

**FINANCE**

**Service Improvement Plan**

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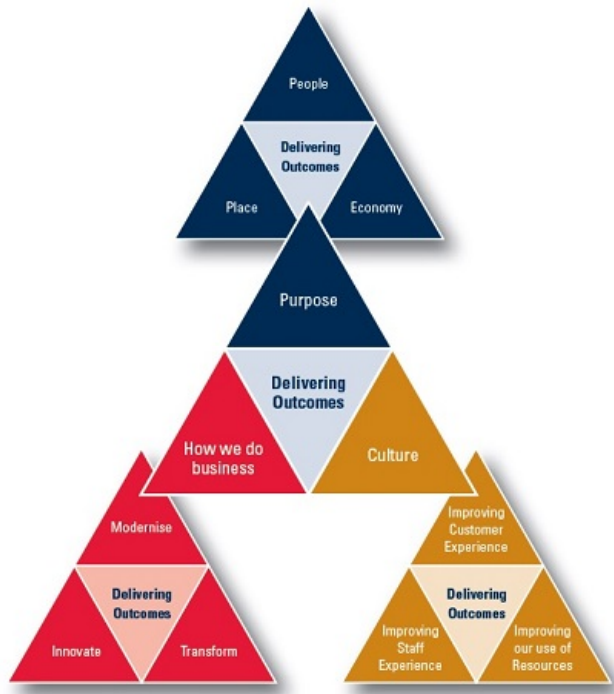
# 1. Introduction and Service Description

## Shaping Aberdeen

Shaping Aberdeen sets out our overriding purpose that is to:

***“to ensure the people and place prosper and to protect the people and place from harm”***

It outlines our aspirations and how we do business and shape our culture in order to get there. The Strategic Business Plan (approved on 22 Feb) set out our business priorities and deliverables for 2017/18 which contribute to our purpose.



***Shaping Aberdeen has 3 parts:***

### ***Our purpose - What Our Business is***

To ensure the alignment of all Council strategies and plans to the LOIP’s vision, as well as ensuring clear delivery plans for the Council’s own set of strategies and priorities.

### ***How we do business***

The modernisation and transformation of how we deliver our services through making best use of technology.

### ***How we behave as an organisation (Culture)***

Capable, confident, engaged and positive *staff* who deliver excellent *customer* service and consciously make best use of our *resources*. An organisation that maintains its focus on its customers, its staff and how it uses the resources available to it.

## 1.1 Role of the Service Improvement Plan

The purpose of the Service Improvement Plans is to demonstrate a golden thread between the organisation’s purpose and priorities and what improvements Finance will make to contribute to this.

- Shown below is the planning process for the Council (and the North East). The Finance service supports the council and region’s sustainability and economy. In addition to enabling strong financial management within the council, the Finance service increasingly has a part to play to support the development of infrastructure and wealth in the city. The service contributes directly to the ‘Economy’ Local Outcome and indirectly to the ‘People’, ‘Place’ and ‘Technology’ outcomes. Most of the Finance service objectives are directly aligned to the Shaping Aberdeen themes in the Strategic Business Plan of ‘Improving our use of resources’ and ‘How we do business’, further objectives are aligned to ‘Improving Customer Experience’ and ‘Improving Staff Experience’.



2. Within 'Improving our Use of Resources' are a significant number of stewardship functions that the Finance service is key to delivering and improving for the whole organisation. Also, reflected in this plan – to give the whole picture – are those objectives enabled by the Finance service for which the whole organisation is accountable such as the delivery of a 5-year business plan. A further priority for the Finance service is supporting modernisation and transformation of the whole organisation through effective business and commercial advice and training.
  
3. The Improvement Plan has been developed through a review and understanding of the current and anticipated external and internal environment, including policies, legislation, socio-demographics, demand, available resources, risks and opportunities. The most significant factors impacting the Finance function are:
  - Closer links and shared activity with partners across the region and country
  - Political change impacting development of corporate strategy that impacts on Finance
  - Public sector austerity leading to budget pressures
  - Organisational and legislative change
  - The wider economic factors and economic strategy of the city leading to an increase in regeneration and major projects
  - The increased requirement for improved governance as the result of the credit rating and bond investment funding
  - Transformational change in the council

## 1.2 Overview of the Service

### Accounting

- Ensuring compliance with statutory financial reporting requirements
- Providing strategic financial input to meet our internal and external customer needs
- Enabling our internal customers to successfully manage their businesses
- Providing efficient and effective financial administration services across the council including cash collection, social work invoicing and financial assessments, fraud prevention

#### Services:

Business Advice to the Council and Services; Financial Strategy and Planning  
 Financial Reporting, Analysis and Controls; Financial Performance Management  
 Financial Systems; Investments and Treasury; Bank and Cash Management  
 VAT Management; Social Care Finance Service; Fraud prevention  
 Corporate Governance Administration

