BRENT COUNCIL	**Executive** 15th September 2009 **Report from Director of Finance and Corporate Resources**

Wards Affected:
ALL

Modernisation of the Council's financial management arrangements and approval for appointment of consultants

Forward Plan Ref: F&CR-09/10-9

Appendix C is not for publication

1. SUMMARY

1.1 This report sets out proposals for modernisation of the Council's financial management arrangements. The proposals have been developed as part of the "One Council" stream of work set out in the Council's Improvement and Efficiency Strategy which was published in September 2008.

1.2 The Council's current financial management arrangements were developed in the early 1990s to meet requirements at the time. The Council is in the process of implementing a single accounting system and this provides the opportunity to review the Council's financial management arrangements.

1.3 The proposals in this report were initially developed by a cross-council officer task group. They were subsequently validated in a detailed business case by Deloitte MCS Limited who also set out a road map for implementing the changes.

1.4 This report sets out the background to work carried out so far, the main proposals for changing the financial management arrangements, and the proposed approach to implementation including the appointment of a strategic partner to support delivery of the changes proposed.

2. RECOMMENDATIONS

2.1 The Executive:

- agrees to implement Phase 1 of the proposals in the Business Case summarised at Appendix A of the report; and

- notes that a further report about whether to proceed with the Phase 2 optimisation stage will be brought to Members around December 2010 (para 4.2).

2.2 The Executive agrees to the appointment of Deloitte MCS Limited as a strategic partner to support implementation of Phase 1 (para 5.5) in the sum of £799k.

2.3 The Executive notes the risks of the modernisation project and measures to mitigate them (para 6.1).

2.4 The Executive agrees the proposed arrangements for member oversight in paragraph 6.2.

2.5 The Executive agrees to the funding arrangements set out in paragraph 7.5.

3. BACKGROUND

3.1 The Brent Improvement and Efficiency Strategy, which was published in September 2008, set out the Council's strategic framework for realising improvements in the performance, quality and value for money to be achieved by all Council services over the coming four years. A key element of the strategy was the delivery of an organisational infrastructure that supported high performance including the financial management arrangements in the Council.

3.2 A cross-Council officer task group, chaired by the Director of Policy and Regeneration, was set up to review options for delivering more cohesive, effective and efficient financial management arrangements in the Council. The group reported the results of their high level review to the Corporate Management Team (CMT) in December 2008. The main conclusion was that the Council needed to change fundamentally the approach taken to financial management in the authority. The current arrangements were developed in the early 1990s to meet requirements at the time. Implementation of a single accounting system, which is scheduled for completion by March 2010, provided an opportunity to meet requirements of the 21st Century including automation of processes, providing access to good quality financial information, and focusing financial support within service areas on business transformation.

3.3 The report to CMT recognised that the costs of implementing change would be high and that the change management required would be complex. CMT therefore agreed that a detailed independent business case should be commissioned which would review the costs and benefits of changing financial management arrangements and set out a road map for making the changes.

3.4 Following a competition using the Office of Government Commerce framework agreement for consultancy services, Deloitte's were appointed to prepare the business case. The business case was finalised in June and a report outlining the findings was considered by CMT. On the basis that the business case showed a clear return both in terms of cost of the service and quality of financial support, CMT agreed to support the changes proposed in the business case together with proposed implementation arrangements.

4. THE PROPOSALS

4.1 The Executive Summary from the Business Case is at Appendix A of this report. The key findings were as follows:

a. spend on finance activities in Brent Council is above both council and private sector benchmarks;

b. standardising, automating and simplifying payment and income processes would allow a step change in service delivery;

c. to deliver required changes, a new finance operating model is required which would incorporate:

   i. a standardised service offering for finance customers;

   ii. a Finance Service Centre to deliver transactional services;

   iii. standardised financial policies, processes and systems;

   iv. a Business Partnering model for departmental financial support offering expert advice and operational support rather than transaction processing and data collation.

d. the Single Accounting System project should proceed as planned but standardisation rather than bespoke design should drive development of the system.

