



LONDON FIRE BRIGADE

Report title

Finance Department – Review

Report to

Finance & Investment Board

Commissioners Board

Deputy Mayor's Fire & Resilience Board

Date

23 June 2022

6 July 2022

26 July 2022

Report classification:

For Decision

The subject matter of this report deals with the following LFB strategic priorities:

Delivering excellence

Report number – LFC-0722y

For Publication

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DECISION-MAKER

Executive Summary

This report presents the outcome of the of the Finance Department, including the challenges faced by the department, the report from Chartered Institute of Public Finance & Accountancy (CIPFA), the response to this and other research, and the use to be made of the £500k additional funding approved in the Budget 2022/23.

The Finance Department plays a fundamental role in the delivery of London Fire Commissioners (LFC's) statutory duties. The requirements placed on the Finance Department have increased significantly over the last couple of years and demands for high quality financial services, analysis and advice are expected to continue into the future. The report considers these demands and plans to address them in a sustainable and effective way, reducing the current reliance on expensive interims to deal with pressures.



LONDON FIRE BRIGADE

The total cost of the recommended structural option is £479,290 with the residual amount of £20,710 set aside for training requirements. This cost is subject to review as posts go through

the job evaluation process, to ensure the new structure is affordable within the funding available.

Recommended decisions

That the Finance & Investment Board

- Considers the report, providing challenge and support that can be considered as part of further developments within the Finance department.
- Notes the use of growth funding approved within the Budget 2022/23.

That the Commissioner's Board

- Approves the proposed restructure in Finance Department set out within the report.
- Approves the utilisation of the £500,000 growth within Corporate Services Directorate earmarked for Finance and approved as part of the Budget 2022/23.

That the Deputy Mayor's Fire & Resilience Board

- Notes the proposed restructure in Finance Department set out within the report.
- Approves the utilisation of the £500,000 growth within Corporate Services Directorate earmarked for Finance and approved as part of the Budget 2022/23.

1. Introduction and background

- 1.1 Over several years, there have been a number of demands placed on the department that have accumulated which has resulted in the department endeavouring to achieve all of its aims, compromising its ability to change/update its processes and adapt to or embrace the new landscape the department finds itself operating in. This has resulted in a number of key challenges that need to be addressed, and additional resources identified to support. The main demands are summarised below:

Challenges of existing systems

The department has been struggling with its current finance system, which is no longer fit for purpose, and this means further staff time is currently dedicated to supporting an out-dated system. Providing resources to support transformation in Finance, would allow greater senior management focus on the implementation of the new finance system. Likewise, the dedicated support would work alongside other key contacts to ensure there is a joined-up approach not only across the finance department, but with other departments to ensure information flows as efficiently as possible across several systems.

Financial uncertainty

The current levels of financial uncertainty increase demand for additional financial information, analysis and scrutiny. This additional reporting on in year costs, requirements to identify in year savings, funding to be bid for and regular reported against, additional financial forecasting, and so on.

Statement of Accounts

The statutory deadline for publishing the annual Statement of Accounts has been brought forward from 31st July to 31st May for the draft accounts and from 30 November to 30 September for the audited accounts. Currently due to COVID and issues in the auditing of public sector accounts, the deadline has been extended back to the original 31st July deadline for draft accounts, however this is only a short-term extension. This earlier deadline for the accounts, comes alongside increasing accounting requirements to be addressed, and includes new requirements on lease accounting being introduced in 2022/23.

External Audit

The requirements placed on auditors have also increased over the last few years, and sees auditors now spending a significantly increased amount of time with audit clients. These requirements continue to develop, and included new requirements for Value for Money assessment and reporting as part of the 2020/21 audit. These additional demands can be seen in the increasing audit costs sector wide, and also that less than 10% of the local government sector audits were completed to the deadline for 2020/21.

Boards and Reporting requirements

The scope to which the Finance function support the numerous boards has grown in recent years. This is further highlighted by the newly created Finance and Investment Board, where it is expected that significant additional reporting and analysis will be required compared to that prepared for the Corporate Services Board. The corporate transformation has led to additional demands on Finance with more reports and analysis to aid decision making, funding to manage, alongside the move to now having five directorates. There is also an increasing demand from City Hall for explanation of financing as part of the governance process.

Transformation

The Transformation Delivery Plan, to address the reports from Phase 1 of the Grenfell Tower Inquiry (GTI) and from Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS), has required additional funding, monitoring and reporting. It has also raised expectations of what should be expected of support services, with growth already progressing in Transformation and People Services, and similar expectations now, rightly, developing on the Finance function – including the provision of more senior level finance business partnering services to business areas in order to provide insightful analysis, a greater focus on value for money and a more effective capital plan.

Specific Grants and Monitoring

As a consequence of transforming, the Brigade has received a number of grants which need to be certified, monitored and detailed record keeping kept providing assurance

to regulatory bodies that it has spent the grant in accordance with the conditions it was provided for.

Budget setting process

The current budget setting process has identified £9.7m of growth and £7.3m of savings across the Medium-Term Financial Strategy (MTFS). The increased scrutiny of the Brigade has raised expectations on the monitoring and reporting that will be in place to ensure these are delivered. Additional budget challenge and review will be required over the coming years to better align resources to the priorities set out in the Community Risk Management Plan and the Target Operating Model, and to deliver efficiencies and savings required to ensure a fully funded Medium Term Financial Plan. The ambition to achieve net zero by 2030 places significant additional considerations for resource and capital budgets.

Recruitment and retention of staff

The department over the last few years has struggled in maintaining a full establishment. This is due to a few reasons, but in the main due to the following:

- Pay
Recent experience in the recruitment of staff has shown challenges in the pay available for LFB roles. This experience is backed up by information shared in the CIPFA review, from work with the GLA, advice from recruitment agencies and in feedback in exit interviews. There has been experience of candidates only being interested in a salary at the top of the pay scale, and also losing successful candidates to better offers.
- Flexible working arrangements
Flexible working arrangements are now increasing important to candidates in the post pandemic period, and this was highlighted in the discussions with CIPFA as well in feedback from recruitment agencies and exit interviews. There is an increasing expectation of limited office attendance, as well as increased flexibility on start and end times for the working day
- Annual Leave
The ability to take all the annual leave due to work requirements.
- Training
A lack of training and development and the LFB not seen as an employer with long-term progression. Again, this has been highlighted through exit-feedback from employees.
- Frustrations of high staff turnover
Existing staff members having to train, and knowledge transfer of information and individual staff have not stayed for a prolonged period. This has resulted in

frustration as this has been repeated.

- High levels of temporary/interim staffing

Due to the market conditions currently, the interim contractors can demand a high daily rate as demand for their skills is high but general supply of those skills are in short supply, specifically across the public sector. Again, over a prolonged period this can result in frustrations with substantive staff members as the same role has resulted in discrepancies in pay and likewise those individuals are helping to train on the job and pass skills and knowledge on.

- 1.2 The result of all of this has resulted in low team morale and higher than usual staff sickness due to high levels of stress and anxiety.
- 1.3 The department therefore commissioned the Chartered Institute of Public Finance and Accountancy (CIPFA) to review the current structure, remuneration and working practices of the department and to make recommendations to transform the Finance department.
- 1.4 The report produced by CIPFA can be found in Appendix 3.
- 1.5 The main component of the report identifies the following main themes; poor retention of staff owing to several factors but the main ones being the overall remuneration package including training and salary, frustrations at the archaic finance system and the overall structure which isn't conducive to meeting the needs of LFB into the future.

Risks in failing to transform

- 1.6 The department needs to transform to be able to successfully meet the challenges that the LFB is currently placing on the department. There are significant risks in achieving the MTFS proposals, not least in reducing the identified budget gap in 2023/24 of the MTFS. In addition to this the organisation must ensure the 2022/23 budget is met and that Finance are the gatekeeper of financial control, providing strategic leadership that is worthwhile, meaningful and will effectively help accountable budget holders to understand and manage their budgets in a pro-active way to achieve value for money.
- 1.7 In addition, there are future challenges in implementing the Target Operating Model (TOM) and the new Community Risk Management Plan (CRMP) which Finance needs to play a key part in helping to deliver.

2 Finance Department Transformation

- 2.1 Since CIPFA's initial review, further work has been undertaken to ensure the structure meets all of the department's requirements. The structure can be seen in Appendix 1.

