



Tandridge Finance Transformation

March 2021

Introduction

Surrey County Council (SCC) has been providing finance leadership and management support to Tandridge District Council (TDC) during the 2020-21 financial year, led by Anna D'Alessandro, acting as the Chief Finance Officer.

During this period, a finance improvement plan has been initiated and steady progress has been made such that the council has moved from a challenging financial position to being able to set a balanced budget for 2021-22.

Going forward however the service is in need of an injection of additional capacity and capability in order to deliver the further improvement to which TDC aspires and to establish an effective, sustainable, transformative and high performing finance function.

To achieve this, there is a need to accelerate the pace of change and to shift the emphasis from improvement to transformation in the finance function.

The current management arrangements between SCC and TDC are due to end on 31st March 2021 and TDC wishes to review its future options and decide whether to develop an in-house solution or to work with another partner.

This proposal has been developed to support TDC in its decision making by offering a partnership option which would allow access to the expert finance leadership and management available within Surrey County Council and supported by an efficient and effective transactional services model provided through our shared service arrangement (Orbis) for the transactional elements.

Taken together we believe that this combination will provide TDC with a pathway to achieving sustainable, transformative excellence in its finance function over the medium and longer-term.

If TDC accepts the SCC proposal, we would continue to manage the service in line with current arrangements with Anna D'Alessandro providing leadership of the finance function and s151 support.

During Phase 1 (see below) we would wish to establish a formal agreement (as allowed for under section 113 of the Local Government Act 2000) to provide clarity and certainty to both councils as to the scope and nature of the sharing arrangement.

Should TDC decide not to proceed with this proposal, SCC are prepared to discuss the basis on which we could continue to support TDC during an agreed transition period.

Why partner with Surrey County Council?

Surrey County Council (SCC) is uniquely placed to support TDC. Since 2018, SCC has been through a transformational journey in its own finance services, providing a valuable insight into what is needed to effect sustainable change. The success of this journey was recognised in 2020 when the finance team was highly commended in the CIPFA Public Finance Awards.

This turnaround has been achieved by bringing together a new team and working with a business partner ethos. The team combines a blend of finance leadership at Director and S151 level, skilled finance managers and technical experts who are able to represent the function and work with services to strengthen their own capabilities.

We now boast a service that understands ‘what good looks like’ in financial management. The service is highly performing with a team made up of experienced experts in transforming services and which is increasingly seen as a leader and enabler of transformation across SCC.

Alongside this breadth of capability, Surrey is able to call upon a depth of capacity, experience and knowledge. Our scale offers a sustainable and resilient service with additional support available for all aspects of the finance service offer.

Key to sustaining this successful model has been the development of knowledge, skills and behaviours to underpin technical excellence including a full range of finance technical skills (corporate, capital, commercial and service based).




The development of Business Partnering skills has driven a new relationship between the finance function and the council’s front-line services, building relationships based on shared objectives, understanding and challenging combined with data driven insights, joint problem-solving – the service strapline is “Successful Together”.

Underpinning this is the innovative Finance Academy which exists to further develop staff and councillor skills and capabilities.

The Surrey change journey is set out in Appendix 1. This provides an overview of the approach, programme roadmap and the range of issues that were addressed through the programme.

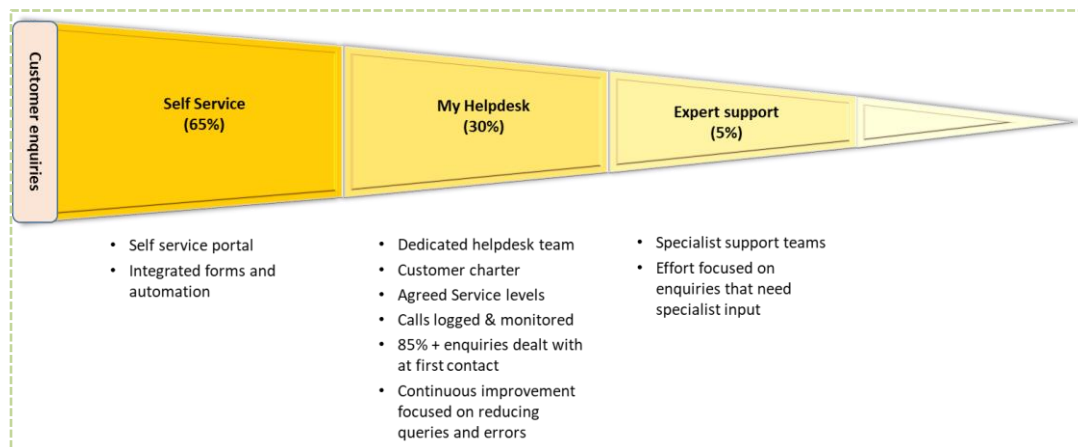
Working with SCC will provide TDC with access to this capability, capacity and learning and an understanding of the work that will be necessary for TDC to go on its own journey to achieving excellence in its finance function.

