



Council Overview and Scrutiny Committee
5 December 2012

Change and Efficiency Service Review - Finance

Purpose of the report: Scrutiny of Services

To update the committee on the progress of the Financial Management Public Value Review

Introduction

1. The aim of the Financial Management Public Value Review (PVR) was to reduce bureaucracy, increase transparency and accountability and identify savings.
2. This report provides an update on progress made and how the PVR has successfully implemented improvements to Financial Management across the organisation.

Objectives and Achievements of the Financial Management PVR

3. This section of the report aims to set out the achievements of the Financial Management PVR against its objectives.
4. Objective: **To Implement a new Financial Management Vision** leading to clear direction, improved ownership, accountability and financial decision-making
5. A financial management vision and strategy has been developed and adopted by the organisation. The vision steers a shift in emphasis towards more proactive and insightful financial advice which has already been noticed across the organisation. The Financial Management Vision is presented in Annex A.
6. Objective: **To support organisational development leading to a cultural shift with clear ownership of financial responsibilities.** The financial management community will be able to take ownership and will be better equipped to deliver financial responsibilities. There will be clear financial roles and responsibilities and stronger financial leadership.

7. The culture shift towards business partnering and business insight, reducing excessive control and compliance whilst not compromising financial stewardship, is already apparent.
8. Positive attributes of Finance have been identified through collaboration with those working in Finance to support the vision. The Finance Service aspires to develop and improve those attributes through personal development and training, targeting generic skills, behaviours and abilities that will develop the service to be proactive, innovative and forward thinking and strengthen relationships with service managers.
9. The Finance Team continue to work with and develop colleagues and members, raising awareness of their roles and responsibilities, through formal and informal training, workshops and day to day conversation.
10. Objective: **To develop a new Financial Management training and development pathway programme** leading to increased financial awareness and skills developed throughout the financial management community and enabling more effective use of financial management systems.
11. We have developed a new Financial Management training and development pathway programme which clarifies financial responsibilities and ensures staff have the right tools and skills to carry them out.
12. Over 25 Finance staff have been trained to deliver financial management training to the wider finance community. We are delivering new training courses through the Council's STARS Training Programme and have received very positive feedback – “good refresher on understanding basic financial statements”; “an excellent introduction to interpreting financial accounts”; “good introduction to complex area and terms”; “finance can be fab and fun!”.
13. We are also delivering Lunchtime Learning Sessions and are about to launch an e-learning package that, alongside the classroom based courses, provide a good blend of learning.
14. We have set up a Finance Training Forum that will continue to develop financial management training for the organisation and ensure the training programme is kept up to date, relevant and progressive.
15. Objective: **To continue to use lean methodology to review financial management processes**, leading to a reduction in time spent on non value added activities through either automation or removal and the design and implementation of easy to use processes. They will enable a shift of resource to insight, promote customer ownership and accountability and a culture of proactive financial management across the organisation.
16. The PVR successfully ran three Rapid Improvement Events (RIEs) on the Budget Planning, Budget Monitoring and Accounts Receivable processes. These RIEs have lead to a reduction in time spent on non

value added activities, have improved the flow of the process so they have become seamless, simple to apply and timely.

