

London Borough of Enfield

Committee Name: Staff Appeals, Appointments & Remuneration Committee

Meeting Date: 29 April 2021

Subject: Review of Resources Senior Management Structure

Cabinet Member: Cllr Maguire, Cabinet Member for Finance

Executive Director: Fay Hammond, Executive Director Resources

Key Decision: N/A

Purpose of Report

1. Following an independent review of the finance structure undertaken by CIPFA (the professional body for Public Sector Accountants), and consideration of this report by the Section 151 officer. This report seeks authority to restructure the Director tier of the Resources Directorate.

Proposals

2. The Staff Appeals, Appointment and Remuneration Committee is asked to agree the Section 151 officer's recommendation to create a second Director, Finance post within the Resources Directorate; as recommended by CIPFA's independent report.

Reason for Proposal

3. The aims of this recommendation are to:
 - Strengthen the finance structure to reflect the Council's ambitious capital programmes Regeneration, Housing programme and Treasury Strategy.
 - Increase the focus on the core financial deliverables such as statement of accounts, and strategic oversight of the budget, in particular driving forward savings for medium term financial sustainability.

Relevance to the Council Plan

4. Strong financial governance underpins the Council's Corporate Plan objectives of:
 - Good homes in well-connected neighbourhoods;
 - Safe, healthy and confident communities; and
 - An economy that works for everyone

Background

5. In May 2018 the council restructured management tiers creating a number of new roles across the council and consolidating functions. The Delegated Authority Report (DAR, 18 April 2018) report recommended the restructure of

the top three tiers of the Council's senior leadership structure informed by the eight agreed organisation design principles and the need for a structure that is fit for purpose to meet the financial, strategic and community challenges the Council faces in the next three years.

6. In March 2019, as the new interim Executive Director, Resources was appointed, there was an opportunity to re-set the vision for how Resources would positively impact on driving forward the council plan, address emerging challenges and ensure financial sustainability, in the medium term. In establishing this vision, the staffing structure needed to be reviewed to ensure that the Resources Directorate structure was in the best place to deliver this.
7. During 2019/20, the Resources Directorate was restructured, to create the roles of Director of Digital Services, and Director, Customer Experience. The job description for the Director, Finance and Commercial (Deputy Section 151) was also modified marginally at that time. This structure has now bedded in, with these roles in place for over a year. For the last year, a key focus of the department has been responding to the Covid19 crisis.
8. Following the permanent appointment to the role of the Executive Director of Resources from January 2021, the first task was to re-assess the priorities for the department, organisational risk and the economic and financial context of the Covid19 pandemic for the local authority. The Director of Finance and Commercial has been covered on a fixed term basis since 24 December 2018 therefore, this also provides an opportunity to review the structure in advance of permanent recruitment.
9. As set out in the Council's constitution, the Chief Finance Officer has responsibility for the administration of the financial affairs of the Council. This proposal will increase the robustness of these arrangements. The Council spend exceeds £1bn a year revenue and the planned capital investment totals £2.2bn over the next ten years including significant ambitious regeneration and housing programmes. Enfield is the third largest borough in London, with high levels of poverty which impact on financial risks which have heightened through Covid19; challenged through underfunding resulting from dampening. Much progress has been made over the last few years, with the Ten Year Capital and Treasury Strategy in place and a more resilient medium term financial plan. This proposed restructure aims to build from this good base point.
10. Council's are working in an increasingly complex financial environment with the need for a broad skill set from more complex technical accounting to requiring commercial acumen. Layered with increased financial risk due to the broader economic and social environment post Covid19, strengthening the financial leadership tier is a prudent step at this time.

Approach

11. As the first stage towards forming a view on the permanent structure that was fit for the future, CIPFA (the professional body for public sector accountants) was engaged to review the finance team staffing structure. Engagement, either on a one-to-one basis or group workshops were conducted with over 30 key stakeholders including, the Leader and Cabinet Member for Finance, Senior Leadership Team, finance team heads of service and middle managers. The underlying theme from the review was

that, “Finance do the basics but lack the strategic thinking/capacity to take the commercial/financial discussions to the next level.” This review resulted in a clear consensus emerged from these conversations:

- Significant progress had been made to date to improve the resilience of the budgets
- Finance team role in the council’s ambitious regeneration and housing programmes needs to be strengthened - engagement in these areas and influencing the strategic direction at the outset.
- Delays in the Statement of Accounts is a significant priority to address.
- Team members commented on the lack of capacity to “think” and plan and invest in continuous improvement due to the workload and capacity issues.
- Procurement function is currently in the process of being restructured and requires the improvement plan to be delivered.
- Commercial function and strategy requires review.

Proposal

12. The CIPFA review suggested a number of recommendations for consideration including to split out the current single role of the Director of Finance and Commercial into two roles to balance the workload from one to two Directors. “This will also provide an increased managerial focus on the day-to-day running (and transformation of) core Finance whilst allowing another Director post to focus on the commercial, capital, regeneration, financing of the capital programme and procurement activities of the function.”
13. The CIPFA document, the role of the Chief Finance Officer (CFO) explains that in order for the CFO to deliver their responsibilities, the CFO must “lead and direct a finance function that is resourced to be fit for purpose”. The Section 151 officer, having commissioned the CIPFA report and considered the advice provided supports this view. Please note that the Director of Finance and Commercial also undertakes the Section 151 function for Lee Valley Park Authority; this is on a traded basis and is supported by appropriate legal agreements.
14. In response to CIPFA’s independent review, it is proposed to increase the Directors from three to four in Resources. In order to do this, the existing post of Director of Finance and Commercial will be deleted and two posts will be created:
 - Director, Finance (Capital, Regeneration and Commercial)
 - Director, Finance (Corporate), and Deputy Section 151 for Lee Valley Park Authority
15. A summary of the high-level priorities for the two Directors roles are set out below.

