



Decision Sheet

Essex Police, Fire and Crime Commissioner Fire and Rescue Authority Decision Report

Please ensure all sections below are completed

Report reference number: 123/2017

Not protectively marked

Title of report: Interim arrangements for Chief Finance Officer

Area of County/Stakeholders affected:

Essex

Report by : Susannah Hancock

Date of report: 1/12/17

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1. **Purpose of report**
To present options and recommendations in relation to interim arrangements for the role of Chief Finance Officer to the PFCC FRA.
2. **Recommendations**
 - Consider the interim options available to discharge the responsibilities of Chief Finance Officer once the current Chief Finance Officer leaves at the end of Dec 2017 and while waiting for the appointment of a proposed new Director of Corporate Services.
 - Approve the preferred option to appoint the PFCC Treasurer to the role of Chief Finance Officer to the PFCC FRA on an interim basis until the proposed new Director of Corporate Services is appointed.
3. **Benefits / Costs of Proposal**

The current Chief Finance Officer leaves at the end of Dec 2017. It is anticipated that the proposed new Director of Corporate Services, who will also take on the responsibilities of the Chief Finance Officer, will be recruited and in post by late spring / summer 2018. This interim proposal allows for the existing PFCC Treasurer to take on role of Chief Finance Officer to the PFCC FRA until the new Director of Corporate Services is in post.

This would allow for continuity of advice and support to the PFCC, while waiting to appoint to the new role.

4. Background and proposal

What is the role of the Chief Finance Officer?

The Authority is required under Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs and must secure that one of its officers has responsibility for the administration of those affairs.

Part VIII of the Local Government Finance Act 1988 describes the qualifications required for appointment and the functions and duties of the role. The appointed Chief Financial Officer must be a qualified accountant.

The Policing and Crime Act 2017 specifically includes that

- *4D (4) A fire and rescue authority created by an order under section 4A must appoint a person to be responsible for the proper administration of the authority's financial affairs (a "chief finance officer").*
- *4D (5) A fire and rescue authority created by an order under section 4A must appoint a person to act as chief finance officer of the authority if and so long as*
 - (a) The post is vacant, or*
 - (b) The holder of the post is, in the authority's opinion, unable to carry out the duties of that post.*
- *4D (6) Section 113 of the Local Government Finance Act 1988 (qualifications of responsible officer) applies to a person appointed under subsection (4) or (5) as it applies to the persons having responsibility for the administration of financial affairs mentioned in the section*

What is the current position in respect of the Chief Finance Officer?

The Fire Authority Chief Financial Officer is currently Mike Clayton (Finance Director and Treasurer to the Fire Authority), with Glen McGuinness acting as his deputy. Mike Clayton will leave the Fire and Rescue Service at the end of December 2017.

The senior management restructure is likely to create a new post titled 'Director of Corporate Services' which will include the responsibilities of both the existing Finance Director and Treasurer to the Fire Authority and the existing Director of Transformation. The plan is to go out to advert on this role early in the new year as soon as the new Chief Fire Officer has been recruited.

The Director of Transformation's fixed term contract expires at the end of April 2018.

5. Options available to the PFCC

Option 1 - Appoint an existing Employee of Essex County Fire & Rescue Service

The PFCC FRA could appoint an existing employee of the ECFRS to undertake the responsibilities of the Chief Finance Officer on an interim basis.

With the current Chief Finance Officer retiring in December, the only other qualified candidate from within ECFRS would be the existing deputy Chief Finance Officer.

Whilst the deputy CFO has significant experience and expertise, it is not at the level of a CFO.

Option 2 - Appoint OPCC Treasurer

There is an option to appoint the existing Treasurer of the Office of the Police, Fire and Crime Commissioner.

This could enable consistency in advice between the two entities. However, there would be a knowledge gap while the current PFCC Treasurer becomes fully briefed on the business of ECFRS.

Option 3 - Appoint 3rd Party

There is an option to appoint an unknown third party through competitive recruitment or contract (e.g. an officer of another Local Authority etc.) as the Chief Financial Officer.

Whilst this could bring in independent advice and expertise, there would be an additional cost attached in securing the services of an external CFO. There would also be a knowledge gap in relation to the business of ECFRS.

Preferred Option

It is considered that option 2 is the preferred option – that is, the appointment of the existing PFCC Treasurer to act as interim Chief Financial Officer until the proposed new ECFRS Director of Corporate Services is appointed and takes up the role.