4.2 The full business case was developed on the basis of consolidation within the council of transactional finance (Phase 1) with a further decision being taken once that process was complete on whether this could be broadened to include other finance functions (Phase 2).

4.3 Consideration was given as part of the development of the business plan to sharing financial services with other public service providers and/or full outsourcing. These were rejected on the basis that (1) significant savings and improvements to service could be achieved by consolidating internally; and (2) the timescale for delivery would be too long. However, they have not been ruled out as future options once consolidated financial processes were in place. The Council will be in a much stronger position to secure value for money improvements from shared financial services and/or outsourcing once the consolidated finance structure is in place.

4.4 The Executive Summary to the Business Case attached as Appendix A provides details of the proposed operating model and the proposed project plan. It also includes details of costs and savings; further information is provided on these in section 7 of this report.

5. STRATEGIC PARTNER FOR PHASE 1

5.1 In delivering the proposed changes to financial management, there needs to be a balance between use of Council resources to ensure ownership and continuity, and external resources to bring in additional capacity and expertise. Options for procuring external support include the Council: (1) sourcing the consultants itself; or (2) entering a partnership with an external consultancy firm who would source the consultants from their own resources.

5.2 It is typical in large change management projects of this kind that external consultancies are brought in to partner organisations during implementation. External consultancies have knowledge and experience across their organisations of implementing projects of this kind and they have access to a large pool of resources. This means that they can mobilise quickly and bring in the skills required at short notice. They also have necessary quality assurance processes in place to ensure that weaknesses in delivery are addressed. In addition, the Council avoids having to incur resource and time procuring specialist support.

5.3 Appointment of a strategic partner means costs are higher than if the Council procured specialist support itself but the risks are significantly less. In this case, every three months delay in the proposed Finance Service Centre 'go live' date leads to one-off loss of savings of c.£400k. Even if the Council were able to achieve a 50% reduction in consultancy costs by securing the support itself, any saving would be more than offset by a delay of more than three months. In addition the strategic partner would work alongside Council employees and this would help ensure ownership by the Council of the project, continuity when the project is implemented, and transfer of skills to within the Council.

5.4 In light of this, a competitive exercise has been carried out to secure an external consultancy firm to work with the Council to deliver the project. The Council invited firms on the Office for Government Commerce Consultancy Services framework to submit fixed price tenders. In accordance with the rules of the framework, the evaluation criteria used to assess bids are prescribed in advance by the OGC, though not the weightings. Accordingly bidders were informed that the contract would be awarded on the basis of the most economically advantageous bid using the following criteria:

- Capability to deliver high quality services – 40%
- Meeting customer requirements – 30%
- Value for money and pricing - 30%

5.5 Two firms responded to the request for bids. Details of the evaluation are included in Appendix B, where they are identified as Organisation A and Organisation B. As a result, the tender panel has recommended the appointment of Deloitte MCS Limited to carry out the work (Organisation A). The identity of the unsuccessful bidder is in Appendix C (not for publication).

5.6 Deloittes will provide specialist support in areas such as the design of the Finance Operating Model, payments and receipts and reporting.

6. RISKS

6.1 The business case identifies the main risks associated with the modernisation project and factors to mitigate them. These are as follows:

Risk area	Nature of risk	Mitigating factors
Stakeholder alignment	Senior management is not completely aligned, and scepticism exists around the successful implementation of the finance transformation programme.	This change is part of the wider Improvement and Efficiency Strategy and the move to One Council which has been widely communicated at all levels of the organisation. The proposals in this report will result in a well-resourced implementation team with appropriate expertise. A communication strategy is being developed as part of the overall programme management of the project which will amongst other things seek to ensure that people remain fully aware of the purpose of the project and how implementation is progressing.
Accountability	Accountability for transitioning to the new operating model is not sufficiently robust across organisations, project teams and key stakeholders.	A governance structure has been set up for the project with a programme management office, responsible for change management and communications, reporting into a Programme Board, chaired by the Director of Finance and Corporate Resources. CMT has taken an active role in ensuring this project has reached this stage and will have oversight of the project as part of overall oversight of the Improvement and Efficiency Programme. Proposals for member accountability are set out in paragraph 6.2 below.
Speed of implementation	Team of dedicated resources are required to facilitate	Projects are already progressing, including development of the finance operating model, the finance staffing

