

To: POLICY & RESOURCES (FINANCE) SUB COMMITTEE	Subject: FINANCE DEPARTMENT STRUCTURE REVIEW
From: DIRECTOR OF FINANCE	
Date: 30 October, 2002	Ref: AC/HN

1. Introduction

- 1.1 The purpose of this report is to review the current establishment structure of the department and to make recommendations for improvement within existing budget resources.
- 1.2 The report recommends a reduction in the establishment of 3 FTE posts, and will save £26,000 p.a.

2. Senior Management Arrangements

- 2.1 The department is comprised of three divisions; Accounting Services, Revenue Services and Information Technology each led by a Head of Service. This arrangement provides clear accountability, direction and effective management for the department. A comparison with councils across the country indicate it is a lean and cost effective arrangement.
- 2.2 Members will be aware that the Head of Revenue Services has recently retired due to ill health. In light of proposals set out in this report it is proposed that the grading of this post is changed from CO38 (plus PRP) to CO35 (plus PRP) at 1 April, 2002 resulting in a small saving in senior management costs.

3. Accounting Division

Introduction

- 3.1 The functions of the Accounting Division include :
- Developing the Council's revenue and capital plans
 - Co-ordinating, preparing and monitoring both the capital and revenue budgets
 - Preparing the Council's annual accounts
 - Provision of an Internal Audit Service
 - Developing Financial Systems and Controls
 - Development of Financial Policies
 - Provision of advice on the safeguarding of Council assets through insurance and risk management

- Research on all aspects of local government funding to ensure maximisation of financial resources
 - Provision of financial advice to the Council, its committees and departments.
- 3.2 To deliver these services, the division is organised into three distinct sections: Accounting and Budgeting, Internal Audit and Technical with each headed by a senior manager.
- 3.3 Since reorganisation, the Division has been subject to reviews in November 1997, October 1999 and a refinement to the Audit Section in June 2001. The current structure of the Accounting Division incorporating the above changes is attached at Appendix I.

Considerations

- 3.4 The Accounting Division has an important role to assist the Council in contributing to a number of national issues and debates on matters such as Local Government Finance, Spending Reviews, Annual Budgets, Capital Financing, PPP funding and such like.
- 3.5 The areas which will be particularly challenging for the Division for the foreseeable future are summed up as follows:
- Further Development of 3 year revenue and capital budgeting.
 - Production of the Financial Plan 2003/2004 to 2005/2006.
 - Ongoing development of e-financials including commitment accounting and e-procurement.
 - Progressing developments within the Department's IT strategy
 - Co-ordinating the response to performance management and best value
 - Developing a more positive approach to Risk management /insurance
 - Developing and assisting in alternative funding arrangements for Council services building on partnership modelling
 - Provide support and advice to the Convener of Finance in his role as COSLA Finance Spokesperson
 - Provide assistance and support to Education 2010
 - Providing assurances to Council on Internal Control Procedures and matters relating to Corporate Governance and Following the Public Pound.
 - Embrace the Modernising Government ethos in the design, monitoring and delivery of the Audit Plan.

The above list is not exhaustive but it is considered that the Division is well placed in terms of its existing staffing structures to ensure sound stewardship of the Council's finances. There are, however, a few areas within the structure which require change and these are discussed below.

Proposals

- 3.6 Risk management is an area of increasing importance to the Council. Traditionally, councils have controlled their exposure to risk by taking insurance cover but this has had the effect of reducing the incentive for services to control the incidence of claims. Recent events within the insurance industry have meant that the cost of insurance has increased substantially and have brought into sharper focus the need for a greater role for risk management within Council services. In order to give risk management a higher priority within the Risk Management/Insurance Section, it is proposed to redefine the current post of PO12 to enable the Department to obtain expertise in risk management to develop and co-ordinate initiatives that will help drive insurance-related costs down.

These changes can be facilitated due to the fact that the existing postholder has requested to be released under the provisions of the Local Government Pension Scheme (Scotland) Regulations 1998 in terms of the rule of 85. This will be the subject of a separate report to the Policy & Resources Early Retirement Sub Committee.

- 3.7 It is also opportune to consider the role of the Treasury Management Function within the Department. This key function is responsible for managing the Council's loan portfolio of more than **half a billion pounds** and for overseeing the Council's borrowing strategy. The responsibility for this area currently rests with the Head of Revenue Services.
- 3.8 As part of the review of Local Government Finance, the Scottish Executive is in the process of redrafting legislation on Capital Financing. There will undoubtedly be very close ties with the Authority's treasury management framework as well the annual budget process and capital planning and investment decision making.
- 3.9 Recognising the importance of Treasury Management and, the scope for potential savings which can accrue from sound investment decisions, a dedicated officer at senior level is viewed as being essential. A new post of Treasury Manager at PO14 is proposed. With a clear linkage to the Accounting Division, this new post would report directly to the Head of Accounting Services. The existing Revenues staff who undertake the treasury duties would transfer from the Revenue Services Division to the Accounting Division and report to the new postholder. Further details are given in paragraph 5.3.2 of this report.
- 3.10 The Special Projects Accountant Post (PO12) in the Technical Section is responsible for a range of duties including V.A.T., financial appraisal and providing advice on associated company matters. At reorganisation, it was envisaged that this post would have a broader remit than its existing duties and responsibilities. It was also anticipated that there would be responsibility for staff management at accountant and clerical level. This, however, has not been the case. A comparison with the duties of the Division's Accountants (AP5/PO6) has highlighted that the level of responsibility of the Special Projects Accountant is similar to that of Accountants. It is proposed, therefore, to regrade the post from that of Senior Accountant (PO12) level to Accountant level (AP5/PO6). In addition, many of the tasks of the post have a particular close association with the new treasury management arrangements and it would be more appropriate to realign responsibility from the Technical Section to the Treasury Management Section with the postholder reporting to the Treasury Manager.
- 3.11 In the Accounting and Budgeting Section, the post of Accountant AP5/PO6 (Balance Sheets/Suspense Controls) includes a range of duties which are more commensurate with tasks required to be performed prior to the introduction on the new e-financials management information system. These duties are largely no longer required or, for those where there is still an operational need, would be better aligned with other posts in the Accounting and Budgeting Section. Given the reduction in duties and responsibilities of this post, it is proposed that this post is deleted from the existing structure.
- 3.12 Reference is made to the study recently undertaken by Audit Scotland on the standards of internal audit in Scottish councils. The report entitled "A Job Worth Doing" highlighted that Internal Audit should be seen to be independent of operational management with functional responsibility to a senior director at the heart of the corporate management of the authority. It is therefore proposed that the Council's Audit Manager will now report directly to the Director of Finance.

