

AGENDA ITEM 1

REPORT TO ARTS, LEISURE AND CULTURE SELECT COMMITTEE

24 NOVEMBER 2010

REPORT OF HEAD OF FINANCE, PROCUREMENT AND PERFORMANCE and HEAD OF FINANCE & ASSETS

FINANCE TASK AND FINISH EIT REVIEW

SUMMARY

On 3 November 2010 Members were presented with reports that outlined the scope of the functions contained within this review. This report concludes the Task and Finish exercise. It provides details on performance levels, impacts on the services going forward, interaction with customers and the Council and concludes with options for future delivery including a recommended way forward.

RECOMMENDATIONS

1. The Internal Audit section is reduced in size and amalgamated with the Financial Planning section.
2. There is no change to the Risk Management and Insurance function at this moment in time. A further review of the function to be undertaken in 2012 when the Corporate Risk and Insurance Manager retires.
3. The Finance service's main focus will be strategic financial support, stewardship and direction to the Council and will rationalise routine functions which are not considered to add value. The service is restructured and reduced in size to reflect standardised and simplified procedures, removal of functions, and the impact of changes associated with financial planning and the roles and responsibilities of the Head of Finance & Assets and Head of Finance, Procurement & Performance.

DETAIL

1. The EIT review of Finance comprises of three elements, Internal Audit, Risk Management and Insurance and Finance. The first two elements are classified as part of the governance arrangements of the Council. The third element includes strategic forward planning and utilisation of the Council's financial resources.
2. The attached Task and Finish report for Internal Audit examines a number of options, and concludes with the recommendation that the proposed way forward is to reduce the numbers in the section by not filling vacancies. This will result in the Chief Internal Auditor not being replaced in July 2011 when he retires. Clearly there will be a need to fill the role and have a section lead. This will be accomplished by merging the section with the Financial Planning section, with the

current Chief Financial Planner taking responsibility for managing both teams. The Task and Finish report explains how this change can be achieved in practice. The change will result in savings of £91,000 for a full financial year. This will not all be fully realised in 2011/12 with the Chief Internal Auditor retiring in July. In addition the new role of the Chief Financial Planner will need to be assessed against the job evaluation criteria and there may be a cost implication to this.

3. The report on the Risk Management and Insurance section identifies that the establishment will be reduced to 6.2 fte's in December when one of its officers leaves and is not replaced. This is in comparison to an original establishment of 8.0 fte's. A reduction of 22.5%. In these circumstances it is not proposed to make any further reductions at this moment in time. The next financial year promises to be a turbulent one. It is anticipated we will need more focus on risk management and insurance during this period. In June 2012 the Corporate Risk and Insurance Manager retires. It is recommended that at this time a further review of this function takes place to determine whether any changes should occur. At the current level of savings proposed, the £91,000 compared to the total budget for Risk and Audit of £522,000 equates to 17%.
4. The report for Finance outlines the current service provision, changes impacting upon the service and performance. It outlines the need for increased financial stewardship and strategic financial advice and direction to the Council in the difficult financial climate.
5. The service will review processes, procedures and structures, consider co-location, eradicate practices which do not add value and reduce the establishment accordingly. The service currently operates with an establishment of 63 fte, has 5.7 vacancies and this is expected to reduce further in order to generate savings of £276,000. Detailed structures will be developed and these savings will be generated throughout 2011/12. This would generate a 15% saving, however, if the current efficiency target was taken into account, this would equate to a reduction of 24%.

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