

17 December 2012

Agenda Item: 6

REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT

A JOINT NOTTINGHAMSHIRE PUBLIC SECTOR FINANCIAL MANAGEMENT TRAINING SCHEME

Purpose of the Report

1. The purpose of this report is to seek approval to the establishment of a graduate financial training scheme that will ensure there is a suitable pool of local talent, to meet the future needs of local authorities and other public sector organisations across Nottinghamshire.

Information and Advice

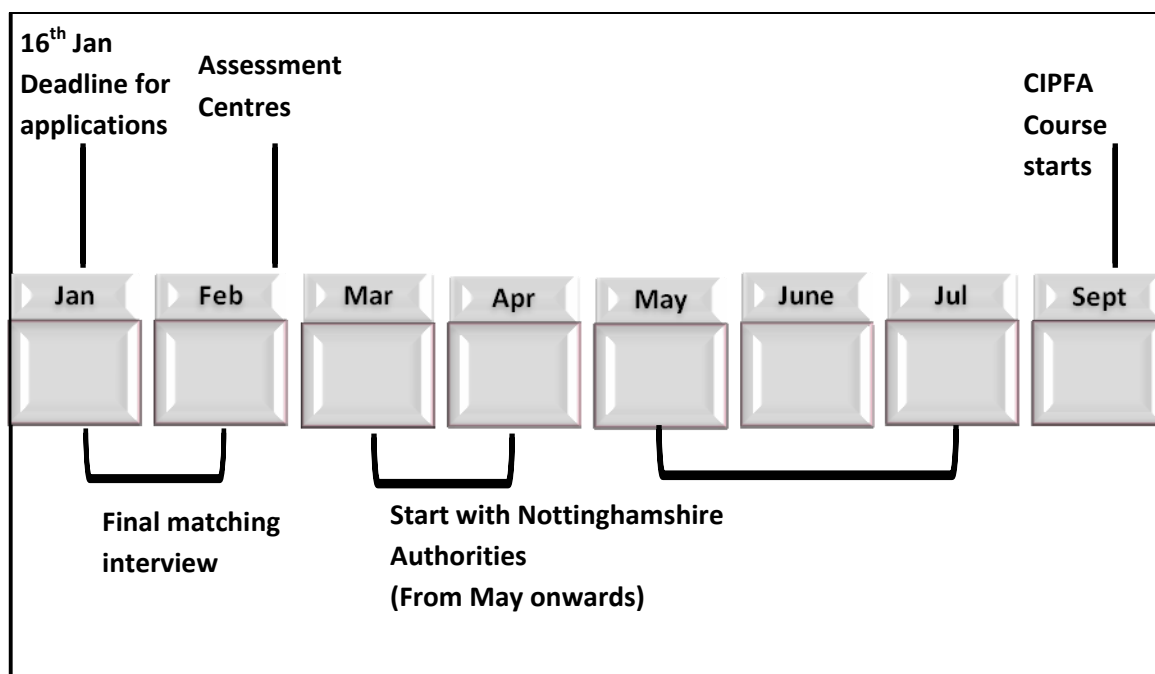
2. The current financial challenges facing the public sector generally, and local government specifically, has highlighted the need for high quality financial management support. Such support will play a crucial role in shaping the local authority response to managing with reduced resources, whilst at the same time continuing to deliver high quality services to local taxpayers. Key considerations for local authorities are the routes to ensuring that there are sufficient numbers of suitably qualified finance managers coupled with the recognition that, in practice, this will mean smaller yet more skilled finance teams
3. The Chartered Institute of Public Finance and Accountancy (CIPFA) is the professional body for people in public finance. 14,000 members work throughout public services, in local and central government, the NHS, national audit agencies, major accountancy firms and in other bodies where public money needs to be effectively and efficiently managed.
4. The County Council has traditionally supported CIPFA training and a significant number of the qualified finance staff, including the 3 most senior members of the Finance team, are CIPFA members. Dedicated trainee posts have all but disappeared from many local authorities, including Nottinghamshire County Council, and those who have recently undertaken the qualification have tended to be existing members of staff who want to pursue a professional qualification. However, in the recent Finance and Procurement restructure 2 CIPFA trainee posts were created in recognition of the need to address this matter.
5. Unfortunately there has not been a rigorous assessment of individual's suitability to undertake what is an extremely demanding and rigorous test of professional competence. In particular, at a cost of £9,000 per trainee in studying costs alone, this is not an insignificant investment and a decision to support a member of staff to pursue CIPFA training should not be taken lightly, particularly in the current financial climate.