Risk area	Nature of risk	Mitigating factors
	a successful delivery. This level of resourcing may not be available in the short term.	strategy, the enterprise resource planning strategy, and the development of a new approach to internal charging. Agreement to the recommendations in this report for appointment of a strategic partner will enable the full team to be operational from the beginning of September.
Change management	The degree of change is underestimated resulting in the transformation being perceived to have failed.	The programme management office includes resources dedicated to change management. In addition cross-Council involvement in the Programme Board for this project will ensure continuing awareness across the Council of the degree of change required plus feedback on issues arising in service areas.
Benefits not realised	The benefits identified in the business case are eroded during detailed design and no tracking mechanism is established to monitor delivery. No individual accountability for benefits delivery defined.	The business plan has set out costs and benefits in detail and these have been tested by senior council staff through workshops. Monitoring costs and benefits will be a key role for the Programme Board supported by the programme management office. Member accountability proposed in paragraph 6.2 will ensure that members have a key role in tracking benefits realisation.
Business/ change readiness	The new operating model assumed for this business case represents a significant shift in the way front-line staff and managers must interact with support services. The effectiveness	There is an awareness that this project, along with others which are part of the Improvement and Efficiency Strategy, will require significant cultural change in the Council. As the first major project being delivered as part of the Improvement and Efficiency Strategy, there is considerable emphasis in this project on the need for effective communication and

Risk area	Nature of risk	Mitigating factors
	and efficiency of the new arrangements may be reduced if the customers of finance are not ready to accept the change.	change management. There is also a separate training stream within the programme to ensure both deliverers and users of the service fully understand what is required of them.
Competing priorities	The Council is going to undertake a significant change programme and Finance is only one work stream. There will be a need for the same people to be involved in different initiatives and this could slow down decision making and re-open debates where there are significant interdependencies.	The need to ensure sufficient capacity is one of the reasons for proposing use of a strategic partner to support this project. The CMT oversight role is aimed at ensuring that projects are prioritised, resources are not over-stretched, and projects as a whole deliver.

6.2 A key element of ensuring accountability for delivery of the benefits from this project will be to ensure engagement by both the Executive and Scrutiny. The Deputy Leader and Lead Member for Resources will have responsibility for overseeing delivery of the project at Executive level. The Director of Finance and Corporate Resources, who chairs the Programme Board, will be responsible for ensuring that he receives regular progress reports. In addition, it is proposed that the Performance and Finance Select Committee receive reports on the project at regular intervals to be agreed with the Chair of the Committee.

7. FINANCIAL IMPLICATIONS

7.1 The fixed price tender for Phase 1 of the work submitted by Deloittes is £799k. This is within the total provision allowed for external consultancy costs in the business case.

7.2 The total implementation cost is estimated at £3.216m for Phase 1 and £3.615m under Phases 1 and 2.[1] Details are provided in Table 1 below.

