

Fire Authority Treasurer

Report of the Chief Fire Officer

For further information about this report please contact Paul Raymond, Chief Fire Officer, on 01743 260201, or Keith Dixon, Treasurer, on 01743 260202.

1 Purpose of Report

This report recommends to Members of the Authority that they outsource the role of Authority Treasurer to Shropshire Council with a two-year Service Level Agreement with an option to extend for a further 2 years.

By the time of the Fire Authority meeting this report will have been presented to the Audit and Performance Management Committee on 9 June for noting and comment. Any significant issues raised by Members at that meeting will be reported verbally to the Fire Authority.

2 Recommendations

The Fire Authority is asked to agree:

- a) To the negotiation of a Service Level Agreement with Shropshire Council to employ the Services of a Section 151 Officer (Treasurer); and
- b) That the costs of such a provision and necessary changes to the internal financial team have a nil effect on current costs.

3 Background

Section 151 of the Local Government Act 1972 requires every local authority, including Fire Authorities, 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.

The Section 151 Officer is usually the local authority's Treasurer and must be a qualified accountant belonging to one of the recognised chartered accountancy bodies. This 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 Section 151 Officer also has a number of statutory powers in order to carry out this role, such as the right to insist that the local authority makes sufficient financial provision for the cost of internal audit. The appointment of this Officer is a process not easily conducted through open contract because of the specialist nature of the role.

From its inception in 1998 Shropshire and Wrekin Fire Authority has employed Mr Keith Dixon as its Treasurer (and Section 151 Officer) and has been very fortunate to have his skills and knowledge in the management of finance within the Authority.

As Mr Dixon will retire in August 2011, discussions have taken place between him, the Chair of the Fire Authority and the Chief Fire Officer regarding the options available to find a replacement. The person must be suitably qualified and experienced, with significant and ongoing links into public sector finance networks, and preferably be part of a team able to offer resilience for the Authority in case of sickness or absence.

Officers limited their options to:

- a) Employing another part-time Treasurer
- b) Sharing a Treasurer with another Fire and Rescue Service
- c) Contracting out the Treasurer to another local authority.

Officers quickly rejected option a), as it was felt that a single person, working alone, would find it very difficult to maintain links into the quickly-changing public finance world and as an individual would not offer resilience.

Officers have spoken to neighbouring Fire Authorities, the most suitable of which would be Hereford and Worcester. They, however, have recently lost their Treasurer and would rather join with us in outsourcing treasurer services. Officers did explore employing a Treasurer between the two Authorities. The likely costs for each would be in the region of £90,000 plus on costs. Even by using this route we would still not secure resilience and the links to public finance networks.

Officers then approached the provider of most of our current financial services, Shropshire Council, which currently provides the following financial services to the Fire Authority:

- Treasury Services
- General Ledger / Corporate Services
- Purchase Ledger
- Sales Ledger
- Internal Audit Services
- Payroll Services
- HR- ResourceLink

The Council is, therefore, well informed about our financial systems and position. It has a large and multi-disciplinary finance team that provides a wide range of expertise through their new Treasurer with a number of staff qualified to carry out the Section 151 role, thus offering resilience and the necessary expertise.

Our current Treasurer offers the Authority much more than the function of a Section 151 Officer, giving advice to officers and Authority Members on all aspects of financial management.

The Chief Fire Officer has looked at our small internal finance team and has concluded that, with some reorganisation of the team, the Service could move its current Principal Accountant, Mrs Joanne Coadey, up to the role of Head of Finance. This role would provide the wide-ranging financial advice officers and Members require on a daily basis. Ms Coadey is also the Fire Authority's Deputy Section 151 Officer, suitably qualified and would make an excellent Head of Finance. This course of action would allow the Fire Authority to outsource its Treasurer Service without losing financial control.

Officers have discussed with Shropshire Council what level of service the Council could provide and at what cost. As a result of these discussions the Chief Fire Officer now recommends that the Fire Authority enter into a contract with Shropshire Council for the provision of a Treasurer, following the production and agreement of a Service Level Agreement. If agreed, it is proposed that this arrangement take effect from 25 July, thus allowing a two-week handover before the current Treasurer begins his well-earned retirement.

The proposed changes to existing arrangements would mean a small saving on current budgeted amounts for financial services within the Authority and Service. The sums payable to Shropshire Council would be in the region of £19,000 per annum for around 67 half days of advice and support each year. Officers consider this not only to represent value for money but also an excellent demonstration of collaborative local working.

4 Financial Implications

The proposed arrangements would not increase current costs budgeted for financial management.

5 Legal Comment

Section 151 of the Local Government Act 1989 requires every local authority (including the Fire Authority) to “make arrangements for the proper administration of their financial affairs and shall secure that **one of their officers** has responsibility for the administration of those affairs”.

Despite the requirement for the Fire Authority to appoint “one of its officers”, it is still possible to “share” the Section 151 officer for Shropshire Council, provided that the Fire Authority passes a resolution to appoint that officer to undertake the statutory duties for the Fire Authority, and provided that Shropshire Council is prepared to make its Section 151 officer available under Section 113 of the Local Government Act 1972.

In further support of this arrangement the Shropshire Fire Services (Combination Scheme) Order of 1997 permits arrangements between the Authority and constituent authorities for the use of the services of officers and employees of the constituent authorities.

As envisaged by the report, the relationship should be governed by legal agreements, including a service level agreement and possibly a secondment agreement, if felt appropriate.

6 Equality Impact Assessment

Officers have considered the Service’s Brigade Order on Equality Impact Assessments (Human Resources 5 Part 2) and have decided that there are no discriminatory practices or differential impacts upon specific groups arising specifically from this report. An Initial Equality Impact Assessment has not, therefore, been completed.

7 Appendices

There are no appendices attached to this report.

8 Background Papers

There are no background papers associated with this report.