SCC’s transactional services are delivered through the Orbis partnership comprising Surrey CC, East Sussex CC and Brighton and Hove City Council. The Orbis partnership brings together highly skilled, professional workforces to share expertise and resources in the delivery of support services and provides the full range of finance transactional support functions as outlined.

 Helpdesk	 HR	 Finance
<u>Payroll, HR & Pensions</u> <ul style="list-style-type: none"> • 175,000 enquiries pa • 80% + first time fix rate 	<u>Payroll</u> <ul style="list-style-type: none"> • 1.2m payments pa • 99.2% accuracy <u>Recruitment</u> <ul style="list-style-type: none"> • 4,900 hires pa • 98% satisfaction <u>Safer Staffing (eDBS)</u> <ul style="list-style-type: none"> • >15k eDBS checks pa • 3 day turnaround 	<u>Accounts Payable</u> <ul style="list-style-type: none"> • 480k invoices pa • Value of £1.5bn <u>Debt management</u> <ul style="list-style-type: none"> • 180k invoices pa <u>Accredited BACS bureau</u> <ul style="list-style-type: none"> • £4bn payments pa

The Orbis operating model promotes staff and customer self-service, supported by a Helpdesk which acts as a first point of contact for staff and customer enquiries (see Diagram below).

The Helpdesk typically achieves in excess of 80% resolution at first contact which allows expert and business partnering staff to focus on value adding tasks rather than routine transactional activities.



Key benefits

What SCC can offer	Benefits to TDC
Working with a trusted public sector partner	Shared values and social aims
Expert financial leadership and management	TDC is able to draw upon the existing skills and capabilities within SCC which would otherwise be expensive and difficult for TDC to attract
Full transparency on costs	Enables TDC to minimise costs of change
Depth and breadth of finance capacity and capability	TDC is able to draw upon the skills and capabilities of the sizeable Surrey and Orbis teams.
Access to Business Partnering skills, networks and expertise	TDC is able to draw upon the skills and capabilities developed in business partnering within SCC and in its continuous learning ethos from its networks.
Access to Finance Academy	Development opportunities for finance staff members and budget holders
Experience in managing transformational change in the finance function	Confidence that TDC is working with a partner who understands and can guide TDC through its journey to excellence

What SCC can offer	Benefits to TDC
A tried and tested finance Partnership Agreement model between services and the finance function	A reshaped relationship between front-line services and the finance function with a focus on working together to develop solutions
Experience in identifying and delivering process improvement, efficiencies and reductions in transactional unit costs	Enables TDC to minimise costs of change and maximise savings
Potential for the future development of a managed finance service hosted by SCC	Confidence in maintaining long term, sustainable excellence in its finance function
Potential for future access to best of breed transactional finance solution	Potential to further reduce the TDC transactional unit costs without the up-front investment in time and money

Key people

Our overall engagement will be led by Anna D'Alessandro who will call upon other members of the SCC finance team as required to support the development and delivery of the TFT programme.



Anna D'Alessandro – Director, Corporate Finance (SCC) and CFO (s151) of Tandridge District Council

Anna is a highly accomplished, results driven Chief Finance Officer (s151) with both commercial and public sector experience, underpinned by best practice financial management and project and programme management experience.

She has worked across two continents, advising on and implementing, complex transformation projects as a senior consultant in a Big 4 Professional Services Firm. She has also led large teams across a number of finance areas in local government.



Rachel Wigley – Director, Financial Insight

Rachel is a highly motivated, capable, experienced finance director. She is a key leader of the successful Surrey County Council Financial Improvement Programme. Prior to joining Surrey, Rachel led a shared finance service across 3 London boroughs, helping to deliver a substantial transformation and savings programme for the 3 councils.

Rachel is experienced in developing teams, has a clear communication style coupled with the drive and energy to deliver on council priorities.



Mike Lea – Assistant Director, Business Operations, Orbis

Mike will lead our engagement on transactional services. He has worked in shared services for 15 years and is experienced in constructing new and revised processes and systems from inception to implementation.

He is committed to bringing in successful change that demonstrates quality and a real customer focus. He project managed the partnership between East Sussex County Council and SCC which has achieved a number of externally recognised awards.



Emma Pope – Finance & Procurement Operations Mgr, Orbis

Emma will support Mike on transactional services. Emma is highly knowledgeable in Local Authority practices and systems with 20 years continuous service in finance operations. She is a high-delivering manager providing drive and enthusiasm with proven leadership, management, and project management skills.

