

EAST RENFREWSHIRE COUNCILCABINET18 August 2016Report by Chief ExecutiveCHIEF EXECUTIVE'S OFFICE END YEAR PERFORMANCE REPORT 2015/16**PURPOSE OF REPORT**

1. The purpose of this report is to present a summary of performance of the Chief Executive's Office for 2015/16. Detailed performance results are attached in Annex 1.

**RECOMMENDATIONS**

2. It is recommended that Cabinet approves this report as a summary of the Chief Executive's Office's end year performance for 2015/16 (Annex 1).

**BACKGROUND**

3. The Chief Executive's Office led by Lorraine McMillan comprises

- Accountancy services- Margaret McCrossan (Head of Accountancy and Chief Financial Officer),
- Legal and procurement services- Gerry Mahon (Chief Officer of Legal and Procurement)
- Internal Audit- Michelle Blair (Chief Auditor)

**REPORT**

4. The Chief Executive's Office performed generally well throughout the year. It has been a busy period for staff from all areas of Chief Executive's Office providing support to a wide range of projects including Barrhead High, new faith schools' joint campus, Eastwood Health and Care Centre, new Clyde Valley Residual Waste contract, City Deal, the Culture and Leisure Trust and the further development of the Integration Joint Board. All targets were met with the exception of timescales for invoice processing and an improvement project is underway to resolve this issue.

Main highlights include:

- External Audit (Audit Scotland) placed reliance on the work of the Internal Audit service.
- Strong financial position which was verified by External Audit (Audit Scotland). Accountancy met timescales for reporting and improved the amount of financial information given to Committee.

- The legal and procurement teams have supported a wide range of changes including the Culture and Leisure Trust and Integration Joint Board as well as several large capital projects including Barrhead High School, new faith schools' joint campus, Eastwood Health and Care Centre, Clyde Valley Residual Waste contract and City Deal.

## **CUSTOMER**

5. A recent elected members' survey indicated positive results, with no dissatisfaction with any feature of the accountancy service. The annual accountancy survey of internal customers showed 97% satisfaction with revenue accountancy services.

6. The annual legal services survey of internal customers showed 94% satisfaction rating with the level of service provided with 94% of respondents agreeing that legal staff understand the issues faced by their service.

7. The internal audit service carried out an annual survey to find out views amongst senior management of their service. There were 25 responses and 96% satisfaction with their service.

8. The number of complaints made about services delivered by the Chief Executive's Office were low with an overall total of eleven complaints during 2015/16. We continue to review all complaints against existing business practices to enable continuous improvement.

## **EFFICIENCIES**

9. The Council continues to monitor its financial position and the challenges to service delivery in the future from increased demand and reducing resources. The Council has identified that it needs to make savings of £20.3 million over the next 2 years in order to bridge its identified funding gap.

10. The annual accounts are still subject to an external audit but at year end (2015/16) there was an overall surplus of £2.595m. The non earmarked general fund reserve balance was £8.880m as at 31 March 2016 which complied with the Council's policy of maintaining reserve levels at 4% of the annual budgeted net revenue expenditure. Therefore the Council continues to demonstrate its track record of strong financial management by maintaining its sound financial position. This will assist in taking forward necessary one-off transformation investment designed to generate ongoing revenue financial savings. As a result of the economic climate and the lack of capital receipts, it is difficult to maintain capital investment. The level of capital reserve held however will assist in maintaining the capital plan.

11. The amount and quality of financial information improves year on year. Elected members receive six revenue monitoring reports to Cabinet each year, setting out financial performance against budget for all services and highlighting reasons for major variances. In 2015/16, the frequency of year end forecast information in these reports has been increased so that all reports now incorporate a forecast of the year end position for each service. In addition, managers receive revenue monitoring reports every four weeks to assist them in managing their budgets. Councillors also receive five capital monitoring reports to Cabinet each year. These reports set out progress both at service and individual project levels and from 2015/16 have included additional information explaining reasons for significant variances.

