

Date of issue: Tuesday, 14 June 2022

MEETING	EMPLOYMENT & APPEALS COMMITTEE (Councillors Ali (Chair), Bal, Ajaib, Basra, M. Bedi, Gahir, Grewal, Qaseem and Smith)
DATE AND TIME:	TUESDAY, 14TH JUNE, 2022 AT 6.30 PM
VENUE:	COUNCIL CHAMBER - OBSERVATORY HOUSE, 25 WINDSOR ROAD, SL1 2EL
DEMOCRATIC SERVICES OFFICER: (for all enquiries)	MADELEINE MORGAN 07736 629 349

SUPPLEMENTARY PAPERS

The following Papers have been added to the agenda for the above meeting:-

* Item 4a is an urgent item which the Chair has agreed to include on the agenda.

PART 1

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SLOUGH BOROUGH COUNCIL

REPORT TO: Employment and Appeals Committee

DATE: 14 June 2022

CHIEF OFFICER: Steven Mair, Executive Director of Corporate Resources (Interim)

CONTACT OFFICER: Mike Thomas Interim Financial Adviser. Surjit Nagra AD Customer and HR, Belinda Collins, Interim Group Manager HR

PART I
FOR DECISION

FINANCE DEPARTMENT RESTRUCTURE PROPOSALS

1 Summary and Recommendations

- 1.1 This report mirrors the Cabinet Report for 20th June 2022, which seeks approval for the restructure of some services to consolidate these into a wider finance directorate.
- 1.2 The proposed changes result in the creation of a new chief officer role and new deputy chief officer roles at remuneration levels potentially above £100,000. For this reason, it is necessary for the decision on these roles to be made by Full Council. The Committee should also note that certain new roles in the structure have been evaluated at a higher level than previous roles due to the need to reflect the real requirements of the finance service in the future and taking into account the unique challenges in relation to financial management, control and reporting identified in Slough in various recent reports
- 1.3 The Council's external auditors and various recent Government reports have highlighted the need to significantly strengthen the finance and commercial services function and to develop a structure that is sustainable and underpins the future success of the department and the Council. The proposed structure is aiming to address this and is underpinned by:
- detailed job descriptions for all posts up to level 10 which have been evaluated by HR, Trade Unions and a trained external evaluator from South East Employers
 - detailed job descriptions for all senior manager posts which have been evaluated by a trained external evaluator from South East Employers
 - a comprehensive business plan for the Department.

2 Recommendations:

2.1 The Committee is recommended to:

- a. Note the consultation process for the revised structure for the Finance and Commercial services department to include the addition of a number of new posts.
- b. Recommend to Full Council the approval of:
 - i. A new chief officer role of Executive Director of Finance and Commercial
 - ii. Two new deputy chief officer roles with remuneration of potentially over £100,000 to replace the one Associate Director – Finance and Commercial and delegate authority to the Monitoring Officer to amend Article 12, Part 3.6 and Part 7 of the Constitution accordingly.

Reason:

Various recent reports have highlighted the need to significantly improve capacity and capability within the finance department including the revenues and benefits service. The restructure and recommendation for two new deputy chief officer roles will enable the interim s.151 officer to meet their statutory responsibilities.

In addition, the interim s.151 officer is currently covering the Executive Director of Corporate Resources role, which includes a large number of corporate services. The severity of the Council's financial situation requires the post holder to be able to focus on building up the finance department with the option to bring in additional resources at an Executive Director level to manage some of the other corporate teams.

The department is currently operating with significant numbers of interim staff at the senior level. This is expensive and needs to be replaced by permanent staff to reduce cost and drive a sustainable long-term future for the department.

3 Report

Introduction

- 3.1 The DLUHC governance report, the CIPFA review and the Section 24 recommendations from the Council's External Auditors highlighted the need to enhance the capacity and capability within the finance department. The Department currently has an interim s.151 officer, who is fulfilling the role of Executive Director of Corporate Resources and a management team that is made up of interim consultants barring one permanent member of staff, the Group Manager Commercial. At the managerial level almost, all staff are interim consultants and there are substantial numbers of staff at lower levels who are also interims. Only 50 per cent of staff within the department are permanent employees of Slough BC. There is a significant risk for the Council should it not move to resolve the current position.

