

## FINANCE TRANSFORMATION

### Report of the Director of Children Schools and Families

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#### 1. Purpose of Report

- 1.1 To provide information on the rationale for and details of the centralisation of finance, this is part of the wider authority 'Way We Work' transformation programme.
- 1.2 To identify the specific changes that impact on the strategic support for schools.

#### 2. Summary

- 2.1 In response to the Gershon efficiency targets many local authorities have adopted a shared service approach to the organisation of their support services. One of the key challenges for Hertfordshire County Council is the need to maximise efficiency savings in the context of tighter financial settlements and the need to protect front line services. The transformation of the support services is one element of the authority's 'The Way We Work' comprehensive change programme to focus on this challenge.
- 2.2 The centralisation of the finance function will deliver cashable savings of £1.1m by 2008/09 through business process changes including standardisation of business processes and obtaining best value from the investment in new technology. The new finance service which will be in place by 1 July 2008 builds on current strengths, in particular the highly regarded skills of the finance staff. This report focuses on those areas of the new service that have an impact on the strategic support to schools.

#### 3 Recommendation

- 3.1 Members of the Forum are asked for their comments, particularly how these changes are best communicated with schools.

## **4. Background**

4.1 In the context of the County Council's wider transformation of support services, a shared services approach to support services has been agreed. This model was predicated on the centralisation of finance, human resources, and ICT functions across the authority to:

- Reduce current overlap in processes and double handling
- Maximise the best value from investment in new technologies – particularly relating to manager self service
- Maximise the benefits of standardisation and use of specialist knowledge to provide increased flexibility and resilience of services
- Maximise efficiency savings.

In agreeing to the shared service centre approach the authority has been clear that it wanted to retain and safeguard the benefits of the current devolved support functions – particularly the understanding of the needs of the services. This extends to the aspects of the finance service that schools have made clear that they value.

4.2 The implementation of the new structure and new business processes will be in place by the 1 July 2008, some 15 months after the commencement of the project. This time will allow for all major business processes to be reviewed, development and appointment to new structures and implementation of new business processes including training and development programmes.

## **5. The new finance function**

5.1 The new finance function will have two core elements:

- Strategic and specialist services – including insurance, treasury management, banking, tax, payments and income collection.
- Business partner teams – providing budget preparation, monitoring and year end and statutory reporting.

5.2 Services to schools will be largely delivered through the business partner teams, who will draw from existing staff. This will be through two business partner teams:

- CSF Schools - currently School Funding Team
- Traders - including Financial for Schools Services

Schools will see little or no change in their interaction with these teams.

5.3 The review of business processes has identified a number of areas where there are benefits of consolidating processes relating to schools with other areas of the authority. As well as providing benefits in standardisation this will also enable improvements in systems to be

made in due course, such as online VAT recovery rather than the existing paper based system. This applies to:

- Insurance – including the supply sickness insurance scheme
- Banking – covering both pooled and external banking arrangements
- Payments – including the school direct debit/credit system

Work is underway to ensure that the transition to the new services is as seamless as possible. Information will be provided to schools of the new contact arrangements for these services before go live on 1 July 2008. As far as possible we would want to provide a single point of contact for school to ensure that they experience a joined up service.

- 5.4 In order to ensure that the central support services add value to CSF's drive to improve performance and to act as client manager for these functions, there will be a new role of Assistant Director – Performance and Business Support. This role will also co-ordinate the work of the service in promoting a high performance culture of support and challenge within the department and the associated partnerships – the Hertfordshire Children's Trust Partnership and the Hertfordshire Safeguarding Children's Board. This function will absorb the current functions of Heads of Strategy and Resources, including the lead officer role for the Schools Forum. Processes for appointing to the new post are in place, which include effective transitional arrangements to facilitate a smooth transition to the new role.