She is responsible for the operation, integrity, performance, improvement and communication of the order to cash and purchase to pay processes, providing advice, direction and subject matter expertise for the end to end process.

Proposed approach and indicative timelines

We will work with TDC on a partnership basis, working collaboratively with you to ensure that our proposed approach is flexible and adaptable to the needs of TDC.

At this stage we envisage that our overall proposed approach would run in 3 broad phases as outlined in the diagram below (and Appendix 2).

We have identified dates by which we anticipate each phase will be completed:

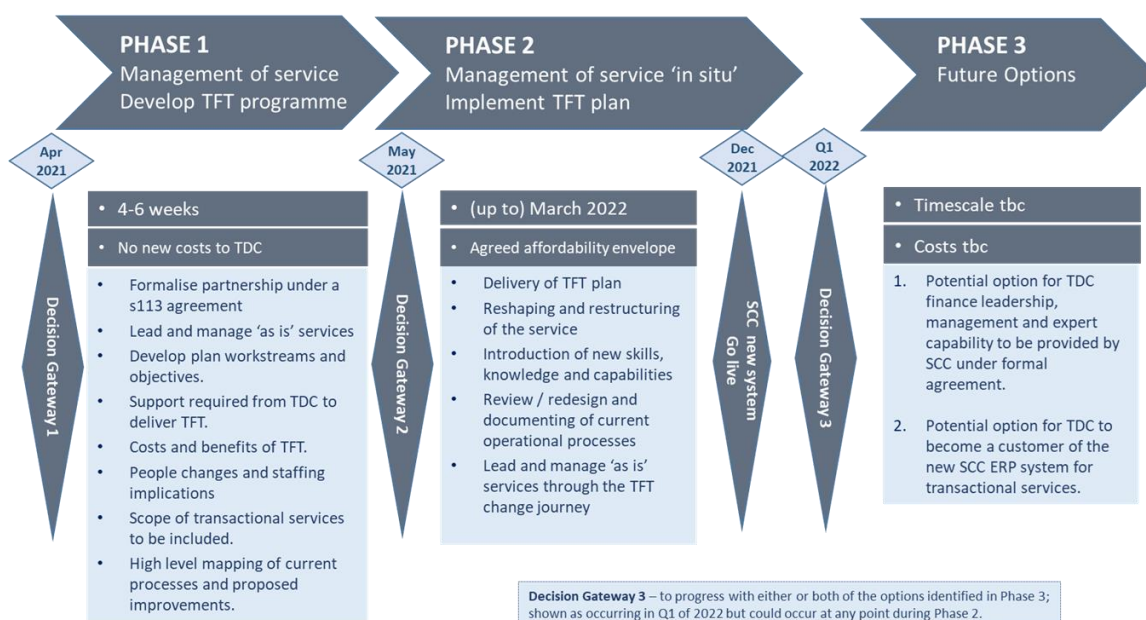
Phase 1 – Conclude discovery phase and develop the Tandridge Finance Transformation (TFT) plan

Phase 2 – Implementation of the TFT plan / consider moving to Phase 3

Phase 3 – Consideration of 2 longer term future options:

Option 1 = Finance function to be hosted and provided by SCC

Option 2 = TDC to become a future customer of the new SCC ERP system



Decision gateways

We recognise that TDC will wish to review its options at key points and prior to committing to any longer-term solutions. Our proposal is phased to provide TDC with gateway decision points in advance of any longer-term commitments being made. At each of these, TDC will be able to continue, pause or stop with no additional commitment beyond that already made at each Phase.

Gateway 1 - to decide whether to proceed with this proposal and to develop the TFT plan in partnership with Surrey County Council.

Gateway 2 - to decide whether to proceed with the delivery of the TFT plan once the costs and implications are known.

Gateway 3 – to decide whether to progress with either or both of the future options identified in Phase 3, each of which would involve a longer-term service agreement with SCC. This gateway is shown as occurring in Q1 of 2022 but could occur at any point during Phase 2.

Phase 1 – Develop TFT plan

If TDC accepts the SCC proposal, we would continue to manage the service in line with current arrangements with Anna D'Alessandro providing leadership of the finance function and s151 support. Alongside this we will consolidate our learning to date and build a Tandridge Finance Transformation (TFT) plan to help guide TDC through the transformation of its finance function.

