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ADDITIONAL CIRCULATION

ABERDEEN
CITY COUNCIL

To: Councillor Graham, Convener; Councillor Taylor, Vice-Convener; and Councillors Corall, Dickson, Jackie Dunbar, Lesley Dunbar, Forsyth, Grant, Greig, Ironside, CBE, Kiddie, Malik, May, Nathan Morrison and Jennifer Stewart.

Town House,
ABERDEEN, 7 June 2012

CORPORATE POLICY AND PERFORMANCE COMMITTEE

The undernoted items are circulated in connection with the meeting of the **CORPORATE POLICY AND PERFORMANCE COMMITTEE** to be held here in the Council Chamber, Town House on **THURSDAY, 14 JUNE 2012 at 2.00 pm**.

JANE G. MACEACHRAN
HEAD OF LEGAL AND DEMOCRATIC SERVICES

B U S I N E S S

GENERAL BUSINESS

Due to a technical error, the above policies were not collated in the original report pack circulation.

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ABERDEEN CITY COUNCIL

COMMITTEE: Corporate Policy and Performance Committee

DATE: 14 June 2012

DIRECTOR: Stewart Carruth

REPORT TITLE: Corporate Governance Directorate Business Plan 2012/13 to 2016/17

REPORT NUMBER: CG/12/065

1. PURPOSE OF REPORT

This report seeks committee approval of the Corporate Governance Directorate Business Plan 2012/13 to 2016/17.

2. RECOMMENDATION(S)

It is recommended that the committee:

i. Approve the Corporate Governance Directorate Business Plan for 2012/13 to 2016/17;

ii. Note that the directorate business plan is continually reviewed in the light of changes to the internal and external operating environment and that all amendments will be reported to the committee for approval.

3. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report. The financial plan for Corporate Governance is included within the business plan.

4. SERVICE & COMMUNITY IMPACT

The Corporate Governance directorate business plan identifies factors which influence service needs, development and delivery. It sets the priorities which the directorate will undertake in order to achieve the council's key strategic objectives.

5. OTHER IMPLICATIONS

The business plan sets a route map to customer centred, efficient services which will have wide ranging implications for customers and staff. Direct and significant implications from actions included within the business plan will be reported as necessary to committee.

6. REPORT

In 2011/12, our directorate business plan clearly set out the directorate's priorities and strategy for service improvements. The attached updated plan covers a five-year planning cycle from 2012/13 to 2016/17 and, building on our previously agreed priorities and work streams, reflects changes in the internal and external operating environment as well as the significant progress and improvements delivered by the directorate over the last two years.

We have successfully delivered much of the plan for 2011/12 and progressed the actions which we committed to. A review of the progress and improvements made across the directorate during 2011/12 is included within the attached plan and appendix 1 shows the directorate’s year end 2011/12 performance report based on the agreed 2011/12 actions, metrics and risks.

There has been considerable change over the past two years, not least in the development of the council's five-year business plan, and, as is normal in our operating environment, that change continues. The directorate’s focus is always on delivering the key actions set out in the council’s five-year business plan and any changes, corporately, will be reflected in the directorate’s plans.

We have used self-evaluation (using the “How Good is Our Council?” model); stakeholder feedback; corporate and service risk registers; and internal and external audit and inspection to reflect on our performance and to set out our plan for 2012/13 and beyond.

The plan sets out the social, economic and technological challenges ahead and maps out how Corporate Governance is responding by focussing its activity around the needs of its customers, embedding quality across its functions and delivering increased efficiency. The plan shows the role of the directorate in delivering, and supporting others to deliver, the council’s key strategic objectives.

The plan includes prioritised actions and performance indicators which will be used to monitor the successful implementation of the plan. Performance and progress towards these will be reported on a quarterly basis to committee.

The committee will be aware that, whilst covering a five-year period, the business plan is not static. The directorate retains the ability to respond flexibly to changes in external factors both during financial year and through planned annual reviews.

7. AUTHORISED SIGNATURE

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9. BACKGROUND PAPERS

i. Local Area Network Assurance and Improvement Plan
ii. "How Good is Corporate Governance?" Output report
iii. Corporate Governance Stakeholder Survey Output
iv. Quarterly Performance Reports to Committee during 2011/12
v. Aberdeen City Council Five-Year Business Plan
vi. Aberdeen City Council Corporate and Corporate Governance Service Risk Registers

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Modernising
Services

Corporate Governance

Directorate Business Plan 2012/13 - 2016/17

ABERDEEN
CITY COUNCIL

Contents

1. Executive Summary

The Corporate Governance directorate business plan covers a five-year planning cycle from 2012/13 – 2016/17, with a focus on 2012/13, and will be subject to annual review and update in line with the development of the corporate business plan.

The directorate's business plan identifies factors which influence service needs, development and delivery. It outlines activities and initiatives which the directorate will undertake in order to achieve the council's key strategic objectives.

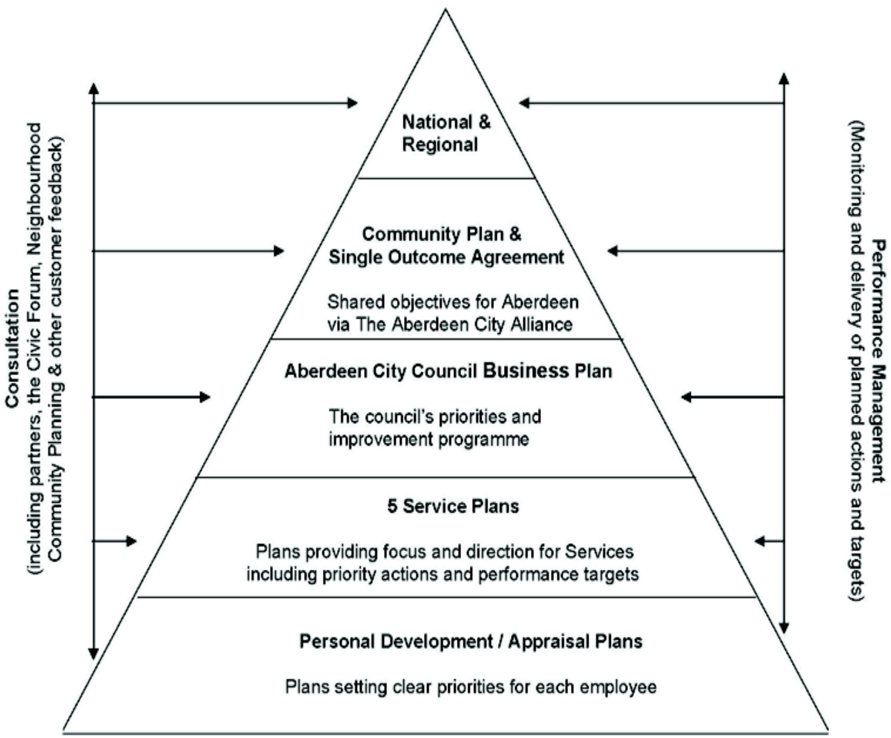


Figure 1

The action plan contained within section 6 expands upon our directorate priorities and is supported by operational plans for the service sectors of the directorate. Regular reporting across all areas of the directorate on progress against our key priorities is made to the Corporate Policy and Performance; Finance and Resources; and Audit and Risk committees.

In 2011 we clearly set out the directorate's business plan for the period 2011/12 and beyond. We have successfully delivered much of this plan and our achievements are highlighted in section 4.1 and appendix A. There has been considerable change over the past two years, not least in the development of the council's five-year business plan. This clearly sets out the council's expectations for the directorate and much of 2012/13 will be focused on delivering the key actions within this plan. We have also used the Employee Opinion Survey, Customer Satisfaction Survey, self-evaluation output, risk register and internal audit to reflect on our performance and to set out our plan for 2012/13 and beyond. 2012/13 will be a challenging and exciting year for all of us working in the public sector and we look forward to playing our part in delivering the wide range of council services.

Stewart Carruth.

Director of Corporate Governance

2. Vision and Strategy

Aberdeen City Council's vision is for Aberdeen to be:

'An even better place to live and work, where people can expect high-quality services that meet their needs'.

To support this, the Corporate Governance directorate has a vision to support the modernisation of the council's services by providing high quality, cost effective services which put the customer at the centre.

In order to achieve this we will require a highly skilled and motivated workforce, committed to a clear set of values:

- Excellence
- Customer focused
- Teamwork
- Respecting others
- Openness and honesty
- Upholding the reputation of Aberdeen City Council

Strategy

This plan encompasses the activities and initiatives which the directorate will undertake in order to support the council's strategic priorities expressed in the corporate business plan 2012/13 – 2016/17.

The directorate contributes most directly to the corporate strategic priority:

"Ensure efficient and effective delivery of services by the council and with its partners."

In delivering on this priority we will:

- Make best use of the financial resources available to us, delivering improvement in our service priorities in the most cost effective manner;
- Have a flexible, skilled and motivated workforce;
- Listen to, and be responsive to, our customers, shaping our services around their needs and focusing our resources where they are most needed; and
- Work closely with our partners, including local communities, to deliver a single set of outcomes for all the citizens of Aberdeen.

Our action and financial plans, in this year and beyond, are built on the delivery of these priorities. We will measure our performance in terms of our success in their achievement.

3. Service Overview

3.1 What services do we and will we deliver?

The directorate employs over 600 staff working across the city delivering services across six sectors. It has an annual net budget of £26M which represents 6.3% of the council's total expenditure.

- **Legal and Democratic Services**
  The team provides legal services to the council and partners, including advice, information assurance and the statutory licensing functions. Additionally, registration, archives, committee administration and democratic services fall within the team's remit. The team provides the council's elected members with support services. The Head of Legal and Democratic Services is also the council's Monitoring Officer.

- **Human Resources and Organisational Development**
  The team is responsible for the provision of a range of HR services including: training and development; personnel; workforce planning; health, safety and wellbeing; payroll and organisational development. The team also has responsibility for corporate HR strategy and operates a shared HR service centre to provide all HR transactional services.

- **Procurement** (shared with Aberdeenshire)
  The procurement team provide policy and advice to services and manage and develop the council's procurement strategy. Management of suppliers and contracts and delivering benefits through effective business relationships are important functions. The team represents the council's interests through the Scotland Excel North East Regional Hub.

- **Finance**

  Finance has responsibility for strategic and operational financial advice to the council. The corporate accounting team provides monthly revenue and capital monitoring, production of annual accounts, efficiencies monitoring and administration and monitoring of the Common Good Fund. The service accounting teams are aligned to each of the directorates and strive to support the directors in delivery of effective and efficient service provision and consequently financial balance. The finance function incorporates revenues and benefits encompassing collection of all local taxes and business rates, administration of council tax and benefits and administration and collection of all other sources of income to the council. The pensions team sits within finance and manages the pensions for Aberdeen City Council and partner organisations. The finance function also operates a central creditors team.

- **Customer Services and Performance**

  The team's remit covers the management and implementation of the council's customer service strategy along with delivering operational customer service via the contact centre, the customer service centre at Marischal College. The provision of ICT falls within the team as does business improvement. The performance, audit and risk function covers public performance reporting, the corporate commitment to Best Value, risk management, continuous improvement and the provision of the internal audit service. The team also has responsibility for maintaining and developing the council's community planning commitments and the Single Outcome Agreement for the delivery of the council's goals. The council's research and information staff are based within the team. The Programme Management Office supports development of projects led by the council's business requirements and provides assurance and governance

- **Corporate Communications and Engagement**

  Corporate Communications and Engagement has a remit to promote and protect the reputation of Aberdeen City Council and to improve awareness and understanding of the council's activities amongst all of the council's main stakeholders, particularly staff, the citizens of Aberdeen, chief public sector partners, the business community, media, voluntary and charitable sectors. There are three strands within the CC&E role: internal communication and staff; external communication and effective engagement activity with partners.

The delivery of these services is based on the six following principles:

- **Customer services management**: Consistent, high quality customer experience through a range of chosen access channels that are tailored to the needs of our different customer groups in order to embrace a council-wide customer service culture.
- **Intelligence-led organisation**: Efficient and consistent gathering and sharing of knowledge and information across the organisation to inform strategic decision making.
- **Partnership working**: Working with our partners to deliver a range of corporate and transactional services.
- **Workforce planning and development**: Developing high performing employees through a joint commitment to development between employees and employer.
- **Financial management**: Challenge our ways of working to ensure we deliver value for money by exploring ways in which new methods of working and organisational arrangements will further improve services and reduce costs.
- **Business processes**: Streamline and standardise high volume processes in order to fully integrate back-office functions and to increase efficiency and effectiveness in the way the council operates.

3.2 How will we deliver?

Delivery model

It is highly likely that over the next three years the delivery of the services within the directorate will continue to change significantly. As we respond to the changing demands of other services, increasing financial constraints, a greater understanding of customer requirements and emerging technological advances, the type, level and shape of service will be altered to meet these demands.

The directorate is already at the forefront of a move towards the transformation of support services, driven by a desire to innovate, improve quality and meet the financial constraints faced by the council, now and in the future.

Internal transformation of service delivery will require investment, give opportunities for staff to build their skills and develop their careers, put in place efficient and effective processes and, through working with partners, make use of leading expertise and know how.

The pace and scale of change requires to be increased particularly against a background of public sector reform and financial challenges. Community planning will also have a key role to play in bringing partners together and we will maintain our emphasis on planning and delivering more effective services which require all key partners to understand and make best use of the combined resource of partners with a revision of the Single Outcome Agreement.

Delivering business as usual

Whilst these changes are being driven forward, we will simultaneously continue to deliver “business as usual” services. We recognise that this places demands on the birectorate. In order to deliver this, we will continue to review our structures and our team’s capacity and capability through workforce planning, to ensure that future service delivery objectives are properly resourced (See 3.3. below). Service level agreements will be established between Corporate Governance and other services to manage demand, provide clarity and enable performance to be measured.

Employee engagement

The successful delivery of this business plan is dependent on our employees and we recognise that internal transformation will have a major impact on staff. This means that communication and engagement with staff will be highly important over the period. With this in mind, the directorate has an established communications group for the service. We will continue to put in place systematic engagement with staff in order that they are informed and involved in the design, development and delivery of services. This will include:

- Mechanisms for employees to feedback views, suggestions and innovations;
- Ongoing and regular monitoring of employee engagement through a range of means including focus groups, briefings and technology;
- Co-design with other staff and customers of future service delivery.

The directorate is also committed to building on the outputs of its 2011/12 self-evaluation by taking action to address areas where the need for improvement has been highlighted. These include:

- How we communicate, particularly between senior managers and their teams;
- How we manage workloads; and
- How we foster good morale and motivation.

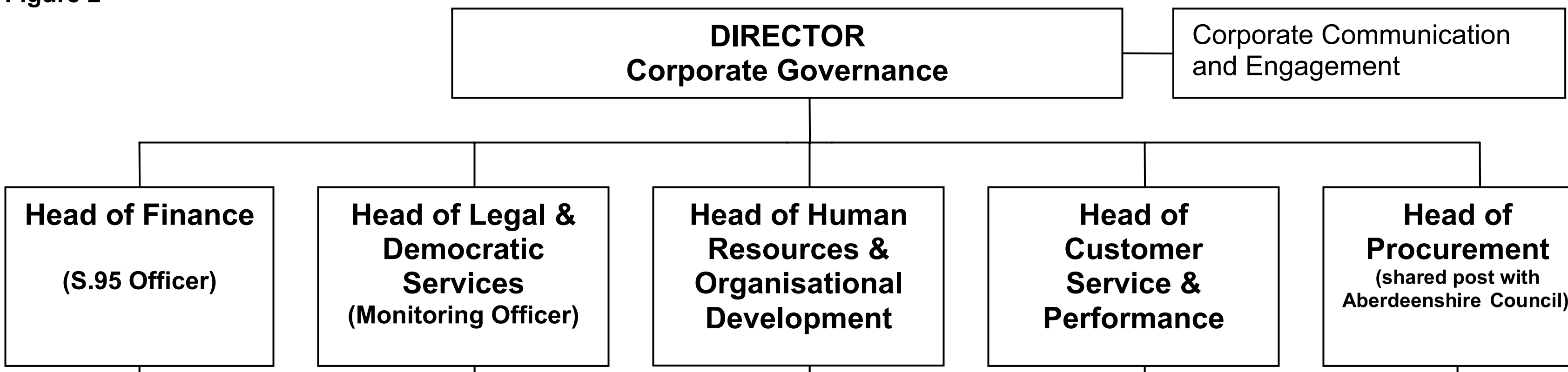
Actions to improve our approach to these issues are included within this directorate business plan.

Other stakeholders too will require to be engaged on the way ahead and an engagement plan for Corporate Governance will be developed for all our stakeholders including partners, trades unions, and other services.

3.3 **The team to deliver**

Our vision sets out the need for a highly skilled and motivated workforce which will deliver high-quality, cost-effective and customer-centric services. Building on the knowledge and ability which we already demonstrate, we are committed to learning from others and developing our skills further. The directorate will take a lead on workforce planning and will apply this across the directorate. The management structure of the directorate is shown in figure 2 below together with areas of responsibility.

Figure 2



Head of Finance (S.95 Officer)	Head of Legal & Democratic Services (Monitoring Officer)	Head of Human Resources & Organisational Development	Head of Customer Service & Performance	Head of Procurement (shared post with Aberdeenshire Council)
Corporate accounting Service accounting Revenues and benefits Pensions	Legal services Archives Committee services Registrar and registrations Members' services Information assurance	HR strategy Workforce planning Employee and industrial relations Payroll service Employee health, safety and wellbeing HR shared service centre Training and development Equality and diversity HR polices Knowledge management	Best Value Internal audit Risk management Community planning Corporate performance Information management Research and information Customer service operations Customer service development Accord ICT services Programme Management Office Business improvement Shared services Process redesign Improvement management	Procurement strategy, Policy and advice Electronic procurement Projects Supplier/contracts management Scotland Excel NE Regional Hub Supplies Shared service with Aberdeenshire Council

3.4 Our values into action

Our values, as set out in section 2 of this plan, will lie at the core of what we do and will define how we relate to each other and how we deliver our services.

In striving for **excellence** we will place an emphasis on both personal and professional development through ensuring that each employee has clarity on what is expected of them, has at least one annual performance review and has a personal development plan which focuses on meeting individual and organisational needs.

We will also ensure that both corporate and service training opportunities are continually reviewed and kept up to date to meet current development requirements and anticipate future needs.

We acknowledge that the challenging vision and targets set out in this plan can only be achieved with the commitment and participation of all members of Corporate Governance. This requirement for **teamwork** will be underpinned by our values of **respect** and **openness** and **honesty**. This will be evidenced through a systematic communication programme managed by the Corporate Governance Communications Group which will ensure regular communications with all Corporate Governance employees through a range of means. This will include opportunities to hear directly from and feed back to the management team. This programme of communication will be supplemented, wherever it is possible and appropriate to do so, with opportunities for employees to contribute to and participate in shaping future services.

