

South Northamptonshire Council and Cherwell District Council

Joint Commissioning Committee

1 October 2015

Finance Restructure Proposal

Report of the Head of Finance and Procurement

This report is public

The appendices are exempt by virtue of paragraphs 2, 3 and 4 of part 1 of Schedule 12A of Local Government Act 1972.

Purpose of report

This report presents the final proposal following consultation for a restructure of the existing shared Corporate Finance service across Cherwell District and South Northamptonshire Councils (hereafter “Cherwell” or “CDC” and “South Northamptonshire” or “SNC” respectively).

The report recommends the restructure and in doing so seeks the Joint Commissioning Committee’s agreement for the staffing elements of the proposal.

The proposal is part of the wider transformation programme across the two Councils.

1.0 Recommendations

The meeting is recommended:

- 1.1 To consider the responses to the consultation process with the affected staff and trade union representatives received as detailed in the consultation log and from the Joint Councils Employee Engagement Committee (attached as an appendix) and whether any amendment to the business case is required as a result of them.
- 1.2 To note that as the proposal is for a restructure of an existing shared service between CDC and SNC and there are negligible financial implications, the proposal does not need to be considered by either CDC Executive or SNC Cabinet.
- 1.3 To approve the staffing aspects of the final proposal to restructure the existing shared Corporate Finance team between SNC and CDC and to delegate to the Head of Finance and Procurement in consultation with the Chairman of the Joint Commissioning Committee any subsequent non-significant amendment that may be required to the proposal.

2.0 Introduction

- 2.1 Following the adoption of a Business Case for Joint Working by CDC and SNC in February 2015 and the commitment to deliver the business case objectives as soon as is practicable the three way transformation programme was reshaped to meet the needs of SNC and CDC pending a decision from Stratford-on-Avon regarding their participation after the election in 2015.
- 2.2 Following the decision of CDC and SNC Councils in February 2015 to approve the final business case for developing the approach to joint working and the delivery of local authority services, all services at both Councils are now included on the policy framework for the consideration of shared working.
- 2.3 This restructure proposal is part of the on-going Transformation Programme across the two Councils.
- 2.1 This proposal does not seek to deliver savings as set out in the joint working business case considered by both Councils in February 2015. This is because the service area has previously delivered £150,000 saving during the initial shared service proposal and significant savings are being delivered through the new Financial Management System.

3.0 Report Details

- 3.1 The draft proposal for the restructure of the shared Corporate Finance team was endorsed for consultation with staff by the Joint Arrangements Steering Group (JASG) on 8 July 2015 having been previously discussed and endorsed by the Transformation Joint Working Group. The final proposal, amended in order to reflect some of the comments made as part of the staff consultation process and to update/correct some of the financial figures included in the draft version, is attached as Appendix 1 to this report.

Proposal

- 3.2 The proposal; included as Appendix 1 sets out the rationale for restructuring the Corporate Finance Team.
- 3.3 The service will be led by a Corporate Finance Manager who would report directly to and be line managed by the Head of Finance and Procurement. The Corporate Finance Manager would have overall responsibility for the service.
- 3.4 Under the Corporate Finance Manager, there would be three teams: Budget and Accounts, Projects and Treasury, and Systems and Exchequer. Each team will be led and managed by a Group Accountant. The primary responsibilities for each team are set out below:

Budgets & Accounts

- Preparing revenue and capital service budgets;
- Monitoring revenue and capital service budgets;
- Preparing projected outturn and statement of accounts.

Projects & Treasury

- Managing significant service based projects. E.g. Build, Graven Hill, Leisure Contract, Brackley Pool, Moat Lane Ph. 2 etc.;
- Providing Financial support to the Transformation Programme;
- Undertaking the Council's Treasury Management function;
- Managing the Council's Insurance function.

Systems & Exchequer

- Administering and developing the Council's Financial Management System;
- Procuring and Implementing the potential upgrade or replacement HR and Payroll system;
- Administering the Councils' payroll;
- Undertaking the creditors' function.