A number of areas to be explored further have been identified (App 3). These will be added to and refined during Phase 1 leading to the development of a plan for the key activities to be undertaken in Phase 2. Other key activities in Phase 1 will include:

- Establish formal s113 agreement to provide clarity on the partnership between SCC & TDC
- Development of key workstreams, objectives and actions required including a high-level implementation plan for phase 2
- Development of a cost plan for Phase 2
- Development of outline 'to be' operating model and staffing structure for finance function, addressing any gaps in the capability and capacity required.
- Develop and cost the transition plan to the new model.
- Identify the people changes and staffing implications of the new model.
- Scope and due diligence on transactional processes to be included including collection of transactional volumes & indicative unit costs.
- Build understanding, high-level mapping of key operational and transactional processes and identification of proposed improvements.
- Assess requirements to ensure TDC gets the best from the Agresso financial system
- 'Quick wins' – identify early opportunities to effect improvement and build confidence

Phase 2 – Implement TFT plan

Delivery of Phase 2 will be managed using a documented programme management approach (Appendix 4 contains an example of the proposed approach to building and tracking the plan).

As part of this approach we will identify, assess and document the key risks and issues that will need to be addressed in order to deliver the plan successfully.

Our approach will be to focus on identifying and delivering improvements across 3 key domains: people, processes and systems.

Once the 'to be' operating model is agreed, we will move quickly to reshape and restructure the service allowing the introduction of new skills, knowledge and capabilities.

For transactional services our initial focus will be on mapping, documenting and stabilising the existing processes. We will then assess the potential to redesign these processes, establish clear process ownership, introduce metrics and explore the opportunities to automate these, reducing the amount of manual effort involved and releasing capacity from the existing teams.

We will look to move quickly in areas that offer early improvement opportunities such as the banking reconciliation process.

Phase 3 – Future Options

Phase 3 is not in scope for the current proposal but offers the potential to develop 2 further options in the future which may add additional value to TDC.

Option 1 would allow for the reshaped and redesigned finance function to be hosted and provided by SCC. This could involve a TUPE transfer of the staff concerned or a Managed Service option whereby TDC would continue to employ the staff, but SCC would provide leadership and management oversight.

Moving to this option could be considered during Phase 2 (ie the period up to March 2022).

Option 2 would allow for TDC to become a future customer of the new SCC ERP system once this has been delivered (December 2021). This may provide the option for further process and transaction unit cost efficiencies over the medium and longer term.

Costs

Phase 1 – due diligence phase and development of the TFT plan

During Phase 1 SCC will not charge TDC more than the current costs allowed for in the existing budget. Appropriate development activity required by SCC during this phase will be met by SCC.

The costs of undertaking the necessary programme of work to deliver Phase 2 and the estimated cost of delivering a new fit-for-purpose finance function will be determined during Phase 1.

Phase 2 – Implementation of the TFT plan

Given the scale of the change we believe is required, it is likely that further investment by TDC will be necessary to deliver this change and in the additional capability and capacity required for TDC to have a fit-for-purpose finance function. SCC will approach this in an open book, transparent and collaborative manner and seek only to recover its costs.

Costs of change, management and delivery of TFT plan

SCC will seek to minimise the one-off costs of delivering the TFT plan and to ensure that these remain affordable to TDC.

Ongoing costs of finance function

The aim of the TFT plan will be to deliver a fit-for-purpose finance function which is affordable to TDC. We envisage that we will be able to offset at least some of the costs of increasing the capability and capacity of the team by efficiencies elsewhere.

Phase 3 – longer-term future options

The costs for each of these options would need to be firmed up during Phase 2. Any decision to progress either of the options would be subject to a further decision by TDC (at Gateway 3).

