



Finance Delivery Options Appraisal and Outline Business Case

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Executive Summary

Tandridge District Council (TDC) is considering its options for the future leadership and management of its finance function, including s151 Officer. The background is a significant programme of improvement within TDC, a need for ongoing recovery of the Council's financial position, and considerable turbulence in s151 arrangements over a number of years. Good financial progress has been made recently, under an interim s151 arrangement provided by an individual on part-time secondment from Surrey County Council (SCC).

A recent review by the Local Government Association (LGA) has highlighted significant weaknesses in the way the finance function operates; this analysis has been confirmed by discussions with the finance team undertaken for this options appraisal and business case. There is a pressing need for stability in the leadership of the finance function, and for a transformation of the way the function operates.

Two key options have been appraised:

- **Option 1:** Recruit a permanent employee to the post of s151 Officer.
- **Option 2:** Enter into an agreement with Surrey County Council in which it provides TDC with a comprehensive finance function comprising s151 role and leadership and management of a full range of financial functions (SCC's proposition document is attached as **Appendix 1**)

A common assumption has been made for both options – that for the purposes of the option appraisal it is assumed that the s151 Officer would have a mandate within TDC to lead the transformation of the finance function and to implement the recommendations of the LGA Review, including increasing the capacity of the finance team.

The options appraisal uses three key criteria to test the options. These are:

- **Impact on financial recovery, financial management transformation and sustainability** – helping to progress TDC's journey towards financial sustainability and the transformation of the finance function.
- **Deliverability (including urgency)** – from both a legal and management perspective, and that they are capable of being implemented within an urgent timescale.
- **Cost and value for money** – providing value for money, and deliverable within a reasonable cost envelope.

The options appraisal is summarised as follows (assessing options as High/Medium/Low against the three criteria):

Criteria	Option 1 (recruit and provide in-house)	Option 2 (Surrey CC provide)
Impact on financial recovery, financial management transformation and sustainability	Medium	High
Deliverability (including urgency)	Low	Medium
Cost and value for money	Medium	Medium

The appraisal therefore concludes that Option 2 (Enter into an agreement with SCC in which it provides TDC with a comprehensive finance function comprising s151 role and leadership and management of a full range of financial functions) scores more highly against the key criteria, and is the preferred option.

The report then proceeds to test the preferred option further, using an outline business case methodology recommended by HM Treasury. This tests the proposal across five dimensions:

- **Strategic** – the option provides continuity in s151 arrangements and enables TDC to access SCC’s skills and recent experience in financial recovery and transformation of a finance function. There is therefore a strong strategic fit.
- **Economic** – four key risks to TDC are identified, together with recommended mitigating actions. These are about ensuring a robust agreement that clarifies roles, responsibilities and mutual expectations; access to external financial advice for an annual review of the SCC service and for the exceptional circumstances where the s151 Officer has a conflict of interests; continued staff engagement and consultation; and further development of the business partnering approach to maintain close working relationships between the finance team and TDC.
- **Commercial** – the legal basis for the proposed agreement is s113 of the Local Government Act 1972, which permits a local authority to enter into an agreement to place their staff at the disposal of another local authority, for the purposes of their functions. The agreement will specify the proposed term, roles and responsibilities including services to be provided, TDC “client officer” designation, annual review mechanism, and costs. A draft “heads of terms” for the agreement is in the process of being prepared by SCC for TDC to review.
- **Financial** – the current salary budget for the finance team is £745,000. Final costs for the service to be provided by SCC will need to be determined in the “due diligence” period and included in the formal agreement. However the expectation is that SCC, partly because of its existing range of skills and experience and some economies of scale, will be able to resource the transformation period at a lower cost than could realistically be achieved in-house for the same outcomes. Some costs should be incurred by TDC for occasional external finance advice and these would be additional to the core SCC service.
- **Management** – Finance is a core and critical function for any organisation. Any transfer of responsibilities, or transformation of delivery, must therefore be undertaken with proper care and attention. A programme management approach is recommended, with close TDC review to monitor progress through three key phases of activity:
 - Initial due diligence by both parties (4-6 week) leading to finalisation and signing of the agreement by both parties.
 - Transformation - this phase will enable the restructuring of the finance function, improvement of key processes, development of business partnering and strengthening of budget accountability. During this period, staff will remain on TDC employment contracts, and any restructuring undertaken in accordance with TDC change management procedure.
 - Ongoing operation - this will be a “steady state” where the TDC financial processes have largely been transformed. There will be strategic choices for TDC to make about the future basis of employment of finance staff; and around access to SCC’s new financial systems.