3.13 Both the Director of Finance and the Head of Accounting Services are served by a single Secretary. It is evident that assistance is needed in this area. It is proposed to merge two GS1/2 job share posts currently vacant in other sections of the Division and create the post of clerical assistant GS1/2 within the Directorate's office. As a consequence the remaining posts will become part-time posts in the relevant sections.

3.14 The revised structure reflecting these changes is shown at Appendix 2.

4. IT Services

Introduction

4.1 The current structure of the I.T. Services Division which is detailed in Appendix 3 has remained fairly static at managerial level, ie PO11 and above posts, since April 1996.

The main changes have been concentrated in other levels of staff with a reduction in establishment of 14 to the present level of 87 F.T.E's. A policy of out-tasking generic and low-skilled tasks whilst retaining management control has proved to be very successful. This policy has allowed the I.T. Services Division to meet the growth in service demand, ensure that North Lanarkshire fully exploits the latest information and communications technologies and addresses some of the problems experienced with difficulties in recruiting and retaining the proper skills and resources required by the I.C.T. service.

4.2 The demand for I.C.T. services continues to increase and the nature of the technologies required and available is constantly changing. On-line services, web-based services, data integration and data sharing, integration with external agencies, back-office integration, mobile computing, internet services etc have all matured in recent years. The present structure and defined roles within the I.T. Services Division are not particularly suitable for the new service and development demands.

Considerations

4.3 A Corporate ICT Strategy is now in place and a corporate ICT Development Plan has been created with formal mechanisms for management and monitoring being implemented. A Corporate ICT working group now operates to co-ordinate and promote ICT activity across the Council. The Council has recently approved an Information Security Policy which will be implemented progressively over the next year.

4.4 Data Protection responsibilities within the Authority lie with each service Director although, at present, the IT Services Division has responsibility for ensuring appropriate registrations and providing advice to departments on Data Protection issues. The latest legislation has expanded the Data Protection Act to cover all personal data whether held electronically or manually, this development and other legislation regarding Freedom of Information etc requires a review of appropriate responsibilities and capabilities for this activity.

4.5 The Modernising Government agenda and the Council led initiatives in the development of First Stop Shops, Contact Centre and Web-site services have an impact on how the present I.T. Services structure operates. Best value exercises conducted by external bodies have indicated very positive results for the present I.T. Services function with particular commendation for the "mixed economy" approach to the provision of skills, resources and services.

- 4.6 There is a need to implement greater flexibility in the deployment of resources to corporate initiatives and projects whilst meeting the demand from individual departments. Team sizes, team management and even physical location of staff require to be more fluid. New development toolsets and new project control mechanisms need to be adopted which will involve careful management and significant training and re-skilling of ICT professional staff. Current systems and technologies must be secured and fully supported throughout an exercise of change.

The "mixed economy" approach must be continued and developed with other opportunities for out-tasking pursued whilst "in-house" staff are re-skilled and re-focused on the Council priorities for exploiting Information and Communications Technologies.

- 4.7 Within the management structures of the I.T. Services Division there is in some areas, a need for change in emphasis and management skills to reflect the significant numbers of externally supplied staff now working within the Division on a long-term basis.

Proposals

- 4.8 It is proposed, within this review, to change a number of designations to more accurately reflect the changed nature of the roles and responsibilities of those involved. It is appropriate to make clear that no change in grades are proposed only job titles. The new structure is set out in Appendix 4. The current post of Infrastructure Manager will be redesignated as Service Delivery Manager to control and co-ordinate services which relate to and are delivered directly to the departments of the Council. Also managed within this area will be the externally contracted services provided by third party staff working within the I.T. Services Division. The existing Client Services function which reports directly to the Head of Service will be redesignated as Finance and Administration function and realigned to report to the Service Delivery Manager. The existing Customer Services function will be redesignated as Operations function and realigned from currently reporting to a Business Group Manager to a new reporting line to the Service Delivery Manager who in turn continues to report to the Production Services Manager. This results in the following changes; the post of Client Services Manager will be redesignated as Finance and Administration Manager; the post of Client Services Supervisor will be redesignated as Finance and Administration Supervisor; the post of Customer Services Manager will be redesignated as Operations Manager. The post of Desktop Technician will be redesignated as Operations Technician and will be transferred from the Desktop Services section to the Operations section. These changes will allow the I.T. Services Division to more readily exploit synergies between the functions and better co-ordinate directly delivered services to the departments of the Council. Security within Information and Communications Technologies grows in importance as new technologies are deployed within the Authority. Data security, resilience of processing services, access controls and intrusion detection are amongst a large number of critical areas requiring good security management and monitoring. To reflect the importance and workload of this function, it is intended that one of the Project Managers posts within the current establishment which is vacant at present is redesignated as I.C.T Security Manager reporting into a nominated Business Group Manager within the Division.
- 4.9 In order to address long-standing recruitment difficulties, it is also proposed that the present Professional Grading Scheme is amended to provide for a new entry level post and that some existing posts have minor alterations to the grades applied (appendix 7 refers). In addition the post of Customer Services Officer will be redesignated as Operations Analyst and regraded from AP4/PO2 to AP5/PO2. These changes have been developed in consultation with the Head of Personnel Services.

