

APPENDIX 3

Contents

| | | |
|------------|---|---------|
| Section 1 | Introduction | Page 1 |
| Section 2 | Review of Past Year | Page 2 |
| Section 3 | Service drivers, trends and challenges | Page 3 |
| Section 4 | Performance | Page 4 |
| Section 5 | Service Plan Priorities for 2016/19 | Page 8 |
| Appendix 1 | Financial Services Staff Structure and Functions | Page 9 |
| Appendix 2 | Summary of Financial Services Plan for 2016/19 | Page 10 |

1. INTRODUCTION

This service plan sets out how Financial Services is committed to deliver high quality services and standards in an environment of severe economic challenges and shows how the service will assist the Council in meeting the Council's priorities and deliver outcomes for the community of Moray as detailed in the Council's 10 year plan. The service plan also shows how Financial Services will support the objectives detailed in the [Council's Corporate Plan for 2015-2017](#).

2. REVIEW OF THE PREVIOUS YEAR - 2015/16 Service Plan priorities

2.1 Priority 1: Support Financial Planning Process

The Accountancy Section play a key role in developing the Council's budget and savings strategy and the budget for 2016/17 was agreed by Council on 17th February 2016. Substantial work was undertaken by Corporate Management Team in identifying both temporary and permanent savings for the 2016/17 revenue budget. Accountancy Section undertook considerable work and contributed to this process. Supporting Elected Members, Corporate Management Team and Senior Management Team will continue to be a priority in the next two years as the Council is committed to working towards a sustainable financial position over the next two years.

Accountancy staff has been intrinsic in costing various proposals from Members and officers. They also closely monitor the delivery of approved savings and will continue to assist in the process to identify further savings of £14 million anticipated to be required for the financial year 2017/18.

2.2 Priority 2: Integration of Health and Social Care – Implement Joint Financial Arrangements

The new Moray Integration Joint Board for Health and Social Care was approved on 6 February 2016.

On 25th February 2016, the Board agreed to appoint Margaret Wilson, the Council's Head of Financial Services as the Chief Finance (Section 95) Officer for the Board for a temporary period of up to 18 months.

At its meeting on 30th March 2016, the Board approved the Financial Regulations, considered the Due Diligence work carried out by the finance team, Reserves Policy, Members Expenses Scheme and also agreed a budget for 2016/17.

The Council has still to reflect the practicalities of transacting with the Moray Integration Board within its own financial regulations. This action will be a priority for the service in 2016/17.

2.3 Priority 3: Providing best value for our customers by:-

- (i) *Implementing software upgrade to Financial Management system including the development of improved budget manager information.*

Financial Management System (FMS) upgrade was successfully implemented in January 2016. Budget Manager reports have been re-written and are now awaiting ICT to complete the electronic delivery issues before rolling out to Budget Managers.

- (ii) *Reviewing the processes of cash and card payments across the Council to identify efficiencies and a produce a council wide front to the people of Moray.*

With the transfer of responsibility for cash collection systems and processes to Payments, a project plan has been developed after a survey of all stakeholders was completed in January 2016. The Payment Card Industry Data Security Standards (PCIDSS) Certification has been concluded for the current year. Discussions are underway with Digital Services Group regarding the longer term project to develop digital payments solutions across the Council and will be a priority for 2016/17.

- (iii) *Developing budget manager training modules and Training modules for users of the Financial Management System to the Council's LearnPro system (CLIVE) to enable individuals to access training at their convenience.*

Financial Management System, user training guidance has been developed as has Budget Manager training. This work now needs assistance from HR on how best to present this within CLIVE (the Council's training system) to allow access online. This priority will be carried forward into 2016/17.

2.4 Priority 4: Producing Procurement/ Payment Efficiencies

- (i) *Implement the Scottish Government solution to e-invoicing in order and identify potential efficiencies in streamlining the payment process to meet statutory requirements of EU legislation.*

E-invoicing has been developed for the Council and a pilot is now up and running for one supplier. This has been fully tested and the service is now embedding the process before trying to engage other suppliers. This work will be undertaken in 2016/17 for the Financial Management System. However systems which are controlled by other services eg Stock and Store systems will be reviewed in 2016/17 to 2017/18 depending on services' other priorities.