Recognising the importance of valuing staff, we will monitor the views of our employees and levels of engagement through both informal and formal channels.

Supporting this focus on raising morale, over the period of this Plan we will be more active, through a range of available awards schemes, in seeking external recognition of the many excellent and innovative services we deliver.

4. Corporate Governance Performance and Sector Analysis

4.1 Business plan implementation 2011/12

This business plan is a rolling five-year plan which was first approved in 2010/11. The directorate has made significant progress in implementing the actions which were committed to within the first two years of the plan. A full analysis of the progress we have made in implementing agreed actions is shown in appendix A. Specific highlights, shown under the six principles to which the directorate is committed, include:

Customer services management

- We have opened an integrated customer service centre in Marischal College;
- We have reshaped customer service enabling the co-location of the Regional Communication Centre, Revenues and Benefits telephone team and the Customer Contact Centre;
- We have introduced a single customer service staffing model and commenced multi-skilling staff across functional areas;
- We are continuing to develop customer self-service options to drive down costs and enable customers to help themselves;
- More broadly, the move to the Marischal College was managed extremely effectively, with large numbers of staff, and their ICT requirements, relocated without disruption to customers;
- We redesigned the council website to better meet citizen requirements, focusing the design on the fulfilment of top tasks, driven by the user feedback and site analytics;
- We added further self-service functionality to the council website, allowing citizens to access a broader range of council services 24/7, including the application for the new residents' discount card;
- We established roles of **business partners** for the HR and finance functions, to manage the relationship with our internal customers and partners;
- We maintained the high accessibility of the **council's website**, ranking consistently in the top 10 of 430 UK websites. We also became the first Scottish council to include "open data" on our website, which allows the wider community to share our information for their own ICT applications;
- We developed the **online catalogue** of council-managed archives and increased availability through digitisation;
- The Central Procurement Unit has been successful in each of the last two years in "Team of the Year" category in the **National Procurement Awards**.

Intelligence-led organisation

- **Financial reporting** was significantly improved with more regular, accurate and current information presented to managers;

- We have improved existing, and developed new, key **indicators to manage our performance**. We also improved access to, and use of, performance data through the creation of a single portal for performance "dashboards";

- A **Programme Management Office** has been established to better support the planning, completion and benefits realisation of the council's strategic priorities. Feedback from our internal auditors reflects significant positive progress to date;

- We further developed and improved our **risk management** arrangements through the updating of procedures, review of registers and mobilisation of a corporate risk officer group;

- We successfully moved the **internal audit** function to an external provider, simultaneously reducing costs, modernising our approach and giving access to unprecedented subject expertise;

- We received external validation through a positive **shared risk assessment** from our Local Area Network, whilst also developing our working relationships with inspection and regulation bodies.

Partnership working

- We were awarded £25,000 funding by the National Endowment for Science Technology and the Arts (NESTA) to implement, as lead partner, a safe winter travel portal for citizens, working with Aberdeenshire Council. This is now in development;

- We facilitated the review of existing **community planning arrangements**, which refocuses the efforts of partners on providing clear strategic leadership and added value to service planning and delivery. The has put in place the groundwork the respond positively to a renewed national focus on Community Planning and Single Outcome Agreements;

- We improved the **engagement** with our internal customers, external customers and our partners. In particular, significant engagement was undertaken as part of the development of the 5 year Corporate Business Plan, and we directly heard the views of over 900 internal customers through our customer survey. Their feedback is embedded within this Business Plan and shapes the services we deliver;

- We improved arrangements for the management of **contracts and supplier performance** through the establishment of a Supply Chain Manager and a vendor management capability;

- We have progressed development of a policy on **community benefits through procurement**. This is aligned to ongoing work on our supplier development programme;

- We supported **Grampian Police Board** throughout a Best Value Audit which resulted in a very positive report for the board's operation;

- We continued to work with our north-east partners to develop opportunities for **collaboration between organisations** including, mentoring, job shadowing and leadership programmes. The successful projects have resulted in cost savings and increased partnership working for the partners involved.

Workforce planning and development

- We supported a **planned workforce reduction** across the organisation of around 300, whilst avoiding compulsory redundancies;

- We planned, supported and delivered **improved training** to colleagues in all services, matching our resources to identified needs. We have increased flexibility in training through online interactive learning. Our support and delivery of training has had a tangible impact on performance of across the council;

- We revised corporate policies and procedures for the **management of staff absences**. Within the directorate this contributed to a 24 month reduction in absence from 13.1 days per person to 7.0 days;

- Recognising the importance of effective communication and engagement with staff over the period of this plan, we established a Corporate Governance **Communications Group** comprising staff representatives from each section;

- Having previously implemented an employee benefits portal called **"ACC My Benefits"** that offered a range of voluntary and salary sacrifice benefits for staff, we have developed this portal and are shortly to launch an expanded range of offers and salary sacrifice schemes available. We have also worked with our contracted partner to improve the capability of the platform towards a fully flexible benefits and total reward system in order to reduce the administrative burden of the schemes and improve the user experience.

Financial management

- We developed and implemented a **priority-based approach** to budgeting and planning across the whole council (PBB). This included a detailed appraisal of all options for service delivery which, in turn, allowed the production of a costed five-year corporate business plan. This project involved an unprecedented level of engagement and consultation with service users, staff and other stakeholders. The PBB approach has received national recognition and is cited by Audit Scotland as best practice;

- Linked to the priority-based budgeting approach, we improved our **service business planning**. We have aligned the feedback we get from our customers, with our priorities, the action we will take, the data we use to measure our performance and the risks we need to manage;

- We improved our **accounting practices** to ensure better control and analysis of expenditure;

- We begun the modernisation of our corporate **ICT infrastructure** through the external management of our data centre and are piloting a virtual desktop environment;

- We continued to deliver increased efficiencies from effective **procurement** through revised processes proportionate to risk and value of requirements;

- We successfully produced the council's annual accounts in compliance with internal financial reporting standards with an unqualified audit certificate, the first year the council was required to do so.

Business processes

- We established **shared service centres** for both Human Resources and Finance with significant cost reductions achieved and are continuing work to map and increase the efficiency of processes;

- We centralised the **accounts payable** process, investing in an electronic document management system to improve performance, which by the end of the year was in the top quartile of Scottish councils;

- We improved **procurement and contract management** across the council, by revising our procedures and delivering substantial awareness raising and training;

- The Central Procurement Unit was rated 2nd and 3rd across the 32 Scottish councils, after the two most recent **procurement capability audits**. We introduced revised procurement processes with standard terms and conditions and this will further boost our scoring for the 2012 audit;

- We implemented modern.gov, an electronic solution for the **management of committee** papers, which has allowed us to significantly reduce our costs whilst improving the service for users. In addition, we now operate a committee alert system, which lets officers know when items are being considered at committee, reducing unproductive time;

- Throughout the extensive changes highlighted above, we **maintained critical services** to a high standard, including council tax and benefits administration, payroll year-end processes, ICT helpdesk and effective management of key relationships.

4.2 Sector analysis

Figure 3 below shows a high-level analysis of issues which will impact on Aberdeen City Council and the directorate throughout the period of this plan.

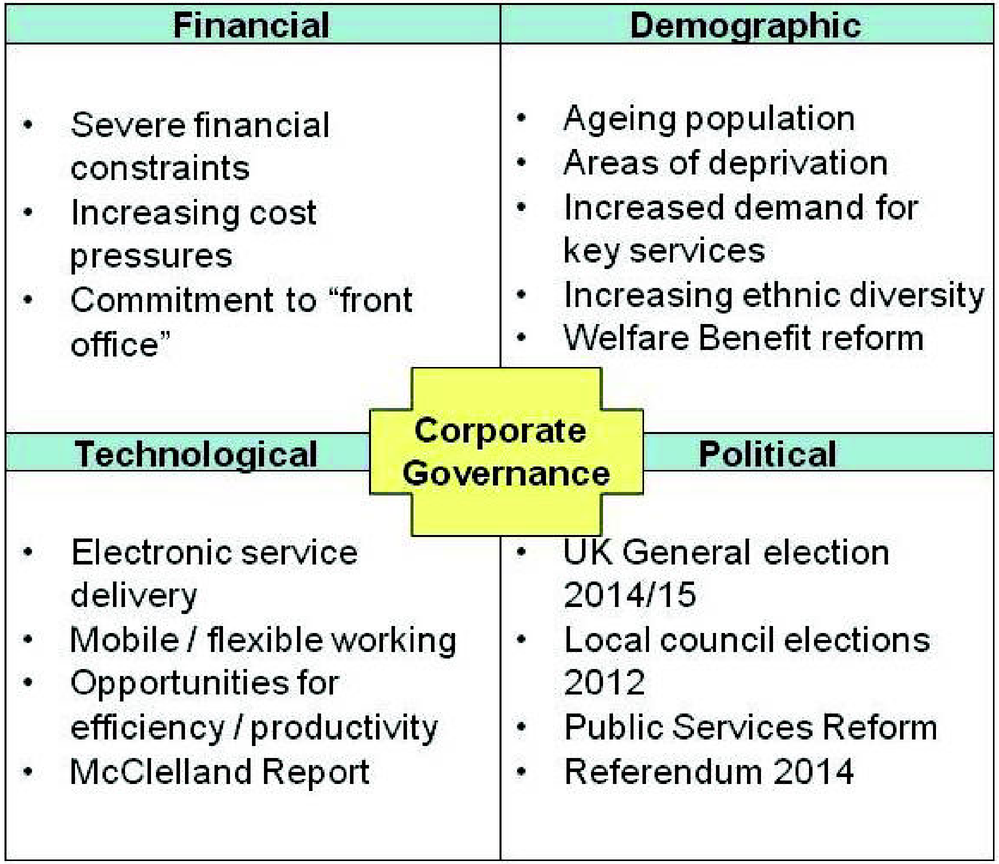


Figure 3

The directorate has a key role in meeting each of these challenges. In terms of the financial environment, as well as managing our direct costs, the directorate will continue to support prioritised budgeting across the council and will work with colleagues to improve our processes, projects and procurement. We will take a strategic lead on the use of new technologies which support both efficiency and customer-focused services. We will also tackle the differing needs of customers and communities both at a local level, through local planning and delivery with our partners, and for communities of interest.

5. The Voice of the Customer

5.1 What do users think of our services?

Customer feedback

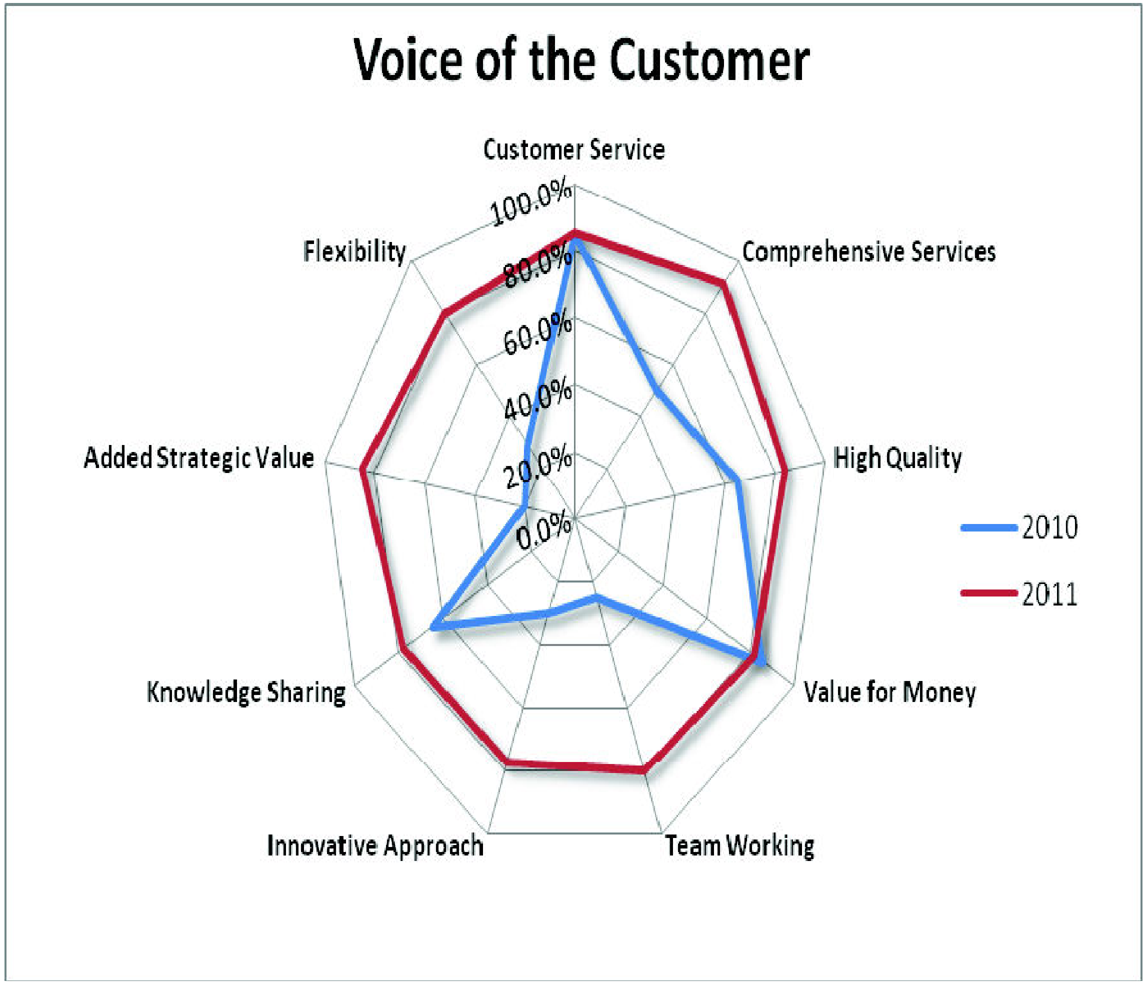
During 2011/12 we conducted an extensive survey of internal customers and partners, receiving 912 responses. Results are shown opposite[1] and are compared with a self-evaluation carried out in 2010. The comparison shows customers have a much more even, and favourable, view across the themes than was self-assessed in 2010.

Respondents were also invited to rate their experience of each of the directorate's services, as well as making any relevant comments. An overall satisfaction rating of 67% was given. Whilst this is promising, there are clearly opportunities to improve our services and meet customer expectations.

The results have provided us with invaluable feedback on which the future planning and delivery of our services are, and will be, based.

Areas for improvement, including strategic value, innovative approach and working with teams are reflected in the action plan.

Figure 4



[1] The 2011 figures exclude "Neither Agree / Disagree" to make them comparable with the 2010 self- evaluation.

5.2 Who are our customers?

The directorate provides a service to a broad range of internal and external customers. Figure 5 below shows the nature of relationships with our customers.

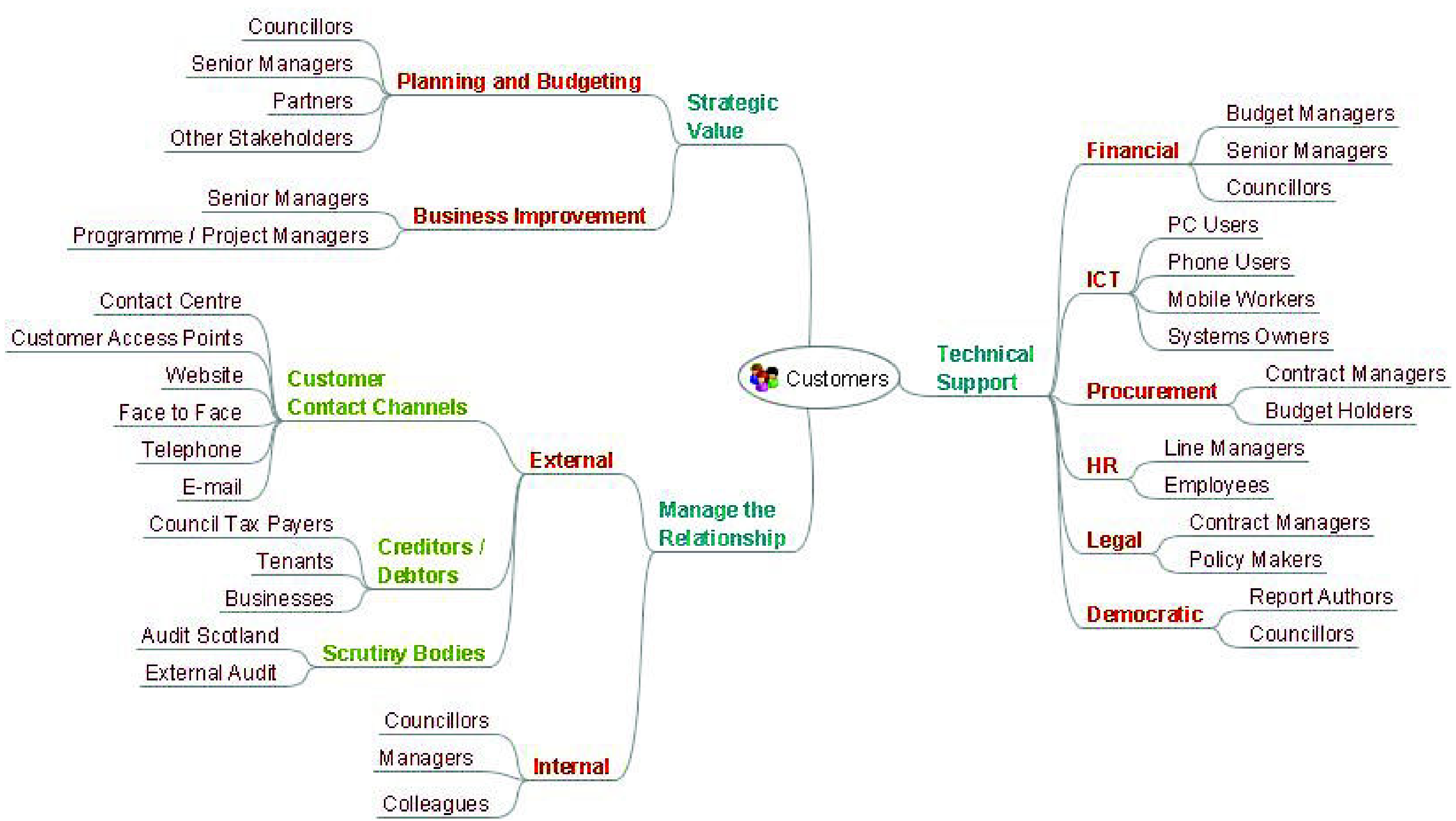


Figure 5

5.3 Partnership working

We are working towards increasing partnership working and moving towards partner delivery of our services where this represents the greatest value for our customers. We will continue to consult with partners and service users to work with them to develop how we deliver our services in the future. Figure 6 below shows a representation of our external partner. The directorate, of course, works in partnership with each of the other council directorates.