In conclusion, the provision by SCC of a comprehensive finance function is deliverable and will enable TDC to benefit from the scale, relevant experience and range of skills of the SCC finance team, offering continuity for TDC's financial improvement trajectory and an acceleration of the transformation of its finance function.

1. Background

- 1.1 Tandridge Council (TDC) has, in recent months, embarked on a significant programme of improvement. The Corporate Improvement Plan was approved in January 2020, followed by the four-year Strategic Plan in July. Central to both is financial recovery, with the objective of putting the Council's finances onto a significantly more robust and sustainable footing.
- 1.2 The Council has not had a permanent s151 Officer for two years with as many as five individuals holding the role for short periods. Since summer 2020, the role of s151 Officer has been provided on a part-time secondment basis by a senior finance officer from Surrey County Council (SCC).
- 1.3 The Interim s151 Officer (secondment from SCC) has instigated a series of financial recovery actions, to ensure more robust management of TDC's finances. Notably this has changed the approach of TDC's finance team to financial management with the introduction of a finance business partnering model, placing finance at the heart of its decision-making. A Finance Improvement Programme has focused on "getting the basics right" with improvements to reporting, grip and control, and capitalisation policy; and has contributed to a closing of the projected budget gap for both 2020/21 and 2021/22. Positive feedback has been received from MHCLG.
- 1.4 In November 2020 the Council invited the Local Government Association (LGA) to conduct a capacity review of the finance function. The LGA reported in January 2021 and identified a series of weaknesses in the operation of the finance function. These are set out in section 3 of this report.
- 1.5 The secondment arrangement is due to conclude at the end of March 2021, and TDC is therefore considering its options for securing future financial leadership and further transformation of the finance function. There is an imperative to sustain the TDC's financial recovery trajectory and its strengthened financial management capability and capacity. The continuation of the current secondment arrangements is not considered to be sustainable.
- 1.6 There are a number of options available to TDC to secure ongoing appropriate financial leadership. In brief, there are two in-house options:
 - Seek to recruit a permanent employee to the post of s151 Officer.
 - Seek to recruit a replacement Interim s151 Officer.

There are then two broad options for sharing finance leadership and financial support:

- First, SCC has suggested that it could offer to provide TDC a comprehensive finance function comprising the s151 role and a full range of financial services.
- Second, TDC could partner with a neighbouring council to share finance functions, including the s151 role and leadership and management of a full range of financial functions.

Any option that involves sharing will need to demonstrate how TDC's interests are protected, and any potential conflicts of interest managed.

- 1.7 The Strategy & Resources Committee on 2nd February 2021 agreed that a full options appraisal and business case is prepared, in order for the Committee to decide on the future finance leadership arrangement.

2. Structure of this Report

- 2.1 This report first considers the scope of the finance service and then appraises the options outlined in the previous section against a series of key decision criteria relating to impact, deliverability and cost. It identifies a preferred option for further development.
- 2.2 The second part of the report tests the preferred option against a series of outline business case tests, to ensure that it is deliverable from a strategic, economic, commercial, financial and management perspective.