- (ii) *Ensuring the Council meets the requirements of the Procurement Reform (Scotland) Act 2014 including monitoring and measuring the impact.*

Statutory guidance on the Procurement Reform (Scotland) Act 2014 was issued by the Scottish Government at the end of March 2016. An action plan has been developed and is in place for council's procurement team. A newsletter with an overview of the Act and implications for the Council has been distributed to all Council Lead Officers and CMT/SMT. An update for Members has been scheduled for May 2016. Implementation will continue until December 2016.

2.5 Priority 5: the purchase and implementation of a new HR/Payroll System

The procurement process was completed in January 2016 awarding a supplier from a Local Framework. The implementation plan has been finalised and agreed between the Project Board and the supplier. At the beginning of March 2016, the Project Team was appointed and have commenced the design phase, writing process maps in preparation for the build phase. This project will continue during 2016/17 with full testing and implementation due to be completed by February 2017.

2.6 Other Priorities

During 2015, a significant resource from the Accountancy Team and the Head of Financial Services were required to assist the Economic Development Service in reviewing files and evidence for the 2007-2013 LEADER programme in order to minimise the amount of European funding that Moray Council would have to repay. This work was finally completed in September 2015.

Accountancy Section have also been key to the evaluation process for consideration of various Community Asset Transfer (CAT) applications.

3. **SERVICE DRIVERS, TRENDS AND CHALLENGES**

- 3.1 The work of Financial Services can be broken down into the following activities:

Accountancy – this function is primarily responsible for the statutory accounting and budgeting activities of the Council, ensuring that the Council meets its statutory deadlines for the completion and reporting financial information. The function also provides financial information and advice to members and officers to assist them in making decisions.

Payments and Procurement – this function is a multi service section with a variety of responsibilities based around the payments that the Council makes and receives.

- 3.2 A current staff structure diagram is detailed in **Appendix 1** and also includes details of staff grades, budget and a list of the major functions undertaken by each of the sections.
- 3.3 The main objective for Financial Services is its statutory role of stewardship of the Council's funds. To facilitate this, the service develops short and longer term plans and strategies to assist the Council to deliver efficient and cost effective services. Over the next 2 years, this will be in an extremely challenging environment of significant budget reductions.
- 3.4 Financial Services has a lead role in the financial management of the Council's annual revenue and capital budgets of over £275 million covering both general fund and housing revenue account. This is underpinned by robust budgetary control procedures and the continuous review of our key processes to ensure improved efficiency and value added services. In addition to providing the corporate support for all Council's services, Financial Services also provides advice, support, and provision of financial systems to the Moray Integration Joint Board, the Grampian Valuation Joint Board and Scottish Veterans Garden Association.
- 3.5 The key strategies which set out how we will contribute to the delivery of the Council's priorities are:
- To ensure that available financial resources are targeted at delivering the Council's corporate objectives.
 - Support Members and Officers with financial information, which will assist in the implementation of the Council's measures to realise the budget cuts over the next 2 years.
 - Delivering the benefits of the corporate procurement strategy.
 - Providing financial support to the Council in delivering its obligations from the Community Empowerment (Scotland) Act 2015.
- 3.6 These strategies will be delivered in the environment of decreasing funds and budget cuts whilst implementing significant change programmes from new ways of working including digitisation of processes. The services risks and related mitigations are detailed in each section's service plan. The most significant of which are highlighted below:
- Increased workloads (in particular service managers) may affect the service's ability to deliver corporate projects whilst undertaking the day to day management of their services.
 - Acceptance of higher risks as a result of staffing efficiencies, may lead to reduced standards.
 - Additional staffing resources may be required to implement large or critical projects such as the construction of new schools, system interfaces to HR/payroll such as Carefirst and StaffPlan.
 - Staff turnover was high in 2015/16 for both sections resulting in an increased training requirement and to some extent a lack of experience which does affect the quality of outputs.

- Three key members of staff with specialist knowledge will be able to retire within the next three years.

