

EAST HERTS COUNCIL

ANNUAL COUNCIL – 18 MAY 2016

REPORT BY CHIEF EXECUTIVE

APPOINTMENT OF CHIEF FINANCIAL OFFICER

WARD(S) AFFECTED: NONE

Purpose/Summary of Report

- This report seeks to review the appointment of the Chief Financial Officer and s151 responsibilities within the authority, in the light of the recent senior management restructure and the new leadership team arrangements.

<u>RECOMMENDATIONS FOR ANNUAL COUNCIL: That:</u>	
(A)	the Head of Strategic Finance and Property Services be appointed as the Council's s151 Officer; and
(B)	the Council's Constitution be amended immediately to give effect to the change.

1.0 Background

1.1 Councils are required under Section s151 Local Government Act 1972 to make arrangements for the proper administration of their financial affairs and give one of their officers responsibility for the administration of those affairs. This officer is generally known as the s151 officer.

2.0 Report

2.1 There is a requirement for the Council to appoint one of its officers as the s151 officer. The Chartered Institute of Public Finance and Accountancy (CIPFA) has set out five key roles that are critical to the achievement of a Chief Financial Officer's statutory responsibilities:

- maintaining strong financial management underpinned by effective financial controls
- contributing to corporate management and leadership
- supporting and advising democratically elected representatives
- supporting and advising officers in their operational roles
- leading and managing an effective and responsive financial service.

The key activities for each of these roles are set out in a protocol within the constitution.

- 2.1 Until now the Director of Finance and Support Services has held responsibility for the exercise of the s151 officer duties within her remit. Under the new structure this post will no longer exist.
- 2.2 The new structure outlines two director roles without specific service responsibilities. Removing direct service responsibilities and placing these with the Heads of Service will enable the Directors to lead a range of projects and delivery responsibilities as the council's programme of work demands. The Directors' roles will be key to driving forward corporate initiatives designed to ensure that the Council achieves its overall objectives and vision.
- 2.3 The new broad and untied remit does not sit well with existing statutory responsibilities in a single service area.
- 2.4 There is also the potential for a conflict between the delivery demands of the new Director role and the duties of the s151 officer role, in particular the responsibility to provide impartial support and advice to members and officers within their operational roles.
- 2.5 It is therefore proposed that under the new structure the Head of Strategic Finance and Property will take over the responsibilities of the s151 officer duties. Under Section 113 Local Government Finance Act 1988 the postholder must be a member of one of the specified accounting professions. The Head of Finance and Property Services is a Member of the Chartered Institute of Public Finance (CIPFA).

2.6 The duties of the Chief Financial Officer are set out within the current Constitution and are as follows:

Description	Source
Report on decisions incurring unlawful expenditure, unlawful loss or deficiency or unlawful item of account.	Section 114, 114a, 115, 116 Local Government and Finance Act 1988
Appointment of Deputy.	Section 114 Local Government and Finance Act 1988.
Report on resources.	Section 114 Local Government and Finance Act 1988.
Responsibility for the administration of financial affairs.	Section 151 Local Government Act 1972
Borrowing, investment accounts and financial administration.	Local Government Act 2003 Sections 1-92
Responsibility to determine the form of the Council's accounts and records, provide internal audit and statement of accounts.	The Accounts and Audit Regulations 2003 Local Authorities (Capital Finance and Accounting) (England) Regulations 2003

2.7 Council is being requested, in this report, to approve the change of responsibilities. If Council supports this change the Council's constitution will be amended to reflect the proposed change.

3.0 Implications/Consultations

3.1 The Director and the Head of Service have been consulted and agree to the proposed change.

Background Papers:

None

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