Finance and Integrated Service Support Performance Report 2019/20

Midlothian

01. Progress in delivery of strategic outcomes

Throughout 2019/20 the Finance and Integrated Service Support continued to have a strategic focus on securing the financial sustainability of the Council, strengthening financial management and nurturing a highly motivated and effective workforce. All of which were recognised as critical to the achievement of the Council's priority outcomes and continued delivery of services to a growing county.

The key activities which support this strategic focus were:

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 development of Service Workforce Plans;
c) Delivery of the Integrated Service Support review, improving the efficiency and effectiveness of services provided by Finance and Integrated Support Services and ensuring the service is delivered within the approved budget.

The strategic focus was also supported by:

. Continued implementation of the Digital Strategy and Digital Learning Strategy
. A refreshed Procurement Strategy and Contract Delivery Plan

In their annual report for 2018/19 EY recognised the substantial progress that had been made in addressing their recommendations from previous years which contributed to an improved amber rating for financial management. The EY report reinforced that there was further work to do particularly to improve the longer term financial sustainability of the Council. EY made eight recommendations and these are being taken forward by officers across the Council.

Growing Council
Population growth in Midlothian over the next 10-15 years positions Midlothian as 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'. 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 value 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
The transformation of service delivery supports continuous improvement in service provision and in particular the "customer journey" and has ensured that service provision is delivered within the approved budget. Finance and Integrated Service Support is now part of the new Corporate Solutions service and continues to be reshaped, business processes reviewed and adapted to embrace technology solutions. Following Council's endorsement of pursuing shared services with Scottish Borders Council, work is underway with colleagues in Scottish Borders Council, with an early focus on digital service provision with the objective of bringing forward proposals to both Councils.
Towards the end of Quarter 4 of 2019/20, the service was urgently refocussed on the Council's response to COVID 19. The team supported a range of urgent and swift transformations in how the Council operated in order to sustain the provision of essential services, supported the introduction of new services digital and otherwise and critically put

in place interventions to support our workforce. As 2020/21 progresses this focus will continue as priorities and resources are aligned to the delivery of the Council's road map approved in June 2020. An important focus for the months ahead will be to ensuring we support recovery whilst retaining the elements of transformation which had been put in place and making a range of changes a permanent feature of the way we deliver council services.

During the year the service experienced an increase in the average number of working days lost due to sickness absence. This was as a consequence of a small number of long term absences within the team which were managed and resolved in accordance with the Councils Maximising Attendance policy.

Despite the continued transformation of the purchase to pay process 2019/20 the year also saw a continued shortfall in the number of invoices paid within 30 days. Evidence indicates that the position has improved in the first quarter of 2020/21 and to support further improvement and consolidation of improved performance in services areas which have consistently fallen short of the 95% target a detailed insight paper will be presented to CMT in September 2020.

1: Financial Strategy
The core objective of the Financial Strategy is to secure the Council's financial sustainability during an ongoing period of financial constraint coupled with acute service demand pressures and increasing customer expectations.

The Financial Strategy is not only about balancing the budget, it provides a means to ensure as far as possible that the limited resources available to the Council are targeted on delivery of improved outcomes, particularly against the key priorities of:-
. Reducing the gap in learning outcomes
. Reducing the gap in health outcomes
. Reducing the gap in economic circumstances

The Financial Strategy is central to ensuring that the resources available to the Council is directed towards the priorities set out in the Midlothian Single Plan.

Achievements
a) Positive outcome for the 2019/20 end of year financial reports was a net underspend of £102,000 which was achieved by everyone working together, demonstrating strict financial discipline despite some one-off financial pressures;
b) Against the backdrop of COVID 19 successful completion and submission of the 2019/20 draft accounts in accordance with the statutory deadline (prior to it's COVID extension) of 30th June 2020;
c) Completion of the full suite of 2019/20 Financial Monitoring reports for Council in June 2020 as part of the robust scrutiny of financial performance;
d) Update on the Medium Term Financial Strategy 2019/20 to 2022/23 presented to Council 11 February 2020 which provided an update on the progress of the recommendations since the last report on 1 October 2019, and which has been delegated to the Business Transformation Steering Group to develop the next phase of the strategy and identify further measures to address the remaining budget gaps for 2021/22 to 2022/23.

2: Workforce Strategy
The purpose of the Workforce Strategy is to ensure that Midlothian Council continues to have a workforce that is able to deliver positive outcomes for the people of Midlothian. It sets out an approach to supporting, developing and reshaping the workforce now and in the future in response to changes whether as a consequence of national or local issues. It is underpinned by the Council's values and vision.

The Workforce Strategy is important as it outlines the organisation's approach to articulating how workforce issues will be managed to ensure the Council has the people and skills to manage change and deliver service.