6. Key facts facing a public sector which wishes to ensure a sufficient source of suitably qualified, skilled and experienced staff to become financial managers and Directors of Finance of the future include:
 - across the 84 local authorities in the east and west midlands, there are over 700 active CIPFA members employed. Of these over half are 45 years of age and over, which means that over the next 10 years a significant number of experienced, qualified staff are likely to leave through retirement, voluntary redundancy etc. particularly in light of the on-going spending pressures
 - all public sector organisations will be required to do more with less in future. In the past, a high number of finance staff have studied the CIPFA qualification but this high number has not translated into actual qualified individuals due to poor pass rates; in other words any future investment in finance training needs to be better targeted at people with the aptitude, self-discipline and motivation to undertake and fulfil the requirements of a professional qualification
 - due to budget pressures, financial support for training is often amongst the first areas of reduced expenditure. This can be short-sighted as, whilst in the short term it might save money, in the long term it often results in higher costs. This occurs where, further down the line, organisations with insufficient permanent staff to fill posts resort to employing very expensive temporary/agency staff or using significant financial incentives to attract new employees and this can have an inflationary impact on staffing costs
 - some authorities, notably district councils, do not necessarily have the means to fully fund or support a full time trainee post yet depend on suitably qualified staff to fulfil their key roles.
7. In order to address these challenges a different approach to finance training is necessary. The Nottinghamshire Finance Officers Group (whose membership includes the Chief Financial Officers of all Nottinghamshire local authorities, as well as Nottinghamshire Police and Nottinghamshire Fire and Rescue Service) has recognised this as a priority and recent discussion, led by the County Council have worked towards a collaborative solution.
8. The Service Director - Finance & Procurement gave a joint presentation to the Group in collaboration with CIPFA and Nottingham Trent University (the local CIPFA training provider). The presentation offered a number of options towards establishing a collaborative training scheme. The Group agreed to co-operate with a joint scheme already in operation across a large number of London boroughs.
9. The Society of London Treasurers (SLT), in conjunction with an award winning recruitment specialist GradWeb and CIPFA itself, have for the past 9 years worked together to develop a joint recruitment scheme.
10. This scheme has been very successful in attracting high-quality graduates into a career in public finance. Since its inception in 2003, the scheme has:
 - helped participating organisations recruit 247 high calibre graduates onto the programme using robust assessment and selection methodology

- achieved CIPFA pass rates that have consistently been around 90%, compared to CIPFA's national average of 55-65%
- there has been a 97% staff retention rate within participating employers.

11. The SLT scheme is only focused on joint-recruitment; once appointed, individual authorities employ the successful applicants and there is, as yet, no further co-operation. The aim of the Nottinghamshire scheme is to take this a step further and provide trainees with the opportunity to gain experience of working across a range of different employers i.e. during their training programme they would rotate between the County Council, Nottinghamshire Police and/or Nottinghamshire Fire and Rescue and one or more of the district councils. The potential timetable for the recruitment of the trainees is shown in the diagram below:

CIPFA Trainee Recruitment Timetable



Online test & telephone interviews

12. This not only has huge benefits to the trainees in terms of building deeper knowledge and importantly practical experience of working within different organisations, but also crucially allows recruitment and training costs to be shared amongst employers, thereby also allowing for a greater number of trainees. Other benefits are:

- trainees experiences quality placements across the whole of Nottinghamshire

- development of greater understanding and working practice for the trainee and the partners involved in the scheme
 - keeps the best talent in Nottinghamshire: keeps the best talent in Public Sector organisations.
13. Nottingham City Council currently has its own training programme, but they too have signalled that they may well be interested in joining in the near future. Attracting other local public sector organisations to the scheme, such as the NHS and HMRC may also be possible. It is hoped that such a scheme will help build the talented finance leaders of the future with Nottinghamshire at the heart of that experience.

Operation of the Scheme

14. Following discussion at the NFOG, the Group is recommending the recruitment of an initial 6 trainees on a 3 year contract. The County Council would employ all trainees, to ensure consistent terms and conditions but the trainees would work across different organisations. In practice this would mean that, over the 3 years, 2FTE would work at the County Council, with the other 4FTE working at the Nottinghamshire Police, Nottinghamshire Fire and Rescue, Ashfield District Council, Gedling Borough Council and Bassetlaw District Council (each of whom have signalled a need for a trainee and have also agreed to support and share the cost of the trainees, which will be reimbursed to the County Council).
15. An existing member of staff within the Environment and Resources Business Support team, working closely with the Service Director – Finance & Procurement, will be responsible for the day-to-day management of the scheme. Trainees will be provided with a mentor, regular supervision, personal performance reviews and a detailed programme of work experience (in areas such as financial planning, corporate accountancy, audit and corporate projects) which will enable them to fulfil the work-place training requirements of the qualification. The trainees will attend Nottingham Trent University on a day release basis to equip them with the necessary learning to enable them to successfully pass the professional examinations.
16. Trainees will be expected to sign a form of undertaking which details the specific circumstances where there would be the requirement to pay back the costs incurred where they decide to leave the scheme before completion. The form of undertaking will also specify the circumstances where financial support will be given to retake failed examinations and where repeat exam failures would result in the trainee being dismissed.

