

**RESOURCES AND PERFORMANCE
SELECT COMMITTEE
DATE: 8 OCTOBER 2020**



**FINANCE IMPROVEMENT PROGRAMME
CLOSURE REPORT**

Purpose of report:

In May 2018 the former Leader and Chief Executive commissioned the Chartered Institute of Public Finance and Accountancy (CIPFA) to undertake a review of the council's finances and finance function.

In response to the review, a Finance Improvement Programme (FIP) was put in place to address the issues raised. The plan for the FIP was approved by Cabinet in September 2018 and this report provides an update and recommends closure of the FIP.

Introduction:

1. In 2018, Surrey County Council's (the Council) finances were in a precarious position and the council was at risk of circumstances that could have prompted the issuing of a s114 notice. The Council had relied on use of reserves to balance the budget in four successive years and had not addressed the underlying causes of its financial situation. In May 2018, CIPFA were commissioned by Surrey to examine whether the Finance function at the time had the right capacity, skills and competencies; and the extent to which the Council had moved forward in delivering against its budgeted savings challenge.
2. The CIPFA report was presented to Cabinet in September 2018. It concluded that a major transformation of the Finance function was needed to meet the Council's ambitions and sustain sound financial stewardship of the Council's resources. Cabinet approved an action plan (Annex 1) to address the issues raised in CIPFA report and the Finance Service launched the Finance Improvement Programme (FIP) to deliver against this plan.

3. The Finance Improvement Programme has delivered a number of substantial achievements over the last 18 months, ensuring a strong project approach has been taken to address the urgent need to re-build financial resilience across the organisation. The significant progress made in building a financial discipline that is fit for purpose and addresses the financial challenges the Council faces, should not be underestimated.
4. The actions set out in the Finance Improvement Plan have been completed, and the project is now recommended for closure. At this point, it is appropriate to reflect on the progress that the County Council has made since September 2018.
5. A fundamental risk for an authority that has significant financial challenges is that the effort required to manage them diverts leadership and management capacity from the achievement of the council's core objectives. Good financial management is a pre-requisite of any successful County Council, but it is never an end in itself. In optimal circumstances it is simply a way of operating that permeates all business and is an intrinsic element of the organisational culture that guides behaviours and decision making.
6. The success of the Finance Improvement Programme can be seen in the shift from a focus on delivering in-year savings to having the foundations in place to allow the adoption of a £1.4bn capital programme, designed to achieve a step change in the quality of assets used to deliver public services, to establish financially sustainable service delivery, and protect large areas of the County from flooding risk, a project that has been seeking funding for five years. This includes the creation of a Community Projects Fund to enable investment in communities over the medium term.
7. It can also be seen in the way that the County Council has been able to respond to the Covid-19 public health crisis, by prioritising public health concerns, confident that its finances can take the weight of that additional burden.
8. This report sets out how we have collectively improved the financial outcomes achieved by the County Council, strengthened processes and practices, raised our financial management capabilities, and shifted aspects of our organisational culture to ensure that financial management is seen as an essential and core component.

FINANCE IMPROVEMENT PROGRAMME

9. In 2018/19, the Council was facing a £20m budget overspend on top of an already budgeted for use of £20m of reserves. It was on the edge of a s114 notice and in-year savings of £40m had to be delivered within 6 months to stabilise the situation. CIPFA had identified a number of key factors that it believed had contributed to the Council's financial situation in 2018:
- A lack of confidence in the financial estimates and progress reports submitted by the Finance Service. This had arisen due to weaknesses in the underlying performance data that had generated volatility in the estimates presented.
 - Underachievement of budgeted savings in recent years.
 - A risk averse culture whereby there was little incentive to challenge existing practices or to raise standards of financial management.
 - A lack of financial discipline across the Council. Budget delegations had not been formalised, leading to limited accountability and ownership amongst budget holders. As a consequence, there was a lack of granularity in a number of the estimated financial pressures and changes facing the Council, and considerable uncertainty over the delivery of some key planned savings.
 - Orbis had not provided sufficient quality of service, economies of scale or resilience in the Finance function and uncertainty was inhibiting further integration.
10. An action plan was developed (Annex 1), in consultation with CIPFA, and agreed by the Cabinet in September 2018. The action plan focused on specific actions required to address the following:
- Building a financial discipline that is fit for purpose, by:
- building the skills and capabilities of the Finance Team;
 - building the processes and systems needed to provide timely, reliable financial data efficiently to Cabinet;
 - building on the credibility and authority of financial reports to Members & CLT;
 - raising standards of financial awareness across the service directorates.
- Addressing the financial challenges that the Council faced, by:
- securing consensus on the scale of the challenge;
 - delivering sufficient savings in 2018-19;

- setting a realistic balanced budget for 2019-20;
- delivering a balanced budget in 2019-20; and
- delivering a strategy to achieve a sustainable budget for 20/21.

11. A dedicated project team was put in place to implement the action plan. This commenced with a wide consultation exercise with teams across the organisation - 'Voice of the Customer.' As a result of this exercise the action plan was iterated and added to and the 'Finance Improvement Programme' was launched. The programme roadmap is set out in Annex 2.
12. The Programme team worked early on with senior finance staff to develop a mission statement that would capture the way in which objectives were to be fundamentally redefined and engagement with the organisation refreshed and reinvigorated. The mission statement was road tested and further refined with the wider finance team and with budget manager partners in service directorates. The end result was an agreed mission statement to achieve:

A financially sustainable County Council with a strong culture of financial management, accountability and evidence-based decision-making across the organisation...

... enabled by a trusted, proactive and insightful Finance Service operating at the heart of the organisation.

This vision has guided the work of the programme over the last 18 months.

13. A rigorous Programme approach was taken, including: a Member Board chaired by the Cabinet Member for Finance; a cross-service Officer Board chaired by the s151 officer; a Finance Improvement Group to lead the work; a Member Reference Group to support the officer work, liaising with other members; and an External Assurance Panel to provide senior peer challenge, guidance and support.
14. The External Assurance Panel was set up by the Chief Executive and the four members are current or former Directors of Finance in the Public Sector, with track records of achieving financial turnarounds in their organisations. It provided the Chief Executive with independent assurance about the transformation, by challenging and supporting the

Finance Leadership Team. The Panel met with the Finance Leadership Team on a regular basis over the course of eighteen months. From the start, an open and honest approach was established with the Panel about the changes needed and the scale of the challenges faced, including those that arose along the way.

15. These governance arrangements reflected a number of key points. First of all the absolute commitment from senior members and officers to address the issues identified by CIPFA, including allowing the work required to be properly prioritised and resourced; and secondly the willingness and desire to be open and welcoming of external scrutiny of the work being undertaken, which was an important statement of intent in terms of the wider organisational culture and a commitment to become a more outward looking organisation willing and eager to learn from the best that others have achieved.

ACHIEVEMENTS AND OUTCOMES

16. The FIP has tackled all aspects of the change programme. There were six main components to achieving the changes necessary. These components are interrelated and mutually self-supporting. Changes to processes and structures in the finance team were of fundamental importance, but equally so was raising the profile of financial management, and establishing credibility and trust in the finance function across the council:
- **Finance service restructure**, including designing and appointing a new Finance Leadership Team and restructuring the department from top to bottom, recruiting people with the desired behaviours.
 - Implementing a **business partnering approach** and culture
 - Developing a **knowledge, skills and behaviours framework** to ensure the finance team had the skills and behaviours needed from a modern financial function
 - **Co-designing a Partnership Agreement** with services, to define the roles and responsibilities and mutual expectations

- Designing and developing a ***Finance Academy*** to support both the finance team and financial management skills across the organisation, including elected members
 - Making ***improvements to processes and financial reporting***
17. More fundamentally, the FIP has addressed each of the issues raised in the CIPFA report and made the necessary changes to deliver real change in the finance culture and real benefits to the Council's finances.
18. **Surrey's Financial position** - The CIPFA report concluded that unexpected increases in demand and a failure to deliver a significant proportion of the planned savings in 2017-18 undermined the credibility of the financial estimates reported for 2018-19. The report confirmed that despite repeated cost reductions, the expected increase in service pressures meant that, as things stood, the Council would not have sufficient reserves to meet its expected budget gap in 2019-20, necessitating short-term spending cuts that could adversely impact on services. While there was a focus on delivering savings in 2018-19, there was no 'plan B' to deal with unanticipated demand increases or the possible failure to deliver some of the proposed savings.
19. The Council responded by implementing a difficult in-year savings plan, producing Directorate budget envelopes requiring additional savings not only to mitigate against the projected overspend but also to negate the planned use of reserves. These were regularly monitored and the achievability scrutinised. In addition, Budget Assurance Statements were implemented to establish clear budget responsibility and accountability.
20. Building on these foundations, the budget set for 2019/20 was focused on two important benchmarks: that it was realistic and achievable, and that it avoided the general use of reserves to make it balance. The budget for 2020/21, continues on this trajectory and moves us closer towards the overall financial objective of sustainability. Significantly, this budget represents a shift from the defensive short-term outlook that has typified the Council's financial plans for several years, and replaces it with a proactive, investment led approach to delivering for Surrey residents and to achieving medium-term sustainability.