4.10 There is an establishment level of 26 for posts of Analyst/Programmer which covers all levels of skills and service for this professional discipline. With the introduction of the new post of Systems Officer it is proposed that the current establishment level of 26 is retained but in future is utilised in a more flexible way in that the total compliment of Systems Officers and Analyst/Programmers will not exceed 26 at any time but will be an appropriate and manageable combination of the two.

Further Development

4.11 Detailed and comprehensive investigations and evaluation work associated with the introduction of new development toolsets and methodologies will be concluded later in this financial year. The probable adoption of the ". Net"TM development and operating systems environment will require new structures for project teams to allow for more flexible, responsive and multifunctional deployment of resources. There will also be a requirement to establish new responsibilities with associated new or revised job descriptions and designations. A full understanding of the proposed new environment will assist the I.T. Division in targeting the skills and resources to be recruited in pursuit of the Council's priorities. It is intended that this major change will be accommodated within the current overall establishment level for the Division but will require some changes to structure which will be brought forward in a report towards the end of the financial year.

5. Revenues Division

Introduction

5.1 There are three sections within the division, Income, Payroll and Treasury with main duties summarised as:-

- | | | |
|-----------------|---|--|
| Income | - | Cash collection offices, council tax collection, debtors, non domestic Rates |
| Treasury | - | Treasury Management, controls and reconciliation, creditors payments, Purchasing |
| Payroll | - | Employee payments |

The existing structure is detailed in Appendix 5, with the proposed revised structure detailed in Appendix 6.

Considerations

5.2 There are a number of challenges facing the division including:

- Developing customer service at cash collection offices
- Making best use of technology to improve council tax collection
- Developing new debt recovery procedures following new legislation
- Improving the Council's performance in processing invoices
- Harnessing the potential of e-procurement
- Extending payment methods through the web
- Modernising payroll procedures and controls
- Assessing the role of a Contact Centre in administrating Council Tax

Proposals

5.3 Treasury Management Section

5.3.1 Since this section was established at reorganisation a number of activities have been added to its remit, most importantly the section is responsible for creditors payments, purchasing, car leasing, controls and reconciliations. Indeed the treasury management activity accounts for 3 fte in a section of 33 fte.

5.3.2 *Treasury*

The function of treasury management has been undertaken in an effective manner by the current staff. However there will be a need for closer integration of this work with the capital accounting team as a result of proposed legislation to allow councils more borrowing powers. It is therefore proposed that this activity and 3 fte staff transfer to the Accounting Services Division as detailed in paragraph 3.8-3.11. The current post of Treasury Manager will be redefined as 'Controls, Reconciliations and Creditors Manager.

5.3.3 *Controls and Reconciliation*

In addition to the impact of the transfer of treasury management, a number of additional tasks are undertaken in this function. In particular it is worth noting that work related to the introduction of Construction Industry Tax equivalent to 2 FTE has been absorbed within the function. It is proposed to alter grades for the posts of Controls and Reconciliation Supervisor, Accounting Technician, senior clerical and clerical posts and introduce a flexible GS1/3 grade to facilitate generic working, as detailed in Appendix 6.

5.3.4 *Purchasing Unit*

The Finance Department is responsible for all of the Council's purchasing arrangements. This is discharged by a small section of three staff transferred from Motherwell District Council at reorganisation. There is a need for a more co-ordinated council wide approach to this activity. Indeed Audit Scotland are currently undertaking a value for money study on this topic. It is intended to consider this report prior to making further proposals.

5.3.5 *Creditors*

The Creditors function is responsible for the accurate and timeous payment of invoices. Members will be aware of a recent Scrutiny Panel report highlighting the need for council wide improvement in the time taken to pay creditors. It is also to be expected that with changing technology, a higher volume of local processing will take place, with a greater emphasis on control, development and performance from the centre. A number of grading changes are detailed in Appendix 6 to assist in achieving improved performance.

5.4 Income Section

5.4.1 The income section is responsible for income collection from a variety of sources including Council Tax, Debtors accounts, non domestic rates. The work is undertaken largely on a decentralised basis at local cash collection and Council Tax Offices. Considerable change has taken place within this service including the introduction of new computer systems and changes in legislation.

5.4.2 *Local Offices*

It is proposed to delete both of these posts and create two new posts at PO8. One of the posts 'Chief Area Manager' will have overall responsibility for all offices.

The other post will be titled Systems Development and HQ Manager. An existing post of Income HQ Supervisor graded at PO2 will be deleted. Two posts of Office Manager will be created for the Cumbernauld and Wishaw Offices.

There is a need to review the current management arrangements of the Cash Collection offices. The current arrangements are that two Area Office Managers at PO8, based in Wishaw and Cumbernauld act in a dual capacity.

5.4.3 The section has successfully introduced a system of workflow management that reduces the level of clerical filing required at local offices. It is therefore proposed to delete 4 vacant posts at GS1 from the structure.

5.4.4 ***Debtors and Recovery***

Considerable attention has been given to improving the Councils performance in collecting outstanding debt. In particular, a dedicated debt recovery team has been established in Cumbernauld. This has been a significant factor in the continuous improvement that the Council has achieved in Council Tax collection. It is now proposed that debt recovery for general debtors also be undertaken through the Debt Recovery Team, with two posts transferring from the current debtors function. The remaining posts within the debtors function are largely concerned with data input and it is proposed that these posts be integrated with creditors input, with the current Debtor's Supervisor taking on a proactive role to develop the new computer system to meet service needs, streamline processing arrangements and payment methods. Non domestic rates will be a stand alone unit. These proposals are detailed in Appendix 6.

