

FUTURE TREASURER ROLE

REPORT OF INTERIM CHIEF FIRE OFFICER



For Approval

1. PURPOSE OF THE REPORT

- 1.1 To enable Members to consider the provision of the role of Treasurer from 1 April 2027.

2. RECOMMENDATIONS

- 2.1 That Members approve the proposal that from 1 April 2027 the Authority extends the Service Level Agreement with Hartlepool Council to include the role of Treasurer and confirm the appointment of Mr James Magog to this role.
- 2.2 That Members note the Deputy Treasurer will continue to be provided by Hartlepool Borough Council as part of the current Service Level Agreement (SLA).
- 2.3 That Members authorise the Assistant Chief Fire Officer - Director of Strategic Planning, People and Resources to complete an amendment to the current SLA for Financial Services between the Fire Authority and Hartlepool Borough Council to reflect this arrangement.

3. BACKGROUND AND CURRENT ARRANGEMENT

- 3.1 Under Section 151 of the Local Government Act 1972 "every Local Authority shall 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". The S151 Officer must be a qualified accountant belong to one of the recognised chartered accountancy bodies.
- 3.2 The Authority initially appointed Mr Chris Little, Hartlepool Borough Council's (HBC) S151 Officer, to the role of S151 Officer (Treasurer to Cleveland Fire Authority) as part of the Service Level Agreement (SLA) for financial services, on 22 November 2013. The SLA also makes provision for a Deputy S151 Officer and a full range of financial support to the Authority thereby increasing resilience and economies of scale that the Authority would not be able to achieve by employing staff directly. This has resulted in a significant level of expertise in fire finance issues within the Council.

- 3.3 Mr Little retired from Hartlepool Council on 31st May 2023 and discussions between the then Chief Fire Officer and the Managing Director of HBC concluded that, in the short-term, it would be in the best interest of both organisations not to continue the current arrangement for providing the S151 Officer for the Authority. The rationale for this conclusion was the need for HBC's new S151 officer to focus on Council issues. As Members will appreciate taking on the S151 officer responsibility for two organisations simultaneously would be challenging for any individual. Therefore, on this basis the Authority approved the direct employment of Mr Little as this Authority's S151 officer from June 2023.
- 3.4 At the time the Managing Director of HBC confirmed the Council's commitment to the existing services provided under the SLA and the Council had the resources and experienced staff to do so. From the Authority's perspective these arrangements provided stability.
- 3.5 To fulfil the statutory role the current Treasurer relies significantly on the systems, controls, and expertise within HBC to provide assurance, as well as direct involvement in the financial planning and control environment within the Brigade overseen on a daily basis by the Brigade's Head of Finance. The advice and support provided by HBC also includes Treasury Management Advice, which is closely aligned and supports the Authority's Capital Investment plan.
- 3.6 Both HBC and the Fire Authority are subject to external audit by the same team from Forvis Mazars LLP and the current arrangements for financial services, preparation of accounts, internal and external audit avoid duplication of effort, promote value for money and have been successful as evidenced by the Annual Audit Letters from Forvis Mazars LLP.
- 3.7 Mr Little has informed myself, and the Chair of the Authority, he will retire from his current S151 with the Authority on 31 March 2027.

4. **ALTERNATIVE OPTIONS**

- 4.1 As detailed in the following table five options are potentially available, and the table details the potential advantages and disadvantages:

Option	Advantages	Disadvantages
1. Employ dedicated S151 officer	Dedicated officer	- Challenging recruitment market for part-time role - Still need to appoint Deputy S151 officer - Lose direct link between S151 and Finance SLA - Risk working relation between new S151 and Finance SLA are less

		effective than current arrangements.
2. Change existing officers' role to include S151 responsibility.	Dedicated officer	- S151 Officer must be a qualified accountant and there is only one such post holder in the Authority. - Capacity constraints – the existing post holder already has a broad range of key responsibilities and therefore do not have capacity to take on the S151 officer responsibilities.
3. Appoint S151 from Neighbouring Fire Authority	- Avoids initial recruitment challenge. - Existing S151 officer expertise in Fire finance issues	- Lose direct link between S151 and Finance SLA. Could be addressed in medium term by transferring SLA, although there would be transitional costs and recurring costs may be same / more than existing SLA. - Potential risk S151 of a Fire Authority does not have expertise in broader local government funding systems.
4. Appoint Hartlepool Councils S151	- Provides continuity by appointing current Deputy S151, with knowledge of Fire Finance and expertise in broader local government funding systems. - Reduces future recruitment challenges as S151 roles for unitary Authorities remain attractive.	Increased reliance on extending SLA to include S151 role