### Pensions

- Administering the pension funds and ensuring compliance with legislation on behalf of members and employers

#### Services:

Pensions Scheme Administration; Investments Accounting

### Revenues and Benefits

- Ensuring Council Tax Reduction, Housing Benefit, council tax and business rates are correctly administered
- Providing the Scottish Welfare Fund service for Aberdeen City Council
- Collecting revenue effectively

#### Services:

Revenue Collection; Administration of Benefits; Council Tax; Business Rates

The Finance Service has a diverse range of both internal and external customers, from council tax payers to elected members, from pension recipients to the arms-length organisations. The diagram below shows some of the external customer relationships:

#### External Customers

Trusts and External Boards

Government Bodies

#### Internal Customers

Budget holding services

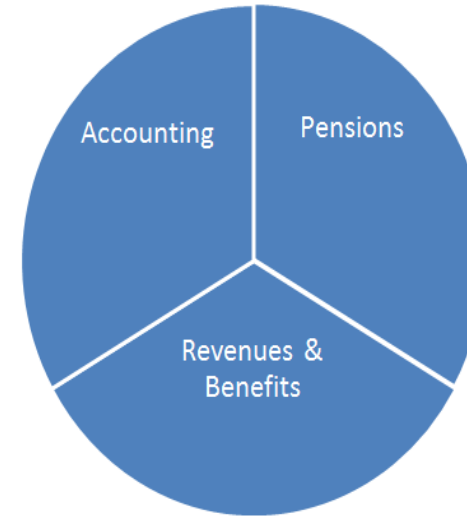
Finance Service Customers

Revenues and Benefits

Corporate Customers

Members

Corporate Management Team



#### External Customers

Staff/pensioners – other organisations

Pensioners

Internal Customers

Staff

Finance Service Customers

Accounting

Corporate Customers

Members

Corporate Management Team

#### External Customers

Council Tax Payers

Service Income Debtors

Internal Customers

Services that raise income

#### Finance Service Customers

Accounting

Corporate Customers

Members

Corporate Management Team

## 2. Service Assessment

### 2.1 PESTLE analysis *external factors that impact on the Finance service are shown in the categories below:*

<p>Political</p> <ul style="list-style-type: none"> <li>• National and international geopolitical outlook</li> <li>• International political out</li> <li>• Scottish parliament elections</li> <li>• Lead up to 2017 local government elections</li> <li>• COSLA/SLGP</li> <li>• 7 Cities strategy</li> <li>• Policy changes affecting and council services impact on financial pressures</li> <li>• Local political impact and reputational factors</li> </ul>	<p>Economic</p> <ul style="list-style-type: none"> <li>• Global economic outlook/Oil and gas</li> <li>• City Region Deal/Regional economic strategy</li> <li>• Aberdeen locality – impact on recruitment</li> <li>• Budget pressures – Local Government Finance</li> <li>• Council service transformation and improvement requiring financial advice</li> <li>• Scottish fiscal framework/Smith Commission/Devolution</li> <li>• Impact of austerity on our customers and economy</li> <li>• Major projects to support wealth of city</li> <li>• Brexit/EU relations/funding</li> </ul>
<p>Social</p> <ul style="list-style-type: none"> <li>• Responding to demographic change</li> <li>• Community empowerment; participatory and outcome budgets</li> <li>• Locality planning</li> <li>• Diversity</li> <li>• Asylum seekers</li> <li>• Ageing population</li> </ul>	<p>Technological</p> <ul style="list-style-type: none"> <li>• New technological developments</li> <li>• Social media</li> <li>• Digital strategy</li> <li>• Mobile/flexible working</li> <li>• Upgrades to our existing software products and standards</li> </ul>
<p>Legal</p> <ul style="list-style-type: none"> <li>• Governance framework instigated by bond funding</li> <li>• Legislative change – finance and service</li> <li>• Council restructuring – national/local</li> <li>• New standards of governance and public expectation</li> <li>• Welfare reform/Pensions/Self-directed support</li> <li>• Integration of health and social care</li> <li>• Scottish fiscal framework</li> </ul>	<p>Environmental</p> <ul style="list-style-type: none"> <li>• Major projects – hydrogen/waste</li> <li>• Environmental sustainability agenda</li> <li>• Best practice and development of standards on a wider scale</li> <li>• Benchmarking and sharing of services</li> <li>• Local/regional plans</li> <li>• Shaping Aberdeen</li> <li>• Strategic plans</li> </ul>

### Summary of critical issues from the PESTLE analysis that will influence this plan:

Budget pressures are at a new level of challenge unprecedented in the organisation and this leads to a more critical focus on governance and financial monitoring and forecasting. This leads to some of the fundamental critical activities needing more focus, particularly in respect of the culture and relationship with budget holders in times of change. Further it leads to the need for the whole organisation to respond to transformational step change in the way we deliver services.

