

MUNICIPAL YEAR 2017/2018 REPORT NO.

**ACTION TO BE TAKEN UNDER
DELEGATED AUTHORITY**

OPERATIONAL DECISION OF:

Executive Director –
Finance, Resources and
Customer Services

Agenda – Part:	KD Num: 4542
Subject: Creation of a Financial Services Structure to Support the Council's Companies .	
Wards:	ALL

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1. EXECUTIVE SUMMARY

- 1.1 The Council currently has four 100%-owned, fully operational, companies, all of which require significant financial services support.
- 1.2 Since the companies commenced trading, the Council's Finance Hub has supported them, and, in 2014, a full time financial accountant was appointed on a temporary contract to provide that support. It should be noted that, at that time, there were only two operational companies – Housing Gateway Ltd and Enfield Innovations Ltd.
- 1.3 Since 2014, not only have these two companies expanded, but there are now two more; energetik Ltd and Independence and Wellbeing Enfield Ltd. As a result, the Finance Team has gradually increased to three fixed term posts to support the companies.
- 1.4 Whilst it is recognised that the companies are still growing, and therefore continue to increase their support needs, there is now enough business to move from a fixed term to a permanent Financial Services structure to service the companies into the future, and to increase the size of the team.
- 1.5 The structure proposed in this report will form part of the Finance Hub (Projects and Capital Team) and is designed to be flexible such that it could expand or contract if required, through the use of job descriptions that are generic with others within the Finance Hub. It will fully recover its costs through charging to the companies (using a Service Level Agreement (SLA) process).

2. RECOMMENDATIONS

- 2.1 That the new permanent Financial Services structure, comprising six posts and reporting to the Head of Projects and Capital, as described in paragraph 3.3 of this report, is created with immediate effect. This structure will replace the current, fixed term arrangements and will be fully funded from SLAs with the Council's companies.

3. BACKGROUND

- 3.1 There are currently three fixed term posts in the finance structure supporting the Council's companies, and this structure has gradually increased in size since 2014 as the number of companies and their size and complexity has increased. The current arrangements are all due to expire at different times.

The posts are:

1 x MM1 – a fixed term contract expiring in December.

1 x SO1 – a secondment from a post elsewhere in the Finance Hub.

1 x Sc6 – a secondment from another service within the Council.

In addition, there is 1 x Sc6 – recruited through Matrix for three months to support the service pending the outcome of the review of the structure as described in this report.

- 3.2 An exercise has been undertaken by a Project Consultant to review the workload of this team and develop an appropriate permanent structure, which will not only be able to deliver the current service levels required by the current four companies, but is also flexible enough so that resources can be increased or decreased to fit future service demands.

- 3.3 The proposed new structure is as follows:

1 x MM2 – Commercial Finance Manager – the job description (JD) and person specification (PS) for this post is based on a generic JD which already exists in the Finance Hub, but also requires the successful applicant to have previous experience in company accounting and to have a commercial focus, with the ability to sell the team's services to the companies, size the team accordingly and negotiate a competitive price for the services provided.

1 x PO1 – Company Accounts Senior Finance Officer – again, the JD is largely generic, but, as this post will be responsible for the production of accounts to trial balance, provision of complete and accurate audit working papers and ensuring the smooth running and completion of the company audits, the successful applicant will also require experience in company accounting and an appropriate accountancy qualification (AAT or Part Qualified).

2 x SO1 – Company Accounts Finance Officers – these posts will be responsible for bank, cash and other monthly reconciliations, budget monitoring, preparation of year end statements, coaching of colleagues and delivering continuous efficiency and improvement in the delivery of services. The JD is generic across the Accountancy service.

1 x Sc6 – Company Accounts Finance Assistant – this post will be advertised using a generic JD, with the post holder expected to take a key role in the day to day running of the service, paying and raising invoices, ensuring excellent working papers are retained and agreed processes and procedures are followed.

1 x Sc5 – Trainee Accountant – one of the targets of the Finance Hub is to regularly recruit trainees to build capacity and grow Enfield's own future Accountants. This post will be expected to develop and the successful applicant is likely to be able to progress within the Company Accounts Team, especially if the current growth in the companies continues, or to move through the wider Accountancy structure to progress their career.

This team will report to the Head of Projects and Capital.

- 3.4 The use of generic JDs is proposed in order that post holders can move to other services if required, or others can move into the service. This makes the Finance Hub flexible and allows for career progression across the team. Also, if resource requirements increase, the expectations of individuals to be appointed at each level are clear and recruitment processes are therefore streamlined.

4. ALTERNATIVE OPTIONS CONSIDERED

The Council could continue with the current temporary structure – however, the team is under resourced and the companies are seeking clarity about who their Finance contacts are and to know that they will be receiving an adequately resourced, ongoing, continuously improving service.

