



Committee and date
 Council
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Item No

Report of the Portfolio Holder Finance & Corporate Support

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1.0 Introduction

1.1 This document identifies some of the work undertaken within the Finance Portfolio since September 2018 and details some of the aims and objectives for the future.

2.0 Finance

2.1 Financial Strategy

2.1.1 The Financial Strategy approved by Council on 28th February 2019 identified and proposed a combination of approaches to close the projected funding gap for 2019/20. These included raising more Council Tax as a result of new freedoms, putting forward further and extensive savings plans and the continued use of one off grants and reserves. These proposals for savings and council tax income were rolled into the projected expenditure and resources position.

2.1.2 In addition, changes to the value of the funding gap arose as a result of improved information including establishing final taxbase figures and collection fund outturns as well as changes brought about by the Final Local Government Finance Settlement which was announced on 29th January 2019.

2.1.3 Despite the use of one off grant to reduce the funding gap, a residual gap remained which was addressed through the use of earmarked reserves to deliver a balanced budget for 2019/20.

2.1.4 The financial strategy approved by Council did highlight the potential funding gap for future years, but given the uncertainty surrounding the funding levels for local government with the planned Fair Funding Implementation and reforms to Business Rates Retention, it is not possible to predict with any confidence the potential funding gap to be addressed.

2.1.5 The Financial Strategy for 2020/21 is to be considered by Cabinet on 16 December. This reflects announcements from the Government regarding the one off Spending Round announced in September 2019 and the impact of increasing growth in costs of Adult and Children’s Social Care. This has resulted in further savings being identified to reduce the funding gap and the need to go again use one off grants and balances to deliver a balanced budget for 2020/21. These proposals will now be the subject of the budget consultation and will be refined further over the winter months as more clarity is released with the Provision and Final Local Government Finance Settlements for 2020/21.

2.2 Financial Oversight

2.2.1 Over the financial year it is important to ensure that an oversight of the Council’s financial position is reported through to Cabinet. This is delivered by financial monitoring reports covering the revenue account, the capital programme and the cash position via treasury management updates. An overspend position was initially highlighted at Quarter 2 of 2018/19, and management action was employed including a spending freeze to bring the outturn position for the Council to an underspend of £0.167m.

2.2.2 The capital programme is being delivered and extended through a substantial number of additional, commercially focused schemes linked to the Financial Strategy. Details of these schemes will be reported over the coming months and progress monitored through quarterly reporting. One area that the Council is progressing well with is the delivery of the Digital Transformation Programme which will be substantially delivered within 2018/19. This programme is a major investment for the Council and it is pleasing that progress is being made well within the identified budget with the potential to deliver savings through increased efficiency running into the many millions.

2.2.3 The Treasury Management approach adopted by the Council continues to deliver above benchmark returns, providing additional much needed cash without undertaking unnecessary risk on the capital employed.

2.2.4 The Council’s current year revenue position is under strain as a result of pressures particularly within Adult Services and Children’s services. A spending freeze has again been implemented across the Council and we are looking at other initiatives to bring the projected overspend into balance before the end of the year.

2.3 Finance Services within the Portfolio

2.3.1 A number of initiatives have been or are being implemented by services directly within the Finance Portfolio.

- 2.3.2 Following the securing of a government grant worth £1.308m in 2017/18 a local discretionary business scheme was created during 2017 and this funding was allocated to almost 1,000 business across Shropshire. The scheme has continued to award reduced grant funding worth £262,000 to over 800 businesses across Shropshire for year 3 of the scheme. These funds help businesses cover the transitional costs of business rates revaluation from April 2017 and is an important boost to Shropshire’s business economy.
- 2.3.3 Changes to the Councils business rate discretionary rate relief policy, that was reviewed during 2018 with some amendments, have been applied to affected businesses with effect from 1 April 2019.
- 2.3.4 Revenues and Benefits have continued to implement an ambitious program of transformation in the way it interacts with council taxpayers, business and benefit claimants. We currently have 16,500 council tax accounts set up for e-billing (11% of accounts) and 2,500 businesses set up for e-billing (20% of accounts). We have recently introduced e-notifications for housing benefits and just under 500 claimants have already signed up for this (4% of housing benefit caseload). From April 2019 to October 2019 there have been over 8,000 customer updates on the Revenues online customer portal, including just under 3,000 direct debits. For the same period 1,130 new benefit applications have been received on the Benefits online customer portal, which equates to 45% of all new claims received in the period.
- 2.3.5 For the 2018-19 financial year the Revenues and Benefits Service achieved a 98.2% collection rate for council tax collection which is the 8th highest out of 56 Unitary Authorities. This was achieved despite it being the first year that we had implemented the 20% minimum payment to our council tax support scheme. The team also achieved a 98.8% collection rate for business rates collection which is the 14th highest out of 56 Unitary Authorities.
- 2.3.6 The Revenues and Benefits Service ensured that for 2018/19 £452k was spent in discretionary housing payment against total grant funding of £483k (93.5%).
- 2.3.7 For the 2018-19 financial year the Revenues and Benefits Service achieved average speed of processing for new housing benefit claims of 28 days, and average speed of processing for housing benefit changes in circumstances of 6 days, against a national average of 21 days and 6 days respectively.
- 2.3.8 The Council’s Statement of Accounts and Annual Governance Statement was completed in line with the early closedown timetable for 2018/19 and published on the 1st August 2019 once the Council’s external auditors, Grant