- 3.4 The current structure consists of 24.18 FTE posts (including the 3.5 FTE shared posts within the revenues section). The proposed structure set out in section 8.3 of the proposal consists of 24.13 FTE posts.
- 3.5 The proposed operating structure is based on the following principles:
- All posts within the structure are shared posts;
 - The structure is based on three teams deriving specific financial functions;
 - Job descriptions will be predominantly generic to provide flexibility and adaptability across the service;
 - A lean management structure with clear lines of accountability.
- 3.6 The main benefits of the proposal are:
- Increased resilience within the team;
 - Improved retention of staff;
 - Capacity to deliver projects through the Projects and Treasury team;
 - Improved work balance across the teams.

Additional Capacity

- 3.7 The report considered by JASG stated that an exercise would be undertaken to analyse the Councils external expenditure of financial consultants to determine whether a 'spend to save' case could be made for bringing in additional specialist capacity into the Corporate Finance Team.
- 3.8 During the initial analysis it proved difficult to establish the exact nature of specific expenditure on external financial consultants. The Projects and Treasury team will address some of the capacity issues and the need for additional specialist capacity can be reviewed once the service is embedded. There is therefore no immediate requirement for additional posts.

Financial Case

- 3.9 The financial implications associated with the business case are set out in detail in Section 12 of the attached proposal.
- 3.10 With the exception of the dedicated Graven Hill resource (covered by a £30,000 Graven Hill contribution) the current cost allocation model for the Corporate Finance

Team is based on a 50/50 split and the proposal would maintain this model. As a result the proposal would deliver a saving of £8,000 for each Council.

- 3.11 This equates to a 1.6% reduction in staffing costs, however this is in addition to the £150,000 savings originally achieved when the Corporate Finance Team was established in 2012. A separate business case will also be prepared on the remainder of the Finance and Procurement division and it is anticipated that further savings will be delivered from these areas.
- 3.12 The following implementation costs have been estimated based on discussions with staff during the consultation period and relate to redundancy (capital) and annual pension strain costs (revenue).

	Estimated Costs
Redundancy Costs (Capital)	£24,000
Annual Pension Strain (Revenue)	£2,250

- 3.13 The annual saving after taking account of the additional annual pension strain is £13,750, which means that the payback period for the redundancy costs is less than two years.

Decision making timetable

- 3.14 The timetable and recommendations arising from the democratic process for both Councils is outlined in the table below:

Date	Committee and Council	Decision
23.09.15	Joint Councils Employee Engagement Committee	To be determined
01.10.15	Joint Commissioning Committee	To be determined

4.0 Conclusion and Reasons for Recommendations

- 4.1 The recommendation is to restructure the existing shared Corporate Finance Team as set out in the proposal.
- 4.2 The proposal builds on existing good practice in the team while addressing a number of issues, predominately the high number of posts currently filled through secondments, temporary arrangements and agency staff. Addressing this issue will increase the resilience within the team and reduce the currently high levels of staff turnover experienced.
- 4.3 The proposed structure is designed to meet both “business as usual” and provide additional capacity to deal with an increasing number of project based activities.

5.0 Consultation

All affected staff within the Corporate Finance team and the Revenues team.	Consultation was positively received and the initial consultation period was extended by a week at staff's request.
Unison Representatives from each Council.	Consultation has been positively received.
Two way Joint Arrangements Steering Group (JASG)	Endorsed business case for staff consultation.
Transformation Joint Working Group	Endorsed business case for consideration by JASG.

- 5.1 Both Councils are committed to maintaining a strong, positive and inclusive approach to employee relations. With this in mind, it is important to explain at the outset that consultation with the affected staff and trade union representatives takes place prior to members' consideration of any business case or restructure so that members can take account of any views/representations and /or issues as part of their decision making process.

The manner of consultation helps to reassure affected staff and trade unions that they do have a voice that will be heard by those who are responsible for making decisions. The timing, extent and approach adopted towards consultation are an important part of the process, particularly as the intention is always to facilitate a meaningful consultation dialogue.

