

SENIOR FINANCE RESTRUCTURE PROPOSALS

1. PURPOSE:

- 1.1 To seek approval for a revised Senior Finance structure within the Resources Directorate, moving beyond the interim arrangements that have been in place and to ensure that the Finance portfolio is structured in an effective and efficient way that meets the future needs of the Council.
- 1.2 To strengthen the existing arrangements with devolved finance teams within the Children & Young People's and Social Care & Health directorates.

2. RECOMMENDATIONS:

- 2.1 To delete two senior finance posts, the Assistant Head of Finance (Deputy S151 Officer) and Assistant Head of Finance for Revenues, Systems and Exchequer posts.
- 2.2 To establish two senior finance posts, a Head of Project Finance (Deputy S151 Officer) and a Senior Project Accountant.
- 2.3 Subject to job evaluation to regrade existing Finance Manager posts and for the reasons outlined in the report.
- 2.4 As a consequence of the restructure proposals, to deliver savings that contribute towards the wider Resources restructure proposals.
- 2.5 To update job descriptions for the Finance Managers within the Children & Young People's Social Care & Health directorates and the acting Finance Manager in MonLife to ensure there is clarity around the line of accountability to the Chief Officer for Resources, S151 Officer and Deputy S151 Officer for professional, technical and statutory finance matters and to ensure effective Authority wide financial control, management and governance.
- 2.6 That the Finance Manager post for the Children & Young People's directorate be revised and updated to reflect the breadth of service responsibility, adjacent to recommendation 2.3 to regrade existing Finance Manager posts.

3. KEY ISSUES:

- 3.1 The finance function continues to be one of the critical functions within the Council, and arguably even more so where financial challenges are significant and increasing, demand for essential and statutory services is rising and the pace of change is as a consequence accelerated. There is a need to not only ensure that capacity and expertise is aligned with need and demand but also to ensure, and at a senior level in the first instance, that an appropriate balance is struck between safeguarding the operational day to day running of

the Council and to deliver the administration's policy aims and ambitions whilst ensuring that a sustainable future is secured.

- 3.2 A number of circumstances have prompted and provided opportunity for a review of the Senior Finance structure roles and to ensure they are structured in an effective and efficient way and that meets the future needs of the Council. These circumstances are more fully outlined in the body of the report.
- 3.3 Interim arrangements have been in place since autumn 2017, resulting from the initial long term sickness and then subsequent and untimely death of the Head of Finance, and has allowed for a more informed reflection on the Senior Finance capacity and expertise needed. The Authority has during this time continued to move forward at pace and in its delivery of the policy intentions and ambitions laid out in the Corporate Plan. There is a similar need for the senior finance structure to evolve and adapt in response.
- 3.4 The senior finance structure, in its current and proposed form, is illustrated in appendix 5a. The proposals will see:
- a) The Head of Finance (Section 151 Officer) post will remain. The Chief Officer for Resources has been acting S151 Officer and will relinquish this at the point at which the post is appointed to. This role is key in:
 - i. Assisting the Strategic Leadership Team to develop strategy and that allows the Council's strategic objectives and Corporate Plan to be resourced and delivered sustainably;
 - ii. Being involved in and where necessary bringing influence to bear on all material business decisions to ensure immediate and long term implications, opportunities and risks are fully considered and aligned with the MTFP.
 - iii. Leading the promotion and delivery of good financial management across the Authority so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.
 - b) A new senior finance post, a Head of Project Finance, operating at the same level of seniority and grade as the Head of Finance, and that will ensure that:
 - i. Projects and programmes of strategic significance are appropriately supported from a financial and commercial perspective. These may be significant capital projects, investments, service reviews etc.
 - ii. To provide appropriate advice and support, and to represent the Authority where required, on relevant projects for the Cardiff Capital Region City Deal and other regional partnerships and initiatives.