Organisational change is at a new high – largely because of political, economic, legislative, social and environmental factors. When change affects services this leads to a high level of support required from Finance.

The economic factors play a significant factor in the sustainability of our pension fund and the council's long term sustainability/treasury position. Having a very strong understanding of these factors is critical to our core work.

This strongly influences the need to revisit the Medium Term Financial Plan and Long Term Financial Plan that will be a key task for 2017/18.

The council has ambitious plans for the city and this is reflected in inward investment plans through the City Region Deal, the City Centre Master Plan and individual regeneration projects. These plans have a key impact for Finance.

Technological change is moving at an unprecedented rate and it is critical that Finance is underpinned by effective and reliable systems and with the skills and capabilities to use technology effectively.

Responding to the PESTLE analysis directly affects the key service goals in Section 3 of this plan. There is a challenge to continuously review capability and resource allocation to meet these competing goals. In addition to the need to manage concurrent projects, the Finance staff experience outcome in section 3.2 is critical to ensuring that capacity is available as transformation evolves.



**2.2 SWOT analysis (Strengths, Weaknesses, Opportunities and Threats for the service)** - the purpose of this section is to outline the internal factors that impact your service, this could include feedback from audits, reviews, your customers, as well as data from reports such as the Employee Opinion Survey (EOS).

<p><u>Strengths</u></p> <p>Audit record of strong financial management/best value audit          Successful history of delivering critical finance tasks          Training and development of Finance staff          Treasury management          Successful improvements implemented and responsiveness to change/approachability high customer satisfaction          Successful bond investment in the council          Strong succession plan and staff development programme          Networks to national and international bodies          Successful collaboration          Status in Scottish Finance Community          Award winning status</p>	<p><u>Weaknesses</u></p> <p>Finance competency across the organisation          Finance processes, training and systems could be improved          Managing changing priorities and resources is effective but needs more focus          Connectivity of systems and teams within finance and in the wider council          Evidence based decision making          Stakeholder engagement with finance          Linking financial plans to strategic plans          Embedding the finance framework across the council – strengthening finance competency</p>
<p><u>Opportunities</u></p> <p>Inward investment and regeneration opportunities          Bond LSE status          Longer term planning for city and region          Transformational change agenda of council          Further collaboration          Community empowerment          Outcomes approach          City Region Deal and other changes through PESTLE analysis provide opportunities e.g. devolved funding possibilities          Growing business building on strengths</p>	<p><u>Threats</u></p> <p>Economy and austerity          Recruitment and staff turnover          Reputational risk due to high focus in the city from press          Political change leading to short termism          Transformation failing and impacting on critical services</p>

### Summary of critical success factors emerging from the SWOT -

**Critical success Factors:**

Supporting the development of the stronger economy in Aberdeen through financial advice for infrastructure and capital investment and use of assets – alignment with Economic Development Strategy and Outcomes.

Use of resources – the significant Use of Resources programme that impacts council wide will work in tandem with the Finance Service to improve stewardship and enable transformation of the way we use our money, assets, staff and technology. Improving partnership working between Finance and the services is critical with the challenges that future budget settlements bring. This will require significant transformational change. Improving longer term financial planning and its alignment with strategic planning is a key success factor

Customer experience – development of capability and capacity across the organisation, we need to be proactive in building on strengths, improving core customer service, marketing our services and building our reputation to minimise threats.

Staff experience – to meet the organisations goals, we need to focus strongly on developing our most critical and significant resource – our staff. Stronger staff engagement can enable us to maximise our opportunities and build on our strengths. We need to continue to strengthen PRD, staff development and change management. The implementation of the new Finance Structure is essential to supporting flexibility and direction of resource to major projects. We need to continue to develop our approaches to succession planning and performance management.

## Planned Improvements

There are two distinct parts to this section:

### 1. Improvements which arise directly from Strategic Priorities - these will be outlined in section (3.1)

This section shows the “Golden Thread” from the ACC Objectives set out in “**Our Purpose – What our Business Is**” within the Strategic Business Plan 2017/18. It will demonstrate how the service is contributing to the delivery of these agreed strategic priorities.

Much of this section is already defined in the Local Outcome Improvement Plan (LOIP) and the Strategic Business Plan (pages 8-28), including the Improvement Outcomes, ACC Objectives and measures. The Service Improvement Plan considers and adds change activity, additional measures and improvement targets, as well as a clear lead officer and timescale for delivery.

These improvements are set out under the 4 areas under the LOIP; Prosperous Economy, Prosperous People, Prosperous Place or Enabling Technology.

