

Agenda Item No.

FINANCE & CORPORATE SERVICES – ANNUAL SERVICE REVIEW REPORT 2023/2024

Report by: Eileen Rowand, Executive Director of Finance & Corporate Services

Wards Affected: N/A

Purpose

To present an overview of the Directorate, detail the service planning, change and improvement work undertaken in 2023/24 and provide an assessment of performance to inform scrutiny and future service planning.

Recommendation(s)

The scrutiny committee is asked to:

- review the progress and performance of the Finance & Corporate Services Directorate for 2023/24 and the activity undertaken in 2024/25 to date;
- note the Service planning objectives for 2024/25 and the three-year direction of travel; and
- consider and comment on the remodelled ‘annual service review’ report format.

Resource Implications

There are no resource implications arising from this report.

Legal & Risk Implications

There are risks in not meeting Best Value requirements that can lead to additional monitoring/audit, external intervention and/or loss of public confidence.

Impact Assessment

An EqIA is not required as this report does not propose any changes to policies or services.

Consultation

Consultation is not required as the report does not propose a change to existing policies and practices.

1.0 Purpose

- 1.1 This is the Finance & Corporate Services Directorate Annual Review for 2023-24. It looks back over the previous year and assesses how the Directorate has performed in relation to its priorities and challenges and looks forward to the changes and improvements that need to be considered next and the Directorate's priorities for the next 12 months.
- 1.2 In the report you will find:
- An overview of the Directorate's roles and responsibilities
 - Budget and workforce information to put service delivery into context
 - The key priorities the Directorate has been working to and how these relate to the Plan for Fife and council reforms
 - An assessment of how the Directorate has performed in relation to these priorities
 - Objectives and themes for service delivery, change and/or improvement going forward
 - Case studies showing examples of best practice and Service improvement

This information is then used to inform annual service planning and the strategic direction of the Directorate over the next three years.

- 1.3 This approach to annual review and reporting is part of the Council's updated public performance reporting and scrutiny arrangements. More information on that and how the Council performs and compares with other local authorities can be found online here www.fife.gov.uk/performance.
- 1.4 Performance information and related case studies for Finance and Corporate Services will be available online at www.fife.gov.uk/performance.

2.0 Service Overview

Key roles and responsibilities 2023/24

- 2.1 Our directorate predominately provides support and professional advice to other Services within the Council. We also oversee the pension fund and the Assessor plays an important role with the valuation of domestic dwellings and non-domestic properties. We aim to provide consistent, quality support to council colleagues, based on professional expertise and commitment to excellence.
- 2.2 **HR Service**
- Provides strategic workforce advice and information to the Administration, Committees and Services of the Council
 - Enables managers to manage and support their staff through employment policies, guidance and provision, including business partnering services, resourcing, change management, learning and development and health and safety
 - Works in partnership with recognised Trade Unions to ensure effective support for managers and staff

2.3 **BTS (Business Technology Solutions)**

- Ensures the Council makes the most of technology and digital opportunities
- Manages and delivers the Council's ICT infrastructure and systems, ensuring security, compliance, availability and continuity
- Designs, recommends and delivers new technology and digital solutions to meet the diverse needs of Council services and Fife citizens

2.4 **Finance Service**

- Provides financial advice and information to Services and Committees of the Council
- Key functions include financial planning, accounting, business analysis, treasury management, investment, taxation, risk management, insurance, internal audit, corporate fraud and ensuring effective financial focus during challenging times
- The Service also provides Pensions Governance, Administration and related Investment services, ensuring that the pension fund meets its objective to pay all current and future liabilities when they are due

2.5 **Legal & Democratic Services** is made up of the following teams:

- **Legal:** Provides comprehensive in-house legal services to all Fife Council services and some trusts, including property, contracts, litigation and regulatory activities
- **Licensing:** Manages alcohol and civic licensing and supports the corporate events team
- **Committee and Members Services:** Provides all committee services, leads on the Council's governance frameworks and supports 75 elected members
- **Elections:** Manages electoral registration for the population of Fife (circa 300k voters) and delivers all electoral events, including community ballots
- **Data Protection:** Offers proactive advice to support new ways of working and professional support for data breach instances
- Includes the Council's Monitoring Officer, Depute Returning Officer and Data Protection Officer functions

2.6 **Revenue & Commercial Services** is made up of the following teams:

- **Procurement:** Ensures that best value is achieved through maximising opportunities to save when purchasing works, goods and services whilst delivering on both national and local priorities such as Fair Work, Community Wealth Building and Sustainable Procurement (Climate challenge etc)
- **Business Support:** Provides administrative and clerical support to the Organisation
- **Shared Service Centre:** Provides Payroll, Accounts Payable, Recruitment and First Line support for HR and BTS
- **BMIU (Business Management Innovation Unit):** Leads on change initiatives for the Directorate that align with the Council's priorities by supporting Services to implement sustainable change and adopt improved ways of working

2.7 **Assessor Service**

- Undertakes statutory valuations of domestic and non-domestic properties across Fife for local taxation purposes
- Reports to the Executive Director of Finance & Corporate Services but carries out an independent statutory function

Budget breakdown 2023/24

2.8 The Finance and Corporate Services budget overview is set out in Table One below. The main areas of spend within the Directorate are employee costs (77%) and supplies and services (23%). It should be noted that the majority of the supplies and services budget (£10.8m) relates to Council-wide IT contracts and software that are managed centrally by BTS.

Table One: Finance & Corporate Services Budget

	Net Expenditure by Business Area	Provisional Outturn	Variance	Budgeted FTE by Business Area
	23/24	23/24	23/24	23/24
	£m	£m	£m	FTE
Finance & Corporate Services Management	1.795	1.859	0.065	7.00
Assessors Service	2.007	2.092	0.085	45.00
Finance	4.036	3.466	-0.571	106.47
Revenue & Commercial Services	17.033	15.968	-1.065	545.65
Human Resources	7.445	6.394	-1.050	89.87
Business Technology Solutions	19.400	19.895	0.495	206.91
Legal & Democratic Services	4.412	4.449	0.037	58.44
Total Net Expenditure	56.127	54.124	-2.003	1,059.34

	Gross Expenditure	Provisional Outturn	Variance
	23/24	23/24	23/24
	£m	£m	£m
Employee Costs	49.367	46.365	-3.003
Premises related expenditure	0.027	0.047	0.020
Transport Related Expenditure	0.101	0.148	0.047
Supplies and Services	14.464	15.845	1.381
Third Party Payments	0.069	0.060	-0.009
Support Services Charges	0.000	0.015	0.015
	64.028	62.479	-1.549

	Gross Income	Provisional Outturn	Variance
	23/24	23/24	23/24
	£m	£m	£m
Internal Income	-6.354	-6.791	-0.437
External Income	-1.548	-1.564	-0.016
	-7.901	-8.355	-0.454

The majority of the underspend is due to staffing. Services are facing challenges in recruiting and retaining staff, especially in Business Support.

