



**NORTHAMPTON**  
BOROUGH COUNCIL

# **COUNCIL**

**22<sup>nd</sup> January 2018**

**Agenda Status: Public**

**Directorate: Interim Chief Executive**

<b>Report Title</b>	<b>APPOINTMENT OF CHIEF FINANCE OFFICER (SECTION 151)</b>
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## **1. Purpose**

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- 1.1 The purpose of this report is to ask Full Council to approve the interim appointment of a Chief Finance Officer (Section 151) for NBC, such Officer to be provided by LGSS under current arrangements; and, to agree to recruitment of a subsequent permanent Chief Finance Officer (Section 151) to be directly employed by NBC.

## **2. Recommendations**

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- 2.1.1 That Stuart McGregor be appointed as Chief Finance Officer (Section 151) with effect from 18<sup>th</sup> February (being the last day of employment of the current Chief Finance Officer), until 1st June 2018 or later if otherwise agreed as being needed until a permanent appointment is made.
- 2.1.2 That the role of Chief Finance Officer (Section 151) reverts back to the Council's employment on a full-time basis post 1<sup>st</sup> June 2018, or as soon after as reasonably practicable, and that recruitment to that permanent position is undertaken.

## **3. Issues and Choices**

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### **3.1 Report Background**

- 3.1.1 The position of Chief Finance Officer is critical to the governance of councils. Section 151 of the Local Government Act 1972 requires every local authority to make arrangements for the proper administration of their financial affairs and requires one officer to be nominated to take responsibility for the administration of those affairs (aka the Chief Finance Officer). The officer has a number of statutory duties, including the duty to report any unlawful financial activity involving the authority (past, present or proposed) or failure to set or

keep to a balanced budget. The officer also has a number of statutory powers in order to allow this role to be carried out.

- 3.1.2 The Chief Finance Officer needs to have specific skills and qualifications, the latter of which are outlined in Part VIII of the Local Government Finance Act 1988 and which require membership of a specified accountancy body.
- 3.1.3 LGSS currently provide the Chief Finance Officer services through the LGSS contract and the contract provides for the officer to serve NBC part-time for 3 days per week along with a supporting team of finance professionals. The current Chief Finance Officer, Glenn Hammons, has resigned from Northamptonshire County Council, his employer, and LGSS have a contractual obligation to provide alternative provision for this key statutory role. His last date of NCC employment is 18<sup>th</sup> February. Under the terms of the Partner and Delegation Agreement with LGSS, the decision as to who should be appointed to this role is a matter for this Council, although the person will be an employee of Northamptonshire County Council.
- 3.1.4 As part of testing of the Council's professional resilience, the Interim Chief Executive has identified the clear need for a permanent and full-time Chief Finance Officer to be employed by the Council. This is particularly because of the size and complexity of the Council's budgets and programmes, and in response to governance improvements previously identified. This view has been endorsed by key officers and key relevant parties, including via discussions with the Council's auditors. It is considered that recruitment to a permanent full-time position should therefore commence.
- 3.1.5 The LGSS contract had an end-date of June 2018, unless an extension was agreed. In development of the Council's medium term financial plan, officers had been considering efficiencies. One of these involved options for support service arrangements, including whether to stay with LGSS long-term or to commission alternatives. This review needs to continue and will conclude later in 2018. In the meantime however, the overall LGSS contract has been extended for a year by mutual agreement but, as part of this agreement to extend, the return of the Chief Finance Officer role to the Council can be newly accommodated from 1<sup>st</sup> June 2018. (Given the outstanding review, it is inappropriate to precipitate any change in financial management arrangements supporting the Chief Finance Officer although, to confirm, the officer will have supervision of this LGSS professional support as now).
- 3.1.6 Full Council's support is therefore sought for the role and function to be provided full-time and in-house rather than through the LGSS contract. If Council agrees this, the costs will be confirmed in the budget and the appointment process will be established and conducted under current arrangements through the Appointments and Appeals Committee.
- 3.1.7 In the intervening period, it is necessary to appoint a Chief Finance Officer for the interim period up to 1<sup>st</sup> June 2018 or later, if otherwise agreed, until a permanent NBC Chief Finance Officer is in place.
- 3.1.8 Pursuant to the current LGSS arrangements, the LGSS Director of Finance and NBC Interim Chief Executive selected suitable qualified candidates for the

interim position and, following interview, have offered the role, subject to Council's approval, to Mr Stuart McGregor. Mr McGregor has accountancy experience in the public sector spanning 30 years, the last 14 of which has been primarily in local government - including as Chief Finance Officer (Section 151) for Havant BC and East Hampshire BC, North Wiltshire DC and, most recently, Wycombe DC. He has also acted as Head of Paid Service.

#### **4. Implications (including financial implications)**

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##### **4.1 Policy**

4.1.1 There are no new policy implications in this report.

##### **4.2 Resources and Risk**

4.2.1 There is an anticipated revenue budget consequence to the Council of some £40,000 – 45,000 for bringing the current role in-house on a permanent basis. If the advice is agreed, this would be confirmed in the final budget. For the interim position, following discussion with NBC, LGSS are expected to keep costs within the existing contracted budget.

##### **4.3 Legal**

4.3.1 There is a legal obligation for Council to appoint a Section 151 Officer. LGSS currently have a legal obligation to provide such services to NBC.

##### **4.4 Equality**

4.4.1 The interim recruitment process, through agencies, has been in accordance with established equality processes.

##### **4.5 Other Implications**

4.5.1 There are no other new implications in this report.

#### **5. Background Papers**

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5.1 Partner and Delegation Agreement 31<sup>st</sup> May 2013 (confidential agreement)

**Simon Bovey**  
**Interim Chief Executive**