

CAMBRIDGE CITY COUNCIL

REPORT OF: Chief Executive

TO: Strategy and Resources Scrutiny Committee 08/07/2013

WARDS: All

RESTRUCTURE OF RESOURCES DEPARTMENT

1 INTRODUCTION

- 1.1 The Chief Executive has been consulting on proposed changes to the Resources Department.
- 1.2 This report asks the Leader to recommend to Council the changes outlined in this report including investing the role of Section 151 officer in a new post of Head of Finance and creating a new post of Director (provisionally called Director of Business Transformation) to replace the post of Director of Resources.

2. RECOMMENDATIONS

The Leader is asked to recommend to Council to support the Chief Executive's recommendations:

- 2.1 To create a new post of Head of Finance which will become the Council's Section 151 Officer on appointment.
- 2.2 To delete the post of Head of Accounting Services.
- 2.3 To create a new post of (provisionally titled) Director of Business Transformation.
- 2.4 To delete the post of Director of Resources and to approve notice of redundancy being given to the Director of Resources in the event that he is not appointed to another post.
- 2.5 To delegate authority to the Chief Executive to amend the Council's Constitution and Scheme of Delegation to reflect these changes.
- 2.6 To delegate authority to the Chief Executive to take all steps necessary to implement the new structure (other than those delegated to the Employment (Senior Officer) Committee), including the timetable for implementation of the Director and Head of Service proposals and the final determination of the structure of the Finance service below Head of Service level.

- 2.7 To authorise the Chief Executive to designate and make arrangements for the section 151 role and Director role on an interim basis should this become necessary.
- 2.8 To make allocation from underspend in the 2012/13 budget to fund one-off redundancy and recruitment costs, should these be required.

3. CONSULTATION ON THE FUTURE STRUCTURE OF THE RESOURCES DEPARTMENT

- 3.1 I reported to Civic Affairs Committee in April that I intended to consult on changes to the structure of the Resources department to separate the role of the Section 151 officer from the post of Director of Resources. The consultation included proposals to create a new role of Head of Finance, which would become the Council's Section 151 officer, and changes to the role of the Director post.
- 3.2 The consultation document proposed that the new Head of Finance post would have responsibility for financial advice to the organisation, development of its financial strategy and maintaining the council's internal control environment. The post holder would also be part of the Strategic Leadership team
- 3.3 Seven formal responses were received from staff in response to the consultation. The majority did not support the proposals. Appendix A documents the key themes from the consultation. These can be summarised as:
- a) Concerns about potential departures from CIPFA guidance on the roles of the Head of Finance and Head of Internal Audit.
 - b) Concerns about the perceived devaluing of the finance function.
 - c) Concerns about potential conflicts of role.
 - d) Concerns about impact on workload for the new post and for staff in the rest of Finance structure.
 - e) Concerns about ability to recruit to the post.
 - f) Concerns that structural changes would not have stopped the budget forecast error occurring.
 - g) Suggestions about other structural change.

My detailed responses to the issues are outlined in Appendix A.

- 3.4 I have considered the concerns about the CIPFA Guidance and these will be discussed by Civic Affairs at its meeting on 26 June 2013.
- 3.5 Civic Affairs has been asked to endorse the proposal to designate the new Head of Finance post as Section 151 Officer, subject to more detailed consideration by the Council, following this report to the Leader and Strategy & Resources Scrutiny Committee and the committee's comments will be reported at the meeting of this committee.
- 3.6 I have discussed the proposed structure with our External Auditor and he is satisfied that my proposals address his comments.
- 3.8 I note the understandable concern about workloads for the new post and in the service more generally. Alongside the restructure, there will be a need to ensure

we continue to streamline our processes to create more capacity. Civic Affairs has been asked to recommend to Council changes to the MTS process and further proposals will be made to Civic Affairs in September on the budget setting process.

- 3.9 The Head of Finance when appointed will need to consider the most appropriate structure for the rest of the Finance service.
- 3.10 Consideration of the role of the Director was also part of my consultation. The proposal to create a new post of Head of Finance to manage the Council's finance function and to be the Council's section 151 Officer, involves changes to what is required from the role of Director. These changes present an opportunity to review what is needed from this role, to help address the strategic resource issues that are facing the Council.
- 3.11 I am proposing to delete the post of Director of Resources and to replace it with a new post (provisionally titled) Director of Business Transformation. The new post would not be the S151 Officer and would have three key purposes:
- To achieve a less bureaucratic and more strategic alignment of the resources at the Council's disposal including financial resources, ICT resources, people resources and property assets, to support council objectives.
 - To lead a transformation programme for the council's back-office support services to change them from a set of services predominantly delivered in-house to ones delivered in effective shared arrangements with other local authorities.
 - To ensure the Council maximises its commercial property and other income generating opportunities.

4. FINAL PROPOSALS

- 4.1 To create a new post of Head of Finance to manage the Council's finance function and to be the Council's section 151 Officer.
- 4.2 To delete the post of Director of Resources and replace it with a new post of Director of Business Transformation.

5. IMPLEMENTATION OF PROPOSALS

- 5.1 The implementation of the proposals will need to be managed in order to minimise risks to the council during the transition process. Dependent on the selection process, the potential exists for us to make external appointments to two new posts. This could mean we do not have new appointees actually in post until early January 2014.

- 5.2 I will therefore need to ensure the changes are implemented in phases to enable continuity through the recruitment period and completion of the 2014 Budget. This would also allow time allow for appropriate handover arrangements.
- 5.3 If the recommendations are approved then changes will be needed to the Constitution to reallocate delegations currently held by the Director of Resources in the role of S151 Officer. It is recommended that Council be asked to delegate authority to the Chief Executive to amend the Council's Scheme of Delegation to reflect the new structure. I am also recommending that Council be requested to give the Chief Executive authority to take the steps necessary to implement these proposals, other than recruitment to the new Director post, which will be the responsibility of the Council's Employment (Senior Officer) Committee.

6. IMPLICATIONS

(a) Staffing Implications

Two posts directly affected are that of Head of Accounting Services and Director of Resources. Both postholders will be able to apply for the new posts but if they do not apply, or if they are not appointed, there will be a need to serve notice of dismissal by reason of redundancy.

The Council's Constitution reserves to full Council the authority to end the employment of the Head of Paid Services (Chief Executive), the Monitoring Officer (Head of Legal Services) and Section 151 Officer (Director of Resources). As part of the proposals set out in this report, Council is being asked to approve notice of redundancy being given to the Director of Resources in the event that he is not appointed to another post.

(b) Financial Implications

The Head of Finance job has been assessed as JNC 1 which is a grade higher than the post of Head of Accounting Services and therefore there could be additional costs of up to £15,000 per annum including on-costs.

There is one grade for Director level posts so there are no additional salary costs for this post and there could be reduced costs, depending where on the scale an appointment is made.

As a consequence of the staffing implications described in (a) above there could be one-off costs for redundancy and recruitment of up to £120,000. It is recommended that Council be asked to make allocation from the underspend in the 2012/13 budget to meet these costs, should they be required.

(c) Equal Opportunities Implications

An EQIA has been completed and there are no specific equal opportunities implications.

(d) Environmental Implications

The proposals have no climate change impact.

(e) **Consultations**

The consultation document on structure was sent to all staff in Accountancy and Support Services, all Directors and Heads of Service and all Councillors. I also consulted with our External Auditor.

7. BACKGROUND PAPERS:

The following are the background papers that were used in the preparation of this report:

Consultation responses as summarised in Appendix A
CIPFA Guidance on the role of the Chief Financial Officer and the Head of Internal Audit.

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