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**REPORT TO: ECONOMIC GROWTH, HOUSING AND ENVIRONMENTAL SUSTAINABILITY COMMITTEE ON TUESDAY 8 JUNE 2021**

**SUBJECT: PERFORMANCE REPORT (FINANCIAL SERVICES) – PERIOD TO MARCH 2021**

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)**

**1. REASON FOR REPORT**

- 1.1 To inform the Committee of the performance of the service for the period from 1 January 2021 to 31 March 2021.
- 1.2 This report is submitted to the Economic Growth, Housing and Environmental Sustainability Committee following a decision of Moray Council on 17 June 2020 to agree a simplified committee structure as a result of the COVID-19 pandemic in the case of this committee the combining of the delegated responsibilities of (Economic Development and Infrastructure, Community Services (Housing and Property) and Finance (budget, capital and revenue monitoring) (para 9 of the minute refers).

**2. RECOMMENDATION**

- 2.1 It is recommended that Committee –
- (i) **scrutinises performance in the areas of Service Planning, Service Performance and other related data to the end of March 2021; and**
  - (ii) **notes the actions being taken to improve performance where required.**

**3. BACKGROUND**

- 3.1 On 7 August 2019, the Moray Council, approved a revised Performance Management Framework for services (para 5 of the minute refers).

**4. SERVICE PLANNING**

- 4.1 Each service plan sets out the planned strategic and service level priorities and outcomes it intends to deliver in the coming year aligning closely with financial planning, corporate and community planning partnership strategic priorities. This report provides an interim update on progress on the service plan, key outcomes and performance indicators. Committee is invited to

review progress to secure assurance that is satisfactory and to provide scrutiny and further direction where performance requires attention.

- 4.2 The narrative included is by exception, however links to backing tables for all [Service Plan Actions](#) is provided.

SERVICE PLAN PRIORITIES	RAG	<p style="text-align: center;"><b>SERVICE PLAN PIs</b></p> <p>Although there are some milestones, there are currently no PIs set-up to monitor Service Plan progress.</p> <p>However, PIs will be implemented to monitor:</p> <ul style="list-style-type: none"> <li>- the proportion of PB funding</li> <li>- the spend profile of the Moray Growth Deal grant allocation when the details are available</li> </ul>
Strategic objectives: Further develop the council's medium to long term financial strategy	50%	
Service Level objectives: (7 actions)	33%	
Recovery & Renewal Outcomes: Check and pay supplier relief claims	93%	
Overall	58%	
<p><b>Comment</b></p> <p>The strategic priority is on target. However, the pandemic response has had a significant impact on delivery of the service level objectives as detailed below.</p> <p>Note, progress is reported over the 2-year period of the Plan</p>		

### Strategic Outcomes - successes

- 4.3 A report on the council's medium to long-term financial strategy was approved by Council on 3 March 2021 (agenda item 4 refers). A key measurement of medium to long-term financial planning is the percentage of recurring expenditure funded from reserves, as at March 2020, this represented 0%. (**ACTION** FIN20-22.Strat-4.1).

### Strategic Outcomes – challenges and actions to support

- 4.4 There are no other Strategic Outcomes in the Service Plan.

### Service Level Outcomes - successes

- 4.5 Issues regarding monitoring requirements to support the Moray Growth Deal are becoming clearer and are now a standing item for discussion. The Capital plan is being revised as individual projects are approved by the Moray Council (**ACTION** FIN20-22.Serv-5.6).

### Service Level Outcomes – challenges and actions to support

- 4.6 Progress on the action to develop mainstream Participatory Budgeting, which was carried forward from the previous service plan, has been significantly impacted by the response to the Covid-19 pandemic. Of the planned projects the Coastal Fund was withdrawn, the playparks project has been delayed as was the housing revenue account (HRA) tenant's participation exercise. Work has progressed on Participatory Budgeting (PB) and a PB exercise to allocate £50k of funds for Care Experienced Young People has been completed. PB exercises are also being developed in conjunction with the Lands & Parks

department for Play Equipment Areas at 4 parks. Despite the good work being done there is still a long way to go before the target of identifying 1% of the budget is achieved (**ACTION** FIN20-22.Serv-5.2).

