

3rd November 2022

Agenda Item No. 7

Finance & Corporate Services Directorate Performance Report

Report by: Eileen Rowand, Executive Director

Wards Affected:

Purpose

To present the 2021/22 performance scorecard for the Finance & Corporate Services Directorate.

Recommendation(s)

Members are asked to:

1. Note the arrangements set out in Section 1.0 to fulfil the Council's obligation to comply with Audit Scotland's 2021 SPI Direction.
2. Consider the Finance & Corporate Services Directorate performance information presented in Appendix 1.

Resource Implications

None

Legal & Risk Implications

There are legal requirements highlighted within this report, linked to a risk of regulatory intervention if the Council does not adhere to the standards and expectations set by Audit Scotland.

Impact Assessment

An EqIA is not required because the report does not propose a change or revision to existing policies and practices.

Consultation

None required

1.0 Background

- 1.1 Audit Scotland published an update on Statutory Performance Direction in December 2021. The Council is required to report a range of information setting out:
- i. Its performance in improving local public services, provided by both (i) the council itself and (ii) by the council in conjunction with its partners and communities.
 - ii. Its progress against the desired outcomes agreed with its partners and communities.
 - iii. Its performance in comparison (i) over time and (ii) with other similar bodies including information drawn down from LGBF in particular and from other benchmarking activities.
 - iv. Its assessment of how it is performing against its duty of Best Value, and how it plans to improve against this assessment.

Below is a Link to the Direction Statutory Performance Indicators published in December 2021: - [SPI Direction - December 2021 \(revised\)](#)

2.0 Performance Reporting

- 2.1 The Directorate's current challenges and priorities are detailed along with risks. Appendix 1 to this report is presented in the form of a balanced scorecard covering the areas of LGBF/P4, Customer, Resources and Service Operations.
- 2.2 Finance & Corporate Services Directorate is performing well, even with an increase in demand for support from Directorates and dealing with recruitment challenges to retain staff with the required skills set in certain roles.
- 2.3 Service's workforce planning in 2022/23 and beyond will be essential to ensure challenges around core skill development, recruitment and retention of a reducing workforce are addressed.

3.0 Conclusion

- 3.1 This report highlights the key challenges risks and performance in relation to the items that the Finance and Corporate Services Directorate oversees. In general, performance is good in a challenging time however there is always room for improvement.

List of Appendices

Appendix 1 – Finance & Corporate Services Directorate Performance

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Current Challenges & Priorities

Key challenges over the past year include:

- Support Services have experienced an increased demand for their services and this is linked to the level of change and challenges that exist across the Council. Work has been advanced through the Directorate Change Board to capture the increase in demand and then to consider the need to prioritise activities. Demand for services is managed as part of the ongoing management of operational activities at a service level.
- A lot of good work was advanced on blended working and new ways of working during the year. This was part of the work advanced on 6 different workstyles across the Council with blended working being the most prominent for the Directorate. To date around 2500 employees have been identified as blended workers and a process has been ongoing to ensure they formally sign up, including issuing of equipment, access to blended working allowance and DSE provisions for working at home. Around 95% of those who are eligible have now signed up to this workstyle with 92% of eligible Finance and Corporate Services employees accepting. This has involved time and resource inputs from Services across the Directorate. Flexibility for all employee groups is recognised as a continuing focus within our agreed equality outcomes and at the same time ensuring that there is a strong focus on delivering services effectively.
- Optimising technology across the Council was critical during the Pandemic and the Council was in a strong position with the rollout of Microsoft Office 365 and other key technology. During the Pandemic, the shift to new ways of working was a key feature of our response and this was enabled through the technology that was in place. With a shift to home working and a corresponding need to work very differently on the front line, we have optimised the use of technology in terms of how we design work and deliver services. Whilst innovations in online services, new operating systems and digital transformation have been on our agenda for some time, the Pandemic enabled some of this work to be fast-tracked through our change plans. As a consequence of this, we have also recognised that an investment in our workforce is necessary to support the Council's digital journey and to develop a digitally confident and skilled workforce supported by strong digital leadership. We have responded to this by the formation of a newly established Digital Skills and Learning Team, which consolidates staffing resources from BTS and HR.
- Embedding Oracle Cloud to a business-as-usual state has drawn on resources. This is to be expected given that the Council moved to a new platform for Finance, HR, Procurement and Payroll within 2020. This was challenging due to the need to work remotely during the Pandemic and the scale of the change that required to be managed across the Council. This has led to resources being prioritised from Finance, HR, BTS and Revenue and Commercial Services as we continue to work through post-implementation issues. Work continues with services across the Council to help improve business processes and exploit system functionality.
- Across the Council, we are facing challenges in replacing several sizeable legacy IT Systems which were timetabled to run one by one, but delays caused by COVID mean they are now running concurrently. Supporting these system replacements will be challenging within current BTS resources. These system replacements will enable modern working practices and further transformation opportunities. Additionally, we expect demand on BTS resources for further system replacements and digital transformation work as Services seek to shift to cloud-based solutions and re-design services.