5.5 **Payroll Section**

5.5.1 Following a review in February 2000, a revised structure was approved. The Payroll Manager post is currently vacant. Interim arrangements have involved delegating the duties of this post to the three Administrative Officers in the unit. These arrangements have been effective. In particular, in a recent follow-up PMP audit, 5A's were achieved out of a possible 7. It is therefore proposed to delete the vacant post of Payroll Manager at PO5, delete 3 posts of team leader at AP5, delete 2 posts of Payroll Officer at AP2 and the post of development officer at AP2 and delete 4 posts of development clerks at GS3. Create 3 posts of Senior Payroll Officers at PO2, 5 posts of Payroll Officers at AP3 and 2 posts of Payroll Clerk at GS3.

5.6 **Administrative Support and Quality Development**

5.6.1 Within the Revenues Division, administrative tasks could be better co-ordinated than at present. In order to achieve this it is intended to draw together a range of administrative tasks that are currently undertaken in each section into one Administration Team for the whole division, enabling most effective use to be made of existing resources. Should it be necessary to make any changes to the establishment as a result of this they will be reported separately.

6. **Corporate Considerations**

6.1 The proposals set out in this report have been developed in consultation with the Chief Executive and Head of Personnel Services.

6.2 The establishment numbers reduced by 3 FTE. The impact on the budget represents a reduction of £26,000 per annum, which will assist the department in achieving its budget efficiency savings for 2003/2004.

6.3 It is acknowledged that the Council is currently engaged in a job evaluation exercise using the nationally approved scheme. All posts included in this review will be subject to this process and the ultimate grading of the posts will be determined by the job evaluation exercise.

7. **Recommendation**

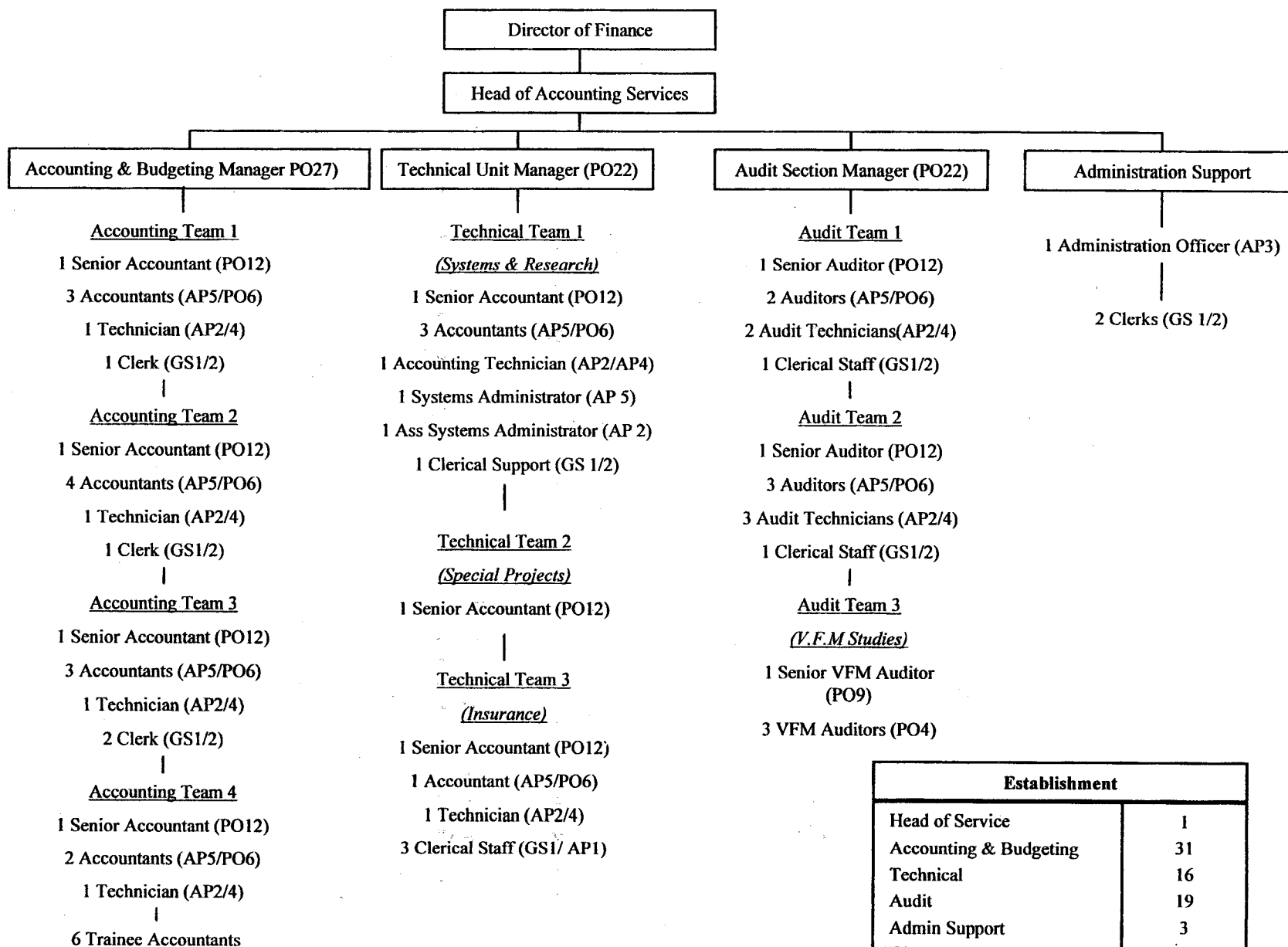
7.1 The Policy & Resources (Finance) Sub committee is recommended to approve:-

- the revised staffing structure set out in the report; and
- that the report be remitted to Policy & Resources (Personnel) Sub Committee.