- 2.2 One element of the workstreams included a review of role responsibilities across current job descriptions and a mapping exercise to new job descriptions.
- 2.3 As part of this approach and further re-engineering of the structure, this has resulted in a structure that places greater emphasis on more added value activities rather than transactional skills which requires greater individual responsibilities. The outcome of this has resulted in the removal of two FRS D posts. All new posts have been separately identified within Appendix 1. Staff are therefore potentially at risk, however with additional posts overall in the structure this gives opportunities for those staff members. To give the greatest chance of success in obtaining these opportunities elsewhere in the new structure, we will ensure we begin with an internally restricted recruitment exercise to those staff impacted.
- 2.4 The overall level of change can be seen in the following table (this excludes 2 interim posts at FRS E level;

	Current Structure (FTE)	New Structure (FTE)	Change (FTE)
TMG A	1.0	1.0	0.0
TMG C	1.0	2.0	+1.0
FRS G	1.0	3.0	+2.0
FRS F	5.0	6.0	+1.0
FRS E	7.0	9.0	+2.0
FRS D	8.75	7.0	-1.75
FRS C	5.0	5.0	0.0
Total	28.75	33.0	+4.25

- 2.5 Structural changes and role responsibilities are only a small element of the need for the Finance department to change, however. It has also been identified that both process, system and cultural change needs to happen alongside reviewing non-financial parts of the remuneration package that is offered to individuals to ensure retention and development of the team.
- 2.6 The recruitment and retention of staff has been difficult over the last few years, with this due to several factors, and has been experienced in other departments and not only Finance. To better understand and help to address this, Finance has consulted with experts in the recruitment and local government sectors for advice. Feedback has often been that market rates have been driven up over the last few years, and

sometimes roles within LFB Finance are not competitive in terms of pay, but the challenge is wider than this and can also include working hours and place of work with a growing requirement for these to be as flexible as possible. These issues can't be addressed in Finance in isolation, and will necessarily form part of a wider corporate review of FRS staff. However, in the interim, Finance will seek to identify the best way to market and sell roles, to attract good quality candidates to roles as they are advertised, as well as investing in development to then retain these staff.

2.7 Evidence relating to the difficulties in external recruitment included that set out in the "Reed Salaries Guide 2022" which detailed a number of discussion points including;

- A shortage of staff to fill permanent roles, creating supply issues and driving up cost.
- Importance of not narrowing down the talent pool (i.e. being flexible in approach).
- Counter offers by employees asking for greater pay increases.
- Training and Development alongside remote working being attractive to jobseekers.

These discussion points have been re-emphasised when discussing the current job market with contacts across professional Accountancy and Finance recruitment agencies.

The CIPFA review also included guidance on salary ranges for senior finance posts, as well as the impact of other elements in terms and conditions in particular flexible working. This was considered alongside information shared with the GLA on salaries for comparable finance professional roles. This work then helps reinforce information gathered from exit interviews from staff, and monitor of job vacancies through sites like Public Finance.

2.8 The recruitment and retention of staff has been difficult over the last few years which due to several factors has impacted not only on the Finance department, but across LFB. To address this, Finance have consulted with experts in the recruitment sector to see how this can be addressed. Feedback has often been that market rates have driven up and sometimes roles within Finance are not directly comparable in terms of pay and likewise our approach in terms of both working hours and place of work needs to be as flexible as possible. Both are items that need to be addressed corporately. Internally, Finance are looking at the best way to market and sell roles and then actively retain high performing members of the team.

2.9 In terms of addressing systems issues, it has been widely reported that the current financial ledger that is in use (Masterpiece) is outdated and no longer fit for purpose to provide information that is timely, easily understood and efficient in terms of input and output of data from the system. The department has therefore already scoped the requirements of a new system (LFC-0088) and should be going out to tender for a replacement system in the late summer of 2022 with an envisaged go-live date 12-18 months after contract award. This has been delayed due to the new procurement peer review which is a more rigorous process and therefore a number of items are being challenged and need to be addressed. There may however be further opportunities for collaborative working with Transport for London (TfL) which was investigated

previously, though the project was paused by the previous interim Director of Corporate Services.

- 2.10 Process changes and reviews will also be incorporated into the implementation of a new system to ensure more efficient processes but also are compliant with any new system. This will be important when choosing the new system to ensure our needs are met by the system.
- 2.11 Due to the large number of changes, some of which are very substantial, it is more important than ever that members of staff continue to receive training and development opportunities to enable them to deliver their role to the highest of standards and this is why there was also additional growth in the Finance budget as part of the 2022/23 budget alongside the use of the residual use of the £500k growth bid on the Finance structure to help supplement this.
- 2.12 Cultural change is also very important to the department to not only maintain a happy workforce, but also to drive up and then maintain high standards. This has been incorporated into a review of departmental meetings, how we effectively work together and a refresh of the departmental plan and individual targets. This will be further enhanced by the new corporate PDR process.
- 2.13 The department will need to evidence that the additional growth in the structure has provided Value for Money (VFM) and therefore proposes to have several matrices to showcase this added value. These will be in the form of 'hard' Key Performance Indicators (KPIs) that can be measured by tangible information e.g.. % invoices paid on time and forecasting performance. However, the department will also be seeking to explore more 'softer' measurements such as regular stakeholder feedback to ensure we are providing to the expectations of customers. In gaining feedback this will help us to address any issues, or work with our stakeholders to maintain high standards. The department will look to gain information to provide a baseline to which it can measure itself against in the future and therefore will be developing and gaining information on the various KPIs prior to the new structure being implemented
- 2.14 This will help to further develop our future offering to LFB, giving us scope to recognise when the department can re-allocate resources to be at its most effective or likewise where there is excess capacity which may result in future savings or likewise where there are further demands placed on the service which need to be resourced.
- 2.15 An example of further demands placed on the Finance department are the growth of areas such as Transformation and Communications and therefore the structure attempts to enable the department to deal with these demands into the future. However, as discussed in paragraph 1.13 this will need to be monitored in the future.
- 2.16 The new Director of Corporate Services joined the LFC in June 2022 and is supportive of the rationale for change and the direction of travel set out in this report. As a result of the timescales the Director of Corporate services will continue to assure some of the details set out in this report alongside the governance process.

3. Equality comments

- 3.1 The LFC and the Deputy Mayor for Fire and Resilience are required to have due regard to the Public Sector Equality Duty (section 149 of the Equality Act 2010) when taking decisions. This in broad terms involves understanding the potential impact of policy and decisions on different people, taking this into account and then evidencing how decisions were reached.
- 3.2 It is important to note that consideration of the Public Sector Equality Duty is not a one-off task. The duty must be fulfilled before taking a decision, at the time of taking a decision, and after the decision has been taken.
- 3.3 The protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership (but only in respect of the requirements to have due regard to the need to eliminate discrimination), race (ethnic or national origins, colour or nationality), religion or belief (including lack of belief), sex, and sexual orientation.
- 3.4 The Public Sector Equality Duty requires decision-takers in the exercise of all their functions, to have due regard to the need to:
- eliminate discrimination, harassment and victimisation and other prohibited conduct.
 - advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it.
 - foster good relations between people who share a relevant protected characteristic and persons who do not share it.
- 3.5 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic.
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.
 - encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 3.6 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- 3.7 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- tackle prejudice.
- promote understanding.

3.8 The department has undertaken an Equality & Impact Assessment in regard to any changes throughout the review and this can be found in Appendix 2.

4. Other Considerations

Workforce comments

4.1 This report is not considered to have any direct workforce impact for the LFC and therefore no consultation has been undertaken.

Sustainability comments

4.2 This report is not considered to have any direct sustainability implications.

Procurement comments

4.3 This report is not considered to have any direct procurement implications.

5. Financial comments

5.1 This report will have cost implications. The total cost of implementing the new structure will be funded through the growth of £500k that was included as part of the 2022/23 budget proposals. The cost of the new structure has been identified as £479,290 with the residual amount of £20,710 being utilised to help fund the increased need for additional training and development of the staff within department. Currently the department have transitioned to the new structure using interim staff already recruited to vacant posts in the existing structure to ensure a continuity of service. However, this is not cost effective in the long term and in terms of overall cost is more expensive than implementing the new structure as quickly as possible.

6. Legal comments

6.1 Under section 9 of the Policing and Crime Act 2017, the LFC is established as a corporation sole with the Mayor appointing the occupant of that office.

6.2 Section 112 of the Local Government Act 1972 states that the Commissioner “shall appoint such officers as they think necessary for the proper discharge by the authority of such of their or another authority’s functions as fall to be discharged by them...”. Section 112 further states that, “An officer appointed... shall hold office on such reasonable terms and conditions, including conditions as to remuneration, as the authority appointing him think fit.”

- 6.3 Under the Commissioner's Scheme of Governance a Director may "agree the Directorate plan" and may also, "determine matters that relate to the internal management of the directorate".
- 6.4 Under the Commissioner's Scheme of Governance the Commissioner may authorise a commitment to expenditure (capital or revenue) and business or commercial arrangements with a value of £150k and above. The Commissioner may also undertake any action whether that action is delegated to another person or not, this includes approval of the proposed restructure as set out in this report.
- 6.5 By direction dated 1 April 2018, the Mayor set out those matters, for which the LFC would require the prior approval of either the Mayor or the Deputy Mayor for Fire and Resilience (the Deputy Mayor).
- 6.6 Paragraph (b) of Part 2 of the said direction requires the LFC to seek the prior approval of the Deputy Mayor before "[a] commitment to expenditure (capital or revenue) of £150,000 or above as identified in accordance with normal accounting practices...". The Deputy Mayor's approval is accordingly required for the LFC to expend the sums set out in this report.