TABLE 1 IMPLEMENTATION COSTS

Phase 1 - Implementation costs

	2009/10	2010/11	2011/12	Total
	£'000	£'000	£'000	£'000
Single financial system - Oracle	1,077	109	-	**1,186**
Other project costs	817	55	-	**872**
Finance Service Centre refurbishment	250	-	-	**250**
Programme management	266	133		**399**
Redundancy/retraining	-	374	-	**374**
Contingency	120	15	-	**135**
Total	**2,530**	**686**	**-**	**3,216**

Phases 1 and 2 combined - Implementation costs

	2009/10	2010/11	2011/12	Total
	£'000	£'000	£'000	£'000
Single financial system - Oracle	1,077	109	-	**1,186**
Other project costs	817	55	211	**1,083**
Finance Service Centre refurbishment	250	-	-	**250**
Programme management	266	133	156	**555**
Redundancy/retraining	-	374	14	**388**
Contingency	120	15	18	**153**
Total	**2,530**	**686**	**399**	**3,615**

[1] In both cases, this assumes that support for the Oracle system from 2010/11 onwards is netted off against savings following implementation of the new arrangements.

7.3 The net reduction in running costs starts in 2010/11 once the Finance Service Centre is set up. Stretch savings amount to £1.504m in a full-year (from 2011/12) for Phase 1 and £1.870m in a full-year (from 2012/13) for Phases 1 and 2 combined. Details are provided in Table 2 below.

TABLE 2 NET RUNNING COST SAVINGS

Phase 1 - Net savings (stretch)

	2010/11	**2011/12**	**2012/13**	**2013/14**	**2014/15**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Gross savings	874	1,704	1,704	1,704	1,704
Oracle running costs	(190)	(190)	(190)	(190)	(190)
Contingency	(10)	(10)	(10)	(10)	(10)
Net savings per annum	**674**	**1,504**	**1,504**	**1,504**	**1,504**
Net savings - cumulative	**674**	**2,178**	**3,682**	**5,186**	**6,690**

Phases 1 and 2 combined - Net savings (stretch)

	2010/11	**2011/12**	**2012/13**	**2013/14**	**2014/15**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Gross savings	874	1,887	2,070	2,070	2,070
Oracle running costs	(190)	(190)	(190)	(190)	(190)
Contingency	(10)	(10)	(10)	(10)	(10)
Net savings per annum	**674**	**1,687**	**1,870**	**1,870**	**1,870**
Net savings - cumulative	**674**	**2,361**	**4,231**	**6,101**	**7,971**

7.4 Table 3 below sets out the net cumulative position once implementation costs and running costs are taken into account. Invest to save monies would start being paid off in 2011/12 and would be fully paid off during 2012/13.

TABLE 3 CUMULATIVE BREAKEVEN POSITION

Phase 1 - Cumulative breakeven position

	2009/10	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2014/15**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Net running cost savings	-	674	1,504	1,504	1,504	1,504
Less: Implementation costs	(2,530)	(686)	-	-	-	-
Net savings(costs)	**(2,530)**	**(12)**	**1,504**	**1,504**	**1,504**	**1,504**
Cumulative net savings(costs)	**(2,530)**	**(2,542)**	**(1,038)**	**466**	**1,970**	**3,474**

Phases 1 and 2 Cumulative breakeven position

	2009/10	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2014/15**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Net running cost savings	-	674	1,687	1,870	1,870	1,870
Less: Implementation costs	(2,530)	(686)	(399)	-	-	-
Net savings(costs)	**(2,530)**	**(12)**	**1,288**	**1,870**	**1,870**	**1,870**
Cumulative net savings(costs)	**(2,530)**	**(2,542)**	**(1,254)**	**616**	**2,486**	**4,356**

7.5 The bulk of the estimated £2.530m incurred in 2009/10 would have to be met from revenue resources. This funding would be treated on an 'invest to save' basis with funds being replenished from 2011/12 onwards from savings generated by the project and fully repaid from 2012/13. Elements of the costs – redundancy costs, refurbishment of premises for the Finance Service Centre, and parts of Oracle implementation – may be capitalisable and would be charged against the capital element of Performance Reward Grant. This would allow repayment of the 'invest to save' monies at a quicker rate than would otherwise be possible.