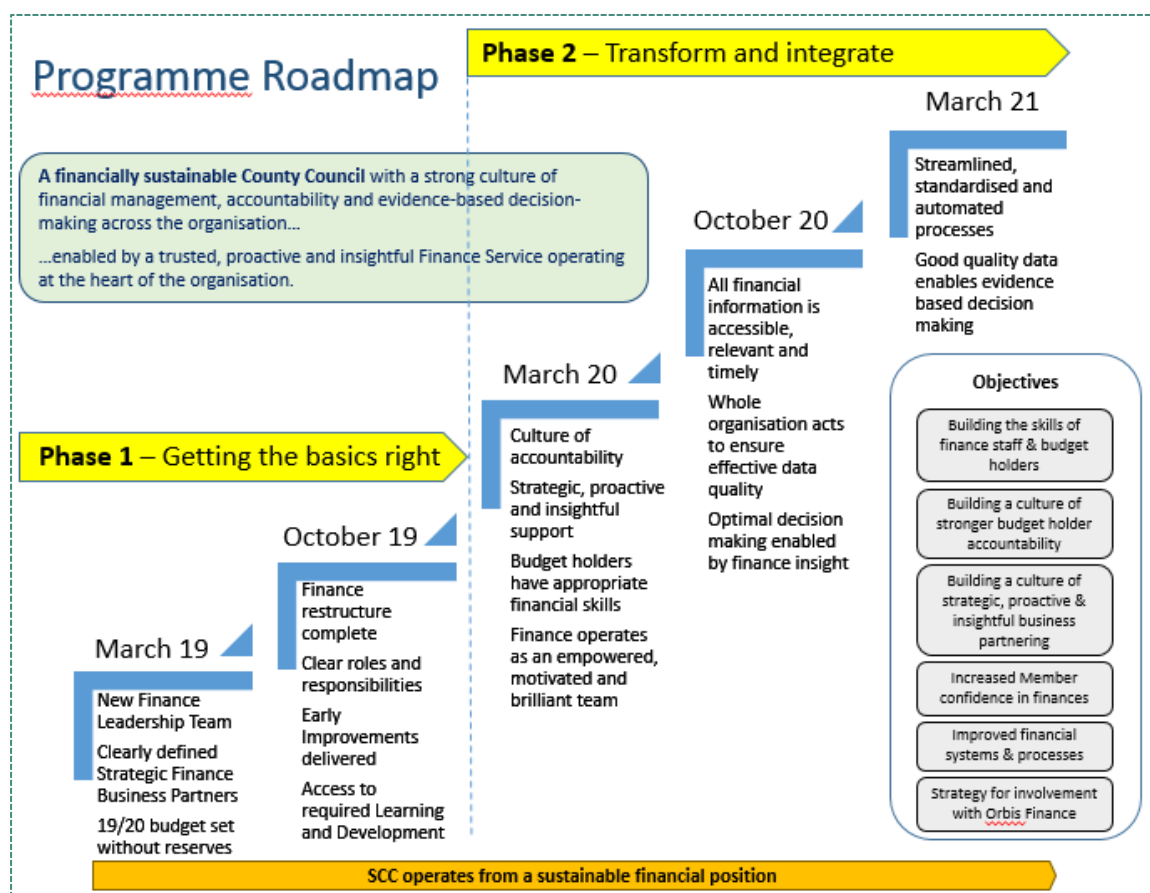
Appendix 1 - Surrey’s transformation journey

In 2018, Surrey was faced with a highly critical external review of its financial management. The picture now is very different – a balanced budget, ambitious plans and a Finance Service that is highly regarded across the organisation, seen as a key enabler of the transformation of the council.

This turnaround has been achieved by finance professionals acting as business partners to the organisation with an emphasis on engagement, insight and joint problem-solving; and supporting this with investment in people, their skills and behaviours through our innovative Finance Academy. The business partnering approach is adopted throughout the council, a change which provides better support to the delivery of organisational priorities by ensuring we have a good understanding of service issues, share goals and work collaboratively to find solutions to problems.

The function is led by Leigh Whitehouse (Executive Director of Resources), Anna D'Alessandro (Director of Corporate Finance) and Rachel Wigley (Director of Financial Insight). The Finance Team comprises around 80 staff, organised under seven Strategic Finance Business Partners, with teams responsible for corporate financial planning, pension fund and administration management, treasury management, risk management, commercial finance, finance service improvement and support to each of the major service directorates. Some functions are shared through the Orbis Partnership with East Sussex County Council and Brighton & Hove City Council.

A summary of the change programme ‘roadmap’ is set out below:



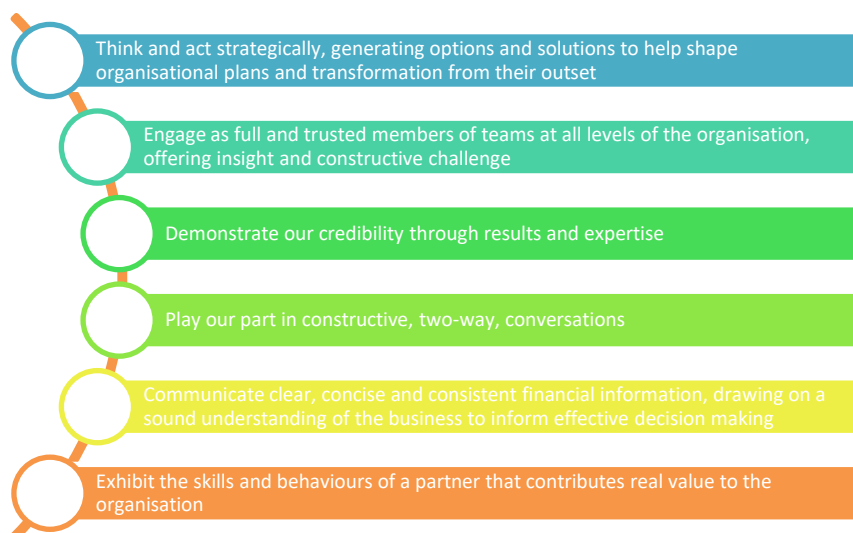
The turnaround programme was built on six major components to achieve the changes necessary. These components are interrelated and mutually self-supporting and act as building blocks for achieving the change.