List of Appendices

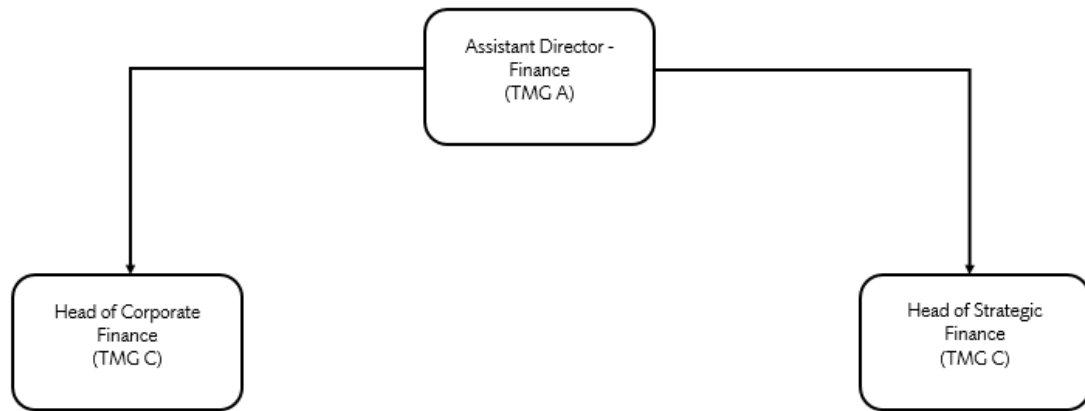
Appendix	Title	Open or confidential
1.	Proposed Finance Departmental Structure	Open
2.	Equality Impact Assessment	Open
3.	CIPFA Review	Open

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

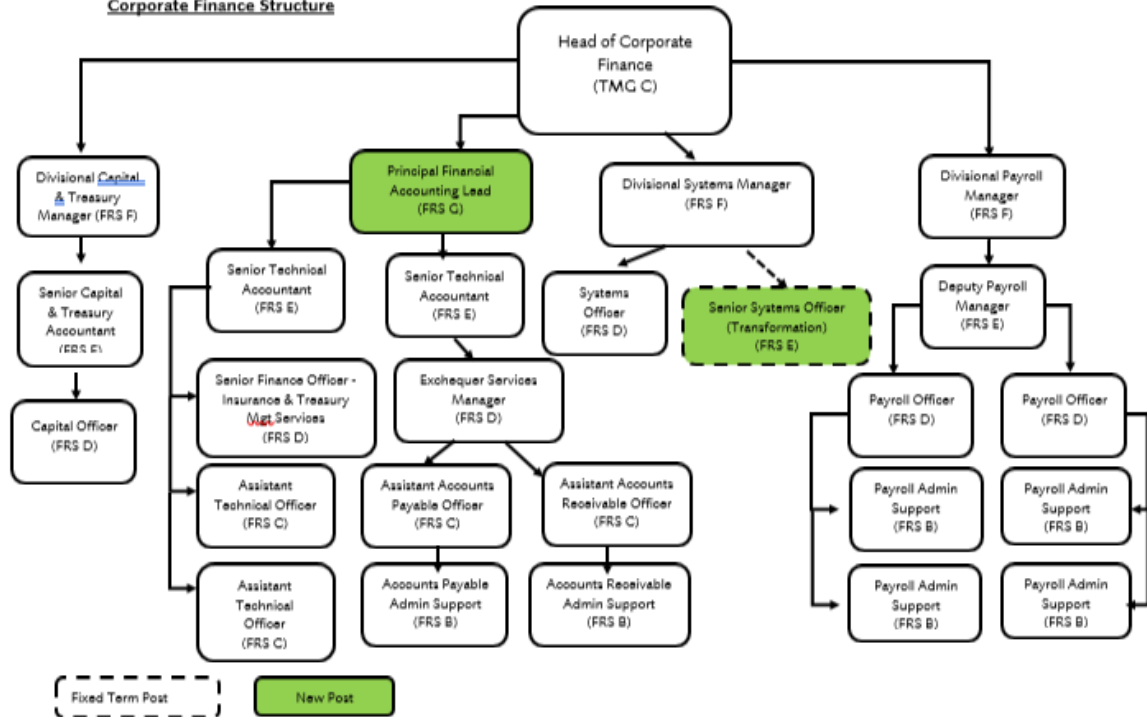
Is there a part 2 form – ~~YES~~/NO

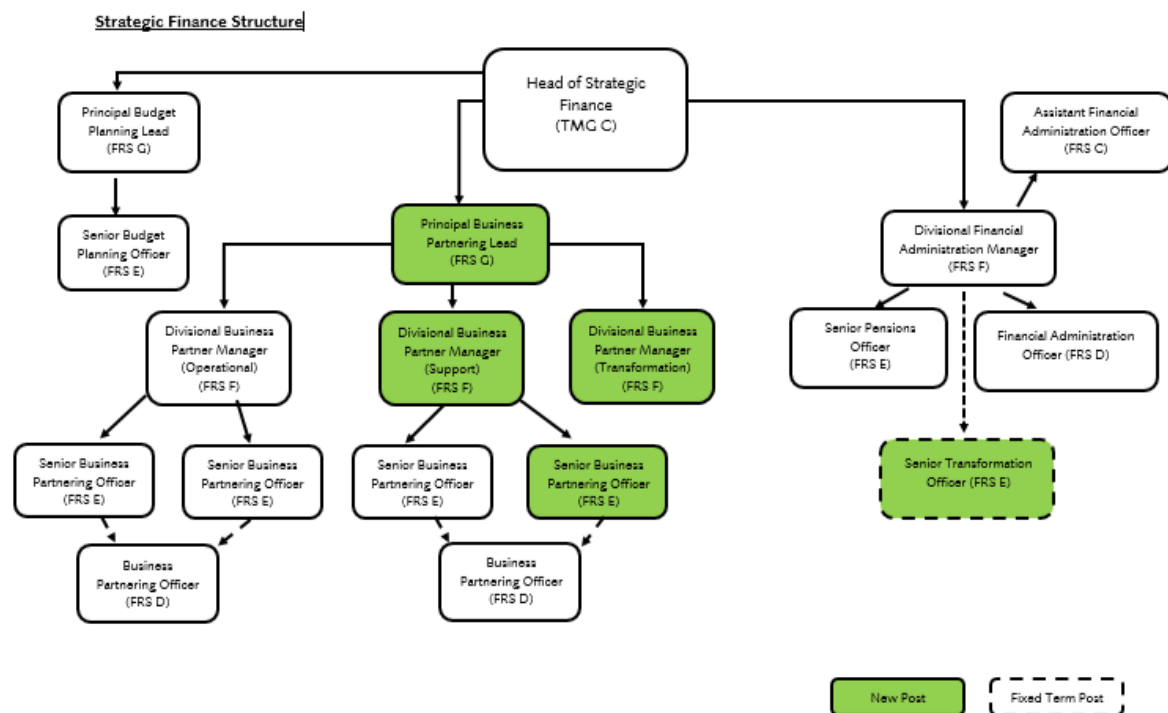
Appendix 1 – Proposed Finance Department Structure

Strategic Level Management Team



Corporate Finance Structure





The structure charts above show the need structure, highlighting the new roles. However, this does not show the deletion of posts to move to new structure. Overall changes are documented within paragraph 2.4 of the main report.

Appendix 2 – Equality Impact Assessment

Equality Impact Assessment (EIA) Form

The **purpose** of an EIA is to give **as much information as possible** about potential equality impacts, to demonstrate we meet our **legal duties** under the Equality Act 2010.

Please read the EIA Guidance [on Hotwire](#) before completing this form.

Once you open the template please save it on your OneDrive or SharePoint site. Do not open the template, fill it in and then click Save as this will override the template on Hotwire.

1. What is the name of the policy, project, decision or activity?

Finance Structural Review

Overall Equality Impact of this policy, project, decision or activity (see instructions at end of EIA to complete):

High		Medium		Low	X
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2. Contact details

Name of EIA author	James Buttery
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Department and Team	Finance
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Date of EIA	01/06/2022
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3. Aim and Purpose

What is the aim and purpose of the policy, project, decision or activity?	The Finance Structural Review will provide a transformed way in which the department works to effectively support the needs of LFB to manage its resources effectively.
Who is affected by this work (all staff, specific department, wider communities?)	The whole of the Finance Department is directly impacted on the Structural Review directly. Departments to which Finance support will also be indirectly be impacted upon via a different delivery model.

4. Equality considerations: the EIA must be based on evidence and information.

What consultation has taken place to support you to predict the equality impacts of this work?	<i>Team meetings and email communications.</i>
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5. Assessing Equality Impacts

Use this section to record the impact this policy, project, decision or activity might have on people who have characteristics which are protected by the Equality Act.