12. During 2015/16 the accountancy service worked to support major development initiatives across the Council including City Deal and the replacement Barrhead High School. New financial arrangements were also put in place as a result of the establishment of the East Renfrewshire Culture and Leisure Trust and the Integration Joint Board. As a consequence of the IJB, the HSCP finance business partner team transferred from Accountancy to HSCP on 1 April 2016.

13. Unfortunately the performance indicator for processing invoices within 30 days is significantly below target. During 2015/16, significant efforts were made towards modernising invoice processing by the implementation of an electronic document management system (Info@Work). This has involved a real change to the way in which creditors staff deal with invoices. Although the long term implementation of this will help improve invoice processing, the short term result and associated training together with a range of staffing issues has contributed to not meeting our target. In summer 2015, there were also a significant number of HSCP invoices which were subject to rigorous checking as part of an improved reconciliation process and this affected the timeliness of the performance indicator. In February 2016 the creditors team transferred to the Corporate and Community Services Department where more resilience can be offered to support this function. The invoice processing performance has already improved in 2016/17 and continues to be closely monitored.

14. The [new contract standing orders](#) were approved by Council on 20 April 2016. The orders have been simplified, making them much easier to implement and understand. Meanwhile the corporate procurement team is working hard to prepare for the new national Procurement and Commercial Improvement Programme (PCIP) which recently replaced the Procurement Capability Assessment. East Renfrewshire Council is scheduled to undertake their PCIP assessment in September 2016.

15. In 2015/16 the Council worked with the Scottish Government to renew the telecommunications contract. The contract was awarded to Vodafone and significant procurement savings were realised. The move from O2 to Vodafone has been managed between staff from corporate procurement, ICT and PMO with the majority of users now transferred to the new service provider.

16. During 2015, the Council dealt with 1,011 requests under the Freedom of Information (Scotland) Act 2002 and the Environmental Information Regulations (Scotland) 2004. The Chief Executive's Office responded to 93% of FOI requests within the target time of 20 working days. There were 69 FOI requests during 2015 for Chief Executive's Office (34 Legal, 25 Procurement and 9 Accountancy).

17. The legal team continues to support a wide range of capital projects, differing service delivery structures and new government initiatives. Staff in legal also continue to work closely with departments to provide advice and support on legislative changes e.g. HSCP changes to permanency rules.

18. Internal audit activity during the year was undertaken in accordance with the annual internal audit plan. The result of internal audit's progress against the annual plan is reported quarterly to the Audit and Scrutiny Committee. The 2015/16 plan was successfully completed with 100% of planned outputs delivered.

19. The strategic risk register was updated on a 6 monthly basis and was last presented to Cabinet on 24 March 2016 and Audit and Scrutiny Committee on 3 March 2016. Operational risk registers are in place and risk management training is available from the corporate training calendar. The Corporate Risk Management Group met regularly throughout the year covering topics such as workforce planning, the IJB and City Deal. A course on option appraisal was delivered to a range of managers across the Council and guidance re-issued to staff.

## PEOPLE

20. During 2015/16, 11.04 days per employee were lost through absence in the Chief Executive's Office which was just below the council target of 12 days. There were 15.4 days lost per employee in Accountancy (mainly long term), 9 days in Procurement, 2.9 days per employee in Legal and no days lost in Internal Audit. All managers in accountancy attended the maximising attendance training over the past year to ensure that everyone was fully aware of the procedures and support available to staff and managers.

21. The Chief Executive's Office has embarked upon a significant change programme (Modern Ambitious Programme). A significant review of accountancy services is underway which will lead to a structure which will support modern financial management, processes, regulations and systems. The corporate procurement team is also undertaking a strategic review of procurement to identify the future requirements of the Council. The legal services team is evaluating how technological improvements could modernise ways of working in areas such as speech recognition and case management, workflow and automated time recording.

22. A new network called [Digital Professionals-Excel](#) staffed by volunteers across all the Council is helping to mentor and improve excel skills amongst Council and Culture and Leisure Trust staff.

