

# Scrutiny Committee

8 December 2015

## Cabinet Member Update: Finance & Resources



**Lead Member:** Councillor Warren Bennett  
Cabinet Member for Finance & Resources

**Lead Officers:** Susan Guinness  
Head of Shared Financial Services & Deputy  
Section 151 Officer

Garry Barclay  
Head of Shared Assurance Services

Mark Gaffney  
Director of Neighbourhoods, Environmental Health and  
Assets

## Cabinet Member Update: Finance & Resources

### Cabinet Portfolio Responsibilities

- ▶ Strategic Financial Planning
- ▶ Management and Development of the Council's Asset Portfolio
- ▶ Strategic Procurement
- ▶ Financial Governance
- ▶ Internal Audit
- ▶ Risk Management, Control and Assurance
- ▶ Emergency Planning and Business Continuity

### Cabinet Portfolio Links to Corporate Plan 2015/16

|                             |  |
|-----------------------------|--|
| <b>Priorities:</b>          | Efficient, effective and exceptional council   |
| <b>Objectives:</b>          | <p>9. Deliver value for money in all aspects of the council's work, through challenging processes, supporting our employees and delivering exceptional customer service.</p> <p>10. Work within a sustainable and robust Medium Term Financial Strategy.</p> |
| <b>Key Actions:</b>         | <p>23. Explore all viable options for income generation and financial savings in order to deliver the Council's efficiency agenda whilst protecting front line services.</p>   |
| <b>Measures of Success:</b> | <p>1. Council Tax</p> <ul style="list-style-type: none"><li>▶ 98% in year collection rate</li><li>▶ Council tax freeze</li></ul> <p>2. £500,000 total savings made, as agreed as part of the budget/ financial strategy.</p>                                 |

## Vision and Priorities of the Cabinet Member

My vision for the future achievements and priorities of my portfolio includes the following key messages:

- Continued delivery of a balanced budget.
- Continued effective management of financial risk.
- Maintain flexible service delivery to proactively manage change
- Development of clarity and financial awareness within member decision-making.
- Improving the connectivity between the Corporate Strategy and the Medium Term Financial Strategy.
- Providing an ambitious flexible approach to financial management and structure over the medium term.
- Maintaining consistently high standards of governance and internal control.
- Continued development of evidenced-based risk management.
- Maintaining efficient, agile emergency planning & incident response arrangements.
- Continue progress made for energy efficiency.
- Maximise property and asset related income.
- Provide fit for purpose estate.

## Portfolio Achievements

### FINANCIAL ENVIRONMENT

#### The Local Government Finance Outlook

The Shared Financial Services Team has played a pivotal role in managing the Council's approach to overcoming the financial challenges facing the Council. This is consistent with the national Local Government financial picture now and in the future.

We provide a Medium Term Financial Strategy while identifying any potential financial risk and support the development of a proactive budget savings plan. This allows us to maintain a balanced budget that requires recurring budget efficiencies, whilst maintaining and / or enhancing front line services.

#### Complex Technical Change

The Local Government financial environment is well into its 5<sup>th</sup> year of fundamental change on a financial technical footing. For example the introduction of the Business Rates Retention has increased financial risk on a continual basis. The Council has introduced sound processes and expert knowledge in order to effectively adapt to this fundamental new way of working.

The team are also gearing up to prepare the Council's year-end Statement of Accounts two months earlier than usual to meet the challenge of the new statutory deadlines.

#### Dealing with future risk and Adaptability - Efficiency

The service itself has also led by example with the efficiency agenda, achieving circa. £600k of actual budget savings in the services own budget, which equates to circa 35% of the original budget. (The £500k within the Corporate Strategy as above on page 2 refers to the Corporate Council wide budget efficiency programme).

## **FINANCE AND ASSURANCE SERVICE SPECIFIC ACHIEVEMENTS**

**The Business Improvement Plan (BIP) for the Shared Services** (Attached in Appendix One) partnership with Chorley Council is approved and published in January each year via the Joint Committee governance arrangements. To confirm the main achievements for the Shared Financial Services team (as listed in the 2015/2016 BIP) are as follows:-

### **Shared Financial Services as a whole**

- Successful progress towards Chartered Institute of Public Finance professional qualification.
- Successful delivery of both Councils' budget preparation processes for the past 8 years.
- Facilitation of a Business Rates Retention training session for the North West Region in partnership with LG Futures.
- Procurement Team winners in the Chief Executive's Awards.
- Liaison with the External Auditors to secure unqualified VfM (Value for Money) conclusion at both Councils.

### **Procurement Team**

- Completion of the original 5 year Joint Procurement Strategy with all targets achieved and/or exceeded.
- Adoption of new updated Joint Procurement Strategy (JPS).
- Assistance providing to both Councils to achieve efficiency savings through procurement.
- 100% Customer Satisfaction achieved in Survey.
- Professional procurement advice provided and significant level of support provided to the Waste Contract renewal at South Ribble.

### **Management and Financial Accountancy Services Teams**

- Providing the financial support for the initiation and ongoing support for the City Deal arrangements between South Ribble, Lancashire County Council and Preston City Council.
- Closure of Accounts and production of both Councils' statutory Statement of Accounts (SOAs) to the tight required statutory deadline with no errors. This brings the total of years completed to 6 and 12 SOAs produced incorporating all national, statutory changes required. No errors have been made in the 6 years' SRBC statements were produced which is an exceptional achievement. This high quality standard has been specifically acknowledged in the External Auditor's reports.
- Completion of base budget review at both Councils achieving budgetary savings contributing to balancing the overall Councils' budget.
- Introduction of new budget monitoring reporting and budget holder briefings arrangements to support devolved budget management.

