
Report of the Chief Executive – Appointment and empowerment of Interim Chief Financial Officer (Section 151 Officer)

Executive Member: Councillor Bill Revans – Leader of the Council

Division and Local Member: All

Lead Officer: Duncan Sharkey, Chief Executive and Head of Paid Service

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1. Summary

- 1.1 This report proposes that the Interim Chief Financial Officer, Maria G. Christofi is appointed as the statutory designated Section 151 (S151) Officer following the departure of the current S151 Officer on 31 August 2024.

This proposed appointment is being brought forward to provide appropriate expertise and resilience for the Council following the Council's approval on 22 May 2024 to the voluntary redundancy and subsequent deletion of the Executive Director Corporate and Resources role (designated as the Council's current Section 151 Officer).

Section 151 of the Local Government Act 1972 requires Local Authorities to make arrangements for the proper administration of their financial affairs and appoint a S151 officer, also known as a Chief Financial Officer (CFO), to have responsibility for those arrangements. The Section 151 Officer will provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all Councillors and will support and advise Councillors and officers in their respective roles.

2. Recommendations

2.1 The Council is recommended to:

- (1) **Appoint and designate the statutory role of Section 151 Officer to Maria G. Christofi, the Interim Chief Financial Officer, with effect from 1 September 2024 until a permanent S151 postholder is appointed.**

- (2) **Agree, subject to the agreement of the Council to (1) above to amend the Constitution, Financial Regulations and the Officer Scheme of Delegation and empower the Interim Chief Financial Officer to undertake all of the statutory functions of a Section 151 officer and take all decisions related to the role.**

3. Background

- 3.1 The Council agreed the voluntary redundancy and subsequent deletion of the Executive Director Corporate and Resources role, the Council's current Section 151 Officer at its meeting on 22 May 2024. In parallel, the Chief Executive has been taking forward a restructuring of the Corporate Leadership Team, as part of the Council's Improvement and Transformation Programme.
- 3.2 The financial challenges facing Somerset Council are significant and in view of this, the Chief Executive has determined the need for an experienced Interim S151 Officer to be appointed following the departure of the current S151 Officer in August 2024 to lead the Council through the budget process for 2025/26.
- 3.3 The Section 151 Officer works closely with the Council's Chief Executive and Monitoring Officer to lead the promotion and delivery of good governance and financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.
- 3.4 The appointment of a Section 151 Officer does not necessarily require them to be an employee of the local authority. Although the person appointed is considered an officer of the Council, they can be an external professional rather than an internal employee. The key responsibility of the Section 151 Officer is to ensure proper administration of the local authority's financial affairs. They must be professionally qualified and experienced, but their employment status can vary.
- 3.5 Interim roles of this level at other councils and former legacy councils in Somerset have successfully been filled in conjunction with external Executive Search agencies. The search for an Interim Chief Finance Officer has been carried out in conjunction with an Executive Interim agency and several candidates were identified.
- 3.6 Following a technical interview, an interview with the Chief Executive, an interview with the Deputy Leader / Lead Member for Finance and Resources and a Member Panel interview (including the Leaders from all the political groups), the Chief Executive took a decision on 28 May for a direct contract award for the appointment of Maria G. Christofi as an Interim Chief Financial Officer with effect from 1 September 2024 for five days a week until 31 March

2025. The designation of the statutory role and functions of a S151 Officer are a matter for Full Council to agree. This report therefore proposes that designation for members to consider and approve.

- 3.7 Maria G. Christofi is a qualified accountant and member of CIPFA (Chartered Institute of Public Finance and Accountancy). Ms Cristofi's recent experience includes the role of Corporate Director of Resources and S151 for the London Borough of Redbridge and Finance Director for East London Waste Authority (both since 2016).

If approved by Council, Ms Christofi will formally take up the statutory duties and role of a S151 Officer from 1 September 2024 until 31 March 2025. By April 2025 it is expected that a permanent Section 151 Officer appointment will be made.

- 3.8 The interim S151 appointment offers several advantages to the Council:

- provides Somerset Council with significant financial and business expertise gained from being a Chief Finance Officer at other councils.
- provides independent and experienced support to the Council's finance function going through organisational change.
- provides an experienced capable individual undertaking the role during the financial emergency whilst the Council completes organisational change and the process for designating one of its directors to undertake the statutory Section 151 Officer role.
- Complements the experience of the current S151 and can add focus in social care, health and waste budgeting.

