

**PROVISION OF FINANCIAL MANAGEMENT AND
ACCOUNTANCY SUPPORT JULY 2020-JULY 2021**

Presented by the Chief Executive

EXECUTIVE SUMMARY

The Director of Finance & Resources is leaving the Authority on 5 July 2020. Since he made his intention to resign known, at the end of 2019, the Chief Executive has been exploring ways to provide a cost effective financial management and support service for the Authority. The Authority does have a highly competent and skilled finance team led by a Head of Finance. With the Head of Finance still working towards his full accountancy qualification the Authority needs the input of a qualified Section 151 officer. In addition, it is felt in the interim that the senior management team and Members would benefit from wider financial support, as was provided by the Director of Finance & Resources position.

Discussions took place with a number of neighbouring local authorities regarding a service level agreement for the provision of the services outlined above. Following productive discussions with the Chief Executive and Executive Director for Resources at the London Borough of Enfield both parties agreed to work towards a Service Level Agreement.

Officers have agreed the Heads of Terms and these are attached as Appendix A to this report. Subject to Member approval the service level agreement with the London Borough of Enfield will run from July 2020 - July 2021 (one accounting year cycle).

The Audit Committee will receive this report for information at its meeting on 25 June, but both the Chairman of the Audit Committee and the external auditor from Ernst & Young are aware and supportive of this proposal.

RECOMMENDATIONS

- Members Approve:
- (1) entering into a Service Level Agreement with the London Borough of Enfield for the provision of financial management and support as set out in the proposed Heads of Terms attached as Appendix A to this report; and
 - (2) subject to (1) above to delegate authority to the

Chief Executive in consultation with the Chairman to make any necessary amendments as a consequence of comments from the Audit Committee.

BACKGROUND

- 1 Towards the end of 2019 the Director of Finance & Resources advised the Chief Executive that he would be leaving the Authority mid-2020. His last day with the Authority is 5 July 2020. This pending departure of the Director of Finance & Resources was then factored into the management restructure which was being considered at the time. The management restructure was approved by Executive Committee in December 2019 (Paper E/649/19) and as part of the approval the Director of Finance & Resources post was deleted. The lead finance officer for the Authority going forward will be the Head of Finance.
- 2 The Authority needs to secure a resource to deliver the Section 151 function for the period up until when the Head of Finance has the required qualifications.
- 3 Over the past 6 months the Chief Executive has been exploring ways by which the required financial support can be secured. Options considered included, procuring the resource from an accountancy body such as CIPFA, employing a part time public sector accountant and buying the service from a neighbouring Borough through a Service Level Agreement (SLA). The opportunity for a wider arrangement, covering more than just the Section 151 support meant that the SLA might provide the best solution for the Authority.
- 4 Following discussions with a number of Boroughs; the Authority and London Borough of Enfield (LBE) agreed to take forward and work up a SLA between the two organisations. Discussions over the past few months have involved the LBE's Chief Executive and Executive Director for Resources, along with the Chief Executive, Director of Finance & Resources and Head of Finance from the Authority.

THE PROPOSED SERVICE LEVEL AGREEMENT

- 5 The SLA will be set up in the form of a contract between the two parties. The proposed Heads of Terms are set out in Appendix A to this report. The key aspects of the SLA are as follows.

Objectives

LBE to provide:

- a) statutory 151 role functions as set out in the CIPFA guidance;
- b) to support a number of specific functions as listed in the appendix to the Heads of Terms document; and
- c) to provide professional development support to the finance function.

- 6 In addition, the following benefits are anticipated as part of this arrangement:

- a) opportunities for both LBE and LVRPA staff to work in either organisation as part of a mutually agreed placement scheme;

- b) LVRPA will benefit from the wider knowledge and breadth of expertise that can be accessed in a larger finance team;
- c) increased resilience as both the LBE Director of Finance and Executive Director of Resources are both experienced Section 151 officers; and
- d) opportunities to build on the existing relationship between the two organisations that may arise.

SHORT TERM SUPPORT FROM THE DEPARTING DIRECTOR OF FINANCE & RESOURCES

- 7 To assist the period of transition and to input into some major outstanding matters the departing Director of Finance & Resources has agreed to be engaged on a casual arrangement, working one day a week for the next few months.