### 2. Service improvements which feed into the other elements of Shaping Aberdeen - ‘How we do business’ and “How we behave as an organisation” ‘our Culture’ - these will be outlined in section (3.2)

“Shaping Aberdeen” not only reflects the strategic priorities as set out in “**Our Purpose – What our Business Is**” it also provides clear guidance about our ambitions and where we are going under:-

- **How we do Business** - this is set out in Section 4 of the Strategic Business Plan, pages 29 - 43. It articulates the change road map for the organisation and different tiers, these are described under:
  - Tier 1 - “Improving Stewardship” (do what we do better - business as usual)
  - Tier 2 - “Performance Improvement “ (improving and modernising what we do)
  - Tier 3 - “Radical Transformation”, (*re-imagining what we do and a focus on the “Art of the Possible”*).
  
- **How we behave as an organisation (our Culture)** - set out in section 5 of the Strategic Business Plan pages 46 -52 which outlines our ambition for improving “Customer Experience”, “Staff Experience” and “Best Use of Resources”.

### 3.1 Strategic Priorities – Driver Diagram

Following the approach of the LOIP, we’re using a form of driver diagram to outline our improvements. A driver diagram is just a way of systematically laying out/displaying aspects of an improvement plan. Typically a driver diagram seeks to:

- State the **aim/outcome** (what are you trying to achieve)
- Highlight high level elements of the system (be it community/org/service) which would **need to change** in order to bring about improvement
- Show how you will **measure success**

#### Prosperous Economy

Improvement Outcome	ACC Objective	Change Activity	How We Will Measure Success	Baseline	17/18	18/19	19/20	Who will do it	People	Place	Technology
Investment in infrastructure – we will make the economy of Aberdeen City robust and resilient providing a vibrant built environment and attractive place	We will regenerate our city centre to become a vibrant and attractive place to live, work and invest in	Provide business advice to major regeneration projects – feasibility, procurement and implementation. Develop a plan to incentives bringing underused space into residential use	Footfall in Aberdeen’s business improvement district	TBC	+1%	+2%	+3%	Accounting	✓	✓	
	We will improve deployment of low carbon transport in the city and urban areas through active travel networks	Provide business advice to transport projects – feasibility, procurement and implementation. Work with European and National funding programmes to improve renewable energy infrastructure	Reduce per capita local carbon emissions	6.8 tonnes	6.5	6.2	6	Accounting	✓	✓	
	We will modernise our utilities infrastructure to support the economic growth ambitions	Provide business advice for regeneration of a 2Ha in East Tullos exploring delivery of a potential £150m energy from waste facility in 2021 to support low carbon power targets and development of	% household waste that is recycled	38.2	39	42	50	Accounting	✓	✓	

## Prosperous Economy

Improvement Outcome	ACC Objective	Change Activity	How We Will Measure Success	Baseline	17/18	18/19	19/20	Who will do it	People	Place	Technology
	We will enable Aberdeen to realise the development opportunities in the city centre masterplan and beyond	We will strengthen the council's commercial awareness and market knowledge through our support to budget holders. Provide business advice for development of transport and other intervention areas in the Aberdeen CCM that delivers the biggest economic impact.	Footfall in Aberdeen's business improvement district	TBC	+1%	+2%	+3%	Accounting	✓	✓	✓
Innovation - Aberdeen City has a reputation for enterprise, innovation and world class solutions	We will provide business and innovation support to entrepreneurs/ business start ups and increase the diversity of funding options through an increase in accessibility of investment	Provide access to finance through the SE innovations support, Business Angel Venture Capital and/or Scottish Local Authorities Loan Fund in Aberdeen City We will implement schemes to mitigate the impact of business rates revaluation We will explore outline business cases for a bank/building society and online share trading	Increase in business gateway startup numbers	1163	+2%	+3%	+4%	Accounting	✓	✓	
Inclusive economic growth - A skilled workforce for the future that provides opportunities for all our people	We will ensure that the North East of Scotland is a great place to be – as a visitor, worker, entrepreneur or resident	Provide business advice to develop iconic tourism attractions to capitalise on non-business tourism and leisure markets and stimulate diverse culture and creative offerings	Improve hotel occupancy rates	56.6%	60%	61%	62%	Accounting	✓	✓	✓
			Increase tourists to Aberdeen	1.5m	+5%	+6%	+7%		✓	✓	✓

## Prosperous Economy

Improvement Outcome	ACC Objective	Change Activity	How We Will Measure Success	Baseline	17/18	18/19	19/20	Who will do it	People	Place	Technology
	We will invest in our workforce, particularly young people, develop our future workforce and ensure all benefit from economic activity	Provide opportunities for young people in Finance through career ready, internships, school placements, links to universities and other options	Increase in proportion of young people achieving successful destinations post school	92%	93%	94%	95%	Finance	✓	✓	
Internationalisation - Aberdeen City is a location of choice for investment, high value business activity and skills	We will improve the attractiveness for international trade and investment	Provide business advice to develop the £330m new AECC to anchor existing international events and compete for new events	Number of foreign direct investment projects	9	10	11	12	Accounting	✓	✓	
	We will collaborate with the UK and Scottish Agencies and business in prioritising international business support ensuring that businesses benefit from international trade and investment opportunities	Promote the 'investor readiness' of the region to international institutional investors/sovereign wealth funds Lobby agencies and government regarding investment and financial decisions to support the local economy	Improve attitudes of business from Aberdeen, and of those wishing to do business here, on readiness to do business in Aberdeen	TBC	+2%	+3%	+4%	Accounting	✓	✓	
	We will attract the best possible range of incoming exhibitions and events and showcase the city's internationally recognised sports, arts and culture offer	Provide business advice to deliver a £30m refurbishment of Aberdeen Art Gallery in 2017 Seek opportunities to generate investment income for arts and culture.	Increase footfall at Aberdeen tourist attractions	TBC	+2%	+3%	+4%	Accounting	✓	✓	