Changes to processes and structures in the finance team were of fundamental importance, but equally so was raising the profile of financial management and establishing credibility and trust in the finance function across the council.



Business partner approach

The Finance Service has adopted a business partnering approach to supporting the Council. This has been a key building block to many of the other aspects of the Finance Improvement Programme. As business partners, Finance aims to be a trusted, proactive and insightful Finance Service operating at the heart of the organisation. To achieve this, a set of expected behaviours was developed and the Finance service are committed to embedding these:



Partnership agreement

The Finance Service recognised that it could not adopt an effective Business Partnering approach alone. It needed to engage with the rest of the Council and listen to the feedback of the services it supports.

Improving the organisations financial management arrangements is one of the focus areas of our Organisational Strategy and recognises that in order to be a modern and confident organisation delivering value for money services, there needs to be clarity about the financial management roles and responsibilities. There also needs to be an understanding about how finance and services work together in partnership across the organisation to achieve this.

The Partnership Agreement was co-designed by a group of service and finance managers working together. The Agreement sets out the ambition to achieve six key financial management outcomes:

- The best use of financial resources in meeting organisational objective;
- A culture of accountability where managers and members take money really seriously, and balance this against their other responsibilities and objective;
- A grip on the county council’s finances, drawing on high quality financial information, aligned with activity and performance information;
- Great strategic and operational decision-making, based on sound and credible financial analysis and insight;
- Self-reliance among budget managers making use of effective tools, guidance and systems;
- Strong relationships underpinned by mutually understood roles, constructive challenge and collaborative problem-solving.

The Partnership Agreement recognises that Finance cannot achieve these ambitions alone and that everyone has a role to play in ensuring excellent financial management is at the core of all our decision making. It therefore sets out the respective roles and responsibilities and a series of mutual expectations about how this can be achieved.

Strategic Finance Business Partners are now members of each Directorate Leadership Team, working together with services to deliver the improvements they need, and contributing much more than just a finance perspective, really adding value.

Restructure

The business partnering approach provided the building blocks for the restructure of the Finance Service. The recognition and the unleashing of the talent within the finance team, augmented by some excellent external recruitment was vital to resetting the relationship with the wider council, including elected members, and to achieving the recovery of trust and a reputation for professional excellence.

The commitment to embedding business partnering was at the core of the Finance restructure and resulted in a recognition that a modern Finance Team needed to be professionally and technically competent in finance and accounting skills but also needed to develop the ‘softer skills’ required to be an effective business partner. As a result, a Behaviours, Skills and Knowledge Framework was developed which sets out the expectations for each level within the service and this was used as the basis for the assessments and interviews carried out for the restructure.

Finance Academy/Behaviours, skills & knowledge

Underpinning the whole of the Finance Improvement Project is the Finance Academy. This recognises that changing the way the service works, improving processes and re-engaging with services needs to be supported by investment in the financial management skills and capabilities of the whole organisation.

The Finance Academy is a different approach to a learning and development programme and is based on a number of design principles, which were developed alongside representatives from across the organisation. The content on the Finance Academy platform will come in many forms but will be accessible anytime and from anyplace. Much of the content is short, recorded pieces that can be re-visited when required. The aspiration for the Finance Academy platform to be a single point of reference for all financial management related material, including case studies, best practice examples and hints and tips for systems and processes.

The priority area for the Finance Academy was the numerous budget holders across the organisation (c 300). The first phase of ‘Financial Management Partnership Workshops’ were designed and piloted with a group of budget holders representing a number of services.

These sessions importantly train budget holders alongside the finance business partners who support them to help to embed the partnership agreement, enhance relationships and develop a common understanding.

A three-stage approach to refreshing and developing the financial understanding of our elected Members is also being developed as set out below:

- Fundamentals Programme – aimed at all Members, and consisting of three modules:
- Insights Programme – aimed at members holding specific roles (eg scrutiny committee, audit & governance)
- Strategic Finance Programme – aimed at Cabinet Members