3. Finance Service – Scope and Additional Information

- 3.1 The scope of the appraisal and business case will be all functions currently managed by the Interim s151 Officer - the finance team (consisting of the Deputy s151 Officer, four finance business partner posts; seven case officers and one interim case officer covering accounting support, accounts payable, accounts receivable and some debt recovery functions). In addition, the Interim s151 Officer oversees the insurance arrangements (currently provided by LB Sutton) and internal audit contract (currently provided by the Southern Internal Audit Partnership). The current salary budget for the department is £745,000.
- 3.2 The recent LGA review provides useful additional information to set the context for the options appraisal. It states that *“The Finance team at Tandridge District Council has been through a considerable amount of change over the past 3 years, as has the rest of the Council under the reorganisation following Customer First. The former Exchequer Services function was separated from the Finance Team due to its substantial transactional nature and in the process lost some key members of staff who took a lot of experience, knowledge and processes with them. The Finance Team then became split in two and resulted in more queries and questions being generated between the two halves as well as from the rest of the organisation, whose default position is still to ‘ask Finance’ and cc them into every email. The Finance Team has also been reduced from 10 to 5 members of staff, without the volume of work reducing. A succession of Section 151 Officers with different approaches and experience over the past 3 years has also impacted on the service and has resulted in a lack of strategic direction and changing priorities and processes”*.
- 3.3 Specific operational issues identified by the LGA as affecting the performance of the finance team were:
- Poorly defined roles and responsibilities and an absence of documented processes for transactional processes (this is confirmed by recent internal audits of accounts payable and accounts receivable / debt management functions, both of which provided only “limited assurance”).

- Lack of capacity and capability to make best use of the Council’s Agresso financial system, plus continued use of an inefficient, complex and largely manual bank reconciliation system.
 - Inappropriate budget management responsibilities, with too much reliance being placed by the organisation on the finance team; hence “business partners” are not able to perform in the way their job title suggests.
 - Lack of capacity in the finance business partner team, out-of-date job descriptions, lack of professional development, and a preponderance towards firefighting.
- 3.4 The LGA recommended *“The Council as a matter of urgency needs to stabilise arrangements regarding the undertaking of the Section 151 role to provide much-needed certainty as to future direction and control of the management of the finance function. Without that stability much of the remaining recommendations run the risk of being abortive”*. It therefore advised that TDC urgently consider its options between permanent recruitment and a shared service, and that the *“Council should, despite its current budgetary constraints, increase the establishment of the team by the equivalent of 2 FTE assistant business partner roles to provide resource to stabilise the service”*.
- 3.5 As part of this options appraisal the author has met with all of the finance staff, to gain insight into their roles, the activities performed, and the challenges faced. This has broadly confirmed the LGA’s analysis of the issues but the following are also worthy of emphasis:
- Poor morale, brought about by the impact of the Customer First reorganisation, frequent changes of leadership and excessive hours being worked by many officers.
 - An unbalanced staffing structure among “business partners”.
 - A number of “single points of failure” due to an over-dependence on key individuals across both “business partner” and “case officer” teams.
- 3.6 I would also concur with the recommendation regarding the urgent need to achieve stability in the s151 role. This is critical to providing the leadership and transformation of the function. However I have a concern that the recommendation to provide additional capacity in the form of two assistant business partner roles is too simplistic. While it would alleviate some capacity issues, it would not address the wider and deep-rooted challenges facing the team. For example, the implementation of the bank reconciliation module will require dedicated resource and expertise to make this change successfully. This indicates that a transformation of the finance function, whether provided in-house or via SCC, is required to improve financial processes, reset budget accountability across the organisation, and restructure the team to rebalance resources and build capacity and capability. Transformation will inevitably require extra resource in at least the short-term.

4. Options Appraisal

4.1 As stated in para 1.6, there are a number of options available to TDC to secure ongoing appropriate financial leadership. In brief, the in-house options are:

- Seek to recruit a permanent employee to the post of s151 Officer.
- Seek to recruit a replacement Interim s151 Officer.

