

REPORT TO	ON
Shared Services Joint Committee	3 June 2019

September 2017



TITLE	REPORT OF
Update on the Shared Finance Services and Shared Assurance Services	Director of Policy and Governance (Chorley)

Is this report confidential?	NO
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## PURPOSE OF THE REPORT

1. To brief members on the review of, and amendments to, the existing shared services for finance and assurance between South Ribble Borough Council and Chorley Borough Council

## RECOMMENDATIONS

2. Members to note the report alongside the Shared Financial and Assurance Services Service Plan 2019/20 also on this committee agenda
3. Members to approve the creation of two new posts in Shared Financial Services so that the service can meet its statutory closure of accounts requirements in 2019/20 and provide additional capacity and succession planning for procurement services.
4. That this approved report is subsequently taken to SRBC and CBC Full Council for final approval
5. That a more detailed review is be brought back to the Shared Services committee to outline progress and make further recommendations for approval

## CORPORATE PRIORITIES

6. The report relates to South Ribble's Corporate Priority for excellence and financial sustainability and Chorley Councils' priority to be an ambitious Council that does more to meet the needs of residents and the local area.

## SUMMARY

7. The Deputy Chief Executive Resources and Transformation (SRBC) and Director of Policy & Governance have met regularly in the past few months to discuss the issues facing Shared Financial and Assurance Services.
8. This report is an opportunity to report on those observations and actions required to progress and develop the service going forward.
9. In the short-term this requires the recruitment to a post that will become vacant due an imminent retirement as well as creating a new post to support the closure of accounts at both councils.
10. The report also proposes creating a graduate trainee post within procurement to provide the required additional capacity as well as ensuring there is sufficient succession planning within the service.

11. The long-term ambition is to deliver efficiencies and improve performance, provide resources for growth and support the wider Corporate objectives set by both authorities.
12. Many of the actions within this report have already been factored into the appropriate service plans that are also provided on this committee agenda.

## **REVIEW OF SHARED FINANCIAL SERVICES (INCLUDING PROCUREMENT)**

### *Context*

13. There are a number of reasons for undertaking this review:
  - a) To ensure that the service continues to provide value for money as well as its statutory requirements for both councils through the provision of resources, recruitment and greater alignment of processes at both councils
  - b) To respond to the issues caused by the uncertainty of the current temporary arrangements
  - c) To future proof the service through developing skills within the team and through the recruitment of personnel with the necessary skills to lead the teams within the service and facilitate succession within the team.

### *Observations*

14. The service provides a high-quality financial management services to both authorities in relation to exchequer services, management and statutory accounting.
15. The current staffing has a number of temporary, agency and honoraria arrangements that need to be made permanent in the future.
16. Vacancies within the service have meant that temporary and expensive recruitment of agency staff was required to meet the services statutory requirement to produce the statement of accounts for both councils. In addition, a request for retirement has been made meaning there will be no permanent resource to produce the technical elements of the closure of accounts at either council. Additional resources and permanent recruitment for this expertise is therefore crucial.
17. The current financial system has been in place for 14 years (10 years for South Ribble)
18. Both authorities currently run differing payroll systems and other HR support that does not facilitate development of a shared service longer term.
19. The service continues to promote best practise across both councils however there remains inconsistent approaches to some processes e.g. bank reconciliations and period end revenue budget monitoring.
20. Both councils are involved in major schemes to drive economic development in their boroughs (such as the City Deal, Market Walk Extension, Strawberry Fields Digital Hub and Primrose Gardens Retirement Village). In addition, there are plans for further schemes, such as bringing forward the development of employment sites, delivering affordable and private rented housing stock and the provision of a Leisure Campus and borough-wide Green Links. The scale and potential complexity of these schemes means that it is important that the councils have in place capacity and capability to ensure that these projects are properly supported by finance.
21. Most job descriptions have not been updated for a number of years and require aligning with the new behaviours, competencies and values embedded at both councils

22. Senior Managers and officers often undertake transactional work examples include downloading data from the finance system such as payroll data, updating staff passwords on the finance system and creating payment runs.
23. The team recruited an apprentice six months ago, this has been very successful, providing additional capacity and resilience within the Treasury Management and Exchequer Teams
24. The Senior Management Review at Chorley Council, currently under consultation, has introduced a stand-alone Chief Finance Officer role for Chorley Council.
25. Procurement have developed a three-year policy statement adopted by both councils
26. At both councils there are a number of large-scale projects currently being undertaken and more planned over the coming years. A key ambition at SRBC is to monitor and increase the proportion of council spend that is sourced locally. All these projects require support from procurement and the team is already at full capacity.
27. There is a need to begin succession planning within the procurement team
28. A contracts register is being developed across the councils to inform those arrangements coming to an end and the resources requirements to deliver an effective procurement service.

