Islington Council to make £3m saving supported by Advanced’s budgeting and forecasting solution

By investing in Advanced’s budgeting and forecasting solution Collaborative Planning, we as a council have been able to replace inefficient manual processes to better interpret our financial position and improve decision making. As a result, we are firmly on track to reducing core finance costs by 40 per cent, amounting to £3 million in efficiency savings, supported by Advanced’s system.

Background
With an estimated population of 215,000, the London Borough of Islington covers just over six square miles. Despite our condensed size, Islington is the seventh most deprived borough in London and a significant proportion of our Council’s finances are required to support children and adult social care services. Our aim is to help our constituents in every way we can allowing them to have the best quality of living within Islington.

The challenge of reducing controllable spend
Although Government funding cuts have placed relentless pressure on local authorities to adopt transformative change, the dilemma of how to maintain frontline services and realise substantial efficiency savings has coincided with positive reform for us.

Government restrictions imposed in 2010 caused by the economic crisis meant we had to reduce our controllable spend by 35 per cent. The savings figure equated to £112 million over a four-year period - much larger than the proportion of the budget allocated for protecting frontline services.

Urgent action was needed, however, our ability to interpret our council’s financial position and make informed decisions was restricted by convoluted manual processes. It was also almost impossible for us to gather accurate forecasting information within a reasonable timescale due to our reliance on complicated Excel spreadsheets.

From spreadsheets to the Cloud
Initially we considered a number of budgeting and forecasting systems, including an automated Excel-based application, before selecting Advanced’s financial solution. The Cloud-based solution was built, tested and implemented in five months before being rolled-out in a phased approach to all Council departments. The system went fully live in November 2009.

We decided on a full, council-wide roll-out through a swift but structured plan, initially for monthly forecasting before later moving to...
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capital programme forecasting and detailed budget setting. A key driver was to streamline processes and encourage managers to take ownership by requiring them to approve and submit forecasts within a unified system to increase budgetary transparency and control.

More than 500 members of staff use the system on a daily basis to monitor revenue and budget setting. The solution’s flexibility enables users to pre-populate financial forecasts to focus on any exceptions or anomalies, making it quicker and easier to determine where efficiency savings can be made. As a relatively large organisation, we allowed a mixed approach for the input of updated financial data to reflect the preferences of different departments. For example, business managers from the environmental department wanted to take full control of their forecasts in contrast to social care managers who wanted to enlist support from the finance team.

Alan Layton, our Director of Financial Management at Islington Council says, “Cultural change can be the biggest obstacle to delivering the benefits of a modern finance function in the public sector. We were able to secure management buy-in from the highest level which resulted in a very successful implementation and subsequent roll-out.”

Reshaping Finance achieves £3 million in efficiencies

By replacing spreadsheets, Advanced’s solution has automated and devolved our entire financial monitoring process, significantly improving efficiency and making it easier to access and analyse information in real-time. Data entry errors have been largely eliminated, ensuring comprehensive and reliable financial integrity throughout the budgeting cycle.

This means our managers are now empowered to submit, approve and compare budgets with forecasts to monitor performance against targets, enabling the finance team to focus on adding greater value. In addition, the solution can be configured to consider what if scenarios to assess the impact of potential changes to funding. Data is automatically extracted and displayed across related plans, budgets and forecasts so that remedial action can be prepared for well in advance.

Delegating responsibility to managers has also allowed us to disband departmental focused teams and create a small centralised finance group. This core team of finance employees are focused on monitoring, closing and transaction processing and provide business partnering and strategic support services to each Council department.

Approaching the future in confidence

Budget cuts have made a vast impression on the Public Sector as a whole. In preparation for having to make additional savings, we have recently upgraded to the latest version of Advanced’s solution to move to a single revenue model and further reduce risk, and improve efficiency.

“Advanced’s solution has eliminated various labour intensive processes, which will enable us to reduce our core finance costs by 40 per cent, amounting to over £3 million.”

“The system has far exceeded the functionality of the Excel-based system we considered and crucially integrated into the general ledger within our accounting system, also provided by Advanced. The consistent look and feel throughout ensured all departments quickly embraced the system as it is simple to analyse financial information in a clear, standardised format.”

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