4. PERFORMANCE

4.1 How we assess our performance

- 4.1.1 The principle of continuous improvement is embedded into the management and operational functions of Financial Services and we will continue to support the Council's aim of becoming one of the best councils in Scotland by setting challenging targets for our service to achieve, and by benchmarking our performance from year to year and where possible against other Scottish councils.
- 4.1.2 Performance is reported quarterly to Policy and Resources Committee (our service committee). We routinely monitor our performance and assess ourselves in a number of ways:

Key performance indicators

- Regulatory regimes and External Scrutiny
- Self-assessment
- Local performance indicators
- Benchmarking
- Customer feedback
- Employee feedback

4.2 Key Performance/Statutory Performance Indicators

- 4.2.1 Since 2013/14, the Accounts Commission, acting through Audit Scotland, began to monitor performance on a number of new key performance indicators relating to a variety of activities across the Council. These are known as the SOLACE Benchmarking Performance Indicators. These Performance Indicators, which focus largely, although not exclusively, on cost and value for money, include only one indicator relevant to Financial Services, namely:

Percentage of invoices paid within 30 days

The percentage of invoices that were paid within 30 days has increased significantly from 81.8% in 2012/13 to 88.0% in 2014/15 the Council has improved its rank by two places to 26th position from 32 Councils. By the end of 2015/16, this indicator has improved to 89.8% but the national position has not yet been published. The service continues to work with Senior Management Team to improve this performance but has particular challenges in reducing processing in some areas which will continue to be a priority in 2016/17.

4.3 External Scrutiny

- 4.3.1 PricewaterhouseCoopers were appointed the Council's External Auditors by the Accounts Commission in 2011 for 5 years. The Council's Annual Accounts are subjected to a full audit each year and the auditors give an opinion on whether they give a true and fair view in accordance with applicable law and the latest Code of Practice. The Council has been able to negotiate a reduction of 3% on 2014/15 fee because the efficiency of its yearend processes, in particular the quality of the working papers provided by Accountancy team.
- 4.3.2 The Procurement team were finalists in the Government Opportunities (GO) Excellence in Public Procurement Awards Scotland 2015/16 Awards for Innovation, for their development of the use of Public Contract Scotland – Tender System to support services and suppliers in the electronic tendering process.

4.4 Self-Assessment

- 4.4.1 Self-assessment is a key process within Moray Council and Financial Services, particularly in those areas where there are recognised national performance standards. It is also used as part of the Public Service Improvement Framework (PSIF) approach adopted by the Council.
- 4.4.2 Payments undertook a new version of PSIF (Lite) in 2014/15. Three sessions were chaired by a member of the management team and the findings were reviewed by a group of volunteers. An action plan was developed with a number of actions to address the identified weaknesses.

These actions are summarised below and incorporated into the service's individual improvement team plan for 2016/17.

- Improve ownership and the recognition of performance (good and bad for the whole payments service) as a standing agenda item for all individual team meetings.
- To incorporate progress on personal training plans into the ERDP process
- To develop workshops to share best practice both internally to the service and externally to departments.
- Cascade knowledge from external courses to all members of Accountancy Section as part of CPD training.

4.5 Local performance indicators

- 4.5.1 The Council has developed a performance management framework to ensure that appropriate scrutiny of performance is carried out. Financial Services

have a suite of outcome indicators which will be reported on an exception basis within the quarterly reports prepared for Policy and Resources Committee.

4.6 Benchmarking

- 4.6.1 Benchmarking with all other 31 Councils continues to be monitored through the production of the Director of Finance Performance Indicators. The results for 2015/16 will not be available until September 2016 but the 2014/15 indicators for Financial Services are shown below:

| Indicator | 2013/14 (Position) | 2014/15 (Position) |
|---|-----------------------|-----------------------|
| Cost of collection Sundry debtors as Percentage of Total Sundry Debt | £1.13 (28) | £0.9 (24) |
| Percentage Income received as percentage of Opening Debt | 83.38% (7) | 84.1% (11) |
| Proportion of Debt that is more than 90 days | 36.8 (15) | 41.9 (20) |
| Cost of payroll as percentage of total salaries paid | £0.36 (19) | £0.37 (21) |
| Percentage of salaries to total value paid correctly and on time | 99.86 (19) | 99.97(4) |
| Unit Cost per Creditor Invoice paid | £2.36 (23) | £2.20 (26) |
| Percentage of invoices paid within 30 days | 86.88% (27) | 88.0% (25) |
| Percentage of payments made by Electronic Means (by value) | 98.22% (15) | 98.34% (16) |
| Percentage of Actual Outturn to Budget | 98.8% | 97.58% |
| Professionally Qualified Staff as a ratio of £1million of Net Expenditure | 1:32 (32) | 1:32 (32) |
| Ratio of Financing Costs to Net Revenue for General Fund | 8.36% (15) | 8.20% (19) |