- iii. To develop data analytic capabilities that will assist senior decision makers in delivering the Corporate Plan within the confines of the medium term financial plan.
 - iv. To co-ordinate due diligence as required for significant proposals that the Authority may receive or consider investing in.
 - v. To work closely with the Chief Executive, Strategic Leadership Team and the Head of Commercial, Property, Fleet and Facilities in identifying, assessing, developing and delivering investment and partnering opportunities.
- c) The Head of Project Finance will be supported by a new Senior Project Accountant post. Furthermore, the team will be expanded as necessary and as required through secondments from the management accountancy teams and more widely, graduate internships, and external advisors and expertise. Prudently in the first year 50% of the costs of the core team will be appropriately recovered from relevant capital projects, programmes or investments. The creation of the Project Finance team will in turn alleviate existing pressures placed on management accountancy teams and whose capacity is often needing to be reactively directed to support budget holders with day to day operational matters and at the expense of dedicated support being provided to ensure and enable delivery and implementation of strategically significant projects.
- d) The Chief Internal Auditor will be reporting directly to the Chief Officer for Resources and to ensure there is independent feedback provided to both the Chief Officer and Chief Executive on the Authority's control environment and governance arrangements. This also strengthens arrangements and where the Chief Officer for Resources is designated as having overall responsibility for ensuring the effectiveness of the Authority's Anti-fraud, Bribery and Corruption policy.
- e) The Chief Internal Auditor is currently a shared post between Monmouthshire and Newport City Council, with the allocation of time being 40% (MCC) and 60% (NCC). Negotiations with Newport have resulted in agreement that the allocation of time is moved to a 50/50 basis, with a small resultant cost implication to be managed within the wider restructure proposals.
- f) An Individual Cabinet Member decision on 24th July approved the transfer of the Revenues team into the existing shared service arrangement with Torfaen County Borough Council. A further consequence of this will be the deletion of the Revenues Manager post. The transfer is estimated to generate a £46,000 saving that will be applied to assist in funding the wider restructure proposals across the directorate.

3.5 In conjunction with the proposals to restructure the senior finance structure there is also an need to strengthen and provide greater clarity around the lines of accountability between the Chief Officer for Resources, S151 Officer and Deputy S151 Officer and the Finance Managers and devolved finance teams in the Children & Young People's and Social Care

& Health directorates, and the acting Finance Manager for MonLife. It is proposed that job descriptions for the respective Finance Managers are updated to ensure the line of accountability to the Chief Officer for Resources, S151 Officer and Deputy S151 Officer for professional, technical and statutory finance matters is clear and to ensure effective Authority wide financial control, management and governance. It should be noted that whilst the post of acting Finance Manager for MonLife is being considered as part of the wider structure proposals for MonLife the line of accountability would remain with any relevant replacement post.

- 3.6 As a result of the removal of one layer of the senior finance hierarchy, through the deletion of the two current Assistant Heads of Finance roles, there is as a consequence a greater level of responsibility placed on the existing Finance Managers, three of which report into the Head of Finance, and two of which report into the Children & Young People's and Social Care & Health directorates respectively. It is proposed, subject to job evaluation, that these roles will be regraded and increased by one salary band.
- 3.7 Adjacent to the regrading proposed the Finance Manager within the Children and Young People's (CYP) directorate now occupies a role that extends and spans a number of critical areas of support services for schools and the provision of services for children with additional learning needs. Critically this includes the oversight, management and leadership of the Access unit that manages and administers school places within Monmouthshire. The post holder is also significantly involved in change management of significant aspects of the directorate's ongoing reform agenda such as the review services for students with additional learning needs and the re-provisioning of school buildings.
- 3.8 During the recent past it became apparent that there was discrepancy whereby the Finance Manager was on the same grade as the Access Manager. An updated job description now reflects the new role of Support Services Manager. This more appropriately reflects the role's range and seniority within the CYP Directorate.

4. OPTIONS APPRAISAL

- 4.1 The fact that interim arrangements have been in place since autumn 2017 has allowed for a more informed reflection on the Senior Finance capacity and expertise needed.
- 4.2 The proposals being put forward have been considered as part of a consultation exercise with the Strategic Leadership Team, Cabinet Member for Resources, and Assistant Heads of Finance.
- 4.3 The option to do nothing is not seen as a feasible option. Whilst the interim arrangements have operated satisfactorily this has resulted from honoraria arrangements being put in place to reflect additional senior responsibilities. Furthermore, the transfer of the Revenues team into the existing shared service arrangement with Torfaen County Borough Council invariably prompts the need to review the breadth of service portfolio held by the Assistant Head of Finance for Revenues, Systems and Exchequer.