17. Budget Planning has been more effectively linked with service planning, has set a concise 5 year corporate strategy and directorate strategies, a 5 year Medium Term Financial Plan for Capital (based on 10 year figures) and Revenue (1+4 year approach) and has adopted a clearer financial strategy.
18. There has been improvement in Member engagement, increased transparency, fewer budget iteration and improved stakeholder engagement. To quote from a Cabinet meeting - "It is a powerful document we can take some considerable pride in...I have never seen before such a comprehensive document brought to the Cabinet, analysing in full information on finances, staff, equalities, including clear priorities for each Directorate"
19. A risk based approach to budget monitoring that begins with budget planning has focused the council on its high risk budgets and delegated budget holder accountability to appropriate levels in the council. It has reduced time spent on monitoring low risk budgets and enabled the organisation to focus resources on the most complex and volatile budgets, supporting effective decision making.
20. We applied lean principles and methodology to a review of the Closing process which identified the need to remove peak activities at the end of the financial year to enable a more timely, faster closure of accounts. We have implemented a quarterly hard close activity to the process which has reduced the amount of effort at the end of the year and has enabled a faster hard close. The approach also won a national bronze award in the iESE Award 2012 under the Transparency agenda
21. Improvements have also been made to the journal transfers, accounts receivable and banking processes by automating transactions, minimising manual intervention and working with internal partners and residents to address route causes, reduce debt levels and maximise the use of electronic banking methods, leading to savings in bank charges.
22. Objective: **To invest to exploit financial systems and technology** by using and configuring existing standard system functionality and purchasing and implementing new functionality. The investment will automate or reduce time spent on manual activities, deliver a capital monitoring system and present revenue budget monitoring information to managers in an intuitive and timely manner, enabling better informed decision making.
23. We have developed a Financial Systems Strategy that has been endorsed by IMT and states that there are robust interfaces between systems in order to ensure integrity of data and that all financial information is fully understood and provided in a timely manner.
24. The introduction of a new Capital Monitoring and Reporting module has provided the organisation with an accurate and timely view of its entire capital programme and has improved the planning and monitoring of

capital budgets by providing budget holders with visibility of the scheme/project and timely information to help inform decision making.

25. We are currently in the process of building a budget monitoring forecasting tool and dashboard reporting solution using new business intelligence technology that will enable budget managers and finance to access financial information in a user-friendly, interactive and intuitive format. The solution will enable budget holders to self-serve, focus quickly on the fundamental issues, own and take accountability for their budget.
26. Objective: **To realign the Finance Team structure with the improved processes and new ways of working and to explore partnership potential of finance activities.**
27. The Finance Team structure has been aligned to the improved processes and new ways of working and reflects greater emphasis on business partnering. The new structure also reflects the shift from control and compliance, without compromising financial stewardship, to insight and intelligence and provides opportunities for personal development and partnering.
28. We have set up two partnership arrangements with two District Councils to deliver insurance claims handling and insurance advice and to improve core finance functions within the council.
29. All of this is supported by better communication, sharing of information and collaboration with other services to resolve issues.
30. We have a “What is Financial Management?” communication campaign that has improved the way in which we communicate with our key stakeholders, including SNet, emails and roadshows.
31. We have updated and improved our Finance SNet pages so people can find information easily.
32. We have set up a continuous improvement group with representation from the services and Finance to work together to resolve issues and share best practice.
33. We have recently set up a Service Champion Network to help engagement, involvement and communication with the Directorates and Services.
34. Objective: **To invest to make efficiencies** through all of the above objectives.
35. The assumptions behind the business case that was presented to Cabinet in February 2012 have been validated throughout the PVR and remain unchanged.

Conclusions:

36. The implementation of the Financial Management PVR has led to significant improvements in Financial Management across the organisation. It has achieved its aim to reduce bureaucracy, increase transparency and accountability and identify savings.

Financial and value for money implications

37. The business case presented to Cabinet in February 2012 still applies and there are no changes to the estimated investment and savings.

Equalities Implications

38. The Financial Management PVR has an approved Equalities Impact Assessment (EIA) which has been monitored throughout the implementation phase.

Risk Management Implications

39. The Financial Management PVR will continue to set out its risks and issues during the implementation of the new technology for monitoring by the New Technology Project Board and the Member Reference Group

Implications for the Council's Priorities or Community Strategy

40. Improved budget management and better informed decision making will ultimately enhance our ability to plan for and fund our priorities

Recommendations:

41. The Overview and Scrutiny Committee acknowledges the achievements of the Financial Management PVR and continues to scrutinise the Service in the future.

Next steps:

42. The Financial Management PVR Member Reference Group continues to review the implementation of the new financial management technology.

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