Protected Characteristic	Impact: positive, neutral or adverse	Reason for the impact	What information have you used to come to this conclusion?
<i>Example: Age</i>	<i>Adverse</i>	<i>Moving this service online will adversely affect older people, who are least likely to have access to a computer or smart phone and may not be able to use the new service.</i>	<i>GLA Datastore: X% of the London community are aged 70 or over. GLA data shows that only 10% of those over the age of 70 have regular access to a computer or smart phone.</i>
Age (younger, older or particular age group)	Neutral	<p>The impact of the review will be seen across the whole of the department. As at 31/5/22 this was the following ages across the department of substantive staff members;</p> <p>20-29: 1 (3%)</p> <p>30-39: 4 (14%)</p>	<p>Information received from: HR People Management Information Team - pshrpmi@london-fire.gov.uk .</p>

		<p>40-49: 8 (28%)</p> <p>50-54: 4 (14%)</p> <p>55-59: 7 (24%)</p> <p>60-64: 3 (10%)</p> <p>65+: 2 (7%)</p> <p>Whilst some age ranges have greater numbers, the impact is not just on one specific group of people.</p>	
<p>Disability</p> <p>(physical, sensory, mental health, learning disability, long term illness, hidden)</p>	Neutral	<p><i>As at 31/5/22 there was 1 member of the team disclosing a disability.</i></p> <p><i>This will be taken into account when undertaking the review.</i></p>	
<p>Gender reassignment</p> <p>(someone proposing to/undergoing/ undergone)</p>	Neutral	N/A	

a transition from one gender to another)			
Marriage / Civil Partnership (married as well as same-sex couples)	Neutral	<i>Information unknown.</i>	
Pregnancy and Maternity	Neutral	<i>N/A</i>	
Race (including nationality, colour, national and/or ethnic origins)	Neutral	<i>As at 31/5/22 the number of team members identifying as BAME totalled 14, which is 48% of the department.</i>	
Religion or Belief (people of any religion, or no religion, or people who follow a particular belief (not political))	Neutral	<i>As at 31/5/22 the following religious beliefs were identified across the team:</i> <i>Christian: 16 (55%)</i> <i>Hindu: 4 (14%)</i>	

		<p><i>No Religion: 4 (14%)</i></p> <p><i>Not Provided 3 (10%)</i></p> <p><i>Muslim: 2 (7%)</i></p> <p><i>There will be no impact on the following: things like uniform, appearance or facilities (religious headwear, prayer facilities, etc)</i></p>	
Sex (men and women)	Neutral	<p><i>As at 31/5/22 the following genders were disclosed:</i></p> <p>Male: 18 (63%)</p> <p>Female 11 (37%)</p>	
Sexual Orientation (straight, bi, gay and lesbian people)	Neutral	<p>As at 31/5/22 the following sexual orientations have been disclosed as follows;</p>	

6. Impacts outside the Equality Act 2010

What other groups might be affected by this policy, project, decision or activity?

As the review is a detailed undertaking of the structure of the department and processes, it is not a change in policy or how the department physical operates such as flexible working etc. There should therefore be no impact on any groups.

7. Legal duties under the Public Sector Equality Duty (s149 Equality Act 2010)

How does this work help LFB to:

Eliminate discrimination?

Any potential recruitment exercises will be run in accordance with LFB HR recruitment policy.

Advance equality of opportunity between different groups?

Any potential recruitment exercises will be run in accordance with LFB HR recruitment policy.

	Discussion of potential impacts will be discussed both in group and 1:1 settings.
Foster good relations between different groups?	Discussion of potential impacts will be discussed both in group and 1:1 settings.

8. Mitigating and justifying impacts		
Where an adverse impact has been identified, what steps are being taken to mitigate it? If you're unable to mitigate it, is it justified ?		
Characteristic with potential adverse impact (e.g. age, disability)	Action being taken to mitigate or justify	Lead person responsible for action
N/A		

Now complete the RAG rating at the top of page 1:

High: as a result of this EIA there is evidence of significant adverse impact. This activity should be stopped until further work is done to mitigate the impact.

Medium: as a result of this EIA there is potential adverse impact against one or more groups. The risk of impact may be removed or reduced by implementing the actions identified in box 8 above.

Low: as a result of this EIA there are no adverse impacts predicted. No further actions are recommended at this stage.

Document Control

Signed (lead for EIA / action plan)			Date	
Sign off by Inclusion Team			Date	
Stored by				
Links				
External publication	Are you happy for this EIA to be published externally?	Yes <input type="checkbox"/>	No <input type="checkbox"/> If No state why:	

DRAFT

London Fire Brigade

Review of Finance Structure Options

Terry Neaves, Cipfa Associate,
Phil Gibby, Cipfa Associate

December 2021

Context

We note that LFC:-

- ❑ **Is committed to improving governance** and is taking steps to review and implement more effective governance arrangements to ensure that decision making is robust and takes into account key finance and legal issues.
- ❑ **Is accountable to the GLA** who have to approve all new spending decisions over £150,000. This would include any major restructuring of the Finance Department if it exceeded this limit.
- ❑ **Is embarking on a major transformation journey** that involves investing in its Estate, IT and its Fleet
- ❑ **Will need to make considerable savings** if it is going to achieve a balanced budget and fund its transformation ambitions
- ❑ **Has a system of internal control which is adequate** – this suggests that there is room for improvement and coupled with governance issues this may present financial risks.
- ❑ **Is the largest Fire Service** and has a role to play nationally in leading and influencing Fire Service provision and policy.

In response it appears that the Finance Department:-

- ❑ **Is yet to change its structure** to respond to the changes that the organisation is making and the risks that it presents
- ❑ **Has not refocussed finance team resources on transformation** and the potential risks that this presents to the organisation.
- ❑ **Will need new finance skills** to operate in a more dynamic organisation that requires greater focus and management of finance risks.
- ❑ **Will need to strike the right balance between agility and stewardship** – this is hindered by an old financial management system that requires considerable intervention.
- ❑ **Will need to review its savings processes** to achieve greater engagement and involvement with heads of service to identify the substantial savings needed to fund greater transformation.
- ❑ **Needs and wants to exert more influence nationally** over Fire Service Financial policies and developments and be aware of how changes will impact on service delivery.

Initial Assessment

LFC is committed to considerable change and the Finance Department needs to consider how it will support this change and manage the considerable financial risks that this could present to the organisation.

Financial Risks

- ❑ **Transformation** – Finance has not refocused resources to Transformation projects and the transformation programme and its impact on the organisation's finances.
- ❑ **Savings** – savings are removed from budgets that are then monitored but there is no overall monitoring of savings programme.
- ❑ **Developing Financial Plans** – limited engagement with heads of service to develop financial plans and savings options.
- ❑ **Top down approach to setting savings targets.** Budgets are reduced to reflect agreed savings but no specific monitoring is carried out against agreed savings plans. This may mean that alternative and sometimes temporary savings are delivered. In turn this may increase service and financial risk.
- ❑ **Pensions** – a limited level of expertise around the impact of new pension liabilities
- ❑ **The need to embed and build effective processes to close accounts** – lack of clear timetable and plans for preparing financial information.
- ❑ **GLA spending limits** – lack of clear understanding of the impact of GLA spending limits and the tough decisions that the LFB will need to take to keep within these limits.
- ❑ **Ambitious transformation plans v budget pressures** – substantial increases in external borrowing identified in Capital Strategy will place considerable pressure on revenue budget.
- ❑ **Financial Information System** – scheduled for replacement and has the potential to transform the way that finance works. In the meantime the age of the current system presents considerable potential risk to the organisation.
- ❑ **Horizon Scanning** – the department needs to be more aware of changing financial and service pressures at a national level and build these into medium term financial plans.

Initial Conclusion

Overall there needs to be more engagement between Finance and the rest of the organisation. This is essential for the organisation to develop effective and realistic financial plans that deliver the organisations key objectives. The limited finance focus on transformation, capital and savings plans is a significant risk. The Finance Department also needs to understand clearly the financial risks that are posed by the current Financial Information System and the potential benefits of replacing this system.

Organisational Risks – Finance Department

People Issues

- ❑ **Corporate Memory** – loss of considerable expertise over recent years.
- ❑ **Team relationships** – with some exceptions, it has been difficult to maintain and develop effective working relationships during the pandemic.
- ❑ **Induction of new staff** – with some exceptions, more attention needs to be given to the induction of new staff to ensure that they are supported and feel part of the finance team and wider organisation. This may have contributed to the loss of some finance staff, who have joined recently.
- ❑ **Developing Staff** – little financial support is provided to finance staff who wish to train and develop. This provides little incentive for them to stay once qualified.

Managerial Issues

- ❑ **Need for more Management Co-ordination** – given the number of new staff in the finance department, there is a need for more direct management involvement and oversight to direct their work.
- ❑ **Hierarchical approach to work** – clearing reports can be complex and time consuming as they have to pass through multiple gateways
- ❑ **Silo approach to work** – staff appear unable or unwilling to cover for one another e.g. business partner vacancies.
- ❑ **Tension between Corporate and Strategic Finance Teams** – can lead to a lack of co-operation and sharing important information.

Initial Conclusion

The Finance Department has undergone substantial change over the last few years both as a result of the pandemic. This has brought many challenges to the Finance Team. After the initial period of adjustment and managing the most immediate risks, the team needs to give more thought to how it will operate in the new environment to build a strong and effective Finance Team that can support the ambitious transformation agenda as well as retaining effective control of London Fire Brigade finances.

Its not all about the Structure

Potential Quick Wins

- ❑ **Induction of new staff** – thought needs to be given to the support required for new staff who may be joining LFB at a time of more agile/home working – payroll has some good examples.
- ❑ **Training Support** – financial support for finance training may help to retain and attract good candidates who want to develop their finance skills.
- ❑ **Agile Working** – the finance team needs to clarify to its staff how it views agile working arrangements going forward so that they have certainty to plan their working week. In doing this, the Finance Team should consider the wishes of its staff and within reason, how best these can be met.
- ❑ **Maintaining Relationships** – thought needs to be given about how best to maintain and achieve good working relationships within a more agile working environment. A start has been made with face to face team meetings but more needs to be done.