6. Strategic Priorities

This will support the Commissioner in delivering against the priorities set out within the existing ECFRS Strategy and Integrated Risk Management Plan)

7. Operational Implications

This will support operational delivery of an effective and efficient Fire and Rescue Service.

8. Financial Implications

This will allow the PFCC FRA to deliver against his financial responsibilities as set out in the Fire and Rescue Act 2004 and the Policing and Crime Act 2017.

9. Legal Implications

This will allow the PFCC FRA to deliver against his statutory responsibilities as set out in the Fire and Rescue Act 2004 and the Policing and Crime Act 2017.

10. Staffing and other resource implications

This is an interim role. The current Chief Finance Officer will leave at the end of Dec 2017. The proposed new Director of Corporate Services will be recruited and appointed by the spring / summer 2018. The interim role covers the period in between.

11. Equality and Diversity implications

There are no specific equalities and diversity implications.

12. Risks

Risks will be mitigated by the following:

- The deputy Chief Finance Officer will provide support to the PFCC Treasurer and enable continuity and knowledge transfer in relation to ECFRS business.
- There will be a comprehensive handover from the existing Chief Finance Officer to the PFCC Treasurer

13. Governance

This proposal has been discussed in detail by the PFCC FRA and the Chief Fire Officer.

14. Background papers

See appendix A.

Decision Process

Step 1A - Chief Fire Officer Comments

(The Chief Fire Officer is asked in their capacity as the Head of Paid Service to comment on the proposal.)

I fully support the recommendations set out in this decision sheet.
M. Clayton 15/12/17

Step 1B - Consultation with representative bodies

(The Chief Fire Officer is to set out the consultation that has been undertaken with the representative bodies)

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Step 2 - Statutory Officer Review

The report will be reviewed by the Essex Police Fire and Crime Commissioner Fire and Rescue Authority's ("the Commissioner") Monitoring Officer and Chief Financial Officer prior to review and sign off by the Commissioner or their Deputy.

Monitoring Officer

Sign: [Signature]
Print: S. Hancock 21.12.17

Chief Financial Officer

Sign: [Signature]
Print: M CLAYTON 18/12/17

Step 3 - Publication

Is the report for publication? YES NO

If 'NO', please give reasons for non-publication (state 'none' if applicable)
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If the report is not for publication, the Monitoring Officer will decide if and how the public can be informed of the decision.

Step 4 - Redaction

If the report is for publication, is redaction required:

- 1. Of Decision Sheet YES/NO
- 2. Of Appendix YES/NO

If 'YES', please provide details of required redaction:

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Date redaction carried out:

If redaction is required, the Chief Financial Officer or the Monitoring Officer are to sign off that redaction has been completed.

Sign:

Print:

Date signed:

Step 5 - Decision by the Police, Fire and Crime Commissioner or Deputy Police, Fire and Crime Commissioner

I agree the recommendations to this report:

Sign:

Print:

Date signed:

[Handwritten signature]
R.C. HRS
21/12/17

I do not agree the recommendations to this report because:

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Sign:

Print:

Date signed:

Appendix 1:

Options Paper for the interim Chief Finance Officer

1 Dec 2017

1. Purpose of report

The purpose of this report is to set out the options which are available to the PFCC in relation to the appointment of an interim Chief Finance Officer for the PFCC FRA once the current Chief Finance Officer leaves at the end of December 2017 and prior to the appointment of a proposed new Director of Corporate Services in the spring / summer 2018.

2. Recommendations

The PFCC is asked to:

- **Note the background information around the role of the Chief Financial for a PFCC- FRA.**
- **Consider the interim options available to discharge the responsibility once the current Chief Financial Officer leaves at the end of Dec 2017 and while waiting for the appointment of a proposed new Director of Corporate Services in the spring / summer 2018.**
- **Approve the preferred option to appoint the PFCC Treasurer to the role of Chief Finance Officer to the PFCC FRA on an interim basis until the proposed new Director of Corporate Services is appointed.**

3. Background

What is the role of the Chief Finance Officer?

The Authority is required under Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs and must secure that one of its officers has responsibility for the administration of those affairs.

Part VIII of the Local Government Finance Act 1988 describes the qualifications required for appointment and the functions and duties of the role. The appointed Chief Financial Officer must be a qualified accountant.

Does the FRA require a Chief Financial Officer?