There are then two broad options for sharing finance leadership and financial support:

- First, SCC has suggested that it could offer to provide TDC a comprehensive finance function comprising s151 role and leadership and management of a full range of financial functions.
- Second, TDC could partner with a neighbouring council to share finance functions, comprising s151 role and leadership and management of a full range of financial functions.

4.2 At its meeting on February 2nd, the Strategy & Resources Committee were advised that the option to recruit a replacement Interim s151 Officer was not recommended due to the cost and disruption involved. It is therefore not considered further in this report, and, while remaining a fallback option should all the other options prove not to be acceptable or viable, recruitment of another Interim s151 Officer would be likely to exacerbate the challenges facing the organisation and its finance team.

4.3 Sharing options require a willing partner. The Acting Chief Executive has initiated conversations with local district and borough councils in both Surrey and Kent, to test the appetite for a sharing of finance functions. No council has, to date, expressed interest in developing a sharing proposal – reflecting both a reluctance to share a critical corporate function and a lack of capacity to prepare and deliver a shared service model. It is possible that sharing options with local districts might emerge in the long-term, but for the purposes of this report it is concluded that this is not a viable option in the short-term.

4.4 There are therefore two key options to be appraised:

- Recruit a permanent employee to the post of s151 Officer.
- Enter into an agreement with SCC in which it provides TDC with a comprehensive finance function comprising s151 role and leadership and management of a full range of financial functions.

4.5 A common assumption has been made for both options – that for the purposes of the option appraisal it is assumed that the appointee would have a mandate within TDC to lead the transformation of the finance function and to implement the recommendations of the LGA Review, including increasing the capacity of the finance team. Similarly, it is assumed that, in both options, the s151 Officer is able, as a member of the Executive Leadership team, to influence and be assured over key financially related activities such as payroll and revenues and benefits.

- 4.6 **Option 1: Recruit a permanent employee to the post of s151 Officer.** In this option TDC will seek, through a competitive recruitment process, a permanent s151 Officer. The appointee would provide leadership to the finance function which would remain in-house.

To inform this option, informal discussions have been held with two executive search recruitment agencies, to gain their insight into the recruitment options for a permanent s151 Officer. Both felt that successful recruitment to the role would be possible, but noted:

- The market for suitably qualified and experienced chief finance officers is currently a hard one, with a limited supply of strong candidates.
- A salary of £90-£100K would be advisable.
- Recruitment may be affected by any reputational issues affecting TDC. This could be mitigated by successful recruitment to the Chief Executive role; and possibly through TDC being open to flexible working arrangements (ie some remote working).

- 4.7 **Option 2: Enter an agreement with SCC in which it provides TDC with a comprehensive finance function comprising s151 role and leadership and management of a full range of financial functions.** SCC has submitted, for the purposes of this option appraisal and as the basis for further development, a summary proposition that outlines its thinking of how it would provide the service to TDC, and how it would address the challenges faced by the council and its finance team. The summary proposition is attached as **Appendix 1**. The document:

- Outlines the intended benefits to TDC.
- Presents pen pictures of the senior managers who would lead delivery of the SCC service.
- Sets out a proposed approach involving three phases with proposed timelines.
- Places at its heart a “Tandridge Finance Transformation” (TFT) plan, to be designed with TDC during phase one and delivered in phase two.
- Retains TDC finance staff “in situ” as TDC employees in at least phases one and two.
- Provides options for the basis of the longer-term service relationship in phase three (whether to TUPE transfer staff to SCC, and whether to migrate TDC to SCC’s new finance system).

- 4.8 The report to Strategy & Resources Committee advised of three key criteria against which to test the options. These are:

- 4.8.1 **Impact on financial recovery, financial management transformation and sustainability** – given the challenges facing TDC and the finance team, options need to demonstrate a positive impact, helping to progress the journey towards financial sustainability and the transformation of the finance function.