EXTERNAL AUDITOR COMMENTS

- 8 We have shared our proposed arrangements and exploration of options in a meeting with Ernst & Young (EY) our External Auditor and circulated the draft proposals with the EY External Audit engagement lead. EY sought assurances on the steps the Authority were taking during the transition period. In particular, to secure the transfer of knowledge and expertise associated with critical management judgements for the 2019-20 financial statements and the ongoing budget, financial planning and treasury management decisions the Authority will be taking during the 2020-2021 financial year in response to COVID-19 and other strategic and corporate risks.

Having considered the Authority's arrangements and proposed decisions, EY are not minded to challenge the approach and recommendations contained in this report. EY will continue to review the effectiveness of the arrangements which are put in place as they complete their scheduled audit of the Authority's 2019-2020 financial statements. If EY have any further observations on the effectiveness of the arrangements put in place these will be reported in their 2019-2020 Audit Results Report which at this stage is anticipated to be reported to the Authority's September Audit Committee.

ENVIRONMENTAL IMPLICATIONS

- 9 There are no environmental implications arising directly from the recommendations in this report.

FINANCIAL IMPLICATIONS

- 10 The SLA allows for up to 42 days of support for the 12-month period including a contingency of 10 days. The day rate charged by LBE is £800 so the annual service charge is estimated at £33,600. The additional 10 contingency days to be agreed as required and if used the maximum cost to the Authority would be £41,600. There are sufficient funds in the finance consultancy budget to meet this cost.

HUMAN RESOURCE IMPLICATIONS

- 11 There are no human resource implications arising directly from the

recommendations in this report.

LEGAL IMPLICATIONS

- 12 There are no legal implications arising directly from the recommendations in this report.

RISK MANAGEMENT IMPLICATIONS

- 13 There are no risk management implications arising directly from the recommendations in this report.

EQUALITY IMPLICATIONS

- 14 There are no equality implications arising directly from the recommendations in this report.

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BACKGROUND REPORTS

None

APPENDIX ATTACHED

Appendix A Proposed Heads of Terms

PREVIOUS COMMITTEE REPORTS

Executive Committee	E/649/19	A Proposed New Senior Management Structure	19 December 2019
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LIST OF ABBREVIATIONS

LBE	London Borough of Enfield
SLA	Service Level Agreement
LVRPA	Lee Valley Regional Park Authority
EY	Ernst & Young

Heads of Terms to Form the Contract for Services Between LBE and LVRPA for Statutory Section 151 role and strategic finance professional oversight of the finance function

The purpose of the is agreement is to set out the arrangements between Lea Valley Regional Park Authority and London Borough of Enfield to provide the statutory function of Section 151 role and strategic financial oversight of the existing finance team (complementing the existing management arrangements).

Objective of the Agreement

The purpose of this Service Level Agreement is to describe the key services that will be provided by London Borough of Enfield. As set out in Appendix A.

Future reviews and amendments to this Service Level Agreement

This agreement will be reviewed annually as part of an annual planning process and any changes will be agreed with both parties. Changes made to this agreement will be signed off by all parties annually.

Period covered

Initial period: 1 July 2020 to 31 July 2021; thereafter 1 August to 31 July. This date has been chosen in order to align key financial cycle, as at 31 July the financial statement of accounts should be signed off.

Period of notice

Six months

Objectives of the Service

The broad objectives of the service are for Enfield Council to provide:

- 1) Statutory Section 151 role functions as set out in the CIPFA guidance that can be found at the following link:
<https://www.cipfa.org/policy-and-guidance/reports/the-role-of-the-chief-financial-officer-in-local-government> (attached a copy)
- 2) To support a number of specific functions as set out in Appendix A of this document
- 3) To provide professional development support to the finance function

In addition, the following additional benefits are anticipated as part of this arrangement:

- 1) Opportunities for both LBE and LVRPA staff to work in either organisation as a part of a mutually agreed temporary placement scheme to gain experience, for example, CIPFA students in either organisation to swap.
- 2) LVRPA will benefit from the wider knowledge and breadth of expertise that can be accessed in a larger finance team (LBE finance capital, corporate and budget monitoring team is 65FTE) modelling for large scale capital investments.
- 3) Increased resilience as both the LBE Director of Finance and Executive Director of Resources are both experienced Section 151 officers (and all three Heads of Service are fully qualified professionals).
- 4) Opportunities to build on the existing relationship between the two organisations that may arise.