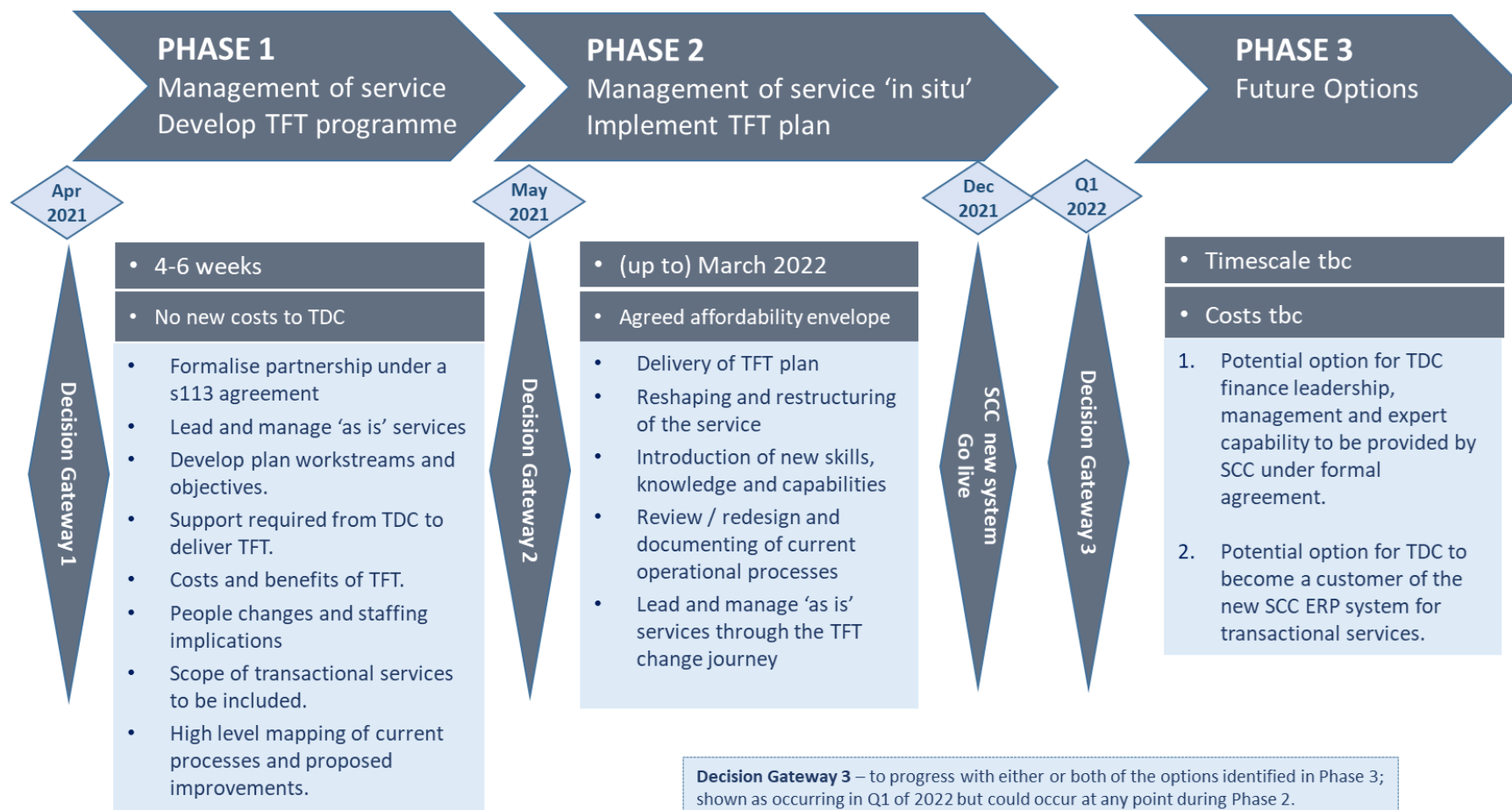
Review of processes

As part of the FIP, one of the key themes was to make improvements to the financial processes, including when and how we engaged with services to share budget monitoring information, improving reporting and linking it to what service data is telling us.

We asked both the finance team and services what financial data and process improvements they believed were required. This resulted in several targeted work streams:

- ‘Quick Wins’ – the change champions within Finance led on a number of improvements that could be made without the need for significant investment in time or resources, bringing about some immediate improvements helping to improve experiences within the team and those of our budget holders.
- An intensive review of our budget monitoring process, including detailed process mapping – this work assisting in identifying some of the quick wins and will also be used as we look to further improve these processes and how they interact with other systems, alongside the Digital Business and Insights Programme.
- Review and update of our monthly reports to both Directorate Leadership Teams and the Corporate Leadership Team.

