

Finance and Integrated Service Support Performance Report Quarter One 2019/20



Progress in delivery of strategic outcomes

Finance and Integrated Service Support continues to have a strategic focus on securing the financial sustainability of the council, strengthening financial management together with nurturing a highly motivated and effective workforce. All of which are central to the achievement of the Council's priority outcomes and delivery of services to a growing county.

The key activities which support this are:

- a) The delivery of the Council's Medium Term Financial Strategy (MTFS) incorporating Capital Strategy and Capital Investment plans, Reserves Strategy and Treasury Management Strategy together with the development and implementation of a comprehensive Change Programme;
- b) The Workforce Strategy and the Workforce Plans;
- c) Delivery of the Integrated Service Support review, reducing the overall cost of providing the Finance and Integrated Support Services and ensuring the service is delivered within the approved budget.

These are supported by:

- The Digital Strategy and Digital Learning Strategy
- The Procurement Strategy and Contract Delivery Plan

The draft financial statements for 2018/19 reflect the implementation of the recommendations set out in EYs 2018 annual report. The actions, in so far as they impact on Finance and Integrated Service Support are also evidenced through the means of a specific action plan.

1: Financial Strategy - Achievements

- a) Successful recovery of the £3 million projected 2018/19 budget overspend. Positive outcome for the 2018/19 End of Year Financial reports of an underspend of £495,000 which was achieved by everyone working together, demonstrating strict financial discipline. The action taken to address the overspend was also noted positively in the Best Value Assurance Report;
- b) Successful completion and submission of the 2018/19 unaudited accounts in accordance with the statutory deadline;
- c) Completion and presentation of 2018/19 final outturn Financial Monitoring reports to Council in June 2019 as part of the robust scrutiny of financial performance;
- d) Completion of Financial Monitoring reports for Council as part of the robust scrutiny of financial performance
- e) Medium Term Financial Strategy 2019/20 to 2022/23 presented to Council 25 June 2019 and other political or senior officer forums which outlined future year's budget projections, the impact of change programmes and the financial implications of investment decisions and priorities.

2: Workforce Strategy - Achievements

- a) Revised Corporate Induction Programme launched allowing new staff to be aware of support available to them with clear messages regarding expected standards of behaviours in line with code of conduct;
- b) Implementation of new people policies: Sexual Harassment Policy, Carers Policy, Gifts & Hospitality Policy, Outside Interests/Special Interests Policy and Mental Health and Wellbeing Policy and accompanying E-learning modules;
- c) Successful council-wide health and wellbeing event held in June 2019 ensuring our workforce continue to have access to relevant information relating to their emotional and physical wellbeing. Wellness awareness workshops continue to be run across the council ensuring our staff have access to information to help them to positively impact their health and wellbeing.
- d) Commencement of a rolling programme of Mentally Healthy Workplace training for Managers.
- e) Selected to participate in the Equally Safe at Work accreditation programme run by Close the Gap. This will enable the council to progress its work on gender inequality;
- f) Work undertaken on promoting the EU Settlement Scheme in order to ensure that we comply with our legal requirements and to ensure that we have a workforce in place to deliver vital services to our communities;
- g) Implementation of Teachers backdated pay award;
- h) Approval at CMT March 2019 of the Introduction of a Salary Sacrifice Scheme which includes Salary Sacrifice Cars, Financial Wellbeing services and anytime access to the Cycle to Work initiative.

3: Digital Strategy and Digital Learning Strategy – Achievements

- a) Property Programmes - Commissioning and/or decommissioning of a number of sites to support the wider Property and School programme including Health and Social Care / Integrated Joint Board sites;
- b) Digital Enabled projects: - Leisure Management now implemented across all key sites. A new cashless catering system, which fully integrate with the current online school payments system has been procured;
- c) Digital Strategy Group has prioritised and aligned Council programmes / projects to the wider Digital Strategy, Digital Learning Strategy and National Transformation Programme (Local Government Digital Office);
- d) Continued Asset Management and Investment in Digital Foundations infrastructure and associated services –. Replacement of digital assets continues across the Corporate and School estate;
- e) CyberSecurity resilience -maintained and currently reviewing the latest Scottish Government CyberSecurity action plan that all Councils need to respond to. Compliance; Preparation and Planning of for PSN accreditation;
- f) Working with the Digital Office to manage a Digital Maturity Exercise on behalf of the Midlothian Council management team;
- g) Business Information and Analytics – introduction to new platform as a service in partnership with NSS, deployment of Tableau Dashboards (Investing in our Workforce, Complaints, Education and Health & Social Care).

