

## **Appendix A – Tandridge Finance Transformation – Closedown report**

### **Purpose of this Document**

This document has been created to outline the status of the Tandridge Finance Transformation ('TFT') programme and confirm that it can be closed at the end of June 2022.

The key objectives of the process are to identify deliverables and benefits that have been achieved during the programme, to identify any activities and deliverables that may not yet be complete and those items that will be handed over to BAU and need ownership.

It is an important process to undertake because it helps Surrey County Council ('SCC') and Tandridge District Council ('TDC') to effectively ensure that the programme's original objectives have been met and where there is remaining work, assigns ownership to ensure work continues.

The project reviewing process also enables SCC and TDC to review the relative success of a project, confirming the realisation of its benefits and to reflect on any lessons learned/best practice that can be applied to future projects.

Effective governance and decision-making around project closure ensure that TDC is realising the objectives of the Finance Transformation Project and that the joint Programme and Project management approaches are constantly improving and successfully delivering tangible outputs.

## 1. Project Overview

Following a high turnover of s151 Officers in TDC over several years, Tandridge interviewed two candidates for the CFO vacancy, one of which was Anna D'Alessandro who was duly appointed in Summer 2020 and proceeded to lead the finance function, identify improvements and develop the joint working with the County Council. Whilst initial improvement measures were identified and instigated, it became apparent that a more fundamental transformation of the finance function was needed to deliver sustainable improvement, and to address the underlying significant weaknesses in the financial position of TDC.

SCC developed an approach to addressing these issues involving an innovative new joint finance model and an aligned transformation programme; this proposal was presented and approved at the TDC Strategy and Resources Committee in March 2021 and, following a short period of due diligence, launched in July 2021.

The overall vision and objectives for the partnership are encapsulated in a Joint Working Agreement which also provides the legal basis for the relationship between the Councils; this is summarised as follows:

- "To build a trusted, proactive, and insightful Finance service which is at the heart of developing a strong culture of financial management, accountability and evidence-based decision making across the Council.
- Blend the skills, experience, and expertise of the Surrey and Tandridge teams into a high performing, resilient finance function for the council.
- Improve our processes and use our systems more effectively to ease workload pressure and free up capacity."

The TFT programme set out 4 workstreams which, together, transformed the finance function and the role of finance within TDC. Below are the workstreams and the high-level objectives set at the start of the programme.

### New Finance Model

A new, right-sized, re-shaped and strengthened operating model, blending TDC directly employed staff and senior members of the SCC finance team, was developed following a detailed activity and skills analysis. This moved from a generalist approach to a focused integrated structure with SCC overseeing the technical corporate finance functions and a dedicated 'service-facing' team, with an emphasis on business partnering, supported by SCC best practice.

### Organisational Development

A co-designed Finance Business Partnering Agreement was developed, setting out the roles and responsibilities of finance and budget managers, delivering increased accountability and adherence to key corporate processes, governance, and controls. An aligned Learning and Development programme based on the SCC Finance Academy was created and will be delivered to TDC budget holders and Members.

### Deliver the Budget

An in-depth review of financial fundamentals including financial policies and procedures was undertaken. In parallel we adopted a 'Twin Track' approach to

identify savings to deliver a balanced budget in 2022/23 and a robust financial position for 2023/24 going forward.

### Exchequer Transformation

A change team reshaped Exchequer Services with new business rules, controls and refined documented processes with clear ownership and performance metrics, allied to system changes to deliver a simpler and more effective function.

## 2. Change to the scope of the TFT programme

It is important to note that the plan to deliver the TFT programme was significantly impacted by the discovery of a recurring budget pressure of c£920k at the start of the programme in May/June 2021, when the 2020/21 Outturn was being prepared. The background to this has been previously presented in detail to the Audit and Scrutiny Committee (in September 2021).

The impact of this on the scope of the 'Deliver the Budget' workstream of the programme was significant, creating significant additional work which needed to be delivered at pace as set out below.

- By May 2021, when the 2020/21 outturn should have been reported, it was found that due to past decisions and unusual budget practices, the budgets for 2020/21 and 2021/22 included a recurring budget pressure of c£920k.
- In June 2021, Grant Thornton (GT) was commissioned to conduct a Fact Finding and Forensic Review to confirm that the c£920k was an actual budget gap, which they did, and also confirmed that it was a base budget (i.e. ongoing) issue.
- The GT report was presented to Strategy & Resources on 14 September 2021 and Audit & Scrutiny 30 September 2021.
- The Council required urgent assurance that the base position was sound, following correction of the budget error.
- The GT report, and subsequent work, provided the Council with confidence that the budget for 2022/23 is sound, and built on solid foundations on which to build the Tandridge Finance Transformation Programme (TFT)
- In addition to the GT review, and acceptance of their 15 recommendations, the Council commissioned:
  - an independent, fundamental root and branch review of the Council's finances; and
  - a line-by-line budget review of 2021/22.
- In order to provide confidence to set the budget for 2022/23, the results of these two reviews were presented to Members; providing assurance that the Balance sheet and 2020/21 outturn have been independently assessed and 2021/22 budget reviewed in forensic detail to find no further significant issues.
- To complete the rebuild of the Council's budget, in December 2021 the 2020/21 Outturn was reported to Strategy & Resources along

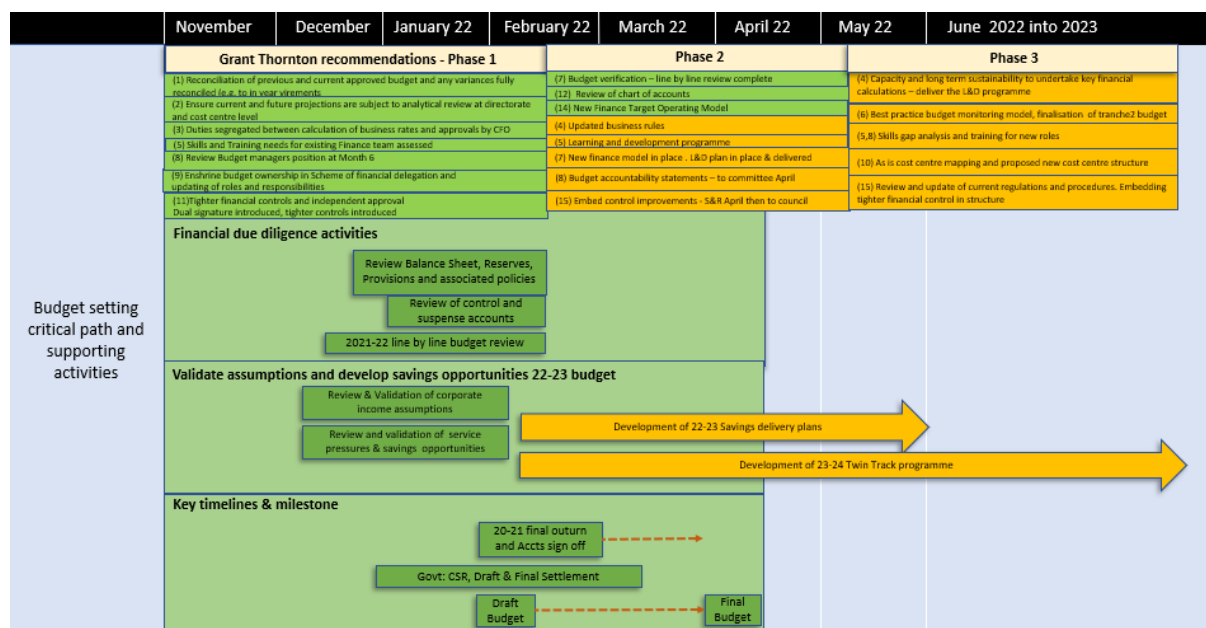
with the Draft Budget for 2022/23. The final budget was approved by Council in February 2022.