## Prosperous Place

Improvement Outcome	ACC Objective	Change Activity	How We Will Measure Success	Baseline	17/18	18/19	19/20	Who will do it	Economy	Place	Technology
People friendly city – a city where people to choose to invest, live and visit	We will create an attractive and welcoming environment in partnership with our communities	Provide business advice to create a new place based community on a 3,000 unit housing development which includes a learning hub to deliver education, social health, sport and leisure facilities for all ages.	Improvement measures emergent – place shaping and planning is developing in a very different way from the past.					Accounting	✓	✓	
		Community engagement in budget process Business advice to community groups such as for asset transfers and improving locality outcomes	Increase in number of people involved in participatory budgeting	TBC	+20%	+50%	+100%	Accounting	✓	✓	
		Devolvement of 1% of budget to communities Encourage communities to get involved in improving their local environment through friends of parks groups and community engagement	Increase in number of asset transfer requests	0	1	2	3	Accounting	✓	✓	

### 3.2 Service Improvement – Driver Diagram

Improvement Outcome	Primary Change Activity	Secondary Change Activity	Measures	Baseline	17/18	18/19	19/20	Who will do it	Customer Experience	Staff Experience	Best Use of Resources
We will improve the efficiency of our financial processes	We will improve the speed and efficiency of corporate financial reporting	We will ensure compliance with Bond/FCA/LSE regulations We will implement more commercial quarterly financial reporting We will prepare annual accounts for 2017/18 by 30 <sup>th</sup> April 2018	Speed of quarterly reporting	2 months after period end	1 month	3 weeks	2 weeks	Accounting			✓
			Year end reporting	Unaudited – 3 months after year end	1 month	1 month	1 month	Accounting			✓
We will improve the efficiency of the management of our pension fund	We will improve the efficiency of the management of our pension fund	We will bring the asset management of pension passive equity in-house	Returns above industry benchmark	TBC	TBC	TBC	TBC	Pensions			✓
We will ensure our pension fund is efficiently managed	We will ensure our pension fund is efficiently managed	We will revalue the pension fund as at 31 March 2017. We will improve our performance on pension fund administration.	% letter turnaround with best practice standards for pensions	92	93	94	95	Pensions Manager			✓
We will improve our debt recovery and income collection	We will improve our debt recovery and income collection	We will introduce a new debt recovery strategy We will optimise corporate income and cost recovery	Reduction in bad debt and provision Increased corporate income returns	£9.4m	-10%	-20%	-30%	Finance Leadership Team			✓
We will improve the council's efficiency in its management of assets in collaboration with other organisations	We will improve the council's efficiency in its management of assets in collaboration with other organisations	We will provide advice to the improvement of asset management	Cost of operational and office accommodation reduces	TBC	-10%	-20%	-30%	Finance Leadership Team			✓



Improvement Outcome	Primary Change Activity	Secondary Change Activity	Measures	Baseline	17/18	18/19	19/20	Who will do it	Customer Experience	Staff Experience	Best Use of Resources
We will improve the Sustainability of the Council's financial position	We will improve our financial planning and sustainability	We will prepare a 5 year integrated strategic financial plan by February 2018 We will develop a strategy to become a self sustaining council	Reduction in level of external finance met with minimised impact on outcomes for city to achieve self financing in 5 years	TBC	TBC	TBC	TBC	Accounting	✓	✓	✓
	We will improve the sustainability of pension fund resources	We will review investment fund strategy for the pension fund following valuation	Achieve 100% funding position (this will be dependent on favourable market conditions)	94%	-	-	100%	Pensions	✓	✓	✓
We will improve our compliance to ensure investor approval of our financial position	We will maintain the council's level of financial governance and stewardship	We will ensure the continued credit rating is as strong as possible.	Maintain Aa2 credit rating	Aa2	Aa2	Aa2	Aa2	Finance Leadership Team	✓	✓	✓
	We will improve our financial management reporting	We will roll out a finance procurement and debtors dashboard Refine evidenced based information for budget process	Council meets budget targets each year – incorporating reduced procurement spend and transformational savings.	Within budget	Within budget			Accounting	✓	✓	✓
	We will improve controls and efficiency of our core delivery targets and services	We will improve controls in our annual billing process We will deliver annual accounts and statutory returns in an efficient and timely way	All statutory guidelines met, no penalties for failure to meet financial legislation	100%	100%	100%	100%	Finance Leadership Team	✓	✓	✓
			Budget holder meetings delivered	90%	95%	100%	100%	Accounting	✓	✓	✓
		Council tax total	£106.2m	£111.	TBC	TBC	Revenues and	✓	✓	✓	

