

# Council



Report of Strategic Director

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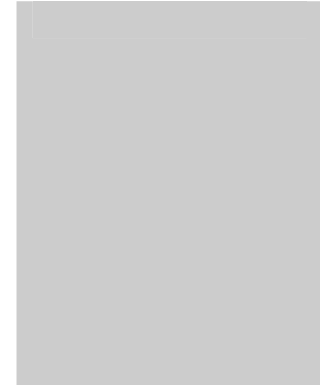
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To: Council

Date: 21 February 2013



## Designating the councils' section 151 chief financial officer

### Recommendations

- (a) That Council designates William Jacobs, the shared Head of Finance, as the council's section 151 chief financial officer from 4 April 2013;
- (b) That Council authorises the Head of Legal and Democratic Services to make any consequential changes required to the council's constitution to reflect this change.

### Purpose of report

1. Section 151 of the Local Government Act 1972 requires each council to designate one of its officers to have responsibility for the proper administration of its financial affairs.
2. This report recommends that William Jacobs, the shared Head of Finance, be designated as the "section 151 officer" for both councils from 4 April 2013.

### Corporate objectives

3. The section 151 officer has overall responsibility for the entire financial affairs of the councils, and therefore the satisfactory discharge of that responsibility contributes to all the corporate objectives of the two councils. However, its primary focus is on the 'effective management of resources' objective.

## Background

4. The “section 151 officer” (also sometimes referred to as the “chief financial officer” in regulations) is one of three statutory officers at the councils. (The other two being the “Head of Paid Service” and the “Monitoring Officer”). Every unitary, county and district council must designate these three statutory officers.
5. Since 1 April 2009 Steve Bishop has been the section 151 officer for both councils. That decision followed his appointment as one of the shared strategic directors and reflected the councils’ wishes to designate a senior manager as the section 151 officer for continuity prior to the selection of shared heads of service and further restructuring. The intention was to review the situation after the restructurings were completed.
6. Prior to the creation of shared posts, Steve Bishop had been the section 151 officer for Vale since July 2004. William had been the section 151 officer for South since April 2007.
7. With most of the joint working established between the two councils and most of the team restructurings completed, it is timely to review the arrangement.
8. It is becoming less common among councils to designate a member of the senior management team as a statutory officer. For example the councils’ shared monitoring officer has been the Head of Legal and Democratic Services since April 2009. By designating the Head of Finance as the section 151 officer, this would be more consistent.
9. By transferring the responsibility from the Strategic Director to the Head of Finance, this also provides William with greater development opportunities, creates three generic strategic director posts, which in turn provides the chief executive and councils with greater flexibility in future restructurings.

## Options

10. There are other options which the councils may choose to consider, but the strategic management board recommends their rejection for the reasons stated.
11. The councils could choose not to change the current designation. This option would forego the advantages set out in paragraph 9, in particular we would lose the greater flexibility and development opportunities arising from the re-designation.
12. The councils could choose to designate another officer as section 151 officer. It is a statutory requirement that the section 151 officer must be a suitably experienced professionally qualified accountant. There are eight qualified accountants employed at the two councils and the Head of Finance is the most experienced at fulfilling this role after the strategic director. There would be greater risk from re-designating another officer into this role, although for succession planning and resilience, other officers may be designated as ‘deputy section 151 officer(s)’.
13. Each council could designate a different section 151 officer. This option would be less efficient given the high degree of joint-working as two officers would need to be involved on financial issues that currently require only one. Such an

arrangement could also lead to confusion and disruption if the two section 151 officers do not agree on a particular matter.

### **Financial implications**

14. There are no direct financial consequences associated with this designation. There would be no change in the affected officers' remuneration.

### **Legal implications**

15. The designation of a section 151 officer is a statutory duty for each council. The proposed designation will require some minor consequential changes to the councils' constitutions.

### **Risks**

16. The objective of section 151 of the Local Government Act 1972 is to reduce financial risk by requiring a designated officer to be responsible for the proper administration of the council's financial affairs. This should reduce the risk of financial malpractice, poor financial planning, fraud, waste and loss.
17. The objective of requiring a professionally qualified and experienced individual to fulfil that role is to promote sound financial management and reduce the risk of financial failure.
18. The shared Head of Finance is an experienced professionally qualified accountant who has held section 151 responsibilities previously. His designation represents a low risk alternative to the current arrangement, which in turn provides positive benefits.

### **Other implications**

19. The two affected staff, the Strategic Director and Head of Finance, support this change.

### **Conclusion**

20. Having reviewed the current section 151 chief financial officer arrangement, the councils are recommended to designate the shared Head of Finance as the section 151 officer for both councils. The proposed designation will require some minor consequential changes to the councils' constitutions. The councils are asked to authorise the Head of Legal and Democratic Services to make these changes.

### **Background Papers**

None

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