7.6 There will be competing demands within the council for ‘invest to save’ funds. However, this is the first of the One Council transformation projects which is fully ready to progress and the project has a rapid payback. Further demands for ‘invest to save’ funds will be considered on the basis of the strength of the business case and the demand already placed on ‘invest to save’ funds.

7.7 There are financial risks which are detailed in the business case. Costs could increase or savings could be less than forecast. However, contingencies have been built into the cost of implementation and it is considered that it is a fairly prudent estimate. The savings are also based on prudent estimates with stretch savings based on the council achieving the worse of the cross-council or cross-industry average. Even under worst case scenarios modelled in the business case, where actual savings are 20% below target savings, the investment in the project would be paid back from savings by 2013/14. In addition, there are no assumed savings from reducing internal transactions or consolidating the number of invoice payments.

7.8 The costs outlined in Tables 1 to 3 do not include costs associated with preparing the business case which have been incurred whether the project goes ahead or not. The total cost of preparing the business case is estimated at £95k. These costs have been met from one-off funds set aside to fund implementation of the Improvement and Efficiency Strategy.

8. LEGAL IMPLICATIONS

8.1 This report is seeking approval to implement a programme of modernisation of the Council’s financial structures. Assuming that the Executive agrees this, then the report is also seeking approval for associated issues such as the appointment of consultants.

8.2 In this case, it is proposed to appoint consultants by way of a call-off from an external framework, following a mini-competition exercise. The framework is for Multi-Disciplinary Consultancy Services and is run by the Office for Government Commerce. There are a number of firms on the framework, and unless it is clear that only one of these firms can fulfil your requirement, it is necessary to run a mini-competition, as happened here. All the firms on the framework have to be invited to bid, again as happened here.

8.3 The advantage of using a framework is that there is no need to procure a provider from scratch, so reducing timescale. In addition, where the services etc are such that the EU public procurement rules would have to be followed for a full tender exercise, as is the case here, then use of a framework that has been tendered in accordance with those rules means that the rules do not need to be complied with again, provided that the individual call-off is done in accordance with the framework rules. However Contract Standing Orders (CSOs) does require that the Borough Solicitor is satisfied that use of the framework is legally permissible, which involves checking that the OGC or other framework provider did tender the framework etc. In addition CSOs require that the Director of Finance and Corporate Resources and the relevant Chief Officer agree to the use of the framework. This process of approvals took place in July.

8.4 Although there is no requirement for Executive to approve use of a call-off, only the officer approvals just described, there is a requirement that awards of High Value contracts are approved by the Executive. Consequently as the value of this contract will exceed £500,000 such that it is a High Value contract, the Executive is being asked to approve the award of contracts.

8.5 In accordance with Part 4 of the Constitution, Chief Officers are unable to exercise their delegated authority to dismiss staff if that exercise would result in redundancy of more that 20 people. Accordingly if redundancies are proposed as a result of this modernisation programme, and this exceeds 20 people, the Executive will need to approve these redundancies.

8.6 If significant changes to the duties or grades of posts and/or redundancies are proposed as a result of this modernisation programme then the Council's Managing Organisational change Policy and Procedure will need to be followed.

9. DIVERSITY IMPLICATIONS

9.1 The revised finance operating model will have a direct impact on businesses and residents who have financial transactions with the council, including people who supply the council with goods and services and people who pay for goods and services provided by the council. The intention of the changes is to make payment and income processes more efficient and effective and they should lead to improved service. However the service will need to be more standardised to deliver efficiencies and this may affect some individuals more than others. An equalities impact assessment will therefore be carried out as part of the project to set up the Finance Service Centre.

9.2 The changes will also affect a large number of staff. An equality impact assessment will be undertaken as part of the change management programme.