Against this backdrop, the budget setting process for 2022/23 was extremely challenging. The challenges outlined above had a severe impact on the time and resources available to set the 2022/23 budget, which took place in very compressed timelines, whilst Finance was also transitioning to the new Target Operating Model.

The recommendations from the GT report, along with those identified through the independent, fundamental root and branch review, were added to the scope of works to be addressed through the TFT programme in parallel with the budget setting process as set out in the diagram below.

Concluding the process with a sound and balanced budget against this backdrop, was a major achievement and testament to the combined hard work of Members and officers, along with the support and independent advice from GT, Laura Rowley (external independent adviser) and IMPOWER.

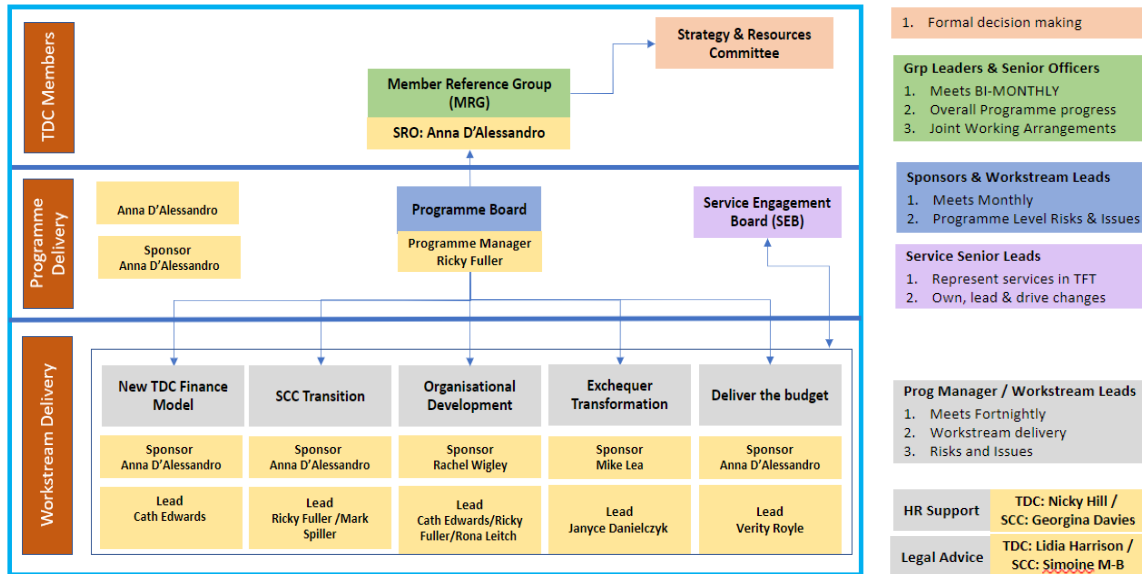
The diagram below shows the activities as described above that were required to set the budget for 2022/23.



The Grant Thornton recommendations are included in full in Appendix A.

### 3. Governance

The following governance structure was put in place to enable objective and transparent decision making.



The Member Reference Group (MRG), a small group of representative members was created to provide feedback on bi-monthly updates. The TFT programme board steering the programme and ensured that the programme activity was monitored and programme objectives were achieved. Working groups were set up within and across the programme workstreams to facilitate discussion and decision making and to drive progress forward.

### Time, Cost and Quality

As part of every programme or project, there are three key areas of measurement that make up the project management triangle and should be considered during planning and monitoring:

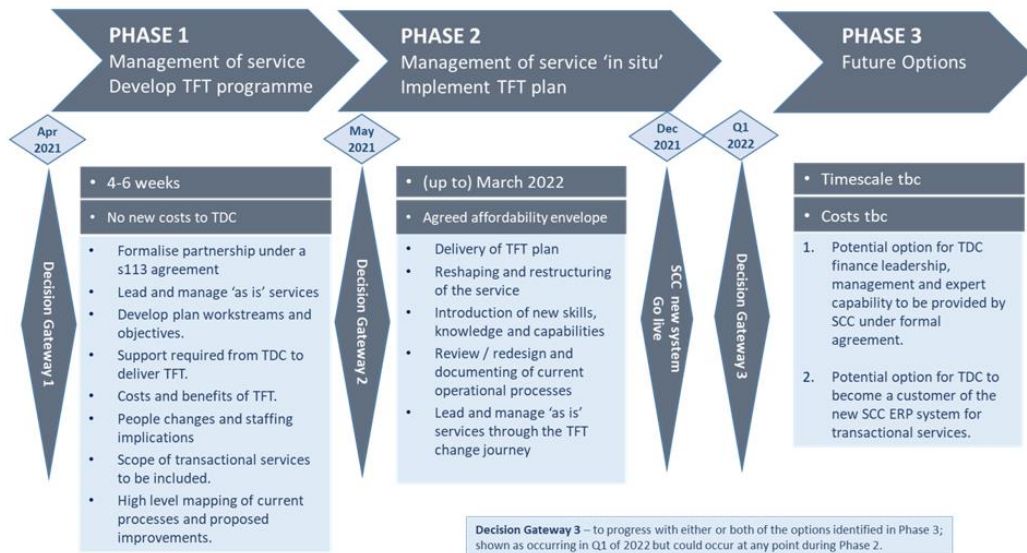
Time - available time to deliver the project

Cost - the amount of money or resources available to the project

Quality - represents the fit-to-purpose that the project must achieve to be a success.

