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|  Overview & Scrutiny Committee 26 June 2018 | | Agenda Item No. 5 |
| Title | Finance – Service Area Update | |
| For further information about this report please contact | Mike Snow 01926 456800 | |
| Wards of the District directly affected | N/A | |
| Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006? | No | |
| Date and meeting when issue was last considered and relevant minute number | | |
| Background Papers | | |

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|--|-----|
| Contrary to the policy framework: | No |
| Contrary to the budgetary framework: | No |
| Key Decision? | No |
| Included within the Forward Plan? (If yes include reference number) | No |
| Equality Impact Assessment Undertaken | N/A |
| | |

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|--|-------------|--------------------|
| Officer/Councillor Approval | | |
| Officer Approval | Date | Name |
| Chief Executive/Deputy Chief Executive | 11/5/2018 | Andrew Jones |
| Head of Service | 11/5/2018 | Mike Snow |
| CMT | 11/5/2018 | |
| Section 151 Officer | 11/5/2018 | Mike Snow |
| Monitoring Officer | 11/5/2018 | Andrew Jones |
| Finance | 11/5/2018 | Mike Snow |
| Portfolio Holder(s) | 11/5/2018 | Cllr Peter Whiting |
| Consultation & Community Engagement | | |
| Insert details of any consultation undertaken or proposed to be undertaken with regard to this report. | | |
| | | |
| Final Decision? | | Yes/No |
| Suggested next steps (if not final decision please set out below) | | |
| | | |

1. **Summary**

1.1 This report brings together details of the Finance Risk Register, Contract Register, Budget, and service initiatives.

2. **Recommendation**

2.1 That Overview & Scrutiny Committee should review the Service Area Plan Performance 2017/18 attached at Appendix D and make observations on it as appropriate, being mindful of Appendices A-C.

3. **Reasons for the Recommendation**

3.1 Following several years of reviewing Service Contract and Risk Registers, it has been requested by members that the two registers for each Service Area should be considered together, along with details of the budget and performance for the relevant service.

3.2 Finance is the first Service Area to present a report to Scrutiny Committees that brings together:-

- Finance Risk Register
- Finance Contract Register
- Finance Budget
- Finance Performance report

3.3 Risk Register

3.3.1 The latest version of the Finance Risk Register is set out as Appendix A to this report. The register was last reviewed by Finance Management Team and Portfolio Holder in April 2018. The register is annotated according to the key on the final page of the register and reflect the fact that the register is a working document.

3.3.2 The scoring criteria for the risk register are subjective and are based on an assessment of the likelihood of something occurring, and the impact that might occur.

3.3.3 In line with the traditional risk matrix approach, greater concern should be focused on those risks plotted towards the top right corner of the matrix whilst the converse is true for those risks plotted towards the bottom left corner of the matrix. If viewed in colour, the former-described set of risks are within the area shaded red, whilst the latter-described set of risks are within the area shaded green; the mid-range are in the area seen as yellow.

3.3.4 Finance is responsible for a wide range of services. There are 33 risks contained in the risk register. These have been categorised as generic or service specific risks. However, as a support service it will be noted that many of the risks are effectively council-wide, reflecting how the function may be primarily managed by Finance on behalf of the rest of the Council.

3.3.5 There is one risk that is shown in the "red", 7. Loss / shortage of staff (leading to loss of skills, knowledge & capacity). This risk is currently shown as high due to the turnover within the Accountancy Team over the last year following a retirement in 2017 and another forthcoming in 2018. Whilst the retirements have been actively planned for, the situation has been exacerbated by the

shortage of suitable candidates. The Register shows the many measures being taken to manage this risk, with a view to reducing it.

3.3.6 Most of the risks are shown as “amber” in accordance with the Council’s risk scoring matrix. As with all the risks in the register, it is the controls and mitigations that are being undertaken to control the risk that are of importance. These reflect the tangible actions over which there is more control.