The strategy will ensure we have the right people at the right time and who have the right skills, knowledge and attitude to provide services confidently and competently.

Achievements
a) Following a year-long pilot, the Council's submission for Equally Safe at Work accreditation was made in December 2019;
b) Revision of the Flexible Working policy and Code of Conduct to ensure policies continue to meet best practice;
c) Continuation of a rolling programme of Mentally Health Workplace training for Managers;
d) Participation in the international White Ribbon Campaign including training from the Director of White Ribbon Scotland and ten members of staff taking the pledge to play their part in eradicating violence against women and girls;
e) Successful implementation of the a robust programme of activities to celebrate 16 days of activism;
f) Completion of the Wellness@Midlothian work plan for 2020;
g) Continue to work with teaching trade unions to harmonise our people policies with those applicable to local government employees;

h) Committed to the Veterans Guaranteed Interview Scheme to ensure we continue to support those leaving the Armed Forces fulfil their potential in civilian life;

i) Significant achievement in the delivery of a special leave provision for those who were required to self-isolate as a result of the COVID-19 pandemic.

j) Successful redeployment of dozens of existing members of staff into alternative duties in response to the COVID 19 pandemic, ensuring critical services continue to be delivered.

k) Significant number of detailed communications issued to both staff and managers in terms of updates, directives, and most importantly supports available during this time.

l) Continuation of robust and collegiate relations with our trade union colleagues. Weekly update meetings are held with the trade unions and in turn our directorates.

m) Creation of a draft remote working policy. Consultation is ongoing and includes a suite of comprehensive guidance notes to assist managers with implementation of the policy.

n) Successfully managed the COVID-19 mailbox and responded to all employee enquiries within very short timescales.

o) Management of over 150 referrals to our occupational health provider ensuring the health and wellbeing of ours staff remains a primary concern.

p) Contributed significantly to the success of over 2,000 remote workers.

3: Digital Strategy and Digital Learning Strategy

The Digital Strategy ensures that the ICT infrastructure and facilities are fit for purpose and that they effectively and efficiently underpin delivery of Council Services and align with the Single Midlothian Plan and the National ICT Strategy for Scotland.

Midlothian's Digital Learning Strategy is central to the Council's aim of delivering a world-class education system. It is closely aligned with Scottish Government's policy and advice on digital learning and it also articulates with key national and local priorities.

Midlothian's strategy covers 4 key aspects associated with learning in the digital age: Curriculum, learning and teaching; Leadership and professional learning; Digital participation and Infrastructure

Achievements

a) Significant achievement by Digital Services in the response and deployment of a range of Digital solutions and technologies to support the Midlothian Council COVID19 pandemic response. Implemented a number of transformational projects council wide (migrated 2,200 User mail accounts, Implemented MS Teams, deployed in excess of 500 hundred digital and mobile devices (Laptops, Smartphones and Tablets). Delivered a range of digital solutions that allowed users to work at home with access to Council applications and services.

b) Planned and implemented significant changes to Customer and Contact Centre operation:- Phase 1 - facilitated changes to Midlothian House – extending Contact Centre operation to accommodate a 100 extras users along with changes to technology infrastructure. Phase 2 – created and deployed a virtual solution to allow the Contact Centre and other staff to work at home along with deployment of devices to maintain Council services at this critical time;

c) Provided a totally different model of support for staff who were working remotely and who needed access to critical council services along with maintaining business critical systems and applications;

d) Successful completion of financial year end activities (Open Revenues, Capita Housing etc.) whilst working remotely and dealing with Covid-19 disruption;

e) Digital Services User Satisfaction results (survey of all council users) - 5.6 out of 7 - improvement on previous year and above Scottish average of 5.3 out of 7;

f) Property Programmes: commissioning and/or decommissioning of a number of sites including internal redesign and configuration, along with work across the whole School estate at Hopefield, Sacred Heart, Woodburn (Ph2), Mayfield (Ph3) and all the additional requests for Early Years expansion (Vogrie, Scott Corner and others) to support the wider Property and School programme;

g) Digital Enabled projects: a number of new Business Applications have been implemented and these continue to improve the overall digital end user customer experience;

h) Continued Asset Management and Investment in Digital Foundations infrastructure and associated services – replacement of digital assets continues across the Corporate and School estate to improve the end user experience and reliability of aging assets;

i) CyberSecurity resilience: number of improvements made to the Council Cyber defences implemented enhancements to Firewalls and the regular review and maintenance of ongoing threats and risks. Implement Scottish Government CyberSecurity action plan. Compliance: Preparation and Planning of for PSN accreditation – certification now confirmed until April 2021; and

j) 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) ISS delivery plan was effective in securing further transformation in service delivery and ensured that the services were delivered within the approved budget. To put this change in context 2019/20 budget was circa £1.1 million less than the previous year.. There is further work to do to consolidate some of the changes and make permeant changes to the staffing establishment and this will be concluded in 2020/21.