4: Other Service Improvements

- a) The ISS review delivery plan is in place and on target to deliver a £1.2 million savings target for the current financial year.
- b) Work progressing with the Financial transactions project including quick import live for MidCare billing, Itrent payroll rationalisation complete with migration of 4 weekly to monthly payrolls, Timesheets replaced by data onloads across Sport & Leisure, LLE, Adults and Childrens Residential, scoping work completed to identify areas where E-Forms can be implemented and Control of Posts current "As is" processes mapped and documented.

Challenges and Risks

Growing Council

Population growth in Midlothian over the next 10-15 years will see Midlothian become the fastest growing Council in Scotland. 0-15 population increase, projected at 20% and 75+ population increase projected to increase by 100% between 2014 and 2039.

This brings the opportunity to support the Council vision of being 'A Great Place to Grow'. As a growing Council this brings the opportunity to redevelop parts of Midlothian, improve infrastructure with a focus on area targeting, improving economic opportunities, improving education and health outcomes.

This growth creates the opportunity to meet the housing need with 25% of new homes being built in the affordable housing bracket, in addition to the expansion in Council House building. This construction will directly support employment in construction and will see a steady increase in the volume of Council Tax received over time.

The approved, Capital Strategy sets out infrastructure required to meet those demographic pressures and includes the financial contributions Midlothian will make to the Edinburgh and South East Scotland City Region Deal.

Continued Service Transformation

Continue the significant transformation of service delivery to allow services to be provided within the reduced budget available. In the next 12 months this will require services to be reshaped, business processes to be reviewed and adapted technology solutions progressed, including the continued adoption of automation. These changes are set out in the service savings delivery plan and are designed to deliver savings of £1.2 million. Savings since inception of F&ISS are predicted to rise to £4.2million (which equates to 42% of the 2019/20 budget) and as such represents a considerable reduction in both financial and human resources.

Financial Sustainability

Given the continuing challenging grant settlements, representing a real terms reduction in core funding together with the impact of a rapidly growing population and greater demand for services, the Council has shifted to a Medium Term Financial Strategy. This complements the existing forward plans for HRA, Capital and Reserves. Delivery of savings plans, both within the MTFs and relating to previous slippage is key and this needs to be monitored closely. Values attached to proposals in the MTFs need to be reviewed further to ensure they sit correctly within a detailed delivery plan. It is important for the Council that the measures in the MTFs are fully developed (where necessary) at pace and also proceed to implementation at pace.

UK Decision to leave the EU

All Council services have been kept abreast of the risks associated with the UK leaving the EU and in particular the risks for a no deal scenario. Services have been directed towards UK Government guidance on how to prepare for a no deal and have been tasked with assessing the potential impact and identifying appropriate risk responses.

A Council Cross Service - Brexit Working Group has been set up in preparation for a potential No Deal exit from the European Union.

1: Financial Strategy

- a) The need to continue to strengthen financial sustainability and financial management by
- b) Complete statutory Audited Financial Statements by 30 September 2019;
- c) Prepare financial monitoring reports for quarter 1 and continue to work with budget holders to maintain effective control over expenditure;
- d) Continue work on developing cost projections and implementation of the approved saving measures to update the Medium Term Financial Strategy;
- e) Continued financial support for the Change Programmes and delivery of savings measures. Help shape and lead all strands of the programme, continue to revise savings profiles. Oversight of investment to support transformational change and the assessment of bids against the criteria used for the Capital Receipts Scheme;
- f) Review of the Capital Strategy and the affordability of investment plans principally to reflect the ongoing review of the Learning Estate Strategy.
- g) Continue to strengthen financial stewardship in a climate of reducing budgets and increasing service pressure;
- h) Review and update financial directives and associated documentation.

2: Workforce Strategy

Alongside the Medium Term Financial Strategy 2020/21 to 2022/3 we will continue to implement the Workforce Strategy 2017-2022. This includes a focus on the identified themes over the next five years. The Service Workforce Plans will need to be updated to align to the MTFS and detail the projected workforce actions over the same period.

- a) Identifying alternative service delivery approaches and the impact on service delivery with pressure on available resource;
- b) Securing the improvement in flexibility and productivity throughout the workforce;
- c) Continued development of the Workforce Strategy action plan;
- d) Ensuring service workforce plans are updated to reflect the MTFS;
- e) Continue to support our leadership community so that they are able to perform to a high standard and deliver on the Change Programme;
- f) Promoting compliance with our policy on the use of agency workers.
- g) Implementation of the Revised Business Travel and Subsistence Policy, which is a shift to the use of pool electric cars, following Closure of the Car Leasing Scheme;
- h) Complete the roll out of electronic pay slips, E-slip.
- i) Maintain attendance levels (2017/18 average days lost 7.5 which ranked the Council 2nd best in Scotland) supporting service areas with high or increasing absence levels to deliver interventions to support their service workforce strategies.

