

## **Annexe A**

### **REVIEW OF SENIOR STRUCTURE FOR FINANCE & ASSETS**

#### **1. Background**

At the Executive Committee meeting of 18 March 2015, following the temporary appointment of the current acting Director of Finance and Assets, it was determined that the future longer term options for the Finance and Assets functions needed to be fully considered and a further paper would be submitted when the review had been concluded.

A top level review of the leadership options has since taken place and this Annexe summarises the main options considered and sets out a recommended way forward.

Since the Moving Forward programme in 2011, considerable reshaping and restructuring has already been undertaken within the Finance and Assets departments to provide a more highly skilled and proficient team that is flexible, motivated and resilient. Continuous improvement through process improvement and customer service focus is an on-going priority objective.

Whilst initial organisational change programmes were aimed at increasing the capabilities and performance of the finance function and therefore cost neutral; more recent restructuring has resulted in the order of £200k savings. This has set the foundation for a broader review of how best to provide the required strategic leadership of the finance and assets functions.

Given the above, this report focuses solely on the options for provision of the strategic direction for the Finance and Assets Directorate and statutory Chief Finance Officer functions. Options have been considered against the Authority's Public Safety Plan 2015 to 2020, the Corporate Plan 2015 to 2020 and the current identified priorities. These main priorities are:

- Create and culture and structure to enable a collaborative, shared service approach to delivering financial and other services as appropriate.
- Specifically work with RBFRS to further develop the current shared procurement service, continue to provide support arrangements and explore the potential to deliver shared financial services that provide resilience and cost effectiveness for both authorities, to include such structure change as may be required.
- Work with other Thames Valley services to deliver a joint professional procurement service for the authorities.
- Enact the requirements of the MOU with Thames Valley Police, RBFRS and Oxfordshire FRS in relation to property and estates management.
- Continue to work with other strategic partners in respect of shared fleet and asset management.

There may be an opportunity to revise the next management layer; however that will be considered after the Authority has decided on the senior tier Director level post.

The main objective of the review is to ensure a sound structure, with high performance, value for money, resilience, flexibility and succession planning at its core and with an outlook that provides a base for successful sharing of services with other fire authorities/public service organisations.

It should be noted that performance and outcomes of the current Finance and Assets team has been continually improving with high customer satisfaction, achievements include:

- Finance audit outcomes
- Realignment of budgets in light of future funding pressures to meet requirements of the PSP.
- Support arrangements for RBFRS with excellent customer feedback
- Fleet strategy review and plan
- Asset management system implementation
- Property strategy
- Provision of excellent on-going support in respect of the on-going MK area review and Systems Integration Programme.

## **2. Options**

The following options have been considered:

### **A) Collaboration:**

The Authority already provides capital accounting support to Royal Berkshire Fire and Rescue Service (RBFRS) and conversely RBFRS supply professional procurement support as a result of a shared service arrangement to this Authority, the latter of which provided a base for some of the savings previously identified.

RBFRS are seeking support in finance work and this is willingly being provided at a transactional and advisory level.

*Furthermore, 'In support of and in keeping with the collaborative principles agreed by the relevant Thames Valley Authorities, initial discussions between the DCFO's of BFRS and RBFRS have agreed a review of our existing shared procurement service with RBFRS and will also take into account any specific needs or requirements of OFRS.*

*It has also been agreed to extend the scope of this review in respect of the wider finance and procurement requirements between BFRS and RBFRS, again including and exploring any opportunities in this area there may be with OFRS. This approach is in support of and compliments the existing collaborative arrangements already in place as described above and will provide greater opportunities in respect of improving the efficiency and effectiveness of our arrangements in this area, especially as we introduce a new finance system as*

*part of our systems integration programme. The proposed substantive Director of Finance and Assets would lead this joint review initially covering financial services and procurement’.*

It is recommended that collaboration continues with a view to considering a fuller more formal shared service/financial function merger type arrangement in 18 to 24 months’ time, to link with the BFRS systems integration completion and RBFRS’s strategic priorities. With RBFRS also currently reviewing their service wide senior management structure, now is not the right time to appoint a joint Director, however, this could be considered from 2017 alongside other options.