Enabling Factors

- ❑ **New Financial Information System** – this has the potential to transform the way the organisation works and to reduce the significant level of bureaucracy involved in the approval process.
- ❑ **Greater Delegation to Heads of Service** – the organisation needs to be realistic about the extent to which Heads of Service (particularly operational heads) will have the capacity and enthusiasm to manage their budgets effectively.
- ❑ **Greater focus on Strategic Finance Issues** – Finance needs to ensure that it identifying the major risks areas (e.g. Transformation) and ensuring that it is allocating resources to manage these risks effectively.
- ❑ **Building Stronger relationships with Head of Service** – this is particularly important if the Finance Team is going to help the organisation to identify and deliver significant savings.

Initial Conclusion

While a new structure will put the LFC Finance Team in a better place to address the challenges there is a lot they can do now as identified above. There are also a number of enabling factors which will help change the way finance is delivered within LFC. Some of these factors will require agreement from the wider organisation but some are directly in the control of the Finance Team.

Key Finance Functions

Corporate Finance

- ❑ **Annual Statement of Accounts** – preparing statutory financial information
- ❑ **Maintenance of General Ledger and other financial systems** – ensuring key financial systems are up to date complete and accurate.
- ❑ **Ensuring Financial Information is accurate and up to date** – this should then form the basis for effective budget monitoring.
- ❑ **Statutory Returns** – completing statutory returns accurately and within agreed timescales
- ❑ **Capital Accounting** – ensuring that capital expenditure is accounted for appropriately and in accordance with statutory guidance.
- ❑ **Financial Governance** – liaising with internal and external audit to ensure that financial systems are effective.
- ❑ **Treasury Management** – managing the investment of the organisation's cash balances and all associated bank accounts in line with the Treasury Management Strategy (provided by GLA)
- ❑ **Insurance** – ensure that appropriate insurance arrangements are in place in line with the Council Insurance Strategy
- ❑ **Payroll** – the provision of payroll services for LFC – potential for this to move to HR.

Strategic Finance

- ❑ **Medium Term Financial Planning** – developing and maintaining a five year medium term financial plan that projects funding and service pressures
- ❑ **Preparation of Annual Financial Plans** – developing budget plans with Service Leads
- ❑ **Preparation of Annual Capital Programme** – working with service heads to develop an affordable capital programme in line with the Capital Strategy
- ❑ **Business Partnering** – assisting heads of department and budget holders to manage the resources allocated to them effectively
- ❑ **Savings plans** – developing plans to address budget gaps and monitoring the implementation of savings proposals at an organisational level.
- ❑ **Transformation Plans** – assessing the financial implications of change projects as part of a gateway process and monitoring the implementation of change projects at an organisational level.
- ❑ **Investment Plans** – ensuring that business plans for investment significant resources are robust and affordable.

Options to be provided by either team

- ❑ **Budget Monitoring** – providing a clear monthly update of the current financial position of the organisation.
- ❑ **Pensions Accounting** – assessing financial implications of pension schemes and managing the pensions committee
- ❑ **Risk Management** – maintaining a register of financial risks

Key Outputs and Strategies

Corporate Finance

- ❑ **Statement of Accounts** – preparation of annual accounts.
- ❑ **Accounting Policies** – reviewing and updating accounting policies as required to reflect legislation and best practice.
- ❑ **Annual Governance Statement** – setting out the organisations approach to governance and an action plan to improve financial governance.
- ❑ **Detailed Budget Plans** – translating the agreed budget into detailed budget plans for each budget holder.
- ❑ **Treasury Management Strategy** – setting out the organisations approach to managing its cash balances, borrowing and investments.
- ❑ **Insurance Strategy** – setting out its approach to insurance and insurable risks.
- ❑ **Risk Management Strategy** – financial input to the organisational risk register
- ❑ **Financial Regulations** – setting and reviewing financial rules for the organisation.
- ❑ **Debt Write Off Policy** – setting out the arrangements for managing and writing off debt
- ❑ **Charging Policy** – setting the organisations approach to charging for services.

Strategic Finance

- ❑ **Medium Term Financial Plan** – projecting the financial position for the council over the next five years.
- ❑ **Budget Strategy** – setting out how the organisation will address the funding challenges within its MTFP.
- ❑ **Budget Report** – this is the main financial document where the LFC requests annual funding from the GLA.
- ❑ **Reserves Strategy** – setting out how the organisation will manage its reserves and how they will be used.
- ❑ **Capital Strategy** – setting out the organisations approach to future capital investment and how it will be funded.
- ❑ **Transformation Strategy** – financial input to ensure that transformation plans are realistic and affordable.
- ❑ **Business Plans** – ensuring that all major investment is supported by business plans/gateway process.

Alternative Structural Options

Greater Outsourcing to GLA Group

GLA already carry out most of the Treasury Management and Pensions function. Are there options to extend this to other more specialist areas e.g.

- Payroll (currently carried out by LFC for the GLA)
- Insurance
- Pension Committee
- Taxation matters
- Accounts Payable and Receivable

This would enable the LFC finance team to concentrate on core activities and potentially provide access to more specialist knowledge and reduce the risk of single points of failure.

This would need to be balanced against a loss of control to the GLA and potential additional costs.

We note that the new Financial Management System may impact on the feasibility of outsourcing and potential insourcing.

Transfer Payroll to the HR Team

There is already a business case setting out the benefits of transferring the Payroll team to HR.

This recognises that there is considerable overlap between payroll and HR processes and this could lead to the most efficient delivery of payroll.

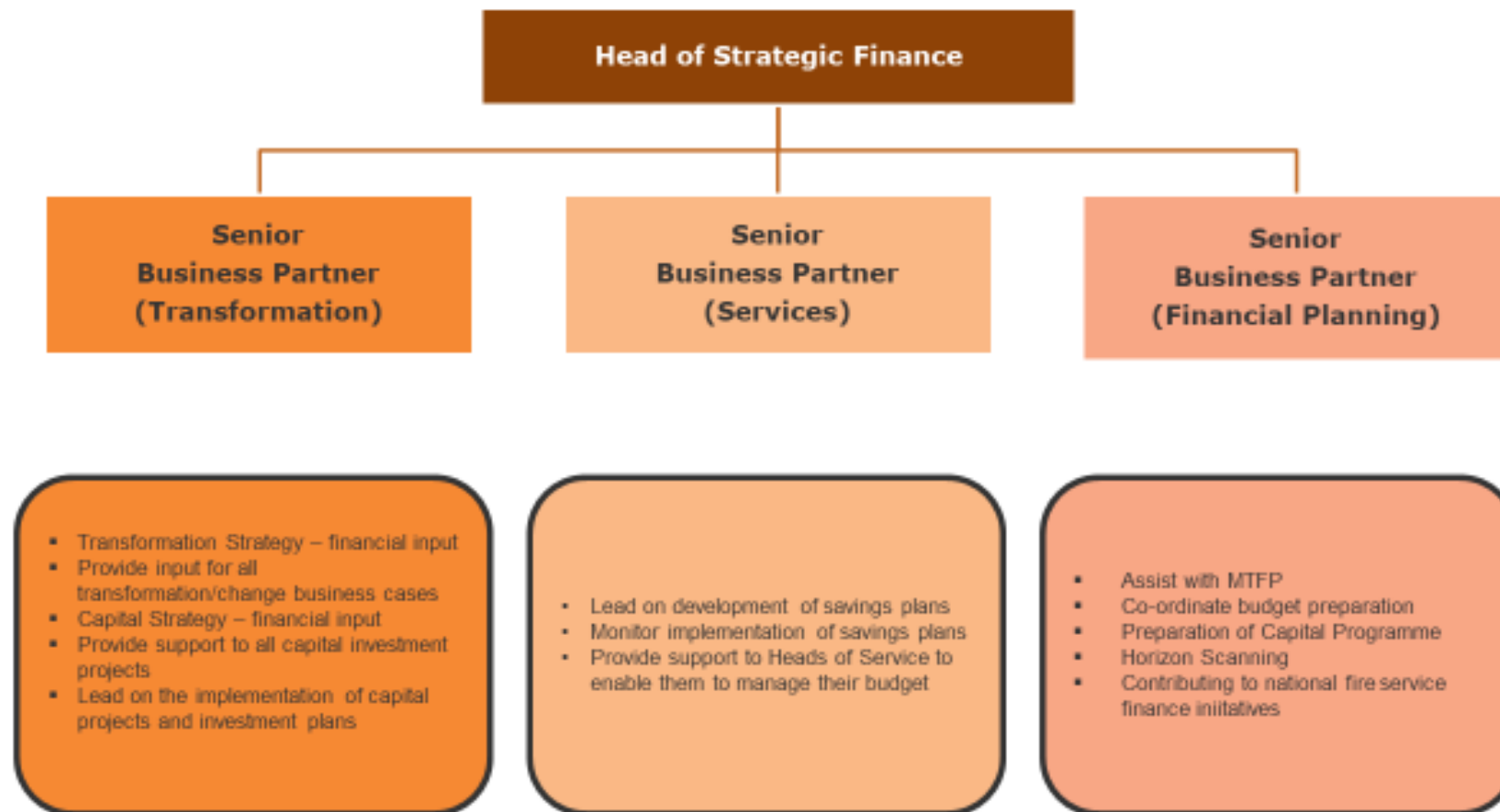
Apart from the final payment there is also little direct involvement from Finance in the process.