Proposals

Team	Issue	Proposal	Time Frame
Financial Accounts	Lack of permanent capacity and expertise to close accounts at both councils	Recruit to Principal Financial Accountant role	Recruitment - August/September 2019
		Create new role 'Senior Financial Accountant' to report to Principal Financial Accountant	Approval for post required by Joint Committee on 3 <sup>rd</sup> June 2019 Recruitment - September/October 2019
Procurement	Lack of capacity Succession planning	Create and recruit to a new Graduate Trainee role	Approval for post required by Joint Committee on 3 <sup>rd</sup> June 2019 Recruitment - September 2019
All	Out-of-date role and job descriptions	All job descriptions to be reviewed and updated	To be reviewed and taken to Joint Committee in September 2019
All	Senior Managers and Officers often undertake transactional work	Consult with staff Create solutions including use of ICT or potential changes to some roles Propose solutions to Joint Committee	
Financial Systems/Procurement	Data in creditor system not able to provide accurate breakdown of local spend	Refresh creditor system and introduce new processes going forward	To be addressed as part of the 2019/20 shared financial services service plan
Management Accounts	Different management accounts processes undertaken at both councils	Review and align best practice at both councils	
Management Accounts	The current financial system has been in place for several years and both councils have different payroll and HR systems	Review the current financial, payroll and HR systems with a view to create a joint procurement plan	

## **Budget Implications**

29. The new graduate trainee role will be funded for two years through carried forward underspends within shared financial services in 2018/19.
30. The grade of the new Senior Financial Accountant role is likely to be aligned with the current senior roles in the team, POE. This will be funded through keeping the Principal Systems/Financial Accountant role (POH) vacant. Some of this role has been absorbed into the current System and Exchequer team. The remaining element of the role will be undertaken by the new Senior Financial Accountant role. Subject to the next review to be taken to Joint Committee this post, as well as other vacant posts, is likely to be deleted.
31. The current structure and proposed new posts are given in Appendix 1 to this report

## **SHARED ASSURANCE SERVICES**

32. As reported to SRBC Governance Committee a detailed review of Audit and Risk services is being undertaken. This will address allocation of roles between staff to ensure adequate cover for the three main sectors of work. These being
  - Audit
  - Risk Management and Insurance
  - Emergency Planning and Business Continuity
33. The service requires a level of staff investment to bring in Best Practice audit techniques and the associated IT systems to support this development.
34. Officers from Audit, IT and Revenues and Benefits have recently visited Liverpool City Council to review an interrogation system called IDEA. This will enable officers to download transactions and test data electronically based on agreed method statements. The system allows for sample checks on data which ultimately will remove the need to audit all key financial systems on an annual basis. This will allow resources to be focused on risk-based auditing.
35. For a limited investment of approximately £2,000 the Council can also be involved in a Chartered Institute of Public Finance and Accountancy (CIPFA) audit group. This cost can be shared between the two councils and provide robust ongoing continual professional development of the staff.
36. With these investments we would look to reduce the reliance on, and cost of services provided by Lancashire County Council on an annual basis.

## **CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION**

37. The changes to the structure outlined in this report do not require staff or union consultation. Future reviews and changes will be undertaken with full staff or union consultation.

## **FINANCIAL IMPLICATIONS**

38. All the current proposals can be delivered within the current budget. Further reports on detailed restructures will include the wider financial implications

## **LEGAL IMPLICATIONS**

39. None arising from this report. Any service reviews will be undertaken within agreed policies.

## **AIR QUALITY IMPLICATIONS**

40. None

## **COMMENTS OF THE STATUTORY FINANCE OFFICER - SRBC**

41. A review of shared services, operational structures and staff development will ensure that both councils are supported by a finance and assurance team that has the appropriate tools to deliver a best practice service in the most efficient and effective manner. At the same time providing the right resource level to deliver the councils ambitious growth plans without significant growth in the operational budget.

## **COMMENTS OF THE STATUTORY FINANCE OFFICER - CBC**

42. The report explains the urgent need to correctly resource the financial accounts team in order to meet both council's statutory responsibility to close the accounts in 2020. In the longer-term the finance and assurance services, through the ambitions outlined in the service plan, will explore and consult on options to resources the wider team correctly whilst ensuring the services are delivered efficiently and effectively.
43. All new posts will be managed within existing budgets