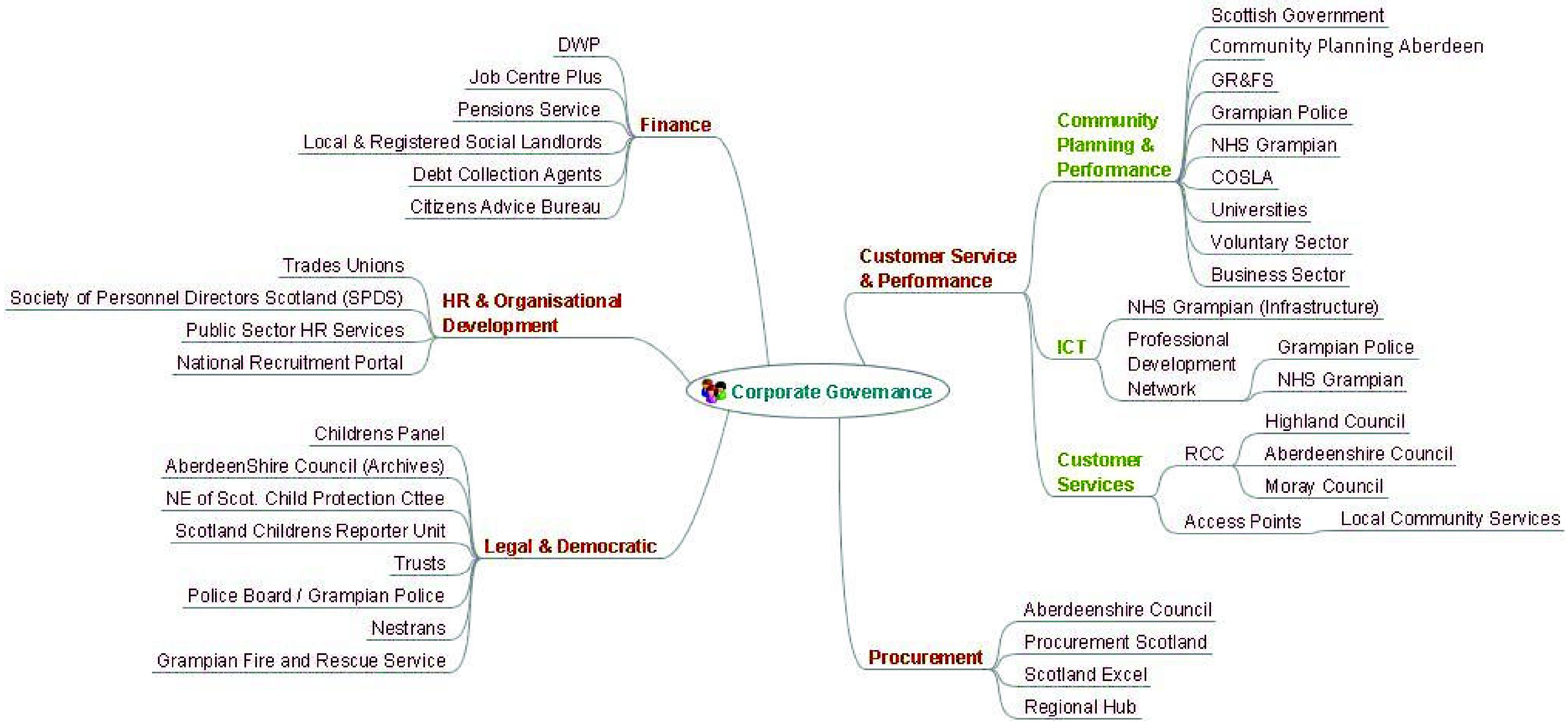


Figure 6

6. Strategic Priorities and Outcomes – Action Plan

Priority 1: We make best use of the financial resources available to us, delivering improvement in our service priorities in the most cost effective manner

Action	Performance measures	Timescale	Lead
a. We will continue to support a priority-based approach to budgeting and planning.	Recorded annual efficiency savings; Preparation and approval of 2012/13 annual budget.	2012/13	Head of Finance
b. We will improve cost and quality of services through transformational change to achieve best value.	Customer satisfaction; Service delivery performance.	2012/13	All Heads of Service
c. We will further develop benchmarking of our services against best in class across a range of sectors.	Sector benchmarks;	2012/13	Head of Customer Service and Performance
d. We will extend the services provided by the Programme Management Office to include project consultancy and other business services.	No. of projects and other initiatives for which services are provided.	2012/13	Head of Customer Service and Performance
e. We will explore the feasibility of providing paid Programme Management Office services to external organisations.	Completion of feasibility report.	2012/13	Head of Customer Service and Performance
f. We will work with our partners and users to identify and deliver efficiencies from effective procurement.	Value of efficiencies and savings from improved procurement (cashable and non-cashable).	2012/13	Head of Procurement
g. We will implement and embed a model of self-evaluation across the council to improve understanding of our business and to co-ordinate our effort for external inspection.	Improvement of rating in “How Good is Our Council?”.	2012/13	Head of Customer Service and Performance
h. We will improve our corporate ICT infrastructure to support the business in cost effective ways.	% customer satisfaction; Unit cost per workstation;	2012/13	Head of Customer Service and Performance

Priority 1: We make best use of the financial resources available to us, delivering improvement in our service priorities in the most cost effective manner

Action	Performance measures	Timescale	Lead
	% of suitable users enabled for mobile working.		
i. We will continue to develop the HR shared service centre to meet the needs of the customer.	Metrics from service centre database; Online customer feedback questionnaire; Service standard monitoring against target levels set in service agreement.	2012/13	Head of HR & OD
j. We will develop improved tracking and recording systems to better control the council's agreed establishment.	Fast accurate reporting of vacancies.	2012/13	Head of HR &OD
k. We will implement a finance shared service centre.	Productivity measures; Customer satisfaction; Payment performance will continue to meet or exceed second quartile levels.	2012/13	Head of Finance
l. We will maintain strong governance and ensure the probity of all actions taken by the council.	Unsuccessful legal challenges	2012/14	Head of Legal and Democratic
m. We will engage with other local authorities and public sector agencies to maximise efficiency and income generation.	Recorded annual efficiency savings; Income generation.	2012/14	All Heads of Service
n. We will review business processes to support delivery to the council's customers.	Reduction in support costs % of net council spend; % of stakeholders agreeing they are satisfied with the services provided by the Corporate Governance directorate.	2012/13	All Heads of Service

Priority 2: We have a flexible, skilled and motivated workforce

Action	Performance measures	Timescale	Lead
a. We will develop and implement a strategy to raise motivation and commitment to the organisation	Employee Opinion Survey.	2012/13	Head of HR&OD
b. We will develop new remuneration and reward systems which recognise and promote high performance and is linked to council's objectives.	Staff turnover; Employee Opinion Survey.	2012/13	Head of HR&OD
c. We will work with service managers to ensure that workforce planning is undertaken so that the future service delivery objectives are properly resourced.	Recruitment costs; No. of redeployments.	2012/13	Head of HR&OD
d. We will ensure that all HR policies and procedures are effective in the management of its human resources in a modern, safe and appropriate way.	No. of accidents/Incidents; No. of employment tribunal claims; Satisfaction with HR – line managers	2012/13	Head of HR&OD
e. We will develop and implement a flexible customer services model to enable efficient and high-quality service delivery, ensuring skilled and motivated employees.	A performance management and evaluation framework will be implemented to support the model.	2012/13	Head of Customer Service and Performance
f. We will improve knowledge management and sharing within the directorate and with our partners.	Metrics for knowledge sharing strategic indicator to be developed.	2012/13	Head of HR&OD
g. We will explore approaches which support and promote positive behaviours of employees.	Metrics to be developed.	2012/13	Head of HR&OD

PRIORITY 3: We listen to, and are responsive to, our customers, shaping our services around their needs and focusing our resources where they are most needed.

Action			
a. We will systematically engage internal customers, external customers and our partners, embedding their feedback to shape the services we deliver.	% of residents feeling they have some influence over the issues that concern them in their local area; Various customer surveys.	2012/13	Head of Customer Service and Performance
b. We will develop a channel optimisation strategy, to route customer facing services through the most appropriate customer contact channels to demonstrate enhanced customer service and improved efficiency.	Total of online transactions	2012/13	Head of Customer Service and Performance
c. We will manage contracts and supplier performance to ensure we maximize value and efficiency in the goods and services we procure whilst ensuring they meet the needs of our customers and services.	Contract management balanced scorecard to measure quality, price, time and service.	2012/13	Head of Procurement
d. We will engage with our supplier base to effectively manage relationships so that the council is perceived as an attractive business partner.	Feedback from surveys; Statistics on number of suppliers responding to tender notices and submitting actual bids.	2012/13	Head of Procurement
e. We will deliver a positive customer experience through an improved customer service centre at the new corporate headquarters.	Customer satisfaction surveying.	2012/13	Head of Customer Service and Performance

Priority 4: We work closely with our partners, including local communities, to deliver a single set of outcomes for all the citizens of Aberdeen

Action	Performance Measures	Timescale	Lead
a. We will actively engage with existing community planning partners and build new relationships, to develop an innovative service planning and delivery model based on a ‘whole systems’ approach.	Successful delivery and review of ‘whole system’ pilots Survey of partners	2012/15	Head of Customer Service and Performance
b. We will engage with elected members, directors, partners and communities to develop our equality outcomes and assist services in their delivery.	Monitoring via equalities outcomes metrics	2012/15	Head of Customer Service and Performance
c. We will engage with other authorities to investigate the possibility of shared legal and democratic services.	To be developed	2012/13	Head of Legal and Democratic
d. We will include, where suitable, appropriate community benefit clauses within procurement contracts, maximising economic and social benefits for residents and businesses within the city.	No. of contracts concluded with a community benefit clause	2012/13	Head of Procurement
e. We will explore and apply, where appropriate, a social return on investment methodology to option appraisal and decision making.	No. of projects with a social return on investment options appraisal conducted	2012/13	Head of Customer Service and Performance

7. Financial Plan 2012/13 to 2016/17

It is highly likely that there will be significant strain on public finances and it is clear that public spending will be subject to a period of significant constraint in the years ahead. UK, Scottish Government and Aberdeen City Council budgets will be significantly affected by these pressures throughout the period of this plan.

The financial impact on Aberdeen City Council is reflected within the medium-term financial plan which is based on currently available economic, government and contractual guidance. The council business plan currently reflects the latest settlement from the Scottish Government and this has been extended into future years, again, based in the currently available data. As such the council anticipates its funding to increase by:

2013/14	2014/15	2015/16	2016/17
0.35%	0.72%	1.01%	1%

The table above also includes additional funding provided by the Scottish Government by the way of an introduction of a new “85%floor” rule whereby every local authority is guaranteed to receive at least 85% of the Scottish average funding level per local authority. As Aberdeen City Council receives less than 85% of the Scottish average it qualifies for this additional funding.

The council approved its 2012/13 General Fund Revenue Budget in February 2012 which set the budget for that financial year and agreed the implementation of a number of service options to achieve the level of efficiencies and budget reductions required over the following five financial years.

The following revenue budget spend and service saving options have been approved for the Corporate Governance directorate:

Committee Report	**Year 1 2012/13 £'000**	**Year 2 2013/14 £'000**	**Year 3 2014/15 £'000**	**Year 4 2015/16 £'000**	**Year 5 2016/17 £'000**
CG revenue budgets per committee report	27,832	26,886	26,893	26,722	27,017
Savings	(1,840)	(2,951)	(3,401)	(3,839)	(4,249)
CG revenue budgets inclusive of savings	25,992	23,935	23,492	22,883	22,768
Other council-wide savings	(4,147)	(3,071)	(3,843)	(6,137)	(6,954)

The following model shows the route map the directorate is taking to achieve the necessary cost reductions whilst maintaining support services and improving quality for customers.

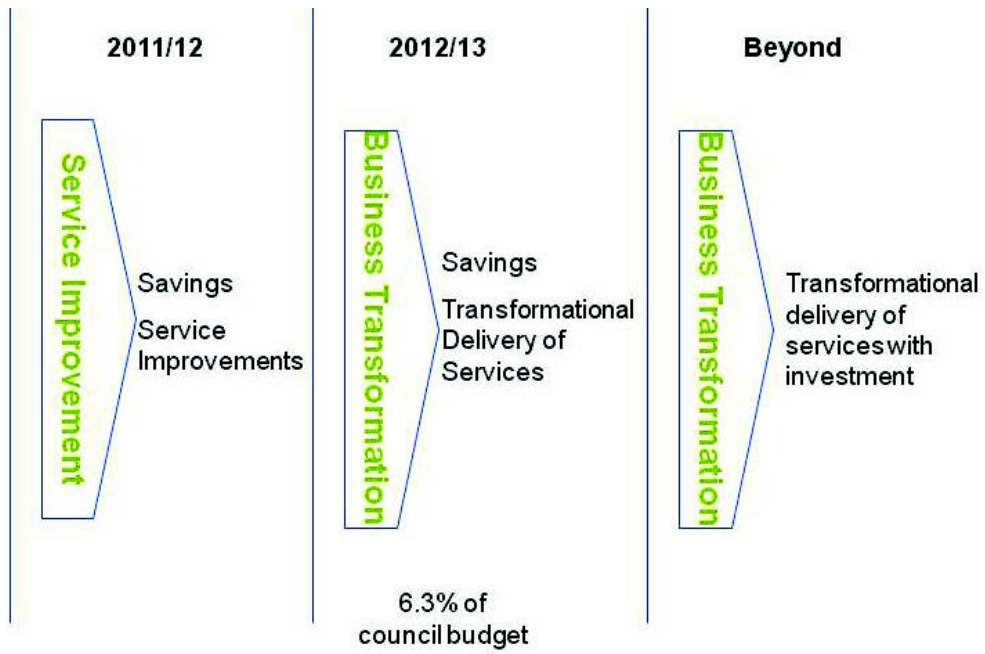


Figure 7

The journey along this route map will change the services we will deliver, our interaction with customers and the arrangement of staffing resources to deliver the services. In line with our vision to support the modernisation of the council's services by providing high quality, cost effective services which put the customer at the centre, our action plan commits to:

- Continue to transform our services to ensure we deliver best value;
- improving processes, including investing in technology, to increase efficiency and improve services to customers;
- implementing a workforce strategy and developing our skills; and
- Building new relationships with our partners which support joint planning and delivery.

The outcome of these actions will be a concentration of resource on those services which are priorities for our customers, an increasing focus on customer service and a mixed model of staffing which reduces the number of employees and uses additional / specialist resources in a way which demonstrates best value.

Capital expenditure

Figure 8 below sets out the agreed planned capital investment for the Corporate Governance directorate in 2012/13.

	Estimated 2012/13 Budget £m
Data centre move	223
Police - Capital Grant	1,497
Total	**1,720**

Figure 8.

8. How We Will Measure Our Performance?

The implementation of this business plan and the impact of its delivery will be measured in the following ways:

1. Performance reporting of actions and metrics

Section 6 above identifies the key actions to which the directorate is committed and shows these actions with corresponding metrics which will be used to indicate the impact these have. Progress, performance and analysis of these actions and metrics will be reported on a quarterly basis to the Corporate Policy and Performance; Finance and Resources; and Audit and Risk committees.

2. Self-evaluation

The council has begun, and is developing, a programme of self-evaluation using the model ‘How Good is Our Council?’ As well as being an important tool to manage improvement, self-evaluation by councils is a requirement of phase two of Audit Scotland’s arrangements for The Audit of Best Value and Community Planning (BV2). Corporate Governance undertook a directorate-wide self-evaluation during 2011/12 and will build on this by targeting further self-evaluation in 2012/13 and will build on this by targeting further self-evaluation on 2012/13. Improvement actions identified through this exercise are included within this business plan as appropriate.

9. Risk Management

Risk management is central to the directorate’s planning and operational delivery. As with any plan, there are current, and there will be future, risks which impact on the delivery of this business plan. An assessment of the risk environment has been undertaken and the directorate has prepared a register of service risks, their impact and the mitigating actions agreed. This register has been taken into account in the development of this business plan, will be regularly monitored and reviewed and is appended to this plan.

Corporate Governance Combined Actions and PIs

ABERDEEN CITY COUNCIL

1. We make best use of the financial resources available to us, delivering improvement in our service priorities in the most cost effective manner

Action			**Timescale**		**Status**		
We will continue to support a priority based approach to budgeting and planning			31-Mar-2012				
Performance Measures			**Target**	**Value**	**Traffic Light Icon**	**Long Trend**	**Short Trend**
Council-wide efficiencies as a percentage of revenue budget			2%	4.07%			
Associated Risks	CG003 Risk that major projects are not effectively delivered.						
	CG007 Risk of poor financial control and management.						
	CG013 Risk of negative impact of financial settlement.						
	CG015 Risk that the service does not deliver its commitments under the 5 year business plan						
Commentary	A full range of budget options have now been produced and will be reported to Committee as part of the revenue budget process for 2012/13.						

Action		Timescale		Status		
We will improve cost and quality of services through external delivery where this represents best value		31-Mar-2012				
Performance Measures		**Target**	**Value**	**Traffic Light Icon**	**Long Trend**	**Short Trend**
Corporate Governance costs as a % of net council spend		6.6%	6.07%			
Customer Satisfaction with Corporate Governance (External)			6.8			
Associated Risks	CG002 Risk that an agreed quality of service is not defined and consistently delivered.					
	CG007 Risk of poor financial control and management.					
	CG008 Risk of poor or inadequate management of contracts and contractors.					
	CG009 Risk that workloads are not effectively managed.					
	CG012 Risk of poor ICT security and operational arrangements.					
	CG013 Risk of negative impact of financial settlement.					
	CG015 Risk that the service does not deliver its commitments under the 5 year business plan					
Commentary	Building on the work undertaken under the Alternative Delivery Model Project, a transformation project to implement further improvements and efficiencies is being progressed.					

Action		Timescale	Status
We will further develop benchmarking of our services against best in class across a range of sectors		31-Mar-2012	
Associated Risks	CG015 Risk that the service does not deliver its commitments under the 5 year business plan		
Commentary	Further benchmarking of costs is being taken forward working with Solace and all other Scottish Local Authorities. Benchmarks specific to areas of the Service are ongoing with professional bodies including SOCITM, ALARM, SCDI, CIPFA. In addition, a review of all reported metrics has begun to establish known benchmarks and identify gaps.		