10. STAFFING IMPLICATIONS

10.1 The base line exercise carried out as part of the development of the business case established that there are 129 full-time equivalent staff whose core job involves activities which are covered by the proposals in this report. There are a further 33 posts in the Council where finance accounts for at least 20% of the workload, with the amount of time on finance amounting to 15 full-time equivalents. Of the 144 (129 core, 15 non-core) full-time equivalent posts dedicated to finance work, 13.5 are currently vacant with 9 of these filled by agency staff leaving 130.5 filled by Brent staff. The proposals to change structures would mean changes in job descriptions (and in many cases reporting lines) for many of these staff. The stretch targets would require a reduction in FTEs to between 105.5 (Option 1) and 97.5 (Option 2).

11. BACKGROUND INFORMATION

Brent Improvement and Efficiency Strategy 2008-2012, September 2008

Brent Finance One Council – Business Case – Deloitte's – June 2009

12. CONTACT OFFICERS

Duncan McLeod, Director of Finance and Corporate Resources, and Mick Bowden, Deputy Director of Finance and Corporate Resources

Duncan McLeod
Director of Finance and Corporate Resources

BUSINESS CASE PREPARED BY DELOITTE'S

EXECUTIVE SUMMARY

Following the development of the corporate Improvement and Efficiency Strategy and vision for new ways of working within the Council reflected in the *Finance One Council Report*, a short piece of work was commissioned to challenge and refine the objectives of the vision for finance, build a business case and develop a roadmap to deliver the required finance transformation programme. This document constitutes the business case and will be used to inform the Council's decision as to how to proceed with the transformation.

Key Findings

The review involved data gathering, interviews and a workshop based approach to involve and consult with the Finance Reference Group. It was completed in an eight week timeframe. The key findings of this work were as follows:

- In general, the spend on finance activities in the Council (£7.9m or 1.9% of Council expenditure) is above both the CIPFA average of 1.5% and the London cross Council average of 1.2% (CIPFA) suggesting that there is significant scope for savings
- Achieving the CIPFA average of 1.5% would require a £1.6m reduction in the annual running costs of finance
- With regards to transaction processing the Council performance suggests that in the area of payables (Brent cost per invoice £12.74, London cross Council average £2.98) and receivables (Brent invoices processed per FTE average 5,066, Deloitte cross industry median 11,100), through applying greater standardisation, automation and simplification a step change in service delivery would be possible
- To deliver the *Finance One Council* vision a more efficient operating model will be required based on a set of design principles (table 9, section 4.2) agreed by the Finance Reference Group. Such a model should incorporate:
    - standardising the service offering for the customers of finance
    - establishing a Finance Service Centre (FSC) to deliver transactional services to the council in a more effective way and instil a culture of continuous improvement and high quality service delivery
    - standardising finance policies, processes and systems to deliver better service quality
    - re-defining departmental finance into a Business Partnering team that provides expert advice and operational support rather than transaction processing and data collation activities.

The current single accounting system project (SAS) was reviewed as part of this project. SAS will deliver a more unified 'set of books' with more common structures and processes. However, full convergence has not yet been achieved, compromises have been necessary to gain user commitment and as a result of some challenging delivery timelines.

The implementation of the Single Accounting System is key to the Council's ability to transform its finance function and realise savings and service improvements identified in this business case and should therefore proceed as planned. The Council should however ensure that standardisation rather than bespoke design drive development to reduce risk of the system not delivering the benefits identified.

Delivery Options Assessment
Based on these findings a long list of delivery options was generated to understand which should be considered in more detail within the business case. The options were assessed against agreed evaluation criteria (table 11, section 5).

The table below summarises the outcome of this exercise.