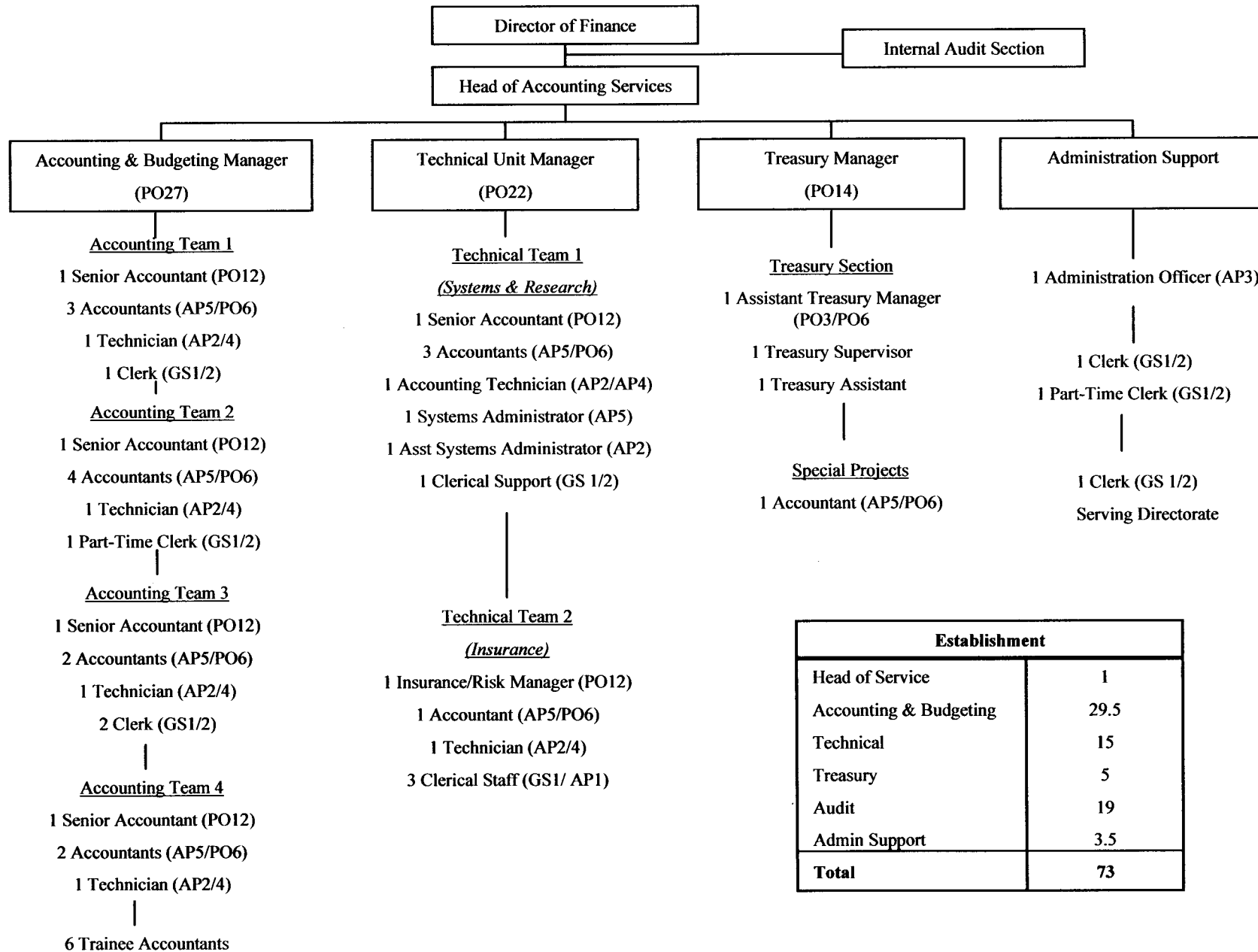
Director of Finance

ACCOUNTING SERVICES



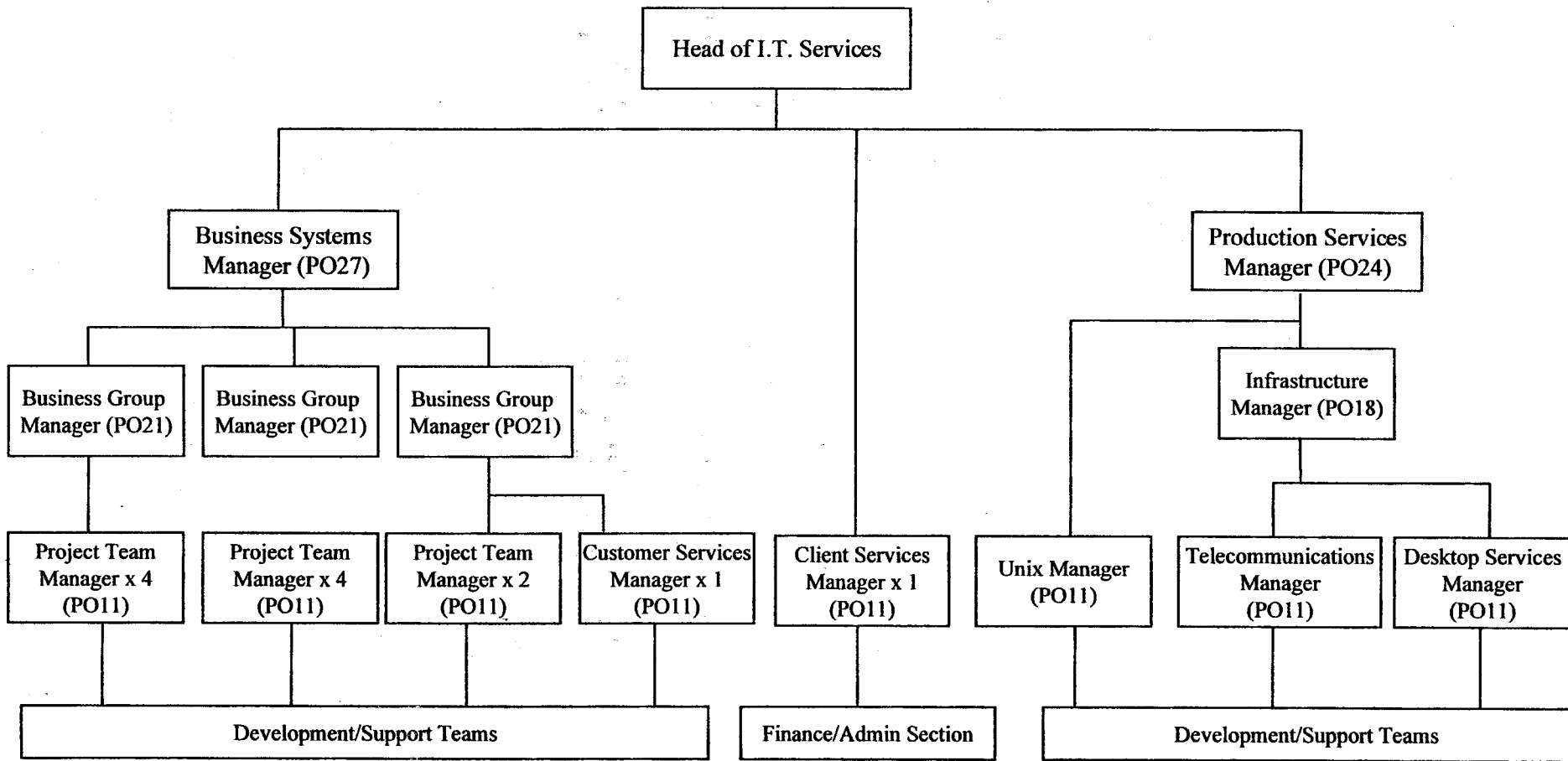
Establishment	
Head of Service	1
Accounting & Budgeting	31
Technical	16
Audit	19