Action		Timescale		Status		
We will embed the benefits of our Programme Management Office		31-Mar-2012				
Performance Measures		**Target**	**Value**	**Traffic Light Icon**	**Long Trend**	**Short Trend**
Project Quality Metrics						
Associated Risks	CG003 Risk that major projects are not effectively delivered.					
	CG007 Risk of poor financial control and management.					
	CG008 Risk of poor or inadequate management of contracts and contractors.					
	CG015 Risk that the service does not deliver its commitments under the 5 year business plan					
Commentary	The Programme Management Office (PMO) has continued to develop its role to support the implementation of the 5 year Corporate Business Plan and is now also providing support to other organisations involved in cross-agency programmes. The processes for tracking and managing all accepted Priority Based Budgeting benefits includes the Corporate Change process and the PBB Project Progress reporting process. Overall the PMO Sponsoring Group governance and suite of project workshops are all bedded in. We are currently rolling out a programme of Direct Support to further improve project quality and support project managers with day-to-day project work.					

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Action		Timescale		Status		
We will work with our partners and users to identify and deliver efficiencies from effective procurement		31-Mar-2012				
Performance Measures		**Target**	**Value**	**Traffic Light Icon**	**Long Trend**	**Short Trend**
Value of efficiencies achieved from Improved Procurement (£000)		£1,117,000	£1,119,000			
Associated Risks	CG008 Risk of poor or inadequate management of contracts and contractors.					
	CG015 Risk that the service does not deliver its commitments under the 5 year business plan					
Commentary	The savings target for 2010/2011 was achieved and slightly exceeded. There is a £800K savings requirement through PBB for 2011/2012. This target has been achieved.					

Action		Timescale		Status		
We will implement and embed a model of self-evaluation across the Council to improve understanding of our business and to co-ordinate our effort for external inspection		31-Mar-2012				
Performance Measures		**Target**	**Value**	**Traffic Light Icon**	**Long Trend**	**Short Trend**
Self-evaluation process deemed satisfactory by external inspection						
How good is Corporate Governance Rating - Outcomes (1-6)			4			
How good is Corporate Governance Rating - Impact (1-6)			4.5			
How good is Corporate Governance Rating - Management (1-6)			3.5			
How good is Corporate Governance Rating - Leadership (1-6)			4			
How good is Corporate Governance Rating - Overall (1-6)			4			
Associated Risks	CG011 Risk that the needs of scrutiny and regulatory bodies are not met.					
	CG015 Risk that the service does not deliver its commitments under the 5 year business plan					

Commentary	The Corporate Governance Service has fully completed its self-evaluation for 2011/12. The output of this is being used to inform the updating of the Service Business Plan. An evaluation of the process followed in the exercise is being conducted and learning points will inform future exercises. The process and output will be discussed at future meetings of the Corporate Performance Management Group to assist with and facilitate embedding of self-evaluation across services.

Action	**Timescale**		**Status**		
We will improve our corporate ICT infrastructure to support the business in cost effective ways.	28-Sep-2012				
Performance Measures	**Target**	**Value**	**Traffic Light Icon**	**Long Trend**	**Short Trend**
Implementation of ICT enabled flexible working - % of Employees who have flexible working facilities as a % of total employees.	20%	15.4%			
Customer Satisfaction with ICT		70%			
Total Cost of Ownership per ICT workstation	£1,039.00	£1,098.09			
Major computer application uptime	99.5%	99.06%			
Associated Risks	CG012 Risk of poor ICT security and operational arrangements.				
	CORP013 Risk of major business systems failure (Hazard Risk)				
Commentary	Corporate services have been migrated to refreshed server and storage infrastructure in Atos Origin Managed Data Centre and Aberdeen. Planning and implementation of full rollout for VDE continues. Completion is now anticipated September 2012. Meshed wireless network infrastructure to connect educational establishments is performing satisfactorily. Final site implementation in the Kingswells area is due February 2012. In addition, we are developing an enterprise architecture framework to better manage ICT and inform ICT decision making.				

Action		Timescale		Status		
We will continue to develop the HR Service Centre to meet the needs of the customer		31-Mar-2012				
Performance Measures		**Target**	**Value**	**Traffic Light Icon**	**Long Trend**	**Short Trend**
Customer Satisfaction with HR (Internal)			6.6			
% enquiries completed without requiring escalation - HR Service Centre (first fix)		56.25%	38.26%			
Average response time for unescalated enquiries (HR Service Centre)		0.125 days	0.32 days			
Average response time for escalated enquiries (HR Service Centre)		5 days	2.95 days			
Associated Risks						
Commentary	The percentage rate of first fixes dipped briefly at the end of 2011 as the HR Service Centre recruited new staff without the level of knowledge required to make an immediate impact. A slight dip in performance is therefore not unusual at this point in staffs' learning. However, this is expected to be quickly followed by a significant increase in the rate of first fixes as staff build up more knowledge. The first fix rate is then expected to steadily increase and this typifies the performance of newly created HR Service Centres. There has been a significant increase in the first fix rate after the dip in December 2011, although efforts continue to be made to improve upon this. The main focus is currently on the introduction of Lagan, our new electronic case management system, which will be introduced on a phased basis over the next 6 months. SLAs and quarterly HR performance reporting are also being developed in conjunction with services. An SLA for recruitment & resourcing services is expected to be in place in March 2012. A series of service developments, in response to customer feedback, will be introduced during the next 3 months as will the continued drive towards increasing the number of first fixes.					

Action	Timescale	Status
We will develop improved tracking and recording systems to better control the Council's agreed establishment	31-Mar-2012	
Associated Risks	CG010 Risk that skills are not matched to changing roles.	
Commentary	This position remains unchanged with the establishment report being submitted to CMT on a monthly basis as part of the Corporate Monitoring Report.	

Action		Timescale		Status		
We will implement a Finance shared service centre.		31-Mar-2012				
Performance Measures		**Target**	**Value**	**Traffic Light Icon**	**Long Trend**	**Short Trend**
Customer Satisfaction with Finance (Internal)			6.3			
The percentage of all invoices paid within 30 calendar days (SPI)		88.5%	83.5%			
Associated Risks	CG007 Risk of poor financial control and management.					
Commentary	Good progress made now that staff are in post. Finance Service Centre almost complete. Process Improvement scope is being reconsidered to include full Process Improvement project for Reporting and Monitoring/ Progress to date: · High level priorities/Improvement plan now agreed. · Work underway on 14 sub project areas. · Journal processing pilot now being rolled out to all services accounting. · Standard 'infoview' report and payroll monitoring processes implemented. · Balance sheet reconciliation process implemented. · Accruals process prepared for implementation from January 2012. · Tasks collated in reporting and monitoring to be undertaken in co-ordinated way by new Finance Assistant role in Process Support team · Systems and Services Accounting joint work programme initiated · Process support team roles all defined and job matching process due to commence following approval of delegated powers report. · Reporting and monitoring team improvement workshops undertaken Workshops undertaken in respect of Corporate/Services accounting responsibilities, action plan prepared to make changes and development of Finance Improvement Plan commenced.					

Action		Timescale		Status		
We will maintain strong governance and ensure the probity of all actions taken by the Council.		31-Mar-2014				
Performance Measures		**Target**	**Value**	**Traffic Light Icon**	**Long Trend**	**Short Trend**
Unsuccessful Legal Challenges						
Associated Risks	CG006 Risk of poor or inadequate Health and Safety arrangements.					
	CG011 Risk that the needs of scrutiny and regulatory bodies are not met.					
	CG012 Risk of poor ICT security and operational arrangements.					
	CG014 Risk that legislative changes are not effectively planned for.					
Commentary	We continue to provide guidance and advice to all Services of the Council to ensure all decisions comply with Standing Orders and Financial Regulations. In addition, we continue to monitor all reports presented to Council and Council committees to ensure probity and *vires* of all decisions.					

Action	Timescale		Status		
We will engage with other local authorities and public sector agencies to maximise efficiency and income generation.	31-Mar-2014				
Performance Measures	**Target**	**Value**	**Traffic Light Icon**	**Long Trend**	**Short Trend**
Council-wide efficiencies as a percentage of revenue budget	2%	4.07%			
Cost of overall accountancy function per £1,000 of net expenditure	£6.36	£5.95			
Cost of overall human resources function per £1,000 of net expenditure	£6.47	£5.28			
Total Cost of Ownership per ICT workstation	£1,039.00	£1,098.09			
Internal Audit cost per £1m expenditure	£834.00	£627.00			
The percentage of Council Tax collected during the year, net of reliefs and rebates (SPI) **The 'target' stated reflects the percentage of council tax aspired to be collected by the Service at**	94%	90.91%			

31/3/12. The 'value' figure represents the amount collected as at 31/1/12.					
Gross administration cost per benefit case	£41.00	£41.41			
Cost of collecting council tax per dwelling	£12.30	£12.96			
Associated Risks	CG013 Risk of negative impact of financial settlement.				
Commentary	Overall, there is a positive trend with costs reducing across the services provided by Corporate Governance. This is the case even for the one metric shown demonstrating a 'red' traffic light. **Human Resources** Regular meetings take place with representatives of other public sector organisations with a view to exploring possibilities for joint working and cost rationalisation. Most recently productive meetings have taken place with Aberdeenshire Council in relation to joint training courses being run for some core training requirements for both councils.				

Action	Timescale		Status		
We will review business processes to support delivery to the council's customers	31-Mar-2012				
Performance Measures	**Target**	**Value**	**Traffic Light Icon**	**Long Trend**	**Short Trend**
Corporate Governance costs as a % of net council spend	6.6%	6.07%			
Customer Satisfaction with Corporate Governance		6.7			
Customer Satisfaction with Corporate Governance (External)		6.8			
Associated Risks	CG002 Risk that an agreed quality of service is not defined and consistently delivered.				
	CG004 Risk that effective business continuity and disaster recovery arrangements are not in place.				
	CG009 Risk that workloads are not effectively managed.				
	CG010 Risk that skills are not matched to changing roles.				
	CG012 Risk of poor ICT security and operational arrangements.				
Commentary	Significant resources have been committed to the review of current process through both workstreams to identify and deliver improvement. Business processes across the Service have been fundamentally improved over the last 2 years and this continues.				

2. We have a flexible, skilled and motivated workforce

Action		Timescale	Status		
We will develop and implement a strategy to raise motivation and commitment to the organisation		31-Mar-2012			
Performance Measures	**Target**	**Value**	**Traffic Light Icon**	**Long Trend**	**Short Trend**
% staff satisfaction with the Council as an employer		66%			
Associated Risks	CG005 Risk of poor industrial and employee relations.				
	CG010 Risk that skills are not matched to changing roles.				
Commentary	A draft corporate communications and engagement strategy has been produced. This was approved by CMT 12 Jan 2012 and will be presented to the Corporate Policy & Performance Committee 8 March 2012. The strategy document pulls three engagement strands together: i) Internal staff engagement and communications; ii) Corporate communications; iii) External stakeholder engagement. An action plan accompanies the strategy to support implementation.				

Action		Timescale	Status		
We will develop new remuneration and reward systems which recognise and promote high performance and is linked to Council objectives		31-Mar-2013			
Performance Measures	**Target**	**Value**	**Traffic Light Icon**	**Long Trend**	**Short Trend**
Level of Staff Turnover (Corporate)		1.69%			
% staff satisfaction with the Council as an employer		66%			
Associated Risks	CG005 Risk of poor industrial and employee relations.				
	CG009 Risk that workloads are not effectively managed.				
	CG010 Risk that skills are not matched to changing roles.				
Commentary	A report to CMT has been completed and the detailed design phase is now underway. Training for managers is to be undertaken in February /March.				

Action		Timescale	Status
We will work with Service Managers to ensure that workforce planning is undertaken so that the future service delivery objectives are properly resourced		31-Mar-2012	
Associated Risks	CG009 Risk that workloads are not effectively managed.		
	CG010 Risk that skills are not matched to changing roles.		
Commentary	We are currently putting together a workforce planning report that will provide detail on Service workforce planning issues linked to PBB and will also look at workforce data. In addition background work on defining business criticality and succession planning is underway linked to the IKM streams.		

Action		Timescale		Status		
We will ensure that all HR policies and procedures are effective in the management of its human resources in a modern, safe and appropriate way		31-Mar-2012				
Performance Measures		**Target**	**Value**	**Traffic Light Icon**	**Long Trend**	**Short Trend**
Average number of days lost through sickness absence - Corporate Governance (SPI)		10	7.3			
Average number of days lost through sickness absence (Council overall) - SPI Corporate		10	11.5			
Associated Risks	CG005 Risk of poor industrial and employee relations.					
	CG006 Risk of poor or inadequate Health and Safety arrangements.					
Commentary	As part of PBB, HR is looking at terms and conditions, a proposal which has recently been approved by CMT. This review will update some policies / schemes that have become dated.					

Action	Timescale	Status
We will develop and implement a flexible Customer Services Model to enable efficient and high quality service delivery, ensuring skilled and motivated employees.	31-Mar-2012	
Commentary	The multi-skilling of staff at the Customer Service Centre is ongoing and the multi-skilling of staff at the Customer Contact Centre has commenced.	

Action	Timescale	Status
We will improve knowledge management and sharing within the Directorate and with our partners.	31-Mar-2012	
Associated Risks	CG010 Risk that skills are not matched to changing roles.	
Commentary	A review of the HR pages has been carried out by the project team. The IKM strategy is also being developed. In addition, the 'managing leavers knowledge capture' procedure is being revised to focus on business critical knowledge and /or posts to be potentially incorporated into the succession planning process. A full workforce planning process with the addition of knowledge capture is also being considered.	

Action					
	Timescale		Status		
We will explore approaches which support and promote positive behaviours of employees	31-Mar-2012				
Performance Measures	**Target**	**Value**	**Traffic Light Icon**	**Long Trend**	**Short Trend**
Average number of days lost through sickness absence - Corporate Governance (SPI)	10	7.3			
Average number of days lost through sickness absence (Council overall) - SPI Corporate	10	11.5			
% staff satisfaction with the Council as an employer		66%			
Number of employees meeting organisational behaviours at appraisal					
Commentary	CMT approved the Performance Review and Development Framework on 16 February. A visioning exercise has been held with Extended CMT to endorse the new organisational behaviours before communication is sent to all employees / managers and before training commences.				

3. We listen to, and are responsive to, our customers, shaping our services around their needs and focusing our resources where they are most needed

Action	**Timescale**		**Status**		
We will systematically engage internal customers, external customers and our partners, embedding their feedback to shape the services we deliver.	31-Mar-2012				
Performance Measures	**Target**	**Value**	**Traffic Light Icon**	**Long Trend**	**Short Trend**
Customer Satisfaction with Corporate Governance		6.7			
% of external stakeholders who agree Corporate Governance seeks the views of customer and stakeholders in order to make improvements to our services	70%	60.5%			
% who feel they can influence what happens in their neighbourhood	30%	39.9%			

Associated Risks	CG001 Risk that the needs of our customers are not understood and met.
	CG002 Risk that an agreed quality of service is not defined and consistently delivered.
	CG011 Risk that the needs of scrutiny and regulatory bodies are not met.
	CG013 Risk of negative impact of financial settlement.
Commentary	The stakeholder engagement phase of the survey completed in June 2011 and a final composite report of the entire survey output was published to the Zone in July. The overall satisfaction rating assigned to Corporate Governance by external stakeholders was 6.8 - closely in line with the rating assigned by our internal stakeholders.

Action	Timescale		Status		
We will develop a channel management strategy, to route customer facing services through the most appropriate customer contact channels to demonstrate enhanced customer service and improved efficiency.	31-Mar-2012				
Performance Measures	**Target**	**Value**	**Traffic Light Icon**	**Long Trend**	**Short Trend**
Total number of online transactions		13,343			
% of telephony queries resolved at the first point of contact (calculated using the Customer Contact Centre data)	75%	74.8%			
Associated Risks	CG001 Risk that the needs of our customers are not understood and met.				
Commentary	A new project for channel optimisation has been commenced. This is being progressed under the new ways of working programme strand. Governance of the project has been established and the the board have met. A reporting framework for project progress is being developed.				

Action	Timescale		Status		
We will manage contracts and supplier performance to ensure we maximize value and efficiency in the goods and services we procure whilst ensuring they meet the needs of our customers and services.	31-Mar-2012				
Performance Measures	**Target**	**Value**	**Traffic Light Icon**	**Long Trend**	**Short Trend**
Procurement - Quality, Price, Time and Service	85%	80%			
Associated Risks	CG008 Risk of poor or inadequate management of contracts and contractors.				
Commentary	A Business Partner approach for Procurement is now in place with a Category Manager being aligned to each Service. These people will profile the Council's contracts in order to deploy the correct level of resource according to level of payback.				

Action	Timescale		Status		
We will engage with our supplier base to effectively manage relationships so that the Council is perceived as an attractive business partner.	31-Mar-2012				
Performance Measures	**Target**	**Value**	**Traffic Light Icon**	**Long Trend**	**Short Trend**
Procurement - Supplier Rating of Council as an Attractive Partner		50%			
Procurement - Supplier Response to Tenders					
Commentary	A Business Partner approach for Procurement is now in place with a Category Manager being aligned to each Service. These people will profile the Council's contracts in order to deploy the correct level of resource according to level of payback.				

Action	Timescale		Status		
We will deliver a positive customer experience through an improved customer service centre at the new corporate headquarters	31-Mar-2012				
Performance Measures	**Target**	**Value**	**Traffic Light Icon**	**Long Trend**	**Short Trend**
The percentage of residents who are satisfied with the Customer Service provided by the Council (09/10 data)		67%			
Associated Risks	CG001 Risk that the needs of our customers are not understood and met.				
Commentary	The Customer Service Centre has now been fully operational since September 2011, the Centre is now operating business as usual and the Project was formally bought to close and handed over to operations on December 16th 2011. An end of project report has been submitted to the Project Sponsor Paul Fleming and to the PMO. The Customer Service Centre at Marischal College has been delivered within the time scales initially set out and has provided a positive experience for both staff and customers. Performance will be reported in the future by the CS Operations Team.				

4. We work closely with our partners, including local communities, to deliver a single set of outcomes for all the citizens of Aberdeen

Action	Timescale	Status
We will actively engage with existing community planning partners and build new relationships, to develop an innovative service planning and delivery model based on the Total Place movement	31-Mar-2012	
Commentary	The review of community planning arrangements in Aberdeen City has now been completed and a revised structure implemented and new standing orders and a statement of values adopted. The revised arrangements are designed to facilitate added value strategic leadership and decision making at the partnership level. The immediate priority for the new partnership is a review of the Single Outcome Agreement. Of relevance to this, the Scottish Government have announced a review of community planning and Single Outcome Agreements across Scotland. In regard to the Total Place pilots, some progress is being made particularly in the Northfield based pilot focussing on raising educational attainment and achievement. There is ongoing discussion within the Community Planning Partnership on the remaining pilots, Community Safety and Care for Older People.	

