

AUDIT AND GOVERNANCE COMMITTEE

11 MARCH 2022

FINANCE IMPROVEMENT PROGRAMME

Recommendation

1. **The Chief Financial Officer recommends that the report be noted and further updates be brought to the Committee meeting in September 2022.**

Background

2. An introduction to the planned Finance Improvement Programme was presented to the last Audit and Governance Committee in December 2021. This report provides an update on that programme and next steps.

Detail

3. The programme includes six projects aimed at releasing efficiencies in both Finance and other service areas, and facilitating 'self-serve' and 'automation':
 - I. **Accounts Payable** – *ensure more efficient and automated way to buy with fewer people, but higher skilled staff. This will start with re-engineering process for payments that follow the automated route and then pick up feeder system payments;*
 - II. **Income & Accounts Receivable** – *move more income collection to receipt of income at point before service and via a Centralised team improved income raising and more targeted debt recovery;*
 - III. **E5 and collaborative Planning** – *upgrade and more user-friendly front end, with removal of recharges unless essential to improve data and budget monitoring;*
 - IV. **Financial Regulations** – *ensure that rules governing meet business need and drive strong financial management, for example cannot buy without budget;*
 - V. **Revenue Budget Monitoring** – *move to risk assessed self-service by budget holders and more check and challenge from Finance linked to performance / activity data; and*
 - VI. **People** – *workforce planning for staff to help manage succession and reductions.*
4. In addition, there is a seventh project that is part of a wider resources programme to review and improve the Council's Intranet as a single point of access and learning tool for users and managers. Within that therefore we will have **My Finance** project that

will create a user (*Finance staff and clients*) friendly tool around to training, document deposits, self-service and more.

5. The key actions expected in this quarter were the E5 Upgrade and draft Financial Regulations. The following paragraphs provide members with an update, including these areas.

- E5 and collaborative Planning –

6. The upgrade of the general ledger was due to Go Live late February 2022. Whilst testing and preparations had gone well up to December 2022 there were three critical failures identified in January 2022, these included the collection of direct debits. As such the Strategic Board considered the risk of Go Live and potential alternative dates, against the risk of rescheduling.

7. One of the lessons learnt from the original Go Live of the system was that this go / no go decision in 2016 had not considered sufficiently the risk to such factors as the closedown of accounts. That decision had led ultimately to the accounts sign off being delayed. The Board was very aware of this fact and the close proximity of the planned Go Live date of the upgrade against the risk was assessed. Whilst there is a risk of lack of supplier support for an older version of the system as we are not changing and we have the system backed up every day, this was felt minimal.

8. As such the Board took the decision to delay the upgrade until after the production of the Accounts and between that time and the External Audit commencing. A date has thus been agreed with the system supplier for 20 / 21 June 2022. This also enables time to rectify failures as well as managing the well-being of the team. A verbal update will be provided at the next meeting.

9. A number of the developments across the other projects within the programme were dependent on the new functionality arising from the upgrade, as such we are currently revising the work programme for those areas. As such, it is proposed that a full update on the Programme be brought to the September Committee to allow time for progress to be reported.

- Financial Regulations –

10. The Chief Internal Auditor has drafted a number of proposed changes. These are mainly cleansing changes as a fuller constitutional review has been delayed. This does though feed into other work to be carried out in other projects within the programme, such as the debt strategy. It is still hoped that these changes can go to June/July Council.

- People –

11. The Financial Operational Services (FOS) undertook a full restructure as part of the programme to redesign services, allow for workforce development and future efficiencies. The consultation started early in January 2022 and closed at the end of February. There were no significant changes arising and the leadership of that function is now progressing with interviews to fill the new posts. As such there is little more to report. In the next two quarters this team will begin succession and workforce development plans, as well as take on new responsibilities and changes. All staff will

have as a result a workforce plan for the coming years by September 2022. This programme will then be rolled out across other Finance functions during 2022.

- Income & Accounts Receivable.-

12. Focus in the last quarter has been on chasing debt and an improved debt report being drawn up to issue to each directorate. Going forward the Strategic Leadership Team (SLT) have agreed that all services will contribute 5% of any debt needing to be chased greater than 90 days to the running of the debt team. As such this is hoped to motivate budget holders to work with FOS to prevent debt arising. Looking forward the team are focused on a number of process improvements over the next six months, including:

- Establishing a clear point of sale to bring the way income is raised into one central process.
- Working with the Internet development team to increase and improve the on-line payment facilities.
- Investigating a number of options to support a more streamlined and cost effective solution that will facilitate paperless direct debits and enable payment over telephony as well as the web.
- Investigate alternative recovery solutions and understand appetite for working with external collection agencies for particularly challenging debts.

- Accounts Payable

13. Several reviews have been undertaken of the post system with a view to automating and stopping various paper elements of the process. This also extends to income and debt. The recommendations from these reviews will be implemented across the next two quarters and a reduction of 1-4 days FTE a week is expected.

- MyFinance

14. The Council has procured a partner to redesign the Internet Webpages, as such the intranet is struggling for resources and has slipped. Senior officers are reviewing actions to see what can be done to progress the project without delay until the end of 2022.

- Revenue Budget Monitoring –

15. This project was set to conclude in October 2022, however the deferral of the E5 upgrade has pushed this project back until April 2023. However, work has been brought forward to align and do a parallel review of Capital as well as revenue monitoring and as such Capital monitoring is now ahead of the scheduled review of 2023.

Next steps

16. The Strategic Board is meeting every six weeks to review progress and it is proposed that due to the timing of the E5 upgrade and closedown of accounts to bring an update and next steps report back to this Committee in September 2022. That way

progress on the back of the E5 upgrade shall be possible. However, a verbal update on the implementation of E5 will be provided at the July Committee.

Legal, Financial and HR Implications

17. The cost of resourcing this Programme, including MyFinance, of £0.3 million was approved by SLT and is funded from the Transformation Reserve. This programme is currently thus funded and due to pay back within 18 months.

Contact Points

Specific Contact Points for this report

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Background Papers

In the opinion of the proper officer (in this case the Chief Internal Auditor) the following are the background papers relating to the subject matter of this report:

Agenda papers and Minutes of the Audit & Governance Committee on 3 December 2021