Thornton, had issued an unqualified opinion on the accounts and an unqualified Value for Money Opinion.

- 2.3.9 The Council went live with the new Enterprise Resource Planning (ERP) system which involved the Finance function on 1 April 2019. The volume of transactions to be processed initially was more than anticipated as the new system centralises the processing of invoices and this initially caused delays in payments to suppliers as users of the system both within Finance and across the Council adjusted to the new system. The Finance team worked with service areas and suppliers to ensure payment was received as soon as possible and additional resources were brought into the team to help clear the backlog of transactions. Since these initial delays, the system has been working well and further guidance and training continues to be rolled out to service areas across the Council who may not have grasped the new processes as quickly as anticipated. As part of the ERP solution, the Finance team have also rolled out responsibility for budget monitoring to budget holders. This has been received well within service areas and Finance Business Partners have been supporting budget holders with the transition.
- 2.3.10 The Treasury team have outperformed their investment benchmark by 0.29% in 2018/19 and performance for the last three years is 0.29% per annum above the benchmark. Treasury activities during the year have been within approved prudential and treasury indicators set and have complied with the Treasury Strategy.
- 2.3.11 The Commissioning Development & Procurement service have, as well as providing support to the rest of the Council on a variety of tendering and recommissioning projects, continued to develop with senior officers a more consistent and efficient approach from commissioning and contracting. Work this year has focused on the delivery of negotiation training, key risk contract assurance and monitoring, savings from contract negotiations and contract management of key corporate expenditure including that on agency staff and office supplies. The corporate e-tendering system has been further developed with increased use of the Dynamic Purchasing System module used by Passenger Transport, Public Health and Property Services Group. Current work is focused on the contract savings through recommissioning, tendering and negotiations along with a Commissioning Improvement Programme.
- 2.3.12 In addition to the quarterly strategic risk update a risk workshop has taken place with Directors where all of the 16 strategic risks were challenged by Directors. All risk definitions, risk scores and target scores were discussed together with a discussion regarding the risk appetite of the authority. The latter confirmed that Directors felt the risk appetite for the authority is represented correctly in the Opportunity Risk Management Strategy. This position is then considered and reviewed by Cabinet Members.

2.3.13 The Risk and Insurance Team have carried out a tender exercise in respect of the insurance provision for the authority. The tender exercise has resulted in the change of provider for property insurance and has seen some savings on the premium charged. A five year Long Term Agreement has been entered into which will hopefully secure beneficial rates for five years in what is becoming a hardening market.

2.3.14 Following a restructure within Public Health following the departure of the Director of Public Health at the beginning of the year, responsibility for Emergency Planning has now passed to the Risk & Insurance Manager and the team are now known as the Risk, Insurance & Resilience Team.

2.3.15 Finally, it has been agreed that a full review of the base budget should be carried out. It is important that we address the budget framework alongside the Digital Transformation work so that the budget estimates for 2019/20 more closely reflect the future shape of the Council and the funding we have available. I am particularly keen to address the impact of change and to test the belief that the projected savings can be realised.

3.0 Legal and Democratic Services

3.1 Legal Services continues to support the corporate governance of the Council and the specific needs of the service areas. Various lawyers have been involved since the last update in advising and assisting with the numerous projects that are ongoing to deliver both the Commercial and Economic Growth Strategies and in the setting up of the Council's Housing Company. We continue to provide a strategic view on proposals we are asked to advise on and endeavour to identify any cross cutting issues or themes between different service areas. We champion mobile and agile working and many of the team spend at least as much of their working week away from the office as in it.