- 4.7 Procurement Strategy to incorporate Community Wealth Building (CWB) is currently under review jointly with Economic Development to align CWB actions with their strategy and action plan. However, progress is delayed awaiting the appointment of the relevant postholder. The national Grow Local System is due to be trialled (**ACTION** FIN20-22.Serv-5.4a).
- 4.8 Progress on adjusting the Procurement Strategy to support the Council's Climate Change Strategy has been delayed due to the absence of key members of staff and will recommence in 2021/22 (**ACTION** FIN20-22.Serv-5.4b).
- 4.9 Findings from a successful pilot project for LEAN review software have been reviewed by the Corporate Management Team, continuing to trial remains a consideration until resourcing issues are addressed. (**ACTION** FIN20-22.Serv-5.5).

### **Recovery and Renewal - successes**

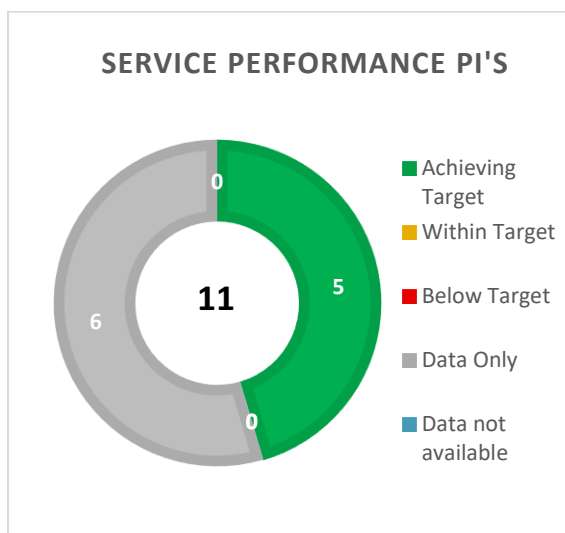
- 4.10 As at March 2021, of the 122 supplier relief claims received, just nine are work in progress, with £1.458m awarded. Supplier relief initially ended in October 2020 and was extended to March 2021. With claims currently received covering the period to January 2021, it appears that providers are having difficulties submitting claims in line with national timelines, as a result processing target timescales are subject to slippage (**ACTION** FIN20-22.Recovery-6.1).

## **SERVICE PERFORMANCE**

- 5.1 In line with the Performance Management Framework, operational performance is reviewed quarterly by departmental management. Areas performing well and/or areas subject to a decreasing trend or where benchmarking results show performance significantly below comparators will be reported to this committee for member scrutiny.
- 5.2 Initial publication of 2019/20 Local Government Benchmarking Framework Indicators in February 2021 will be refreshed in early May. The full suite can be viewed using the [My Local Council](#) tool. The following Financial Sustainability indicators, introduced this year, are included as data only indicators.
  - What proportion of income does my council hold in reserves?
    - At 15%, this is lower than the Scottish average of 16.9%, indicating a lower than average level of sustainability. In 2019/20 Moray's reserves moved nearer to the Scottish average than it had been since 2016/17 (**PI FINSUS1**).
  - What proportion of my council's revenue is not committed to a specific theme/project?

- At 7.5% this is higher than the Scottish average of 3.8%. Until recently Moray ear-marked very little funding, but is moving more in line with general practice in starting to do so. Free general reserves increased in 2019/20, reversing the trend of recent years to rely on free general reserves to fund expenditure (**PI FINSUS2**).
- How much of my council's income is used to service debt?
  - At 9.5% this is higher than the Scottish average of 7.2% (**PI FINSUS3**)
- How much of my council's housing income is used to service debt?
  - At 21.5% this is lower than the Scottish average of 22.6%. The proportion of spend on servicing debt has been increasing over recent years, reflecting the new build programme (**PI FINSUS4**).
- What proportion of my council's budgeted spend is spent in practice?
  - At 96% in 2019/20 Moray's level of spend was significantly below the Scottish average of 99.4%. Over the previous 4 years Moray was close to the Scottish average. In 2019/20 unbudgeted income – mainly from the Business Rates Incentivisation Scheme and VAT refund – was the major contributor to a significant underspend, which boosted the Council's free general reserves (**PI FINSUS5**).

