

Circular Fin 12/07

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DEPARTMENT OF

THE ENVIRONMENT, HERITAGE

AND LOCAL GOVERNMENT

29 June 2007

To each City and County Manager

Costing System for Local Authorities

Dear Manager,

I wish to refer to previous correspondence in relation to the development of a new costing system for local authorities.

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Project Rollout

At its meeting on 26 June 2007, the Steering Group for the project agreed to proceed with implementation of the project on the following basis:

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- a selection of county councils to convert the 2007 budget to the new format over the next 3/4 months,
 - city/county councils
 - (i) to prepare the 2008 budget in the new format,
- or**
- (ii) initially, to prepare the 2008 budget in the current format and subsequently convert the 2008 budget to the new format not later than end February 2008,
 - towns councils may also convert the 2008 budget to the new format not later than end February 2008, or alternatively, adopt the 2009 budget in the new format.

The primary aim of having a number of other authorities (in addition to the pilot/validation sites) convert the 2007 budget to the new format over the next 3/4 months is to broaden the experience of the conversion process within local authorities. That wider experience will be used to support local authorities in the preparation of the 2008 budget in the new format or in the conversion of the 2008 budget to the new format by the February 2008 deadline.

Budget/AFS Formats

With the move to the new budget format for 2008, it will be necessary for all city/county councils, and any town council which converts the 2008 budget to the new format, to amend the FMS to reflect the new service structure. As a consequence, the AFS for 2008 will also follow the new service structure.

Local Implementation

As advised at the information day on 17 May, it is envisaged that the Head of Finance will have overall responsibility for implementation of the project. A small project team, comprised of staff with a good knowledge of local authority services and the current budgetary process, will be required to lead implementation of the project and to carry out the implementation tasks.

Departmental Assistance

The Department is conscious of the need to ensure that the costing project can be implemented in a manner that minimises any short term risks to the financial management function within authorities. The Department has examined how it can assist local authorities with regard to delivery of the project and, in this regard, we propose providing support in two ways, as outlined below.

Needs and Resources

It is proposed to carry out the preparatory work for purposes of the equalisation process, as part of proposed general purpose allocations for 2008, in a manner which would not require local authorities to complete the normal returns for the needs and resources model. This will free up a significant specialist resource which will be invaluable in progressing the costing project. Since equalisation is important, particularly for authorities more significantly dependent on general purpose funding grants, the approach which would be applied for 2008 would involve a distribution of the amount available for equalisation on the basis of the experience of equalisation through the model over the past five years, 2003-2007. Within this framework, it will be possible, through the 'weightings' facility of the model, to respond to individual, or groups of, local authorities that can show that they are experiencing unusual expenditure requirements in particular service areas.

Financial Assistance

It is proposed that the Department would provide €50,000 to each city and county council towards the staff/other costs involved in putting the implementation teams in place. This is primarily designed to ensure that the normal finance function can continue to operate without undue disruption while the dedicated implementation team is engaged on the costing project. The amount involved will be paid on satisfactory completion within the implementation timeframes set out above.

Implementation Guidelines

Enclosed is the Implementation Guidelines which have been drawn up to assist local authorities with implementation of the project.

The following is a summary of the main implementation tasks which are dealt with in the Guidelines (see Chapter 3):

1. Reallocation to relevant sub-service
2. Elimination of Direct Administration Charges
3. Reallocate wages and salaries
4. Central management charge/cost drivers
5. Collection of Central Management cost drivers
6. Updating budget spreadsheets
7. Collection of output information

Preliminary Tasks

It would be appropriate in the interim period between now and the regional workshops at the end of July (see below) for local authorities to undertake the following preliminary tasks:

- Set up Implementation Team (see Chapter 1 of Guidelines).
- Agree overall strategy for implementation of the project across the organisation – the strategy to include communication of project objectives and agreement by senior management to implementation plan,
- Implementation Team to familiarise themselves with the Implementation Guidelines and detail any queries,
- Implementation Team to review all 2007 budget working documentation to allow for an initial assessment of the work required for preparation/conversion of the 2008 budget to the new format.

Project Support

In order to provide support for all 31 sites (34 cities/counties less the pilot and validation sites), they have been divided into three regions, with support to be provided by the pilot and validation sites, and by Mentec in relation to the allocations module. Details of this regional breakdown are at Appendix 1 attached. Main support for the South/East Region will be provided by Waterford City, Kilkenny County Council will support the North/West Region while Limerick County Council will support the South/West Region.

Support will take a number of forms as outlined below.

Issue Management Approach

Issue management will be dealt with through the maintenance of an issues management log. Sites can e-mail queries which will be logged and dealt with. The issues management log will be accessible to all sites so that they can check if a query has already been dealt with. The issues management log will be an important tool in assisting sites throughout the project.

Further details in relation to the issue management are set out in Chapter 5 of the Implementation Guidelines.

Regional workshops

A workshop will be provided for each of the three regions in the last week of July. The dates and venues are set out in Appendix 2 attached – further details will be notified to authorities shortly. The purpose of these workshops will be to review and discuss the project implementation documentation and any initial issues which arise in the first 2 to 3 weeks following circulation of the documentation to local authorities.

Within each of the 3 regions, follow-up workshops will be held which will provide a more focussed approach to project implementation. Further details will be provided at the July workshops.

Queries in relation to the preliminary tasks referred to above should be addressed to Michael Leahy (email: michael.leahy@kilkennycoco.ie or phone: 056-7794372)

Yours sincerely,

A handwritten signature in black ink that reads "Frank Gallagher". The signature is written in a cursive, flowing style.

Frank Gallagher
Principal
Local Government Finance Section

Appendix 1

Region 1	South / East
	1 Wexford
	2 Wicklow
	3 Carlow
	4 Laois
	5 Kildare
	6 Meath
	7 Waterford County
	8 Dublin City Council
	9 South Dublin
	10 Fingal
	11 Dun Laoghaire/Rathdown
Region 2	North / West
	1 Cavan
	2 Monaghan
	3 Louth
	4 Donegal
	5 Leitrim
	6 Mayo
	7 Sligo
	8 Longford
	9 Roscommon
	10 Westmeath
Region 3	South / West
	1 Limerick City
	2 Galway City
	3 Galway County
	4 Clare
	5 Cork City
	6 Cork County
	7 Kerry
	8 Tipperary South
	9 Tipperary North
	10 Offaly

Appendix 2

South/East Region

Monday 23 July 2007

Hotel Kilkenny, Kilkenny

North/West Region

Tuesday 24 July 2007

Landmark Hotel, Carrick-on-Shannon

South/West Region

Thursday 26 July 2007

Castletroy Park Hotel, Limerick City