- 3.2 As part of the development of the High-Level Functional Capacity and Capability assessment and the Finance Action Plan a revised structure has been developed to ensure the future sustainability of the function and to enable recruitment and development of the financial expertise required to move the Council forward. The costs of moving to this new structure and the transitional costs during 2022/23 have been included in the departmental budget and as part of the Capitalisation Direction agreed with DLUHC.
- 3.3 The proposed structure also includes a post holder who can deputise for the Section 151 officer – a recommendation made by CIPFA. Furthermore, the proposals include splitting the corporate resources directorate into two and having an Executive Director for Finance and Commercial managing the finance, assurance and commercial teams, with the Executive Director of Corporate Resources managing other corporate teams. The detail of which services will report to each director is subject to consultation with staff and consideration by the Corporate Leadership Team. The current interim post holder will continue to manage the corporate teams until a new officer is appointed. The role will be on the same terms as other executive director roles, including pay scale. The proposal includes the creation of 2 Deputy Director posts at deputy chief officer level to cover financial management, and strategic and corporate finance. These will replace the single Associate Director of Finance and Commercial role which is currently vacant. Heads of commercial services and a post managing financial governance, internal audit, risk, insurance and counter fraud will report into these Deputy Directors. A head of transactional services will report into the s.151 officer on an interim basis until a further planned restructure is undertaken for the revenues and benefits service. The structure recognises the need to respond positively to the considerable number of recommendations made with respect to the weaknesses identified in commercial services, governance, financial management, risk management and internal audit.
- 3.4 A high-level benchmarking exercise has been undertaken and identified that the number of posts within the Finance department was significantly lower than the approved structure. The proposals indicate a full structure of sixty-seven is needed excluding commercial, audit, fraud, and procurement i.e., including financial management, strategic and corporate finance, and accounts payable and recoverable. Comparator authorities on like for like services are showing around fifty-four full time equivalent (fte) although it is known that the two authorities able to be identified for comparison are also considered to be operating at a minimum level of service. Members should note that the increase in more senior posts is part of the plan to bring greater leadership, direction and capability to the function and the organisation during a period of stabilisation for the function in the next three to four years. It is envisaged that once the function has stabilised there will be a need to review the structure again post 2025/26. Table 1 below shows the comparison.

Table 1: Comparison with Councils of a similar size

Job Title	Slough New	Council A	Council B
Director	1	1	1
Deputy Director	2	1	1
Strategic Finance Manager	9	2	3
Finance Manager	21	24	9
Financial Accountant	12	13	7
Finance Officer	6	13	15
Finance Assistant	13	INCL ABOVE	3
Graduate Trainees	3	0	2
TOTAL	67	54	42*

* DOESN'T INCLUDES AP and AR – average 12 or IA and Counter Fraud

- 3.5 The proposed structure has been the subject of formal and informal benchmarking to assess both the validity of the number of posts, the gradings and the current market rates. All posts have had job descriptions developed and these have been subject to a thorough job evaluation process by the Trade Unions, Human Resources Department, and external evaluator from South East Employers for the senior manager (SML) graded jobs. The evaluation has confirmed that the posts and gradings are comparable with the market. The two new deputy director roles have been evaluated on a linked grade which is up to one grade higher than the existing Associate Director roles due to the specific specialisms and challenges associated with strategic financial management in the Council. Similarly, the Strategic Finance Managers have been evaluated at a linked grade that is higher than the existing Group Manager grade, again due to the specialist nature and challenges of the roles. These challenges are likely to remain in place for the long term and therefore use of market supplements or other temporary arrangements was not deemed appropriate and risked the Council being unable to recruit to these essential roles. The duties of these new post holders are currently being covered by interim officers who are being paid more and therefore recruiting permanently to these roles will be more cost efficient for the Council.
- 3.6 Table 2 shows the comparison of the old structure with the new structure by grade and number of posts. The number of staff in internal audit, commercial and counter fraud are similar to comparator authorities.

Table 2: Comparison of Old and New Structure

Slough Old Job title	Slough Old Total In structure	Slough New Job Title	New Finance and AP/AR	I A, Comm, CF Risk	Slough New All
		Executive Director Finance and Commercial SML 16	1	0	1
Asst. Director SML 13	1	Deputy Director (Dep s151) SML 13/14	2	0	2
Group Manager Level 10	3	Strategic Finance Manager, SML 11/12	8	0	8
Group Manager Level10	1	Heads of Commercial, Transactional, FG,IA,CF, Risk and Insurance SML 11	1	2	3
Level 9	6	Finance Manager Level 9	21	2	23
Level 8	14	Specialist Level 8	0	8	8
Level 7	16	Financial Acct Level 7	12	4	16
Level 6	7	Finance Officer Level 6	6	5	11
Level 5	10	Finance Assistant Level 5	13	2	15
Level 4	2	Graduate Trainees Level 4/5	3	0	3
Total	60	Total	67	23	90

Succession Planning and Trainee Programme

- The Council's corporate plan emphasises the importance of effective workforce strategies to ensure recruitment and retention of staff. This will include arrangements in place to have effective succession plans. The Finance team are intending to ensure once successful candidates have been appointed a learning and development plan for staff is put in place. Development activities will include direct training courses, exposure to stretch roles accompanied with appropriate coaching and staff rotating in other financial areas to broaden their experience. In addition, consideration for internal staff will be given to transition planning, rotation of roles,

acting up and secondments to allow staff to develop skills across the finance teams and secure more senior roles within the Council in the future.