- 4.8.2 **Deliverability (including urgency)** – options need to demonstrate that they are deliverable from a legal and management perspective, and that they are capable of being implemented within an urgent timescale, given the scheduled end of the current secondment arrangement at the end of March 2021.

- 4.8.2 **Cost and value for money** – options need to demonstrate that they provide value for money, and are deliverable within a reasonable cost envelope. For the purposes of this appraisal, that envelope has been taken as the current budget **plus** the additional capacity recommended by the LGA.

- 4.9 The options appraisal is summarised in the tables below:

Criteria	Option 1 (recruit and provide in-house)	Assessment (H/M/L)
Impact on financial recovery, financial management transformation and sustainability	<p>Successful recruitment of a permanent s151 Officer would enable the continuation (albeit after some short-term disruption) of the current financial recovery actions. As a full-time member of the Executive Leadership Team, the post-holder would be at the heart of its planning and service delivery. S/he would be able to lead a restructuring of the finance function.</p> <p>The caveat on this option is that the capacity of the finance team remains limited in relation to the scale of challenge facing TDC, with an understandably limited range of experience and skills. The pace of transformation possible would therefore be constrained by capacity and range of expertise available.</p>	Medium
Deliverability (including urgency)	<p>Recruitment agencies have confirmed that, in their view, successful recruitment is feasible. They acknowledge however that the market is limited and the pool of possible candidates is likely to be small. Recruitment will also take time (around 6 months) and, if the current secondment arrangements were not open to extension, this would require further interim cover.</p> <p>Finance team members would remain employees of TDC, but a restructuring would be needed to ensure the right balance of resources.</p>	Low
Cost / VFM	Recruitment of the s151 Officer would incur an upfront agency cost of c£20-30K. It is assumed that the full additional capacity recommended by the LGA would be needed into the medium-term.	Medium

Criteria	Option 2 (Surrey CC provide)	Assessment (H/M/L)
Impact on financial recovery, financial management transformation and sustainability	<p>Entering an agreement with SCC to provide the s151 Officer role would enable continuity of the financial recovery work initiated by the current secondee. In addition SCC have substantial experience of financial transformation, having successfully implemented their own Finance Improvement Programme since 2018. Its finance team has extensive experience (in all relevant areas bar housing) and a range of skills that can be used to assist TDC.</p> <p>SCC is in the process of implementing its new financial system (a newer version of that currently used by TDC) which can provide an opportunity for TDC.</p>	High
Deliverability (including urgency)	<p>As stated above, this option provides continuity of s151 arrangements.</p> <p>There is an established legal basis for the sharing of functions between councils and at least one current example of Council A providing a s151 Officer to Council B (Portsmouth and the Isle of Wight). A formal agreement will be needed to underpin the sharing arrangements. There is a risk with any shared service model of a loss of control by the recipient council, and this needs to be mitigated through the formal agreement and annual review mechanisms. Finally there will, by exception, be occasions where the s151 Officer has a conflict of interests across the two organisations and this would need to be mitigated again through the agreement but also by TDC having access to external financial advice in such exceptional circumstances.</p> <p>Finance team members would remain employees of TDC during the transformation phase, but a restructuring would be needed to ensure the right balance of resources. Further work is required for SCC, in consultation with TDC during the proposed phase three, to develop the operating model by which it would provide the functions – either directly by SCC staff (following a TUPE transfer of TDC finance staff) or through management oversight of staff remaining as TDC employees.</p>	Medium