21. The Council has achieved successive balanced budgets, without a reliance on reserves or one-off funding sources, alongside an ambitious Financial Strategy aligned to the delivery of organisational and service plans. This turnaround has been achieved by finance professionals acting as business partners to the organisation, with an emphasis on engagement, insight and joint problem-solving; and supporting this with investment in people, their skills and behaviours through our innovative Finance Academy.

22. The Finance Improvement Project has also instigated the following changes to further improve the Council's financial position:

- a commitment to assess future budgets against a best practice framework;
- enhanced the Council's ongoing financial resilience by adding to the General Fund Reserve and increasing the 20/21 contingency, following a positive outturn position for 2019/20;
- assessing the position of the Council, utilising the CIPFA Resilience Index, compared to other County Councils. Our analysis of the index shows improvement in our position between 2017/18 and 2018/19 (2019/20 data not yet available);
- significant changes made to the capital budgeting, monitoring and reporting processes, strengthening governance and transparency of reporting;
- redesign and embedding of the Council's commercial approach.

23. **Financial Accountability Culture Change** - The CIPFA report said there was a lack of financial discipline across the Council. Budget delegations had not been formalised, leading to limited accountability and ownership amongst budget holders.

24. In an important demonstration of the authenticity of the efforts to refresh the working relationship between Finance and Service Directorates, the fundamentally important Partnership Agreement for Excellent Financial Management was co-designed by a group of service and finance managers working together. The content, tone, and even title of the agreement was developed jointly and with the importance of it resonating with budget managers across all services at the forefront of the approach. Following consultation with directorate leadership

teams, and agreement by CLT, it was signed off by the corporate leadership team in July 2019.

25. The Agreement sets out our ambition to achieve six key financial management outcomes:

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

26. The 'Partnership Agreement for Excellent Financial Management' recognises that Finance cannot achieve these ambitions alone and that everyone has a role to play in ensuring excellent financial management is at the core of all our decision making. It therefore sets out the respective roles and responsibilities and a series of mutual expectations about how this can be achieved. Finance Business Partners are now members of each Directorate Leadership team, working together with services to deliver the improvements they need, and contributing much more than just a finance perspective, really adding value.

27. **Finance Service** – The CIPFA report concluded that the team was too passive in its approach. The team was focused on day-to-day tasks rather than strategic priorities. The 'Voice of the Customer' work also reflected this perception. By co-designing both the Partnership Agreement and the Finance Academy, the Finance service is actively addressing this and pro-actively rebuilding trust with services.

28. The restructuring of the team focused around the business partnering approach, ensuring that the knowledge, skills and behaviours required of a modern finance function were demonstrated throughout the process. The recognition and unleashing of the talent within the finance team, augmented by

some excellent external recruitment, and the time and space for reflection that it offered were vital to resetting the relationship with the wider council, including elected members, and to achieving the recovery of trust and a reputation for professional excellence.

29. The way in which the Finance function has been able to quickly react and adapt to the response to the Covid-19 pandemic, reflects the improvement in the resilience of the service. The team has been able to work as business partners across the organisation to enable rapid responses to service needs.

Activities to date have included:

- keeping up to date on national government guidance and funding/grant changes for our services;
- addressing potential workforce capacity issues, including establishing a Finance Team for the Surrey Local Resilience Forum through staff redeployment to these business-critical roles;
- established supplier support processes, including flowchart of processes and established Panels and weekly log of decisions for Cabinet/CLT, including hardship support to the voluntary, community and faith sector;
- provided guidance on Government support for businesses;
- continued to support all services and the Surrey Local Resilience Forum, providing urgent financial advice for decision-making;
- reported pressure on finances (costs/loss of income) and risks through weekly updates to Operational Group and CLT, which fed into the Delta Returns to MHCLG;
- working with services on likely scenarios, including potential surges in demand for services, against core planning assumptions to review the 20/21 budget and develop 21/22 and beyond;
- established a County Council Covid Collaboration Group, hosted by Surrey County Council;
- ensuring that the Public Finance implications of the Covid-19 pandemic were considered in the Surrey Recovery Co-ordination Group;
- captured and learned from the experience by talking to staff, to inform improvements to how we work in the future.

30. **Financial Management Skills** - The CIPFA report stated there was a risk averse culture whereby there was little incentive to

challenge existing practices or to raise standards of financial management. The Finance Academy is a direct response to this and is designed to improve the skills and knowledge of all involved – finance staff, service managers and elected members.

31. The Finance Academy is a different approach to a learning and development programme and is based on a number of design principles which were developed alongside representatives from across the organisation. The aspiration is for the Finance Academy platform to be a single point of reference for all financial management related material, including case studies, best practice examples and hints and tips on our systems and processes.
32. **Orbis Partnership** – The CIPFA report said that uncertainties surrounding the role of Orbis, the slow pace of integration within Orbis and a lack of clarity on forward plans was a hindrance to change within the Finance Team.
33. In order to accelerate the recovery within the Finance team, further integration within Orbis was paused, and the subsequent restructure embedded a shift back to a sovereign finance team for the Council. This was less a reflection on the potential through the shared service partnership, and more a recognition that clearer focus on the particular challenges faced by the Council was required; this was also reflected in the independent review carried out of the Orbis partnership. Some Centres of Expertise remain, in areas where integration has worked well. In these specific areas, we have retained partnership arrangements and continue to have good and close working relationships with Orbis partners.
34. **Processes, Data & Reporting** - The CIPFA report indicated that the Finance team was relying heavily on 'workarounds', proxy measures and broad assumptions due to the lack of reliable performance data.
35. Engagement with both the finance team and services on financial data and processes resulted in a number of targeted work streams to deliver:
 - 'Quick Wins' – immediate improvements helping to improve experiences within the team and those of our budget holders;
 - an intensive review of our budget monitoring process, including detailed process mapping;

- review and update of our monthly reports to both Directorate Leadership Teams and the Corporate Leadership team;
- Launch of the Digital, Business and Insight Programme (DB&I).

36. The DB&I Programme commenced about a year ago and Cabinet has agreed to replace the existing Enterprise Resources Planning system, which is used to manage the organisation's business critical Finance, HR, Payroll and Procurement processes.

37. The aim of the programme is to deliver a more modern, intuitive and efficient back office system and processes to enable the council to achieve its transformational ambitions to drive service transformation, improve management decision making through easily accessible data and insight, and to have a flexible and mobile workforce.

38. This programme will have a significant impact on the ability of Finance to move to Phase 2 of delivering best practice process improvements in terms of insightful, timely and understandable information for rapid management decision-making. Finance is therefore an important contributor to this project.

39. **Culture change-** The CIPFA report said there was insufficient focus on raising performance standards.

40. The finance team has developed a clear focus on continuous improvement, dedicating time to develop and evaluate improvement initiatives, including creating specialist roles and developing the Finance Academy. We reach out to colleagues to utilise their skills and experience and act upon their feedback. We formally review ourselves against the CIPFA Financial Management Model at regular intervals.

41. Having achieved a dramatic turnaround in 18 months, we are now setting our ambitions much higher. Instead of looking inward and becoming complacent, we are restless in our pursuit of the best ideas from elsewhere, being inspired by them and aiming to exceed expectations.