### **Systems Development and Creditor Payments**

- Providing Systems Development expertise in an efficiency programme project to a Lancashire district council.
- Providing essential immediate helpdesk facilities to over 310 financial system users.
- Driving the initiative to support small and medium sized businesses by paying our invoices quickly. During 2014/15 to date, 81.72% have been paid within 10 days.
- Systems Development Plan – Achieving Payment Card Industry – Data Security Standard (PCI-DSS) compliance reducing the risk of fraud for our customers and preventing financial penalties for the Council.

## **The main achievements for the Shared Assurance Services team are as follows:-**

### **Internal Audit**

- Active participation in the Project Team for the implementation of the new Waste and Recycling Collection Service commencing in June 2015.
- Successful delivery of the Internal Audit Plan.
- Consistently high customer satisfaction scores for individual audits.
- Delivery of Fraud Awareness training “Doing the Right Thing” to over 300 officers at South Ribble and Chorley.
- Retention of ISO 9001: 2008 certification.

### **Insurance**

- Successfully negotiated a 2-year extension to both host councils’ insurance portfolios under Long Term Agreements (LTA’s) and currently managing the insurance renewal process for 2016.
- Maintained high levels of customer satisfaction for the administration and processing of insurance claims.
- Achieved the top rating following an extensive independently assessed audit of insurance administration by Lancashire County Council Internal Audit.

### **Emergency & Business Continuity Planning**

- Revised Emergency Planning procedures and arrangements to provide a more efficient Council wide response to an emergency notification.
- Updated the Emergency Plan and Flood Plan and provided targeted training sessions for key responders and other relevant staff.
- Coordinated and managed the Council response to a variety of emergency incidents and events.
- Implemented and established the use of the “Resilience Direct” emergency responder web portal, provided training for users and set up the SRBC document file store.
- Worked in partnership with other key agencies through the Lancashire Resilience Forum (LRF) to identify changes, best practice and relevant statutory requirements that may impact on the Council and develop appropriate actions and plans i.e. the new BAE Salmesbury Control of Major Accident Hazards (COMAH) site.
- Revised and updated the Councils Business Continuity Plans and commenced follow up training and testing activities.

### **Risk Management**

- Facilitated an extensive cyber and information risk management review to highlight any potential areas of vulnerability and assess the current risk exposure of the Council.
- Maintained oversight of insurance related property risk management reviews and subsequent improvement actions.
- Managed the maintenance, update and reporting of the Councils Corporate Risk Register.

## **The main achievements by Property & Assets are as follows:**

- Portfolio of investment property occupancy levels increased to 96% with increased income generation of £54,000.
- Capital schemes completed or nearing completion for Civic Centre lifts, Withy Grove pavilion re-roof and St Leonards Churchyard listed wall re-build.
- Reduced utility costs of £39,000 due to improved heating, ventilation system and procurement of energy.

- Business rates savings of £13,000 due to successful letting of empty properties.

## Future Portfolio Challenges / Emerging Key Issues

With regard to **Financial Management** the priorities and challenges for the coming years are:

- Development of the MTFS to include a long-term financial solution to the ongoing impact of the financial risk.
- Exploring the feasibility of different service delivery models to reflect the changing structure of Local Government and enhanced partnership working.
- Delivery of a balanced budget over the medium term post the Comprehensive Spending Review announcement and forthcoming Local Government Finance Settlement.
- Maximising income via the Council's investment assets and available cash balances by expanding and revising the Treasury Strategy.
- Development of financial knowledge for Councillors.
- Open and transparent financial disclosure as demonstrated in the context of the Transparency Agenda.
- Ensuring the MTFS accurately and effectively translates the priorities of the following documents into cash budgets:
  - i. Corporate Strategy
  - ii. Neighbourhood Plans
  - iii. Housing Strategy

The key challenges facing **Shared Assurance Services** going forward are:

- Implementing the new structure and embedding the revised staffing arrangements and changes to job roles.
- Responding to the challenge of "We're Going Digital" transform insurance back office procedures with the implementation of an electronic claims management system.
- Procurement of insurance policies to be effective from 1<sup>st</sup> January 2017 (2016 is the final year of the current five year long term agreements for insurances).

The main priorities of **Property and Assets** are:

- Strategic review of Property and Asset Portfolio to inform future opportunities and challenges.
- Maximise income from investment portfolio.
- Maintain energy efficiency performance.

## Overall Cabinet Member Summary / Comments

Due to the need to balance the books nationally, all Government departments have seen funding reductions over the last few years; local Government has been effected more than most. The administration has dealt with these on-going pressures whilst maintaining or improving performance and this achievement was recognised by the external auditors. We will continually strive to maintain this position.

I want to see clear links between the Corporate Plan and the Medium Term Financial Strategy, including actively supporting our Neighbourhood Plans. I will offer support to the new Housing Strategy to assist with deliver on those aims, in an ever-changing and challenging environment where effective partnership working is crucial.

I will arrange a training session to broaden the knowledge of Councillors in respect of local government finance. This will provide the knowledge base for Councillors to engage in evidence-based decision-making.

We need to proactively maximise income through the Council's assets. Due to the support of all members on the Council I have been able to implement the expansion of the investment options within the Treasury Strategy. The expansion will bring about a direct increase in interest payments once those changes filter through.

I am currently reviewing earmarked reserves to ensure we have adequately prepared for future requirements while ensuring we maximise the return on our strong balance sheet.

Following the results of an asset review I'll be bringing forward an Asset Disposal & Acquisitions Policy to deliver an appropriate and balanced portfolio.

## Recent Scrutiny Reviews Relevant to Portfolio

None relevant to this portfolio.

## Key Portfolio Documents / Background Information

- Shared Services Business Improvement Plan (BIP) 2015/16.
- Shared Services Performance Report 2015/16 as at 31/08/15.