Workforce profile 2023/24

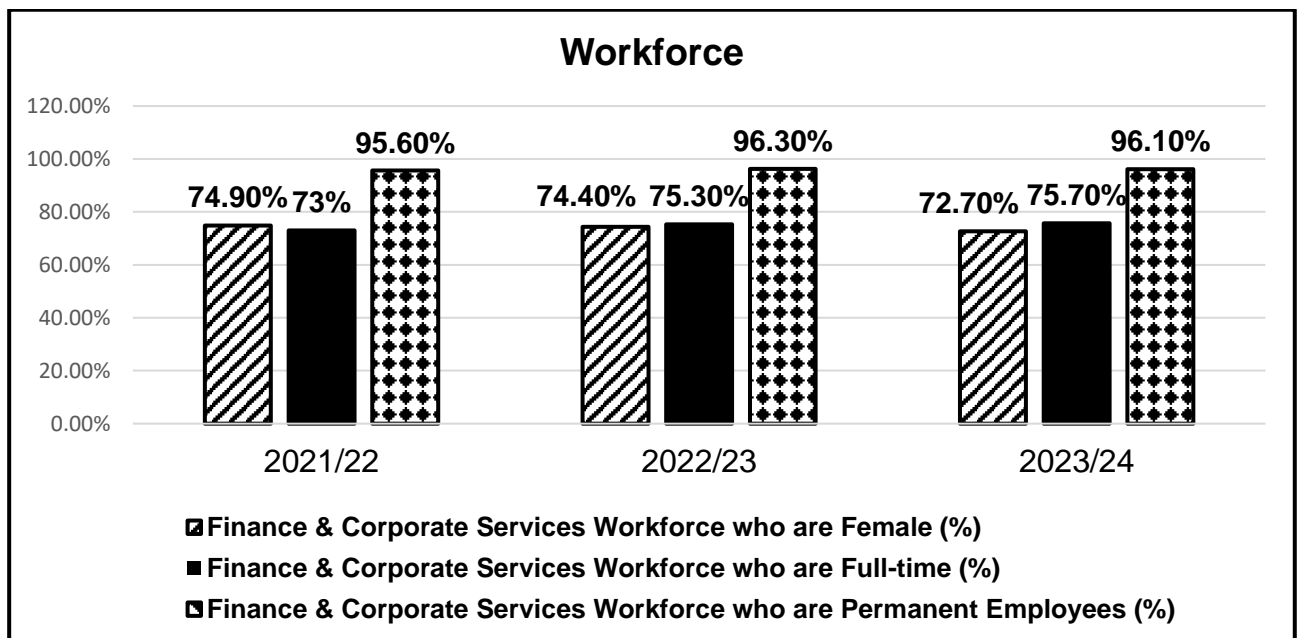
2.9 The headcount in the Directorate was 1,068 as of 31 March 2024. This is down from 1,202 the previous year. The difference is mainly due to the transfer of employees from Revenue & Commercial Services to Customer & Online Services in the Communities Directorate.

Trends against key workforce performance indicators are shown below.

Table two below shows that the percentage of employees who are female has dropped slightly from 74.4% to 72.7%. This is not unexpected as the group of employees transferred out of the Directorate (mentioned above) are predominantly female.

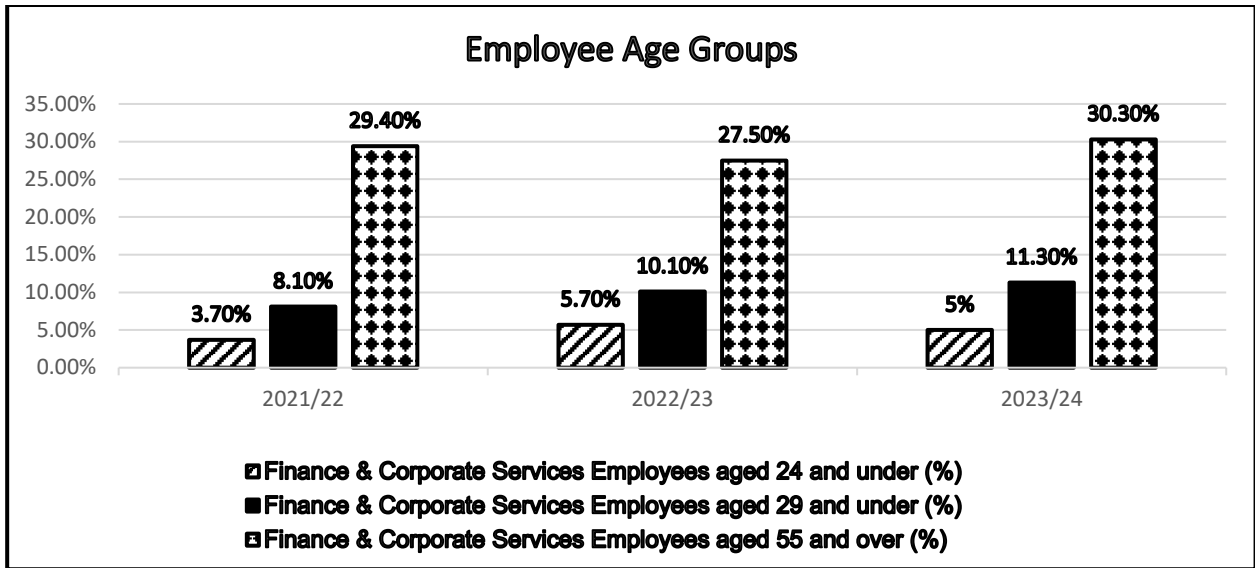
The percentage of the workforce who are full-time and the percentage who are permanent employees has remained static when compared to last year.

Table Two: Workforce Details



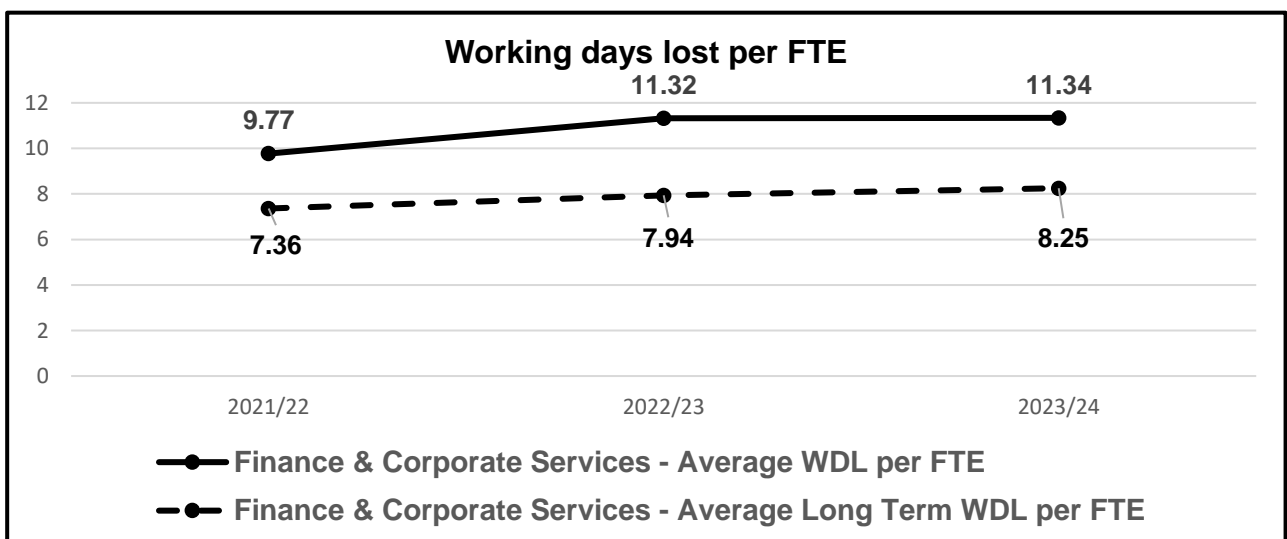
2.10 Table three below shows a continued increase in employees aged 55 and over. There is a significant risk with an aging workforce that key knowledge and skills are lost before there is an opportunity to attract and develop new employees. Services across the Directorate have identified the age profile of the workforce as a priority area of concern within their Service People Plans and are considering how this can be addressed using 'grow our own' approaches, investing in employee development, retaining our talent and creating flexibility across roles and how we do things and considering more innovative workforce planning approaches.