42. In addition, we have been shortlisted for Finance Team of the Year at the Public Finance Awards 2020.

STAKEHOLDER FEEDBACK

43. In the initial phase of the FIP in 2018, baseline data was collected as part of the 'Voice of the Customer' activities. Recently, the Finance Team have re-visited this work to understand any changes, as we look to close FIP.
44. Two surveys were constructed, one for Finance staff and one for budget holders. Both were based on a set of 30+ statements drawn from the CIPFA Financial Management Model, with respondents being asked to score the extent to which they agree with each statement on a scale of 1-4 (where 4 = strongly agree). The statements are divided into five domains: Core, Plan, Decide, Manage and Monitor.
45. Finance Staff - In 2018 the overall average score was 2.57 out of 4.00. The recent survey showed an overall increase of 11% to 2.88, with all 5 domains seeing an increased score. Individual statements which require further attention relate to using external best practice, pricing, financial processes and financial systems. These areas will be focused on as part of ongoing continuous improvement and are largely addressed by projects already in progress, such as DB&I and a review of fees and charges.
46. Budget Holders - The largest increase in score related to the development of a financial strategy to sustain the organisation's medium- and long-term financial health. Statements relating to financial processes and systems and budget accountability require further improvement. The Finance Team will look to address these through the continued role out of the 'Financial Management Partnership Workshops' through the Finance Academy and through the DB&I project.
47. The outcome of these surveys will be used to set a new baseline of the progress we have made. Going forward we will survey our services/colleagues/partners about their views on the finance service regularly to gauge genuine continuous improvement over the next few years.

LESSONS LEARNED

48. The Finance Improvement Programme has demonstrated the importance of having a strong project framework and governance arrangements surrounding a service

transformation. In addition, the project has benefited greatly from a recognition of:

- the importance of resourcing the senior leadership capacity in the service, resourcing the change team and having impact measures running alongside the programme to monitor progress on an ongoing basis;
- the importance of investing in the talent we had in the team while also making sure that we were unstintingly demanding in external recruitment, to make sure every important decision strengthened rather than weakened the team;
- the role of the External Assurance Panel in keeping us honest, and the powerful impact of positive feedback from such experienced external figures on the team as well as the insight and advice offered;
- how important it was to use the co-production approach;
- the impact of being absolutely open about and accepting of the challenges, sharing these and not being complacent about the need to change;
- sharing progress, both in terms of challenges and achievements, with officer and member colleagues, so that the whole journey was a joint one.

EXTERNAL ASSURANCE PANEL FEEDBACK

49. The External Assurance Panel was set up by the Chief Executive to provide independent assurance about the Finance Improvement Programme, by challenging and supporting the Finance Leadership Team. The External Assurance Panel have met and engaged with the Surrey Finance Leadership Team on a regular basis over the last 18 months.

50. Feedback from the Panel: *The Finance Leadership Team have been open with us about the changes needed and the journey they are on. They have been enthusiastic and determined, but also willing to look outwards and learn from others, asking our advice about difficult issues they were experiencing.*

51. *Over the last 18 months, we have witnessed the journey of the Financial Improvement Programme, from plans to delivery. It has tackled all aspects of the change programme: looking at the skills and behaviours needed of a modern finance function; implementing a Business Partner culture; designing and appointing a new Leadership Team; restructuring the department from top to bottom and recruiting people with the desired behaviours; co-designing a Partnership Agreement with services; making improvements to processes; and*

designing a Finance Academy to support the Finance team and services, as well as elected members. Morale has improved and there is a buzz in the wider team.

52. Most crucially, they have radically improved the finances of Surrey by working with the services. The Council's financial outlook has improved materially over the past eighteen months and reserves are higher than was anticipated by the previous Medium-Term Financial Plan.

53. Even with this change, there is no complacency in the team. The External Assurance Panel will continue to meet with the Finance Leadership Team in 2020 as they continue the transformation and improvement.

54. The External Assurance Panel comprises:

- Mike Lockwood (Chairman)
- Brian Roberts, Finance Commissioner for Northamptonshire County Council
- Andrew Burns, CIPFA Associate Director
- Jane West, Chief Operating Officer, London Borough of Havering (*from October 2019*)
- (*until September 2019*) Margaret Lee, Executive Director for Corporate and Customer Services, Essex County Council)

Conclusions:

55. The collective commitment to stabilising the financial position of the Council was demonstrated when the finance improvement plan was supported by the Cabinet in September 2018. Since then a new medium-term financial strategy has been developed, aligned to the Community Vision for Surrey and a balanced budget has been set for consecutive years, which does not rely on the use of reserves.

56. Having achieved the ambitions of the action plan and addressed the issues raised by the CIPFA report, these recommendations enable the closure of the programme and ensure a continued focus on the development of, and investment in, financial management skills across the whole organisation, to ensure that excellent financial management is at the heart of all our decision making.

Recommendations:

- 57. The Finance Improvement Programme is closed;
- 58. Members of the External Assurance Panel are thanked, recognising the importance of their involvement, honest feedback, experience and expertise throughout the programme.

Next steps:

- 59. There is a continued focus by the Finance Service on improvements (both people and process), learning from others (for example, asking questions on best practice, through webinars, joining local and national groups etc) and a culture of no complacency.
- 60. The importance of the organisation's continued focus on its financial discipline is recognised and there is further development of the Finance Academy to continue to address and develop financial management capabilities across the organisation.
- 61. The importance of the Digital, Business & Insights programme is recognised in the further work required to improve financial processes and data insights.

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Sources/background papers: Financial Improvement Plan Report, Item 8, Cabinet 25 September 2018

Surrey County Council Finance Improvement Plan

Version:	Owner	Date
1.0	K Kilburn	28 August 2018
2.0	K Kilburn	11 September 2018

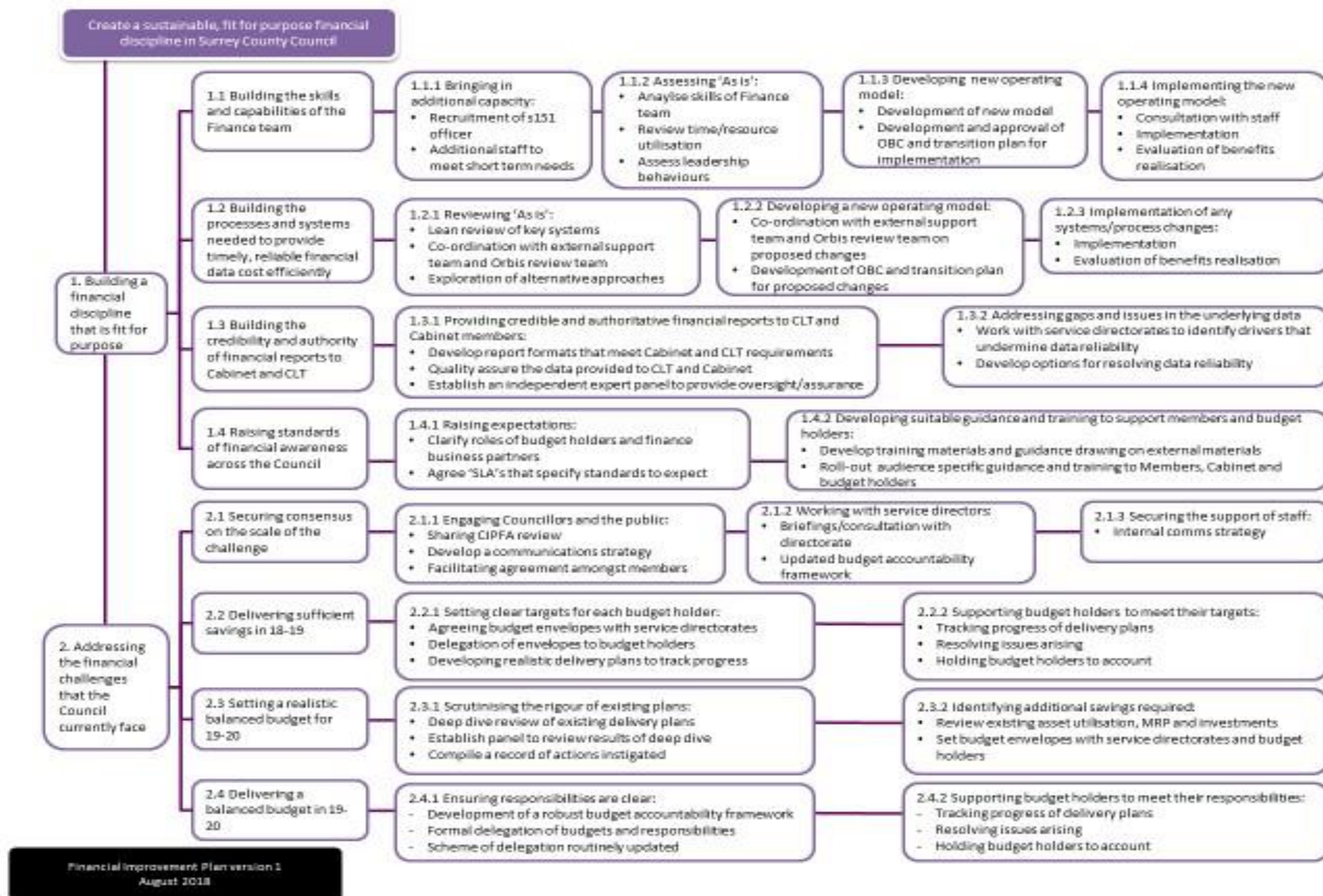
The following pages outline the responsibilities and suggested tasks, actions and deliverables for the following:

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- Key**
David Hodge – DH
Colin Kemp –CK

Joanna Killian- JK
Tracie Evans-TE
Michael Coughlin – MC

Leigh Whitehouse- LW
Kevin Kilburn – KK
Andy Wood- AW



Surrey Finance Improvement Plan: Cabinet – roles and responsibilities

Work Package	Task	Responsible Owner	Purpose	Actions	Deliverable	Progress
1. Building a financial discipline that is fit for purpose						
1.1 Building the skills and capabilities of the Finance team	<ul style="list-style-type: none"> The Leader to determine a Cabinet lead for Finance 	DH	<ul style="list-style-type: none"> To provide strategic/political direction on the implementation of the improvement plan 	<ul style="list-style-type: none"> To continually review the capabilities of Cabinet and other Members to fulfil their roles, in support of the Leader 	<ul style="list-style-type: none"> Leader to consider named Councillor with responsibility for oversight of the Council's finances 	Completed
	<ul style="list-style-type: none"> To appoint an interim s151 officer 	DH /JK/ /AW	<ul style="list-style-type: none"> To ensure there is suitable, authoritative financial leadership in the Council 	<ul style="list-style-type: none"> To review and approve a suitable candidate 	<ul style="list-style-type: none"> Council approval of appointment of s151 officer 	Completed & permanent appointment made
	<ul style="list-style-type: none"> Review and approval of a new operating model for the Finance team 	DH/JK	<ul style="list-style-type: none"> To develop a more dynamic Finance function that can drive change more effectively 	<ul style="list-style-type: none"> Consideration and approval (subject to changes) of the proposed operating model Consideration and approval (subject to changes) of the transition plan to implement the new model 	<ul style="list-style-type: none"> Approval of the proposed operating model and transition plan 	Completed - Restructure completed & co-designed Partnership Agreement in place.
1.2 Building the processes and systems needed to provide timely, reliable financial data efficiently to Cabinet	<ul style="list-style-type: none"> Review and approval of all FBCs to update existing financial processes and systems where appropriate 	Change Management Board	<ul style="list-style-type: none"> To free up resources and provide the data to enable the Finance function to drive change more effectively 	<ul style="list-style-type: none"> Consideration and approval (subject to changes) of any business cases to update existing financial processes and systems Change Constitution as necessary 	<ul style="list-style-type: none"> Approval of business cases where applicable Council approve changes to Constitution 	Completed – new reporting timetable and formats for DLTs, CLT & Cabinet. Ongoing - DB&I project to drive further process improvements
	<ul style="list-style-type: none"> Determining the future role of Orbis in the Council's financial resilience plans 	Cabinet/CLT	<ul style="list-style-type: none"> To establish how Orbis might deliver better economies of scale, generate centres of expertise and/or improve the resilience of the finance function 	<ul style="list-style-type: none"> Consideration of the recommendations arising from the E&Y review 	<ul style="list-style-type: none"> Tbd – dependent on the outcomes of the current review 	Completed - 31Ten review completed and recommendations implemented
1.3 Building the credibility and authority of financial reports to members and CLT	<ul style="list-style-type: none"> Specifying expectations on the timing and format of financial reports 	DH/ JK /AW	<ul style="list-style-type: none"> To ensure the Finance team are clear on how reports to Cabinet should be prepared and presented 	<ul style="list-style-type: none"> To consider and specify expectations of what is required from Finance progress To agree and approve a report format and arrangements 	<ul style="list-style-type: none"> An agreed format and process for financial reporting that meets CLT and Cabinet requirements 	Completed – new reporting formats agreed & S151 commentary reviewed for consistency
	<ul style="list-style-type: none"> Approval of an expert panel 	DH/JK	<ul style="list-style-type: none"> To provide quality assurance for reports and briefings to Cabinet 	<ul style="list-style-type: none"> To approve the appointment of an expert panel to provide additional guidance/advice on financial issues To agree to take note of any recommendations from the expert panel when considering the financial implications of an issue 	<ul style="list-style-type: none"> Approval of the terms of reference for the panel Consideration of the advice from the expert panel at Cabinet 	Completed - External Assurance Panel set up and providing ongoing support
1.4 Raising standards of financial awareness across the service directorates	<ul style="list-style-type: none"> Developing Cabinet members' financial awareness 	DH/LW/AW/JK	<ul style="list-style-type: none"> To provide sufficient challenge and scrutiny in order to raise and maintain standards and performance of the Finance team and budget holders 	<ul style="list-style-type: none"> To encourage members to attend the training provided To support the establishment of on-going coaching/mentoring for members on finance issues 	<ul style="list-style-type: none"> Attendance at the proposed finance training event The appointment of coaches/mentors 	Ongoing -Finance Academy - Fundamentals programme delivered (attendance low). Insights & Strategic Finance modules to follow (delayed by COVID pandemic)
	<ul style="list-style-type: none"> Encouraging financial scrutiny in decision-making across the Council 	DH /JK/LW/AW	<ul style="list-style-type: none"> To raise the profile and importance of good financial management across the Council 	<ul style="list-style-type: none"> To reinforce the importance of financial scrutiny by demanding Finance input on all proposals submitted by service directorates To clarify Cabinet member responsibilities on financial issues 	<ul style="list-style-type: none"> Agreement to revised arrangements on such issues 	Ongoing - Budget proposals for 20/21 considered by relevant scrutiny panels. Review of improvements being sought for 21/22
	<ul style="list-style-type: none"> Developing financial awareness amongst all Councillors 	DH/JK/AW	<ul style="list-style-type: none"> To enable all Councillors to understand the financial pressures facing Surrey CC 	<ul style="list-style-type: none"> Arrange an engaging and effective finance briefing session for all Councillors Approval of periodic financial briefing updates for all Councillors 	<ul style="list-style-type: none"> An initial briefing session for all Councillors Periodic briefings thereafter 	Completed – all Member briefings on Council's financial position

