSLA and the Scottish Government.
- 1.2 **Capital Funding** - We will seek to ensure that over time SFR's share of total capital grant is no less favourable than the formula percentage.
- 1.3 **Partnership Funding** – We will ensure that all funding applications made to external bodies are fully supported within SFR and that match funding where required is in place.

In the next 2 years we will:

- Provide support to the Corporate Management Team to enable decisions that will ensure planned expenditure can match available funding,
- Keep SFR's reserve position under review,
- Provide financial analysis to enable SFR to contribute effectively to the next government spending review.

We will have succeeded if, by 2013:

- SFR's cost base matches its available funding,
- Reserves are used effectively to enable the transition to reduced funding,
- SFR has maintained its share of local government finance.

2. To enable SFR to achieve world-class financial management

2.1 Financial Planning - We will ensure that SFR operates a sound system of financial planning, incorporating revenue, capital and treasury management, which is linked to the corporate planning system.

2.2 Financial Governance and Leadership - We will ensure that there is a clear framework of financial governance and leadership, underpinned by a culture of financial accountability and stewardship, where financial skills are valued at all levels throughout the organisation.

2.3 Financial Monitoring, Forecasting and Reporting - We will provide clear, concise, timely and accurate information, tailored to the needs of both internal and external stakeholders, to assess financial performance, enable accurate forecasting throughout the financial year, and comply with statutory and other regulatory deadlines.

2.4 Financial Information for Decision Making - We will provide relevant costing information to support whole lifecycle investment appraisal and other strategic decision-making processes.

2.5 Efficiencies – We will provide the necessary information and challenge to enable SFR to identify, deliver and report efficiencies in its use of resources.

In the next 2 years we will:

- Review, enhance and deliver our modular training programme for all SFR staff with financial responsibilities,
- Embed Collaborative Planning (CP) as the primary tool for budget preparation, reporting and forecasting,
- Develop capabilities in CP in relation to investment appraisal.

We will have succeeded if, by 2013:

- Financial training has been provided to at least 75% of relevant staff,
- CP is embedded as a key tool for business planning,
- Documented financial analysis within business cases for key spending decisions follows a consistent format and is appropriate to the level of expenditure.

3. To provide efficient and effective transaction processing

3.1 Procure to Pay – We will aim to conduct our business with all suppliers in a manner that reflects best practice, ensuring that they receive payment within SFR payment terms.

3.2 Income – We will aim to ensure that all income due to SFR is received promptly and handled securely.

3.3 Payroll – We will aim to ensure that all employees are paid accurately, on the due date, in the most cost effective manner, and in compliance with regulatory requirements.

3.4 Employee Benefit Administration – We will ensure that all employee benefits that we administer are handled effectively.

3.5 Treasury Management – We will aim to ensure that cash balances are handled securely within a risk based framework, to optimise return on investment whilst minimising the cost of debt.

3.6 Pensions – We will work with all external partners, and our colleagues within SFR to ensure that all pension funds in which we participate in are administered and accounted for effectively and that scheme members are fully aware of their obligations and entitlements.

In the next 2 years we will:

- Implement procurement cards for low risk areas of expenditure,
- Embed SFR People into the organisation to streamline processes that enable efficient payroll processing,
- Undertake targeted communication to all SFR personnel, in conjunction with HR, regarding pension changes,
- Consider alternative methods for investing surplus cash within a risk based framework.

We will have succeeded if, by 2013:

- 92% of invoices are paid within terms,
- Overdue debt is less than £20,000,
- Current payroll performance is maintained and payroll costs are in line with CIPFA benchmark,
- Employees are accessing payroll information electronically,
- All staff are aware of the key impacts of pension changes,
- The rate of return on cash investments is in line with industry standards.

4. To play a key role in managing the business risks of SFR

4.1 **Governance** – We will aim to ensure that SFR operates a sound system of financial governance that minimises the risk of fraud and error.

4.2 **Internal Audit** – We will ensure that an adequate programme of internal audit is in place that seeks to provide assurance of financial control.

4.3 **Project Management** – We will aim to be represented on all major projects within SFR to ensure that financial considerations have been adequately addressed.

4.4 **Insurance** – We will aim to ensure that a comprehensive insurance portfolio is in place that fully recognises the financial risks facing the organisation.

In the next 2 years we will:

- Undertake a full review of Finance procedures and work instructions,
- Provide dedicated resources within the Finance Department to support internal audit activities,
- In conjunction with Corporate Support, develop a framework to allow the publication of an Annual Governance Statement for SFR.

We will have succeeded if, by 2013:

- Staff are aware of all relevant procedures and work instructions and are following them,
- No significant weaknesses are identified in financial controls,
- The number of days focused on internal audit activity has increased by at least 50%, consistent with SFR's Audit Strategy,
- Key financial risks are identified and mitigated to tolerable levels,
- An Annual Governance Statement has been published for SFR.

5. To ensure that Superior Procurement Performance is achieved in accordance with the aims of the Public Procurement Reform Programme.

5.1 Leadership and Governance. – We will establish effective leadership and robust governance arrangements in relation to our procurement activity.

5.2 Strategic Planning and Sourcing – We will develop the use of Commodity Strategies to assist in the proactive planning and delivery of our business needs.

5.3 Efficiency and Effectiveness – We will improve our method of service delivery by maximising the opportunities presented through shared services, partnership working, collaboration and the use of new technologies.

5.4 Strategic Management of Suppliers – We will improve supplier performance ensuring the best use of resources and the maximisation of efficiencies.