Improvement Outcome	Primary Change Activity	Secondary Change Activity	Measures	Baseline	17/18	18/19	19/20	Who will do it	Customer Experience	Staff Experience	Best Use of Resources
			income		4m			Benefits			
			NDR total cash income	£209m	£240m	TBC	TBC	Revenues and Benefits	✓	✓	✓
			Benefits turn around – combined new benefit claim and change in circs.	10 days	10 days	10 days	10 days	Revenues and Benefits	✓	✓	✓
	We will ensure our services respond to meet the requirements of legislative change	We will implement legislative changes such as new council tax legislation. Comprehensive system for monitoring legislative change maintained	All measures implemented	100%	100%	100%	100%	Finance Leadership Team	✓	✓	✓
We will modernise, innovate and transform service delivery	We will improve our service efficiency by modernising, innovating, transforming, sharing or centralising services	We will explore shared services/centralisation and connections to other organisations. We will provide business advice to corporate transformation work. We will introduce digitisation and self service for council tas. We will undertake business analysis of finance systems, processes and feeder systems.	Reduction in cost of finance services to council Reduced time on end to end processes, improved controls.	TBC	TBC	TBC	TBC	Finance Leadership Team	✓	✓	✓

Improvement Outcome	Primary Change Activity	Secondary Change Activity	Measures	Baseline	17/18	18/19	19/20	Who will do it	Customer Experience	Staff Experience	Best Use of Resources
	We will prepare a business case for a pension's limited company.	Business Case Feasibility Implementation	Recruitment and retention of specialist posts FCA approved capabilities	TBC	TBC	TBC	TBC	Pensions	✓	✓	✓
We will improve the competency and capability of budget holders and elected members	We will improve business competency and capability of budget holders	We will develop a finance competency framework for budget holders We will roll out Finance Masterclasses We will agree and implement CIPFA Financial Management review recommendations We will increase stakeholder engagement in Finance. We will respond to the customer survey	Finance competency scores of budget holders	TBC	+5%	+10%	+15%	Accounting	✓	✓	✓
	We will improve business competency and capability of elected Members	We will develop and implement elected member training meeting CIPFA best practice	Overall member satisfaction with Finance	TBC	+5%	+10%	+15%	Accounting	✓	✓	✓
We will improve external customer satisfaction with our service	We will implement actions in from the previous customer improvement survey	Improve information about finance Improve training/processes	Overall customer satisfaction 4 or 5	TBC	+5%	+10%	+15%	Finance Leadership Team	✓		
We will improve the finance staff experience	We will become an employer of choice that retains staff through training	We will implement the new accounting structure We will develop workforce	Staff turnover	TBC	-10%	-20%	-30%	Finance Leadership Team		✓	

Improvement Outcome	Primary Change Activity	Secondary Change Activity	Measures	Baseline	17/18	18/19	19/20	Who will do it	Customer Experience	Staff Experience	Best Use of Resources
	and development opportunities.	and succession plans We will implement the action plan for the Employee Opinion Survey	Staff sickness	6 days	5.5	5	4.5	Finance Leadership Team		✓	
			Staff engagement % engaged	60%	-	80%	-	Finance Leadership Team		✓	

## 4. Resources Summary

### 4.1 Revenue Budget 2017/18

Directorate	Budget 2016/ 17 £'000	Outturn 2016/ 17 £'000	Variance to 2016/17 Budget £'000	Draft Budget 2017/18 £'000
Head of Finance	6,306	6,134	-172	6,992
Housing Benefits	1,188	1,188	0	1,188
Head of IT & Transformation	9,509	9,078	-431	9,393
Head of HR, Organisational Development & Customer Services	7,189	6,581	-608	7,076
Head of Legal & Democratic Services	1,549	1,344	-205	1,434
Head of Commercial & Procurement Services	3,918	3,933	15	4,194
Total	29,659	28,258	-1,401	30,277

#### Commentary on Revenue Budget

Head of ...	Budget 2016/ 17 £'000	Outturn 2016/ 17 £'000	Variance to 2016/17 Budget £'000
Staff Costs	8,867	8,837	-30
Premises Costs	0	3	3
Administration Costs	687	673	-14

Transport Costs	11	19	8
Supplies & Services	476	476	0
Other Grant-Reimburse-Contrib.	-762	-762	0
Recharges To Other Heads	-1,933	-2,059	-126
Other Income	-1,040	-1,053	-13
<b>Total</b>	<b>6,306</b>	<b>6,134</b>	<b>-172</b>

88% of the Finance Service gross budget is in relation to staff costs, therefore effective performance management and using that resource efficiently is a key priority.