Surrey Finance Improvement Plan: Cabinet – roles and responsibilities

Work Package	Task	Responsible Owner	Purpose	Actions	Deliverable	Deadlines/Progress
2. Addressing the financial challenges that the Council currently face						
2.1 Securing consensus on the scale of the challenge	<ul style="list-style-type: none"> To review and approve the draft improvement plan 	DH/JK	To ensure the improvement plan is comprehensive and deliverable	<ul style="list-style-type: none"> To review the CIPFA findings To discuss/question the proposed actions To confirm agreement subject to any changes required To approve a communications strategy for public engagement on the issue 	<ul style="list-style-type: none"> An agreed improvement plan that is accepted by all relevant parties An approved communications strategy to support the improvement plan 	Completed – FIP programme launched. Member Board & Member Reference Group established
2.2 Delivering sufficient savings in 2018-19	<ul style="list-style-type: none"> Approval of budget envelopes to secure additional savings in 2018-19 	DH /JK/ /AW	<ul style="list-style-type: none"> To support CLT in minimising the risk of having to rely on reserves 	<ul style="list-style-type: none"> To discuss and consider the budget envelopes To approve the targets, subject to any changes required To underline the importance of meeting these targets in subsequent meetings with budget holders 	<ul style="list-style-type: none"> Formal approval of revised budgets 	Completed – in-year additional savings plan linked to budget envelopes. Outturn position did not require use of reserves.
2.3 Setting a realistic balanced budget for 19-20	<ul style="list-style-type: none"> Arrangements for the scrutiny and approval of existing planned savings 	Cabinet / CLT	<ul style="list-style-type: none"> To ensure that there are suitable governance arrangements in place to scrutinise and provide clear direction on how savings will be realised 	<ul style="list-style-type: none"> Task Budget Working Group with responsibility for reviewing and approving: <ul style="list-style-type: none"> proposals to mitigate the impact of pressures and demands on service costs business cases for transformational savings and how they will be realised the delivery of the additional savings required 	<ul style="list-style-type: none"> Formal approval of proposals 	Completed - Budget set without reliance on reserves. Positive outturn position achieved. Scrutiny committees briefed on proposed savings plans
	<ul style="list-style-type: none"> Setting budget envelopes for 2019/20 	DH/JK	<ul style="list-style-type: none"> To identify and approve sufficient savings to meet the new targets in the 2019/23 MTFP 	<ul style="list-style-type: none"> To discuss and consider the budget envelopes To approve the targets, subject to any changes required To underline the importance of meeting these targets in subsequent meetings with budget holders 	<ul style="list-style-type: none"> Acceptance of the 2019/20 budget plan 	Completed.
	<ul style="list-style-type: none"> To examine any proposed changes in the use of assets, investments, loans and reserves Generate investment income to support revenue challenges 	DH /TE/LW/ JK Investment Board	<ul style="list-style-type: none"> To consider proposals to improve the financial stability of the Council within the constraints of proper public financial management 	To examine and make decisions on: <ul style="list-style-type: none"> The utilisation of the existing asset base and any changes proposed The Council's investment policy/portfolio and any changes proposed Any plans to capitalise existing revenue expenditure Any changes to the MRP policy and existing loans Any changes in the proposed utilisation of earmarked reserves 	<ul style="list-style-type: none"> Timely consideration of any papers submitted to Cabinet 	Completed - Asset Strategy Board and Shareholder Investment Panel established to oversee all investment activity. Capital governance arrangements reviewed and improved.
2.4 Delivering a balanced budget in 19-20	<ul style="list-style-type: none"> Maintaining governance oversight of delivery against plans 	Change Management Board	<ul style="list-style-type: none"> To ensure there is suitable ownership across the Council Where progress is at risk of slipping, corrective actions will be required 	<ul style="list-style-type: none"> To task Budget Working Group with periodic reviews of responsibilities and delegations To instigate corrective actions where applicable 	<ul style="list-style-type: none"> Terms of reference for the sub-committee Maintenance of an up to date action log 	Completed - Budget set without reliance on reserves. Positive outturn position achieved.
2.5 Deliver a strategy to achieve a sustainable budget for 2020/21	<ul style="list-style-type: none"> Work with CLT on implementing transformational change, improvements and new ways for working to reduce the Council's cost base 	Cabinet	<ul style="list-style-type: none"> To ensure there is suitable ownership across the Council Where progress is at risk of slipping, corrective actions will be required 	<ul style="list-style-type: none"> Undertake a zero-based budgeting or equivalent exercise to build cost base of Council. 		Completed - Budget set without use of reserves. Transformation programme refreshed. Impact of COVID being assessed.

Surrey Finance Improvement Plan: CLT Roles and Responsibilities

Work Package	Task	Responsible Owner	Purpose	Actions	Deliverable	Deadlines/Progress
1. Building a financial discipline that is fit for purpose						
1.1 Building the skills and capabilities of the Finance team	<ul style="list-style-type: none"> To bolster the skills of the current Finance team through recruitment 	JK/AW/MC	<ul style="list-style-type: none"> To ensure there is suitable, authoritative financial leadership in the Council 	<ul style="list-style-type: none"> To interview and recruit a suitable s151 officer To recruit and appoint suitably qualified finance staff to fill identified gaps 	<ul style="list-style-type: none"> Recruitment and appointment s151 officer Recruitment and appointment of suitable qualified finance staff 	Completed - Permanent s151 recruited, Finance Leadership Team restructured, Knowledge, Skills & Behaviours Framework established and embedded.
	<ul style="list-style-type: none"> Developing a new operating model for the Finance Team 	LW/KK	<ul style="list-style-type: none"> To develop a more dynamic Finance function that can drive change more effectively 	<ul style="list-style-type: none"> To commission external support to undertake a review of the skills and capabilities of the team and how it compares to best practice To review the proposed operating model and associated transition plan. To secure political approval to proceed from Cabinet 	<ul style="list-style-type: none"> A report from external advisors on the proposed changes to the Finance team Approval of the proposed operating model and transition plan 	Completed - Restructure completed & co-designed Partnership Agreement in place. Finance Academy in place to ensure continued focus on professional development.
	<ul style="list-style-type: none"> Implementing a new operating model for the finance team 	LW/TE/MC	<ul style="list-style-type: none"> To transform the existing Finance function 	<ul style="list-style-type: none"> Establishing a project team to oversee the transition 	<ul style="list-style-type: none"> A project implementation team 	Completed
1.2 Building the processes and systems needed to provide timely, reliable financial data cost efficiently	<ul style="list-style-type: none"> Scrutiny and approval of any OBCs to update existing financial processes and systems 	LW	<ul style="list-style-type: none"> To free up resources and provide the data to enable the Finance function to drive change more effectively 	<ul style="list-style-type: none"> Consideration and approval (subject to changes) of any business cases to update existing financial processes and systems To secure political approval to proceed from Cabinet 	<ul style="list-style-type: none"> Approval of business cases where applicable 	Completed – new reporting timetable and formats for DLTs, CLT & Cabinet. Ongoing - DB&I project to drive further process improvements
	<ul style="list-style-type: none"> Determining the future of Orbis 	MC	<ul style="list-style-type: none"> To establish how Orbis might deliver better economies of scale, generate centres of expertise and/or improve the resilience of the finance function 	<ul style="list-style-type: none"> Consideration of the recommendations arising from the E&Y review 	<ul style="list-style-type: none"> Tbd – dependent on the outcomes of the current review 	Completed - 31Ten review completed and recommendations implemented
1.3 Building the credibility and authority of financial reports to members and CLT	<ul style="list-style-type: none"> Specifying expectations on the timing and format of financial reports 	JK/AW	<ul style="list-style-type: none"> To ensure the Finance team are clear on how reports to CLT should be prepared and presented incl. those for onward direction to Cabinet 	<ul style="list-style-type: none"> To consider and specify expectations of what is required from Finance progress To reconcile CLT expectations with those of Cabinet members To agree and approve a report format and arrangements 	<ul style="list-style-type: none"> An agreed format and process for financial reporting that meets CLT and Cabinet requirements 	Completed – new reporting formats agreed & S151 commentary reviewed for consistency
	<ul style="list-style-type: none"> Appointment of an expert panel to provide additional financial assurance on issues 	DH/JK/LW	<ul style="list-style-type: none"> To provide an additional source of assurance on financial issues until the Finance team is sufficiently reorganised to have secured the full confidence of CLT and Cabinet 	<ul style="list-style-type: none"> To develop and agree the terms of reference for the panel To identify and recruit suitable participants To identify secretariat support to facilitate and support meetings (AF/HW) To secure the approval of the Cabinet to such arrangements 	<ul style="list-style-type: none"> Cabinet approved terms of reference Regular meetings attended by the named participants 	Completed - External Assurance Panel set up and providing ongoing support
	<ul style="list-style-type: none"> Quality assurance of financial data 	JK/LW	<ul style="list-style-type: none"> To assure Cabinet on the rigour and reliability of the data provided 	<ul style="list-style-type: none"> To commission external consultants to review and validate key information on the planned savings in 2019-20 To establish a Budget Working Group to review the rigour of the planning assumptions for future financial year savings 	<ul style="list-style-type: none"> Briefing papers from consultants on the results of each review The ToR for the Budget Working Group sub-committee tasked with overseeing financial estimates 	Completed - Internal review of all savings plans, CLT focused sessions, utilised EAP for external review. Select committees reviewed additional in-year savings.