b) Purchase to Pay
. Following the successful pilot of e-invoicing phase 1 of the roll out has been completed on-boarding a further five suppliers.
. Invoice Approval complete for:
o Adult Social Care (non-care) and Occupational Therapy
o Midlothian House (except HR)
o Property Maintenance Pilot (Servest Atalian AMK Ltd)
. Purchasing Card – Lodged/Virtual Card pilot complete at Newbattle HS kitchen for one supplier
. E-Forms – Supplier Changes Check and Purchasing Card Application now live
c) Sales to Cash
. Quick import complete for Music Tuition, Housing Repairs and Social Care Non-Residential invoices
. Quick import complete for customer creation
. Analysis and revision of product codes ongoing

d) Finance Transactions
. E-Forms for GL Chart of Accounts requests (creations and changes) live

e)Integra Making Tax Digital testing completed (live early January)
f) Migration of Condeco to Legend complete.
g) Mosaic – completion of workflows for RCRM.
h) Public Records (Scotland) Act – Progress Update Review 2019 - Recognition from the PRSA assessment team of the progress with the Records Management plan, Midlothian's commitment to our records management obligations and the ongoing work to bring all elements into full compliance.
i) Successful completion of Young Scot PASS audit and continued Approved status for Young Scot and NEC cards.
j) Successful mobilisation, supported by Digital Services, for Business Services and Employment & Reward to enable remote working to comply with response to COVID-19 guidance.

l) Development of Integra E-forms for BACS and Bankline payment to replace existing paper-based process to support and enable remote working and to maintain effective controls and financial givernance;
m) Development of CS16 workflows for COVID-19 Special leave and Sickness Absence reporting to replace existing paper based processes to support and enable remote working.
n) Successful implementation of solution to enable payments for Free Schools Meals to parents in response to COVID-19 guidance.

o) Introduction of virtual meeting protocol for virtual Council and Committee meetings.

02. Challenges and Risks

Towards the end of Quarter 4, the most significant challenge facing all services was the outbreak of the COVID 19 pandemic. This remains a challenge into 2020/21 and for the foreseeable future.

Financial Sustainability
Given the impact of COVID 19 on the Councils finances, the expectation of continuing challenging grant settlements, a real terms reduction in core funding together with the impact of a rapidly growing population and greater demand for services, the Council will need to maintain a focus on securing a sustainable and deliverable Medium Term Financial Strategy. This will include the evolution of the forward plans for HRA, Capital and Reserves. Delivery of savings plansis key and this needs to continue to be monitored closely though Business Transformation Baord and Steering Group and through the dedicated CMT Financial Monitoring arrangements. Values attached to proposals in the MTFS were reviewed further to ensure they sat correctly within a detailed delivery plan which was reflected in the final 20/21 budget recognising that 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
The need to continue to strengthen financial sustainability and financial management by:
a) Continue work on developing cost projections and savings proposals to update the Medium Term Financial Strategy;
b) Prepare financial monitoring reports for 2020/21 reflecting the impact of COVID 19 on the Council's Finances and continue to work with budget holders to maintain effective control over expenditure and with Chief Officers to develop plans which address and mitigate against overspends;
c) mitigating the financial impact of COVID 19
d) Work to develop cost projections and the implementation of any additional 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
f) Review of the Capital Strategy and the affordability of investment plans principally to reflect the ongoing review of the Learning Estate Strategy and recognising the role our investment plans have in supporting economic recovery;
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;
i) To ensure that the Capital plan and asset management board provides adequate scrutiny and oversight of capital projects to ensure projects are delivered as planned and so, minimise reported slippage in the capital plan.

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, the new leadership structure and detail the projected workforce actions over the medium term.