4.1 To protect the future, it is intended to grow Slough's own talent through a trainee scheme based on CIPFA model. The purpose of the CIPFA trainee/apprenticeship scheme at the Council will be to ensure an on-going source of qualified accountants equipped with the professional skills and detailed knowledge to become the authority's financial managers of the future. The scheme provides a clear career progression via linked bands. Progression will be dependent on:

- relevant work experience
- responsibility
- technical competence
- performance
- professional training / qualification.

The training and development strategy will be developed and made available for all staff not just new trainees including a coaching and mentoring programme. A programme of engagement with local schools and colleges will be developed and it is anticipated that this will open up opportunities for local people and in particular young people living in the Borough to access these opportunities.

Challenges facing the service

4.2 In 2021 the team underwent profound change including significant turnover of experienced staff following the restructure. The aim is to re-build the team on a stronger and more sustainable base. Despite the challenges there were some significant achievements during 2021/22 as shown below:

- overhauling the final accounts process implementing new ways of working which should not only expedite the audit process but also support the production of more accurate accounts in future
- improving budget setting and delivering the capitalisation direction
- implementing processes for seeking options for financial savings by transforming, stopping, deferring, or reducing services
- developing financial business partnering
- improvements to financial accounting and control
- reviewing Interests in companies
- developing an asset disposal programme
- bringing internal audit in-house
- stabilising the Insurance function
- improving revenues and benefits Services
- implementing a business case review process

4.3 The future challenges for 2022/23 and beyond are as follows:

- Continuing to close accounts and ensure that processes and systems are in place to ensure future accounts are closed off within a few months of the end of the financial year;
- Support and challenge directorates on budget savings proposals to ensure that the Council can balance its budgets in future years and meet its best value duty;

- Work with the commissioners and DLUHC to ensure the capitalisation direction is managed and that the Council continues to meet its statutory responsibilities in relation to strategic financial management;
- Closely monitoring departmental budgets and reporting appropriately risks at a member level;
- Ensuring the Council has appropriate internal audit services and working closely with the external auditors;
- Ensuring lawful use of capital and compliance with treasury management standards and policy;
- Ensuring appropriate governance process for management of the Council's companies;
- Embedding a business planning system within the Council;
- Delivering and managing an effective risk management system;
- Supporting with delivery of a major asset disposal programme.

4.4 A detailed project and communications plan has been developed to implement the restructure proposals. Support has been sought from the HR department and any additional specialist requirements will be sought from the marketplace. For example, support for assessment centres which will be used to draw up a baseline for existing matched staff and to test external applicants before appointment and external recruitment campaigns.

Timeline

4.5 The restructure is projected to be in place by late Autumn 2022 to enable a smooth transition from the current structure to a more sustainable position. The proposed timeline is challenging but achievable as shown in Table 2 below:

Table 2: Timeline

ACTIVITY	DATE
Proposals shared with Trade Unions	May 2022
Informal briefing for affected staff prior to formal launch	9 and 14 June 2022
Proposals reported to Employment and Appeals Committee and Cabinet for approval to consult	14 th and 20 th June 2022
Full Council approval to new posts – Executive Director – Finance and Commercial and deputy chief officer roles	21 July 2022
Formal Staff Consultation Starts on 28 June 2022 - Ends 27 July 2022	
One to ones - affected staff with Line Manager	29 June – 8 July
End of formal consultation period and any formal responses to have been submitted to financeconsultation@slough.gov.uk	27 July 2022
Formal response to comments made during Consultation Process and final proposals and structure confirmed in report from Interim Director of Finance	1 August 2022
Implementation of the outcomes of the consultation	8 August 2022
Internal recruitment process begins	8 August 2022
Internal Recruitment process ends	31 August 2022
Internal and External advertising	5 Sept – 30 September

Risk assessment

- 3.19 Failure to implement the restructure will limit the ability of the council to move forward on the financial challenges it faces.
- 3.20 Failure to recruit to the structure will potentially mean the interim s151 officer and the council cannot meet their statutory responsibilities.
- 3.21 The current levels of permanent staffing are not sustainable and are potentially impacting the health and well-being of the team and the council's ability to recruit and retain staff.
- 3.22 Without a strong finance function the rest of the organisation will be unable to meet its responsibilities and the challenging savings targets set out in the MTFs.
- 3.23 The current marketplace for experienced public sector finance professionals is extremely competitive and this has been reflected in the salaries offered to attract the right calibre of people.