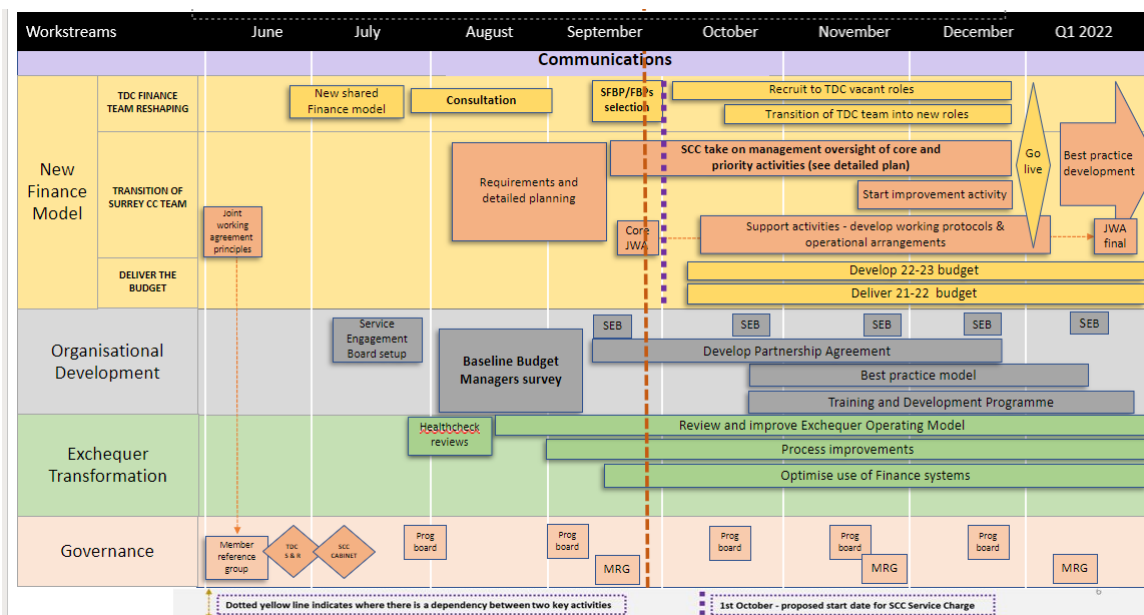
### Time

As part of the programme planning, the following key decision gateways were shared in the original proposal in March 2021.



Phase 1 Mobilisation of the programme, including activities around understanding the cost, planning out the activities and defining the skills required to deliver the objectives.

Phase 2 Delivery - the roadmap below shows the workstreams and key milestones that were put in place to deliver the objectives set out in Phase 2 of the diagram above from the programme proposal.



Phase 3 Future Changes – item 1 – Management and expertise provided by SCC has been put in place though the Joint Working Agreement.

As detailed in recommended next steps, future development will be put in place through a combination of BAU changes and the Future Tandridge Programme.

## **Cost**

During the mobilisation and planning process, resource planning took place to understand the capacity and skills required to deliver the agreed objectives and the costs involved, which were monitored on a monthly basis. The majority of costs were resource related, in particular project management and business analysis roles in the Exchequer team.

Agilyx was engaged to provide technical support on the Agresso product and following their review and specifications, system amendments were made with the intention of delivering improvements across the Agresso system resulting in benefits to in terms of efficiency and quality.

The programme was delivered within the cost envelope set out, both in terms of the capital receipt funding transformation of £50,000 for Exchequer Services and the additional investment in the revenue budget of £70,000. A further £30,000 outlined to fund the TFT was not used. This may be called upon to invest in further improvements, subject to approval by Strategy & Resources committee.

## **Quality**

To ensure that the programme was structured to deliver the benefits, a governance structure was put in place, to provide a level of member and programme scrutiny.

Programme scope was agreed in the initial mobilisation phase and monitored regularly by the Programme delivery board. This programme delivery board provided scrutiny and steer on the delivery of the programme objectives. The board consisted of the key stakeholders including the programme sponsor and sponsors from Finance, Exchequer and the Organisation Development workstreams.

Working groups were set up in each workstream, to ensure that the right stakeholders were engaged in shaping the deliverables. In cases where objectives and the resulting deliverables spanned more than one workstream, i.e., in the case of the Internal Business & Finance agreement (IB&F) which included cross workstream effort, this was managed via cross workstream working groups, i.e., Organisation Development and Exchequer Transformation working together.

As part of the governance, weekly highlight reports were put in place, completed by the workstream leads, ensuring that deliverables, and their progress was monitored. This also enabled each workstream to flag any potential risks and issues in their workstreams. These highlight reports contributed to the monthly highlight reporting which was put in place to track progress against the programme plan, these reports were shared with both the programme delivery board and MRG governance groups.

#### 4. Project Objectives – what has the project delivered?

Service Area	Objective (core objective and any linked objectives)	Achieved?
Finance function	Stable financial baseline to enable confidence in setting Budget for 2022/23	There was an extensive amount of work undertaken in the build of the draft budget for the first time at TDC. This exercise required a lengthy due diligence exercise and investigations into the chart of accounts in order to make the recommendations that would enable the draft budget to be set and approved by the Council. A root and branch review was carried out by an independent consultant with extensive knowledge of forensic financial investigations to provide the surety that there were no other gaps that would impact the budget going forward. The resulting report was used as evidence of a stable financial base when taking the budget to A&S and S&R in the final budget setting meeting in February 2022.
Finance function	A gap analysis of the skills and capacity required against that currently available to the council to be used to inform the need to bring in additional capacity and capability as part of the new operating model.	Joint working agreement signed and in place, seven shared roles identified to provide expertise and capacity to TDC. New Finance operating model put in place, with clearly defined roles and recruitment into the roles carried out following new behaviours, skills and capabilities tested.
Finance function	Business Partnering - A reshaped and strengthened Finance function which delivers more management capacity, resilience, and access to specialist expertise. Provide clarity around finance roles and responsibilities in the finance business partner team.	Reshaped function, clearer responsibilities, supported by development opportunities including access to the SCC business partnering / Finance Academy.



Exchequer function	New roles and responsibilities defined with clear accountability for service performance.	<p>Established partnership working with key stakeholders across the organisation e.g., Business and Income, Customer Services, Building Control, CIL, Legal - to address communications, systems and processes, resources levels, improving hand-offs and information sharing, share improvement activity, review of specific debt cases to agrees next steps and to ensure that lessons learnt are built into the new systems and processes as part of this transformation activity.</p> <p>Established an Exchequer Working Group with cross service departmental representation in November 2021 with the first meeting in December 2021, with the following objectives:</p> <ul style="list-style-type: none"> <li>•review progress against plans, priorities, resources, ensure that the project is completed within agreed project principles, and to agree propose changes that require approval by the board</li> <li>•raise decision points arising relating to; business risks, and any proposed changes that require advice, support, training impacting outside the Exchequer service</li> </ul> <p>went very week, good conversation about advance payments and more dd payers, good levels of engagement</p> <p>"As is" process mapping covering Accounts Receivable, Accounts Payable and Banking and Income</p> <p>Exchequer - Clearly defined exchequer job roles and better aligned responsibilities including ownership and job titles.</p>
Exchequer function	Service priorities delivered as part of the prioritised improvement plan	Adelante to Agresso interface - (time saving) worked with IT to improve the data downloaded from