Given that a new Payroll System is being implemented, it is worth making this decision prior to implementation in case this impacts on the implementation of the system.

Initial Conclusion

It would be sensible to make an early decision around the potential transfer of Payroll to HR. This is a decision that could be taken within LFC and it would be useful to review the business case with this in mind. At this stage it would also be useful to form a view about whether there are any additional services that the LFC may be prepared for the GLA to provide and whether the GLA has capacity to provide those services and the associated cost.

Strategic Finance Team



Transformation

Head of Strategic Finance

**Senior
Business Partner
(Transformation)**

**Transformation
Analyst/Accountant**

CORE TASKS

- Transformation Strategy – financial input
- Provide input for all transformation/change business cases
- Capital Strategy – financial input
- Provide support to all capital investment projects
- Lead on the implementation of capital projects and investment plans

Team Size

- ❑ The team size will depend on the size and scale of the transformation programme. But in the first instance a minimum of two staff are likely to be needed

Qualifications

- ❑ The Senior Business Partner will need to be fully qualified and ideally to have post qualification experience in transformation/strategic finance. This is a senior finance role.
- ❑ Transformation Accountant/Analyst – this could be a newly qualified accountant but depending on the scale of work could be carried out by a part qualified accountant or an analyst with appropriate skills. This role or area could also use a temporary finance trainee.

Relationships with Other Teams

- ❑ The Business Partners will inform this team and seek advice/assistance on any transformation/investment activity within the department that they oversee.
- ❑ The Transformation Team will link directly with the Financial Planning Team to ensure that they are aware of all financial issues linked to the transformation agenda.

Other Options

- ❑ This team could potentially oversee the delivery of savings as part of transformation but it would need to be bigger to do this. Business Partners would be better placed to oversee this in any event.

Services

Head of Strategic Finance

**Senior
Business Partner
(Services)**

**Business Partners
(x4)**

CORE TASKS

- Lead on development of savings plans
- Monitor implementation of savings plans
- Provide support to Heads of Service to enable them to manage their budget
- Provide monthly monitoring reports.

Team Size

- ❑ It is recommended that there should be 4 business partners in addition to the Senior Business Partner but potentially this could be reduced by 1 post if the SBP (Services) oversaw a directorate or the SBP (Transformation) also covered the Transformation Directorate. The Senior Business Partner should prepare monitoring reports including specific monitoring of savings plans.
- ❑ It may also be worth considering some analytical support for the Business Partners. In any event they should focus on one directorate and shadow another to provide resilience.

Qualifications

- ❑ Business Partners need to be qualified and experienced accountants.

Relationships with Other Teams

- ❑ The Business Partners will inform the transformation team and seek advice/assistance on any transformation/ investment activity within their department.
- ❑ The Services Team will link directly with the Financial Planning Team to ensure that they are aware of all financial issues linked budget pressures and the delivery of savings.

Other Options

- ❑ Monitoring could be carried out by Financial Planning but this is more appropriate within this team as the Business Partners are best placed to gather this information.

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Financial Planning

Head of Strategic Finance

**Senior
Business Partner
(Financial Planning)**

**Financial Planning
Accountant/Analyst**

CORE TASKS

- Assist with MTFP
- Co-ordinate budget preparation
- Preparation of Capital Programme
- Horizon Scanning
- Contributing to national fire service finance initiatives

Team Size

- ❑ This will be a small team, which will work closely with the Head of Strategic Finance to review and update the MTFP.
- ❑ A key part of the role of this team will be horizon scanning and contributing to national service wide issues.
- ❑ Another key role will be to develop and co-ordinate the approach to savings plans.

Qualifications

- ❑ The Senior Business Partner will need to be a qualified and experienced accountant.
- ❑ Depending on the level of work and horizon scanning/national activity they may either be supported by qualified accountant or analyst.

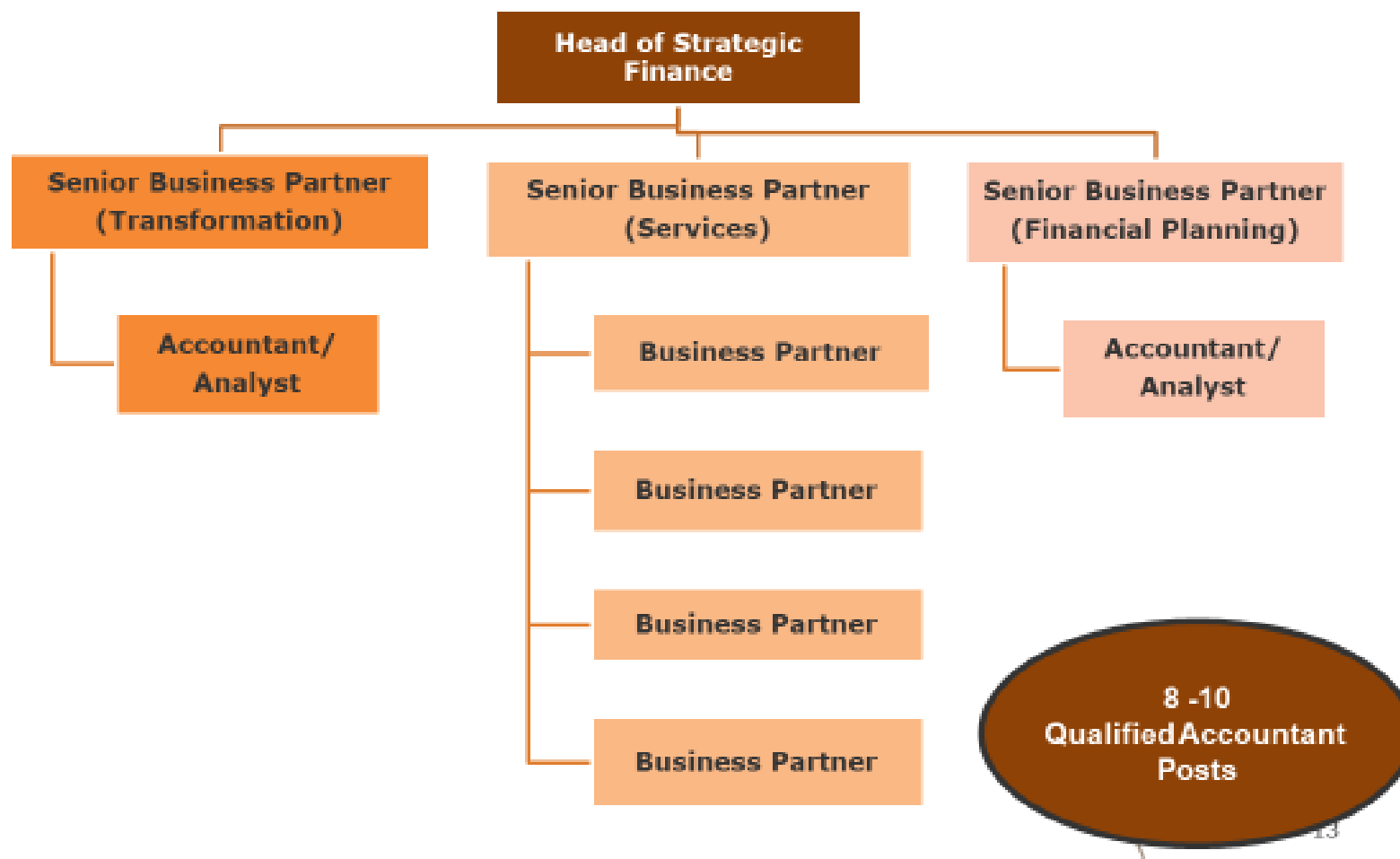
Relationships with Other Teams

- ❑ The Financial Planning Team will set the financial envelope that the other two teams need to work within.
- ❑ The Services Team will link directly with the Financial Planning Team to ensure that they are aware of all financial issues linked budget pressures and the delivery of savings.