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) In light of the implementation of the senior leadership review revisions to the F&ISS workforce plan are no longer appropriate. A new service workforce plan and associated actions will be required for Corporate Solutions which also reflects the Medium Term financial Strategy (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) Ensuring the adoption of the revised Business Travel and Subsistence Policy across services, which brings a shift from the use of personal vehicles to pool electric cars and and a shift to virtual meetings and events;
h) 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) The pandemic response has changed a large part of Midlothian's digital foundation and how Council staff and citizens now use Council services as a result. There is still work to be done to ensure the changes that were made at speed to underlying business applications, technologies and processed are reviewed and consolidated to ensure wider stability and resilience can be maintained;
b) The reliance and the scale of change to the new norm has to recognise the importance that digital solutions plays in the overall transformational and business activities, further investment is required to ensure that these services and staff can be maintained at this critical time;
c) Remote workforce introduces significant security, compliance and support challenges – the radical shift to remote working has presented both opportunities and efficiencies and it has brought new challenges and risk. It's will be essential that staff are reminded of the risks of phishing emails social engineering and data protection. To date this has been done through Private I emails and written guidance notes. Ways to increase digital skills across the organisation also now needs to be explored;
d) Increased threat of cyber/security attacks, e.g. denial of service, ransomware/hackers is heightened at this time and is an ongoing challenge to mitigate risk and minimise service disruption;
e) Securing, maintaining digital skills and experience across the digital Service teams in order to be able to respond, deliver and protect the organisation;
f) Service restructure: this will have a direct impact on a number of underlying digital services and plans are being put in place within the associated work plans to address this. (Business Applications, HR & Finance, file and folders – new structure & permissions, phone system & website);

g) 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 is ongoing;

h) 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, Chief Officers and Service managers;

i) 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);

j) Pursuing the transformation of and innovation in service delivery by pursuing digital opportunities, including automation, artificial intelligence and Introduction of new ways of working supported by modern technology solutions etc.;

k) Securing a replacement for the end of life Customer Relationship Management (CRM) system which is central in transforming the customer journey.

4: Procurement
a) Completion of the Annual Procurement report;
b) Maintaining service provision in response to a significant staff turnover in the team;
c) To deliver and demonstrate savings through procurement by continuing to review and monitor performance;
d) Completing the Purchase to Pay project;
e) 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.
f) Progressing a review of the procurement arrangements across the council including exploring options for joint working with neighbouring councils.

Emerging Challenges:
The emerging challenge is addressing the financial impact of COVID 19 on the Council and as part of that to increase the pace in which change, improvement and transformation is being delivered. Ensuring that there is clarity on priorities and that strategic outcomes are clearly defined and articulated. Maintaining forward momentum amid a period of fundamental change.

Assessing the Government grant settlement and addressing the remaining 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 2021/22 and beyond.

Finance & Integrated Service Support

Midlothian

Successes and Challenges

Corporate Performance Indicators (latest)
🔴 7 ✅ 6 ❓ 0 📈 6

Service Plan Actions (latest)
🔴 11 ✅ 16 ❓ 0

Service Plan PIs (latest)
🔴 2 ✅ 1 ❓ 0 📈 3

Service Risks (latest)
🔺 12

Corporate PIs Off Target as at 31st March 2020

PIs 🔴 7

% of service priority actions on target / completed, of the total number

Performance against revenue budget

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

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

% of internal/external audit actions progressing on target.

Average time in working days to respond to complaints at stage 1

Percentage of complaints at stage 1 complete within 5 working days

Service Plan Actions Off Target as at 31st March 2020

Actions 🔴 11

Implementation of the Digital Strategy

Support Workforce planning principle by reviewing and refreshing recruitment policy to allow service specific recruitment initiatives

Focus on a root and branch review of the Council's Performance Management Framework to support the organisation to ensure it is used to drive improved services for our communities

Implementation of Digital Services Asset Management and Investment plans - Corporate / Schools

Deliver and embed the workforce strategy action plan to ensure that our workforce is positive, motivated, high achieving, well led and well managed

Compliance – Microsoft end of support on Windows 7(Jan 2020), W2K8 Server (Jan 2020) and SQL 2008 (Sept 2019

Implementation and upgrade of Core Digital Foundation infrastructure – Firewalls, Ms Exchange, Ms Office 365 and Schools Wi-Fi

Achieve the actions set out in the Purchase to Pay project plan, with the majority of sites, including schools and the roll out of Invoice Approval

Achieve actions set out in the Business Services Improvement plan

Achieve contract delivery targets set out in the Contract Delivery Plan

Focus on continuing to enhance the comprehensive suite of People Policies and supporting managers to work within the policy framework to drive change in the workforce.

Service Plan PIs Off Target as at 31st March 2020

PIs 🔴 2

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

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

High Risks as at 31st March 2020

Risks 🔺 2

10 Risks at Medium and 2 Risks are high

DS - Compliance - Regulatory, Contractual and Legal

DS - Computer Business Continuity Management

Key PIs
🔴 Off Target
✅ On Target
📈 Data Only Indicator
❓ Data is not yet available

Key Actions
🔺 Off Target
✅ On Target/Complete
❓ Data is not yet available

Key PIs
🔴 Off Target
✅ On Target
📈 Data Only Indicator
❓ Data is not yet available

Key Risks
🔺 High Risk / Medium Risk
❓ Data is not yet available