The Policing and Crime Act 2017 specifically includes that

- *4D (4) A fire and rescue authority created by an order under section 4A must appoint a person to be responsible for the proper administration of the authority's financial affairs (a "chief finance officer").*
- *4D (5) A fire and rescue authority created by an order under section 4A must appoint a person to act as chief finance officer of the authority if and so long as*
 - (a) The post is vacant, or*
 - (b) The holder of the post is, in the authority's opinion, unable to carry out the duties of that post.*

- *4D (6) Section 113 of the Local Government Finance Act 1988 (qualifications of responsible officer) applies to a person appointed under subsection (4) or (5) as it applies to the persons having responsibility for the administration of financial affairs mentioned in the section*

Who can perform the role of Chief Financial Officer?

A Chief Financial must be an "officer" of the relevant authority. The Local Government and Housing Act 1989 does not define who is an "officer" for these purposes but there is relatively recent case law (dealing specifically with the role of chief finance officer) which suggests that an officer need not necessarily be an employee of the relevant (or any other) authority.

What is the current position in respect of the Chief Finance Officer?

The Fire Authority Chief Financial Officer is currently Mike Clayton (Finance Director and Treasurer to the Fire Authority), with Glen McGuinness acting as his deputy. Mike Clayton will be leaving the Fire and Rescue Service at the end of December 2017.

The senior management restructure is likely to create a new post titled 'Director of Corporate Services' which will include the responsibilities of both the existing Finance Director and Treasurer to the Fire Authority and the existing Director of Transformation. The plan is to go out to advert on this role early in the new year as soon as the new Chief Fire Officer has been recruited.

The Director of Transformation's fixed term contract expires at the end of April 2018.

4. Options available to the PFCC

There are three main options available to the PCC in respect of who to appoint as the interim Chief Financial Officer of the PCC-FRA. These are

Option 1 - Appoint an Employee of the Essex County Fire & Rescue Service	Option 2 - Appoint OPFCC Treasurer	Option 3 - Appoint an unknown third party
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Each of the options are considered below:

Option 1 - Appoint an existing Employee of Essex County Fire & Rescue Service

The PFCC FRA could appoint an existing employee of the ECFRS to undertake the responsibilities of the Chief Finance Officer on an interim basis.

With the current Chief Finance Officer retiring in December, the only other qualified candidate from within ECFRS would be the existing deputy Chief Finance Officer.

The advantages and disadvantages are as follows;

Advantages	Disadvantages
<ul style="list-style-type: none"> • The deputy CFO has a large amount of knowledge of the business of ECFRS • Provides continuity 	<ul style="list-style-type: none"> • Insufficient experience at such a senior level • If deputy acts up, the Finance team would then have reduced capacity and could risk over-stretch of resources.

	<ul style="list-style-type: none"> • If the deputy remains in their existing role, they could prove an invaluable support to any new interim CFO
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Option 2 - Appoint OPCC Treasurer

There is an option to appoint the existing Treasurer of the Office of the Police, Fire and Crime Commissioner.

Advantages	Disadvantages
<ul style="list-style-type: none"> • Bring experience and expertise in Treasurer role • Consistency in the advice provided to the two entities. 	<ul style="list-style-type: none"> • Increased workload, which could increase the risk that insufficient focus is given to both services • Some knowledge gap around ECFRS. • Potential of conflict as providing advice to two legal entities.

Option 3 - Appoint 3rd Party

There is an option to appoint an unknown third party through competitive recruitment or contract (e.g. an officer of another Local Authority etc.) as the Chief Financial Officer.

Advantages	Disadvantages
<ul style="list-style-type: none"> • Bring expertise and experience of Chief Finance Officer role from outside of ECFRS • Independence 	<ul style="list-style-type: none"> • Additional cost as provided by an external individual. • Process for identifying and appointing a third party would be challenging to achieve within the timeframe. • Current knowledge gap of ECFRS.

Preferred Option

It is considered that option 2 is the preferred option – that is, the appointment of the existing PFCC Treasurer to act as interim Chief Financial Officer until the proposed new ECFRS Director of Corporate Services is appointed and takes up the role.

Risks will be mitigated by the following:

- The deputy Chief Finance Officer will provide support to the PFCC Treasurer and enable continuity and knowledge transfer in relation to ECFRS business.
- There will be a comprehensive handover from the existing Chief Finance Officer to the PFCC Treasurer