Cost / VFM	<p>There would be no upfront recruitment costs.</p> <p>Realistically TDC would need to agree a level of transformation funding with SCC to provide additional capacity for it to tackle specific issues (such as bank reconciliation) and to address workload challenges. In the medium-term however it is likely that the transformed finance function could be delivered at a lower cost than that recommended by the LGA, part of which would be due to the range of expertise available within SCC and some economies of scale.</p> <p>Some costs should be incurred by TDC for external finance advice and these would be additional to the core SCC service – to advise TDC on (1) an annual review of the SCC service; and (2) exceptional circumstances where the s151 Officer is subject to a conflict of interests between the two organisations, and has to stand back from TDC decision-making. These additional costs should not be substantial in relation to the overall finance budget, as they are likely to be limited in nature.</p>	Medium
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- 4.10 **Option 2 (Enter an agreement with SCC in which it provides TDC with a comprehensive finance function comprising s151 role and leadership and management of a full range of financial functions) scores more highly against the key criteria, and is therefore recommended as the preferred option for further development using an outline business case discipline.** This is provided in the following section of this report.

5. Outline Business Case

Introduction

- 5.1 The previous section identified Option 2 (Enter an agreement with SCC in which it provides TDC with a comprehensive finance function comprising s151 role and leadership and management of a full range of financial functions) as the preferred option. In this section that option is developed further, using an outline business case methodology. A best practice methodology, recommended by HM Treasury and commonly used in the public sector, is a “five case” model. This tests the proposal across five dimensions:

- Strategic – how does the proposal meet TDC’s strategic objectives.
- Economic – how does it manage risks.
- Commercial – how will it be structured so that TDC can best protect its interests.
- Financial – how does it achieve value for money and be affordable.
- Management – how will it be delivered and managed robustly on an ongoing basis.

It should be emphasised that this is an **outline** business case as it has not yet been possible to produce a **full** business case on the preferred option. This is due to the shortage of time available and a lack of hard data on, for example, transactional volumes. There will therefore be a need for both parties to undertake a short period of due diligence before finalising and entering the agreement (this is phase one of the SCC proposition at Appendix 1).

Strategic Case

- 5.2 TDC has made significant financial recovery progress under the Interim s151 Officer, with positive feedback from MHCLG. The preferred option provides continuity with no disruption to that progress. In addition, the SCC proposition outlines that its own transformation journey, restoring financial balance and achieving a step-change in the way the finance function operates, and, through its Orbis Partnership arrangements, its experience in delivering process improvement, efficiencies and reductions in transaction unit costs.

Economic Case

- 5.3 From a TDC perspective, the key potential risks of the preferred option, together with recommended mitigating actions, are as follows:

Potential Risk	Recommended Mitigation
Loss of control by TDC over its finance function	A robust agreement should be put in place (heads of terms are being drafted by SCC for review by the TDC Head of Legal and Monitoring Officer) setting out the proposed term, roles and responsibilities including services to be provided, TDC “client officer” designation, and costs. There should be an annual review process whereby TDC formally review the way the service is working with SCC (with TDC having access to some external financial advice to assist)

Advice provided by the s151 Officer on issues where there is a conflict of interest between the two councils	TDC should retain access to external financial advice in exceptional circumstances where the s151 Officer is subject to a conflict of interests between the two organisations, and has to stand back from TDC decision-making.
Key members of the finance team leave, with a loss of organisational knowledge	Staff engagement and formal consultation should be used throughout to address concerns raised by staff. There are also benefits to staff of being part of a larger finance function, including career opportunities and access to training and development. SCC would need to put in place arrangements to provide cover for any staff with specific organisational knowledge or roles.
“Remote” relationship between TDC senior managers and members, and the SCC finance function	The “business partnering” approach initiated by the Interim s151 Officer should be maintained, developing close relationships between finance staff and TDC managers and members. Technology (and pandemic experience) means this can be delivered in ways other than through an office environment, but it will be important for SCC to have presence at TDC offices as well as at their new Woodhatch base.