## **COMMENTS OF THE MONITORING OFFICER - CBC**

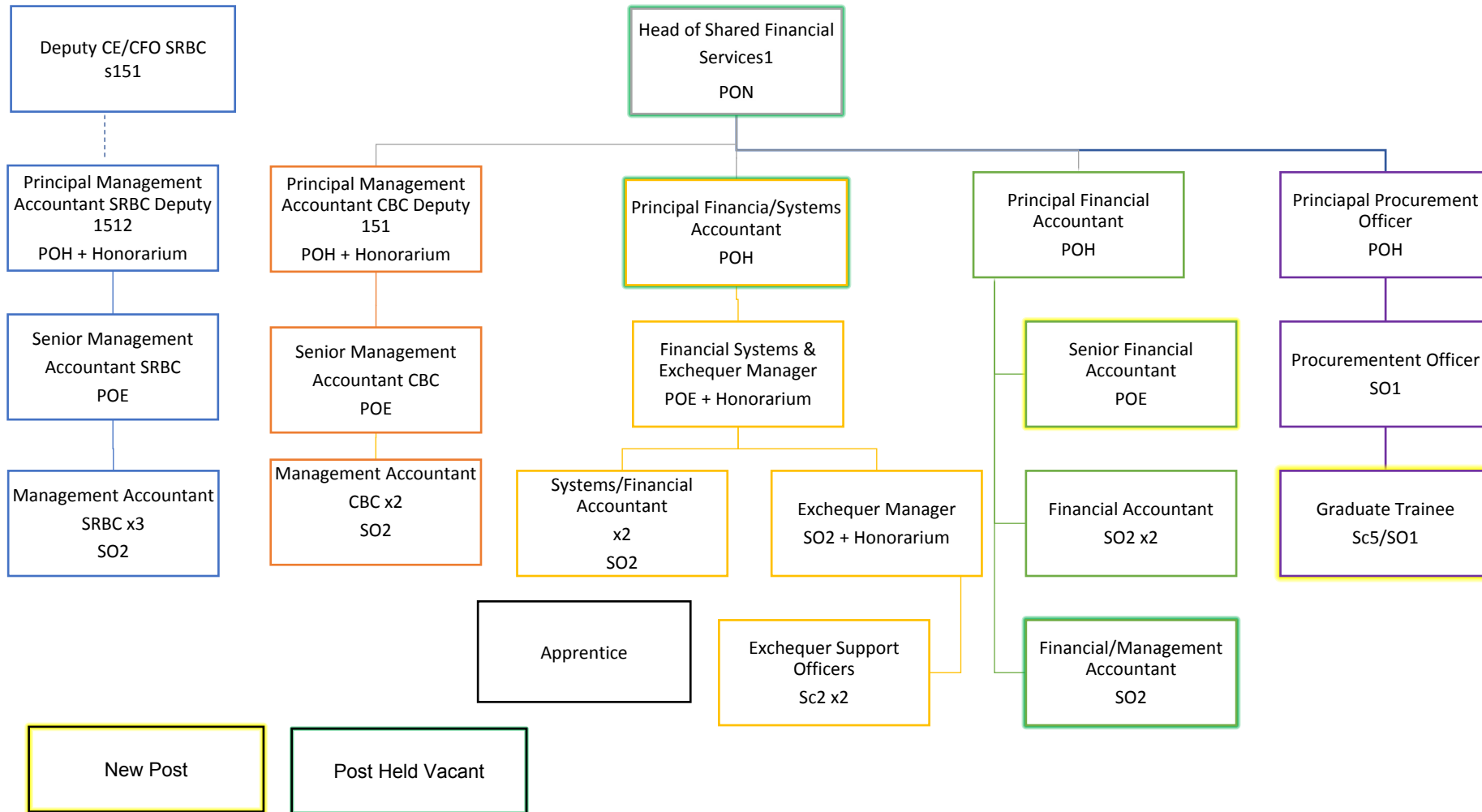
44. The report is properly presented to Joint Committee for consideration. Under the terms of the Shared Services Agreement, any issues affecting the delivery of the Services should be placed before the Joint Committee. However, to be clear, the decision on staffing of the services and the structure sits with the employing Council albeit changes to the structure must be agreed by both Council's CFO's. Following consideration by Joint Committee and CFO's the changes can be implemented using the Council's Restructure Policy. Generally, this would require reporting to Executive Cabinet, although in this instance, given the interest in Shared Services it is appropriate for consideration by Full Council.

## **COMMENTS OF THE MONITORING OFFICER – SRBC**

45. Please see comments above. Clearly it is imperative that the finance and assurance team is appropriately staffed to ensure that we are able to meet our statutory responsibilities.

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## Appendix 1; Current Shared Financial Services Structure and Proposed New Posts



1 Post has been vacant since May 2019, Interim Financial Services Manager (not shown here) is the operational manager of the Management Accounts (CBC), Procurement, Financial Accounts and Systems and Exchequer Services. The Interim Financial Services Manager is filled by the Principal Management Accountant (CBC), this member of staff receives an honorarium for acting up to this role as well as being the Deputy s151 for Chorley Council. This post reports to Director of Policy and Governance (CBC)

2 Principal Management Accountant (SRBC) reports to Director of Policy and Governance (CBC) and has a dotted line to the Deputy CE/CFO SRBC s151, this role receives an honorarium for also fulfilling the Deputy CFO role for SRBC