## 4.2 Capital requirements

The Finance Service has no major capital requirements over the term of this plan.

## 4.3 Asset Management

### Asset Demand

Fit for purpose office accommodation  
Fit for purpose systems and hardware  
Staff resource

### Current Asset Summary

Office accommodation 3<sup>rd</sup> floor and 1<sup>st</sup> floor Marischal College  
IT systems and hardware – Council tax, business rates and benefits systems, pensions system, workflow system, eFinancials, Collaborative Planning, BOXI, ICON, Logotech and other smaller systems  
Workforce asset

### Gap Analysis

Office accommodation on one floor for more integration  
Flexibility of office accommodation  
Improved hardware and financial system reliability



## 4.4 Workforce Planning

### Introduction

In order to deliver our business strategies and improvement plans we need a workforce that is “*capable, confident, skilled, motivated and engaged*”. Planning for how we will have a workforce that meets this profile is paramount and requires a commitment to attract, develop, retain and recognise talented and motivated employees with the right behaviours who are aligned with our vision and values. To successfully workforce plan, we need to forecast future gaps between demand and supply of critical talent, and have effective strategies and activities in place to bridge those gaps. It is a continuous process of shaping our workforce to ensure it is capable of delivering service and organisational objectives both now and in the future.

### Factors that influence our workforce planning

We recognise that the future shape of our workforce, and the many workforce challenges we face in terms of supply and demand, will be influenced by a range of internal and external factors and change themes (e.g. the external market and competition, political and legal changes, changing demographics, society and technological advances). For example, the impact of Brexit; impact on the local employment market of the falling oil price; the changing employment demands of the workforce; ageing population and reduced fertility rate; cuts in external funding with increased demand for services; and the need to modernise and transform how we do business (e.g. impact of our Being Digital Strategy).

Finance continues to need to respond to constant changing demands from the organisation and our customers. Many of those changes are set out in this improvement plan. Specific changes that have most impacted on the level and capability of finance resource requirements include:

- The need for more value-added business support to enable the business to respond to the challenges of austerity, commercialisation, demographic and political change
- Increasing customer demands for quality of service, improved technology, transparency, information and delegated decision making
- The Strategic Infrastructure Plan and City Centre Masterplan – including a significant increase in the number of capital projects requiring financial advice
- Significant changes in legislation relating to the Local Government Pension Scheme and Welfare Reform
- The corporate transformation agenda and resourcing projects such as Health and Social Care Integration (HSCI), digitisation and corporate restructuring
- A changing landscape of collaboration in the Scottish and UK public sector

Increasingly the demand from all Finance staff is a range of skills encompassing good technical financial skills and also people management, customer service, change management and process and technological skills. There is greater demand for finance skills to be diffused throughout the organisation and the role of the Finance function in training staff across the organisation and enabling them to manage their own business processes more effectively grows.

The accounting service restructure has design criteria around meeting these needs and is due for implementation in May 2017.

### Focus on succession planning

The most effective way to meet these workforce challenges is to develop strong succession plans to help us attract people with the knowledge, skills and abilities we need, retain key employees, develop our existing teams and prepare suitable replacements internally through a variety of learning and development activities. Succession planning therefore underpins our workforce planning.

### How we will succession plan

Our plans for succession will:

- support **service continuity** when key people leave
- help us to **attract** people with the skills, qualifications, knowledge, abilities we need as well people with the right cultural/motivational fit
- demonstrates an understanding of the need to have the **right number and type** of people to achieve strategic plans
- help us to **retain key employees** and give our staff the future **skills** they'll need
- develops **career paths** for employees which will help us to recruit and retain high potential, top performing people
- prepare **suitable ready replacements** internally through a variety of learning and development activities
- give us a reputation as an employer that invests in its people and provides opportunities and support for advancement (making the Council an **'employer of choice'**)

Our focus is on developing succession plans for key occupational groups within our workforce i.e. business critical, hard to fill posts. In the following sections, we have identified the occupations that fall into this category, the supply and demand issues these occupations face and the strategies, plans and activities that have been put in place to address these issues.