Surrey Finance Improvement Plan: CLT Roles and Responsibilities

Work Package	Task	Responsible Owner	Purpose	Actions	Deliverable	Deadlines/Progress
1.4 Raising standards of financial awareness across the service directorates	<ul style="list-style-type: none"> Encouraging financial scrutiny in decision-making across the Council 	LW/AW	<ul style="list-style-type: none"> To raise the profile and importance of good financial management across the Council 	<ul style="list-style-type: none"> To commission Finance to develop a budget accountability framework that sets out the governance, processes, meetings and accountabilities required to set, monitor and manage budgets To reinforce the importance of financial scrutiny by demanding Finance input on all proposals submitted by service directorates To task HR with ensuring the accountability framework is reflected in existing job descriptions, performance appraisal arrangements etc To recognise instances of good financial management and to challenge where performance is below standard 	<ul style="list-style-type: none"> A budget accountability framework A paper to Cabinet on proposed changes Instigating HR to integrate the budget accountability framework into appraisal processes Periodic CLT discussions on the financial awareness demonstrated by staff in order to identify corrective actions needed or to reward progress 	Completed - Budget Accountability Statements designed and embedded. Partnership Agreement sets out mutual expectations & roles & responsibilities.
	<ul style="list-style-type: none"> Developing guidance and mentoring for Cabinet members on financial issues 	LW/AW	<ul style="list-style-type: none"> To support Cabinet members in scrutinising and raising performance standards of the Finance team and budget-holders 	<ul style="list-style-type: none"> Commission consultants to develop and run a suitable training course and provide on-going coaching & mentoring 	<ul style="list-style-type: none"> Appointment of consultants Provision of courses 	Completed - External L&D consultancy to aid Finance Academy development. Ongoing - Member training offer
	<ul style="list-style-type: none"> Developing financial awareness amongst all Councillors 	LW/AW	<ul style="list-style-type: none"> To enable all Councillors to understand the financial pressures facing Surrey CC To recognise role of scrutiny in raising awareness of financial matters and pressures 	<ul style="list-style-type: none"> Review and approval of the finance briefing session developed for all Councillors Review and approval of the periodic financial briefing updates for all Councillors 	<ul style="list-style-type: none"> An initial briefing session for all Councillors Periodic briefings thereafter 	Completed - All Member briefings on budget proposals & financial position.
2. Addressing the financial challenges that the Council currently face						
2.1 Securing consensus on the scale of the challenge	<ul style="list-style-type: none"> To review and approve the draft improvement plan 	JK/CLT	<ul style="list-style-type: none"> To ensure the improvement plan is comprehensive and deliverable 	<ul style="list-style-type: none"> To confirm agreement subject to any changes required To prepare an internal communications strategy for how to brief budget holders and staff on the challenges faced 	<ul style="list-style-type: none"> An agreed improvement plan that is accepted by all relevant parties An approved communications strategy to support the improvement plan 	Completed
	<ul style="list-style-type: none"> To prepare an external communications strategy for engaging the public on the financial pressures facing the Council 	Head of Comms/ LW	<ul style="list-style-type: none"> To minimise the risk of public concerns disrupting progress To support Cabinet in explaining why further savings are required 	<ul style="list-style-type: none"> The development of an agreed communications strategy Briefing to service directors and Cabinet on the key messages in the communications strategy 	<ul style="list-style-type: none"> A communications strategy on the budget pressures facing the Council 	Completed - Consultation and engagement as required for proposed efficiencies
2.2 Delivering sufficient savings in 2018-19	<ul style="list-style-type: none"> Approval and dissemination of budget envelopes to secure additional savings in 2018-19 	JK/AW/KK	<ul style="list-style-type: none"> To clarify responsibilities of budget holders 	<ul style="list-style-type: none"> To secure explicit agreement of service directors to the revised targets at away day in Sept 2018 To collate data on how targets will be delivered in practice To ensure service directors make suitable delegations through Budget Accountability Statements (BAS) to Budget holders To brief budget holders on their responsibilities 	<ul style="list-style-type: none"> Formal approval of revised budget envelopes by CLT Discussion at 'away day' in September Signed BAS from every budget holder Briefing sessions with budget holders 	Completed – in-year additional savings plan linked to budget envelopes. Outturn position did not require use of reserves.

Surrey Finance Improvement Plan: CLT Roles and Responsibilities

Package	Task	Responsible Owner	Purpose	Actions	Deliverable	Deadlines/Progress
	<ul style="list-style-type: none"> Supporting budget holders to develop robust delivery plans 	MC/LW/KK	<ul style="list-style-type: none"> To increase the likelihood of targets being met 	<ul style="list-style-type: none"> To underline the importance of meeting the targets in subsequent meetings with budget holders To establish a Budget Working Group to oversee progress in the delivery of savings and cost mitigation plans 	<ul style="list-style-type: none"> Establishment of a subcommittee/panel to oversee delivery of targets A log of decisive, collective actions to address issues raised by Cabinet, budget holders and Finance 	Completed – budget accountability statements designed and embedded. CLT focused sessions and in-year savings discussed at scrutiny committees.
	<ul style="list-style-type: none"> Supporting budget holders to deliver the planned savings 	LW/KK	<ul style="list-style-type: none"> To identify issues sufficiently early to enable corrective actions to be instigated 	<ul style="list-style-type: none"> To hold regular CLT and sub-committee/panel meetings to monitor progress To take decisive, collective action as soon as issues arise To notify Cabinet, Finance and budget holders of any changes required 	<ul style="list-style-type: none"> Regular meetings of key staff An action log of changes required 	
2.3 Setting a realistic balanced budget for 19-20	<ul style="list-style-type: none"> The scrutiny and approval of existing planned savings, transformational savings and the management of pressures and demands 	CLT / AW/LW/KK	<ul style="list-style-type: none"> To ensure that existing plans remain on track 	Establish a sub-committee with responsibility for reviewing and approving: <ul style="list-style-type: none"> proposals to mitigate the impact of pressures and demands on service costs business cases for transformational savings and how they will be realised the delivery of the additional savings required Service directorates to affirm the expected savings and pressures/demands and any changes that may be required Commission 'deep dive' reviews of any material changes in the figures 	<ul style="list-style-type: none"> Formal approval of proposals 	Completed – budget accountability statements designed and embedded. CLT focused sessions and savings discussed at scrutiny committees.
	<ul style="list-style-type: none"> To explore opportunities for additional savings , such as the use of assets, investments, loans and reserves Align with work and outcomes from Growth Commission Secure additional investment and asset-based income 	TE	<ul style="list-style-type: none"> To minimise the impact on service delivery of the additional savings required 	To commission reviews to examine: <ul style="list-style-type: none"> The utilisation of the existing asset base and any changes proposed The Council's investment policy/portfolio and any changes proposed Any plans to capitalise existing revenue expenditure Any changes to the MRP policy and existing loans Any changes in the proposed utilisation of earmarked reserves 	<ul style="list-style-type: none"> Review papers by the those commissioned to examine an issue Timely consideration of any proposals submitted 	Completed - Asset Strategy Board and Shareholder Investment Panel established to oversee all investment activity
	<ul style="list-style-type: none"> Setting budget envelopes for 201920 	CLT/AW/LW/KK	<ul style="list-style-type: none"> To identify and approve sufficient savings to meet the new targets in the 2019/23 MTFP 	<ul style="list-style-type: none"> To agree the budget envelopes at a service directorate level To formally delegate budgets to service directors and to task them with delegation to budget holders 	<ul style="list-style-type: none"> Agreed Budget Accountability Statements for 2019-20 with every budget holder 	Completed – budget envelopes developed and Budget accountability Statements signed off
2.4 Delivering a balanced budget in 19-20	<ul style="list-style-type: none"> Maintaining an up to date record of who is responsible for delivering each aspect of the MTFP 	LW/KK	<ul style="list-style-type: none"> To ensure there is suitable ownership across the Council 	<ul style="list-style-type: none"> To task a sub-committee with periodic reviews of responsibilities and delegations To notify Finance of any changes in managerial responsibilities To instigate corrective actions where applicable 	<ul style="list-style-type: none"> Terms of reference for the subcommittee Maintenance of an up to date action log 	Completed - Budget set without reliance on reserves. Positive outturn position achieved. Budget accountability strengthened through Partnership Agreement, Finance Academy training and budget accountability statements.
	<ul style="list-style-type: none"> Regular progress tracking 	CLT/LW	<ul style="list-style-type: none"> To maintain collective progress in achieving the targets specified To identify issues sufficiently early to enable corrective action 	<ul style="list-style-type: none"> Regular CLT a meetings to monitor progress To share good practices and encourage peer pressure on budget holders to deliver To maintain a log of actions required by whom in order to mitigate the risk of targets being missed To seek explanations form finance and budget holders on actions taken and whether risks have been managed effectively. 	<ul style="list-style-type: none"> Regular meetings Regular briefings to service directors A log of actions required/taken 	

