

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:	4836
Author:	Deborah Middleton
Department:	Finance and Resources
Contact:	Deborah Middleton (Job Title: Interim Director of Finance (deputy s151), Email: debbie.middleton@nottinghamcity.gov.uk , Phone: 07732 997309)
Subject:	Finance Improvement Programme PWC Phase 2A
Total Value:	Up to £455,000 (Type: Revenue)
Decision Being Taken:	1. To approve funding to meet the cost of works delivered by PWC for Phase 2A of their work in support of delivering the Finance Improvement Plan.2.To approve the use of the Financial Resilience Reserve to fund this activity.

Reasons for the Decision(s)

The Independent Improvement and Assurance Board has set out a number of requirements for improvement in the financial management and governance arrangements within the Council. A comprehensive Financial Improvement Plan is evolving which is being built around four key themes which underpin the CIPFA Financial Management Model of best practice: Leadership, People, Process, Stakeholders.

In April 2022 the Council commissioned support from PWC LLP as its strategic partner, to work alongside officers to start to address improvement in a number of areas of financial management process. The value for money of PWC's service offer was tested as part of that commissioning process which engaged PWC to support various transformation and improvement work streams across the Council.

In relation to Finance, the initial work order for Phase 1 of PWC work was approved in May 2022 (DDM4638) and was focused upon a review of financial performance over the period 2019/20 to 2021/22 and assessing the robustness of 2022/23 budgets, given that the Council had incurred substantial year end variances in outturn compared to budget in successive years that were not reliably forecast. An initial diagnostic was also undertaken and identified that improvement work on financial processes was required covering specific areas and would be split into two phases - Phase 2A provides analysis of issues and support the Council to design the solutions across specific workstreams. Phase 2B provides support to the Council in rolling out and implementing the agreed solutions.

Phase 2A is split across three key workstreams as summarised below at a total costs of £421,000 plus up to £33,680 in permitted expenses:

Budget Management & Monitoring

This is a revision to the initial brief which was intended to design the future operating model of the Finance Function as it was agreed that this work was premature ahead of assessing and improving the underpinning financial systems, processes and procedures in the remainder of Phase 2A. Given the findings in Phase 1 regarding weaknesses in budget management, monitoring and forecasting, it was considered that in the short term it was necessary to prioritise work on support on improving budget management and monitoring arrangements, making the financial system more accessible to Budget Holders and facilitating and enabling self service, which is not operating as effectively as intended across the organisation. This work further informs the design of the future operating model. The work involved:

Reviewing the current issues and challenges with budget management and monitoring including the use of any supporting tools eg. the Council's budget forecasting tool - PBCS.

Mapping out a revised monthly budget management and monitoring cadence for budget holders and finance.

Developing a proof of concept of a budget management and monitoring dashboard in PowerBI. As a first step, this will give budget holders simplified access to the management Information and an interrogation tool to enable them to use more intuitive tools and enable them to engage in more effective budget management and monitoring.

Setting out potential additional functionality that can be built into the dashboard in the future (if the council wishes to enhance current reporting and dashboarding functionality).

The outputs from this work include the proof of concept dashboard and a supporting council-branded analysis tool which sets out how this dashboard can be used and adopted as part of a revised budget monitoring cadence for the council.

Significant work is to be undertaken by PWC under Phase 2A and Phase 2B together with Finance Officers in reviewing the effectiveness of current tools and budget monitoring processes and procedures. It is important to note that PWC will provide critical professional capacity and capability to deliver this work where the Council's own resources are currently deficient. Financial Management processes and procedures will be redesigned as part of revised working practices that will be implemented over several months, building upon the work in PWC Phase 2A and 2B. A substantial improvement agenda is in development and is focused upon improved data quality within the general ledger and end to end transactional processes. This will include the review and revision of accounting standards, transparent and streamlined budget monitoring and forecasting processes and procedures, and refinement of financial administrative processes. Training of finance staff and budget holders will be undertaken. Training will be delivered either by PWC or Finance Officers as appropriate.

Process Transformation Design

PWC will work closely with core process design 'Task & Finish' groups to design the future process for three prioritised areas:

- **Procure-to-Pay (P2P)** - This includes the end-to-end process from raising a purchase requisition through to invoice processing and payment reconciliation. This will include consideration on the role and governance around Compliant Purchasing Agreements and procurement cards as part of this design work.