		<p>Adelante, which is then uploaded to Agresso which reduced the manual input by the Exchequer Team of text against income received</p>
		<p>Commenced running reminders every two weeks from 14th February 2022, with a plan to move to weekly reminders in June 2022. Also issued a reminder timetable to all relevant stakeholders: Customers Services and Exchequer Working Group</p> <p>Introduced a new collection code within Agresso to enable new separate reminders for Building Control</p> <p>Revamped reminders for sundry debt and now produced every two weeks</p> <p>Automated daily task of generating periodic/subscriptions invoices with a TIME SAVING of at least 1hr per week</p> <p>New Direct Debit mandate for sundry debt, available on the Tandridge website, plus signposted on the reminders</p> <p>Positive AP and AR "light touch" Audit review - Audit were able to review some of the work completed.</p> <p>Reduced the sundry debt bad debt provision £346,423.36 to £251,760.67 as of 31st March 2022. A reduction and therefore a saving of £94,662.69.</p> <p>Developed key performance indicator for aged debt Measure: Value of unsecured debt over 6 months, plus this as a proportion of the total debt raised. The Measure refers to the amount of unsecured sundry debt outstanding older than 6 months within the Agresso system. Plus, this represented as a proportion of debt raised. Secured debt is defined as being secured against a property in the case of a legal charge.</p>

		Sundry aged debt report provided further improvements - have identified how an invoice status can be recorded against each invoice in Agresso which will be pulled through to the aged debt reporting.
Budget management	Budget Management - Creation of the Finance Business Partnering agreement to set out mutual expectations and a framework which defines the roles and responsibilities of a budget holder within services as well as the Finance team.	Creation of the SEB (Service Engagement Board), chaired by Alison Boote to work collaboratively to agree the content and introduction of the agreement. The IB&F agreement is approved and there now needs to be plans within BAU to embed the agreement.
Finance function	Map of all processes to identify improvement opportunities, key metrics identified and set up and ownership assigned appropriately for overall process effectiveness.	All TDC Finance team processes collated and reviewed. New Finance model created with clearly defined roles with ownership of business processes.
Skills matrix	Covering the Exchequer function, with details of the team skills to; highlight single point of failure, support training and team resilience	Skills matrix covering all Exchequer service (AP, AR, and Banking and Income) This has been reviewed and adapted with the team during the period of the project, and will be used to form the training plan for the new starters
Accounts payable/receivable	Address weaknesses identified in internal audit reviews to provide full assurance.	Agresso improvements identified and resolved as part of the improvement plan
Systems	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.	Improvement plan created following review of the existing system, Agresso. This prioritised plan was addressed as part of the Exchequer workstream. Review of the Agresso system to identify improvements and address those which were identified as being 'quick wins. High priority items scheduled and completed. Remaining items in the improvement plan to be reviewed and addressed as part of the continuous improvement BAU activities in the TDC Finance team (see Appendix C for detailed improvement plan)

Business rules	Business Rules & Financial Controls – review and refinement of the current business rules and processes for inclusion in the IB&F agreement.	Updated rules & financial controls provided and included as part of the IB&F including the Exchequer Service; AP, AR and Banking and Income and including customer response times.
Banking Team	Exchequer - Clearly defined exchequer roles and responsibilities including ownership and accountability.	Exchequer team restructure and redefined roles put in place. New Exchequer manager role identified as key to the future continuous improvement within the team.
Banking Team	Key Performance Indicator reporting	<p>Unallocated receipts - report developed to detail all income that has been paid to Tandridge which cannot be allocated due to lack of information received from the customer or the service department. This is now monthly to key finance contacts to see if they can identify the income plus stress the importance of letting the Exchequer team know in advance of all income due.</p> <p>Metrics created and ownership of overall process effectiveness agreed.</p> <p>AP and AR volumetrics reporting developed</p> <ul style="list-style-type: none"> <li>•AR invoices -aged debt/ number and value raised by user/department</li> <li>•AP invoices - prompt payment/number and value input</li> </ul> <p>Developed the Promptness of paying invoices within 30 days reporting - now despatched</p>
Exchequer	Debt management in place	<p>Sundry aged debt report - developed and sent monthly to key finance contacts. Providing:</p> <ul style="list-style-type: none"> <li>•breakdown of different categories</li> <li>•summary</li> <li>•projected bad debt provision</li> <li>•actions being taken by Exchequer, Legal, and Business and Income</li> </ul>

## 5. Benefits delivered

	<b>Benefit</b>	<b>Impact</b>	<b>Measurement</b>
	<b>Core Finance Benefits</b>		
<b>1</b>	Monthly financial reporting to Senior Management and Members	Regular reporting of the latest financial information in key messages. All Monthly reports presented to Management Team for sign-off prior to distribution to Members/Committees	Clear and concise messaging on the Council's finances which support effective decision-making
<b>2</b>	Improvements in finance commentary in financial reports	Decision makers more aware of financial impacts on decision-making across all Council business	Improved Finance and s151 commentary on all reports with a financial implication to support better decision-making
<b>3</b>	Improved budget setting process, including the introduction of a draft budget, greater engagement with Members (through Budget briefings) and Management Team	Confidence in a robustly presented budget for sign-off by Members	Approval of budgets by Committees and Full Council by greater majority than previously
<b>4</b>	Reshaped Finance function, clear responsibilities. A remodelled budget management framework with clear roles and accountabilities within services and the finance function.	New Finance model brings control, tighter management of finance activities	Newly created Finance Team members with clear responsibilities. Roles clearly defined with specific responsibilities and accountabilities
<b>5</b>	Increased budget holder ownership and accountability	Ownership of budget across the organization	This is implemented and will be monitored and reinforced as part of the Learning and Development programme. Budget Accountability statements will

			be issued for sign-off to senior management as part of 2023/24 budget setting
<b>6</b>	TDC can draw upon the existing skills and capabilities within SCC which would otherwise be expensive and difficult for TDC to attract	Additional capacity and capability to supplement the TDC Finance team	Increased capacity across the team supported by the SCC team through the JWA, enabling delivery of monthly budget reports
<b>7</b>	A reshaped relationship between front-line services and the finance function with a focus on working together to develop solutions	Link between finance and the service areas which was not so evident before the programme.	Early days – finance business partners are working with service areas providing expertise and imparting knowledge. Financial accountability is being introduced across the council, embedding financial management which was previously seen before as 'Finance' only responsibilities
<b>8</b>	A continuing focus on delivering the budget and the savings required to ensure a robust future financial position is established going forward	Stabilised financial baseline providing the confidence needed when the 22/23 budget was set	Monitoring of financial management and forecasting, delivery of 22/23 savings as part of the FTP programme
<b>9</b>	Strengthened overall financial management, allowing better identification and management of financial risks.	Clear ownership and accountability of processes and financial rules. Early indication of potential problem areas, enabling pro-active resolution	New team based on SCC model, with new roles in place. All roles with defined responsibilities and accountabilities