Table Three: Employees Age Groups



- 2.11 Table four below shows that over the last year absence levels have remained relatively consistent although there has been a slight increase in the number of working days lost per FTE due to long-term absence.
- 2.12 The top two reasons for absence based on average working days lost across the Directorate are due to mental health or personal stress. In relation to minimising any work-related stress, Services have developed Stress Risk Assessments and will deliver associated action plans before the end of March 2025 and a Directorate level assessment and action plan is also being developed. Services are working with the Wellbeing Information Advisor to provide wellbeing sessions and Managers are attending the Mentally Healthy Workplaces Training.
- 2.13 Support is also being provided by the Attendance Support Unit with teams involved in the early pilot areas around engagement, managerial compliance and upskilling. Enhanced reporting is being used at directorate, service and team levels to inform discussions and next steps.

Table Four: Working Days Lost (WDL) per FTE



3.0 Priorities and Performance

Service Priorities 2023/24 and How We Delivered

3.1 The Directorate report outlines the strategic priorities for the year 2023/24.

3.1.1 HR

There are two strategic workforce risks and these are set out below. There are actions in place to mitigate these risks:

- **FC013 Failure to Effectively Discharge Statutory Health and Safety Obligation** - (Managing to minimise) the risk of accident, injury or harm to a member of staff, service user, contractor, or other 3rd parties
- **FC014 Workforce Challenges** – a range of factors at national and local level which combine to create a more competitive labour market and potentially a more challenging organisation to resource and develop in keeping with the Council's vision

Priority 1: Our People Matter Workforce Strategy and Workforce Planning

What we said

The Council's workforce strategy, Our People Matter (OPM) 2022 - 2025, sets out our ambitions and our commitment to providing a working environment in which employees can make an optimised contribution to delivering sustainable services, the Plan for Fife and other agreed priorities. It was agreed to deliver several actions across all the five priority themes within the OPM, to increase the maturity of our approach and to enable delivery of the strategy over its three-year timeframe.

What we achieved

An annual self-assessment process is undertaken at both corporate and directorate level to assess progress against delivering the strategy. This self-assessment showed that good progress had been made across all the priority themes. OPM progress, actions and our performance in respect of the success measures are reported annually to the Cabinet Committee, 12 September 2024 (item 11) - [download-document-sharepoint \(fife.gov.uk\)](#).

How we know

The self-assessment undertaken also showed performance against the OPM success measures. From the 17 success measures, we have met 11 measures, there are 5 measures where there is insufficient evidence currently and there is one measure which we have not met. See Cabinet Committee report (12 September 2024) accessed via the link above.

The recent Best Value annual thematic audit on workforce innovation focussed on how the council's workforce plans integrated with strategic plans and priorities. It was confirmed that although there is still work to be done, the council has effective and appropriate arrangements in place.

Priority 2: Improving Attendance

What we said

To sustain a long-term improvement in levels of absence across the Council we said that we would establish an Attendance Support Unit in HR to provide early support and intervention for both managers and employees. Our overall aim is to improve attendance management, reduce absence levels and support employee wellbeing through a combination of early interventions, training and robust monitoring.

Our ambition is to move away from the bottom quartile in terms of our statutory performance indicators (SPI) to see an improvement in our absence levels by 31st October 2025 and some of the key steps we said we would take included:

- Training & Development – introduce modular training for managers on attendance management, develop a new induction program for new employees and managers and develop training modules for managing short-term and long-term absence
- Wellbeing Initiatives - look at preventative actions to support employee wellbeing and consider the introduction of self-service referrals for physiotherapy
- Monitoring & Reporting – development of a power BI Dashboard for tracing absences cases and managerial actions and provide regular updates and reviews to ensure compliant and identify areas for improvement
- Pilot Programs – introduce pilots in specific directorates to test new approaches and gather data for broader implementation

What we achieved

The ASU was established earlier this year and progress to date includes:

- Programme of training developed and deployed for managers, including the introduction of mandatory training for all new all managers
- Attendance Management Induction video introduced for all new employees
- Deployment of pilot projects within areas of the Council, where absence levels are comparatively high
- Enhanced reporting capabilities and the introduction of a Power BI Dashboard which helps to monitor compliance and identify areas needing improvement
- Established governance group with senior leaders from across the Council for improving attendance focus
- Additionally, a Health, Safety & Wellbeing pulse/survey ran in January 2024. Survey data has been collated in a Power BI dashboard to help inform action planning within Services

Further corporate work has commenced to address areas for improvement and tackle issues such as work-related stress, physical well-being and health and safety compliance. Since the last survey in 2022, there have been moderate improvements in a range of areas, and we will continue to build on those improvements.

Directorate and Service Stress risk assessments have been promoted by the Stress Overview Group and it has been agreed that all Directorates must have carried out the assessments and developed action plans by September 2024, with action plans to be delivered by 31 March 2025.

How we know

The SPI figures are published in early 2025, we will be able to report whether we have achieved an improvement in absence levels at a national level and at a Council level.

Results from the pilot areas have helped to inform new approaches and will continue to evolve as we target different areas.

Feedback from both employees and managers in areas we are supporting to reduce absence levels has been constructive.

400 managers have completed the mandatory induction training. To date 48 colleagues have attended our frequent absence training and a further 46 are signed up for our next session in November.

The development of the power BI dashboard has enabled further analysis of absence levels across the Council to inform directorates of hot spot areas and has been shared with all leadership teams across the Council.

Health, Safety & Wellbeing Survey results have been shared with services and provides them with their results and areas where there have been improvements and areas for them to focus.

Priority 3: Recruitment & Retention

What we said

We said we would reduce the number of unfilled vacancies across the Council and help identify areas of potential improvement, using a range of recruitment initiatives and targeted methods to attract applicants to our most hard-to-fill posts.

What we achieved

We have carried out work in a range of areas as we seek to reduce the number of unfilled vacancies. Initiatives have included, but are not limited to:

- Working in close partnership with the Department of Work and Pensions (DWP) and Employability Service to reach local people who might not apply for our roles. A range of initiatives which promote diversity and inclusion, including job events, life chances placements and apprenticeship opportunities have been offered
- In May, we hosted a second jobs fair which was extremely successful, with over 700 people coming along to find out about working with Fife Council in May 2024 and a further event will be held at Glen Pavilion in Pittencrieff Park, Dunfermline on 30th October to promote the wide range of job vacancies and career opportunities. We have also held bespoke events within DWP premises and in our Care Homes
- We promote selected vacancies on platforms including @fifecounciljobs on social media, LinkedIn and Indeed. This is supplemented with targeted communications including Down Your Streets quarterly newsletter for council tenants, engagement with schools and colleges and we update the internal workforce via our intranet
- The shared service recruitment team are now supporting us with posting to a range of sites including DWP Find a Job, Forces Families and Opportunities Fife
- We continue to develop our Career Site content, including service specific information which allows jobseekers to better understand the opportunities available within Fife Council

- We acted on feedback from Hiring Managers and made improvements to the process/guidance – we created new hub content, updated the advert template for managers and guided learning has now been added to the requisition page. We will run another survey in 2025
- We have further developed our reporting information from Oracle to enable us to assess the impact of our work on candidate sources and filling vacancies

How we know

Although we still face difficulties recruiting to some vacancies, data shows that overall, the number of applicants and hires is improving. Insights below have been taken from our recruitment dashboard which is based on live data.