Admin Support	3
Total	70

ACCOUNTING SERVICES



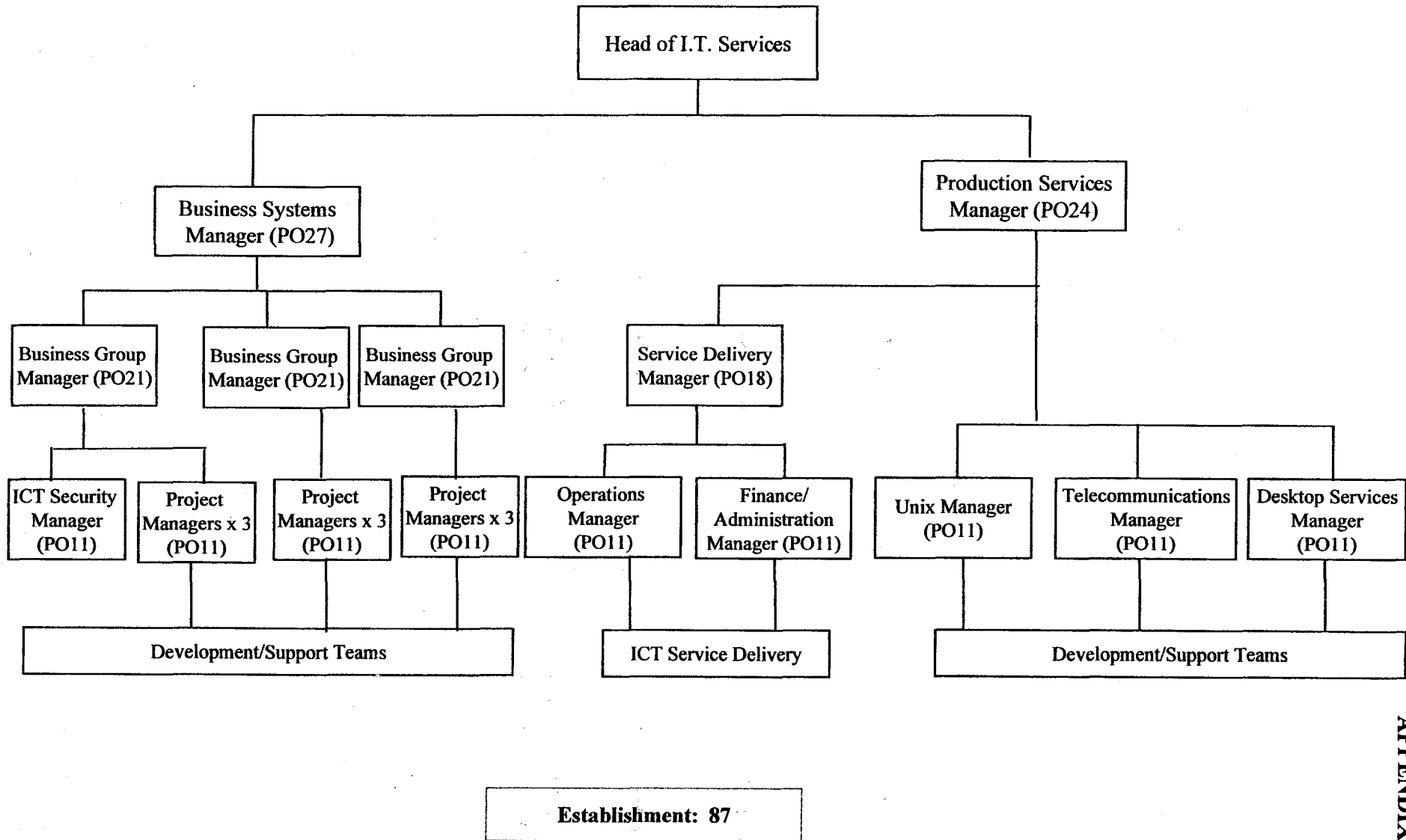
Establishment	
Head of Service	1
Accounting & Budgeting	29.5
Technical	15
Treasury	5
Audit	19
Admin Support	3.5
Total	73