Consultation with all employees, in scope of the proposal to restructure the Corporate Finance team and the Unison representatives from both Councils, commenced on Thursday 9 July 2015 until Friday 7 August 2015 (a period of four weeks). This period was extended by a week, and finished on Friday 14 August 2015, in response to a request from staff.

The consultation log attached therefore includes the responses to the consultation between these periods of time

There are no changes proposed to the staffing structure as a result of the consultation. The only changes to the business case arising from the consultation process relate to minor matters of accuracy relating to job descriptions.

We would like to thank the staff who volunteered this information during the consultation process and those who helpfully enabled us to update the business case.

During the consultation period various forms of consultation have taken place to ensure that each employee and the recognised trade unions have had the opportunity to engage in the process, and to express their views/representations on behalf of their members, notably through:

- An employee briefing meeting was held to ensure that as far as possible, all of the affected staff received the same message at the same time;
- Meetings with individuals;

- Maintenance of an active consultation log;

The consultation log of comments made by the affected staff and/or their trade union representatives, and the response of management is attached at Appendix 2 for members' consideration.

5.2 Summary of Consultation Process

The consultation process has generated a range of responses. In total, to date, we have received and responded to 36 questions, predominantly seeking clarification on the job descriptions and personal specifications, clarification on particular issues within the proposal or simply making statements.

One of the responses received questioned whether the Corporate Finance Manager role was still required given it has been vacant since March 2015. Although, it is true that the team has coped it has been a struggle at times with staff having to put in extra hours to cover. The role is considered a vital part of the new structure.

6.0 Implications

Financial and Resource Implications

- 6.1 The detailed financial implications are set out in section 12 of the proposal and are summarised in sections 3.9 to 3.13 of this report.

There are potential redundancy and annual pension strain costs resulting from this proposal. During the consultation process, three members of staff applied for voluntary redundancy. As a result there would be a £24,000 redundancy cost (capital) and a £2,250 annual pension strain (revenue) cost.

The annual savings after pension strain is £13,750 which means that the payback period for the redundancies is within two years. These redundancies are voluntary and there is no suitable alternative employment for these employees. It is felt that the redundancies would be in the best interests of the service and it is therefore recommended that they are accepted.

Comments checked by:

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Legal Implications

- 6.2 As an existing two way shared service, the service is covered by the section 113 agreement (as amended) entered into between the two Councils.

As this is a restructure of an existing shared service between CDC and SNC, and there are negligible financial implications, the proposal does not need to be considered by either CDC Executive or SNC Cabinet. Decisions regarding human resources are made by the Joint Commissioning Committee.

A redundancy situation arises where the requirement of the employing council for work of a particular kind to be undertaken are expected to cease or diminish as a result of the proposed changes.

Comments checked by:

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6.3 HR Implications

It is a legal requirement for CDC and SNC to consult staff and the trade unions on a detailed staffing structure arising from any business case for change, prior to consideration by members. This has the effect of enabling members to consider the views and any representations of the staff and trade unions before making their final decision on any such proposals, and ultimately ensures that the Councils meet their statutory obligations to undertake a meaningful process of consultation prior to a decision being made.

This model has the advantage of allowing staff to identify whether their existing jobs are proposed to be deleted; to consider the detailed job descriptions of any proposed new roles and to identify whether there are any opportunities for promotion or other career aims to be met. They can see whether their hours of work might alter, whether their salaries will change (up or down), or whether their work location will change. They are able to comment upon the proposals in the knowledge that members will give due regard to their comments before making a decision.

The expectation is that existing staff would continue to be employed by their current, respective authority under the pay, and terms and conditions of that employing organisation. New and revised job descriptions have been devised in order to standardise responsibilities across the two organisations. The new job descriptions have been through the job evaluation process at each organisation.

The appropriate process in the joint Organisation Change Policy will be followed for voluntary redundancies.

Comments checked by:

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Document Information

Appendix No	Title
1.	Finance Restructure Proposal
2.	Final Consultation Log with actions
Background Papers	
None	
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