Table Five: Recruitment Data

FY	Requisitions	Applicants	Hires	Unfilled	% Reqs unfilled	Av applicants per requisition
2023/4	3400	34400	4300	770	22.6	10.24
2022/3	4000	29700	4500	1100	27.5	7.43

Although variations between directorates and hard to fill roles continue to exist, council wide, our data shows some positive trends between 2022/3 and 2023/4:

- The overall the number of applicants has increased. Applicants are coming from a broad range of sources showing that our approach to advertising outlined above is having an impact
- The number of hires as a proportion of requisitions raised has increased
- The % of unfilled requisitions have reduced by almost 5%
- The average number of applicants per requisition increased from 7.43 - 10.24

Life Chances has now been fully implemented in partnership with employability service and is having a positive impact on filling our entry level hard to fill vacancies.

Within the 2024/5 financial year to date, we have offered 20 placements within Fife Council Services with a further 17 allocated. Of these, 6 participants have been offered ongoing employment within Grounds Maintenance, Building Services, Waste Operations and Matrix Fife. This programme is having a positive impact on our hard to fill vacancies and is providing opportunities to people who would have otherwise struggled to find employment with Fife Council due to personal barriers.

Retention strategies include the provision of employee support through initiatives including the Attendance Support Unit, wellbeing programs and career development opportunities for internal mobility.

Priority 4: Health & Safety

What we said

We said we would be committed to safeguarding employees, contractors and service users through proactive measures and ongoing monitoring of health and safety processes.

What we achieved

We continued to develop a positive health and safety culture through continuous monitoring and improvement of working practices whilst supporting learning and development and effective health and safety communications.

How we know

Our identified priorities which include work related stress, musculoskeletal disorders, tackling Violence and Aggression and ensuring implementation of an effective health and safety management system are all measured using comparative data within the published annual Health and Safety report for the period 2023- 2024 presented to the Finance Economy and Corporate Scrutiny committee on the 29th of August 2024. Our KPI's are also updated and include comparative data for previous years.

Priority 5: Pay Strategy

What we said

We said we will ensure we have a pay structure and terms & conditions of employment which are fair and fit for the future.

What we achieved

Through the Pay Strategy project, we are focusing on removing any residual equal pay risks, integrating pay and terms and conditions for Craft and Single Status employees and developing a pay structure that is future-proofed. This includes taking account of pressures created as a result of national pay agreements; “bottom-loading” of pay awards and the aspiration to pay a minimum rate of £15 per hour by March 2026. We are actively influencing national discussions through membership of the £15 per hour roadmap working group.

How we know

We have re-focused the Pay Strategy project and are making good progress on Phase 1 which includes integrated pay and terms and conditions. This is being reported into CET.

3.1.2 BTS

Priority 6: Shaping and delivering the Digital Portfolio and Programme

What we said

We said we would start to develop a portfolio approach and programme which ensured we were taking forward the right digital priorities and investments and that we would shape a Digital Programme to meet the future needs of the Council.

What we achieved

We have now established a Portfolio Board as a key decision-making body to drive our digital ambitions. It is the intention that all Council-wide digital investments and priorities are scrutinised and directed by that Board and that is in place. However, further work is required to ensure that all projects and requests are raised under the current annual process. Service awareness of the process still seems to vary.

The Digital Programme has now been constructed and shaped within 4 Workstreams:

- Implementing Digital Ways of Working
- Digital Service Delivery

- Data and Analytics
- Digital Innovation

An initial set of proposals and projects are now being developed to support the outcomes of each Workstream.

How we know

The Digital Portfolio Board has agreed on the initial Programme approach and structure. Work continues gathering a finalised set of proposals for the forward Investment and Business Case development.

This will be evidenced through an improved delivery of service for the customer and by reducing spending.

Priority 7: Legacy Replacement activities

What we said

Continue to move our large and critical systems away from legacy platforms to modern, flexible cloud solutions as a platform to drive future change.

What we achieved

We have undertaken the following Legacy Replacements this year:

- Completed the deployment of the Liquid Logic platform for Social Care to replace the ageing SWIFT system
- We have partially replaced the Housing System to move away from the legacy Genero solution. This work has slipped from original plans and will continue through 2025 and possibly into 2026
- We have partially replaced the COMIS system by providing a new solution for Small Plant & Tool and Projects & Costing. Difficulties with this work mean that further work required to replace both Works Management and Inventory/Stores systems, is delayed and is currently scheduled to run until mid-2025
- We have commenced initial planning on the replacement of the Legacy Council tax solutions

In addition to the work above, the Council has over 350 other solutions in use of various sizes and many of these (typically around 80 per year) will require replacement over the coming year due to contractual ends or solutions being removed from the market by suppliers.

How we know

We have replaced legacy systems and have more modern systems that are cloud based. Updates are provided through project deployment and documentation.

Priority 8: Ensuring Operational Continuity

What we said

We have a continual and ongoing responsibility to:

- Secure and assure the Council's ICT environment
- Continue to run cost-efficient services and optimise where we can
- Provide support and advice to Services in the use and development of Technology

- Develop, maintain and update our infrastructure and devices to maintain fitness for purpose
- Consider and progress service requests for new technology and digital solutions
- Upgrade and renew systems
- Develop and extend our use of strategic investments and platforms

What we achieved

- Secure and assure the Council's ICT environment:
 - We have completed cyber improvement work, including delivery of a fully managed Security Operations Centre with a noted Scottish cyber security practice, protecting the Council's vital digital infrastructure
 - We have deployed regular Microsoft, Apple and Android updates and patches to over 50,000 Council-managed devices in line with best-practice cyber security requirements
- Continue to run cost-efficient services and optimise where we can:
 - As a result of equipment ordering and deployment efficiencies, Technical & Hosting have already proposed savings of up to £100k for 2024/25 and a further £50k beyond that although this is still to be confirmed
 - We are now deploying "Zero Touch" build devices which can be delivered straight to the Services concerned and built remotely. 1,000 devices have been rolled out using this new and innovative approach
- Provide support and advice to Services in the use and development of technology
- Consider and progress service requests for new technology and digital solutions:
 - We have progressed over 12,000 support calls and 68,000 requests for service in the 10 months to October 2024
 - Our last full year, 2023, figures were similar with over 14,600 support requests and 82,000 service requests
- Develop maintain and update our infrastructure and devices to maintain fitness-for-purpose:
 - We completed deployment of the new Council network and are now well through deployment of our new Wifi system which improves coverage, capacity and speed of Wifi across Fife Council Sites and Schools as well as improving public/guest access securely
- Upgrade and renew systems:
 - We have a continual programme of upgrades and renewals across the 350+ solutions in use in the Council as well as on-going device refresh plans across all Council Services and Schools. This accounts for the majority of the 50-60 concurrent project activities we have in train at any given time
- Develop and extend our use of strategic investments and platforms:
 - We have rolled out 4 major releases to our Oracle ERP platform successfully and implemented new Risk Management and Guided Learning capabilities
 - We have continued to expand our support for Digital Champions to improve knowledge and the use of Microsoft products such as Power BI

- We have delivered a new Council website and new online services through the use of our Verint/Lagan Customer Management platform and have also moved this to the cloud

How we know

We have resilience against system failure based on business continuity plans, allowing us to continue to operate and deliver services to the citizens of Fife and others.

Evidence is in project documentation and plans for project-level activities.

Power BI representations of Assyst (First Contact) information are used for support and request activity.

Other systems and infrastructure management tools provide information on the deployment of Council-managed devices and infrastructure.

3.1.3 Finance

Priority 9: Investing in our People/Workforce Planning

What we said

The age profile in our service is challenging and we have recognised that we need to plan to ensure key knowledge and skills are not lost. We are conscious that in an environment of reducing resources and increasing demand and pressure that investing in our current and future workforce is vital.