5.3 Report is by exception, however links to backing tables for all [Service Performance Indicators](#) is provided.



### Operational Indicators - successes

- 5.4 Financial Services continues to deliver the necessary level of support to elected members, senior officers and budget managers (**PI FS001, FS002, FS003, FS008**).
- 5.5 The percentage of invoices sampled that were paid within 30 days is included in the national benchmarking suite and reflects the normal credit term period. In 2019/20, of the 52k invoices sampled, 87% were paid within 30 days,

exceeding the local target of 85% but remaining below the national average of 92%. The indicators recognises that policy or approach will affect results (PI FS101).

### **Operational Indicators - challenges and actions to support**

5.6 There were no below target indicator results in the reporting period.

## **6. OTHER PERFORMANCE RELATED DATA**

### **Complaints & MP/MSP Enquiries**

6.1 In line with the Performance Management Framework, complaints are reviewed quarterly by departmental management in terms of time taken to respond, outcome and learning points. Links to backing tables for all [Service Complaints](#) is provided.

6.2 No complaints against Financial Services were received during this quarter. During the 2020/21 financial year the service received 2 complaints: one was upheld at frontline and the other partially upheld after an investigation. Two MP/MSP enquiries were dealt with in the period; these were the only 2 such enquiries during this financial year.

### **Other Performance (not included within Service Plan)**

6.3 Treasury management has been particularly challenging during the pandemic, with income and expenditure patterns both severely disrupted. However, the team has risen to the challenge and by proactive management of the Council's borrowing requirement, seeking out low interest deals from other local authorities, the Council's banking team have kept the interest payable by the Council at a very low level.

### **Case Studies**

6.4 Supplier relief has been a significant piece of work on top of the payments team's normal business, with guidance changing over time requiring the team to assist providers with keeping on top of the changes. The Payments Manager has been leading for the Council on social care providers' supplier relief, supporting a range of third sector and private providers to continue to provide care during the pandemic or, in some cases, simply to cover costs when they have been unable to provide care.

### **Consultation and Engagement**

6.5 The 3-yearly survey of Budget managers was carried out in the final quarter of 2020/21. Managers are required to complete a declaration that they have read Financial Regulations and are asked about their training needs. After the recent survey there were a significant number of requests for refresher training and the Principal Accountant has arranged for the training to be available on CLIVE, which will go live shortly.

## **7. SUMMARY OF IMPLICATIONS**

### **(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**

Performance measurement is used to ensure the efficient and sustainable delivery of services to meet the Council's priorities in both the Corporate Plan and the LOIP.

### **(b) Policy and Legal**

The Council has a statutory requirement to publish a range of information that will demonstrate that it is securing best value and assist in comparing performance both over time and between authorities where appropriate.

### **(c) Financial implications**

None.

### **(d) Risk Implications**

None.

### **(e) Staffing Implications**

None.

### **(f) Property**

None.

### **(g) Equalities/Socio Economic Impact**

An Equality Impact Assessment is not required as this report is to inform the Committee on performance.

### **(h) Consultations**

The Head of Financial Services, Depute Chief Executive (Economy, Environment and Finance), and Service Managers have been consulted with any comments received incorporated into this report.

## **8. CONCLUSION**

- 8.1 As at March 2021, only one Service Plan outcome was due to complete, as part of the Recovery and Renewals Objectives. However, the due date for this particular outcome has been changed to take into account the number of late applications for relief, and the action is progressing to meet the revised deadline. None of the other outcomes were planned to have been completed and, overall, the plan is 58% complete and on target for completion as planned by the end of March 2022.

8.2 Financial Services continue to provide elected members, senior officers and budget managers with excellent support, even during the unusual and demanding situation facing the team during 2020/21.

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Background Papers: Held by Author  
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