## PUBLICATION OF END YEAR PERFORMANCE INFORMATION

23. A version of this report will be posted on the Council's website.

## FINANCE & EFFICIENCY

24. There are no specific financial implications arising from this report. The Annual Efficiency Statement which is due to be discussed at this meeting will provide more detail on achievements.

## PARTNERSHIP WORKING

25. This report highlights the Chief Executive's Office's contribution to the delivery of the Partnership SOA. Whilst it focuses on the Office's contribution, many of the results could not have been achieved without excellent partnership working.

## **IMPLICATIONS OF REPORT**

26. As this report is primarily a progress and performance update, there are no particular implications in terms of staffing, property, legal, IT, equalities or sustainability. Each of these issues has been mainstreamed throughout the departmental reports and specific equality impact assessments have been carried out on the Outcome Delivery Plan and the Single Outcome Agreement.

## **CONCLUSION**

27. This report provides an overview of the Chief Executive's Office's performance at year end 2015/16. The Council reported an overall surplus of £2.595m and continues to maintain a prudent approach to financial management recognising the challenges to service delivery in the future from increased demand and reducing resources.

## **RECOMMENDATIONS**

28. It is recommended that the Cabinet approves this report as a summary of the Chief Executive's Office's end-year performance for 2015/16 (Annex 1).

## **REPORT AUTHOR**

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21 July 2016

## **KEY WORDS**

This report sets out the performance at end year 2015/16 for the Chief Executive's Office. The keywords are: "Performance management, end year performance, outcomes"

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# Service Plan

## Chief Executive's Office

### 2015/16



#### Description

Chief Executive's Office

**Date** April 2015 - March 2016

**Owner** Lorraine McMillan

#### 1.1 Brief outcome-focused summary of the service

To provide an efficient and effective Chief Executive's Office for East Renfrewshire Council.

#### 1.2 Service profile

**Staffing** 68.4 FTE      **Budget (Revenue Net)** £3,571,000

#### 1.3 Summary of Services provided by Chief Executive's Office

- promote and facilitate good practice, co-ordinate joint activities between departments and monitor and report on these achievements to a range of stakeholders including the Council, the public and to various statutory bodies.
- ensuring the Council's policies are implemented efficiently and effectively and that they give best value to the council taxpayer.
- with the support of the accountancy team , manage and control the council's £270 million of expenditure.
- provision of a full range of legal services to Council and departments, including contracts, conveyancing, litigation and employment law.
- delivering procurement services across the Council, and for the improvement and modernisation of the Council's procurement activities.
- give assurance through the work of the internal audit team to management and elected members that systems and processes in place operate in an efficient and effective manner and that they ensure the integrity of transactions.
- ensuring effective and efficient risk management is in place which aids decision making and drives innovation.

Description	2014/15		2015/16		Traffic Light Icon	Latest Note
	Value	Target	Value	Target		
Number complaints received CEO	4		11			There were a number of complaints related to the length of time taken for payment of an invoice. Responsibility for the creditors section has now been transferred to the Corporate and Community Services Department and the overall performance of the section (which is undergoing a modernisation programme) has improved over the past few months.
% of customers satisfied with advice/ support from staff of revenue accountancy service	94%	90%	97%	90%		There were 33 responses, 23 Highly satisfied, 7 satisfied, 2 not relevant and 1 neither one nor the other.
% of elected members satisfied with ease of understanding budget monitoring reports	100%	85%	89%	85%		There were 9 responses, 3 Highly satisfied, 5 satisfied and 1 neither one nor the other.
% of FOI's responded to within target (Chief Executive's Office)	98%		93%			There were 69 FOI requests during 2015 for Chief Executive's Office (34 Legal, 25 Procurement and 9 Accountancy). We responded within outwith 20 working days on 5 occasions (Accountancy 1, Legal 2 and Procurement 2)
Percentage of customer satisfaction with overall internal audit service	95%	90%	96%	90%		23 Yes, 1 No and 1 skipped answer.
Customer satisfaction: percentage who are satisfied or very satisfied with level of services provided by legal services.	89%	90%	94%	90%		There were 34 responses, 25 very satisfied, 7 satisfied, 1 neither satisfied or dissatisfied and 1 dissatisfied.
% of elected members satisfied with advice given by legal services			88%	85%		A total of 8 responses with 5 Very satisfied, 2 satisfied and 1 person neither one nor the other.