What we achieved

- Two modern apprenticeships are in place and funding is secured for an additional two
- Plans are in place for a Technician Accounting training programme
- Funding secured from the Workforce Youth Investment Fund to support the establishment of two new posts
- A full review of the structure of Internal Audit and Corporate Fraud, including consideration of demand versus resource available which resulted in a new structure including:
 - An additional Audit Team Manager, appointed during 2023/24
 - Agreement to establish a new Corporate Fraud Lead Officer post
- Appointment of a second, full-time, dedicated Risk Management Co-ordinator
- An annual development meeting will be held for all employees as well as a commitment to regular one to one discussion for all team members

How we know

- Employee survey, results were largely positive. A further pulse survey has been issued and the results will provide an indication of the trends over time.
- Newly recruited staff in position and a number of vacancies are currently going through the recruitment process.

Priority 10: Developments in Embedding Risk Management

What we said

With the aim of embedding risk management in the organisation, further development, driven by the Council's corporate Risk Management Strategy Group and Risk Management Improvement Plan, was planned for 2023/24, including development of a new Strategic Risk Register.

What we achieved

- Development and approval of a new Strategic Risk Register and defining corresponding risk appetite levels
- Established formal horizon scanning and risk escalation processes
- Appointment of a second full time Risk Management Co-ordinator
- Secured funding via the Workforce Youth Investment Fund to establish and recruit a new Insurance and Risk Management Trainee post
- Established a corporate Ideagen Governance Group
- Made progress towards implementing the corporate Roll Out Plan, supporting Services to develop, implement and embed effective risk management arrangements locally, including development of Service-level risk registers
- Implemented the new risk impact assessment matrix
- Delivered training and awareness sessions, including an awareness session for the extended Council Leadership Team and CPD events
- Continued development of risk management e-learning solutions in consultation with HR colleagues
- Became a member of the recently established national Risk Management Sub-Group of the Scottish Local Authorities Chief Internal Auditors Group (SLACIAG)

How we know

An evidence pack was pulled together to demonstrate achievement of the risk management improvements noted above. The pack was reviewed by External Audit colleagues as part of the annual audit process.

Priority 11: Developments in Fraud Governance and Anti-Corruption

What we said

Take steps to improve the Council's fraud governance and anti-corruption arrangements, including, in conjunction with colleagues from HR and Legal and Democratic Services, the development and implementation of a revised whistleblowing policy, with supporting processes and procedures.

What we achieved

- A new standalone Whistleblowing Policy was developed collaboratively by HR, Legal & Democratic Services and Audit & Risk Management Services. The following supporting working practices and procedures were also established during the year:
 - A new dedicated whistleblowing email address was established with restricted access arrangements
 - An online referral form was developed and launched

- Tripartite approach to consider and respond to concerns and quarterly monitoring meetings to ensure continued oversight of cases
- Secure, central reporting and recording process
- The Council's Internet and Intranet pages were developed as a central source of related procedures, guidance and support
- Obtained agreement to establish a new Corporate Fraud Lead Officer post
- Drafted a Corporate Fraud Improvement Plan
- Development and launch of a new mandatory Corporate Fraud e-learning package
- Development and delivery of corporate fraud awareness raising sessions
- Participation in a working group alongside NHS Fife colleagues providing assurances to the Fife IJB surrounding the Council's enhanced whistleblowing arrangements

How we know

An evidence pack was pulled together to demonstrate achievement of the fraud governance and anti-corruption improvements noted above. The pack was reviewed by External Audit colleagues as part of the annual audit process.

Priority 12: Support Transformation and Change across Directorates

What we said

We will provide quality professional financial support and advice in relation to any major change across the Council, supporting Directorates in managing the financial aspects of any change/transformation.

What we achieved

- **Dunfermline Learning Campus (DLC)** - Supported the Education Directorate to provide new secondary schools to replace Woodmill and St Columba's RC High Schools through the provision of the Dunfermline Learning Campus. Involved in supporting the directorate in the preparation of the bid to the Scottish Government for financial support via their Learning Estate Investment Programme and being part of the project board overseeing the delivery of the schools, which is one of the largest Passivhaus projects built to date
- **Primary Teachers Workforce Planning** - Supported the Education Directorate to actively manage the Primary teaching workforce to enable newly qualified teachers and those in temporary posts, to be appointed to permanent teaching posts. This was achieved through supporting the premature retirement of a number of teachers where it was cost effective to do so
- **Levenmouth Railway** – supported the service to manage the £10m Levenmouth Reconnected Programme Grant Fund to maximise the social, economic and environmental benefits of the Levenmouth Rail Link
- **Climate Change** – Working with Services to take forward the development and implementation of a plan to meet Fife Council Net Zero obligations in relation to non-domestic buildings

How we know

- The DLC opened August 2024 and the funding from Scottish Government is now in place, with the first payment received in September 2024

- The Primary Teachers Workforce Planning exercise enabled the desired movement in teachers, achieved a saving and potentially strengthened the teacher supply pool with experienced teachers (if some of those retiring wish to continue to work on a supply basis)
- We have paid out large grants totalling £2.4m and small grants of £0.075m during 2023/24 from the Levenmouth Reconnected Programme Grant Fund
- Climate Change representative now on Investment Strategy Group to ensure net zero obligations are considered with approving new projects and programmes

Priority 13: Streamline Processes

What we said

We would review our processes and identify where improvements can be made to help mitigate increasing demand.

What we achieved

A full review of our revenue forecasting process and improvements identified and implemented for both the system and the business process.

How we know

Set up time for forecasting reduced from 2 days to 1 day and timetabled forecasting period reduced by up to 2 additional days, allowing time for more value-added support to services.

Priority 14: Pension Fund Valuation/Investment Strategy

What we said

We will work with the actuary to provide data, validations and checks to complete the actuarial valuation, set employer's contribution rates and produce the funding strategy statement. Aligned to this we agreed to update the fund's Investment Strategy.

What we achieved

The actuarial valuation was completed on time and a report was presented to Pensions Committee in March 2024. Employers were advised of revised contribution rates and these have been implemented from 01 April 2024. The Funding Strategy Statement was also reviewed and shared with Employers. Working with our partners and advisors the Investment strategy for the Fife Pension Fund assets was also reviewed and agreed by Committee in March 2024.

How we know

Reports were presented to Pensions Committee covering the valuation, Funding Strategy Statement and Investment Strategy.

Priority 15: Manage the Strategic Risk – Financial Instability

What we said

Finance manages the strategic risk of Financial Instability that has the risk that the Council and its partners fail to deliver Plan for Fife ambitions. The Council's financial sustainability is compromised.

Managing finances within the current economic climate can be challenging with pressures such as inflationary increases impacting on both revenue and capital budgets. The budget position and financial monitoring are reported to the Cabinet and the Scrutiny Committees.

What we achieved

- All internal controls and actions were reviewed and updated
- Capital Strategy agreed
- Risk further developed as part of the Strategic Risk Review 2023. New scoring reflects the use of PESTELO model to assess risk impacts

How we know

- Ideagen updated with all actions
- Council's financial position at end of 2023/24 stable, however it is recognised that there are more challenging times ahead and that this risk will continue to need strong internal controls

3.1.4 Legal & Democratic Services

Priority 16: Legislative Changes to the delivery of elections

What we said

We would prepare for the legislative changes to the delivery of elections.

What we achieved

We carried out extensive preparation in anticipation of the general election and we delivered that election in July 2024.