## Our business critical/hard to fill occupations

Service	Business critical/hard to fill occupations
HR Business Partners can help complete this	<ul style="list-style-type: none"><li>▪ Senior Finance Leaders – limited pool of resource with relevant skills and experience, particularly due to cost of living in NE Scotland. The Council grading structure can be a barrier to effective recruitment.</li><li>▪ Specialist staff – limited pool of resource with relevant experience. This has led to post redesign and looking to share specific skills with other organisations.</li><li>▪ Qualified staff and team leaders – limited pool of resource with relevant experience, this has led to a stronger development of staff from within the team and succession planning including the introduction of the Trainee Accountant scheme.</li><li>▪ Para qualified staff – a wider pool of resource available with relevant experience. High staff turnover due to promotion within and outwith the council.</li><li>▪ Financial administration staff – a wider pool of resource available with relevant experience. High staff turnover due to promotion within and outwith the council.</li><li>▪ Staff in training roles – a wide pool of resource available due to the difficulty of getting entry level posts without experience, however, it is anticipated that some staff trained within the council will be attracted by higher pay in other organisations once experienced and qualified.</li></ul>

## Succession planning actions

What are the issues?	What we're experiencing	What are our plans?
Responding to needs of particular council services for more complex set of skills to solve business problems	<ul style="list-style-type: none"> <li>• More demands for training and finance support.</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen role of Finance Partner and FDO</li> </ul>
Major challenge recruiting skilled and experienced qualified finance staff	<ul style="list-style-type: none"> <li>• Limited number of applicants who do not have breadth of skills required. A number of incumbent postholders reaching the end of their careers.</li> </ul>	<ul style="list-style-type: none"> <li>• Succession plan for trainee accountants</li> </ul>
More demand for a breadth of skills and cover for tasks and projects – move to assignment working	<ul style="list-style-type: none"> <li>• Projects have been add ons but now need to be a fundamental part of everyone's role</li> <li>• Some roles still are siloed and do not have sufficient cover</li> </ul>	<ul style="list-style-type: none"> <li>• Personal development plans and learn do develop</li> </ul>
Backlogs in income are no longer sustainable in terms of council finances	<ul style="list-style-type: none"> <li>• Historic debt building up that impacts council's financial position</li> </ul>	<ul style="list-style-type: none"> <li>• Business case for council tax recovery and debt recovery staff</li> </ul>
Finance training is demoted below other priorities	<ul style="list-style-type: none"> <li>• The impact of competency gaps in finance across the council and within finance leads to poorer decision making and abortive work</li> </ul>	<ul style="list-style-type: none"> <li>• Build training team, training and use of resources academy and relationships with HR &amp; OD</li> </ul>
Insufficient resource to support major projects; insufficient flexibility; need to improve relationship management	<ul style="list-style-type: none"> <li>• Staff stretched on projects' staff resource planning needs to be improved.</li> </ul>	<ul style="list-style-type: none"> <li>• Accounting restructure and more generic roles</li> </ul>
Recruitment of staff who are not as strong a fit as possible	<ul style="list-style-type: none"> <li>• The need to follow up with capability performance monitoring</li> </ul>	<ul style="list-style-type: none"> <li>• Assessment centres for recruitment continuing to roll out</li> </ul>
	<ul style="list-style-type: none"> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Staff engagement activities</li> </ul>

Increasing number of legislative changes and innovative ways of working

- New knowledge not always disseminated throughout the organisation.

- Knowledge sharing

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## 5. Assessment of Risks

Service Delivery Area	Risk Category *	Risk Description	Risk Severity	Risk Owner	Controls & Mitigation
Revenues and Benefits	Customer/Citizen	Council Tax billing fails	Amber	Revenues and Benefits Manager	Council tax delivery plan Lessons learned
Revenues and Benefits	Customer/Citizen/Financial	NNDR and local taxation changes impact local businesses	Amber	Economic Devpt/Revenues and Benefits Manager	Implementation of new legislation Mitigation of impacts
Accounting	Financial	2017/18 savings not achieved or ineffective monitoring	Amber	Accounting Manager	Cost and savings trackers; quarterly monitoring; budget holder meetings; budget holder competency framework.
	Financial/Legal and Regulatory	Accounts qualified or delayed	Green	Accounting Manager	Year end plan and resource in place
	Financial/Legal and Regulatory	Budget not balanced – failure to allocate resources effectively	Amber	Head of Finance	Corporate budget processes and plans CMT commitment Member commitment
	Legal and Regulatory	Bond Governance and Accounting not achieved	Green	Head of Finance	Bond Governance plans
	Reputation/Financial	Major project failure	Amber	Head of Finance	Project plans
	Financial	Pensions investment strategy has long term impact on fund or employer positions	Amber	Pensions Manager	Investment manager role and strategy plans
	Employee/Customer/Citizen	Staff Resource insufficient capacity or capability	Amber	Head of Finance	Workforce and business plans Assignment working plans
	Legal and Regulatory	Failure to respond to legislative change	Amber	Head of Finance	Legislative plan ongoing review process
	Customer/Citizen	Failure to modernise, innovate and transform	Amber	Head of Finance	Improvement plan and implementation activities
	Employee	Failure to support staff	Amber	Head of Finance	PR&D; employee opinion survey action plan
	Financial/Customer/Citizen/Reputation	Failure of critical service	Amber	Head of Finance	Policies, processes and procedures

- Customer / Citizen; Employee; Legal and Regulatory; Property; Financial; Reputation