Surrey Finance Improvement Plan: Finance Roles and responsibilities

Work Package	Task	Responsible Owner	Purpose	Actions	Deliverable	Deadlines/Progress
1. Building a financial discipline that is fit for purpose						
1.1 Building the skills and capabilities of the Finance team	<ul style="list-style-type: none"> To bolster the skills of the current Finance team through recruitment 	LW/KK	<ul style="list-style-type: none"> To ensure there is suitable, authoritative financial leadership in the Council 	<ul style="list-style-type: none"> To prepare an induction for the new s151 officer To support the recruitment and induction of additional suitably qualified finance staff 	<ul style="list-style-type: none"> Induction package for additional finance staff 	Completed - Finance Leadership Team restructured.
	<ul style="list-style-type: none"> Assessing the strengths and weaknesses of the existing Finance team 	LW	<ul style="list-style-type: none"> To examine the people skills and capacity of the existing Finance team 	<ul style="list-style-type: none"> To commission external support to review the existing finance team. The ToR to include: <ul style="list-style-type: none"> A review of leadership skills and behaviours A skills analysis of the finance team A skills analysis of budget holders A time/activity review of the finance function Comparison of 'as is' with best practice, To engage the finance team in the review so that they have the opportunity to contribute and feel consulted 	<ul style="list-style-type: none"> A clear specification of work to be delivered Regular meetings between finance staff and the external support A report that outlines the strengths and weaknesses of the Surrey finance team 	Completed – Restructure complete. Knowledge, Skills & Behaviours Framework established and embedded. Finance Academy in place to ensure continued focus on professional development.
	<ul style="list-style-type: none"> Developing a new operating model for finance business and budget planning, and finance business partnering 	LW/KK	<ul style="list-style-type: none"> To develop a more dynamic Finance function that can drive change more effectively 	<ul style="list-style-type: none"> The development of a proposed operating model Consultation with finance staff and CLT on the proposed model The development of a proposed transition plan. The development of a learning and development strategy for finance staff 	<ul style="list-style-type: none"> A proposed operating model for the Finance team that meets Surrey's future needs A costed transition plan for how the new model will be implemented A learning and development strategy for finance staff 	Completed – Finance restructure built upon adoption of business partnering. Knowledge, Skills & Behaviours Framework established and embedded. Finance Academy in place to ensure continued focus on professional development.
	<ul style="list-style-type: none"> Implementing a new operating model for the finance team 	LW	<ul style="list-style-type: none"> To transform the existing Finance function 	<ul style="list-style-type: none"> Working with external support, HR etc to implement the transition plan To arrange regular meetings with staff to maintain morale and focus during transition 	<ul style="list-style-type: none"> Tbd – dependent on the results of the review 	Completed – Partnership Agreement sets out roles and responsibilities and mutual expectations.
1.2 Building the processes and systems needed to provide timely, reliable financial data cost efficiently	<ul style="list-style-type: none"> Reviewing data quality to improve service planning 	LW/KK	<ul style="list-style-type: none"> To address the procedural and systems issues that have contributed to the uncertainties in financial data 	<ul style="list-style-type: none"> To commission consultants to undertake a review that: Compares processes and systems In Surrey with those used elsewhere Tests data reliability and timeliness Supports budget holders in developing business case proposals for changes in process and/or systems where necessary 	<ul style="list-style-type: none"> A report that concludes on the suitability of data systems in each directorate Business case proposals for changes where necessary 	Completed – Voice of the customer and detailed budget monitoring process review Ongoing - DB&I project to drive further process improvements
	<ul style="list-style-type: none"> Determining the future of Orbis 	LW	<ul style="list-style-type: none"> To establish how Orbis might deliver better economies of scale, generate centres of expertise and/or improve the resilience of the finance function 	<ul style="list-style-type: none"> To provide financial advice into the review of whether: <ul style="list-style-type: none"> Existing Orbis function offers better economies of scale than alternative shared service options The centres of expertise in Finance are offering added value Whether there is sufficient resilience in the Surrey finance team 	<ul style="list-style-type: none"> A review by E&Y 	Completed - 31Ten review completed and recommendations implemented
1.3 Building the credibility and authority of financial reports to members and CLT	<ul style="list-style-type: none"> Developing a report format and process that meets the needs of Cabinet and CLT 	AW/LW	<ul style="list-style-type: none"> To ensure that Cabinet and CLT have the data and advice needed to make evidence-based, timely decisions 	<ul style="list-style-type: none"> To consult with Cabinet and CLT on their expectations and requirements To develop reporting processes and formats that meet those needs 	<ul style="list-style-type: none"> An agreed format and process for financial reporting that meets CLT and Cabinet requirements 	Completed – new reporting timetable and formats for DLTs, CLT & Cabinet.

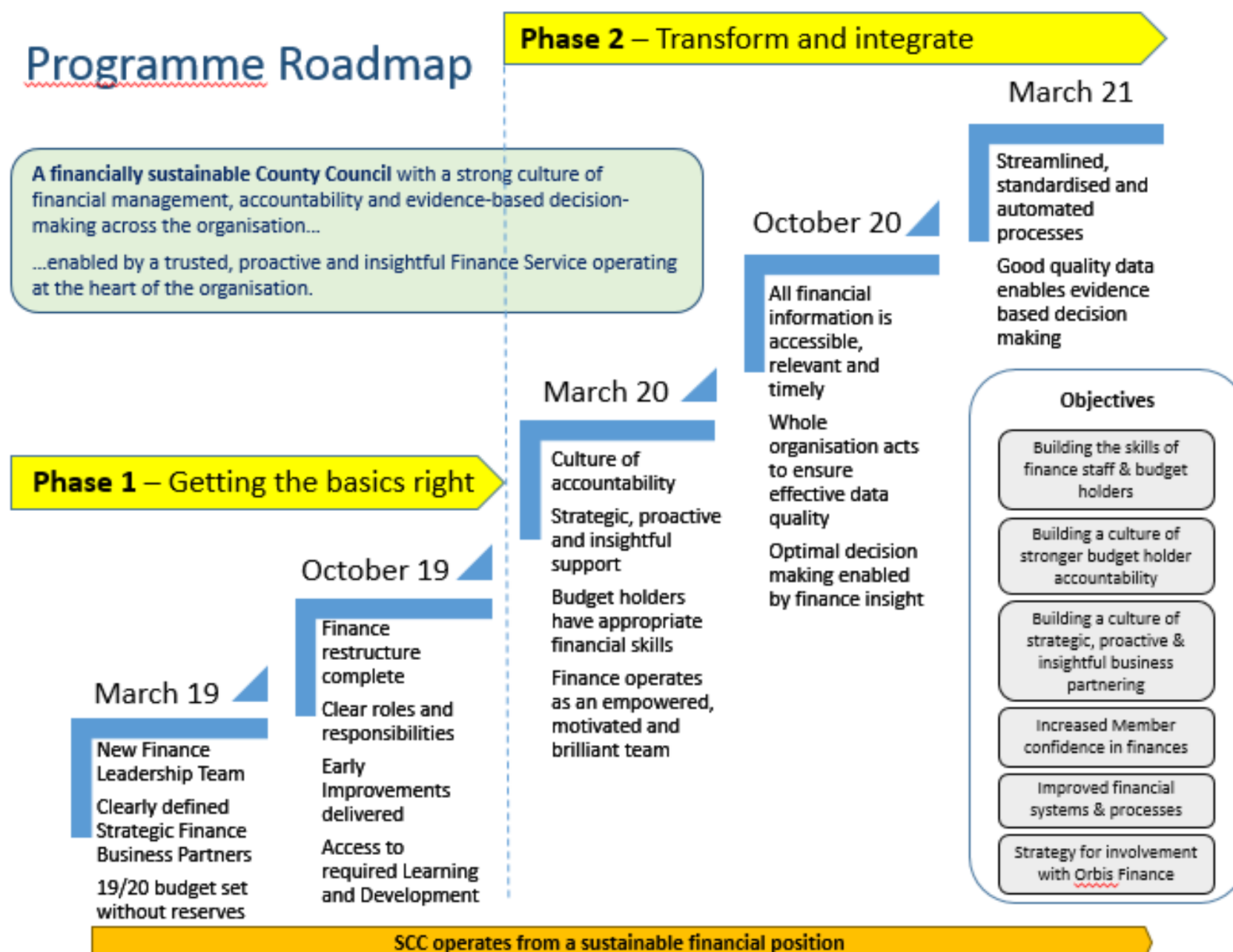
Surrey Finance Improvement Plan: Finance Roles and responsibilities