<b>10</b>	A new set of business rules and controls which are operating effectively	Non-financial	Introduction of tighter financial control and management, linked to roles within the team	Rules and controls being used by the team
<b>11</b>	A refined set of documented processes with clear ownership and performance metrics	Non-financial	Clarity around the role of the team and individuals. Useful for existing resources and new joiners. Metrics enable focus on continuous improvement	Documented processes in place – used by the existing team and new joiners
<b>12</b>	Recommendations made by Grant Thornton implemented into the organisation as part of the TFT programme	Non-financial	All Grant Thornton recommendations reviewed and delivered as part of the key programme objectives, see Appendix A	Delivered as part of the TFT deliverables, such as improved accountability, financial management, learning and development.
	<b>Exchequer benefits</b>			
<b>13</b>	A transformed Exchequer function with a reshaped team	Non-financial	Increased skills and ownership within the Exchequer team	<ul style="list-style-type: none"> <li>•Senior manager focused on the Exchequer function and service improvement programme and working closely with the Chief Finance Officer.</li> <li>•To align job descriptions to better describe the roles undertaken and the skills and experience required to support the provision of a high quality and cost-effective exchequer service.</li> </ul>
<b>14</b>	Standard way of working in line with best practice and the control environment	Non-financial	New roles and responsibilities integrated	Consistent approach to all processes, including debt

			into the new Exchequer structure	recovery which is now already showing positive changes
<b>15</b>	Standard set of written procedures, business rules, process maps and associated financial procedures in line with financial regulations	Non-financial	Standard approach to financial procedures and processes leading to improved control and management	<ul style="list-style-type: none"> <li>• Agreed standard way of doing things</li> <li>• Supports training</li> <li>• Reduced errors</li> <li>• Related audit recommendations implemented</li> <li>• Improved Audit rating</li> </ul>
<b>16</b>	Established continuous improvement schedule of work	Non-financial	Improved customer service Reduced manual processes, improved efficiency	Part of the overall continuous improvement culture that needs to be implemented into the TDC Finance team
<b>17</b>	More efficient use of available functionality within existing systems Agresso (Finance) and Adelante (Income) to streamline and automate	Non-financial	Less manual processes, more accurate reporting	<p>Less time spent on manual processes.</p> <ul style="list-style-type: none"> <li>•Automation of manual tasks</li> <li>•Resource time saving of 1hr 45mins per week</li> </ul>



	<b>Benefit</b>	<b>Type</b>	<b>Impact</b>	<b>Measurement</b>
<b>18</b>	Improved audit rating	Non-financial	Positive AP and AR "light touch" Audit review - Audit were able to review some of the work completed.	<ul style="list-style-type: none"> <li>•Audit is planned and adequately resourced</li> <li>•Ensure work already implemented is on track to improve the audit rating - full audit of AR and AP due in quarter 3 of 2022/23</li> </ul>
<b>19</b>	£20k one-off from overpayments recovered	Financial		Immediate savings identified and recovered as part of the due diligence and improvements put in place
<b>20</b>	Reduction in outstanding debt	Financial	Immediate reduction in debt provision required by the council and further reductions will be possible	Debt management changes introduced, Exchequer manager role will proactively manage debt Reduction in debt provision

## 6. Project Objectives summary

Beyond the stabilisation of the Finances that was required to set the 22/23 budget, one of the key areas of focus for change was to review the processes and structures in the existing Tandridge Finance team and create a culture which raised the profile of financial management and established credibility and trust in the finance function across the council.

As part of the TFT programme, within the IB&F agreement, a business partnering approach has been introduced to support the Council. See Appendix D for further details. This will be vital in building accountability across the organisation.

At the outset, the key objective of the programme was to achieve the objectives set out in the Proposal document to transition the TDC team, implement the Finance Business Partnering agreement and turn around the Exchequer function. Work remains to embed the new behaviours and ways of working into TDC however this is seen as being part of the BAU continuous improvement process in Finance.

The programme is viewed as successful by all of those consulted as part of the project review process and has achieved the key project objectives.

To reflect the success of the programme, a submission has been made to the CIPFA Finance awards, in the category of 'Aligned Public Service Delivery'. See Appendix C for the award submission form and supporting information pack. Measuring the Project's Overall Financial Impact

The initial impact of the programme has been the setting and approval of the 22/23 budget. The detailed analysis that was carried out by an independent forensic financial specialist including the root and branch investigation and an in-depth review of the chart of accounts ensured that there were no unexpected financial problems in the chart of accounts providing the committee members with the confidence to agree the budget. The Finance team carried out a detailed analysis and due diligence across all the accounts to ensure that there were no other gaps that would cause issues when setting the 22/23 budget. This however has not been the only success, the programme has also introduced and began to help Tandridge to embed a new team, new ways of working and business partnering across the council, which will provide the legacy to ensure that the original problems that triggered the financial instability that the programme was put in place to address, are not likely to happen again.

## 7. Project Closedown and Review Approach

As part of a well-run delivery programme, it is good practice to run retrospective reviews of the programme objectives to understand whether all objectives were delivered and to confirm the outcomes and benefits from the programme whether delivered as part of the programme or those that may be delivered later due to changes brought about by the programme. In the case of the TFT programme, changes to ways of working in Finance and their relationship with services across the council that were started within the programme, will continue to be implemented by the team as part of their continuous learning process. These activities will be monitored to ensure this takes place, see benefits table for more information.

Part of the Project closedown and Review process includes the gathering of feedback from stakeholders that have worked on or been impacted by the programme. As part of the closedown process it is invaluable to collect objective, honest feedback which will be documented here and added to lessons learned process at TDC to enable continuous learning. The intention being that Future Tandridge programme will benefit from any findings during the Project Closedown and Review.

During May 2022, a series of short, focused project review discussions were conducted via Teams with key groups of stakeholders. The discussions were conceived and set up by the TFT PMO lead and facilitated by an objective SCC colleague, working to a session outline, and set of questions provided by the PMO lead on TFT.

The objective was to run objective and impartial discussions where people could speak honestly. Participants were encouraged to share their views and experiences freely and openly and were also asked to remain focused on processes and outcomes - not people.

This approach worked extremely well and forms part of a best practice approach which will be used in future project closure processes.

The Questions

All sessions followed an identical format, which included a short introduction from the facilitator and a reminder of the original project objectives, then the majority of the 30-minute session was used for stakeholders to discuss and answer the three questions below:

- 1. What went well? Has the project achieved the original objectives?**
- 2. What didn't go so well?**
- 3. What should we focus on next?**

## **Stakeholder interviews**

As part of the closedown and feedback process, the stakeholders below participated in interviews and their feedback was collated in the project review section below. Lessons learned will be recorded in the central lessons learned log at Surrey County Council and Tandridge District Council for future use on programmes and projects.