## **B) Outsourcing:**

Outsourcing opportunities have also been considered. At this time, with the level of change in the Authority, including the recent agreement of the Business and Systems Integration project, it would not be timely to outsource the senior leadership function for Finance and Assets.

Other FRSs are participating in combined initiatives, such as the Hampshire led H3 back office services initiative, across emergency and local authorities. As yet the benefits of this are unproven and it is considered too high risk to participate at this early stage. This will however be kept under regular review.

It could be possible to outsource distinct responsibilities, such as treasury or the Section 112 function. In light of the knowledge and experience of existing staff and current treasury performance since bringing in house, this has not been pursued further at this point as those responsibilities are well covered from internal resources.

The Authority are aware that other FRS’s are considering this limited outsourcing of specialist Section 112 responsibilities rather than whole roles and through the Finance Network, we will continue to monitor developments which can provide the best service to the Authority.

Outsourcing treasury and Section 112 duties is not recommended at this time.

## **C) Retain the current temporary arrangements for 12 to 18 months**

This would continue with the temporary arrangements approved by the Executive Committee in March 2015, with a Director of Finance and Assets (Chief Finance Officer) and a Head of Finance (Deputy Director) and currently vacant Resources Manager post covered by two management additional responsibilities.

It is recommended that the Authority required stability, strong leadership resilience to deliver the priorities set out earlier in this Annexe.

Also succession planning is a key element for consideration and it is important that the identified talent with potential is retained during this 2 to 3 year transformation period, which also aligns with workforce planning and predicted

retirement profiling. Temporary arrangements for the Director and Head of Finance level would not support retention during this critical change period.

Maintaining temporary arrangements like this is not recommended at this time.

### **D) Appointing a substantive Director of Finance from autumn 2015**

As already identified the temporary structure with the current Director and Head of Service/Deputy Director in place has worked well. Appointing substantively would provide resilience and continuity assuming that phase 1 of the proposed recruitment process is successful.

Retaining but substantiating the current arrangements would also allow consideration of restructuring at the next layer through either removing or adapting up to two posts over the next 18 to 24 months. This would be a matter for the CFO, the newly appointed Director of Finance and Assets and SMB to consider if appropriate and when collaboration plans are developed further.

Appointing a substantive Director of Finance and Assets is the recommended option with option A (Collaboration) being progressed with a view to considering full shared services from 2017 when the systems integration programme should be nearing completion and RBFRS having progressed and embedded revised management structures and reviewed its systems requirements.

This option provides an excellent opportunity in light of the present timing and the continual development of BFRS along with our wider partners, to explore and develop more efficient and effective models for broader financial and asset management in the future.

Any future proposals would of course be brought forward for approval and subject to the appropriate business case being developed, that provides for the future stability, progression and resilience for BFRS.

#### Financial Implications

There are no new costs in respect of the options/recommendations. The Chief Finance Officer role is already budgeted for in the MTFP. Recruitment costs would be required to secure external candidates, only if phase 1 of the recruitment process (internal candidates only) is not successful.

### **3. Summary**

It is recommended that an appointment to the substantive role of Director of Finance and Assets is made, with internal applications being considered first. As an SMB appointment the panel would be made up of Authority members. If this recommendation is agreed, dates will be set for October 2015. Appendix 1 sets out a proposed recruitment and selection process.

This recommendation would allow the Authority to have a secure and stable finance leadership structure to support the significant change and transformation

agenda. As a priority the new appointee will be able to carefully consider greater collaborative arrangements with other fire authorities, and possibly other neighbouring public sector bodies after the business systems and integration project is concluded in 2017.