Action	Timescale		Status		
We will implement our Single Equalities Scheme, embedding equalities in all the services we deliver.	31-Mar-2013				
Performance Measures	**Target**	**Value**	**Traffic Light Icon**	**Long Trend**	**Short Trend**
% of residents agreeing that they are fairly treated in their contact with the Council (+ no replies)		91%			
Commentary	A number of actions have been completed including -Equalities Champions appointed for each Directorate -Online training on how to complete an EHRIA up and running -All current EHRIAs available on the website A trial of the proposed Council customer equalities monitoring form was conducted in the Customer Service Centre. ICT support to allow electronic entry is now being progressed to make the form available on the website for customers to complete. A series of meetings with Directors and their SMTs are being set up to help complete their reporting on progress achieved on actions within the first two years of the Single Equality Scheme so that the annual report can be presented to committee in March 2012. Aberdeen City Council continues to improve its performance on the Stonewall Diversity Champions Workplace Equality Index (Best Practice in the Workplace for LGB people) now reaching a score of 96. The Council recently demonstrated its commitment to World Aids Day on 1 December 2011 by flying a red ribbon flag from the top of the Public Library building in the City Centre.				

Action	Timescale	Status
We will engage with other authorities to investigate the possibility of shared legal and democratic services.	31-Mar-2012	
Associated Risks	CG014 Risk that legislative changes are not effectively planned for.	

Action	Timescale	Status
We will network with professionals in other public and private bodies to share professional research and benchmarking	31-Mar-2012	
Commentary	This is increasingly embedded in the way we do business. Specific examples include our proactive engagement with partners and relationships with professional bodies such as CIPFA, ALARM, SOCITM, etc.	

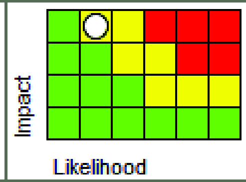
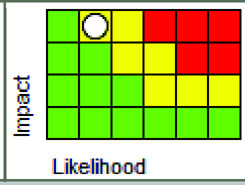
Action	Timescale		Status		
We will include, where suitable, appropriate Community Benefit Clauses within procurement contracts, maximising economic and social benefits for residents and businesses within the City	31-Mar-2012				
Performance Measures	**Target**	**Value**	**Traffic Light Icon**	**Long Trend**	**Short Trend**
No of contracts concluded with a Community Benefit Clause					
Commentary	A Securing Community Benefit through Procurement Policy was approved by the Corporate Policy & Performance committee on the 22nd September 2011. Directors of all Services have to now consider how the use of community Benefit clauses may be further developed in relation to their Service specific areas.				

Action		Timescale		Status		
We will explore and apply, where appropriate, a Social Return on Investment methodology to option appraisal and decision making		31-Mar-2012				
Performance Measures		**Target**	**Value**	**Traffic Light Icon**	**Long Trend**	**Short Trend**
No of projects with a Social Return on Investment appraisal conducted			1			
Commentary	Staff involved in the management of the Fairer Scotland Fund and representatives of a number of projects that receive FSF grant have undertaken training in Social Return On Investment methodology. Discussion is now taking place with projects in relation to carrying out S.R.O.I assessments that will demonstrate levels of social return in relation to the level of investment for some of these initiatives. Consideration is being to providing a second S.R.O.I. training course given the interest from other services and 3rd sector organisations in this process for evaluating projects					

Appendix 2

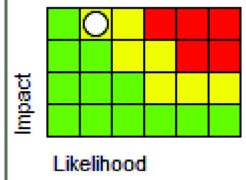
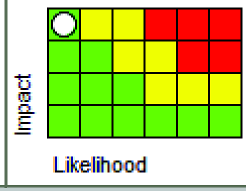
Corporate Governance Service Risk Register - Report By Category

Description Business Risks

Code	Title	Potential Impact	Current Risk Matrix	Residual Risk Matrix	Approach	Managed By
CG003	**Risk that major projects are not effectively delivered.**	Increased pressure from central government regarding delivery of priorities. Negative impact on the maintenance of a balanced budget.			Treat	John-Paul Cleary

Internal Controls	Mitigating Actions	Risk Factors	Ownership Assigned To
Internal audit of project management effectiveness. Reporting requirement of PMO to sponsor group. Scrutiny by elected members through committee structure.	Programme Management Office monitoring progress on delivery of the priority based budget decisions and reporting monthly to the Sponsoring Group. Scheduled (2011) internal audit of the PMO. Appropriate planning / maintenance of effective delivery capacity. Quality standards in project management and effective training resources for key staff. Contract management training for key staff. Performance management monitoring regimes built in to projects. Benchmarking of project performance.	Inadequate project planning and delivery arrangements. Ineffective project risk identification and management processes. Lack of effective training amongst key staff in major project development and delivery.	John-Paul Cleary

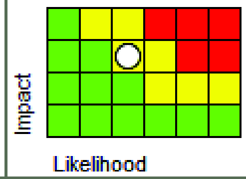
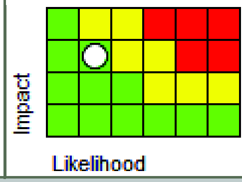
Linked Actions Code & Title	Linked Risks Code & Title	Linked PIs Code & Short Name
CG0002 We will continue to support a priority based approach to budgeting and planning	CGHR028 Projects that do not meet health and safety requirements.	
CG0005 We will embed the benefits of our Programme Management Office	CORP002 Risk that major projects and strategies are not fully delivered. (Control Risk)	

Code	Title	Potential Impact	Current Risk Matrix	Residual Risk Matrix	Approach	Managed By
CG004	**Risk that effective business continuity and disaster recovery arrangements are not in place.**	The Council suffers a breakdown in key systems and functions and is unable to deliver essential services. Potential for serious harm / loss of life to members of the community.			Treat	Stewart Carruth

Internal Controls	Mitigating Actions	Risk Factors	Ownership Assigned To
Internal audit arrangements covering business continuity arrangements.	The Council has a Business Continuity Policy document. This also contains a template to assist Services to produce Business Continuity Plans for critical functions. Critical functions have been agreed by CMT based on one or more of the following criteria being met. Functions which have a significant impact on: 1. Human welfare or the environment 2. The finances of the Council 3. The Council's statutory obligations 4. The Council's reputation 5. The Council's ability to respond to emergencies The Business Impact Analysis has been completed, so that recovery time objectives have been set for all key activities.	Inadequate disaster recovery planning and business continuity arrangements.	Stewart Carruth

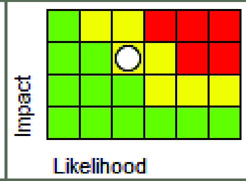
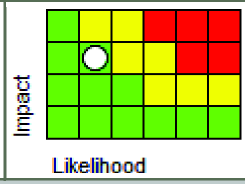
Linked Actions Code & Title	Linked Risks Code & Title	Linked PIs Code & Short Name
CG0016a We will review business processes to support delivery to the council's customers	CG006 Risk of poor or inadequate Health and Safety arrangements.	
	CG012 Risk of poor ICT security and operational arrangements.	
	CGHR007 Failure to review EP&M arrangements and employment costs post implementation	
	CGHR018 Safer Recruitment of those working with vulnerable citizens	
	CGHR019 i) Higher levels of sickness absence ii) Effect on productivity iii) Increase in costs iv) Effect on SPI and reputation	
	CGHR021 Disjointed working within the organisation regarding gas safety.	

	CGHR022 Lack of robust / accurate arrangements for an emergency. No practice to test arrangements.	
	CORP013 Risk of major business systems failure (Hazard Risk)	
	CORP014 Risk that the Council suffers loss of building facilities (Hazard Risk)	
	CORP015 Risk that the operational procedures within Marischal College fail to prevent avoidable loss, damage or injury (Hazard Risk)	
	CORP018 Risk of an emergency (as defined by the Civil Contingencies Act 2004) affecting Aberdeen City and/or an incident having a significant adverse effect on the operations of Aberdeen City Council. (Hazard Risk)	

Code	Title	Potential Impact	Current Risk Matrix	Residual Risk Matrix	Approach	Managed By
CG008	**Risk of poor or inadequate management of contracts and contractors.**	Ineffective contract management exposing the Council to financial risk.			Treat	Craig Innes

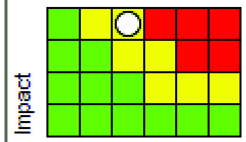
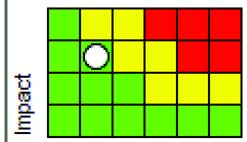
Internal Controls	Mitigating Actions	Risk Factors	Ownership Assigned To
Internal audit. Correct management of corporate and service contracts at appropriate levels within the Council. Contract management training for all key personnel.	Individual profiling of all contracts with a risk register being held for each. Risk assessments undertaken at the onset and reviewed throughout the life of the contract.	Contractors become marginal and unable to fully deliver contractual requirements. Key personnel are inadequately trained in contact management techniques and processes. Potential contractors are inadequately profiled. Management of corporate contracts assigned at inappropriate levels.	Craig Innes

Linked Actions Code & Title	Linked Risks Code & Title	Linked PIs Code & Short Name
CG0003 We will improve cost and quality of services through external delivery where this represents best value	CGHR030 Poor management of contracts / contractors. Poor performance – not fulfilling contract requirements or needs of the organisation. Issues not addressed nor best value ensured.	
CG0005 We will embed the benefits of our Programme Management Office	CORP001 Risk that services do not deliver the 5 year business plan priorities. (Control Risk)	
CG0007 We will work with our partners and users to identify and deliver efficiencies from effective procurement		
CG0027 We will manage contracts and supplier performance to ensure we maximize value and efficiency in the goods and services we procure whilst ensuring they meet the needs of our customers and services.		

Code	Title	Potential Impact	Current Risk Matrix	Residual Risk Matrix	Approach	Managed By
CG010	**Risk that skills are not matched to changing roles.**	There is a knowledge gap between required roles and staff capabilities. Employee unrest due to dysfuntional management processes.			Treat	Ewan Sutherland

Internal Controls	Mitigating Actions	Risk Factors	Ownership Assigned To
Effective staff training programmes. Robust performance management and review mechanisms. Management support of staff.	Workforce Planning Strategy. Business process review. Knowledge management.	Absence of effective workforce planning processes. Role reassignement failing to follow logical business process review. Ineffective staff training programmes to support role change.	Ewan Sutherland

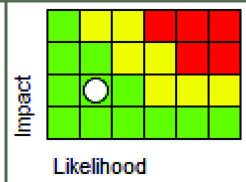
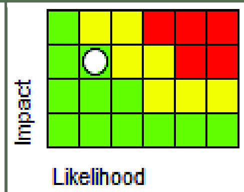
Linked Actions Code & Title	Linked Risks Code & Title	Linked PIs Code & Short Name
CG0013a We will develop improved tracking and recording systems to better control the Council's agreed establishment	CGHR006 The current equality proofed pay scale may be compromised if salary levels attached to individual posts are influenced by non-objective factors	
CG0016a We will review business processes to support delivery to the council's customers	CGHR008 Failure to Support the JE Appeals process	
CG0017 We will develop and implement a strategy to raise motivation and commitment to the organisation		
CG0018 We will develop new remuneration and reward systems which recognise and promote high performance and is linked to Council objectives		
CG0019 We will work with Service Managers to ensure that workforce planning is undertaken so that the future service delivery objectives are properly resourced		
CG0022 We will improve knowledge management and sharing within the Directorate and with our partners.		

Code	Title	Potential Impact	Current Risk Matrix	Residual Risk Matrix	Approach	Managed By
CG011	**Risk that the needs of scrutiny and regulatory bodies are not met.**	Reputational damage. Legal challenge. Increased financial burden. Imposition of special measures. Additional officer resource requirement - diverted from frontline delivery.			Treat	Paul Fleming

Internal Controls	Mitigating Actions	Risk Factors	Ownership Assigned To
Rolling self evaluation programme based on How Good is Our Council model. Robust forward planning for inspections. Effective relationship management. Robust risk management monitoring, reviewing and reporting protocols. Internal audit programme informed by risk assessment.	Embedding self evaluation. Effective engagement with key stakeholders.	Absence of effective self-evaluation regime. Ineffective or inadequate risk management approach. Poor relationship management with scrutiny and regulatory agencies. Insufficient forward planning. Inadequate / ineffective internal audit arrangements.	Paul Fleming

Linked Actions Code & Title	Linked Risks Code & Title	Linked PIs Code & Short Name
CG0009 We will implement and embed a model of self-evaluation across the Council to improve understanding of our business and to co-ordinate our effort for external inspection	CGHR002 Failure to undertake specific benchmarking	
CG0015 We will maintain strong governance and ensure the probity of all actions taken by the Council.	CGHR016 Failure to protect the Council from costly litigation	
CG0024 We will systematically engage internal customers, external customers and our partners, embedding their feedback to shape the services we deliver.	CGHR017 Undertake tasks that comply with statutory duties on Equality Issues	
CG0024a We will participate in the development of a new Scotland-wide Complaints Handling Procedure and implement the agreed model in order to demonstrate compliance with SPSO regulatory requirements.	CGHR024 Lack of compliance with health and safety legislation / guidance.	
	CGHR026 Non compliance with health and safety procedures.	
	CGHR029 Lack of external assessment on organisations health and safety annual performance.	
	CORP005 Risk that we do not demonstrate that the expectations of regulatory bodies are being met. (Hazard Risk)	

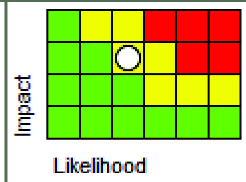
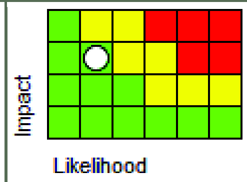
Description Customer/Citizen Risks

Code	Title	Potential Impact	Current Risk Matrix	Residual Risk Matrix	Approach	Managed By
CG001	**Risk that the needs of our customers are not understood and met.**	Increased volume of complaints leading to reputational damage. Increased scrutiny by regulatory bodies. Additional resources requirement to address perceived service failures. Increased costs / multiple enquiries. Loss of business opportunities to other providers. Services not tailored to customer need. Staff retention becomes problematic due to poor customer relations.			Treat	Martin Murchie; Ian Watt

Internal Controls	Mitigating Actions	Risk Factors	Ownership Assigned To
Processes to ensure customer feedback firmly established in service planning. Participation in SPSO working party to develop model complaints handling procedure, including self assessment process to ensure compliance with standards.	Robust complaints handling, analysis and reporting procedures in line with SPSO model local authority complaints handling procedure (CHP). Establishment of corporate complaints handling system. Training of frontline staff to handle, address and resolve customer complaints at first point of contact. Training of staff in managing customer expectations. Service Level Agreements, service standards established and customer expectations managed. Externalisation of services where appropriate to delivering Best Value.	Inadequate engagement with service users and the customer base. Feedback from survey exercises not used to inform service design and delivery.	Martin Murchie; Ian Watt

Linked Actions Code & Title	Linked Risks Code & Title	Linked PIs Code & Short Name
CG0024 We will systematically engage internal customers, external customers and our partners, embedding their feedback to shape the services we deliver.	CGHR001 Failure to Devise an effective means of measuring and improving levels of customer satisfaction within HR Services	
CG0024a We will participate in the development of a new Scotland-wide Complaints Handling Procedure and implement the agreed model in order to demonstrate compliance with SPSO regulatory requirements.	CGHR025 By not monitoring or reviewing accidents and work related ill health areas of improvement would not be identified.	

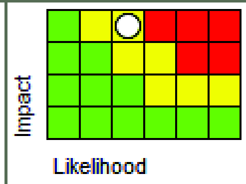
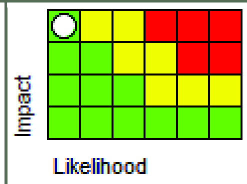
CG0025 We will develop a channel management strategy, to route customer facing services through the most appropriate customer contact channels to demonstrate enhanced customer service and improved efficiency.	CORP001 Risk that services do not deliver the 5 year business plan priorities. (Control Risk)	
CG0029 We will deliver a positive customer experience through an improved customer service centre at the new corporate headquarters	CORP005 Risk that we do not demonstrate that the expectations of regulatory bodies are being met. (Hazard Risk)	
	CORP011 Risk that an adequate and consistent quality of service is not defined and delivered. (Control Risk)	

Code	Title	Potential Impact	Current Risk Matrix	Residual Risk Matrix	Approach	Managed By
CG002	**Risk that an agreed quality of service is not defined and consistently delivered.**	Increased volume of complaints leading to reputational damage. Increased scrutiny by regulatory bodies. Additional resources requirement to address perceived service failures. Increased costs / multiple enquiries. Loss of business opportunities to other providers. Services not tailored to customer need. Staff retention becomes problematic due to poor customer relations.			Treat	Martin Murchie; Ewan Sutherland

Internal Controls	Mitigating Actions	Risk Factors	Ownership Assigned To
Appropriate internal audit activity.	Service level agreements. Established service standards. Review of business processes. Effective training and workforce planning arrangements. Skills review. Organisational review. Effective arrangements in place for regular and consistent review of service standards.	Inadequate procedures to regularly review service standards and to ensure consistency across the organisation. Absence of service level agreements. Inadequate training of key staff. Failure to properly align skill sets with key service delivery functions.	Martin Murchie; Ewan Sutherland

Linked Actions Code & Title	Linked Risks Code & Title	Linked PIs Code & Short Name
CG0003 We will improve cost and quality of services through external delivery where this represents best value	CORP011 Risk that an adequate and consistent quality of service is not defined and delivered. (Control Risk)	
CG0016a We will review business processes to support delivery to the council's customers		
CG0024 We will systematically engage internal customers, external customers and our partners, embedding their feedback to shape the services we deliver.		

Description Financial Risks

Code	Title	Potential Impact	Current Risk Matrix	Residual Risk Matrix	Approach	Managed By
CG007	**Risk of poor financial control and management.**	Reputational damage. Censure by central government. Increased scrutiny by regulatory bodies. Inability to deliver key services. Urgent cost savings required outwith agreed priorities and business planning.			Treat	John-Paul Cleary; Barry Jenkins

Internal Controls	Mitigating Actions	Risk Factors	Ownership Assigned To
Internal audit addressing all key financial controls. PMO reporting to sponsor group on delivery of PBB programme.	Revised project management guidance issued by PMO. Effective maintenance of collaborative planning arrangements. Monitoring of performance indicators against 5 year costed business plan.	Poor or inadequate internal audit controls. Ineffective devolved budget management arrangements. Inadequate project management, monitoring and control.	John-Paul Cleary; Barry Jenkins

Linked Actions Code & Title	Linked Risks Code & Title	Linked PIs Code & Short Name
CG0002 We will continue to support a priority based approach to budgeting and planning	CORP017 Risk of lower than anticipated income (national and local) (Hazard Risk)	
CG0003 We will improve cost and quality of services through external delivery where this represents best value		
CG0005 We will embed the benefits of our Programme Management Office		
CG0014 We will implement a Finance shared service centre.		

