

Finance – Joint Working Arrangements for Finance Services

Strategy & Resources Committee – 11th January 2022

Report of: David Ford, Chief Executive

Purpose: For Decision

Publication Status: Unrestricted

Wards affected: All

Executive Summary

At the Strategy and Resources Committee meeting on 6th July it was agreed to proceed with an agreement with Surrey County Council ('SCC') in which it would provide the Council ('TDC') with a comprehensive finance function comprising s151 role and leadership and management of a full range of financial functions, and support TDC through the Tandridge Finance Transformation Plan ('TFT').

The detailed finance operating model was finalised in July (attached as Appendix 1) and, following a rigorous selection process, was appointed to in September 2021. The selection process resulted in 3 vacant posts and a recruitment campaign subsequently launched jointly by SCC and TDC to appoint to these 3 posts met with limited success. In reviewing options in the light of market circumstances, alternate structure options have been considered and the following changes to the overall structure are now recommended:

- Appointment to a full time s151 / CFO leadership role; the current CFO (Anna D'Alessandro) would continue to provide support and mentoring to this role both during transition to the new model and then provide ongoing support for 10-20% of her time.
- Remove the Deputy s151 role from the structure (HOS 2).
- Create a new Senior Finance Business Partner role to oversee the service facing function (HOS 1)
- Create a new Exchequer Manager role (M3) to oversee the Exchequer team.
- The corporate finance structure would stay as is.

The proposed new structure is also set out in Appendix 1. The overall cost of the structure following the above changes will remain as previously approved by the Committee in July with no additional cost to TDC. This change will require a variation to the Joint Working Agreement ('JWA') which requires the agreement of both Councils.

This report supports the Council's priority of:

Building a better Council – making the Council financially sustainable and providing residents with the best possible services.

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Recommendations to Committee

That the Committee agrees:

1. To approve the new finance structure as set out in Appendix 1.
 2. To authorise the Chief Executive to vary the Joint Working Agreement to reflect this change (subject to the agreement of Surrey County Council).
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Reason for Recommendation

The Council is in a partnership with SCC to deliver finance services to TDC. The proposal is to amend the approved finance structure and to vary the Joint Working Agreement between the councils to reflect this new structure.

Background

- 1 At the Committee meeting on 25th March, it was agreed to approve the business case to proceed with the provision by SCC of a comprehensive finance function which would 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.
- 2 Following a period of due diligence, it was agreed at the Committee meeting on 6th July to proceed with an agreement with SCC in which it would provide TDC with a comprehensive finance function comprising a s151 officer; leadership and management of a full range of financial functions and support TDC through the Tandridge Finance Transformation Plan ('TFT') as set out in Appendix 2.

3 The Committee also approved investments necessary to transform the finance function, develop a strong culture of financial management and accountability across TDC and deliver a transformation in the Exchequer Services function. In summary these were:

(a) implement a strengthened operating model for Finance composed of a blended structure between TDC directly employed staff and SCC management oversight, support and guidance. This model would require a recurring investment of (up to) **£76k per annum in a full year from 2022/23** funded as part of the Councils revenue budget; and

(b) **a one-off investment of £80k** required to support the delivery of two of the key workstreams within the plan; £30k for the role of Finance Transformation Lead and £50k to fund the Exchequer Services change team. Funding would be sought from the use of the Council's flexible capital receipts following consideration at Full Council in July.

4 It was further agreed to authorise the Chief Executive to complete the Joint Working Agreement (between SCC and TDC) and the final detailed operating model with SCC, following further detailed discussion and consultation with Group Leaders and the Chair of the Committee.

5 Implementation of the Finance Operating Model

The new finance operating model was approved in July (Appendix 1) and, following a rigorous selection process, was appointed to in September 2021. The selection process resulted in 3 vacant posts (also identified in Appendix 1). A recruitment campaign was subsequently launched jointly by SCC and TDC to appoint to these 3 posts but with limited success:

- Finance Business Partner (service facing) – this has now been filled.
- Finance Business Partner (corporate finance) – this remains vacant with no suitable candidates identified through the initial campaign.
- Senior Finance Business Partner (Deputy s151) - only one candidate was identified to proceed to interview, and they subsequently withdrew having found another job.