The Council could outsource the service – however, this could prove costly and the Council's Finance Team has experience of providing the service to the companies and understands the interface between the companies' finances and those of the Council.

The Council could set up a Financial Services company to support the other companies – however, this would take time and would involve additional cost.

A Strengths and Weaknesses analysis was carried out on each option (see below) in order to discount the options above and to agree on the preferred option.

Options	Strengths	Weaknesses
1. Externalise to an existing provider	<ul style="list-style-type: none"> • Wider experience • Big resource base 	<ul style="list-style-type: none"> • Potential lack of direct control • Lack of experience in dealing with Council companies • Could involve considerable additional cost
2. Internally provide (extension of current set up).	<ul style="list-style-type: none"> • More control • Cheaper, recharging • Better knowledge of the requirements of the service 	<ul style="list-style-type: none"> • Full cost not being met by companies • Current arrangements not reflective of true work contribution
3. Set up own accounting company to provide resource to Companies	<ul style="list-style-type: none"> • Removes responsibility away from Council • Provides scope to provide the specialist advice required 	<ul style="list-style-type: none"> • Could be costly and time consuming to set up • Removes direct managerial control

5. REASONS FOR RECOMMENDATIONS

The proposed structure will create a permanent team to support the Council's companies, giving them the assurance that they have named contacts and ongoing support, and giving the Council the assurance that an excellent and sustainable finance service is being provided to the companies.

With regard to the SO1, Sc6 and Sc5 posts, these are completely generic with the rest of the posts at these levels in the existing Finance team to ensure flexibility to increase or decrease the team depending on resourcing requirements, and to maximise opportunities for career progression. The MM2 and PO1 posts are also largely generic for the same reason.

6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES, AND OTHER DEPARTMENTS

6.1 Financial Implications

The new team proposed is estimated to cost £260k and will be fully funded by recharging this cost to the companies receiving its services.

6.2 Legal Implications

The appointment of additional staff by the Council as proposed is within the Council's powers under s112 Local Government Act 1972. To the extent the service is provided by staff on secondment or on a temporary basis, Finance are taking steps, in conjunction with HR, to terminate those arrangements following appropriate consultation in accordance with HR procedures.

6.3 HR Implications

This restructure seeks to create a stable Finance Team where we currently have fixed term posts filled with a combination of fixed term, secondment and agency staff. Consultation is to take place with the affected staff and trade unions in accordance with statutory regulations and Council guidelines.

Potentially displaced staff will be given access to redeployment to seek and apply for suitable vacancies arising within the Council. Should these staff be confirmed as displaced they will then have additional rights and will be entitled to be matched to suitable posts arising via redeployment.

If redeployment proves unsuccessful, a redundancy payment and early retirement benefits will be payable as appropriate to eligible employees in accordance with Council policy.

Should redundancy prove unavoidable the Redundancy Payment Approval Form should be completed and signed off by the Executive Director of FRCS and the Director of Finance before formal notice is issued and any redundancy payments released.

New role profiles will need to be formally submitted to HR for evaluation once the report is authorised.

The Council's Recruitment and Selection principles are to be applied to all recruitment.

7. KEY RISKS

There is a risk that the level of financial services support required by the companies will fall in the future, either because there is a change or reduction in activity, or because the companies opt to buy their services elsewhere. The creation of a team where posts are generic with other posts in the wider Finance team will create flexibility to maximise post holders' ability to move across to vacancies elsewhere should circumstances change, and therefore serve to mitigate this risk. There is also a requirement for the manager of the team to act as a relationship manager to ensure that the service remains fit for purpose and that the companies continue to want to buy that service from the Council.

8. IMPACT ON COUNCIL PRIORITIES

8.1 Fairness for All

This team will support the Council's companies in delivering their business plans and ensuring that more people can access valuable services in a time of severe financial constraint for Councils.

8.2 Growth and Sustainability

The creation of the team will ensure that a sustainable structure is in place to support the companies, with the opportunity for growth as and when required.

8.3 Strong Communities

This team will support the Council's companies in delivering their business plans and creating strong communities.

9. EQUALITY IMPACT IMPLICATIONS

The Council's Recruitment and Selection principles are to be applied to this recruitment.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

Each company has a legal agreement with the Council which sets out the level of service to be provided by the Finance Team each year, together with the agreed amount payable for that service. These "service level agreements" are regularly monitored by both parties to ensure that performance remains acceptable and represents value for money.

11. HEALTH AND SAFETY IMPLICATIONS

Not applicable.

12. PUBLIC HEALTH IMPLICATIONS

Good, strong financial support will underpin the successful operation of the companies, ensuring that they are able to continue to deliver services that contribute to improved public health and wellbeing.

Background Papers

None