Appendix 2 – Indicative phased approach and timelines



Appendix 3 – identified improvement areas to be addressed by TFT plan

Service area		Identified areas to be explored further in Phase 1	Potential deliverables in TFT plan
Finance Function		It was established early in the SCC journey that there needed to be an assessment of the overall capacity and skills available against those required to achieve the ambitions for the service. It is proposed to explore the options to undertake a similar assessment during Phase 1.	A gap analysis of the skills and capacity required vs that currently available to the council. This would be used to inform the need to bring in additional capacity and capability as part of the new operating model.
Finance Function	Business Partnering	Lack of capacity in the finance business partner team, out-of-date job descriptions, lack of professional development, and a preponderance towards firefighting.	Reshaped function, clearer responsibilities, supported by development opportunities including access to the SCC business partnering / Finance Academy.
Council Services	Budget management	Inappropriate budget management responsibilities, too much reliance placed on the finance team, preventing business partners from performing their roles effectively.	A remodelled budget management framework with clear roles and accountabilities within services and the finance function.
Transactional	Accounts payable / receivable	Poorly defined roles and responsibilities.	New roles and responsibilities defined with clear accountability for service performance.
Transactional	Accounts payable / receivable	Lack of documented processes, ownership of end-to-end processes and measurement of process effectiveness.	Map processes, identify improvement opportunities, metrics and assign ownership of overall process effectiveness.
Transactional	Accounts payable / receivable	Limited audit assurance.	Address weaknesses identified in internal audit reviews to provide full assurance.
Transactional	Systems	Lack of capacity and capability to make best use of the Council's Agresso financial system.	Review system capabilities, those not currently used and changes required to make effective use of the systems capabilities. External input from current provider and potentially an external review of current systems.
Transactional	Banking	Inefficient and complex separate bank reconciliation system.	Review, propose & implement improvements.

Appendix 4 – TFT Plan Example Delivery approach

Workstream	Task	Lead	Why?	Key Actions	Deliverable	Progress
Building a skilled, capable and modern finance team	Assessing the strengths and weaknesses of the existing Finance team		Provide insight into the skills and capacity available in the team vs that aspired to	<ul style="list-style-type: none"> Review the existing finance team. Draw on experience of SCC FIP methodology to frame approach. To engage the finance team in the review so that they have the opportunity to contribute / feel consulted 	<ul style="list-style-type: none"> Learning and development strategy / plan based on the strengths and weaknesses of the finance team 	
	Developing a new operating model for finance business and budget planning, and finance business partnering		To develop a more dynamic Finance function that can drive change more effectively	<ul style="list-style-type: none"> Engage TDC services to understand need Develop proposed operating model Consultation on model Develop transition plan Develop a learning and development strategy for finance staff 	<ul style="list-style-type: none"> Proposed operating model for the Finance team Costed transition plan for how the new model will be implemented 	
	To bolster the skills of the current Finance team through recruitment		To ensure there is suitable, authoritative financial leadership in the Council	<ul style="list-style-type: none"> To support the recruitment and induction of additional suitably qualified finance staff 	<ul style="list-style-type: none"> Induction package for additional finance staff 	
	Implementing a new operating model for the finance team		To transform the existing Finance function	<ul style="list-style-type: none"> Work with HR etc to implement the transition plan Regular meetings with staff to maintain morale and focus during transition 	<ul style="list-style-type: none"> New operating model in place 	

Appendix 5 – Back Office Modernisation

As part of the SCC Finance Improvement Programme, the DB&I Programme was established to replace the existing SAP system at Surrey County Council.

The aim of the programme is to deliver a more modern, intuitive and efficient back-office system and processes to enable the council to drive service transformation, improve management decision making through easily accessible data and insight, and to have a flexible and mobile workforce. This programme will have a significant impact on the ability of Finance to deliver further best practice process improvements.

The programme is now at an advanced stage of the design of the new system to replace the existing corporate Enterprise Resource Planning system, which is used to manage the organisation's business critical Finance, HR, Payroll and Procurement processes. The new system is due to go-live in November 2021.

Unit 4 have been appointed to design, build and deliver its market leading ERP platform to SCC and have outlined their vision for this project in the table below.



Once implemented the councils back-office systems and functions will be transformed into a fully automated, cloud-based solution, accessible on desktops, laptops and mobile phones and available 24 hours a day, seven days a week.

The Unit 4 solution will lead to increased productivity, improved operational efficiency and a drastic reduction in the time spent on routine administrative tasks, leading to a significant reduction in operating costs and the overall costs of ownership.

In collaboration with Embridge Consulting, Unit4 have invested heavily in developing a public sector model and methodology that provides an extensive set of predefined Local Government business processes across Unit4 ERP, with pre-configured build and supporting collateral (design, test-scripts, training). This innovative approach provides access to an ERP solution using 'good practice' and minimises the time taken to take advantage of the latest functionality.

Phase 3 of our proposal could provide an opportunity for TDC to become a customer on the new system, providing access to a best of breed, modern finance system backed by the resilience and expert knowledge that SCC can offer in support of its operation. but without the investment of up-front costs and time normally associated.