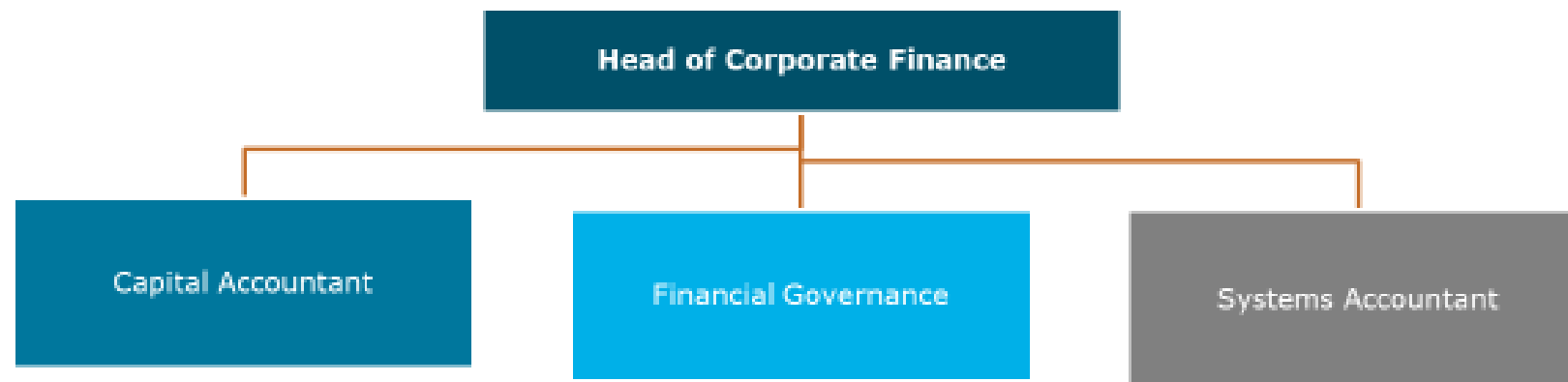
Other Options

- ❑ This role could potentially be combined with the Service role but this would result in a considerable loss of focus on financial planning matters and resources for horizon scanning.

Strategic Finance Team



Corporate Finance Team



- Capital Accounting
- Treasury Management – liaise with GLA
- Prepare monthly capital monitoring reports
- Assist with preparation of Capital Programme and Capital Strategy
- Assess Prudential indicators and MRP charges
- Insurance Arrangements

- Reporting and Statutory Returns
- Co-ordination of Closure of Accounts
- Pension Accounting and Administration including Pensions Committee
- Accounts Payable
- Financial Regulations – preparation and interpretation

- Maintain and develop financial information system
- Financial reporting from financial information system
- Bank reconciliation ?

Capital Accounting

Head of Corporate Finance

Capital Accountant

Insurance officer

CORE TASKS

- Capital Accounting
- Treasury Management – liaise with GLA
- Prepare monthly capital monitoring reports
- Assist with preparation of Capital Programme and Capital Strategy
- Assess Prudential indicators and MRP charges
- Insurance Arrangements

Team Size

- ❑ This will be a small team, on the basis that the GLA carries out a number of Treasury Management Tasks
- ❑ The Capital Accountant and an Insurance Officer may be sufficient depending on the size and range of insurance and claims. A further insurance assistant may be needed.

Qualifications

- ❑ The Capital Accountant will need to be a qualified and experienced accountant.
- ❑ An insurance qualification/experience would be necessary for the Insurance Officer.

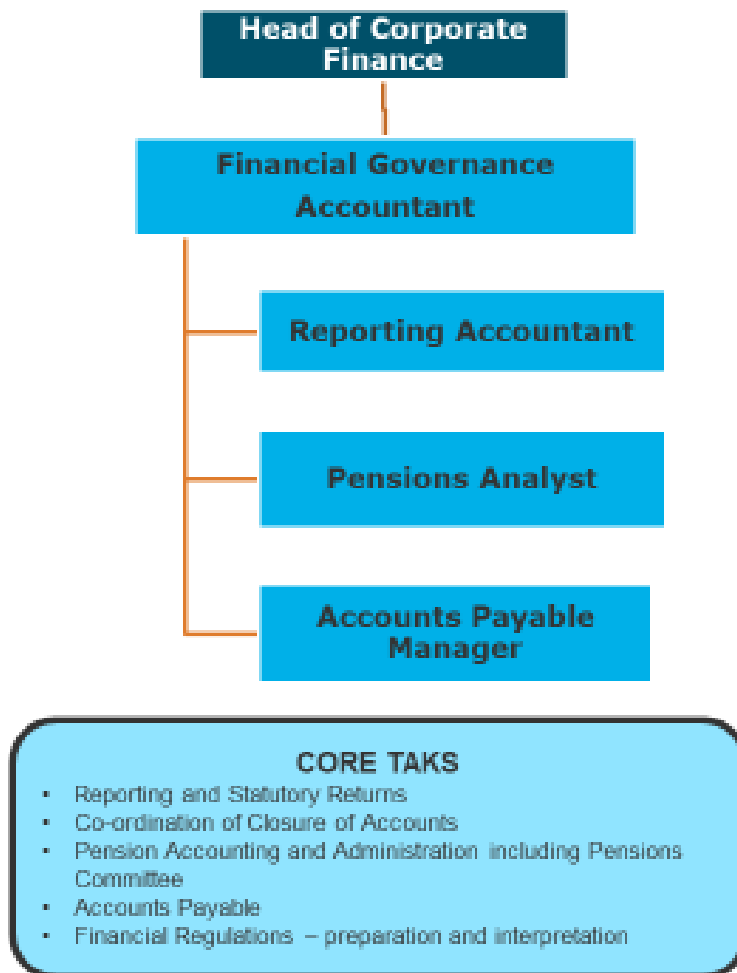
Relationships with Other Teams

- ❑ There will be close relationships with the SBP (Transformation) for a range of transformation capital projects.
- ❑ There will be close links with the SBP (Financial Planning) for the preparation of the Capital Strategy.
- ❑ There will be close links with the Financial Governance Accountant for accounts closure.

Other Options

- ❑ There is probably a need to consider how best the work on the capital strategy is divided between this role and the SBP (financial planning)
- ❑ Overall this role needs to be a standalone role to ensure that there is sufficient focus on capital financing issues.

Financial Governance



Team Size

- ❑ This will be a larger team with a wide range of tasks both specialist and non-specialist.
- ❑ The pensions analyst will deal with the pensions committee. This may also require specialist external support depending on changes to pension regulations etc.

Qualifications

- ❑ The Financial Governance Accountant and Reporting Accountant are likely to be the two roles that will require an accountancy qualification.
- ❑ A trainee accountant would fit well within this team and it would require specialist knowledge of accounts closure.
- ❑ The other posts are unlikely to require a formal CCAB accountancy qualification.

Relationships with Other Teams

- ❑ This is the core team for statutory financial reporting and will need to work closely with all other teams

Other Options

- ❑ Pensions could sit within the Financial Planning Team but there is a concern that this could divert attention from the MTFP
- ❑ There is a benefit in placing Pensions with other Administrative tasks.

Capital Accounting

Head of Corporate Finance

Systems Accountant

Systems officer

CORE TASKS

- Maintain and develop financial information system
- Financial reporting from financial information system
- Bank reconciliation ?

Team Size

- ❑ This will be a small team.
- ❑ The Systems Accountant will need an assistant who will be able to help with advice and training on the use of the new financial information system
- ❑ The Systems Accountant will also need further support from a Project Manager on the implementation of a new system and potentially on any major changes to it.

Qualifications

- ❑ The Systems Accountant will need to be a qualified and experienced accountant.
- ❑ It would be useful for the Systems Officer to have skills around finance training and IT.