3.2 All service areas within legal are facing increased demands but for the third year running it is necessary to highlight the ongoing pressures in child care cases which have intensified yet further. Cases are becoming more complex and demanding and this has led to a sharp increase in the costs and measures are being formulated to address this.

3.3 The Elections team has had another busy year with two major unexpected elections, the European in June and the Parliamentary in December this year. There have been ongoing parish elections which are now resulting in nearly monthly by elections. The hard work that takes place annually on the electoral register is a continuing process. My sincere appreciation goes to this team for the sterling work they do. My appreciation also goes to the committee team, who work diligently and quietly to make sure all council meetings continue to run smoothly and in compliance with the law in the dynamic society we now live in.

4.0 Human Resources

4.1 Occupational Health, Safety and ICT Approvals

4.1.1 The Occupational Health, Safety and ICT Approvals teams have been focusing on improving our offer and support to customers through the following:

- Working with service areas to produce and implement H&S management systems including policies, procedures and arrangements.
- Development of our commercial officer to external customers, including Academies and external organisations.
- To fulfil contractual monitoring and support to Academies and external customers.
- To engage with service areas to ensure that health and safety compliance is in place through site visits, inspections, investigations and to review the existing Self-Monitoring Checklist to roll out to Premise and Team Managers.
- Raise awareness of workstation assessments for agile working in line with the Agile and Working Strategy.
- Support ‘Leap into Learning’ development for e-learning health and safety awareness courses across service areas.
- Support the implementation of Business World for the management of accident data, training bookings and course management and case management arrangements for occupational health.
- To continue to implement the Wellbeing Plan and facilitate three themes of Be Active, Be Mindful and Be Informed.
- Continued response to requests for support after notification of accidents and incidents.

4.1.2 Continued work to improve employee health and wellbeing has occurred as follows:

- The three themes to promote engagement with employees to support their own health and wellbeing has focused on ‘Be Active’, Be Mindful’ and Be Informed’
- A ‘Step Challenge’ was arranged in April/May to encourage employees to increase their physical activity by walking meetings, lunchtime walks and comparing their step achievement with colleagues.
- A six-week session was facilitated by external qualified teachers on Mindfulness to support employees to engage with self-help support in physical and mental health activities.
- Yoga sessions have been commissioned and offered to employees who purchase the sessions and can access the sessions after work.
- A podcast was developed and added to our Wellbeing Intranet pages on a Brief Guide to Mindfulness.

- Several mental health initiatives were developed and implemented:
 - A Mental Health Policy has been implemented.
 - Seventeen Mental Health First Aiders were trained and have been utilised around the organisation to signpost to services and support.
 - The 'Time to Pledge' (Led by MIND) Action Plan was founded and submitted for assessment.
- A Wellbeing Event was undertaken and well attended by employees in October to offer information to employees on health and wellbeing via stalls from benefit providers, counselling information, physiotherapy clinic for aches and pains, access to a range of therapies.
- Targeted support for musculoskeletal conditions from Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust for fast track access for employees to Physiotherapy Services.
- Currently delivering the 2019 programme of seasonal influenza vaccination programme to employees who provide front line care and support business continuity arrangements.
- Work continues to reduce overall cost of ICT systems and storage through our governance arrangements of reviewing requests for any new ICT procurements, ICT upgrades, or significant changes to existing ICT systems or software.

4.1.3 Health, safety and workplace health is reported regularly to the Health, Safety and Welfare group and the group continues to monitor progress against work plans, incidents including accidents, statutory compliance and approves all new health and safety guidance.

4.1.4 The focus for the coming year will be to continue to support initiatives regarding workplace wellbeing, reducing sickness absence, building our framework for workplace compliance and to continue developing our commercial approach of the teams.

4.2 HR Admin & Payroll (Recruitment and Payroll)

4.2.1 Phase 1 of the integrated HR, Pay and Finance system, Business World, went live on 1 April 2019. The system is used to pay corporate and maintained schools staff as well as expenses for Members. This is a huge change in the administration of payroll as it is based on a self service approach which has automated approval workflows rather than administration heavy procedures.

4.2.2 Members of the HR Admin and Payroll team have been supporting corporate and school staff with the system processes and have also been suggesting further improvements to the system which have been implemented. It is

important to note that the system will continue to be developed to ensure that Business World remains a system fit for our needs.