### **Programme Sponsor**

Anna D'Alessandro

### **TFT Programme Board**

Ricky Fuller  
Rachel Wigley  
Mark Hak-Sanders  
Cath Edwards  
Janyce Danielczyk

### **Stakeholder Engagement Board**

Alison Boote  
Rona Leitch

### **Independent External Finance expert**

Laura Rowley

### **Member Reference Group (MRG)**

Further feedback on the above three questions was provided by the following council members at the final MRG meeting on 8<sup>th</sup> June 2022

Catherine Sayer – Leader of the Council and Independents and OLRG Alliance Group  
Chris Langton – Head of the Strategy Resources committee, Independents and OLRG Alliance Group  
Robin Bloore – Conservative  
Martin Allen – Leader of the Independent group

## Project Review – Views & Feedback

Note that comments have been summarised for clarity and brevity.

### **What went well?**

- The programme has reshaped the TDC finance and introduced team objectives, this is a huge step forward and Tandridge are hugely supportive of the joint approach with SCC.
- Creation of collaborative groups, such as SEB, started off slowly but TDC began to see the value and worked together to create a lasting IB&F agreement
- Highly collaborative – the team worked well together and although at first engagement was low, this improved and TDC could see the value that was being provided by the programme team
- SCC brought structure to the Finance team
- Setting of budgets was possible due to the programme and the hard work from team members over and above expectations and standard working hours
- The PMO role in the team was very organised and provided clear instructions as to the steps required to deliver the work that was needed
- Tandridge are in a much better financial position than they were in 18 months ago, broadly the time that SCC and Anna D’Alessandro started to support them
  
- Members comments
- The programme was praised by the leader of the council, Catherine Sayer, for the good leadership and the approach taken, including the level of transparency and candour used throughout at MRG and committee meetings.
- The programme was a great example of how collaboration between the organisations can work well

### **What didn’t go so well?**

- Recruitment into the Finance team – slow and still ongoing to fill new finance model
- Stakeholder communication –the TDC Finance team felt they were not engaged in the changes and the programme. Once delivery was underway, regular whole TDC team stand ups were put in place for all team members, including the Finance team, where progress, blockers and other relevant updates were provided.
- TDC Finance team capacity - needs to get a proper structure in place. More staff required in the Finance team to get the actual work done. This is currently still proving difficult, whilst recruitment to the remaining roles is slow.
- Doing transformation work alongside BAU proved difficult
  
- Members comments
- Concern around the loss of some members of the Finance team, however good people are being recruited into the team and highly experienced people involved from Surrey CC.

### **What should we focus on next?**

- Implement a learning and development programme across TDC Finance
- Ensure the Finance Business Partnering agreement and the new ways of working it brings are embedded into the organisation and are part of a continuous improvement programme

- Ensure there is capacity in the team to give people time to improve
- Ensure that it is clear what has been delivered and what is outstanding
- Members comments
- Ensure there is a good set of KPIs in place to monitor and improve where required, for example in the areas of budget accountability and budget training  
As above ensure that training is embedded, and that Finance are included in the overall approach being taken in the Future Tandridge programme  
Finance improvements – enable the right structure to be put in place to take these forwards, which will be part of the Benefits board responsibility  
Regarding how members updates will be provided in future – reporting in the Future Tandridge programme and agreement to provide an update in December 2022 at Audit & Scrutiny.

## 8. Plans for Transition to BAU

Much of the project focus has been about setting up a stronger BAU function in TDC, including establishing the new Finance model and introducing new ways of working within Finance and more widely within the council, by reinforcing the role of the Finance Business partner across the organisation and by introducing the Finance Business Partnering agreement.

The transition from the project phase into BAU has been made easier by the fact that the lead on the SCC Transition workstream has now moved into the S151 role at TDC. This will enhance the quality of embedding the behaviours into the team and across the heads of service in the organisation.

The balance of managing the line between BAU and programme activities caused challenges at times and SCC fulfilled some of the everyday activities due to leavers and vacant roles. This was recorded as a high area of risk in the programme where operational resources were also used as SMEs within the programme. The new Finance model was put in place with clear roles and recruitment has also helped to bring clarity and ownership to the team members.

## 9. Continuing delivery of programme objectives

Two key factors have contributed to some activities not being delivered fully during the programme:

- **Recruitment difficulties despite continuing attempts** – unexpected leavers and difficulty in recruiting to new roles slowed down the planned changes in the Finance team and will continue to do so until full capacity has been reached.
- **Discovering a significant budget gap at the early stages of the programme** during due diligence resulted in a large amount of work being required by the team who were working on setting the budget. Following the identification of the gap, implementation of the Grant Thornton recommendations and associated deliverables were agreed to be an integral part of the implementation, which were not originally part of the scope for the programme.

Action	Status June 2022	By When	Owner
<b>Organisation Development</b>			
Set up Finance Academy in Tandridge and ensure Team culture and working practices – embed business partnering and lift the team to focus on value-added work	Scoping for business case in progress	August 2022	CFO
Organisational development and culture – budget accountability and improving the strength of financial information to enable that accountability	Further work to progress accountability and ownership	September 2022	CFO
Link roles in the Finance Business Partnering Agreement with finance regulations across the Council	Embed ownership of regulations	September 2022	CFO
Learning and Development for Councillors	In planning - Invitations to be shared with councillors	Module 1 - mid July. Module 2 - mid Sep. Module 3 - beg Oct	Senior Finance Business Partner

<b>New Finance Model</b>			
Ensure Finance Team is fully resourced and embedding the new team	Recruit to remaining Business Partner role – dependant on recruitment success	TBC	CFO
Ensure people possess best practice skills and behaviours and are able to continuously improve their knowledge	Embed best ways of working and continuous improvement plan	In place	CFO
<b>Exchequer Transformation</b>			
Review and schedule items on the Exchequer Improvement Plan	High priorities identified and progressed, other items to be reviewed and addressed as required.	Complete	Exchequer Manager

## 10. Recommended next steps - Programme / Organisation level

Action	Recommendation	By When	Owner
Agree benefit review plan	Part of the Finance & Benefits delivery workstream in Future Tandridge Programme	September 2022	CFO/Programme Mgr.
Continuous improvement plan in place embedded in Finance and across the council	New ways of working to be embedded in the finance team and to continue to be assessed and improved	September 2022	CX/CFO
Prioritised improvement plan for Exchequer – ensuring this becomes part of the continuous improvement activity in the Exchequer Team	Handover of improvement plan from Exchequer workstream to S151 officer and Exchequer Manager to plan	June 2022	Exchequer Services Manager / Team
Lessons learned – Learnings for reference in future activity at Tandridge. Ensure outstanding items are clearly highlighted.	Use this document as a basis along with final highlight reports to understand outstanding items and agree next steps on each	July 2022	PMO