6 The gaps created by these posts have been filled by drawing on additional support from within SCC and by external capacity where needed. This has allowed continued progress to be made in delivering the objectives of the TFT programme but has delayed some of the desired improvement activities from being undertaken. The consequence of this has been to push back the go-live date for the new structure by three months and the planned close date of the TFT programme from the end of March to the end of June 2022.

7 Proposed the New Finance Operating Model

In light of market circumstances, alternate structure options have been considered and a revised preferred option is now recommended for adoption. The following changes to the overall structure are proposed:

- Appointment to a full time s151 / CFO leadership role; the current CFO (Anna D'Alessandro) would continue to provide support and mentoring to this role both during transition to the new model and then provide ongoing support for 10-20% of her time; the costs of this will be included in the Joint Working Agreement.
- Remove the Deputy s151 role from the structure (HOS 2).
- Create a new Senior Finance Business Partner ('SFBP') role to oversee all the service facing functions (HOS 1). The two service facing FBPs and the Assistant FBP would all report to this role.
- Create a new Exchequer Manager role (M3) to oversee the Exchequer team. The role would report directly to the CFO post.
- The corporate finance structure would stay as is.

The proposed new structure is also set out in Appendix 1.

8 The change to a full time CFO role (the current arrangement includes a 50% part time role) will strengthen the capacity available at the most senior level of the structure and allow that role to take on more of the operational leadership responsibilities currently vested in the Deputy role. The appointee will continue to receive support and guidance from the current CFO.

9 The remaining responsibilities of the Deputy role will be shared between the new Senior FBP role (to oversee all of the service facing functions) and the new Exchequer Manager role (M3) who will lead and oversee the Exchequer team.

10 The overall cost of the structure following the above changes will remain in line with that previously approved by the Committee in July. There will be an increase in the overall costs of the CFO role and the associated advisory support from the previous CFO plus additional costs for the new SFBP (service facing) role and the new Exchequer Services Manager role. These additional costs will be offset by the removal of the Deputy role.

11 Joint Working Agreement ('JWA') with Surrey County Council

It is important to note that the JWA is not a 'contract for services' with a detailed specification of the services being provided by SCC to TDC. It is a partnership agreement which involves creating a shared finance team to work together with staff directly employed by TDC to achieve the agreed key aims and objectives (as set out in Appendix 1). As part of this agreement, SCC staff will operate under a s113 Agreement of the Local Government Act 1972 to allow them to work for TDC for a part of their time.

- 12 The JWA allows for the form and structure of the finance team to deliver these aims to vary over time (subject to joint agreement) without causing the agreement itself to fail.
- 13 A copy of the JWA will be made available to Members in advance of the meeting on 11th January.

Other Options Considered

A number of variations to the new structure were considered.

Consultation

Discussion has been undertaken through the Member Reference Group with Group leaders, the Chair of Strategy and Resources, the Chief Executive, Head of Legal Services and the current Chief Finance Officer.

Key Implications

Comments of the Chief Finance Officer

The Chief Finance Officer is fully supportive of the proposed approach.

Comments of the Head of Legal Services

The decisions to enter into a joint arrangement regarding the in-house Finance function, and the subsequent performance of this arrangement has been formally agreed by each council.

The arrangements for a joint arrangement can take a number of forms. In this instance, it is proposed that both councils enter into a Joint Working Agreement under sections 101, 102, 111, 112 and 113 of the Local Government Act 1972 and s.9EA of the Local Government Act 2000 and the Regulations made under these Acts (to include but not limited to the Local Authority (Arrangement for the Discharge of Functions) (England) Regulations 2012), together with the general power within section 2 of the Local Government Act 2000 and the supporting provisions within section 111 of the Local Government Act 1972.

As agreed by Members at their meeting of the 25th March 2021, a termination provision was to be incorporated in such an agreement. This is carefully addressed in the draft agreement allowing for the agreed termination of the joint service arrangement with a twelve-month notice period and that in circumstances of a material breach that cannot be remedied, three months' notice is to be given.

The agreement also includes a sensible (both in process and time frame) provision for the resolution of disputes. It is clear from the agreement that it is the intention to facilitate a fair and balanced arrangement which works well for both sides and is open to discussion and review.

Equality

It is not foreseen that there are any direct equality implications as a result of the recommendations in this Report. Options will be rigorously assessed as the TFT plan progresses.

Climate Change

There are no significant environmental / sustainability implications associated with this report.

Background Papers

Report to Strategy & Resources Committee, 25th March 2021.

Report to Strategy & Resources Committee, 6th July 2021.