

Audit and Assurance Committee

Date: 15 September 2021

Item: Finance Control Environment Trend Indicators and Transformation Update

This paper will be considered in public

1 Summary

- 1.1 To report to the Committee on the Financial Control Environment Trend Indicators.
- 1.2 This paper provides an update to the Committee on the savings from the implementation of end-to-end processes organisations across TfL's Finance and Business Services teams as a result of the transformation of both Finance and Business Services.

2 Recommendation

- 2.1 **The Committee is asked to note the paper.**

3 Background

- 3.1 This paper reports on the Quarter 1 2021/22 Financial Control Environment Trend Indicators, that informs the Committee as to the control environment across Finance, Business Services and Procurement.
- 3.2 At the Committee meeting of 17 March 2021, we presented a summary of the implementation of end-to-end process and were requested to bring back a measure of how the transformation delivered against savings targets and how we measured them.
- 3.3 In March 2020, TfL launched its new Business Services Function (BSF), as well as a new Finance Controls and Systems team under Group Finance. The BSF was an amalgamation of several teams who performed transactional activities including the Finance Shared Service Centre, Human Resource Services and Master Data Management. These teams are a key part of TfL's strategy to create efficiency, ensure controls are operating effectively and looking for process efficiencies.

4 Savings

- 4.1 The Finance and Business Services Transformation programme set a target for reduction in staff costs for the transactional activities of £7m per annum. This was set as part of an overall 30 per cent reduction in costs for Finance

activities (both those completed in the Finance teams and the old Finance Services Centre) compared to the original budget set for 2018/19.

- 4.2 As shown in Appendix 1, the actual costs have reduced by £7.2m from £24.5m in 2018/19 to £17.3m in 2020/21. This is due to a headcount reduction of 112 from 367 FTE to 255 FTE.
- 4.3 In addition to delivering these direct staff cost savings, the BSF continues to deliver savings for TfL. As shown in Appendix 1, in 2020/21 the BSF delivered £7.51m of additional benefits from TfL. This has been delivered through activities such as stopping duplicate payments, avoiding severance costs by placing displaced employees into alternative roles and efficient hiring of non-permanent labour.

5 Next Steps

- 5.1 The last 18 months have been a challenging environment to drive and deliver change, with the dual impacts of the coronavirus pandemic and remote working. The combined Chief Finance Officer teams, along with our Business Services teams have worked closely and collaboratively to move forward as quickly as possible with our improvement agenda.
- 5.2 We will continue to monitor our benefits and report back to the Committee annually.

List of appendices to this report:

Appendix 1 – Financial Indicators Dashboard, including Finance and Business Services Transformation Transactional Benefits and Savings

List of Background Papers:

Finance and Business Services – end to end processes (17 March 2021 Audit and Assurance Committee)

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