- 3.9 The role and functions of the CFO (S151 Officer) are directly informed by a comprehensive framework of statutory duties and responsibilities. There are five functions of the Chief Finance Officer:

1. **Ensuring lawfulness and financial prudence of decision making:**

After consulting with the Head of Paid Service and the Monitoring Officer, the Chief Finance Officer will report to the full Council, (s114 of the Local Government Finance Act 1988) or to the Executive in relation to an executive function, and the Council's external auditor if he/she considers that the authority:

a. has made or is about to make a decision which involves or would involve the authority incurring expenditure which is unlawful,

b. has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the authority, or

c. is about to enter an item of account the entry of which is unlawful.

Under the same act the Chief Finance Officer shall make a report under this section if it appears to him/her that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is

likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

2. **Administration of financial affairs:** The Chief Finance Officer will have responsibility for the administration of the financial affairs of the Council (section 151 of Local Government Act 1972) and will certify the robustness of the council's estimates of expenditure and the adequacy of the level of reserves in the proposed budget as required by Section 25 of the Local Government Act 2003.
3. **Contributing to corporate management:** The Chief Finance Officer will contribute to the corporate management of the Council, in particular through the provision of professional financial advice.
4. **Providing advice:** The Chief Finance Officer will provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all Councillors and will support and advise Councillors and Officers in their respective roles.
5. **Give financial information:** The Chief Finance Officer will provide financial information to the media, members of the public and the community.

4. Legal, Equalities and Financial Implications

- 4.1 Legal - Section 151 of the Local Government Act 1972 requires councils to make arrangements for the proper administration of their financial affairs and appoint a S151 Officer, also known as a Chief Financial Officer, to have responsibility for those arrangements.

In accordance with the Local Authorities (Standing Orders) (England) Regulations 2001, matters relating to the appointment of a CFO 151 Officer are reserved to the Full Council.

- 4.2 A CFO must lead on a council's financial functions and ensure they are fit for purpose. CFOs must be professionally qualified and suitably experienced. In compliance with the Local Government Finance Act 1988 the CFO must be a member of one of the following bodies in order to qualify as a responsible officer:
- (a) the Institute of Chartered Accountants in England and Wales,
 - (b) the Institute of Chartered Accountants of Scotland,
 - (c) the Chartered Association of Certified Accountants,
 - (d) the Chartered Institute of Public Finance and Accountancy,
 - (e) the Institute of Chartered Accountants in Ireland,
 - (f) the Chartered Institute of Management Accountants, and
 - (g) any other body of accountants established in the United Kingdom and for the time being approved by the Secretary of State for the purposes of this section.

- 4.3 The appointment of the Interim CFO was subject to no material or well-founded objection being made by the Leader of the Council or the Executive Lead Members. No objections were received.
- 4.4 Financial - The estimated total costs for 2024/25 are £212,425 plus VAT and these costs will be met by the Senior Leadership Team budget 2024/25.
- 4.5 Risk: The timescales to go out to recruitment for a permanent Chief Financial Officer role would have put the Council at risk of not having a CFO in place before the current CFO departs.

Risk: Failure to have a Chief Finance Officer in place to meet statutory duties					
Likelihood	1	Impact	5	Risk Score	5
Mitigation: Proposed recommendations seek to ensure the Council has a Chief Finance Officer in place throughout 2024/25.					

- 4.6 Equalities: There are no direct impacts on any of the protected characteristics falling under the definition of the Equality Act 2010 or the local additional protected characteristics adopted by the Council. The recruitment for this process has been in line with best practice in relation to promoting equality and diversity within the Council's recruitment processes.

5. Background Papers

- 5.1 Council's Constitution
 Chief Executive decision on 28 May 2024
 Annex 2 – Roles and duties of Statutory Officers
 Section 151, Local Government Act 1972
 Section 113, Local Government Finance Act 1988
 CIPFA – the role of the Chief Financial Officer in local government

Report Sign-Off

	<i>Officer Name</i>	<i>Date Completed</i>
<i>Legal & Governance Implications</i>	David Clark, Monitoring Officer	17.6.24
<i>Finance & Procurement</i>	Nicola Hix, Deputy S151	17.6.24
<i>Workforce</i>	Dawn Bettridge, Service Director	10.6.24
<i>Executive Director</i>	Duncan Sharkey, CEO	1.7.24
<i>Strategy & Performance</i>	Alyn Jones, Executive Director	17.6.24
Consulted:	<i>Councillor Name</i>	
<i>Political Group Leaders</i>	Cllr B Revans, Leader of the Council Cllr D Fothergill, Opposition Leader Cllr L Redman, Labour Group Cllr D Mansell, Green Group Cllr J Hunt, Independent Group	