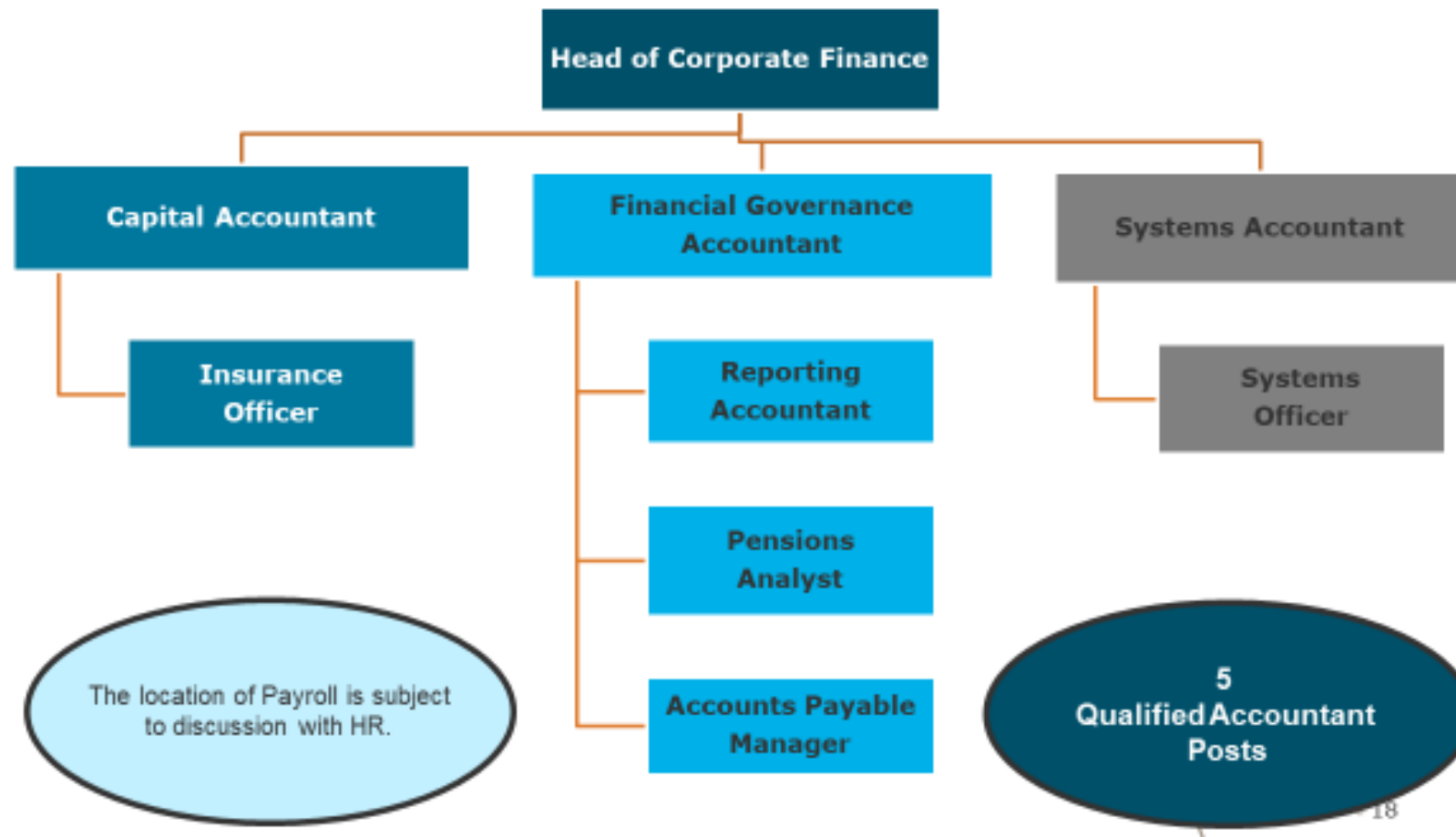
Relationships with Other Teams

- ❑ There will be close relationships with Financial Governance Team
- ❑ There will be close links for reporting with the SBP (Services)

Other Options

- ❑ The Services Accountant could be included within the Financial Governance Team but at this stage this would distract attention from implementation and development of a new Financial Management Solution.
- ❑ Overall this role needs to be a standalone role to ensure that there is sufficient focus on the financial management system.

Corporate Finance Team



Potential Pressures and Gaps

Skills

The main areas where additional skills may be needed appear to be:-

- ❑ Transformation – supporting and managing risks
- ❑ Savings – identifying, monitoring and implementing savings proposals
- ❑ Investment – assessing new investment plans and managing a gateway process.
- ❑ Pensions

In addition, there is a short term need for project management and system implementation skills for

- ❑ A new Payroll System
- ❑ A new Financial Management System

Additional Expertise may also be required for preparing and closing statutory accounts but it may be that greater co-ordination and management input in this area.

Overall Staff Numbers

The implementation of new IT solutions for Payroll and Finance could have a positive impact in the longer term through:-

- ❑ Self Service – which will reduce the requirement for Finance to manage paper-based records
- ❑ Streamlining approval processes – which will reduce the time for senior managers in the approval process
- ❑ Streamlining the production of financial information which may reduce time spent on in year and year end financial reporting.

Our Initial View

We do not dispute that staff within the Finance Team are under considerable pressure at the moment. In the short term this pressure may well increase and there is a need for additional resources to effectively implement new Payroll and Financial Management Systems. In the long term the issue may be more about skill levels and expertise rather than overall staff numbers particularly if the new Financial Management System helps to reduce the involvement of more senior staff in bureaucratic approval processes.

Interim Arrangements

Address Immediate Financial Risk Areas

- ❑ **Transformation** – this is an immediate risks and the Finance Department needs to make sure a qualified accountant with appropriate skills is focussed on this area. This could either be by using an existing accountant within the Finance Team to do this or by recruiting an accountant with the necessary skills on an interim basis.
- ❑ **Closure of Accounts** – the Finance Department needs to review overall staff resources and skills that are available to prepare statutory accounts for 2021/22. It needs to prepare a clear plan to do this and assess the resources that it will need to deliver the plan. Again it needs to consider at an early stage the need for additional interim resources to deliver this plan.
- ❑ **Savings identification and delivery** – the appointment of Interim Business Partners may help to bridge this gap but it would be sensible to assess whether any gaps remain in this area around identifying savings and reporting on their implementation.

System Implementation

- ❑ **Payroll Solution** – the risk of moving to a new payroll system in terms of impact on every employee and the reputation of the Finance Department within the organisation cannot be underestimated. The Department needs to assess how well the Payroll project is progressing and whether it has adequate resources to deliver this project effectively and ensure that any gaps are resourced effectively
- ❑ **Financial Management System** – this depends on how quickly the Finance Department want to move forward with this project. It needs to be realistic about the level of project management resources this will need and ensure that finance is available to cover this.

Other Gaps

- ❑ **Assess other gaps across the Finance Team** – given the potential to review the structure it may be sensible to consider filling existing gaps from temporary interim staff. At the very least any existing vacancies or new vacancies should be reviewed to consider whether there is a need to fill them and the extent to which it is sensible to fill them temporarily or permanently.

These interim arrangements recognise that it may take some considerable time to get agreement and resources for a new Finance Team Structure. They therefore focus on the most immediate finance risks and potential resource pressures that the team will face.

Implementation of New Structure

PHASE 1 – S151/Assistant Director (Finance) responsibilities/Payroll

- ❑ **Determine whether the Director of Corporate Services will retain the S151 role** and the extent to which the AD (Finance) will have complete autonomy over financial matters. Essentially this will help to determine the size and scope of the AD (Finance) role, which in turn will impact on the size of the two Head of Service Roles that support this role.
- ❑ **Determine whether Payroll should remain within Finance** or alternatively move across to HR – it would be sensible to do this at this stage given that a new Payroll system is near to implementation.
- ❑ **Consider whether to explore further specialist support from the GLA** – the LFC already uses support for Treasury Management it may be helpful to consider whether this could be extended to other specialist areas.

PHASE 2 – Determine scope of Head of Service Roles

- ❑ **Determine the split of functions between Strategic Finance and Corporate Finance** – there are some options around financial reporting e.g. monitoring, pensions accounting, capital and risk management that might sit in either area.
- ❑ **Identify areas where the LFC Finance Team needs to build capacity** – this is probably useful to do at this stage and includes areas such as Transformation, Investment and Savings implementation.

PHASE 3 – Set Structure below Head of Service Level

- ❑ **Engage Heads of Service in finalising structure of their team** – the overall number of staff may be pre-determined but it would be useful to give Heads of Service some flexibility to consider where the greatest workload pressures are within their team.
- ❑ **Appoint to Structure below Head of Service Level** – again Heads of Service need to be responsible for appointments within their structure.

All of the above will require advice from HR to ensure that any restructure is consistent with LFC HR policies and that any regrading of posts is consistent with salary levels in the wider organisation. It will be necessary to assess the overall resource envelope for the new structure. If this exceeds £150,000 then there will be a need to seek GLA approval which could take a considerable time.

Next Steps – Short Term

Development and Retention of Staff

The Finance Management Team needs to consider how it will support, develop and retain staff in a more agile working environment.

We Can Support this by:-

1. Working with the Finance Management Team to look at alternative ways to manage and support staff
2. Liaising with HR to establish what the organisation can do to better support finance e.g. grading processes, agile working, training support.

Managing Transformation

Finance needs to be able to support the organisation's transformation agenda and ensure that the key financial risks associated with it are managed. This is the most significant resource and skills gap.

We Can Support this by:-

1. Specifying the requirements for a Transformation Accountant
2. Advising on short and long term arrangements for filling this role.

Implementing a New Financial Management System

This presents a significant short term resource and skills gap to project manage and implement a new Financial Management System and Payroll Solution. Both systems are needed for the Finance Department to transform the way it works and free up significant senior officer time.

We Can Support this by:-

1. Reviewing the current plans for the new Financial Management Solution and assessing the potential benefits that the system will bring
2. Advising on the resources required to implement the new Financial Management system

Next Steps – Short Term

Closing Statutory Accounts

We believe this presents a considerable potential risk to the Finance Team given changes in personnel and the loss of corporate knowledge in this area.

We Can Support this by:-

1. Working with the Finance Management Team to develop and review plans for closing the accounts.
2. Helping to assess the resource and skills gap that the Finance Team may face

Next Steps – Medium Term

Determine whether Payroll should remain within Finance

A business case has been prepared setting out the benefits of transferring Finance to HR – this needs to be considered as it will impact on any new structure for the Finance Team.

We Can Support this by:-

1. Reviewing the existing business case
2. Advising on the risks and benefits of transferring Payroll to HR.

Savings Plans

The organisation will need to make substantial savings both to stay within tight spending limits and release resources to fund its ambitious transformation agenda. The current approach to identifying and managing savings is limited and is unlikely to meet the changing needs of the organisation. This presents a significant financial risk

We Can Support this by:-

1. Reviewing the current approach to identifying and delivering savings.
2. Identifying how this approach can be developed based on best practice elsewhere to help the organisation make the savings that it needs to make to deliver its ambitious transformation agenda

Implementing a new structure

The initial proposals identify the need to review the current structure of the finance department to adjust to the changing needs of London Fire Brigade. At present the structure is in its infancy and only in a very outline form

We Can Support this by:-

1. Working with the AD (Finance) and other senior finance staff to develop the outline structure
2. Testing out whether the Finance Team and London Fire Brigade want to make more use of the GLA to provide more specialist finance support..

Strategic Finance Team – alternative structure