- 4.4 The options considered had looked at whether the need to effectively and adequately support the delivery of strategically significant projects and programmes can be accommodated under one Head of Service. The pace of change, commercial approach, local and regional ambitions and aspirations, and a backdrop of increasing demand and model needs to see strategically significant projects and programmes developed and delivered quickly. And without sacrificing the need for detailed analysis, robust business cases and appropriate due diligence where required.
- 4.5 The issues that have been encountered for some time and more so in recent years is that capacity constraints both within finance and service areas result in focus often and more regularly getting drawn into addressing day to day operational matters. A reactive approach which will always and inevitably be an ongoing feature of Council business. The primary concern in developing a project finance function from within the existing team structure is that capacity, resource and expertise will again be drawn into dealing with existing matters.
- 4.6 The proposed structure looks to establish a Head of Project Finance role, operating at a level consistent with the Head of Finance (S151 Officer), with an equally significant domain of responsibility which manifests differently in that it will play a significant strategic role in influencing, informing, developing and implementing strategic significant projects, programmes and investments. The role will also attract a deputy S151 designation and reflective of the involvement and influence in material business decisions.
- 4.7 The proposals and the recommended option looks to provide an appropriate level of balance and dedicated senior finance leadership capability and expertise to ensure that Council has good financial management in place, whether through managing day to day operations (business as usual) or in advancing its strategic intentions and policy aims and ambitions.

5. EVALUATION CRITERIA

- 5.1 The wider implications of introducing the structure will be reflected in the service business plans and monitored through this mechanism. Regular reviews of performance and action with relevant officers will also be undertaken through one to one meetings, annual reviews and engagement with Select Committees when required. Whilst the new structure cannot 'guarantee' delivery, the drivers for change and insight captured suggests that this is the most appropriate structure for the directorate and wider Authority and to respond to demand and need whilst acknowledging cost and budget implications.
- 5.2 The restructure, in itself, will prompt further review of structures. For the Head of Finance in reviewing teams and the structures inherited and to ensure they meet the needs of the Authority, are lean and fit for purpose. And for the Head of Project Finance in determining the most appropriate model to develop 'pop up' capacity and expertise as and when required and in ensuring that strategically significant projects are adequately supported.
- 5.3 Further opportunities to review structures will take place on an ongoing basis and centred around the MTFP and budget process.

6. REASONS:

- 6.1 A number of circumstances have prompted and provided opportunity for a review of the Senior Finance structure roles and to ensure they are structured in an effective and efficient way and that meets the future needs of the Council:
- a) The sad and untimely death of the former Head of Finance and S151 officer, Joy Robson.
 - b) The transfer of the Revenues team, in some much as those responsible for council tax and business rates, into the existing shared service arrangement with Torfaen County Borough Council.
 - c) The need to ensure that senior structures evolve such as to ensure that robust financial management arrangements remain in place and to support a sustainable and resilient business and operating model where resources are aligned with demand.
 - d) The Chief Internal Auditor post, shared with Newport City Council, is currently shared 60% Newport and 40% Monmouthshire. Negotiations with Newport City Council have resulted in agreement that the arrangement could be more equitably shared 50/50.

7. RESOURCE IMPLICATIONS:

- 7.1 The cost implications of the restructure and amendments/additions to the establishment are detailed in Appendix 5b.
- 7.2 The proposals in summary involve:
- a) The deletion of two Assistant Head of Finance posts;
 - b) A new Head of Project Finance, with deputy S151 officer designation – as Head of Service and at Chief Officer band B grade;
 - c) A new Senior Project Accountant, reporting to the Head of Project Finance;
 - d) The regrading of existing Finance Manager posts.
 - e) A move to equally share the Chief Internal Auditor with Newport City Council, with a resultant cost from moving to a 50/50 from a 60/40 share (NCC/MCC).
- 7.3 The proposals in themselves result in an additional cost of £15,840, having adjusted for the deletion of the Revenues Manager post and which was factored into the proposals for Revenues team to move into the existing shared service arrangement with Torfaen County

Borough Council. This was separately considered via Individual Cabinet Member decision on 24th July 2019.

7.4 In offsetting the additional cost and to contribute towards the savings to be brought forward to fund the wider restructure proposals across the directorate savings of £122,581 are proposed from:

- a) A net annual saving of £46,000 forecast from the transfer of the Revenues team into the existing shared services arrangement with Torfaen County Borough Council.
- b) The Apportionment of project finance staffing costs to relevant capital projects, strategic programmes, investment activity and associated due diligence. A prudent approach has been taken to only allocate 50% of the costs of the core team established.

7.5 Any costs associated with the implementation of the structure (e.g. redundancy costs) will fall upon the overall Resource directorate budget to fund but should this prove insufficient, then corporate funding will be sought to cover any one off severance costs.

8. CONSULTEES:

Senior Leadership Team
Cabinet Member for Resources
Assistant Head of Finance (Deputy S151 officer)
Assistant Head of Finance - Revenues, Systems and Exchequer

9. BACKGROUND PAPERS:

Annex 1a – Current and proposed senior finance structure
Annex 1b – Restructure costings

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