- **Grants Management** - This includes establishing and drafting the contents of a corporate grants register and high-level process to control and record grant information on a timely and accurate basis to support transparent financial management and compliance in the use of external funding.

The scope of the PWC Phase 2A and Phase 2B focuses upon some key elements of Financial Management Process and therefore contributes towards the development of a much wider and comprehensive plan that is in development, and will address the 4 CIPFA pillars of Good Financial Management Practice; ie Leadership, People, Process and Stakeholders.

- **Establishment Control** - This includes setting out what the Council means by Establishment Control (EC) and defining the end-to-end process flows for:

- Staff joining the organisation ie. starters
- Staff leaving the organisation ie. leavers
- Staff moving between departments in the organisation ie. movers.

Knowledge Transfer and Upskilling

Supporting the organisation to build its own internal capabilities and upskill staff so that change can be embedded sustainably. This has included:

On-the-job coaching - Direct coaching and training for up to three of Council staff who will work in a joint team with the PWC staff supporting the delivery of the process transformation workstream. Given the strategic partnership with the , the services provided under workstream 3: 'Knowledge Transfer and Upskilling' are to be provided at no additional cost to the Council.

Other Options Considered:	To do nothing: this option is rejected as improvements in financial management are a requirement of the Council's Non-Statutory Review, to ensure the organisation's financial sustainability. This is not deliverable within existing staff resources and expertise.
Background Papers:	None.
Published Works:	None.
Affected Wards:	Citywide
Colleague / Councillor Interests:	None.
Consultations:	<div>Date: 30/06/2022</div> <div>Chief Finance Officer:Clive Heaphy</div> <div>The engagement with PWC has been led by the s151 Officer who has fully endorsed the specification of works to be undertaken as part of the Finance Improvement Plan</div> <div>Those not consulted are not directly affected by the decision.</div>
Crime and Disorder Implications:	None arising from the decision to be taken.
Equality:	EIA not required. Reasons: This decision does not represent proposals for a new or changing policy, service or function.
Social Value Considerations:	The procurement is covered by the strategic partnership entered into by the Council with PWC.
Decision Type:	Portfolio Holder
Subject to Call In:	Yes
Call In Expiry date:	03/02/2023
Advice Sought:	Legal, Finance, Procurement, IT

Legal Advice:	<p>Provided that the services of PWC are secured through a compliant framework arrangement, as alluded to in the Procurement comments, then the decision raises no significant legal issues and is supported.</p> <p>Advice provided by Malcolm Townroe (Director of Legal and Governance) on 16/12/2022.</p>				
Finance Advice:	<p>This decision reflects the additional funding required from the Finance Resilience Reserve to meet the costs of work delivered by PWC for the Finance Improvement Plan. The full cost of £421,000 plus expenses of up to £33,680 will be met by the Finance Resilience Reserve. No objections to the proposal</p> <p>Advice provided by Nishil Rabheru (Strategic Finance Business Partner) on 08/12/2022.</p>				
IT Advice:	<p>The IT Service support the proposals contained within this delegated decision. The IT Service will support the actions being undertaken by the Council with the assistance of PWC in response to the requirements of the Improvement and Assurance Board. As projects emerge and become visible to the IT Service, support will be provided on the usual project basis with support through the regular Technical Design process to ensure conformance with the Council's technical standards.</p> <p>Advice provided by Paul J. Burrows (IT Change, Projects & Strategy Manager) on 21/12/2022.</p>				
Procurement Advice:	<p>The proposal involves using a framework to purchase the services of PWC for Phase 2A in support of delivering the Finance Improvement Plan. Provided the framework process is followed, the award of contract would be compliant with procurement law and therefore there would be no significant Procurement concerns.</p> <p>Advice provided by Paul Ritchie (Procurement Manager) on 14/12/2022.</p>				
Signatures	<table><tr><td>Adele Williams (Portfolio Holder for Finance)</td></tr><tr><td>SIGNED and Dated: 26/01/2023</td></tr><tr><td>Ross Brown (Corporate Director of Finance & Resources)</td></tr><tr><td>SIGNED and Dated: 23/01/2023</td></tr></table>	Adele Williams (Portfolio Holder for Finance)	SIGNED and Dated: 26/01/2023	Ross Brown (Corporate Director of Finance & Resources)	SIGNED and Dated: 23/01/2023
Adele Williams (Portfolio Holder for Finance)					
SIGNED and Dated: 26/01/2023					
Ross Brown (Corporate Director of Finance & Resources)					
SIGNED and Dated: 23/01/2023					