Description	2014/15	2014/15	2015/16	2015/16	Traffic Light Icon	Latest Note
	Value	Target	Value	Target		
Level of general reserve as a % of annual budgeted net revenue expenditure	4%	4%	4%	4%		
Delivery of financial cash saving efficiencies (Chief Executives Office) approved as a part of the 2015/16 revenue budget process. (£)	£59,600	£128,600	£177,800	£177,800		Target met for efficiencies within Chief Executive's Office.
Nil qualifications on the accounts given by External Audit	Nil	Nil		Nil		The 2014/15 accounts were externally audited with nil qualifications by the end of September 2015. In line with the normal timescales, the audit of the 2015/16 accounts is underway and will be completed in September 2016. The Council usually reports on the previous year audit at year end and therefore the traffic light icon refers to the 2014/15 annual accounts.
Council revenue expenditure kept within agreed annual budget level	97.8%	< =100%	95.6%	< =100%		2015/16 target met.
Excluding cash flow adjustments, outturn investment at service level on the General Fund Capital Programmes to be within 90% and 105% of the approved programme, as revised by approved in-year adjustments.	101%	90%-105%	97.7%	90%-105%		2015/16 target met.
Excluding cash flow adjustments, outturn investment at service level on the Housing Capital Programmes to be within 90% and 105% of the approved programme, as revised by approved in-year adjustments.	95%	90%-105%	95.8%	90%-105%		2015/16 target met.

SCORP08: Percentage of invoices sampled that were paid within 30 days %	84.6%	84%	65.9%	86%		The performance indicator is significantly below target. During 2015/16, a new creditors information at work system (EDMS) was implemented within the creditors team. Although the long term implementation of this will help improve invoice processing across the council, the short term result and associated training together with a range of staffing issues has contributed to not meeting our target. This is an important priority area for the Council and we have allocated additional operational and management resources to deal with the staffing issues, fast-track the change programme and improve performance. In February 2016 the creditors team transferred to the Corporate and Community Services Department where more resilience is now in place to support this function. The invoice processing performance has already improved in 2016/17 and continues to be closely monitored.
Internal Audit- No of audits achieved as a percentage of all audits planned during the year.	96%	90%	100%	90%		
People	2014/15 Value	2014/15 Target	2015/16 Value	2015/16 Target	Traffic Light Icon	Latest Note
% of PRD's in Chief Executive's Office	90%	100%	90%	100%		There were 7 staff outstanding in accountancy in August 2015 when the audit was undertaken. All of these staff were based in HSCP and PRD's were affected by a significant restructure that was ongoing at that time.
Absence Chief Executive's Office- days lost per employee	9.68	9.8	11.04	12		For 2015/16, 11.04 days were lost per employee. There were 15.4 days lost per employee in Accountancy (mainly long term), 9 days in Procurement, 2.9 days per employee in Legal and no days lost in Internal Audit. Although the target was met overall, absence within accountancy was very high due to several long term absences (in excess of 12 months).
Finance performance	Due Date	Progress Bar				Latest Note
An overview of revenue and capital expenditure, reporting by exception on any budgetary or project over or underspends. In addition there should be a brief statement on the overall budgetary position for the department.	31-Mar-2016					The annual accounts are still subject to an external audit but at year end (2015/16) there was an overall surplus of £2.595m. The non earmarked general fund reserve balance was £8.880m as at 31 March 2016 which complied with the Council's policy of maintaining reserve levels at 4% of the annual budgeted net revenue expenditure. Final position at year end for the Chief Executive's Office reflected a favourable variance of £99k.