- There are a number of workforce issues facing the Council and the Directorate both supports work on these and manages the impact for the Directorate. Work around pay, recruitment, absence, health & safety and ensuring the wellbeing of employees are critical activities where there is a strong focus.
- Managing finances is another critical area for both the Council and the Directorate. The budget position and financial monitoring are reported to the Cabinet and the Scrutiny Committees.
- Supporting the new governance structure for the Council and delivering a training and development programme for members.
- Challenge of preparing a draft 2023 Valuation Roll for 30th November 2022 against a background of significant legislative change in non-domestic rating.

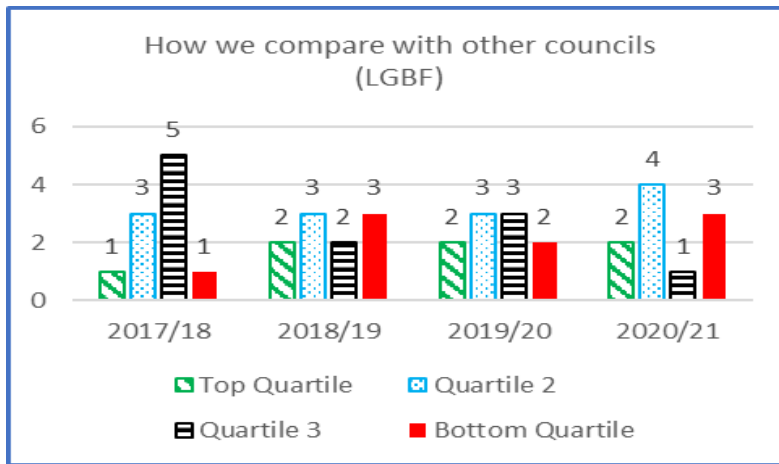
RISKS/EMERGING RISKS

The Directorate oversees the following strategic risks:

- **BTS004 ICT Failure** – a critical failure of council systems & information will not be available to support service delivery.
- **FC007 Legal and Regulatory Compliance**- the Council is unaware of changes to the national legislative, policy & regulatory framework.
- **FC019 Political**- There is a failure to adhere to the Council's governance arrangements by Members or a breach of the Councillors Code of Conduct.
- **FC020 Safety and Protection for cyber security**- We are not prepared to take action to minimise or prevent cyber-attacks or Serious Organised Crime.
- **FCS001 Financial Sustainability** - The Council - and its partners - fail to deliver Plan for Fife ambitions. The Council's Financial sustainability is compromised.
- **HR005 Health, Safety and Wellbeing** – (Managing to minimise) the risk of accident, injury or harm to a member of staff, service user, contractor, or other 3rd parties.

Cost of living, poverty and plans for a National Care Service are emerging risks for the Council.

KEY OUTCOMES (LGBF)



The Directorates is performing above average for several LGBF indicators, however, there are still areas that are challenging and our performance as a Council is below average. Further narrative on these indicators is detailed throughout this document.