- 4.2.3 Payroll processes have been reviewed and continue to be reviewed to realise efficiencies which currently has resulted in less printing, reduced paperwork and reduction in postage costs. Further efficiencies will be realised once all customers are on the new system.
- 4.2.4 Academies and External contractors remain on Resourcelink as it was deemed appropriate to separate out these clients into phase 2 due to the different requirements these customers have. This phase is due to start in January 2021 and members of the HR Admin and Payroll team will assist with the development and testing of the system prior to implementation.
- 4.2.5 HR Admin and Payroll staff continue to work with Academies in streamlining the submission of information in Resourcelink, especially with MATs who have many schools under one umbrella, which has resulted in stronger working relationships.
- 4.2.6 A skills audit for the HR Admin and Payroll team is underway with initial findings prioritising the need to develop IT skills, customer service approach and payroll apprenticeships going forward. There is also an imminent need for Resourcelink support following a change in personnel within the team.
- 4.2.7 The first online recruitment portal has been successfully launched with a large MAT. The portal was developed in collaboration with the MAT and this model will now be used to take forward with other MATs/Academies.
- 4.2.8 There continues to be an eye on commercial activity with another two external contracts coming on line in the new year. However, it is a planned cautious approach to commercial activity due to the resource demands of running two systems.

4.3 HR Advice and Organisation Development

4.3.1 Upskill Shropshire (Apprenticeships)

The number of apprentices continues to increase utilising the funds from the apprenticeship levy. At the end of June 2019, over 200 applications were received from staff and 110 have converted into active apprenticeship starts, ranging from 12 months to 4 years in duration. An event took place on 12th November celebrating the successes for those who have completed their apprenticeship in the last 12 months, with the Apprentices of the Year Award being handed out for exceptional commitment, contribution and application of learning for the future

4.3.2 Leadership Programme

Over 100 leaders have now been through the programme, with a further 35 set to graduate from our third programme in April 2020. The programme content covers the key drivers of change: Digital Transformation, Commercialism, Agile and Mobile Working and Customer Experience taking account of external influences around national/local politics and enhancing Economic Growth for the county. Following the successful Leadership Conference in September 2019 (see below) plans are in place to create a Leadership Programme for Shropshire businesses (public and private) in 2020.

4.3.3 Commercial Opportunities

Shropshire HR is driving the authority's commercial agenda forward. In 2019, Shropshire HR has continued to attract income from an increasingly diverse external customer base. Forecasts for the current financial year (2019/20) suggest that Shropshire HR could generate a revenue as large as £1million.

In addition to providing annual and bespoke support services to organisations across the county, Shropshire HR has also developed and successfully delivered a large-scale leadership conference for business leaders across the county. The inaugural conference on the 19th September attracted over 190 delegates, world class speakers, and generated in excess of £25k income. Plans for The Leadership Conference 2020 are already in place, with the event promising to be 'bigger and better' in the new year.

Shropshire HR continues to review its business development plan, and will be continually adopting ambitious growth targets as part of its continued commitment to commercial excellence.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Financial Strategy 2019/20 to 2023/24 – Cabinet 13 February 2019, Council 28 February 2019

Financial Strategy 2020/21 to 2024/25 – Cabinet 16 December 2019

Financial Monitoring Report Quarter 2 2018/19 – Cabinet 28 November 2018

Financial Monitoring Report Quarter 3 2018/19– Cabinet 13 February 2019

Financial Monitoring Report Quarter 1 2019/20 – Cabinet 4th September 2019

Financial Monitoring Report Quarter 2 2019/20 – Cabinet 18th November 2019

Robustness of Estimates and Adequacy of Reserves – Cabinet 13 February 2019

<p>Fees and Charges 2019/20 – Cabinet 13 February 2019, Council 28 February 2019</p> <p>Estimated Collection Fund Outturn 2018/19 – Cabinet 13 February 2019</p> <p>Council Tax Resolution 2018/19 – Council 28 February 2019</p> <p>Financial Outturn 2018/19 – Cabinet 22 May 2019, Council 25 July 2019</p> <p>Statement of Accounts 2018/19 – Council 25 July 2019</p> <p>Treasury Strategy 2019/20 – Cabinet 13th February 2019, Council 28th February 2019</p> <p>Treasury Management Update Quarter 2 2018/19 – Cabinet 12th December 2018</p> <p>Treasury Management Update Quarter 3 2018/19 – Cabinet 13th February 2019</p> <p>Treasury Management Update Quarter 4 2018/19 – Cabinet 13th July 2019</p> <p>Treasury Management Update Quarter 1 2019/20 – Cabinet 4th September 2019</p> <p>Review of Non Domestic Rates Discretionary Relief and Council Tax Discretionary Discounts – Cabinet 4 July 2018</p>
<p>Cabinet Member (Portfolio Holder) David Minnery</p>
<p>Local Member All</p>
<p>Appendices None.</p>