4. Implications of the Recommendation

4.1 Financial implications

- 4.1.1 The budget for the Finance department (excluding Revenues & Benefits) is scheduled to be £7.002m in 2022/23, inclusive of the amounts set out in the capitalisation direction. The forecast projected expenditure is containable within this figure, including the cost of contractors covering currently vacant positions and fulfilling advisory functions helping to transform the service as well as to bring the backlog of financial statements up to date. This will also enable the function to transition to a permanent structure by the end of the year.
- 4.1.2 In 2023/24, the budget is scheduled to drop by £1.6m as one-off capitalisation direction monies are removed, and the complete permanent staffing structure is due to be in place. The budget of £5.402m in 2023/24 caters for the new structure in full.
- 4.1.3 The table below sets out the budget by year:

	£'000	£'000
Budget 2022/23 composition:		
Permanent staff	1,866	
Temporary staff	4,180	
Other budgets i.e., third party internal audit support, investigations team, Agresso support	956	
Total Budget 2022/23		7,002
Remove one-off CD monies		(1,600)
Total Budget 2023/24		5,402

4.1.4 It is envisaged that once the structure is in place and the service is in a more stable and sustainable position there will be opportunities to develop further efficiency savings across the whole department and the wider council.

4.2 Legal implications

The rules governing appointment of certain senior officers are governed by legislation. The function of appointment of staff must be discharged by the head of paid service or an officer nominated by him, with the exception of statutory chief officers, non-statutory chief officers, deputy chief officers or political assistants. Under the Chief Officer Employment Rules chief officers are appointed at a member level, however deputy chief officers are appointed at an officer level.

As none of the roles on the structure, with the exception of the Executive Director of Finance and Commercial (s.151 officer) are chief officers, all appointments will be made at an officer level. However, for all deputy chief officers no offer of appointment should be sent until notice has been given to every member of the cabinet to allow material and well-founded objections to be made.

The determination of remuneration of or other terms and conditions applying to chief officers and deputy chief officers must comply with the Council's pay policy. Full council should decide any new roles where the salary is £100,000 or more.

The Local Government Act 1972 requires every council to appoint a chief finance officer. This officer must have specific finance qualifications. Whilst there is no legal requirement to have a deputy s.151 officer, many authorities do have an officer who can deputise for the statutory s.151 officer. Consideration has been given to the qualifications required for this role and the extent to which this officer can exercise the functions of the s.151 officer. In addition, functions under s.151 of the Local Government Act 1972 are part of the statutory direction and can be exercised by the appointed DLUHC commissioners. The

deputy s.151 officer should therefore not take decisions in accordance with s.151 without considering the extent of delegation and consulting with the appointed commissioners.

4.3 Risk management implications

Summary of risks.

Category	Risk/Opportunity	Controls	Residual Risk Score (1 (Low) to 10 (high))
Strategic/Operational	Finance Team reverts back to being under resourced and under skilled	Current team of interims are secured for the short to medium term Skills transfer taking place Training being developed Additional temporary and permanent resources are identified and secured	Six if the last control is not achieved 2 – if the last control is achieved
Strategic/Reputational	DLUHC/CIPFA/Grant Thornton may not have confidence that the Council can address all the matters to the quality and in the time needed	Employment of new finance team Employment of temporary additional resource Creation of appropriate permanent finance structure as part of this report External review comments on the newly instigated finance service	Seven if the penultimate control is not achieved 2 – if the penultimate control is achieved
Legal	Accounts not completed	Employment of national experts Creation of robust project plan as developed and successfully used elsewhere Utilisation of proven whole team methodology On-going engagement with external audit Extensive training	As above
Financial	Poor financial management practices continue New practices are not embedded	Range of new processes introduced on a phased basis Officers trained in the new approaches	As above
Operational	Weaknesses in Council's strategic use of companies, governance, management, financial reporting, and performance management continue	Holistic reviews of all companies underway Some issues already being addressed through Cabinet and Council. (Others will take place over the coming 18 months)	As above
People	A lack of permanent leadership impacts the ability to recruit and retain and the health and wellbeing of current team	Recruit permanent team Implement communication strategy across the department with regular updates Ensure department managers are engaging regularly with staff on a 1-1-2 basis Undertake regular full team briefing sessions at least twice per year.	As above

4.4 Environmental implications

4.4.1 No specific environmental implications arise.

4.5 Equality implications

4.5.1 The assessment and recruitment process is constructed to ensure equality of access and non-discrimination. A full equality impact assessment based on the initial proposals has been undertaken. This will be reviewed after the consultation process has concluded and will be reviewed again when the structure is completely filled.

4.7 Workforce implications

4.7.1 There are significant implications for the current workforce who will be put through a review process for the second time in three years. The new structure is designed to invest additional capacity and experience within the team. The development plan will take place after the reorganisation has been concluded.

5. Background Papers

None

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