Work Package	Task	Responsible Owner	Purpose	Actions	Deliverable	Deadlines/Progress
	<ul style="list-style-type: none"> Support to the expert panel established to provide additional financial assurance to CLT and Cabinet 	LW/KK	<ul style="list-style-type: none"> To provide timely access to information so that the panel are able to review and follow up issues as they arise 	<ul style="list-style-type: none"> To provide papers and access to officials or other information as required To maintain a log showing actions taken on recommendations made by the expert panel 	<ul style="list-style-type: none"> An action log of recommendations from the panel 	Completed – External Assurance Panel set up and regularly consulted, in an honest and transparent manner.
	<ul style="list-style-type: none"> Quality assurance of financial data 	LW/KK	<ul style="list-style-type: none"> To assure Cabinet on the rigour and reliability of the data provided 	<ul style="list-style-type: none"> To support consultants in reviewing and validating key information on the planned savings in 2018-19 To provide briefing and other papers to the subcommittee tasked with reviewing the rigour of the planning assumptions for future financial year savings 	<ul style="list-style-type: none"> Attendance at review meetings with consultants Briefings to the sub-committee tasked with overseeing financial estimates 	Completed – provided information and responses to scrutiny of 18-19 savings.
1.4 Raising standards of financial awareness across the service directorates	<ul style="list-style-type: none"> Encouraging financial scrutiny in decision-making across the Council 	AW/LW/KK	<ul style="list-style-type: none"> To raise the profile and importance of good financial management across the Council 	<ul style="list-style-type: none"> To develop a budget accountability framework that sets out the governance, processes, meetings and accountabilities required to set, monitor and manage budgets To scrutinise all proposals to CLT and Cabinet submitted by service directorates and to flag up any that have bypassed such an arrangement To periodically raise with CLT instances of good practice/poor performance in financial management by budget holders 	<ul style="list-style-type: none"> A budget accountability framework Periodic briefings to CLT 	Ongoing – Finance culture change to encourage external input and benchmarking. Regularly consult with stakeholders for honest feedback and to measure progress.
	<ul style="list-style-type: none"> Developing guidance and mentoring for Cabinet members and Councillors 	LW/AW	<ul style="list-style-type: none"> To enable all Councillors to understand the financial pressures facing Surrey CC 	<ul style="list-style-type: none"> Working with consultants to develop training, guidance and briefing notes on financial awareness that are bespoke to Surrey's needs 	<ul style="list-style-type: none"> Support to the appointed consultants 	Ongoing -Finance Academy - Fundamentals programme delivered (attendance low). Insights & Strategic Finance modules to follow (delayed by COVID pandemic)
2. Addressing the financial challenges that the Council currently face						
2.1 Securing consensus on the scale of the challenge	<ul style="list-style-type: none"> To prepare and maintain the draft improvement plan 	LW	<ul style="list-style-type: none"> To ensure the improvement plan is comprehensive and deliverable 	<ul style="list-style-type: none"> To develop an improvement plan and associated OBC To regularly update the improvement plan to reflect changing circumstances To notify CLT of any actions that have slipped or might otherwise materially impact on the improvement plan 	<ul style="list-style-type: none"> An agreed and up to date improvement plan that is accepted by all relevant parties Exception reports to CLT on any changes required 	Completed – FIP programme launched. Member Board & Member Reference Group established
2.2 Delivering sufficient savings in 2018-19	<ul style="list-style-type: none"> Approval and dissemination of budget envelopes to secure additional savings in 2018-19 	AW/KK	<ul style="list-style-type: none"> To clarify responsibilities of budget holders 	<ul style="list-style-type: none"> To circulate a template and gather returns in order for service directors to have transparency on the targets required ahead of the away day in Sept 2018 To map the returns to the MTFP in order to ensure that the planned savings are sufficient To support service directors in delegating their budget envelopes to budget holders by late September 2018 To collate and analyse Budget Accountability Statements in order to report to CLT on any omissions, or inconsistencies. 	<ul style="list-style-type: none"> Completed templates by each service director Discussion at 'away day' in September Signed BAS from every budget holder Briefing sessions with budget holders 	Completed – in-year additional savings plan linked to budget envelopes. Outturn position did not require use of reserves.

Surrey Finance Improvement Plan: Finance Roles and responsibilities

Work Package	Task	Responsible Owner	Purpose	Actions	Deliverable	Deadlines/Progress
	<ul style="list-style-type: none"> Supporting budget holders to develop robust delivery plans 	LW/KK	<ul style="list-style-type: none"> To increase the likelihood of targets been met and for issues to be brought to attention of CLT 	<ul style="list-style-type: none"> CIPFA and Finance to meet budget holders to discuss/review plans CIPFA and Finance to provide guidance to budget holders on what constitutes good practice in risk management of savings plans Reports to be reviewed by panel/sub-committee established by CLT 	<ul style="list-style-type: none"> Regular reports to internal panel Guidance to each budget holder 	Completed - budget accountability statements and savings discussed at scrutiny committees. Regular discussions with External Assurance Panel.
	<ul style="list-style-type: none"> Supporting budget holders to deliver the planned savings 	LW/KK	<ul style="list-style-type: none"> To identify issues sufficiently early to enable corrective actions to be instigated 	<ul style="list-style-type: none"> Regular progress meetings with budget holders Exception reports to CLT on any issues arising Preparation of a year end assessment of progress made in achieving targets set 	<ul style="list-style-type: none"> Exception reports to CLT Year end assessment of performance by budget holders 	Ongoing – support to budget holders via business partnering approach and Finance Academy budget holder workshops
2.3 Setting a realistic balanced budget for 19-20	<ul style="list-style-type: none"> The scrutiny and approval of existing planned savings, transformational savings and the management of pressures and demands 	AW/LW/KK	<ul style="list-style-type: none"> To ensure that savings in the transformational plans will be realised To ensure that the pressures and demands facing each directorate are adequately estimated and managed/mitigated To ensure that existing planned savings are likely to be delivered 	<ul style="list-style-type: none"> To review each business case and brief the Change Management Board on any issues on the timing, achievability or scale of projected savings To conduct a 'deep dive' of the projected figures and mitigations for review by the relevant sub-committee To examine the delivery plans of each service directorate 	<ul style="list-style-type: none"> Briefing paper on business cases to the Change Management Board Briefing papers on pressures and changes and planned savings 	Completed - Budget set without reliance on reserves. Positive outturn position achieved. Scrutiny committees briefed on proposed savings plans
	<ul style="list-style-type: none"> To explore opportunities for additional savings , such as the use of assets, investments, loans and reserves 	LW/KK	<ul style="list-style-type: none"> To minimise the impact on service delivery of the additional savings required 	To support the teams tasked with reviewing: <ul style="list-style-type: none"> The utilisation of the existing asset base and any changes proposed The Council's investment policy/portfolio and any changes proposed Any plans to capitalise existing revenue expenditure Any changes to the MRP policy and existing loans Any changes in the proposed utilisation of earmarked reserves 	<ul style="list-style-type: none"> Briefing to CLT on any issues arising with the proposals developed by each commissioned team 	Completed - ASB and SHIP established to oversee all investment activity. Capital governance arrangements reviewed and improved.
	<ul style="list-style-type: none"> Setting budget envelopes for 201920 	AW/KK/LW	<ul style="list-style-type: none"> To identify and approve sufficient savings to meet the targets in the MTFP 	<ul style="list-style-type: none"> To circulate a template to each service director on how the targets will be met To provide assurance to CLT that any duplication of savings have been eliminated and that there are suitable delivery plans in place to rely on the proposals submitted To prepare Budget Accountability Statements to be circulated to service directors and budget holders 	<ul style="list-style-type: none"> Circulated template Assurance to CLT on consistency and completeness of returns 	Completed.
2.4 Delivering a balanced budget in 19-20	<ul style="list-style-type: none"> Maintaining an up to date record of who is responsible for delivering each aspect of the MTFP 	LW/KK	<ul style="list-style-type: none"> To ensure there is suitable ownership across the Council 	<ul style="list-style-type: none"> To maintain an up to date and comprehensive central record of delegations and responsibilities To notify CLT of any gaps or inconsistencies in the Budget Accountability Statements signed by service directors and budget holders 	<ul style="list-style-type: none"> Scheme of delegation Exception reports on BAS omissions/inconsistencies 	Completed - Budget set without reliance on reserves. Positive outturn position achieved. Budget accountability strengthened through Partnership Agreement, Finance Academy training and budget accountability statements.
	<ul style="list-style-type: none"> Supporting budget holders to meet their responsibilities 	KK	<ul style="list-style-type: none"> To provide timely guidance to budget holders 	<ul style="list-style-type: none"> To provide timely advice to budget holders on any issues/concerns raised To facilitate the sharing of good practices/feedback at service directorate team meetings 	<ul style="list-style-type: none"> Monthly briefing notes 	

Programme Roadmap



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