CURRENT STRUCTURE

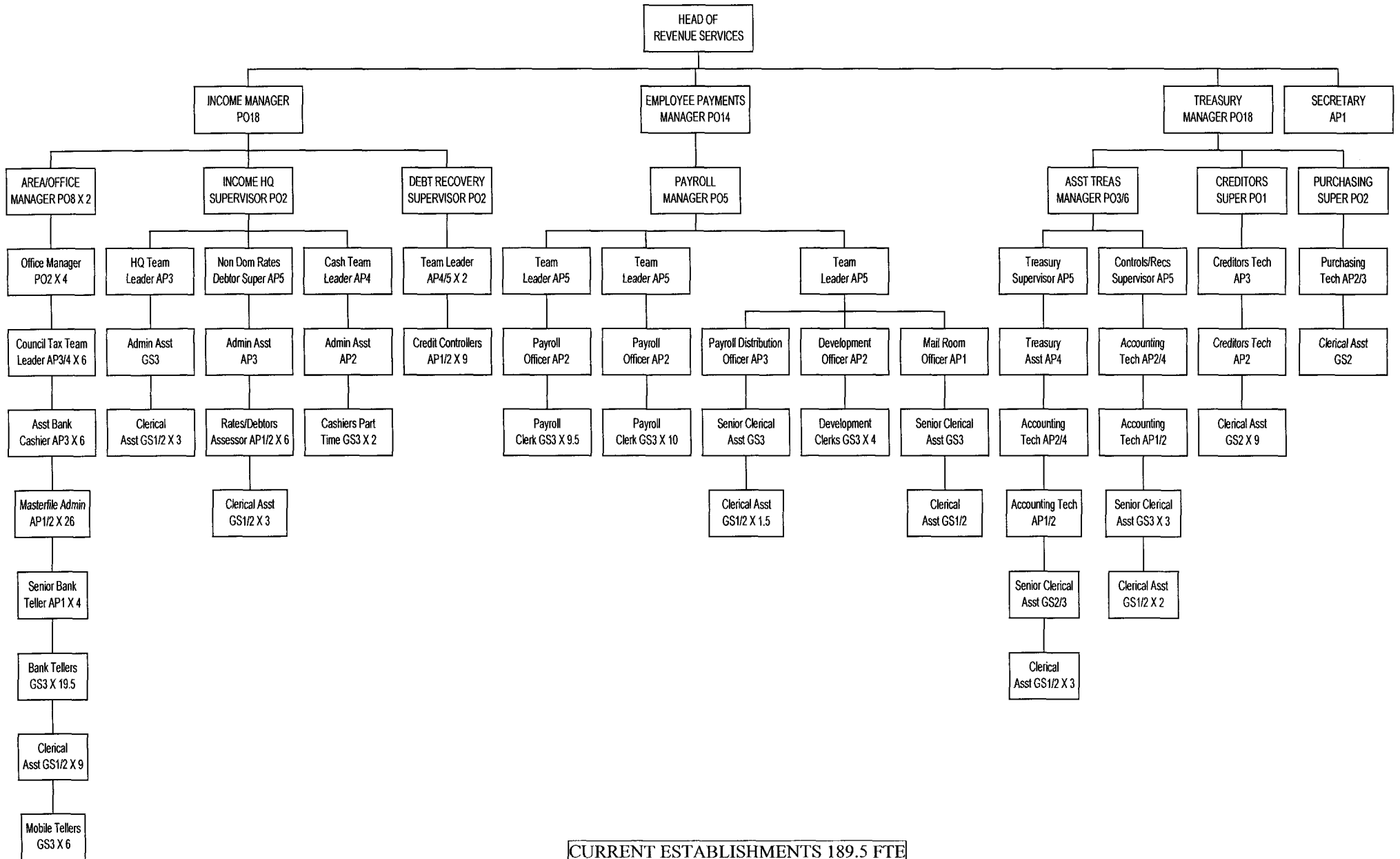


Establishment: 87

NEW STRUCTURE

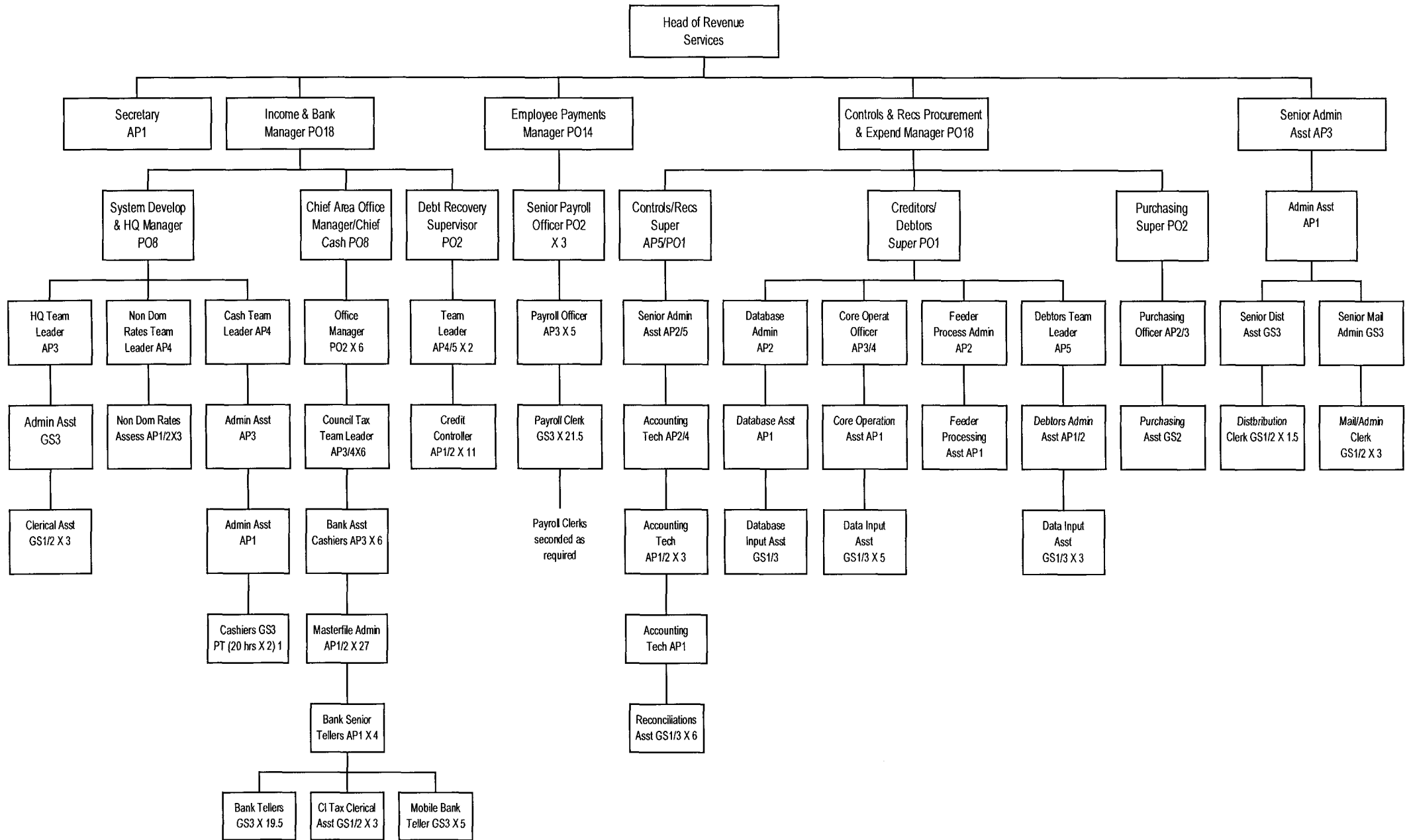


CURRENT REVENUES DIVISION'S STRUCTURE



CURRENT ESTABLISHMENTS 189.5 FTE

Revised Revenues Division Structure



Professional Development and Grading Scheme
Revised September 2002

1 Systems Officer AP3 - AP4

- 1.1 New employees (i.e. with no relevant experience) will all be graduates or equivalent and will start on AP3.
- 1.2 Training will be provided and will consist of normal work experience carried out under the supervision of more experienced staff, together with formal training. The formal training will consist of both technical training and personal development.
- 1.3 At the end of 1 year, progression will be to the next grade i.e. AP4 point 1
- 1.4 Thereafter the Officer will progress through the grade (AP4) increment by increment in accordance with the conditions of service of the Council
- 1.5 After 2 years the Officer will be eligible to apply for a post of Analyst/Programmer where a vacancy exists and has been advertised in accordance with the normal recruitment and selection procedures of the Council
- 1.6 Experienced recruits (i.e. with less than 2 years relevant experience) may also be placed on the Officer grade with training and progression through the grade as for inexperienced recruits above.
- 1.7 It is preferred that all experienced recruits have a degree or equivalent professional qualification. However, in some exceptional circumstances and especially where specific skills are needed, experience only will be taken in to account.
- 1.8 Existing staff on AP4 or below will progress through the scales as per the current scheme including automatic entry to the Analyst/Programmer scale. However, after 2 years on the current scheme they will be eligible to apply for any Analyst/Programmer vacancy that occurs in line with the new scheme

2. Analyst/Programmer AP5 – PO2

- 2.1 Progression through this grade will be in accordance with the conditions of service of the Council
- 2.2 It is preferred that all experienced recruits have a degree or equivalent professional qualification. However, in some exceptional circumstances and especially where specific skills are needed, experience only will be taken in to account.