Performance Indicator	2018/19	2019/20	2020/21	2021/22	Q1 2022/23
Support services as a % of total gross expenditure - Fife	4.76%	5.69%	4.51%	4.02%	N/A
% of highest paid 5% of employees who are women Fife	57%	57.60%	59.20%	60.70%	N/A
The Gender Pay Gap (%) Fife	1.90%	-0.66%	1.80%	1.70%	N/A
Sickness Absence Days per Employee (excl. teachers) Fife – Average WDL per FTE	13.1	13.85	11.83	15.29	15.50
Invoices sampled that were paid within 30 days (%) Fife	96.50%	96.90%	94.60%	93.80%	N/A
Procurement spent on local small/medium enterprises (%) Fife	35.50%	31.90%	37.20%	41.7%	N/A
Useable reserves as a % of Annual Budgeted Revenue Fife	7.80%	8.40%	17.30%	22.50%	N/A
GF Balance as a % of annual budgeted net revenue Fife	1.80%	2.30%	5.18%	3.33%	N/A
Financing Costs to Net Revenue Stream - GF - Fife	8.37%	7.79%	6.08%	6.39%	N/A
Financing Costs to Net Revenue Stream - HRA - Fife	20.23%	21.54%	21.98%	22.04%	N/A
Actual outturn as a % of budgeted expenditure - Fife	100.29%	99.60%	91.98%	93.64%	N/A

- The increase in Support Services as a % of gross expenditure in 2019-20 was a result of the additional costs of the Oracle Project Team which was employed during 2019-20. The implementation was delayed due to the COVID-19 outbreak and some costs continued into 2020-21. The percentage has reduced again in 2021-22 to 4.02% which reflects the reduction in Support Service staff as a result of both budget reductions and recruitment issues.
- Encouragingly we continue to see the gender balance in our senior posts move towards a more accurate reflection of our workforce as a whole in which 72% are female.
- The gender pay gap remains relatively low and below the Scottish Local Government average of 1.7%. HR are working across Directorates to achieve Equally Safe at Work accreditation. As part of this programme we will be looking at initiatives to address vertical and horizontal occupational segregation.
- Absence is the area where we are currently in the bottom quartile in comparison to other Councils. The level of absence has returned to and exceeded pre-pandemic levels. 2021/22 was the second year of the Pandemic when staff had not yet returned to business-as-usual. Significant numbers were still working from home, and this did reduce short-term occurrences of absence. Research has confirmed that the local impact of the Pandemic reflects national findings where the more significant the deprivation the greater the impact of the Pandemic and this includes higher absence levels for a range of reasons. Delays for medical intervention (operations and treatments) has unfortunately increased long-term (over 4-weeks) sickness absences.
- Fife Council has remained in the top quartile for the percentage of invoices paid within 30 days despite the challenges of changing to a new system. Future developments such as Optical Character Recognition (OCR) and a focus on further enhancements on activity for invoices will bring further improvements.
- As part of Community Wealth Building, spending with local suppliers is a key target and the Council has done well in achieving above 40%. Significant improvements have been made in recent years. The Scottish average is under 30% and there remains to be a strong focus on this area at both a political and officer level.
- The notable increase in the percentage of useable reserves in 2020-21 was as a result of significant underspends and additional funding received late in the year. The percentage has increased again in 2021-22 to 22.50% which reflects the level of underspends in 2021-22 plus the level of government funding still held in balances. The majority of this is either earmarked or committed.
- The level of general fund balances that are not committed for any purpose as a percentage of the budget increased to 5.18% in 2021 which is higher than the policy minimum of 2%. This was a result of underspends and additional funding for the Pandemic. The level has reduced to 3.33% in 2021-22 reflecting some additional investment agreed as part of the 2021-24 Revenue Budget and short-term investment agreed earlier in 2021-22.

- The financing costs to the Net Revenue Stream (General Fund) decreased from 2018-19 to 2019 -20 as a result of implementing the revised Loan Fund policy. This policy allows for the loans fund advances to be charged over a longer period of time such as the asset life which reduces the annual cost as the payments are spread over a longer period. The adoption of this policy is in line with the Scottish Government Loans Fund Regulations and most authorities across Scotland have now implemented this. For 2021-22 the percentage dropped further to 6.08% and has stayed fairly consistent at 6.39% for 2021/22.
- This financing costs to Net Revenue Stream (HRA) indicator has steadily increased reflecting increased capital expenditure on HRA and Affordable Housing, therefore there is an increased cost of covering the borrowing associated with these projects. This remains fairly constant at 22.04% for 2021-22 and is in line with the agreed levels per the HRA Business Plan.
- The actual outturn as a % of budgeted expenditure prior to 2021 was around 100% reflecting that Directorates more or less managed expenditure to their overall budgets. In 2020-21 the percentage decreased to 91.98% which reflected the impact of the Pandemic. In addition, a significant amount of government funding was received late in 2020-21 and had to be carried forward. The percentage of 93.64% reflects the levels of one-off government funding that is held in committed balances plus a change in accounting treatment for some ring-fenced grants.