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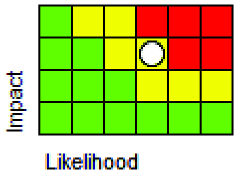
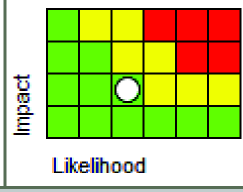
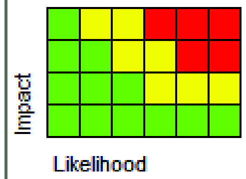
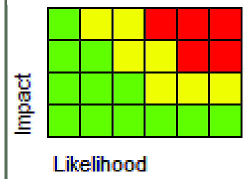
Code	Title	Potential Impact	Current Risk Matrix	Residual Risk Matrix	Approach	Managed By
CG013	**Risk of negative impact of financial settlement.**	Reduction in levels of service provision. Potential negative impact on vulnerable groups. Loss of standing for city. Increased / introduced charges for services.			Treat	Barry Jenkins

Internal Controls	Mitigating Actions	Risk Factors	Ownership Assigned To
Corporate Asset management group. Priority based budgeting. Budget monitoring - collaborative planning.	Effective engagement with / lobbying of government.	Ineffective engagement with government. Inadequate internal budgetary controls. Inadequate asset management.	Barry Jenkins

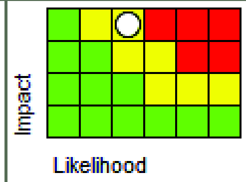
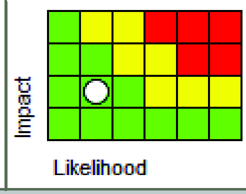
Linked Actions Code & Title	Linked Risks Code & Title	Linked PIs Code & Short Name
CG0002 We will continue to support a priority based approach to budgeting and planning	CORP017 Risk of lower than anticipated income (national and local) (Hazard Risk)	
CG0003 We will improve cost and quality of services through external delivery where this represents best value		
CG0016 We will engage with other local authorities and public sector agencies to maximise efficiency and income generation.		
CG0024 We will systematically engage internal customers, external customers and our partners, embedding their feedback to shape the services we deliver.		

Code	Title	Potential Impact	Current Risk Matrix	Residual Risk Matrix	Approach	Managed By
CG015	**Risk that the service does not deliver its commitments under the 5 year business plan**	Increased pressure from central government regarding delivery of priorities. Negative impact on balanced budget.			Treat	Stewart Carruth

Internal Controls	Mitigating Actions	Risk Factors	Ownership Assigned To
Timely Programme Management Office monitoring and reporting delivery of priority-based budget commitments to sponsoring group. Scheduled internal audit of PMO for 2011. Quarterly reporting of risk to the Finance and Resources Committee.	Appropriate planning and maintenance of effective capacity. Quality approach to project management. Building performance management monitoring regimes into projects. Benchmarking of project performance. Embedded self-evaluation.	Externalisation programme not managed to agreed schedule. Lack of buy-in by workforce. Inadequate management of collaborative planning process.	Stewart Carruth

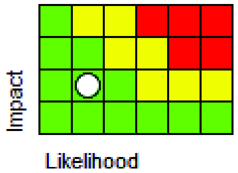
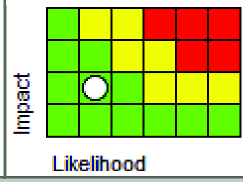
Linked Actions Code & Title	Linked Risks Code & Title	Linked PIs Code & Short Name
CG0002 We will continue to support a priority based approach to budgeting and planning	CGHR009 Workforce planning (HR)	
CG0003 We will improve cost and quality of services through external delivery where this represents best value	CORP001 Risk that services do not deliver the 5 year business plan priorities. (Control Risk)	
CG0004 We will further develop benchmarking of our services against best in class across a range of sectors		
CG0005 We will embed the benefits of our Programme Management Office		
CG0007 We will work with our partners and users to identify and deliver efficiencies from effective procurement		
CG0009 We will implement and embed a model of self-evaluation across the Council to improve understanding of our business and to co-ordinate our effort for external inspection		

Description Legislative Risks

Code	Title	Potential Impact	Current Risk Matrix	Residual Risk Matrix	Approach	Managed By
CG006	**Risk of poor or inadequate Health and Safety arrangements.**	Loss of life or serious harm to individuals or groups. Legal challenge resulting from harm or injury. Reputational damage. Poor media coverage. Increased insurance premiums.			Treat	Mary Agnew; Ewan Sutherland

Internal Controls	Mitigating Actions	Risk Factors	Ownership Assigned To
Internal audit rolling programme of Health and Safety arrangements.	Effective Health and Safety training for managers at all levels. Systematic record keeping / event logging. Regular reporting / scrutiny of arrangements.	Non-availability of or inadequate training for staff in Health and Safety requirements. The wrong staff trained. Poor record keeping. Failure to utilise event records to inform improvements in the H&S environment. Poor internal and external inspection regimes.	Mary Agnew; Ewan Sutherland

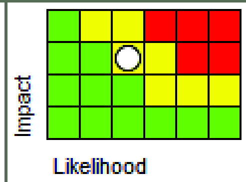
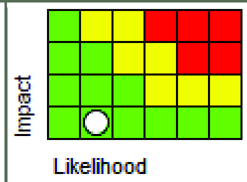
Linked Actions Code & Title	Linked Risks Code & Title	Linked PIs Code & Short Name
CG0015 We will maintain strong governance and ensure the probity of all actions taken by the Council.	CG004 Risk that effective business continuity and disaster recovery arrangements are not in place.	
CG0020 We will ensure that all HR policies and procedures are effective in the management of its human resources in a modern, safe and appropriate way	CGHR023 Delivery of the Fire Risk Assessment programme	
	CGHR027 Potential areas of non compliance not highlighted. Areas of improvement are not identified. No robust health and safety management system	
	CGHR032 Employee counselling service not fulfilling contract requirements or needs of the organisation. Under utilisation of the resource.	
	CGHR034 No understanding or acceptance of health and safety responsibilities. Lack of awareness information and holistic approach to health and safety. No incentive or clear route for employees to make suggestions to improve health and safety.	

Code	Title	Potential Impact	Current Risk Matrix	Residual Risk Matrix	Approach	Managed By
CG014	**Risk that legislative changes are not effectively planned for.**	Business Plan priorities are not deliverable. The Council or its workforce are exposed to legal challenge and incur costs. Reputational damage.			Tolerate	Jane MacEachran

Internal Controls	Mitigating Actions	Risk Factors	Ownership Assigned To
Internal audit of scenario planning capacity. Training and development programmes.		Ineffective forward planning arrangements. Poor or inadequate staff training programmes to take account of legislative changes.	Jane MacEachran

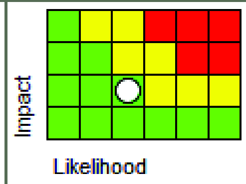
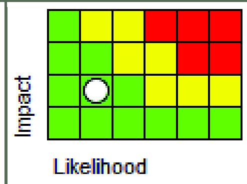
Linked Actions Code & Title	Linked Risks Code & Title	Linked PIs Code & Short Name
CG0015 We will maintain strong governance and ensure the probity of all actions taken by the Council.	CORP008 Risk that statutory obligations are not met. (Control Risk)	
CG0034 We will engage with other authorities to investigate the possibility of shared legal and democratic services.	CORP012 Risk that we do not act within our legal powers. (Control Risk)	

Description People Risks

Code	Title	Potential Impact	Current Risk Matrix	Residual Risk Matrix	Approach	Managed By
CG005	**Risk of poor industrial and employee relations.**	Strikes and other forms of industrial action. Negative media coverage of the Council. Additional management time required to address employee relations matters. Negative impact on the Council's sickness absence figures. Potential non-delivery of services.			Treat	Ewan Sutherland

Internal Controls	Mitigating Actions	Risk Factors	Ownership Assigned To
Corporate Governance Communications Group. Corporate Governance Workforce Engagement Strategy	Communications Strategy. Early management engagement policy on developments with potential effects on workforce. Drive to achieve greater transparency over decision-making. Ensuring output of employee surveys is used to inform improvements in engagement, communication, management and leadership of workforce.	Poor communication between leadership and workforce over key employment-related matters. Excessive secrecy over potential changes to working environment, patterns of working and service delivery.	Corporate Governance SMT

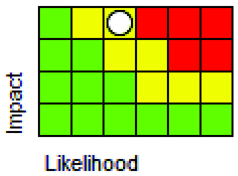
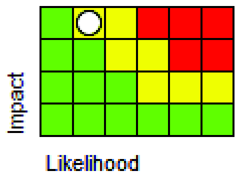
Linked Actions Code & Title	Linked Risks Code & Title	Linked PIs Code & Short Name
CG0017 We will develop and implement a strategy to raise motivation and commitment to the organisation	CGHR013 Engagement – Fail to put in place actions to encourage engagement, commitment and higher levels of morale	
CG0018 We will develop new remuneration and reward systems which recognise and promote high performance and is linked to Council objectives	CGHR031 Occupational health provision not fulfilling contract requirements or needs of the organisation or gaining best value.	
CG0020 We will ensure that all HR policies and procedures are effective in the management of its human resources in a modern, safe and appropriate way	CGHR033 Lack of stress management within the organisation.	
	CORP006 Risk that effectiveness of the Council's workforce is compromised due to poor morale and industrial relations (Hazard Risk)	

Code	Title	Potential Impact	Current Risk Matrix	Residual Risk Matrix	Approach	Managed By
CG009	**Risk that workloads are not effectively managed.**	Staff attrition due to excessive workload issues. Services not delivered. Business plan commitments not realised. Increase in costs. Working time increases for key staff.			Treat	Paul Fleming; Ewan Sutherland

Internal Controls	Mitigating Actions	Risk Factors	Ownership Assigned To
Performance culture operating at service, team and employee levels. Effective management training regime.	Workforce Planning Strategy. Review of business processes. Externalisation of services where achieves best value. Performance reward / remuneration.	Absence of workforce planning processes. Ineffective or inadequately trained management tiers. Absence of a performance culture, taking account of all levels of the organisation down to the individual.	Paul Fleming; Ewan Sutherland

Linked Actions Code & Title	Linked Risks Code & Title	Linked PIs Code & Short Name
CG0003 We will improve cost and quality of services through external delivery where this represents best value	CGHR003 Failure to Produce a workforce plan for the Council and embedding succession planning as a required management task	
CG0016a We will review business processes to support delivery to the council's customers	CGHR010 Failure of Performance Appraisal	
CG0018 We will develop new remuneration and reward systems which recognise and promote high performance and is linked to Council objectives	CGHR011 Failure to provide appropriate development programmes for all employees	
CG0019 We will work with Service Managers to ensure that workforce planning is undertaken so that the future service delivery objectives are properly resourced	CGHR035 Failure to provide a system to enable customers to access HR services and to log/record HR queries	
	CORP006 Risk that effectiveness of the Council's workforce is compromised due to poor morale and industrial relations (Hazard Risk)	

Description Technological Risks

Code	Title	Potential Impact	Current Risk Matrix	Residual Risk Matrix	Approach	Managed By
CG012	**Risk of poor ICT security and operational arrangements.**	At the security level: Electronic threats lead to systems contamination and risk of failure. Insurance premiums affected by poor security provision. Legal challenge / negative reporting by Information Commissioner. At the operational level: Services are not delivered. Productivity drops. Significant data loss. Reputational damage.			Treat	Paul Fleming; Sandra Massey

Internal Controls	Mitigating Actions	Risk Factors	Ownership Assigned To
Business Continuity / disaster recovery provisions. Internal audit assessment of ICT security arrangements. ICT Acceptable Use Policy.	Transformation of ICT services to achieve best value delivered.	Absence of robust ICT security protocols. Poor forward capacity planning. Inadequate business continuity arrangements.	Paul Fleming; Sandra Massey

Linked Actions Code & Title	Linked Risks Code & Title	Linked PIs Code & Short Name
CG0003 We will improve cost and quality of services through external delivery where this represents best value	CG004 Risk that effective business continuity and disaster recovery arrangements are not in place.	
CG0012 We will improve our corporate ICT infrastructure to support the business in cost effective ways.	CORP013 Risk of major business systems failure (Hazard Risk)	
CG0015 We will maintain strong governance and ensure the probity of all actions taken by the Council.		
CG0016a We will review business processes to support delivery to the council's customers		

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ABERDEEN CITY COUNCIL

COMMITTEE:	Corporate Policy & Performance
DATE:	14th June 2012
DIRECTOR:	Stewart Carruth
TITLE OF REPORT:	Corporate Procurement Strategy 2012 – 2015
REPORT NUMBER:	CG/12/060

1. PURPOSE OF REPORT

This report seeks the Committee approval of a revised Corporate Procurement Strategy for years 2012 through to 2015.

2. RECOMMENDATION(S)

It is recommended that the Committee:

(i) Approves the implementation of the revised Corporate Procurement Strategy shown in Appendix 1.

3. FINANCIAL IMPLICATIONS

The Council spends approximately £300 million per annum on the procurement of goods, services and works. Given the current economic situation there is a need to consider how maximum benefit can be gained from this funding to deliver wider social, environmental and economic benefits.

Good procurement is vitally important to both public sector and business alike. Services need to make the best use of public money and focus on helping the Council achieve its overarching purpose and strategic objectives.

4. OTHER IMPLICATIONS

Enhanced procurement capability within the Council directly correlates to improved outcomes for citizens.

The proposed Corporate Procurement Strategy focuses on recognising the importance of procurement not just in terms of the value for money triangle of cost, quality and sustainability, but also as a lever to deliver economic and social benefits.

Every business enterprise uses suppliers in one form or another. It is inherent in the business model. In the public sector, through procurement we buy, we add value and we deliver. Without the appropriate governance and effective strategy the Council potentially faces damaging exposures to our reputation, operational continuity, financial viability whilst also being a target for litigation.

5. BACKGROUND/MAIN ISSUES

The existing Corporate Procurement Strategy was for the period 2008 to 2011. Work has been undertaken to refresh this Strategy for the next three years to ensure the Central Procurement Unit (CPU) supports all Council Services in delivering innovative, cost effective and high quality procurement services on behalf of the Council.

In the development of the aims and outcomes of the Strategy consultation has taken place with all Council Service Management Teams, Internal and External Auditors, local business sectors, the voluntary sector and the Procurement and Commercial Directorate of the Scottish Government.

The CPU has developed a Business Partner approach to procurement with training and guidance being actively deployed across all Services. This engagement facilitates cross Service joint working and has allowed the Strategy to take full account of the needs of Service users.

The key aims for the proposed Procurement Strategy are focus on the development of the key themes of collaboration, efficiency maximisation, local supplier development, making better use of available technology, enhanced performance and contract management of our supplier/provider base, development of community benefit clauses and adherence to mandatory governance requirements.

Attention is drawn to the use of Community Benefit Clauses in contract documentation where pertinent to do so. The purpose of Community Benefits is to integrate environmental, social, and/or ethical concerns into public procurement decisions. By utilising Community Benefits, the Council can realise added value when carrying out necessary purchases of supplies, services or works. The budget can be spent in such a way that, while delivering the required goods or services, the expenditure also contributes to wider policy goals.

The Scottish Government has recently commenced a period of informal consultation on the content of a forthcoming Sustainable Procurement Bill. Four broad themes for discussion are expected - transparency, social benefits, environmental benefits, and compliance. It is important the local government procurement community plays an active role in this consultation and this Strategy drives to place Aberdeen City Council at the forefront.

The strategic aims and objectives of the CPU for the period 2012 to 2015 are shown in Annex 1 of Appendix 1**.** The key themes being the continual delivery of Best Value contracts; improved procurement capability across the Council; savings; improved supplier relationship management; promotion of corporate and social responsibilities.

6. IMPACT

The following outcome derived from the Single Outcome Agreement (SOA) are relevant:

National Outcome 15: Our public services are high quality, continually improving, efficient and responsive to local people's needs.

7. BACKGROUND PAPERS

National Procurement Strategy for Local Government in England (2003-2006)

Review of Public Procurement in Scotland ("The McClelland Report")

Scottish Government Economic Strategy

Scottish Spending Review 2011 and Draft Budget 2012/13

Procurement Capability Assessment

8. REPORT AUTHOR DETAILS

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Corporate Procurement Strategy 2012 -2015

1 Definition

"Procurement is the process of acquiring goods, works and services, covering both acquisitions from third parties and from in house providers. The process spans the whole cycle from identification of need through to the end of the useful life of an asset. It involves option appraisal and the critical "make or buy" decision which may result in the provision of services in house in appropriate circumstances." (National Procurement Strategy for Local Government in England 2003-2006)

2 Context

Corporate and certain strategic procurement activity across the Council is led by the Central Procurement Unit (CPU). CPU is a shared service with Aberdeenshire Council and is managed by Aberdeen City Council (ACC) through Corporate Governance . There are also specialist areas within the Council where the procurement process is led by Services themselves, particularly in respect of the commissioning of Social Care Services for vulnerable people and Works projects relating to construction.

It is recognised that best practice already exists in many areas within the Council however with every procurement exercise there is the ongoing need to demonstrate continuous improvement.. The aim of this Strategy is to focus on the development of the key themes of collaboration, efficiency maximisation, local supplier development, making better use of available technology, enhanced performance and contract management of our supplier/provider base, development of community benefit clauses, sustainability (both social and environmental) and adherence to mandatory governance requirements. This strategy supports the wider Corporate Governance Directorate Service Business Plan

The Aberdeen City Council Five Year Business Plan contains within its executive summary a statement from the Chief Executive which states:

"We seek a significant change in modernising the way we work and deliver our services."

The above statement identifies that procurement whilst not the only vehicle for change, is central to the delivery of goods and services. With innovative and imaginative application, procurement can allow the Council to save money whilst still continuing to modernise and provide a high level of service delivery.

The Review of of public Procurement in Scotland (http://www.scotland.gov.uk/Topics/Government/Procurement/about/Review) identifies that 'good procurement is vitally important to both public sector and business alike. Public services need to make the best use of public money and focus on helping the government achieve its overarching purpose and strategic objectives.

The Public Procurement Reform Programme, set up in 2006 following publication of John McClelland's Report 'Review of Public Procurement in Scotland' (www.scotland.gov.uk/Topics/Government/Procurement), is making a real impact on public sector purchasing. It now has a well-established impetus, underpinned by real progress on joined-up working across a wide range of procurement activity and practice.

In January 2010, the Public Procurement Reform Board endorsed the second phase of the Public Procurement Reform Programme - 'Transforming Procurement: Accelerating Delivery'. This refreshed strategy places emphasis on accelerating the pace of change and the delivery of benefits, and embedding initiatives into 'business as usual'. At its heart is the concept of value for money in procurement being an informed balance between cost, quality and sustainability.