- 2.3 Placing on the Professional Grade will be based on the number of years relevant experience on the basis:

2-3 years	AP5
3+ years	On the appropriate scale point based on relevant experience with progression through the grades in accordance with the conditions of service of the Council.

- 2.4 After completion of a minimum of 3 years on this grade the Analyst/Programmer will be eligible to apply for the post of Senior Analyst Programmer where a vacancy exists and has been advertised in accordance with the normal recruitment and selection procedures of the Council.

3 Production Services Section

Grades AP1-AP4

- 3.1 New employees (i.e. no relevant experience) will have an appropriate professional qualifications and will start on AP1.
- 3.2 Training will be provided and will consist of normal work experience carried out under the supervision of more experienced staff, together with formal training, The formal training will consist of both technical training and personal development.
- 3.3 At the end of each year progression will be to the next grade up to AP3.1
- 3.4 Thereafter the Officer will progress through the grade increment by increment in accordance with the conditions of service of the Council.
- 3.5 Experienced recruits (i.e. 1 year or more experience) will be placed initially at AP2 and at the end of 1 year, progression will be to the next grade i.e. AP3.1. In certain exceptional circumstances where specific skills are required recruits can be placed at a higher starting point. Thereafter the Officer will progress through the grade increment by increment in accordance with the conditions of service of the Council.

4 Grades AP5-PO2

- 4.1 Placement on grade will depend on experience and qualifications. A minimum of 3 years relevant experience is required.
- 4.2 New employees with 3-4 years relevant experience will start on AP5.
- 4.3 Thereafter the Officer will progress through the grade increment by increment in accordance with the conditions of service of the Council.
- 4.4 New employees with 4+ years relevant experience will start on the appropriate scale point based on relevant experience with progression through the grades in accordance with the conditions of service of the Council.