Deliver 22/23 savings programme - ensure identified savings have plans and owners to take forward to completion	22/23 savings are mapped out as part of service reviews and other areas such as SMT restructure – these are managed by the Finance and Benefits board, part of the Future Tandridge programme	Identified by June 2022, delivery managed monthly	Finance and Benefits Board
Peer review / external validation of improvement	Review and validation will be sought to provide an independent opinion	TBC	CFO
Benefits board – transition to BAU – will run throughout the Future Tandridge Programme and remain in place as part of Finance/Change BAU	Pro-active identification and management of savings throughout the FTP programme. Future savings management to be part of the Target Operating Model for the council	In place	PMO
Agreed KPIs embedded in Finance – identify required KPIs, set up process to monitor and measure	Recommend usage of KPIs across Finance team to continuously monitor and improve service	TBC	Finance
Embedding clear and robust financial processes and procedures – set up as part of part of the programme, with clear ownership	Roles and processes defined as part of the new finance model. These need to be	September 2022	Finance
Embedding the role of Business Partners into services – early engagement and involvement in decision making	New finance model in place with business partner roles. Working already during the service reviews.	In place	Service wide
Embedding the approach to Learning and Development	Recommend the use of SCC Finance Academy and Tandridge branding to take this forward with ownership within Finance	August 2022	Finance
Keeping members updated on progressing the recommended next steps from the	Report progress to A&S on an annual basis.	June 2023 annually	Finance

Tandridge Finance Transformation programme.			
Carry out a Savings realisation audit for 2022/23 savings plan	Engage with SIAP to undertake an audit of the programme	Q2/Q3 2023	Finance

The above activities will form part of the continuing improvement plan for Finance. Updates against this plan will be provided to Audit and Scrutiny annually.

## 11. Appendices

Document	Publication Date
A. Grant Thornton recommendations –	September 2021
B. Independent Laura Rowley report	November 2021
C. CIPFA Award Submission for Aligned Public Service Delivery 2022	May 2022
D. Finance Business Partnering Agreement (Internal Business and Finance Agreement)	April 2022

## Appendix A - Grant Thornton recommendations and mitigation actions

No.	Recommendation
1	When the draft budget and MTFs are being prepared, the opening budget baseline should be reconciled to the prior year's approved budget and any variances should be fully reconciled (e.g., to in year virements).
2	The current year proposed budget, and future projections in the MTFs, should be subject to analytical review at directorate and cost centre level, to ensure that all movements away from the baseline opening budget reconcile to known adjustments (e.g., savings and pressures).
3	Segregation of duties should be re-established between the calculation of all key budget items (such as business rates) with review and approval undertaken by the Chief Finance Officer.
4	The Council should ensure that the finance team includes sufficient skills and capacity to undertake key calculations, including calculation of business rates, to enable the Chief Finance Officer to function effectively in a review and approval role.
5	The Council should undertake a skills and training needs assessment of the finance team and provide targeted investment in staff development where it will have most impact. The Council should also consider whether skills gaps are best addressed through targeted recruitment.

### THE BUDGET MONITORING PROCESS

No.	Recommendation
6	We recommend that the monthly budget monitoring information provided to budget holders is improved to incorporate greater focus on comparison to the prior year budget and the expected profile of the budget throughout the year, with greater focus on documenting and challenging the basis by which budget outturn has been forecast.
7	Within the monitoring information, the inclusion of budget lines that have zero budget in the current year but did have budget in the prior year should be considered as a failsafe measure. This could provide a useful reference point to monitor the impact budget changes may be having on current year variances. (Note that this could have highlighted the removal of one half of the £920,500 pensions costs, enabling it to be questioned early in 2020/21).

## STRENGTHENING CORPORATE BUDGET RESPONSIBILITY

No.	Recommendation
8	The list of cost centres should be reviewed to ensure that each one is assigned a responsible budget holder and Finance Manager, and that these responsibilities are fully communicated and understood by the named individuals. This can be augmented by asking budget holders to sign a written declaration that they have agreed and accept responsibility for their assigned cost centres.
9	The Council should make sure that the ownership of and responsibility for budgets, is fully enshrined in the Council's Constitution and Scheme of Delegation, so that individuals can clearly and directly be held accountable for budget management. To support this, the Council should consider the establishment of a separate Scheme of Financial Delegation that sets out the respective financial responsibilities of roles and grades in detail.
10	All budget holders and supporting finance business partners should review all the list of cost centres they are responsible for and ensure that the purpose and relevance of these is fully understood. Council policy should make clear that the onus is on the individual to make sure they have the level of understanding required.
11	There are several ways that adjustments to the draft budget could have been subject to tighter financial control, where segregation of duties is difficult to maintain (for example, regarding corporate items adjusted only at year end). We recommend, the implementation of a schedule of adjustments that requires the dual signature of both Chief Finance Officer and Deputy Chief Finance Officer to confirm that all adjustments have been reviewed independently of the author.
12	The Council should review its chart of accounts to make sure it properly reflects current operations and desired approach to financial control. We recommend that the list of cost centres is reviewed, and unused or unnecessary cost centres are removed or rationalised as part of the 2022/23 budget setting process.
13	We recommend that within the next two years, the Council undertakes a targeted zero-based budgeting exercise to fully refresh the budget and its cost centres, to ensure they align to current needs and services, and to strengthen the ownership and responsibility among budget holders and responsible management accountants. This should initially focus on Strategy and Resources and Corporate budgets.

## DEVELOPING A STONG FINANCIAL CULTURE

No.	Recommendation
14	The Council should consider how it can strengthen the Council's financial culture, building characteristics such as professional scepticism, self-review, and empowerment to challenge management, starting with the finance team.
15	The Council should review and update its Financial Regulations, with particular focus on embedding the control improvements recommended in this report. This should be supplemented by detailed documented financial procedures where appropriate. - owner yet to be identified

### **The objectives for this review**

The Chief Finance Officer (CFO) has set the following objectives for this review:

#### **Short-term Objectives:**

- 1. To re-build confidence in the financial data and information used in the production of the 2020/21 Revenue Outturn Report and Statement of Accounts through careful analysis and review.**

This will enable:

- the Chief Finance Officer (CFO) to recommend with assurance that Members approve the Revenue Outturn Report for 2020/21.
- the Statement of Accounts for 2020/21 to be submitted by the CFO to Deloitte for the external audit to be finalised, and their Annual Report and value for money conclusion published.
- the CFO to use the 2020/21 Revenue Outturn Report to inform the development of the 2022/23 Budget and rebuild Members' confidence that the Draft Budget Report can be supported because any underlying financial issues are either not material or will be addressed through transformation work.