Director, Finance (Corporate Finance)

- Ensuring all the activities are in place for timely issue of the Statement of Accounts and continuously improved quality

- Leadership of the Council’s Medium-Term financial strategy - building on existing base to increase focus on medium term planning – driving out value from the budget, aligned to our priorities
- Develop the business partnering focus of the team that adds value, embedding commercial thinking into the team culture, reducing process
- Delivering an updated financial ledger system within the next two years
- Lobbying for fair funding for Enfield

Director, Finance – Capital and Commercial

- Lead the Capital Investment Financing Strategy
- Driving out value from the Council’s balance sheet and ensuring that the capital investment programme is aligned to the strategic council priorities
- Deliver the Procurement improvement plan to ensure best value and increasing focus on “buy local”
- Strategic finance partner and critical friend to Housing and Regeneration strategies
- The Council role for companies – strengthening due diligence for the shareholder role
- Improve capital expenditure forecasting

16. The Director appointments would be via a member panel; the broad timetable for recruitment is set out below:

Staff Appointment and Remuneration Committee	Appeals, and Committee	29 April 2021
Engage company, microsite etc	recruitment setting up	1 May 2021 to 28 May 2021
Advert for role/s		w/c 31 May 2021
Closing date		w/c 21 June 2021
Long list		w/c Monday 5 July
Short list		w/c Monday 19 July
Interviews		w/c Monday 26 July
Appointment (if subject to 12 weeks notice)		By 1st November 2021

Safeguarding Implications

17. There are no safeguarding implications arising from this report.

Public Health Implications

18. There are no public health implications arising from this report.

Equalities Impact of the Proposal

19. There are no equalities implications arising from this report.

Environmental and Climate Change Considerations

20. There are no environmental and climate change implications arising from this report.

Risks that may arise if the proposed decision and related work is not taken

21. It is the advice of the Section 151 officer that the finance director tier is strengthened to reflect the priorities of the organisation. Should this not proceed there is a risk that the speed of continuous improvement will not be at pace required in the current financial context of Covid19 and would be imprudent to not proceed.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

22. The aim of this restructure is to strengthen the capacity to manage the Council's financial risks. However, the key risks and mitigations are set out below.
23. **Destabilisation** – any restructure is destabilising and this may result in lack of focus on key financial challenges (e.g. Statement of Accounts, Medium Term Financial Plan, monitoring of budget etc). In order to reduce the impact of this, there is flexibility to retain the existing arrangements and provide appropriate hand over opportunities. Further, strong governance is in place to ensure these priorities stay on track.
24. **Recruitment risk** - Risk that appropriately skilled financial professionals may not be able to be recruited. This will be mitigated through the procurement of appropriate recruitment agencies. There are other councils with similar split of roles in place and therefore this role is comparable. The salary levels are also comparable with other London Boroughs.

Financial Implications

25. To note that the cost of the additional Director post is anticipated to be up to £84k in 2021/22, funded by £35k additional external income, £50k holding of vacancies in the wider Resources Directorate. In 2022/23, the full cost of up to £167k (including oncosts) will depend on the outcome of a broader restructure consultation that is planned to take place. Initial indications are that the wider restructure will be contained within existing finance budgets, however, the Director post, will require additional budget requirements of c£100k.

26. Legal Implications

27. The Council has a statutory duty to arrange for the proper administration of its financial affairs and a fiduciary duty to the taxpayers with regards to the use and accounting for public monies. This report contributes to the discharge of these duties.

Workforce Implications

28. Consultation will take place with the existing fixed term postholder and the trade unions in accordance with statutory regulations and Council guidelines. Assimilation is not applicable in this instance as the new role is significantly different to the current position. Recruitment to the two newly created positions will be undertaken in line with our recruitment policy.

29. Any displaced staff will be given access to redeployment as per Council policy.
30. Any displaced staff who do not secure an alternative role in the new structure, or via redeployment, will be eligible to receive redundancy payments in accordance with statutory entitlements and Council policy. Prior to any redundancy payments being issued the Redundancy Payment Approval Form should be completed and signed off at the necessary level.

Property Implications

31. There are no property implications arising from the report.

Other Implications

32. None

Options Considered

33. One option could have been to add a HOS3 post instead of a Director post, however, the independent CIPFA report supported the split of the functions at Director level.

Conclusions

34. In summary it is the Section 151 recommendation that a second Director of Finance post is created to strengthen the finance team; following CIPFA independent review of the finance structure. This is building on the existing resilient medium term financial plan and work undertaken on the Ten Year Capital Programme and Ten Year Treasury Strategy to date.

Report Author: Fay Hammond
Executive Director Resources
Fay.hammond@enfield.gov.uk
02083795580

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