We also delivered the election for community councils across Fife. This process was delivered in accordance with the Scheme of Establishment for Community Councils. One community council applied to delay their election and we then used our learning from the first round of election to design process improvements for the second. We will use this learning to take forward a review of the Scheme in advance of the next round of elections for community councils.

How we know

While there were national issues around the postal vote process and the timing of the election posed additional logistical challenges, we did deliver the general election with the new statutory provisions and in challenging circumstances, supporting the electorate to cast their ballot, allowing candidates to have confidence in the process and providing accurate results.

A member of Parliament was elected and we have community councils re-established and inducted.

Priority 17: Annual Governance

What we said

We would deliver the improvement actions identified as part of the Annual Governance (AG) statement.

What we achieved

We focussed on the governance framework, preparing new Standing Orders for Council approval and delivering on our Annual Governance commitments.

How we know

We had revised governance documents approved by full Council. We track and monitor improvement actions through the governance working group and then report on actions through our Annual Governance Statement to the Standards, Audit and Risk Committee.

3.1.5 Revenues and Commercial Services

Priority 18: Financial Savings and Benefits

What we said

We would identify and pursue any opportunities to enable financial efficiencies via procurement activity.

What we achieved

Procurement report benefits achieved on a quarterly basis to Finance through an established Benefits Realisation Policy.

How we know

Procurement benefits for the financial year 2023/24 have been verified at £12.702m as illustrated below:

Table Six: Verified Procurement Benefits (Quarterly Summary)

Total Benefits					
2023-24 Procurement Benefits					
	Qtr 1 £m	Qtr2 £m	Qtr 3 £m	Qtr 4 £m	Total £m
Delivered	1.533	2.703	6.365	2.101	12.702
Cashable	0.641	0.593	0.957	0.614	2.805
Cost Avoidance	0.891	2.11	5.409	1.487	9.897

Further breakdown by budget type is provided below:

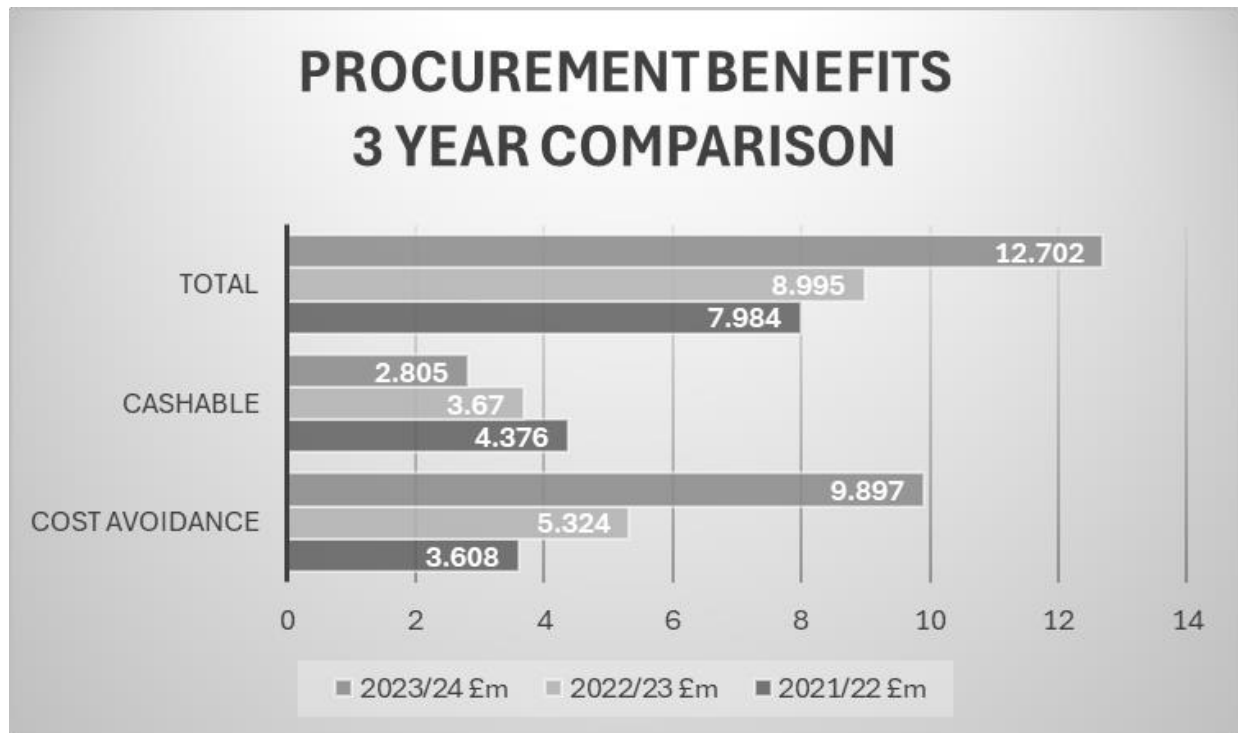
Table Seven: Verified Procurement Benefits (Budget Type)

2023-24 Procurement Benefits						
	Revenue £m	Capital £m	HRA £m	H&SC TRUST/ALEO £m		Total £m
Delivered	6.779	5.675	0.212	0.024	0.012	12.702
Cashable	2.498	0.250	0.020	0.024	0.012	2.805
Cost Avoidance	4.281	5.425	0.191	0.000	0.000	9.897

It should be noted that within the reported benefits, there will be multi-year contracts. The benefits will be recurring for the length of these contracts; therefore, some benefits may already have been reported in previous years.

Comparison of prior year benefits are reviewed on an annual basis through the Annual Procurement Report. Comparisons of benefits reported over the last 3 years illustrate almost £30m of benefits have been realised.

Diagram One: Procurement Benefits 3-year comparison



Priority 19: Community Wealth Building (Spending Pillar)

What we said

We continue to make effort to improve access to public contracts for Small and Medium Enterprises (SMEs), the third sector and supported businesses and aim to utilise local contractors where this represents best value.

We promote fair work within our contracts and strive to ensure that the Real Living Wage is paid to our contractor’s employees.

We take account of climate and circular economy considerations by incorporating environmental issues/outcomes in our procurement activity.

We shall continue to explore opportunities to incorporate community benefits into contracts to generate additional value for the wider Fife community.

What we achieved

We incorporate Fair Work First into procurement exercises where relevant and proportionate to do so. Some contracts that we utilise are not owned by Fife Council, so scope does not always allow us to consider. The majority of contractors who were awarded a contract in the last financial year committed to payment of the Real Living Wage. Further detail will be provided in the aforementioned Annual Procurement Report.