### **Objectives set during the review**

- 2. To identify the most pressing significant weaknesses in the District Council's financial management and reporting arrangements and suggest improvements to the CFO for consideration.**

- 3. To identify opportunities, complementary to the work being undertaken by Impower on pressures, growth and savings proposals, that could help the Council set a balanced Revenue Budget for 2022/23 and future years.**

**The Findings from this Review Comments and observations about financial management practices at Tandridge District Council based upon work carried out during this review are set out below.**

**Comment 1. Audit and Scrutiny has improved substantially over the last year. It meets regularly, the agenda is relevant, the Chair is well briefed, and the Committee is fully engaged in discussion of key issues.**

The records of the meetings of the Audit and Scrutiny Committee show a marked improvement in the regularity of meetings, the quality of reports and the breadth of issues covered by the Committee from mid-2020 onwards compared with the previous two years. Tandridge DC, with advice from senior officers, has implemented a new audit and scrutiny function which is evolving and establishing its role. There is evidence in the meetings of active engagement from Members asking appropriate, relevant, and probing questions. Whilst there is work to be done to sustain and further develop audit and scrutiny, this takes nothing away from the step change in the Council's governance arrangements that a strengthened audit and scrutiny function represents. The Chair is well briefed and is fully engaged with key issues such as the setting of the Budget for 2022/23 and the closure of Accounts. Good governance on financial matters is evident in other ways too – for example the external auditor was challenged to explain why there had been an extended delay in completing the 2019/20 audit

and to find ways to overcome difficulties arising from staff sickness absence so that the audit could be completed. Page 93 The Council's approach is consistent with that recommended by the Centre for Public Scrutiny which is a respected source of advice and best practice in this area.

**Comment 2. Swift steps have been taken by the Chief Finance Officer to seek independent reviews of weaknesses in financial management and to act upon the outcomes.**

The CFO has taken reasonable and prompt action to be able to recommend the 2022/23 budget to Members with a reasonable degree of confidence and with managed risk. Independent reports on key areas of financial risk have been commissioned from: • The Local Government Association, • Internal Audit, and • Grant Thornton. In addition, key findings have been reported to Audit Committee, the CFO has followed up and acted on those findings and progress has been reported back to the Audit Committee.

**Comment 3. The base budget for the old year, 2021/22, has been reviewed systematically with care and due diligence by the finance team and the issues identified have been addressed in the 2022/23 draft Revenue Budget.**

The Tandridge Finance team has reviewed the 2021/22 budget line-by-line, sent to Members on 18th January, with diligence, not least because of the pressing need to balance the budget during the year and deal with the consequences of the c£920,000 unplanned budget gap. Other examples of the work that has been undertaken to validate the Council's revenue Budget in 2021/22 include: • Finance business partners, working with service managers, have reviewed, and verified the salaries budget which represents about three quarters of the total budget for the year. • Expenditure and income have been under scrutiny since the appointment of the new Chief Executive and the CFO.

**Comment 4. The Tandridge Finance team has been restructured and strengthened, with colleagues from Surrey County Council providing additional, expert, and experienced capacity in addition to professional leadership and direction.**

Working together and effectively, in a short period of time the Finance Team has been restructured and strengthened with additional, experienced colleagues from the County Council supporting the Finance team. The combined team is already laying the foundations for the change in culture required to embed tighter financial control and deliver services more efficiently. 'Silo' working has reduced and there is a greater level of engagement and accountability across all levels of staff. Page 94 The intense scrutiny of the 2021/22 Revenue Budget and the marked improvement in the leadership, management and governance of the authority have led to more openness and transparency. As a result, Councillors can be more confident that the base budget for 2021/22 has been carefully reviewed within the time and resources available, weaknesses are being identified and addressed and it provides a reasonable basis for planning 2022/23. Despite all the work done to date, there is still much to be done to develop and embed routine financial processes, effective financial management and reporting and efficient accounting and year end processes at Tandridge District Council. The transformation programme provides the means to prioritise, plan, deliver and monitor the improvements that are necessary. There will



continue to be variances, it is likely that they will be less significant and identified sooner. For an example of the extensive scope and scale of detailed work that is required to bring all the Council's processes closer to good practice standards, please see Comment 11.

**Comment 5. The Finance Transformation Programme (TFT) is underway and is already bringing about change and improvement. The progress made on the Exchequer Services project is impressive and is adding value.**

The TFT is part of a wider programme of service improvement and transformation being progressed across the Council as a whole. Progress on the TFT is evident in the areas listed below.

- An effective TFT Programme Management function is in place.
- The Tandridge Finance team has been restructured, interviews have been held, roles filled successfully and recruitment to vacancies is currently in train.
- Surrey County Council has provided support through a small number of highly skilled and experienced staff to strengthen the Tandridge Finance Team.

Tandridge is recharged for the support of some County Council Officers and is getting excellent value for money not least because those staff have been able to draw on the skills and expertise of their county colleagues.

- The Exchequer function is a particular area of focus in Phase 1 of the programme and is making headway. This issue is covered in some detail later in this report. The Finance staff as a whole are working purposefully and professionally together, especially given the difficult circumstances. Former Section 151 Officers are personally accountable (as prescribed in the legislation) for the effective and efficient financial management of the Council's resources. It follows that those officers carry the responsibility for failing to actively manage and prevent the deterioration in the Finance function in the period 2016 to mid2020 (until the incumbent interim CFO came into post from SCC) and for the weaknesses identified in this report, and not the Finance Team as a whole.

**Comment 6. The Revenue Outturn Report for 2020/21 has been considered and noted by the Strategy and Resources Committee on 2nd December 2021.** The full Council meeting on 16th December received and noted the decisions that the Strategy and Resources Committee had made under delegated powers. The outturn report for 2020/21 is now with external auditors for review and sign-off

**Comment 7. The Council has made a considerable and noticeable improvement in its financial reporting.**

The 2020/21 Outturn is consistent with the 2020/21 Accounts which are ready for external audit. This consistency has not been achieved in the past and it demonstrates the concerted effort made by the Finance teams during the year to produce accurate and timely revenue monitoring information has been worthwhile.

**Comment 8. The Council's revenue monitoring information is now sufficiently reliable and robust to support Members' strategic decision-making, and the budget setting process.** The CFO, the Senior Finance Business Partner, Business Partners, and their team members are to be congratulated on the leadership and development of the major step forward

made by the Council in the timeliness, accuracy and quality of regular monitoring information provided to Members. Members of the Council, and senior officers are now in receipt of monthly revenue monitoring information which is accurate and up to date. This information is sent by email to Members so that it is received in a timely fashion.

**CIPFA award submission form**



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**CIPFA award submission- Supporting information**



CIPFA TFT Finance  
award supporting infc

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## Appendix D – Finance Business Partnering Agreement (Internal Business and Finance Agreement)



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Agreement.pptx

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