Working Relationships

As a minimum, in addition to the specific functions set out on in Appendix A there will be regular meetings to ensure the arrangements are working satisfactorily, build relationships and to plan the work tasks and so on:

- Head of Finance at LVRPA and Director of Finance (LBE)
- Chief Executive at LVRPA and Executive Director of Resources (LBE)
- Chair of Authority's Audit Committee/Audit Committee Members and the Authority's Executive Committee and the Director of Finance/Exec Director of Resources (LBE)

The parties to this agreement seek to uphold the values of both organisations in our working relationships.

Cost

The cost is £800 a day. If all contingency days are used this would total £41,600 per annum. It is proposed that an annual invoice is raised for £33,600 (42 days) is raised at the beginning of the period, with the contingency days utilised to be agreed at the end of the period and recorded during the year.

Responsibilities of LBE

To bring their professional expertise and knowledge to undertake the functions set out in Appendix A; meet the required deadlines, attend the meeting commitments outlined in Appendix A, commit to resource to fulfil these functions.

Provide an equally experienced and qualified substitute to attend/provide cover should the named contact be unavailable.

Responsibilities of LVRPA

LVRPA is expected to provide reasonable, timely access to accurate information and key stakeholders in order to facilitate LBE undertaking their role.

Professional advice

The following officer is the first point of contact for advice and technical support:

Matt Bowmer, Director of Finance. Matt.bowmer@enfield.gov.uk 0208 379 5580

Dispute settlement

In the unlikely event of a dispute it is expected that these will be resolved at the working level at which they arise. If this is not possible then the relevant signatory to this agreement will discuss the matter and decide on the action to take.

Appendix A – Summary of Functions

Theme	Description of Activity re Section 151	Frequency	Est. days	Activity of LVRPA Head of Finance (HoF)	Ref
Treasury Management	Review Financial Investments/Borrowing	Quarterly	0.5	Annual Cash flow Daily Cash Flow	TM Policy/Annual Investment Strategy
	Borrowing/Repayment Options - Ice Centre	One-Off	5.0	This is one-off - day to day management by HoF	To be determined through Ice Centre business plan and capital funding paper.
Final Accounts	Support CEO/HoF				
	Annual Governance Statement	Annual June	1.0	Prepare Draft Accounts	Timetable/Accounting Policies
	Narrative report	Annual June	1.0	Working Papers	Timetable/Accounting Policies
	Statement of Responsibilities	Annual June	1.0	Day to day Audit Liaison	Timetable/Accounting Policies
	Liaise With External Audit Director Audit Plan	Bi annual Feb/July	0.5	Liaise/Instruct Valuation	Timetable/Accounting Policies
	Manage Overall Closedown Process	Weekly May June July	4.5	Liaise Instruct Pension	Timetable/Accounting Policies
	Sign-Off accounts/Liaise Audit Chair	Annual July	0.5		
Budget Process	Review/Challenge Medium Term Financial Plan	Late Summer	1.0	Re cost MTFP	Current MTFP
	Review Budget Assumptions and Methodology	October	1.0	Prepare Budget Assumptions and Methodology	Last Year Paper & Timetable
	Liaise With CEO/SMT/Chair	October	1.0	Prepare Budget Papers and manage Process	
	Prepare/Present Budget & Levy Workshop	December	4.0	Support work for Budget & Levy Workshop	Last Year Paper
	Authority Budget Paper/Presentation	January	1.0	Support for Budget Paper	Last Year Paper
Committee Process	Revenue/Capital Quarterly Monitoring - Oversight	July/Oct/ Feb/May	2.0	Monitoring monthly & prepare & present Reports	Established Process & Papers
	3 Audit Committees a year plus oversight of papers	Feb/June/ September	3.0	Papers prepared by HoF and others at LVRPA	Established Process & Papers
	Input/Oversight into monthly Member reports	Monthly	15.0	Draft Fi prepared HoF and signed off by Section 151	
Ad hoc	Contingency/Ad-Hoc Advice/Liaise with CEO/SMT		10.0		
	Estimated Total Annual Days		52.0		

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