3: Digital Strategy and Digital Learning Strategy

- a) Increased threat of cyber/security attacks, e.g. denial of service, ransomware/hackers continues to be an ongoing challenge to mitigate risk and minimise service disruption;
- b) Securing, maintaining Digital skills and experience across the Digital Service teams in order to be able to respond, deliver and protect the organisation;
- c) Maintaining the integrity and compliance of Public Services Network (PSN) ensuring that the Digital Estate and associated technologies inclusive of Business Applications are all up to date and pass rigorous penetration testing which is currently taking place;
- d) Ensuring sustainable investment in digital assets at a time of financial constraints and reduction in resources including the Asset Management Programme:- Microsoft Exchange/Office 365 / Windows 10 upgrade is currently in the preparation and planning stage. Additional Communications and plan to be shared with Directors, Head of Service and Service managers;
- e) Regulatory changes proposed will impact on Council activities if not planned for – for example New Data Protection laws (GDPR) and other compliance requirements such as Payment Card Industry Data Security Standard (PCI-DSS);
- f) Pursuing the transformation of and innovation in service delivery by pursuing digital opportunities, including Automation, Artificial intelligence etc.

4: Procurement

- a) Maintaining service provision in response to a significant staff turnover in the team;
- b) To deliver and demonstrate savings through procurement by continuing to review and monitor performance;
- c) Completing the Purchase to Pay project;
- d) As the next stage of the Council's procurement journey, and similar to most other Councils the aim is to deliver a robust contract and supplier management tool by rolling out guidance and training to contract owners;
- e) Deliver actions from Procurement Strategy;
- f) Prepare and submit an annual procurement report for 2018-19 to the Scottish Minister.

5: Service Improvements / Delivering Excellence

- a) Delivery of Change Programme and in particular the Integrated Service Support Savings target for 2019/20 of £1.2 million;
- b) Purchase to Pay – Managing transitional arrangements for processing invoices
- c) P2P – Invoice Approval – improving 100% first time data capture difficult due to variety and quality of invoice layouts/images.

Emerging Challenges:

The emerging challenge is to increase the pace in which change and improvement is being delivered, ensuring that there is clarity on priorities and that strategic outcomes are clearly defined and articulated.

Addressing the remaining £8 million budget gap leading to the delivery of a balanced MTFS covering the next 3 years which will support the delivery of a balanced budget for 2020/21.

Service workforce plans are aligned with the MTFS and so fully support the delivery of services.

Suggested changes to priorities in Service Plan

Q1 19/20: No changes

Finance & Integrated Service Support

Midlothian



Successes and Challenges

Corporate Performance Indicators (latest)

● 4 ● 9 ? 0 📊 6

Service Plan Actions (latest)

⚠ 1 ● 27 ? 0

Service Plan PIs (latest)

● 3 ● 0 ? 0 📊 4

Service Risks (latest)

⚠ 20

Corporate PIs Off Target as at 31st July 2019

PIs ● 4

% of invoices paid within 30 days of invoice receipt (cumulative)

Average time in working days for a full response for escalated complaints

Average number of working days lost due to sickness absence (cumulative)

Performance against revenue budget

Key PIs
● Off Target
● On Target
📊 Data Only Indicator
? Data is not yet available

Service Plan Actions Off Target as at 31st July 2019

Actions ⚠ 1

Achieve contract delivery targets set out in the Contract Delivery Plan

Key Actions
⚠ Off Target
● On Target/Complete
? Data is not yet available

Service Plan PIs Off Target as at 31st July 2019

PIs ● 3

Corporate Indicator - Sickness Absence Days per Employee (All employees)

Corporate Indicator - The Percentage of council employees in top 5% of earners that are women (LGBF)

Corporate Indicator - Percentage of invoices sampled and paid within 30 days (LGBF)

Key PIs
● Off Target
● On Target
📊 Data Only Indicator
? Data is not yet available

High Risks as at 31st July 2019

Risks ⚠ 5

15 Risks at Medium and 5 Risks are high

DS - Staffing levels and impact on service

DS - Limited staffing resources to meet the IT demands of the Council/inadequate forum for deciding which computer projects are a priority

DS - Compliance - Regulatory, Contractual and Legal

DS - Computer Business Continuity Management

INFOSEC - Access Control - Cyber Security Attack

Key Risks
⚠ High Risk / Medium Risk
? Data is not yet available