

 Finance and Audit Scrutiny Committee 30 July 2019		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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?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		

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

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	24/6/2019	Andrew Jones
Head of Service	24/6/2019	Mike Snow
CMT	24/6/2019	
Section 151 Officer	24/6/2019	Mike Snow
Monitoring Officer	24/6/2019	Andrew Jones
Finance	24/6/2019	Mike Snow
Portfolio Holder(s)	24/6/2019	Cllr Richard Hales
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 Finance & Audit Scrutiny Committee should review the following documents and make observations as appropriate:-

- The Finance Risk Register (Appendix 1)
- The Finance Contract Register (Appendix 2)
- The details of the Finance Budget (Appendix 3)
- The Finance Performance 2018/19 (Appendix 4)

3. **Reasons for the Recommendation**

3.1 This reports presents a review of the Finance service and brings together :-

- Finance Risk Register
- Finance Contract Register
- Finance Budget
- Finance Performance report 2018/19

3.2 Risk Register

3.2.1 The latest version of the Finance Risk Register is set out as Appendix 1 to this report. The register was last reviewed by Finance Management Team and Portfolio Holder in June 2019. 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.

3.2.2 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.

3.2.3 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.

3.2.4 Finance is responsible for a wide range of services. There are 34 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.

3.2.5 There are two risks that are 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 two years following two retirements. Whilst the retirements

had 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. All posts have now been filled, with a new Apprentice post currently being recruited to. Until all staff are more established in their new roles, it is prudent to retain the likelihood of this risk occurring.

24. Qualified opinions; Late accounts; Late Government Returns. Members will be aware of the problems in signing off the audited accounts for 2017/18 and the subsequent actions being taken. Whilst the audit of the 2018/19 Accounts is progressing well, it would be premature to reduce this risk score.

3.2.6 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.

3.3 Contract Register

3.3.1 The latest version of the Finance Contract Register is set out in Appendix 2. There are 23 live contracts listed.

3.3.2 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. Following a recruitment process, a Project Manager is due to commence with the Council by August. Public sector frameworks are also being investigated for the procurement of the Revenues/Benefits systems.

3.3.3 The Council's insurance contracts are due to be replaced by November 2019. In accordance with the procurement plan for this contract, this contract is currently out to tender as part of the OJEU process.

3.4 Budget

3.4.1 Details of Finance budgets are included as Appendix 3. This is based on the relevant pages of the Base Budget report that was considered by Members in January 2019, with these pages now being part of the Council's Budget Book. With the Council's accounts now closed (subject to the current on-going audit), the opportunity has been taken to include the 2018/19 Actual Expenditure alongside the Budget for the current year.

3.4.2 The figures for Treasury Management and Investment have not been considered in detail here. However, these are considered in more detail as part of the Treasury Management Annual Report to Finance and Audit Scrutiny Committee also on this agenda.

3.5 Performance

3.5.1 Details of the performance of Finance against the 2018/19 Service Plan in included as Appendix 4. The 2019/20 Service Plan can be found within the reports to the Executive on 10 July 2019.

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.
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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 2019-2023

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 3.4. and Appendix 3.

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 August which will detail the outlook for the Council based on Quarter 1.

6. Risks

6.1 Details of the Finance Risk Register has been included in para 3.1 and Appendix 1.

6.2 Members will note from reports from the Audit and Risk Manager, that the Finance Service is subject to many routine reviews by internal audit. These are reported periodically to this Committee, along with progress on the respective recommendations/actions.

7. Alternative Option(s) considered

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