Option	Description	Meets the Evaluation Criteria
Base case	Current structure remains, oracle implemented as planned, no end to end process improvement. Some planned savings within each department delivered	No – but take forward to finance assessment as the 'base case' comparator
Incremental improvement	Standardisation of key processes to deliver best internal practice. 5% savings target across finance	No – will not deliver the *Finance One Council* vision
Consolidate transactional finance	Establish a single transaction processing centre, simplify finance organisation, end to end process improvement across finance	Yes – take forward to finance case
Consolidate all finance	Establish a single finance service centre, simplify finance organisation, end to end process improvement across finance	Yes – take forward to finance case
Government to Government sharing	Partner with other government organisations to commission or offer finance services	No – will not meet the timescales of benefits delivery by March 2011
Full outsourcing	Secure an external organisation to deliver the finance function	No – will not meet the timescales of benefits delivery by March 2011

The Finance Reference Group concluded that during the design phase selective outsourcing should be considered for delivering process improvement. In addition, the group agreed that outsourcing would remain a future consideration for finance once internal standardisation and process improvement had realised the planned savings.

Financial Analysis and Recommendation

A series of projects were identified that it is believed will deliver the short-listed options (ref section 5.6). Each project was defined and the implementation costs together with the benefits were estimated based on agreed assumptions. These assumptions were used as inputs to the business case financials. The Finance Reference Group concluded that all the projects in Option 1 would also need to be delivered for Option 2. It was therefore agreed that the costs and assumptions could be used within both options as the projects were common.

In determining the savings, target and stretch scenarios were developed. The table below summarises the financial analysis.

Option	Target		Stretch	
	Annual Savings Generated	Payback	Annual Savings Generated	Payback
Base case	£0.07m	n/a	£0.07m	n/a
Option 1	£1.16m	4.5 years	£1.5m	3.8 years
Option 2	£1.3m	4.6 years	£1.9m	3.8 years

These options are estimated to generate annualised gross savings against the baseline cost of the finance function as at 31/3/09 as follows:

- Target Options 1 and 2 generate net annual savings of £1.16m and £1.3m respectively
- Stretched Options 1 and 2 generate net annual savings of £1.5m and £1.9m respectively.

Based on the Finance Reference Group's aim to achieve the CIPFA benchmark of 1.5% of Council running costs, the finance transformation programme will need to deliver the Option 2 stretch savings.

The assumptions regarding the target and stretch savings and costs are contained in section 8. It should be noted that neither the target nor the stretch represents an overly ambitious trajectory for the Council's finance function as they have primarily been based on achieving either:

- current internal best practice
- the lower of the average CIPFA Council performance or Deloitte cross industry benchmarks.

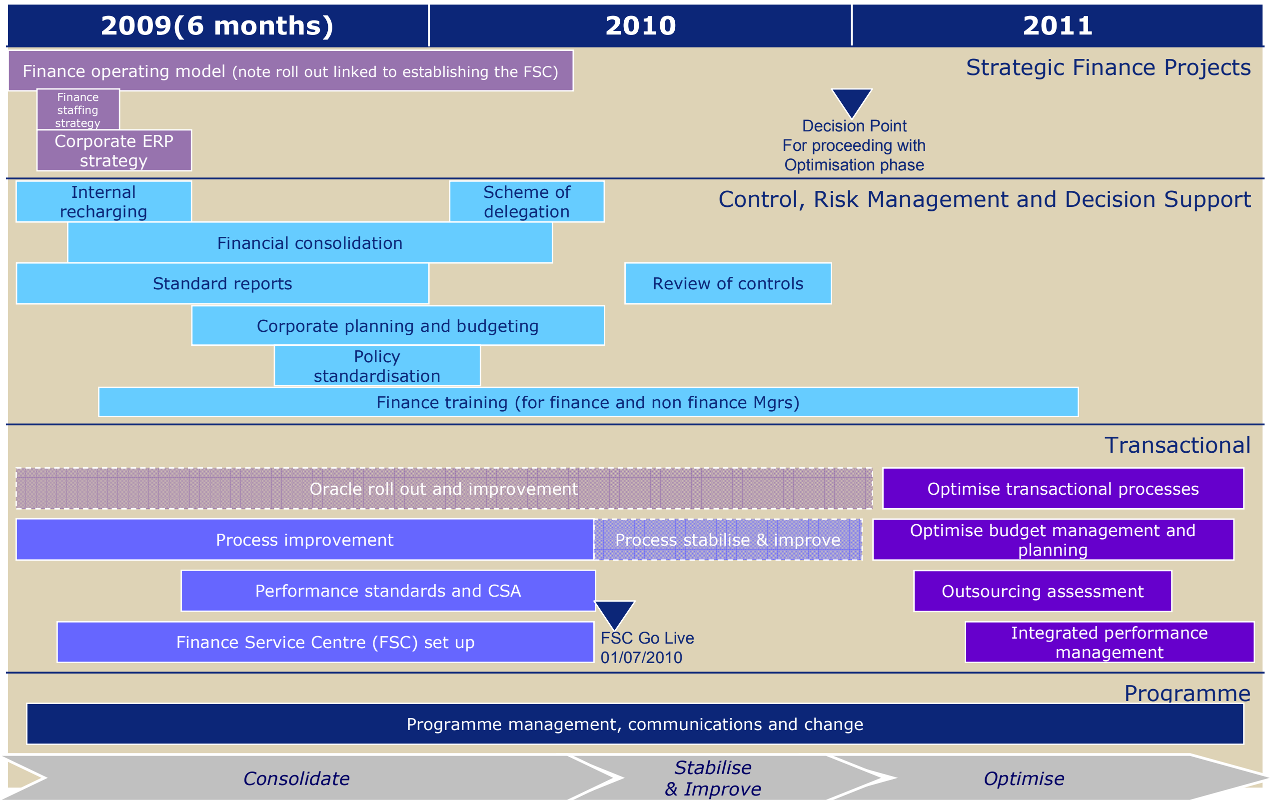
In addition, factors that could increase the savings that have not, at this stage, been quantified include:

- the individual process improvement projects being able to deliver above average performance for the Council
- the detailed mapping of individuals to new roles/positions within the detailed design resulting in a change in manager/professional/clerical ratios
- significant reduction in the level of internal invoicing
- the other qualitative benefits including improvements in the quality of financial information and decision making support.

These areas should be refined as the design phase is taken forward.

Implementation and Next Steps

An implementation roadmap has been developed that reflects the desire of the Council to deliver the majority of the finance savings in 2010/11.



In order to achieve this the finance transformation programme needs to start in July 2009. This is a challenging timeline and will require strong governance and decision making. It is recommended that implementation programme is preceded by a short, four week, mobilisation phase in order to:

- secure the programme manager and establish the project support function
- put in place the required governance structure for the programme

- draft the individual project initiation documents
- identify and secure resources for the individual projects
- define the benefits realisation strategy and plan
- determine the change management strategy and plan
- refine the business case.

Appendix B

EVALUATION OF TENDERS FOR STRATEGIC PARTNER ROLE

	Weighting	Tenderer A		Tenderer B	
		Score*	Weighted Score	Score	Weighted Score
Capability to deliver high quality services	40%	4.5	1.8	4.5	1.8
Meeting customer requirements	30%	5	1.5	4	1.2
Value for money and pricing	30%	5	1.5	3	0.9
Total			**4.8**		**3.9**

* Scoring was on a scale of 1-5 with 5 being the maximum score.

1. Both tenderers had wide experience in delivering successful finance transformations in both the public and private sector. They had tried and tested methodologies with highly qualified and experienced staff. As a result the same score was awarded.

2. Tenderer A had a more participator approach in the overall team (Brent and the Strategic Partner's staff) which will be needed to deliver the project. Tenderer B had a more strategic approach which required Brent to provide more resources to produce the required outputs. The panel felt the more pragmatic approach was what was required to deliver this major project for the Council.

   Both tenderers emphasised the need for a significant skills transfer to staff involved in the project so these could be used on other similar projects with the Improvement and Efficiency Strategy.

3. Both tenderers overall fixed price was virtually the same. However, Tenderer A offered 738 days of support compared with Tenderer B for 646 days.