4.7 Employee Engagement and Feedback

- 4.7.1 Financial Services Departmental Management Team reviewed the findings for the 2015 Employees' Survey concentration on the areas identified for improvement. Managers then requested their teams to propose how these could be improved for the individual.

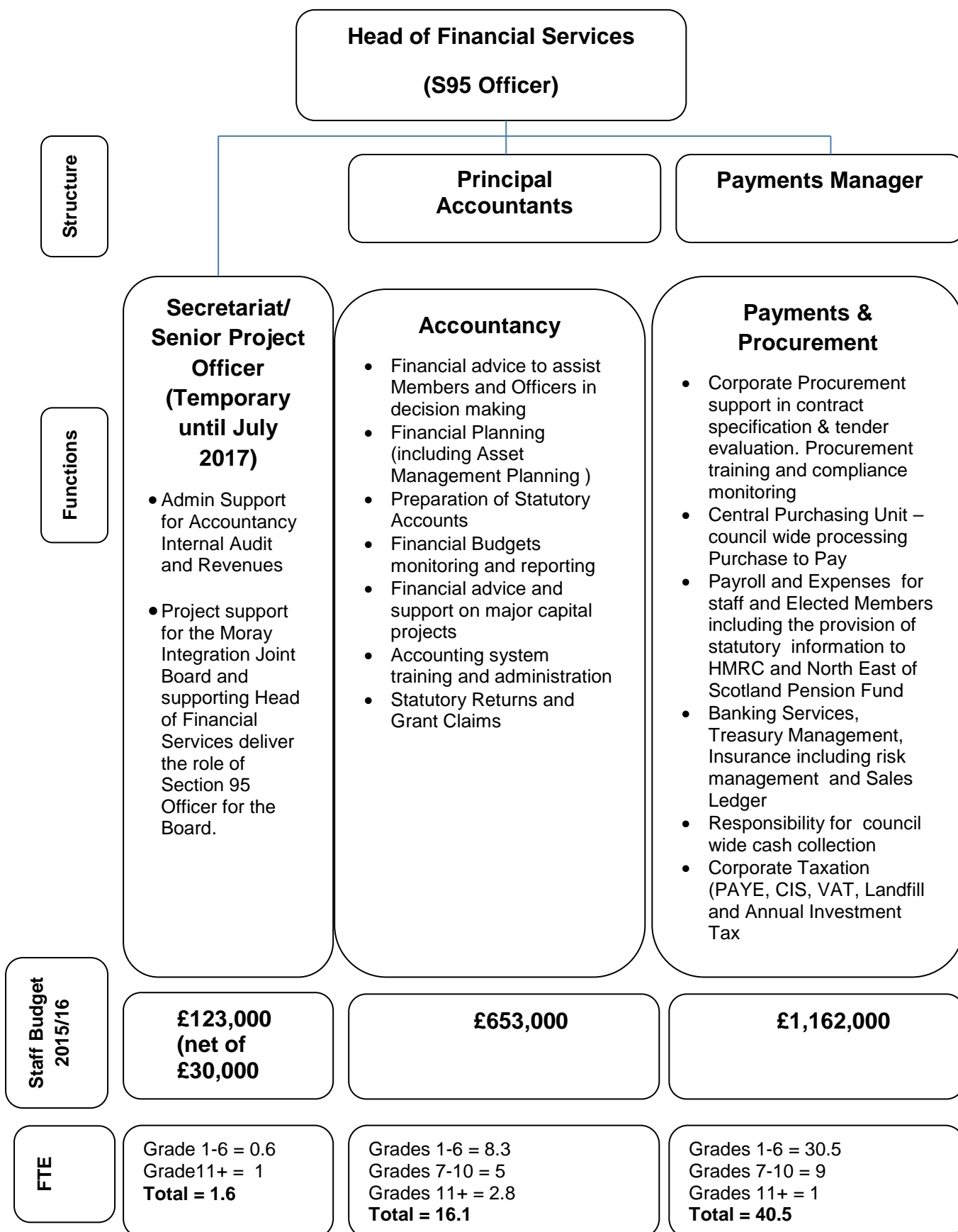
From this, Accountancy and Payments Sections produced action plans which include:

- Recognition of the issues that were highlighted as change management was related to legislation and turnover which both result in additional training requirements. In order to meet this challenge new ways of delivering training will be introduced.
- Changes to induction pack and process to highlight Payments Section's approach to continuous improvement. In particular, lessons learnt from weekly performance reviews

5. SERVICE PLAN PRIORITIES FOR 2016/19

5.1 Details are in **Appendix 2** but a summary is shown below:

- Priority 1: Support the Financial Planning process
Priority 2: Provide financial support the new Moray Integration Joint Board.
Priority 3: Implementation of a new HR/ Payroll system
Priority 4: Providing best value for our customers by:
- Upgrade and the provision of improved budget manager information
 - Providing options to customers for making payment to the Council
 - Development of budget manager training and FMS user training included in Council's training system (CLIVE).
- Priority 5: Procurement and Payments development by ensuring the Council meets the statutory requirements of the Procurement Reform (Scotland) Act 2014.



SUMMARY OF FINANCIAL SERVICES PLAN 2016/19

| Ref | Service Plan Action | Reason for this action and links to other plans and policies | Impact/ Outcomes | Lead Officer | Target Completion Date |
|-----|--|--|---|---|--|
| 1 | Support the Financial Planning Process: | Assist elected members and council services in setting the budget required to deliver the 5 priority areas detailed in the 10-year plan by providing accurate, timely and relevant information for decision making. | To develop a sustainable financial plan for Moray Council for the 3 years to 2018/19. | Head of Financial Services with CMT/ SMT | Ongoing throughout the next 3 financial years to 2018/19 |
| 2 | Provide financial support the new Moray Integration Joint Board. | <p>This action is linked to the council's 10 year plan and in particular the priority:</p> <p>Adults living healthier sustainable independent lives safeguarded from harm by the integration of Health and Social Care services.</p> | <p>i) Monitor and assist the Board's Chief Officer to manage and control the integrated budget for the new Joint Board and develop supporting financial processes and financial guidance to ensure sound governance and financial management of Council resources.</p> <p>ii) Undertake Section 95 Officer (Chief Financial Officer) role for the new Joint Board</p> <p>iii) Support the development of Procurement for the IJB</p> | Head of Financial Services with the Chief Officer of the Integrated Joint Board | June 2017 |

| Ref | Service Plan Action | Reason for this action and links to other plans and policies | Impact/ Outcomes | Lead Officer | Target Completion Date |
|-----|--|--|--|---|---|
| 3 | Implementation of a new HR/ Payroll system | Assisting the delivery of the Council's 10 year plan by ensuring that our support services are efficient and high quality. | Successful implementation of new system which reduces the level of manual intervention and produces effective management information | Head of HR /ICT with Head of Financial Services | February 2017 |
| 4 | Providing best value for our customers | Assisting the delivery of the 10 year plan by ensuring that our public services are high quality, continually improving, and responsive to customer needs. | i) Upgrade and the provision of improved budget manager information. ii) Providing options to customers for the payment to the Council iii) Successful development of budget manager training and FMS user training included in Council's training system (CLIVE). | Principal Accountants and ICT Payments Manager Principal Accountant (Training and Development) and Payments Manager | December 2016 March 2017 September 2017 |
| 5 | Procurement and Payments Development | Assisting the delivery of the 10 year plan by ensuring that our public services are high quality, continually improving, and responsive to local needs. | The Council meeting all the statutory requirements of the Procurement Reform (Scotland) Act 2014 | Payments Manager with SMT | December 2016 |