Commercial Case

- 5.4 The preferred option will be delivered through a formal agreement between the two councils. The legal basis for this is s113 of the Local Government Act 1972. It permits a local authority to enter into an agreement to place their staff at the disposal of another local authority, for the purposes of their functions. Agreements of this type are in a fairly standard form, and have been used by both councils. For example, SCC (through its “Orbis” partnership arrangements with East Sussex CC and Brighton & Hove City Council) and TDC (through functions such as parking) have experience in the use of such agreements. “Heads of terms” are in the process of being drafted by SCC for review by TDC and these will cover the proposed term, roles and responsibilities including services to be provided, TDC “client officer” designation, and costs. There should be an annual review process whereby TDC formally review the way the service is working with SCC (with TDC having access to some external financial advice to assist). TDC will also wish to protect its interests including access to external financial advice for exceptional issues and periodic review of the agreement and how it is working.

Financial Case

- 5.5 The current salary budget for the finance team (including those transferring back to finance wef March 1st) is £745,000. This includes provision for a full-time s151 Officer.

Final costs for the service to be provided by SCC will need to be determined at the end of the “due diligence” period and included in the formal agreement. It is not yet possible to estimate the final costs until fuller information is available on, for example, transactional volumes. However the expectation is that SCC, because of its existing range of skills and experience and some economies of scale, will be able to resource the transformation period at a lower cost than could realistically be achieved in-house for the same outcomes.

Some costs will be incurred by TDC for external finance advice and these would be additional to the core SCC service – to advise it on (1) an annual review of the SCC service; and (2) exceptional circumstances where the s151 Officer is subject to a conflict of interests between the two organisations, and has to stand back from TDC decision-making. These additional costs should not be substantial in relation to the overall finance budget.

Management Case

- 5.6 Finance is a core and critical function for TDC. Any transfer of responsibilities, or transformation of delivery, must therefore be undertaken with proper care and attention. A programme management approach is recommended, involving:

- Project plans
- Specified phases of work with clear expected outcomes, activities and costs
- Close management of actions, risks and issues
- Full involvement of expert TDC legal and HR staff
- Engagement with all affected staff

There are expected to be three key phases of activity (to be firmed up as part of the first):

- Initial due diligence by both parties (4-6 weeks); this will lead to finalisation and signing of the agreement by both parties. During this period, the secondment of the Interim s151 Officer will need to be extended.
- Delivery of the Tandridge Finance Transformation Plan (up to March 2022); this will enable the restructuring of the finance function, improvement of key processes such as bank reconciliation, and development of business partnering and strengthening of budget accountability. During this period staff will remain on TDC employment contracts, and restructuring would be undertaken in accordance with the established TDC Management of Organisational Change procedure. As with any restructuring process, it is possible that a member of staff may be left without a job and at risk of redundancy, but it is too early to assess the potential impact on existing staff structures.
- Ongoing operation (period to be determined); this will be a “steady state” where the TDC financial processes have largely been transformed and where there will be a process of continuous improvement. The SCC proposition outlines two strategic choices to be agreed with TDC for this period – whether the restructured staff team should transfer under TUPE to SCC or remain as TDC employees with management provided by SCC (there are pros and cons of both options and they can be worked through to reach a

conclusion involving formal staff consultation); and whether to migrate TDC to SCC's new financial system.

It is recommended that TDC set up a review group to monitor progress with the transformation plan. This should involve a small group of members and senior officers including the Chief Executive.

6. Conclusion and Next Steps

- 6.1 This option appraisal recommends Option 2 (Enter an agreement with SCC in which it provides TDC with a comprehensive finance function comprising s151 role and leadership and management of a full range of financial functions) as the preferred option for the future delivery of the finance function. The outline business case has further tested the option successfully using a best practice "five case" methodology, recommended by HM Treasury and commonly used in the public sector.
- 6.2 The next step is for the options appraisal and outline business case to be reviewed by the Strategy & Resources Committee on March 25th. The Committee will be asked to determine a way forward.
- 6.3 Should the Committee agree to accept the conclusions and recommendations of the options appraisal and business case, the immediate next steps will be to extend the secondment of the interim s151 Officer pending the completion, by both parties, of due diligence and finalisation of the formal agreement. This should be completed within a relatively short period of time, say 4-6 weeks.