

STOCKTON-ON-TEES BOROUGH COUNCIL

CABINET RECOMMENDATIONS

PROFORMA

Cabinet Meeting16th December 2010

1. Title of Item/Report

Finance Task & Finish EIT Review

2. Record of the Decision

Members considered a report that presented the findings of the officer led Task and Finish Efficiency Improvement and Transformation (EIT) Review of Finance, which comprised of three elements: Internal Audit, Risk Management and Insurance and Finance. The first two elements were classified as part of the governance arrangements of the Council. The third element included strategic forward planning and utilisation of the Council's financial resources.

Internal Audit examined a number of options, and concluded that the proposed way forward was to reduce the numbers in the section by not filling vacancies. This would result in the Chief Internal Auditor not being replaced in July 2011 when he retired. There would be a need to fill the role and have a section lead, and this would be accomplished by merging the section with the Financial Planning section, with the current Chief Financial Planner taking responsibility for managing both teams. The change would result in savings of £91,000 for a full financial year, which would not all be fully realised until 2011/12. In addition the new role of the Chief Financial Planner would need to be assessed against the job evaluation criteria and there may be a cost implication to this.

Risk Management and Insurance identified that the establishment was reduced to 6.2 full time employees in December when one of its officers left and was not replaced. This was in comparison to an original establishment of 8.0 full time employees. In these circumstances it was not proposed to make any further reductions at this moment in time. It was anticipated more focus would be needed on risk management and insurance during the next financial year. In June 2012 the Corporate Risk and Insurance Manager would retire, and it was recommended that a further review of this function took place to determine whether any changes should occur at this time. At the current level of savings proposed, the £91,000 compared to the total budget for Risk and Audit of £522,000 equated to 17%.

Finance would review processes, procedures and structures, consider co-location, eradicate practices which did not add value, and reduced the establishment accordingly. The service operated with an establishment of 63 full time employees, had 5.7 vacancies and this was expected to reduce further in order to generate savings of £276,000. Detailed structures would be developed and these savings 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%.

The conclusion of this review was presented to Arts, Leisure, and Culture Select Committee on 24 November 2010 for comment. The Committees comments were all favourable, and all the recommendations were acceptable to, and agreed by, the Members attending.

It was anticipated that the recommendations would result in budget savings of £367,000.

RESOLVED that:-

1. The Internal Audit section be reduced in size and amalgamated with the Financial Planning section.
2. There be 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 would be strategic financial support, stewardship and direction to the Council and would rationalise routine functions which were not considered to add value. The service be 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.

3. Reasons for the Decision

To produce efficiencies and improvement in the delivery of the Finance function.

4. Alternative Options Considered and Rejected

None

5. Declared (Cabinet Member) Conflicts of Interest

None

6. Details of any Dispensations

Not applicable

7. Date and Time by which Call In must be executed

Midnight on Friday 24 December 2010

Proper Officer
20 December 2010