The refreshed strategy focuses on four key priorities.

- Maximising efficiency and collaboration.
- Delivering and demonstrating real cash savings across the public sector.
- Improving access to public sector contracts, particularly for SMEs.
- Embedding sustainable procurement at the heart of the reform agenda.

Underpinning these priorities are seven strategic objectives - the Seven C's:

- Capability;
- Competitiveness;
- Capturing savings and benefits;
- Coverage;
- Collaboration;
- Corporate social responsibility; and
- Communications.'

In September 2011, The Government Economic Strategy and The Scottish Spending Review 2011 were published by the Scottish Government. Both publications highlighted the contribution that the smart use of public procurement can have in increasing the public sector's direct contribution to the economy. The procurement related proposals set out in these publications include:-

- Using public procurement to maximum effect to promote economic growth. Whilst European rules do not allow discrimination in favour of Scottish firms, the Scottish Government has pledged to help public bodies to design their contracts in a way which gives Scottish firms, particularly SMEs a fair chance to compete;
- Using public procurement to encourage innovation in both the public and private sectors – allowing bidders for work to come up with new ideas wherever possible;
- Encouraging a broad consideration of sustainability in contracting, for example by using community benefit clauses to provide training opportunities for local people, or by reserving contracts for supported businesses;
- Continuing to develop the suite of eCommerce shared services which underpin procurement reform. The Scottish Government are working closely with the private and third sectors to introduce improvements - for example to allow increased use of Quick Quote (an electronic system which allows buyers to ask for competitive quotes for low value purchases, without the need to go through a full procurement exercise);
- Pressing for changes to the European procurement rules to allow public bodies to consider local economic impact in their contract award decisions.

With these aims in mind, the Scottish Government has recently commenced a period of informal consultation on the content of a forthcoming Sustainable Procurement Bill. It is likely the Bill will focus on recognising the importance of procurement not just in terms of the value for money triangle of cost, quality and sustainability, but also as a lever to deliver economic, environmental and social benefits. Four broad themes for discussion are expected - transparency, social benefits, environmental benefits, and compliance. It is important the local government procurement community plays an active role in this consultation which will be undertaken during the summer of 2012.

The Procurement Capability Audit (www.scotland.gov.uk/Resource/Doc/279615/0084174.pdf) placed the CPU third out of the thirty-two authorities. Whilst this is a good position, it is a position in comparison and there will always be areas to be further developed. Subcontract management was one such area in which the need for improvement was identified, and in response to this, a number of measures requiring enhanced relationship, category and supplier management plans are to be established and implemented by November 2012.

3 Vision and aims

There is recognition within Aberdeen City Council that procurement techniques and best practice need to be applied across all categories of expenditure, and in particular in areas of high value and risk, as well as reducing the process costs of high volume low value purchases. In implementing this strategic approach to procurement, the CPU will act in accordance with the following vision and aims.

Our Vision

To deliver innovative, cost effective and high quality procurement services that provide the best value, lowest risk procurements in support of the wider strategic and operational needs of the Council

.

In delivering the above vision the CPU will:

- Ensure that procurement enables Services to deliver year on year efficiencies and savings
- Ensure that the quality of Service provided by the CPU is measured by customer feedback
- Encourage long-term thinking and commitment to a strategic approach to procurement issues
- Promote and enable whole life costing methods to assess and evaluate costs and benefits over the entire life of assets and services
- Provide greater visibility and understanding of the role of the procurement function
- Develop skills and provide support for staff involved in procurement
- Promote and contribute to the delivery of sustainability, local economic development, equality and diversity and social/corporate responsibility objectives through our procurement activities
- Continue to use and further develop procurement collaboration with other public bodies and partnering arrangements with suppliers where appropriate.
- Raise awareness of the complex regulatory framework in which procurement operates and that it is potentially high risk; with financial, legal, environmental, health and safety and reputational impacts.
- Continue to expand the use of Purchase to Pay (P2P) technologies to drive efficiencies
- Be considered a centre of procurement excellence by our peers and colleagues

4 Management Information

4.1 Spend metrics

Aberdeen City Council spent £299m on external goods, services and works in financial year 2010/2011. Some of the main features that characterise this spend are set out in table 1.

Number Suppliers	**4232**
Number of Invoices	**190,138**
Average invoice value	**£1,572.54**
Percentage of Invoices less than £100	**42.8% no. of invoices – 81,434**
Percentage of Invoices less than £500	**35.1% no. of invoices – 66,674**
Percentage of Suppliers generating 50% of spend	**0.6% no. of suppliers - 25**
Percentage of spend managed through corporate contracts	**4%**
Percentage of spend managed through collaborative contracts via other authorities	**5%**
Percentage of Suppliers generating bottom 20% of spend	**96.7% no. of suppliers – 4,092**
Percentage of Suppliers generating 80% of spend	**99.9% no. of suppliers – 4,229**

Table 1 Aberdeen City Council Spend of £299m

4.2 Categorisation of Procurement Spend and Contracts

Tables 2 and 3 break down the combined expenditure into four broad categories based on a risk/value matrix. The relative combination of risk and value can help to determine the most appropriate procurement strategy and organisational structure.

Table 2 sets out the types of goods and services in each category along with an approximate value and percentage of overall spend. Table 3 sets out some of the most commonly used tactics and strategies to deal with each spend category.

Bottle Neck Activities: High Risk/Low Value ***Key Need: Ensure Supply*** Specialist Equipment, Materials, Training, Medical, Research & Testing, Vital spares		**Strategic: High Risk/High Value** ***Key Need: Contract Management*** Social Care, Property Construction & Maintenance, Waste Management, Housing ICT Capital Projects, Outsourcing and associated activities	
Value	**£4.7m**	**Value**	**£186.5m**
Percentage	**1.6%**	**Percentage**	**62.3%**
Routine: Low Risk/Low Value ***Key Need: Minimise attention*** Stationery and Office Supplies School Supplies Furniture and Fittings Advertising Medical Equipment and Living Aids Particular Plant, Tools and Machinery Health & Safety, Security, Storage & Removals		**Leverage: Low Risk/High Value** ***Key Need: Drive for Savings*** Utilities and Fuels IT Equipment and Services Telecommunications Agency Staff Cleaning, Disposal and Recycling Printed and Pre-Recorded Media Food and Drink Catering and Hire of Facilities Design, Print & Promotional Services Vehicle Supplies & Services Financial & Legal Services, Landscaping & Grounds Maintenance	
Value	**£30.1m**	**Value**	**£77.7m**
Percentage	**10.1%**	**Percentage**	**26%**

Table 2 Portfolio Analysis

The spend in the strategic category is heavily skewed by construction, however even without construction, the level of spend in this category still represents the highest level of procurement risk and as such should be receiving the highest level of attention. The strategy then becomes clear: minimise the effort and maximise the value from the other sectors to allow as much skilled input by officers into the management of the high value/high risk strategic engagements. This is the area that section 7 of this Strategy addresses.

Any of the activities broadly cited in Table 2 can change sector and the Category Plans for each Category will define how, strategically, it should be addressed. For example, if the strategy around provision of cleaning services dictated an outsourced solution, then it would shift from its current sector to High Risk/High Value as an outsourced contract

Bottle Neck Activities: High Risk/Low Value ***Key Management Actions:*** Market development, Raising attractiveness, Ensuring supplies, Cost avoidance	**Strategic: High Risk/High Value** ***Key Management Actions:*** Category management, Performance and benchmarking, Negotiation, Innovation, Cost avoidance, Commissioning, specially trained procurement/contract management staff across all Services and the CPU, e-sourcing, Clear tendering processes, High level of training
Routine: Low Risk/Low Value ***Key Management Actions:*** Centralisation, Shared services, Corporate contacts (enforced), Automation of process, Technology e-procurement, short term contracts, Framework agreements, Consortia purchasing, Aggregation	**Leverage: Low Risk/High Value** ***Key Management Actions:*** Category management, Centralisation, e-procurement, Shared services, Quick wins, Corporate contracts, Short term contracts, Framework agreements, Standardisation, Cost avoidance, Market intelligence

Table 3 Key Portfolio Management Activities

From Tables 2 and 3 it is clear that the number of suppliers that sit in the low engagement sectors that – because of sheer numbers – represent a significant management overhead for low added value. This volume distracts from the high value, high risk and high complexity contracts where quality thought is required and skilled engagement needed. It is in this area where significant efficiency savings could be made through streamlined processes and the introduction of technology and section 7.1 addresses this area in particular

It is also to be noted that areas of key procurement spend are under the control of the Services in compliance with the Councils Standing Orders relating to Procurement and Contracting. The Standing Orders should accord with overall strategic direction and policy, auditable governance, procurement best practice and relevant legislation.

4.3 Collaborative Procurement

An important aspect of the on going Procurement strategy is the way in which the Council Interacts with other Councils and partnering public bodies at a national level with the Scottish Government, at a sector level with Scotland Excel and at a regional level with Health, Further and Higher Education and the 'Blue Light' Services. The Council derives approximately £1 million of saving benefit per annum from collaborative programmes and CPU is constantly testing partners for opportunities to further enhance these activities.

The Council makes use of framework agreements and contracts put in place by local authority purchasing consortia and other public bodies where these offer best value for money. CPU also uses the Government Procurement Service "Buying Solutions" framework contracts to supplement its own contract portfolio. As well as offering value for money, use of these contracts means that skilled procurement officers can concentrate on the more complex or high value contracts rather than the high volume/low risk requirement for goods and services.

The Council, where possible to do so, will try to ensure that all of the framework agreements and contracts let through the CPU are open for use by other Councils and public sector purchasers (health, police etc). Clearly communication of needs will have to be understood with the other bodies, such that we ensure statutory compliance but it is an ambition that we address this on a case by case basis to maximise the potential value to the council The advantage to the Council is the opportunity to reduce contract prices further because of an increased demand for the service. The benefit to smaller authorities is the opportunity to access our procurement skills and benefit from prices gained through aggregated demand. In some instances a management fee, gain share and/or rebate can be taken advantage of.

5 Structures and Accountabilities

5.1 Existing Capacity

Although the Council has the CPU, there is a largely devolved procurement structure aligned; more than 684 officers out of approximately 1000 are able to place orders via a variety of ordering mechanisms. Many more are involved in the bill payment process and in the procurement process as project, budget and contract managers.

Four officers are fully or partially professionally qualified to Chartered Institute of Purchasing Graduate standard and these all reside centrally within the CPU. There are also skilled staff across Services such as Solicitors who specialise in public procurement law, Chartered Surveyors trained in the procurement of building contracts and Chartered Engineers for roads contracts.

5.2 Service and Budget Managers

These officers are responsible for managing the delivery of the strategic objectives through their own service plans. They have devolved responsibility for service planning, budget management and procurement activities. Service and budget managers are therefore key to ensuring the effective adoption and delivery of this procurement strategy.

5.3 Central Co-ordination:

The CPU resides within the Council's Corporate Governance Directorate and undertakes the role of a corporate procurement team and is responsible for:

Establishing corporate processes for the purchase of common use goods and services (indirect supplies) on behalf of all Services

- Providing a procurement support and review service to Services and for individual contracts
- Developing procurement strategy, policies and procedures
- Ensuring co-ordination and consistency within the procurement process
- Delivering appropriate e-procurement and purchase 2 pay, end to end, solutions
- Promoting collaboration and collaborative working with other public bodies
- Supporting the activities and providing support to external agencies including Scotland Excel
- Delivery and tracking of agreed savings targets
- Developing Category plan and Sourcing Strategies
- Strategic contract and supplier relationship management

5.4 Performance Management for Procurement

This is provided through a combination of the following measures:-

- Monitoring progress on the implementation of the this Strategy via a linked annual procurement action plan with milestones and regular updates on progress being reported to the Council's Senior Management Team
- Generation of a set of metrics that track individual and functional performance in line with Service Plans
- Annual performance reviews for all CPU procurement staff
- Efficiency and savings targets for corporate procurement initiatives
- Annual review of procurement operations and procedures through the National Procurement Capability Assessment (PCA)
- Building procurement capacity by facilitating a learning and development programme for commissioning officers and other parties
- Making the fullest use of the information systems to provide procurement intelligence and expenditure analysis
- Liaising with other public sector procurement organisations to share intelligence for market research, benchmarking and collaborative procurement opportunities
- Ensuring that all major contracts have appropriate, project, contract and performance management arrangements
- Monitoring and auditing compliance with the Public Contracts (Scotland) Regulations 2006/2012 (as applicable), Standing Orders Relating to Contracts and Procurement, Financial Regulations and all other policies and guidance relevant to procurement.
- Ensuring that appropriate procedures are in place to proactively manage budgetary, financial, supplier performance, legal, environmental, social and health and safety risks

5.5 Helping local businesses

To assist the local market and businesses we have adopted a more measured risk based approach to procurement. Tendering procedures are currently being reviewed to streamline the way in which low risk low value contracts are tendered to reduce the engagement overheads borne by the suppliers and in doing so open up the market to those who would not ordinarily have participated. Part of this approach is only asking for what we need and ensuring that those requests are proportional to the risk and value of that procurement. The Council is a member of the national Supplier Development Programme which is a local authority partnership established to offer small and medium sized enterprises (SMEs) the opportunity to grow and diversify through procurement. Meet the Buyer events are active as are workshops for local SMEs which provide training, networking and development opportunities.

6 Looking Forward

As part of its ongoing procurement development programme, the CPU is committed to reviewing its current devolved procurement and, during 2011 started that process by aligning Category Managers to Services in order to achieve a business partner approach to procurement. This is the first step in creating a flexible, light and effective core procurement management structure. Services will be provided training and support, where required, on key procurement process such as specification writing, bid evaluation and contract management

Figure 1 sets out the type of organisational structure that the CPU will strive to move towards. This model recognises that the various procurement processes would benefit from being viewed and managed as a whole rather than separately but clearly the category/business partner model will underpin this approach.

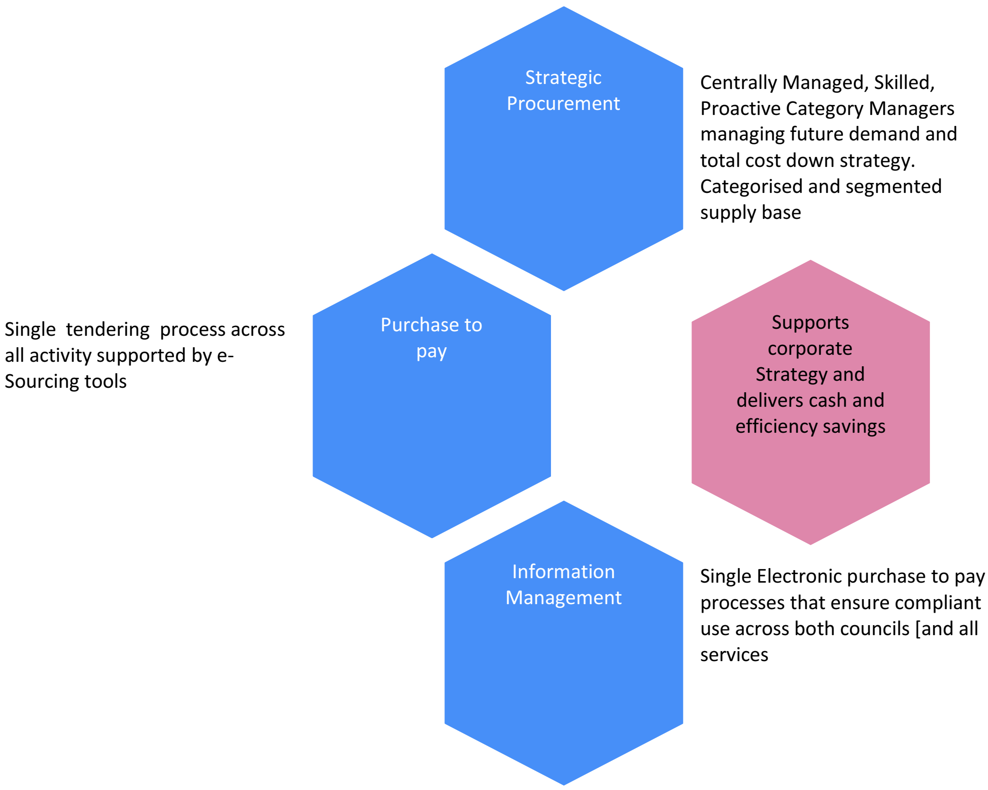

Figure 1 Organisational areas to further develop

6.1 Supply Chain Management

The CPU's overall performance in the Procurement Capability Audit (PCA) ranked the capability of the team in third position of the 32 Scottish authorities. Whilst recognising that significant progress had been made in many of the core competences, there was one area where there were still noted deficiencies.

Supply Chain Management (SCM) was seen as particularly weak and as such is an area that warrants specific strategic attention.

Our ability to performance manage our supply chain is underpinned by some key skill enablers. Whilst individually important in their own right, these activities when combined as part of an overall supplier strategy, facilitate strong management and control and ultimately enhance the ability of the Council to drive, influence, modify and develop the market. The CPU needs to engage fully with Services to ensure:

- Strong specifications are designed and provision is in place to use the tools to coach and mentor their creation
- The right contracts are developed as part of the procurement strategy
- Development of meaningful management Key Performance Indicators
- Robust reviewing of contract performance
- Balanced view on risk; the ownership of that risk and its management

Annex 1 cites within its Key Performance Objectives measures to ensure the continued development of core procurement capabilities. However, addressing of the SCM shortfall is best served by specific and targeted objectives.

In considering the interrelated nature of SCM activities and elements and the overarching principles of its application, the strategic intent is best served by a holistic approach through which all aspects of the supplier engagement can be assessed. To this end it is the intention to generate supplier engagement plans that, looking down, identify all the key engagement parameters, communication needs and relationship and management metrics and looking up, feed into both category and functional dashboards. Annex 1 identifies the Key Performance objectives for this activity.

The development of the CPU dashboard captures the key elements of supply chain and procurement management. The metrics identify key operational drivers and provide clear management information for enhancing engagement. Each Category Manager generates their own detailed area specific dashboard and these are then partially consolidated into the general CPU dashboard. This high level dashboard identifies for each Service:

- Total addressable spend
- Total spend to date
- Total on contract spend
- Total off contract spend
- Procurement Journey role out needed/achieve
- Category plans needed/in place
- Number of active suppliers and target
- Number of active contracts
- Top 20 suppliers by spend
- Top 20 suppliers relationship management plans
- Savings – target/achieved

In addition, CPU are in the process of defining a comprehensive supplier assessment process to engage with suppliers and understand supply chain risks at the earliest point in the overall process

The undernoted process map shows the typical procurement cycle found in most public sector organisations. It is the norm for too much emphasis to be placed on the middle three steps to the detriment of the two steps at the front and the rear. These front and rear steps are of significant strategic procurement opportunity involving supplier engagement on initial market efficiencies. The CPU will be working more proactively with Services in these key areas as a matter of course going forth.