Financial Implications

17. GradWeb have, along with the support of the Society of London Treasurers (SLT), agreed to the Nottinghamshire scheme joining the proven and recognised recruitment process designed for SLT's purpose, but with specific targeting at Nottinghamshire. Given a large number of employers (and therefore trainees) the recruitment costs per trainee for the Nottinghamshire Scheme is greatly reduced by this relationship and offers Nottinghamshire the opportunity to be part of a

larger successful scheme without the cost of an independent drive that would have seen significantly higher cost in start-up, marketing and recruitment.

18. The table below sets out the projected costs of the scheme, including the employee costs and training costs over a 3 year period. It also shows the anticipated contributions from each of the partner authorities, which would mean the actual cost to the County Council would be an estimated £216,808 over 3 years. When compared to a daily rate for a qualified accountant from an agency of £400* per day, (£104,000 per year per FTE and £1.87m for 6 FTE over 3 years) this cost is clearly significantly lower. *Accounting and Finance 2012 Salary Guide. Hudson Europe.

Table One – Estimated Costs of a CIPFA Training Programme

	Year 1 £	Year 2 £	Year 3 £	Total £
Initial Recruitment Costs ¹	3,413	-	-	3,413
One-of website charges	2,000	-	-	2,000
Salary and on costs	26,287	29,958	36,306	92,551
Professional Training	2,600	4,200	2,240	9,040
Course Materials	1,000	1,000	1,000	3,000
Total costs per FTE	33,633	35,158	39,546	108,404
Total costs 6 FTE ²	201,800	201,948	237,276	650,024
Total recharge ³	134,533	140,632	158,184	433,349
Total Cost to NCC	67,267	70,316	79,092	216,675

Notes:

1. Recruitment costs include - Marketing on-line and via mail / press; University milk-rounds; Website; On-line application system; Application form screening (approx. 1800 applicants); On-line tests (approx. 540); Telephone interviews (approx. 250); Assessment centres (5 days); Venue and catering costs (35 applicants)
2. Should other local authorities join the scheme costs would be adjusted and further economies of scale realised. The contribution from the County Council will not exceed the amount included in this report.
3. The cost to members of the scheme - based on 12 month placement at each – the cost of shorter placements will be apportioned accordingly.

Other Options Considered

19. The County Council could “go it alone” and only recruit trainees to be employed directly. This would detract from the ability to work in partnership and would also see significantly higher start-up, advertising and recruitment costs.

20. Lack of professional training of new finance staff would create a significant long term challenge for the future financial stability of the County Council, and would result in unnecessary costs being incurred through the contracting in of staff from other organisations that would not necessarily have the requisite skills and experience of working in local government.

Reasons for Recommendations

21. A Nottinghamshire scheme would offer significant cost savings and increased employer profile of the participating organisations and would attract the highest calibre applicants. The scheme will support the important task of developing the future finance leaders within Nottinghamshire.

Statutory and Policy Implications

22. 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.

RECOMMENDATIONS

1. That Finance and Policy Committee approve the establishment of a Joint CIPFA training scheme with other local and public authorities across Nottinghamshire.
2. That the Committee approve the establishment of 5 trainee posts that will be supported by contributions from the participating organisations.
3. That the Committee agree to delegate the decision to allow other organisations to join the scheme, subject to there being no increase in cost to the County Council, to the Service Director – Finance and Procurement, in consultation with the Chairman of the Finance and Property Committee.

REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT

For any enquiries about this report please contact:

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Constitutional Comments (NAB 30.11.12)

Finance and Property Committee has authority to approve the recommendations set out in this report.

Financial Comments (PDS 4.12.12)

The financial implications of the proposals are contained in Paragraph 18/Table 1 of the report. The new Finance Division structure includes funding for 2 CIPFA trainee posts and the County Council training costs will be met from current training budgets.

The additional costs of recruiting/supporting other trainees will be recharged to the other participating organisations.

Human Resources Comments (CD 4.12.12)

Human Resources issues are identified within the body of the report and recruitment processes will follow normal corporate procedures.

Trade Unions Comment

The trade unions have also been consulted on the proposals and have received a copy of the draft report.

Background Papers

None

Electoral Division(s) and Member(s) Affected

None directly.