

14 September 2015**Agenda Item: 5****REPORT OF THE SERVICE DIRECTOR – FINANCE & PROCUREMENT****RESTRUCTURE OF THE FINANCE SERVICE****Purpose of the Report**

1. The purpose of this report is to seek approval to changes in the structure of the Council's Finance and Procurement Division of the Resources Department arising from budget reductions for 2016/17.

Information and Advice

2. The budget report for 2016/17 which was approved by County Council in February 2015 included a number of savings proposals across all Committees including Finance and Property Committee. The budget included additional savings for the Finance function of £90,000 in addition to savings of £250,000 approved as part of the previous year's approved budget. This report sets out the proposals of the Finance Division Management Team regarding how these savings will be achieved in the financial year.
3. Taking into account existing savings options in the Medium Term Financial Strategy over the three years to 2016/17, the division will have provided total savings of £1.5 million, a reduction of 36% against the 2013/14 net budget of £4.2 million.
4. The Council's review of alternative service delivery models through the Redefining Your Council transformation framework will also impact both on the transfer of budget for the buy-back of support services such as Finance and more importantly the potential transfer of staff to new organisations under the Transfer of Undertakings (Protection of Employment) Regulations (TUPE). Currently these include a charitable community benefit society for a range of cultural services and the establishment of a joint venture company with CORMAC for the delivery of integrated highways services. The potential transfer of three posts to these new organisations has not been reflected in the changes to the Finance structure as the transfers will not take place until these organisations are established in the New Year.
5. Having reviewed all budget headings a number of non-staffing budgets have been identified and these have been reduced for the financial year 2015/16 in advance of 2016/17 and management will be required to contain expenditure within these reduced amounts. Areas that have been reduced include office equipment, audit fees, bank charges, travel and subsistence and staff conference expenses. The contribution towards the overall budget savings from these adjustments is £62,000 in the year.

6. As a consequence savings proposals for 2016/17 will fall on staffing budgets as staffing budgets comprise the vast majority of the division's budget. The Divisional Management Team has considered the current staffing structure, and in July 2015 issued a Consultation Document on a proposed restructuring of the division. Comments on the proposals were invited by the closing date of 6 August and having received those responses the management team again considered the proposals and issued a formal response to the comments received on 10 August 2015. This report therefore seeks to implement the proposals for the division.
7. In addition, individual consultations took place with each Corporate Director as they are the key stakeholders and users of the division's services. Whilst recognising the need for the division to make savings Corporate Directors did express concerns regarding the ongoing capacity of the Finance function at a time when demands upon the guidance, advice and analysis from the division will be increasingly important as further budget reductions are considered.
8. The vision for Finance continues to be a smaller team but one which is more strategically focussed and with a higher density of appropriately qualified staff. The proposed budget reductions have been constructed with a view to maintaining sufficient capacity to deliver the division's core responsibilities. These include:
 - The need to meet statutory requirements such as the production of final accounts, the production of the annual budget and giving appropriate Treasury Management and Pension Fund advice.
 - Continuing to provide sound risk management and insurance arrangements.
 - Continuing to support Service departments with financial advice, budget preparation and monitoring and accounting services and
 - Contributing towards the development and implementation of improved financial management systems.
9. These proposals build upon the improvements made to the Finance division over the last few years, in particular;
 - The change toward a 'Business Partner' model of working based on being proactive and having strong business skills.
 - Increased automation and efficiency of finance processes thus gaining the full benefit of the investment in the Business Management System.
 - Strengthening the relationships between Finance and the broader business.
 - Reducing duplication of systems, streamlining processes and reporting practices improving the reliability of data quality and the quality and timeliness of financial information.
 - Improved quality, consistency and new and innovative approaches to the way the function performs and

- Improved effectiveness of the Corporate Accounting team, providing it with the necessary “financial management grip” across the whole organisation.

10. In response to the consultation the final structure is proposed only as a reflection of the initial requirements for support to departments based on the changes to the overall Council’s structure approved at Policy Committee in July. The use of generic job descriptions allows the division to maintain maximum flexibility in its structure, allowing it to respond quickly to changes both in demands and department structures. Consequently, over time it is expected that posts will be transferred between teams across the division to meet competing priorities.

The Proposals

11. The posts to be deleted and established for the tiers of the new structure are set out in the table below and the proposed initial structure is set out in Appendix 2. The current structure is set out in Appendix 1.

Current Posts (to be deleted)	FTE	Proposed Posts (to be established)	FTE
Group Manager	2	Group Manager	2
Senior Finance Business Partner/ Senior Accountant	9	Senior Finance Business Partner/ Senior Accountant	5
Senior Practitioner – Risk & Insurance	1	Senior Practitioner – Risk & Insurance	1
Finance Business Partner/ Accountant	18	Finance Business Partner/ Accountant	18
Assistant Accountant	11	Assistant Accountant	11
Accounting Technician	22	Accounting Technician	20
Risk & Insurance Officer	1	Risk & Insurance Officer	1
Senior Insurance & Risk Officer	2	Senior Insurance & Risk Officer	2
Claims Handler	2	Claims Handler	2
Insurance Technician	2	Insurance Technician	2
Investment Officer	1	Investment Officer	1
Pension & Treasury Management Accountant	2	Pension & Treasury Management Accountant	2
Loans officer	1	Loans officer	1
Investment & Treasury Management Assistant	1	Investment & Treasury Management Assistant	1
Total	75	Total	69

Other Options Considered

12. There are no other short term options to addressing the challenges within the Finance Service. Longer term options could be the outsourcing of the Service or collaboration with another local authority. These, however, are not considered appropriate at this time.

Reason/s for Recommendation/s

13. The recommendations are needed to progress to the enabling process for the remaining levels of the new structure.

Statutory and Policy Implications

14. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Implications for service users

15. One of the main reasons for restructuring the Finance Service is based on the approach that support services should make an appropriate contribution towards the Council's overall savings target to safeguard front-line service delivery. These reductions are planned to minimise the impact on the quality of the service provided to customers and key stakeholders.

Financial Implications

16. Provisional estimates for the cost of the new structure suggest that savings of up to £290,000 will be generated in a full year and these will contribute to the overall savings required in the County Council's Medium Term Financial Strategy.

Equalities Implications

17. The restructuring of the Finance Division will be carried out in accordance with the County Council's employment and equalities policies.

Human Resources Implications

18. Staff and trade unions have been fully informed of the rationale for change and have been regularly and appropriately consulted on the proposed new structure.

19. The HR implications have been considered through the consultation process in drawing up the new structure and job descriptions. Appointments to the posts in the new structure will progress in line with the corporate enabling process. Confirmation of grades within the structure will be confirmed through the job evaluation process.

RECOMMENDATION/S

20. It is recommended that Elected Members approve the changes to the Finance Service structure effective from 1 October 2015 as set out in this report.

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Constitutional Comments (KK 13/8/15)

The proposal in this report is within the remit of the Finance and Property Committee.

Financial Comments (NS 13/8/15)

The financial implications of the restructure are set out in paragraph 16 of the report.

Background Papers

None

Electoral Division(s) and Member(s) Affected

All