3.4 Contract Register

3.4.1 The latest version of the Finance Contract Register is set out in Appendix B. There are 21 live contracts listed.

3.4.2 Two of the most significant of these contracts relate to the Council’s integrated Financial Management System (Total Mobile) and the Revenues/Benefits Systems (Civica). The contracts for both systems are due to come to an end in 2021 and 2022 respectively. A project team is in place to consider the options for re-procuring the Financial Management System, with soft market testing being arranged with interested suppliers. Public sector frameworks are also being investigated for the procurement of the Revenues/Benefits systems.

3.4.3 The Council’s insurance contracts are due to be replaced in 2019. The Council’s Risk and Insurance Officer is working on the procurement plan with the Council’s Insurance Brokers. The brokers are informally working with insurance companies to promote interest undertake soft market testing.

3.5 Budget

3.5.1 Details of Finance budgets are included as Appendix C. This is based on the relevant pages of the Base Budget report that was considered by Members in November 2017, with these pages now being part of the Council’s Budget Book. With the Council’s accounts virtually closed, the opportunity has been taken to include the 2017/18 Actual Expenditure alongside the Budget for the year.

3.5.2 The figures Treasury Management and Investment have not been considered in detail here. However, these will be considered in more detail as part of the Treasury Management Annual Report to Finance and Audit Scrutiny Committee in July.

3.6 Performance

3.6.1 Details of the performance of Finance against the Service Plan were reported to Executive in April within the Service Area Plans for 2018/19 & Annual Performance Reports for 2017/18. The 2017/18 performance report has been updated to reflect the full year and is available as Appendix D. The 2018/19 Service plan can be found [here](#).

4. **Policy Framework**

4.1 **Fit for the Future (FFF)**

The Council’s FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council’s FFF Strategy.

| FFF Strands | | |
|---|--|---|
| People | Services | Money |
| External | | |
| Health, Homes, Communities | Green, Clean, Safe | Infrastructure, Enterprise, Employment |
| <u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities | <u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB | <u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/productivity of local economy Increased employment and income levels |
| Impacts of Proposal | | |
| The Benefits function directly helps to support people to be able to afford their homes. | The work by Finance assists to provide finances for all of the Council’s main services. | The work by Finance assists to provide finances for all of the Council’s main services. |
| Internal | | |
| Effective Staff | Maintain or Improve Services | Firm Financial Footing over the Longer Term |
| <u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours | <u>Intended outcomes:</u> Focusing on our customers’ needs Continuously improve our processes Increase the digital provision of services | <u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money |
| Impacts of Proposal | | |
| As a service, Finance is committed to developing and supporting staff to achieve their potential. | As a service, Finance is very committed to customer’s and making optimum use of digital technology. | The work of Finance includes managing the Council’s overall finances. This includes ensuring the Council’s finances are sustainable, and also that, as public money, all resources are properly used and accounted for. |

4.2 Supporting Strategies

There are several policies and strategies for which Finance takes the lead, with these being applicable across the Council. These primarily are:-

Code of Financial Practice
Code of Procurement Practice
Financial Strategy
Anti-Fraud Strategy
Procurement Strategy 2017-2019

4.3 Changes to Existing Policies

This report does not propose any changes to existing strategies

5. Budgetary Framework

5.1 Details of the Finance Budgets are discussed in para 3.5. and Appendix C.

5.2 In addition to managing the specific Finance Budgets, Finance also co-ordinate all other budgets as part of managing the overall finances of the Council. Budget reports are routinely considered by the Senior Management Team, with quarterly reports issued to the Executive. The next Executive report, is due in July which will detail the overall outturn; this will support the Statement of Accounts for 2017/18 which will be reported to Finance and Audit Scrutiny Committee.

6. Risks

6.1 Details of the Finance Risk Register has been included in para 3.1 and Appendix A.

6.2 Members will note from the report on this agenda from the Audit and Risk Manager considering Internal Audit reports issued in quarter 4 of 2017/18, that the Finance has been subject to many routine reviews by internal audit. The reviews in respect of Banking and Income Management (Paris) were awarded Moderate level of assurances. Where possible, the recommendations within these reports have been already acted upon, with plans in place for the other actions to be resolved. There were no "High Priority" recommendations within these reports.

7. Alternative Option(s) considered

7.1 As this report is primarily for information, at the request of the Scrutiny Committees, no other options are proposed.