Key Strategic Actions

- Enhance collaborative engagement
- Continue to upskill staff via formal training
- Fully embed Category Management principles and have clear category strategies
- Review structure and its success and continue alignment with Services and changing needs
- Category and Functional Dashboards underpinned supplier engagement plans
- Invest the required resources at the front and rear end processes as above

7 Strategic Plan

The key outcomes for this procurement strategy are:

- **Efficiency**. Ensuring the Council gets maximum value from every pound that is spent through best value and innovative procurement practice; consistent but flexible approaches to tendering and market engagement; a clearly identified and practised savings strategy; implementation of a Category Management approach to procurement.
- **Governance.** Ensuring the Council has appropriate and proportionate controls, systems and standards to manage procurement risk and to comply with legal requirements.
- **Improvement**. Seeking new ways to develop and improve the Council's procurement and commissioning activities, and exploring how those activities can deliver the Council's wider strategic outcomes.

Whilst these are essentially aims, they pervade the whole essence of strong professional procurement. Efficient procurement saves both time and money in the process and some of the following actions looking at e-procurement and the purchase to pay cycle (P2P) address this. Governance is about compliance and in particular control of off-contract spend and making sure that appropriate delegation of authority is adhered to. Actions relating to e-procurement will significantly address these issues. Improvement is what every learning and developing organisation seeks to embrace. All of the actions within this document and specifically within Annex 1 support that aim.

The following sections of this Strategy highlight those areas that are considered to be of long term strategic value that will enhance the development of high value adding capability. In the time scale many of these will be a challenge but it is essential that CPU remains at the forefront of procurement best practice providing professional and imaginative solutions – more so in an environment of reducing central settlements. Sections 7.1 and 7.2 identify two main thrusts for underlying functional development and serve to underpin the three key points above.

These activities represent a set of tasks that will continue to be developed and evolved and each will have their own specific owner and associated programme plan and aligned set of targets and measures.

Whilst 7.1 and 7.2 represent underlying strategic actions, with a long term development and delivery path they will yield - especially 7.1 – very significant long term financial benefits in terms of both back office processing and direct operational category cost saving.

In addition to these two main underlying strategic actions, Annex 1 identifies strategic intent targeted at the operational aspects of the function.

7.1 e-Procurement Strategy

7.1.1 Definitions

Electronic procurement (e-Procurement) is the use of information and communications technology (ICT) to facilitate procurement processes. For CPU, e-procurement enables the automation of a wide range of P2P applications, including requisitioning, ordering, bill payment, competitive tendering, inventory management, contract management, on-line auctioning, tender analysis and approved list systems.

7.1.2 Responsibility for e-Procurement

Overall responsibility for the e-procurement strategy shall rest with CPU as the enabler of the Council's procurement. Responsibility for the development, refinement and implementation of the corporate e-procurement strategy will reside with CPU in full consultation with key stakeholders whilst aligning to the overall ICT Review.

The following highlights the main tasks which are required to implement the elements of e-procurement in the various stages of the procurement cycle that will provide the greatest benefits and are appropriate to its needs.

7.1.3 Advertising of opportunities

All new requirements for supplies and services contracts with an estimated value of £60,000 and above, that are not covered by any existing framework agreement, should be advertised on the Scottish Governments National Portal - www.publiccontractsscotland.com . Works requirements can be procured from nationally approved contractor lists, as opposed to open advertisement, if it is deemed best value will be achieved from this means. In accordance with the Council's Standing Orders Relating to Contracts and Procurement, all contracts for Works, Services and Goods which have an estimated value of 90% of the current EU thresholds and above (EU thresholds are currently fixed at £173,934 for goods and services and £4,348,350 for works) are also advertised in the Official Journal of the European Union.

There are special provisions within the Council's said Standing Orders and the Public Contracts (Scotland) Regulations 2012 for what is termed Part B contracts, which are predominantly for Social Care and Support Services.

7.1.4 e-marketplaces

We are currently hosting a number of accessible online catalogues that interface with our Pecos system, but some interfaces still require considerable user knowledge, are they are not sophisticated in their navigation or use, and still ultimately require two systems to be used.

There is an ongoing review of how, where and what type of catalogue and e-marketplace would yield the greatest commercial advantage for the organisation and how best this could be implemented.

7.1.5 Ordering

The majority of the Council's electronic orders are raised via the Pecos system with the system now being used within each Service. Over the coming three years there will be a drive to migrate all purchase orders through this route apart from those agreed by exception. This will also entail ensuring that all users are appropriately systems enabled.

7.1.6 Goods receipting and delivery notes

Pecos purchase orders require electronic goods receipting and this process is a pre-requisite for enabling more automated invoice processing and facilitates the preparation of the year end accounts. At present there is a considerable amount of manual reconciliation of invoices that is being addressed aligned with ensuring full receipt of goods.

7.1.7 Invoice processing

There are a number of different approaches which could be adopted for invoice processing. These are:

- Consolidated invoicing (where one invoice covers more than one purchase order)
- Electronic processing of invoices against individual purchase orders
- Self-billing (known as 'evaluated goods receipt' in), where invoices are not submitted, but payment is made by processing the goods receipt transaction.

The electronic receipt of invoices against individual purchase orders will reduce the volume of manual keying locally and will facilitate automatic payment where the invoice matches the purchase order and goods receipt notice. Implementation of these options, where possible, in turn allows for further negotiation on supplier rates.

7.1.8 Purchasing cards

The use of purchasing cards can reduce transaction costs particularly for low value or ad-hoc purchases. However Pecos is the Councils first route for raising purchase orders with the use of purchasing cards only being considered on a case by case basis after agreement to do so is obtained from both the CPU and the Finance Team.

7.1.9 e-auctions

At present there is limited use of e-auctions or reverse auctions as they are also termed across the Scottish public sector in general. This is now a very mature technology which is being exploited extensively in the private sector. This is considered a key enabling technology which, after the technical and quality assessments have been made, specifically focuses on the supplier margins in order to competitively drive them down to the manageable market rate as achieved through the contract for agency and temporary labour. The CPU will look to engage with Services on their development and use during 2012/2013.

Key Strategic Actions

Incorporate findings from the ICT Review which can provide support for the procurement process and investigate the value proposition of commercially available systems Evaluate quick fixes to enhance e-auctions Investigate with key suppliers enhanced e-marketplace use Develop the full purchase to pay cycle to eradicate the use of paper. Develop supplier capability for electronic invoicing

7.2 Sustainable Procurement

Sustainable procurement embraces environmental and social objectives and delivers long term economic benefits.

Through sustainable procurement, we will not only meet relevant statutory requirements but will also adopt whole life costing principles into procurement activities, particularly in relation to major projects and corporate contracts. This means assessing and evaluating all costs and benefits over the entire physical life and disposal of goods and services.

European Union Public Procurement Directives make it possible to include responsible procurement requirements throughout each stage of the procurement cycle. The earlier these requirements are introduced, the more effective the impact will be and the greater the opportunity for environmental, social, or economic innovation.

European Union Public Procurement guidelines encourage and promote the inclusion of responsible procurement evaluation criteria in addition to commonly evaluated factors such as price and quality.

The CPU has developed a toolkit (Responsible Procurement Policy Feb 2011)to be rolled out to all Services which provides:

- Guidance on how to integrate responsible procurement requirements into each stage of the procurement cycle – see section 7.2.1
- Useful tools and templates to make this integration easy and consistent across the Council
- A mechanism in which to drive continuous improvement, supplier development, and record the responsible procurement benefits realised
- A framework upon which suppliers can be evaluated against a range of agreed responsible procurement criteria at PTQ and/or ITT stages, in accordance with The Public Contracts (Scotland) Regulations 2012.

7.2.1 Sustainable Procurement (Environment)

The toolkit details the following sustainability-related matters, which should be considered in procurement decisions:

- Greenhouse Gas emissions / energy consumption/Carbon
- Water consumption
- Waste and recycling
- Transport
- Biodiversity, nature conservation and associated environmental enhancement
- Noise, land and water pollution
- Air quality
- Responsible consumption

The CPU also recognises that Council procurement decisions can have an impact on distant communities through its supply chains and is committed to environmental sustainability in all its forms as underpinned by the Climate Change (Scotland) Act 2009 It is enacts the Council policy on Fair-trade.

7.2.2 Sustainable Procurement (Social Issues - Equality and Procurement)

Equality and fairness are two of the Council's core values and we recognise the important role that procurement can play in promoting equalities and fighting discrimination. We will do this in accordance in ways that are consistent with our exisiting Diversity and Equality policy, value for money policy, the Public Contracts (Scotland) Regulations 2012, appropriate EU Procurement Directives and equalities legislation.

We aim to ensure that all services provided by, or on behalf of, the Council are made available to all individuals and groups equally and without discrimination. Also, to ensure that, within the limits of the law, all individuals, companies or organisations undertaking work, or providing goods or services, for the Council do not follow discriminatory practices.

Procurement can play a part in promoting equality in two main areas:

- tendering for goods and services provided under contract agreement
- contractors' equality/diversity policies and practices

We will encourage contractors to draw up policies, which will assist them to avoid unlawful discrimination. Similarly, we will encourage contractors to implement these policies, so as to promote equal opportunities. Contractors will adhere to Aberdeen City Council policies, in particular where the contractor or its employees require to be on Council premises.

We will:

- Meet our obligations under the Equalities Act 2010
- Consider equality issues before procurement projects start by conducting equality and human rights impact assessments and ensuring the requirements of diverse customers are addressed, as well as relevant opportunities pertaining to suppliers as below.
- In specifications, ensuring relevant equality requirements are addressed e.g. access to buildings for disabled people.
- At selection stage, asking suppliers for evidence of professional or technical ability e.g. for services to ethnic minority communities, cultural awareness and language skills where appropriate.
- Develop Contract conditions that can be used to further equality outcomes where they relate to the performance of the contract and are indicated in the contract notice or specification e.g. the obligation to recruit a number of disabled people to be employed for the duration of the contract.
- Consider whether it is appropriate to reserve a contract for organisations providing supported employment opportunities for disabled people.
- Reducing barriers to, and improving the opportunities for, diverse suppliers that wish to compete for Council contracts, particularly by reducing the bureaucracy involved in competing for and delivering such contracts.
- Where appropriate, working with suppliers on a voluntary basis to promote the importance of equality to their suppliers and supply chain, for example including suppliers' workforce on internal equality and diversity training courses.

The Equality Act 2010 replaced previous anti-discrimination laws with a single act to make the law simpler and to remove inconsistencies. This makes the law easier for people to understand and comply with. The act also strengthened protection in some situations.

Although procurement has always been covered by the race, disability and gender duties, highlighting this issue in the Equality Act 2010 gives a sign that equalities is viewed as everyone's business and not solely the preserve of the public sector.

The act covers nine protected characteristics, which cannot be used as a reason to treat people unfairly. Every person has one or more of the protected characteristics, so the act protects everyone against unfair treatment. The protected characteristics are:

- age
- disability
- gender reassignment
- marriage and civil partnership
- pregnancy and maternity
- race
- religion or belief
- sex
- sexual orientation

7.2.3 Sustainable Procurement (Community Benefits)

The purpose of Community Benefits is to integrate these environmental, social, and/or ethical concerns into public purchasing decisions. By utilising Community Benefits, public bodies can realise added value when carrying out necessary purchases of supplies, services or works. The procurement budget can be spent in such a way that, while delivering the required goods or services, the expenditure also contributes to wider policy goals.

Major infrastructural investments provide Aberdeen City Council with the opportunity to make all of its citizens – especially those in the most deprived communities – wealthier, healthier, safer and more equal. Factors such as health improvement, crime reduction, regeneration of residential and leisure facilities, increased education and skill attainment can be incorporated into the procurement exercise to bring increased choice and personal development resulting in long term sustainable community benefits.

Community Benefits are one of a range of social clauses that can be included in public contracts. To be valid award criteria, community benefit clauses must be included as a core part of the contract specification i.e. for a construction project, training and recruitment elements may be included within the specification.

Sustainable Procurement has primarily been concerned with environmental issues, but there is now greater awareness of the need to extend this to social and local economy issues. Community Benefits therefore includes not only targeted recruitment and training, but also equal opportunities, training for the existing workforce, supply-chain initiatives, community consultation, 'considerate contractor' schemes, contributions to education, the promotion of social enterprises, and resources for community initiatives.

Specific long term targets of this Strategy, through joint working with all Services are to:

- Include community benefit criteria in those procurements where benefit can be identified – during specification and tender creation
- Increase the number of local area residents of working age who are active in the labour market
- Ensure the majority of opportunities are accessible to local area residents from areas of disadvantage
- Secure strategic positioning of training and employability support services to focus on opportunities created by known infrastructure opportunities over the next few years

- Deliver additional modern apprenticeships to widen school leaver opportunities
- Secure sustainable employment opportunities in the construction of new facilities and services
- Increase level of spend in communities where major infrastructure works are located or impacted
- Support the development of the SME (Small & Medium Enterprises) sector by developing a procurement approach which maximises their exposure to procurement contracts – and a business development approach which provides them with access to supplier development expertise
- Support SMEs to increase their commitment to workforce training and development
- Make contracts accessible to local SMEs and social enterprises (e.g. by encouraging the development of supplier consortia or where best value can be identified breaking down larger contracts)

7.2.4 Local Procurement

A key part of the Councils drive for sustainable procurement is to take positive steps to use procurement as a way of benefiting local communities. We will therefore develop a number of PQQ (Pre-Qualifying Questionnaire) questions that seek to assess how tenderers will address local economic issues. The CPU will also to look to work more closely with Economic Development colleagues in the early engaging of marketplaces to ensure they have adequate awareness of forthcoming Service needs during each financial year.

7.2.5 The Third Sector

A key part of the approach to sustainable procurement is to engage and work in partnership with the third sector, made up of charities and voluntary and community organisations. This is especially true within the social care and wellbeing sector and can often provide the Council with not only enhanced service delivery but can also do so at a reduced cost.

Key Strategic Actions

- Ensure all key stakeholder and commissioning staff are conversant with sustainability – especially community benefit aspects - and its environmental implications and monitor progress on same
- Draft specifications and contracts to align with the principles of sustainability and social responsibility without unduly commercially compromising our position
- Continue to develop strong and mutual collaborations within the third sector – See Annex 1

Annex 1 Key Objectives for CPU 2012/13 to 2014/15				
Strategic Aims and Objectives				
	2012/13	**2013/14**	**2014/15**	**Comments**
1. Best Value Contracts				
a. Deliver contracts that provide the greatest commercial advantage to the Council	In line with approved annual contract delivery plan prepared between the CPU and Services	In line with approved annual contract delivery plan	In line with approved annual contract delivery plan	Forecast savings and efficiency targets will be included in all procurement strategy documents. Contracts will let against defined success criteria with robust terms and conditions. Active participation by all Services will be required.
b. Ensure full usage compliance for all central contracts	100% target	100% target	100% target	Requires full compliance to Financial Regulations. Assistance required from Services in reviewing any variance reports. All contract registers require to be forwarded to the CPU within agreed timelines.
2. Procurement Capability				
a. Continue to develop an annual improvement plan based on the results of the National Procurement Capability Assessment	Increase of 5% on 2011 performance baseline	Increase of 7% on 2012 performance baseline	Increase of 5% on 2013 performance baseline to reach Quadrant 4 - Superior Performance	CPU currently sit in third place out of the 32 Scottish Local authorities in the Improved Performance quadrant. Will require the continued support of all Services and CMT.
b. Full set of personal performance measures in place for each staff member of CPU	75% of measures in place	90% of measures in place	100% of measures in place	Clear understanding of the capability gap and assessments of staff undertaken and training plans defined.
c. Category and Functional Dashboards in place supported by Supplier Engagement Plans	All tier 1 strategic supplier plans in place. Dashboards refreshed quarterly	All contracts above £500k have plans in place	Introduction of 'Category Days' to outline ACC strategy and engagement within	As the level of maturity in this area develops CPU moves from monitoring the market to driving it.

			that sector	
3. Savings				
a. Deliver savings in line with corporate budgeting processes and the Corporate Governance Directorate Service Business Plan		TBC	TBC	Savings proposals will be presented to CMT on an annual basis.
4. Stakeholder Engagement and Management				
a. Develop and deliver targeted engagement plans to all Services	Further embed Category Manager/Business Partner approach. Roll out Procurement Journey tools and templates to all Services. Ensure all Service staff involved in the procurement process are trained and supported as appropriate.	Quarterly Category Management/Head of Service reviews in place to identify improvements and develop action plans.		Training programme with Services starts March 2012. Develop communications strategy.
b. Develop supplier relationship management strategy	Ensure all contracts are effectively profiled and agreed with Services. Develop engagement plan with all strategic suppliers. Quarterly reporting of the CPU dashboard to the CMT	Review all contract documentation once the Scottish Government Sustainable Procurement Bill is in place.		Profile contracts register according to value, risk and business criticality. Develop Meet the Buyer events, local SME workshops and Supplier Development Programme.
c. Customer satisfaction survey	Design and roll out survey and assess returns.	Re-survey and track improvements. Action plan and roll out	Re-survey and track improvements. Action plan and roll out	Outcome of this may affect other strategic areas. Survey will be conducted with

				internal Service users and key suppliers.
5. Corporate and Social Responsibility				
a. In specifying every contract, consider the use of Community Benefit clauses to establish if quantifiable and achievable outcomes can be set.	Raise awareness of Community Benefit clauses with all Services. Identify potential opportunity contracts and provisionally define KPI's for that contract that support community benefit..	Review and refresh and identify further contract opportunities.	Review and refresh and identify further contract opportunities.	What is requested through a Community Benefit clause must be: Related to the subject matter of the contract and does not deter bidders; Be linked to relevant Council Policies, Aims and Values; Be transparent and non discriminatory.
6. Supply Chain Management				
a. Refine management information and use to define engagement strategies	Improve the information quality and analysis. 80% of all required key supplier plans in place. Improve access to supplier financial analysis.	100% of all required keys supplier plans in place and reviewed quarterly		This will require considerable engagement with finance to gather the invoicing and financial data and additions system access for up to date supplier financial data.
b. Supplier assessments	Role out and training in suppliers assessment and risk analysis. Creation key assessment lead. 70% of all new contracts (over £500k) with clear supplier assessment ratings and associated risk documentation	All new contracts (over £500k) with clear supplier assessment ratings and associated risk documentation	All major bidding activities actively engagement in suppliers assessment as part of the pre-contract assessment of suppliers	A critical part of the overall risk reduction activity within the SCM process

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