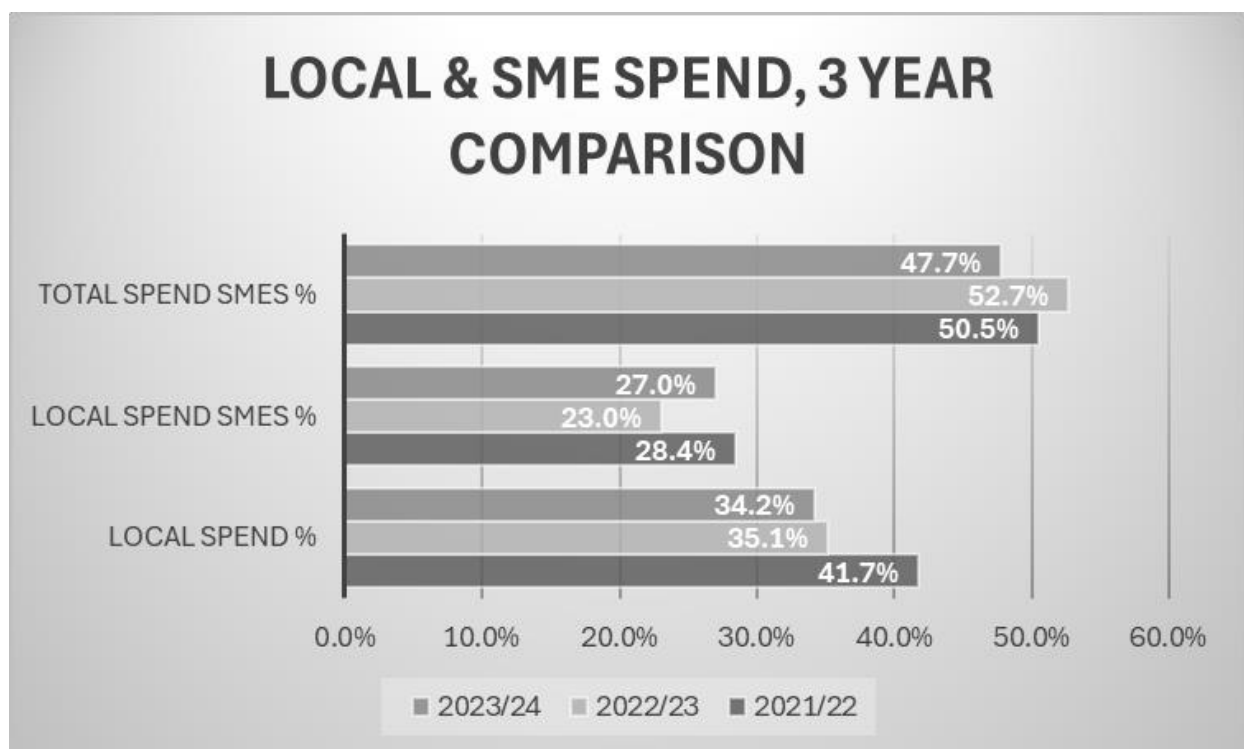
Climate and circular economy considerations are included at the outset of a procurement exercise, i.e. at contract strategy stage as part of the scoping of contract specification and/or award criteria development. Some key areas of ongoing work and improvements in this regard will be provided within the Annual Procurement Report.

Community benefits are sought and contractually committed in contracts in a proportionate manner. These are varied in their nature but include over 70 reports of employment, 21 apprenticeships, £26m of onward local supply chain and over £120k worth of donations.

How we know

Over 34% of procurement spend was with Fife based suppliers. Whilst this is a reduction in previous years, it should be noted that the overall spend with Fife suppliers has increased by over £21m. An increase of total spend of £76.7m has been reported, making year on year percentage comparison less accurate. Additional analysis and findings will be reported in the council’s Annual Procurement Report, tabled to be presented to this committee in January 2025.

Diagram Two: Local & SME Spend 3-year comparison



Evolving enhanced reporting provides an opportunity for comparison and opportunity identification.

3.1.6 Assessors

Priority 20: Delivering Statutory Valuation Functions

What we said

- A transformation of Service operations to deliver Non-Domestic Rating Reform
- Implement a new two-stage appeal system for non-domestic properties
- Support the transfer of the Valuation Appeal Committee functions to the Scottish Courts and Tribunals Service

- Tackle recruitment challenges through training
- Implement a new IT software system

What we achieved

- Delivered revaluation 2023 with a one-year tone (valuation) date
- Logged all non-domestic proposals for revaluation 2023
- Successfully transferred all appeals sitting with the Valuation Appeal Committee to the Scottish Courts and Tribunals Service within the required timescales
- Established a training lead for the Service
- A new software system went live in December 2023

How we know

- Revaluation 2023 delivered
- Proposals logged and acknowledged
- Scottish Courts and Tribunals Service received the transferred appeals
- Progression has been made with training plans
- Development work on new IT system still required but system now operational

3.2 Wider operational performance

3.2.1 Finance & Corporate Services is responsible for 10 Local Government Benchmarking Framework (LGBF) indicators. The latest set of LGBF data published covers 2022/23. Detailed below is some content on pertinent points.

Table Eight: LGBF Indicators

LGBF	2018/19	2019/20	2020/21	2021/22	2022/23
Support services as a % of total gross expenditure (LGBF)	4.74%	5.69%	4.5%	4.02%	3.91%
% of highest paid 5% employees who are women (LGBF)	57.1%	57.7%	59.2%	60.7%	61%
The Gender Pay Gap (%) (LGBF)	1.93%	-0.65%	1.79%	1.69%	1.13%
Sickness Absence Days per Employee (excl. teachers) (LGBF)	13.1	13.86	11.83	15.29	15.85
Procurement spent on local small/medium enterprises (%) (LGBF)	35.5%	31.9%	37.2%	40.2%	33.9%
Useable reserves as a % of annual budgeted revenue (LGBF)	7.8%	8.4%	19.9%	22.5%	24.8%
GF Balance as a % of annual budgeted net revenue (LGBF)	1.8%	2.3%	5.4%	3.3%	3.8%
Financing Costs to Net Revenue Stream - GF (LGBF)	8.37%	7.79%	6.1%	6.39%	1.27%
Financing Costs to Net Revenue Stream - HRA (LGBF)	20.23%	21.54%	22%	22.04%	23.77%
Actual outturn as a % of budgeted expenditure (LGBF)	100.29%	99.6%	91.98%	93.64%	92.49%

3.2.2 Working days lost (WDL) per FTE

The number of WDL (for all employees including Teachers) has risen again during 2022/23 to an average of 14.02 WDL. In terms of other councils, we were ranked joint 30th (technically an improved ranking). The LGBF Performance Indicator measures sickness absence days per employee (excluding Teachers) and was 15.8 days in 2022/23.

Unfortunately, the most recent data shows that there is a continued rise in absence during 2023/24 (this SPI figure will be published early 2025). However, from 2023/24 all Covid absence was included where previously this was captured under other provisions.

The Attendance Support Unit is now in place and the strategy, which underpins all activity to improve attendance, is to get the basics right. Targeting higher absence level areas with early offers of support and encouraging improved policy compliance will enable us to identify and compare teams to understand which practices combine to be most effective. These can then be deployed more widely along with associated improvement targets.

3.2.3 Gender Pay Gap

At 1.10% the gender pay gap continues to be lower than the Scottish Local Authority average (2.5%), although we do still see areas of occupational segregation within areas of the workforce. We continue work to challenge traditional perceptions and stereotypes for example by using recruitment adverts showing male employees in early years settings.

3.2.4 Highest Paid 5% of Employees who are Women

We continue to see a rising number of women in the top 5% of earners. At 61%, this is higher than the Scottish Local Authority average (58.9%). Through our work towards Equally Safe at Work accreditation, we have been focussing on gender equity in the workplace and have spotlighted female leadership within the Council.

3.2.5 Useable reserves as a percentage of annual budgeted revenue

Application of the revised accounting guidance in respect of Service Concession arrangements resulted in a significant underspend in Loan Charges budget which made a significant contribution to the balances position. This accounts for the increase in the level of useable reserve as a percentage of budgeted revenue from 22.50% in 2021/22 to 24.80% in 2022/23. These will be used to fund additional capital expenditure and will reduce over time.

3.2.6 GF Balance as a percentage of annual budgeted revenue

Application of the revised accounting guidance in respect of Service Concession arrangements resulted in a significant underspend in Loan Charges budget which made a significant contribution to the general fund balances position. This accounts for the percentage increase from 3.30% to 3.80%, which has offset where balances have been used.