CUSTOMER

Performance Indicator	2018/19	2019/20	2020/21	2021/22	Q1 2022/23
F&CS Stage 1 Complaints actioned < 5 days	93%	79%	95%	100%	100%
F&CS Stage 2 Complaints actioned < 20 days	98%	75%	100%	100%	100%

The Directorate has seen a reduction in the number of complaints since Council Tax and Housing Benefit operations transferred to the Communities Directorate to integrate with Customer & Online Services. The Directorate continues to process complaints timeously and takes appropriate action where appropriate in response to improving service.

- **100%** of Complaints were actioned within 5 days above the annual target of **90%**.
- **100%** of Complaints were actioned within 20 days exceeding the annual target of **85%**.

RESOURCES

This section examines the performance indicators for the Directorate rather than those for the Council that are reported as part of the LGBF regime. The most significant resource for the Directorate is staffing therefore the indicators relate to this area.

Indicator	2018/19	2019/20	2020/21	2021/22	Q1 2022/23
Finance & Corporate Services - Average WDL per FTE	11.17	10.51	8.15	9.77	10.12
Finance & Corporate Services – Long-Term WDL per FTE	6.81	6.32	4.95	7.36	7.26
Finance & Corporate Services Workforce who are Female (%)	76.20%	73.20%	73.50%	74.90%	N/A
Finance & Corporate Services Workforce who are Full-time (%)	77.70%	77.40%	76.50%	73.00%	N/A
Finance & Corporate Services Workforce who are Permanent Employees (%)	81.80%	76.80%	78.60%	95.60%	N/A
Finance & Corporate Services Employees aged 24 and under (%)	3.40%	5.00%	4.70%	3.70%	N/A
Finance & Corporate Services Employees aged 29 and under (%)	8.00%	10.20%	9.50%	8.10%	N/A
Finance & Corporate Services Employees aged 55 and over (%)	22.10%	24.40%	25.80%	29.40%	N/A
Finance & Corporate Services Number of Voluntary Redundancies (FTEs)	11	17	2	4	N/A
Finance & Corporate Services Number of WYI Programme new starts	9	5	0	5	N/A

Areas are highlighted below:-

- Our headcount by age range peaks at 50 – 54, and we have approximately the same number of staff aged 55 and over as we do under the age of 40. This demographic is seen across the Council. This is concerning as there is a desire to bring more young people into the workforce however this is limited given the stable state of the workforce.
- Post-COVID, workforce matters such as retention, recruitment, training and development, and wellbeing have come to the fore. Many Services in the Directorate have found it more difficult to retain skilled staff and attract new talent. Our workforce demographic highlights a risk of loss of talent through early retirement, not offset by strong recruitment in lower age bands. Our workforce strategy (Our People Matter) sets out our strategic commitment to addressing those challenges and our work in Services and at a corporate level on workforce planning explores and tests solutions.

- The Directorate has supported new starts through the Workforce Youth Investment (WYI) Programme. This has been very successful. Services were able to start 5 young people utilising WYI funding, including a Graduate Apprentice in BTS, a Trainee Paralegal and 3 Modern Apprentices in Business Support. However, this is small scale activity given the scale of the workforce.
- In 2020/21, our average WDL per FTE reduced largely as a consequence of the Pandemic when staff were in lockdown and the vast majority were working from home and supporting the crisis. In 2021/22, as we returned to work either in full or on a blended workstyle basis, our absence rate has increased but remains lower than pre-pandemic levels, perhaps in part due to the flexibility many staff have in the way they work.
- The long-term absence rates have increased. The profile of sickness shows an increased number and duration of absences for conditions requiring hospital or medical treatment. Long COVID is now a factor in long term absence rates.

The table below provides information on **Finance & Corporate Services** workforce data by Budgeted (FTE) for the current year and the last 3 years.

Budgeted (FTE) April 2019	Budgeted (FTE) April 2020	Budgeted (FTE) April 2021	Budgeted (FTE) April 2022	Difference in FTE 2021-2022
1,272.16	1,102.11	1,069.42	1,033.90	-35.52