

ALACE Policy Position

February 2019

Combining the roles of Chief Executive/Head of the Paid Service and the Chief Financial Officer (the S.151 officer) role into a single post at the head of the organisation.

In considering any proposal to combine the roles of the Chief Executive and the Chief Financial Officer/s.151 officer consideration should be given to the following factors:

- The impact upon good governance
- The dilution of the leadership capacity of the Council
- The ability effectively to discharge the s.151 officer responsibilities and those of the Head of the Paid Service.

Impact on Good Governance

A Council's governance arrangements are the cornerstone of probity and good practice.

The roles of the three statutory officers; the Head of the Paid Service (normally the Chief Executive), the Monitoring Officer and the s.151 Officer are set out in statute and are designed to ensure probity and good governance. The roles are designed to be independent of one another, each reporting to Council and forming a triumvirate. The combination of the roles would inevitably weaken that independence.

Section 151 of the Local Government Act 1972 requires every council to make arrangements for the proper administration of their financial affairs and must secure that one of their officers has responsibility for the administration of those affairs, the role being usually described as the "s.151 officer". The officer so appointed must be a member of a specified accountancy body.

In particular, there are circumstances where statute requires consultation between the Chief Executive and the s.151 Officer and vice versa before decisions are made or actions taken. Combining the roles would seriously weaken good governance and remove the effective checks and balances that are built into the system.

This is particularly critical given the current financial circumstances Councils are in where there is a potential for the Council to be unable to set a balanced budget. In these circumstances the s.151 Officer has a specific statutory duty set out in s.114 of the Local Government Finance Act 1988 which requires him or her to report to all Members, in consultation with the Monitoring Officer and Head of the Paid Service, if there is, or is likely to be, unlawful expenditure, which includes the situation where a council cannot set a balanced budget.

The potential political pressures surrounding such a scenario require the highest levels of independence, probity and good governance. The combination of the roles would remove the checks and balances provided for by way of the statutory consultation requirements. It could weaken the ability of senior officers to "speak truth unto power".

Dilution of the leadership capacity of the Council

ALACE has argued that given the complexity of the local government landscape the roles of both the Chief Executive and the s.151 officer are both full time, very demanding jobs. Combining two full time jobs into one would have the inevitable effect that it would significantly dilute both the capacity of the Chief Executive function and the capacity of the s.151 Officer function.

The role of the Chief Executive is a demanding one that requires a broad skill set and reaches across all the council's activities and its partnerships with other bodies. Councils need to have access to the widest range of candidates when filling such roles. Combining the role of Chief Executive with the s.151 officer would inevitably narrow the field considerably because only qualified accountants could be considered.

The ability to effectively discharge the s.151 Officer responsibilities

Because of the scale and responsibilities attached to the s.151 role, combination of the role with that of Chief Executive would mean that there would be insufficient capacity to carry out the role effectively.

Guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) on the Role of the Chief Financial Officer in Local Government has a relevant section on the issues relating to the dilution of the role of the Chief Financial Officer, as follows:

'Helping resource and deliver organisational objectives

There is a growing trend for CFOs to hold a range of different responsibilities beyond finance, including managing other services or leading change programmes. Whilst these can develop the individual as a corporate manager, authorities must not let the CFO's core financial responsibilities be compromised through creating too wide a portfolio. Dilution and/ or overload in the role of the CFO can result in poor financial outcomes for the authority. Setting out the core CFO responsibilities in this Statement is intended to allow local authorities and their CFOs to assess their job descriptions to ensure that their core finance responsibilities can be properly performed.'

Explanatory note

This note refers throughout to the statutory provisions that apply in England and Wales. ALACE's views also relate to the equivalent provisions in Scotland and Northern Ireland: an officer with responsibility for administration of financial affairs is appointed under section 95 of the Local Government (Scotland) Act 1973 or a chief financial officer is appointed under section 1 of the Local Government Finance Act (Northern Ireland) 2011.