	• Maintains direction link between S151 officer and Finance SLA	
5. Appoint S151 from one of remaining three Unitary councils covered by the Authority.	• Avoids initial recruitment challenge. • Officer expertise in broader local government funding systems	• Lose direct link between S151 and Finance SLA. Could be addressed in medium term by transferring SLA, although there would be transitional costs and recurring costs may be same / more than existing SLA. • No experience of Fire Finance issues (would be addressed over time)

5. **RECOMMENDED OPTION**

- 5.1 Based on an assessment of the advantages and disadvantages of the alternative options it is recommended that **Option 4** is adopted. This proposal will appoint the existing Deputy Treasurer, Mr James Magog S151 Officer role to Cleveland Fire Authority. As part of this proposal, the S151 Officer would appoint their existing Deputy S151 Officer as deputy for the Authority, which would retain capacity, expertise, and resilience.

Mr James Magog profile

- Sunderland City Council – various position (2002 to 2020), initially as Senior Accountant responsible for financial support to Tyne and Wear Fire Authority (2002-2005), progressing to the Council's Chief Accountant from 2016.
- Hartlepool Council – Deputy Section 151 officer (2020 to 2023). Deputy Section 151 officer for Cleveland Fire Authority for same period.
- Hartlepool Council Director of Finance, IT and Digital (Section 151 Officer) – from 2023. Deputy Section 151 officer for Cleveland Fire Authority for same period.

- 5.2 This proposal will provide continuity at a time when the Authority continues to face a challenging financial position and time to assess the overall SLA for financial services, which expires in March 2029. Additionally, a period of continuity will help the Authority manage the impact of issues arising from the current three-year settlement and Government consultation in relation to potential changes to the national funding system for Fire and Rescue Service, which may come in from 2029/30.

- 5.3 The proposals also provide continuity in terms of the confidence the S151 officer will have in the staff delivering the Finance SLA and the financial control environment. It would be difficult for an officer from another authority to provide the S151 role where they do not have these established working relationships and different Payroll and Financial Management System would be operated. For the Authority to change systems and support this would clearly have an impact on costs, including significant one-off financial costs and allocation of staff time required to change systems.
- 5.4 The Section 151 Officer of Hartlepool Council is married to the Head of Internal Audit (HIA). To maintain the independence of the HIA they report directly to the Chief Executive of Hartlepool Council in relation to the Section 151 Officer's areas of operational responsibility. A similar arrangement will be adopted for the Authority as the HIA will report directly to the Chief Fire Officer. The Council's External Auditors, Forvis Mazars, who are also this Authority's auditors, are aware of this relationship and the arrangements put in place to demonstrate the independence of these officers. Additionally, both officers are members of their professional institutes and comply with all requirements regarding professional integrity and independence.
- 5.5 Longer term, beyond March 2029, the Authority could invite the other local authorities, or other Fire and Rescue Authorities, to tender for the provision of the Finance SLA, inclusive of the role of S151. A prerequisite of such an arrangement will be the commitment for the S151 to physically work at Brigade HQ on average one day per week, including attending appropriate Authority and Committee meetings.

6. FINANCIAL IMPLICATIONS AND CONCLUSIONS

- 6.1 The cost of the proposal will be the same as the existing arrangements. Further details are included in Appendix A, which is exempt information relating to the financial affairs of the Service Level Agreement between the Authority and Hartlepool Council.
- 6.2 The proposed arrangement to appoint HBCs S151 as the Authority's S151 will provide resilience and make use of the wider expertise built up over many years by the individual in relation to the public sector funding system.

SIMON WEASTELL
INTERIM CHIEF FIRE OFFICER