3.2.7 Financing costs to net revenue stream – GF

Application of the revised accounting guidance in respect of Service Concession arrangements resulted in a reduction in the cost of borrowing for 2022/23 as the benefits generated were realised in year. As a result of this cost reduction, the percentage to net revenue stream has reduced significantly from 6.39% to 1.27%. The percentage is expected to increase again in future years reflecting the levels of borrowing required to finance the capital plan.

3.2.8 Financing costs to net revenue stream – HRA

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 23.77% for 2022/23 and is in line with the agreed levels per the HRA Business Plan.

3.2.9 Actual Outturn as a percentage of budgeted expenditure

The actual outturn as a % of budgeted expenditure prior to 2021 was around 100% reflecting that Directorates 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 92% reflects continued levels of one-off government funding that is held in committed balances plus a change in accounting treatment for some ring-fenced grants and Service Concession arrangements as noted above.

3.2.10 Fife Council is committed to ensuring that businesses are paid on time and aims to pay business promptly once a service has been performed or goods are delivered. During the reporting period there has been an improvement in performance to Invoices paid within 30 days.

Table Nine: Invoice Payment Performance

	2022/23	2023/24	Difference
No of invoices processed	332,670	577,421	+244,751
Invoices paid within 30 days (%)	92.5%	96.41%	+3.91%

3.2.11 In 2023 new technology known as Intelligent Document Recognition (IDR) was implemented to enhance the invoice payment process. By automating part of the manual process within Accounts Payable there has been a notable improvement in the efficiency of invoices being paid within 30 days.

4.0 Directorate Priorities Ahead

- 4.1 In 2024/25 the Directorate will focus on the change and improvement areas as outlined below whilst ensuring statutory services are delivered to an adequate level.
- 4.2 **Digital Advancement of Services:** We will optimise value from digital solutions and embrace future technologies such as AI and process mining tools, to change the way services are delivered. This approach will allow us to make the most out of existing resources and enhance our agility in responding to change.
- 4.3 **Supporting the Community Wealth Building Agenda:** We will continue to increase local procurement and community benefits.
- 4.4 **Optimising Service Delivery:** We aim to meet demand efficiently by eliminating non-value-added tasks, automating processes and enhancing self-service options. We are reviewing how the Directorate is structured and how responsibilities are shared, this will be shaped by the future organisational model adopted by the Council.
- 4.5 **Aligning resources with Council Priorities:** We will standardise service offerings to ensure capacity can meet demand effectively.
- 4.6 **Driving Data-Driven Decision Making:** We will adopt data-driven ways of working to make informed decisions, enhance service quality and improve resource allocation.
- 4.7 **Balancing Service Delivery with Financial Sustainability:** We will invest in skills development to ensure our services are resilient and adaptable.
- 4.8 The most significant challenge faced by the Directorate in the coming years is the age profile of the Service and the ability to ensure that key knowledge and skills are not lost before having the opportunity to bring in, train and develop skills of younger members of staff as well as developing and retaining our existing talent.
- 4.9 The Best Value annual thematic audit on workforce innovation confirmed that effective and appropriate workforce plans are in place. However, it recognised that there is still work to be done, at a service level and corporately, to further develop our workforce planning maturity. Work will be undertaken to refresh our OPM and develop a Corporate People Plan for the period 2025-2028 and to consider how this work aligns with the revised approach to service planning and performance management.
- 4.10 Supporting reduced attendance across the Council will continue to be a priority for 2024/25 and beyond. The 2022/23 National Benchmarking Overview Report provides context as to the extent of the challenge in managing absence for all Councils and ensuring Leaders are clear in their role in having an engaged and empowered workforce has never been so important.

5.0 Conclusion

5.1 The report outlines the progress in service planning, change and improvement work within the Finance and Corporate Services Directorate for 2023/24. We have identified our main priorities at a service level and provided an update on the extensive activities that we have delivered.

Our performance has been good in comparison to other councils, there are areas we do need to make improvements in, particularly in the level of staff absence, retention and recruitment. With an ageing workforce, our Services are developing their people plans to ensure continued delivery of the required services. Moving forward, we have clear priorities and our change activities will be strategically focussed on these areas.

Report contacts

Eileen Rowand, Executive Director of Finance & Corporate Services

Appendices

- 1. Case Study Life Chances**
- 2. Case Study Community Benefits**

Appendix 1

Case Study 1 - Life Chances – Sometimes all people need is a chance

The Council's Life Chances approach to employability and recruitment was introduced in June 2023 as part of the Council's commitment to Community Wealth Building (CWB).

Life Chances is a progressive recruitment approach to support those who find it difficult to overcome labour market challenges by providing access to vacancies with the Council and helping them to sustain employment within those vacancies. Implementation of Life Chances has been driven by Business Employability and Human Resources. The approach and necessary policy changes were agreed by our Joint Trade Unions and they remain engaged as we progress with the approach.

Through Life Chances, employability clients are assessed as ready for work and are offered supported placements (normally for 13 weeks) which provide them with valuable work experience that helps them to transition into work. Placements are usually entry-level positions with a small number of essential criteria and regular job vacancies which are often harder to fill. During the placement individuals are paid the real living wage as a minimum and they are provided with dedicated employability support.

Placements can be extended if they need extra time in a supported environment. During the first phase of the programme, those completing the placement were offered a guaranteed interview for existing vacancies. After a successful transition into employment, an offer of dedicated employability support continued for 12 months.

Under the guaranteed interview pilot in 2023, there were 20 placements within Fife Council.

More recent developments

Following the success of this first phase of the programme, work progressed to implement the next phase of the Life Chances approach to evolve beyond the offer of a guaranteed interview to offering a ringfenced or guaranteed job.

To shape the next step of the model HR and Employability hosted a workshop for services and Trade Unions. From this came a consensus that to tackle the poverty agenda set out in the Plan for Fife there needed to be greater sustainability. The revised approach sees Services committing funding for existing vacancies within their service for at least 12 months. This means that at the end of the 13-week programme, successful participants will be offered a transition interview into the identified job and will be employed for at least 12 months.

The guaranteed job phase of the programme was launched earlier this year and so far there have been 15 placements in Fife Council with 5 jobs offered to date. There are also discussions ongoing with other Services across the Council about offering Life Chances placements.

What the programme is delivering

Through Life Chances there has been closer alignment and more collaborative working across Employability and HR to deliver community wealth building in action. It is an example of how the Council are rethinking our approach to prioritise local people and places. The model gives Services an alternative route and an untapped pool of potential resources to fill their vacancies. From an employability perspective, it gives to those who find it difficult to overcome labour market challenges (such as long-term unemployment, little or no work experience or living in a jobless household), to progress into fair, sustainable work. This enables a step change in their circumstances and support for the local economy.

Participants of the Life Chances placement helped them:

- gain confidence
- gain workplace knowledge
- overcome and address personal anxiety and lack of confidence
- apply for a job as the Life Chances application is much easier than standard Council one
- be happy with the new career pathway.

Feedback from one of the Services offering placements said: Life Chances has been an important change in recruitment policy for our Directorate. It works very well and produces quick results, where we get access to people, we would never have reached. We have transitioned participants into seasonal and permanent posts from our Life Chances pool.

Information about the programme as well as personal stories from those involved is being promoted to encourage Services across the Council to consider the Life Chances approach to entry-level jobs they may be struggling to fill.

Appendix 2

Case Study 2 – Community Benefits

Fife Council recognises the potential of public procurement contracts and their associated spend to deliver significant social and economic benefits, particularly in enhancing employment opportunities. Aligned with the Sustainable Procurement Duty, Community Benefits (Community Wealth Building principles and the Progressive Procurement Pillar), the Council is committed to leveraging procurement to achieve these objectives.

Highlights of the community benefits delivered during the period April 2023 to March 2024 is provided below.