5.5 Corporate Social Responsibility – We will embed socio-economic and environmental considerations into our procurement activity, ensuring the development of a diverse supply base which meets our requirements on equality and diversity.

In the next 2 years we will:

- Maximise efficiencies through the strategic planning of our procurement activity,
- Embed effective governance and leadership to achieve our procurement vision,
- Embed the Scottish Sustainable Procurement Action Plan in our procurement activity.

We will have succeeded if, by 2013:

- 75% of procurement spend will have measurable savings,
- We will have achieved Superior Procurement Performance, as defined in the Public Procurement Reform Programme, being the maximum possible accreditation,
- We will have achieved Practice Level (level 3 out of 5) within the Flexible Framework, which is the Scottish Government standard for sustainable procurement.

Strategic Enablers

In order to achieve these aims we must;

1. *Maximise the potential of our people*

- 1.1 **Leadership and Direction** - We aim to provide clear leadership and direction that is linked to the achievement of corporate goals, and that achieves a balance between personal support and freedom for creativity,
- 1.2 **Responsibility and Accountability** – Through the Career Management process we will ensure our staff have a clear understanding of their responsibilities, accountabilities and objectives and that these are linked to the Finance Service Plan,
- 1.3 **Competence** - We will ensure that all of our staff have the necessary skills, qualifications, training and experience to perform their duties to the required standard by addressing learning and development needs identified through Personal Development Plans,
- 1.4 **Communication** - We aim to make best use of all forms of communication to ensure that our staff are well informed,
- 1.5 **Attendance** - We aim to ensure that our attendance levels exceed the support staff average for SFR at all times.

In the next 2 years we will:

- Implement a revised Finance structure to enable the achievement of the department's objectives,
- Undertake a skills audit within Finance and target training to ensure staff are equipped to undertake changing roles,
- Further develop our use of the career management process to empower staff to take responsibility appropriate to their role,
- Develop a communication strategy for Finance in line with the Corporate Strategy.

We will have succeeded if, by 2013:

- A revised Finance structure is in place that meets the needs of the organisation,
- A skills audit has been completed and training needs have been addressed,
- Career management has been completed in accordance with the agreed schedule and at least 75% of objectives are achieved,
- Attendance levels exceed the support staff average,
- Staff feel adequately informed of key changes and decisions made.

2. Provide financial information systems that are fit for purpose

2.1 IT infrastructure - In conjunction with the IT Department, we will regularly review all of our computerised financial systems, to ensure a continued progression of functionality and efficiency,

2.2 Integration - We will continue to integrate our financial systems and aim to maximise the number of electronic financial transactions, whereby financial data is captured electronically at its point of origin and there is no duplication of entry,

2.3 Knowledge - We will ensure that all users of financial information systems are adequately trained and have access to comprehensive and up-to-date written procedures.

In the next 2 years we will:

- Provide systems expertise to other sections within Finance to support objectives and improvement measures,
- Take a key role in ensuring the successful implementation of SFR People
- Embed end user support and functional development for SFR People into business as usual,
- Provide systems training to relevant individuals within SFR,
- Investigate and implement electronic integration between e-financials and the fleet management system for purchase ordering and invoice processing.

We will have succeeded if, by 2013:

- The number of basic level support calls has reduced by at least 10%,
- SFR People has been successfully implemented with appropriate governance arrangements and a development plan is in place,
- E-financials and its associated products have been successfully upgraded,
- An electronic integration with the fleet management system is in place, including financial controls, processes and reports.

3. Focus on our Customers and Stakeholders

3.1 Openness and Transparency - We aim to ensure that where possible our business is conducted in an open and transparent manner,

3.2 Communication - We aim to make best use of all forms of communication to ensure that our customers and stakeholders are well informed,

3.3 Equality and Diversity - We will ensure that all of our policies and procedures are fully compliant with the requirements of SFR's Equality & Diversity Policy,

3.4 Consultation - We will actively seek the views of our key stakeholders, both internal and external, regarding the quality of our service.

In the next 2 years we will:

- Embed an annual customer survey,
- Develop appropriate Service Level Agreements (SLA's) for Finance with key customers.

We will have succeeded if, by 2013:

- Customer satisfaction has improved by at least 15%,
- No significant customer complaints have been received.

4. Seek continuous improvement in Service Delivery

4.1 Service Delivery - We will seek opportunities to improve service delivery by reviewing alternative service delivery models including shared services both external and internal,

4.2 Performance Management - We will be proactive in enhancing Finance performance through our Performance Indicators and Improvement Plan,

4.3 Staff Engagement - We actively encourage all staff to identify and propose improvements across all Finance processes through Continuous Improvement Groups (CIGs),

4.4 Strathclyde Improvement Model (SIM) – We will participate fully in the corporate improvement agenda to enhance SFR.

In the next 2 years we will:

- Participate in the SIM process as required,
- Continue to encourage staff to contribute ideas through Continuous Improvement Groups (CIGs),
- Complete benchmarking exercises through CIPFA and BPI.

We will have succeeded if, by 2013:

- Suggested improvements from CIGs and SIM are generated, considered and, where, appropriate implemented,
- 50% of benchmark indicators (CIPFA and BPI) show improvement since previous exercises.

CONTACT US

Finance is committed to providing a quality customer service and welcomes your comments.

If you have something you'd like to share with us, you can get in touch in a number of ways:

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ML3 0EA

Email us at: sarah.o'donnell@strathclydefire.org

Call us on: 01698 300999 – ask for Finance Department

If you would like a copy of this document in a different format or a version in another language please contact:

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making our communities safe places to live, work and visit



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