AGENDA ITEM No. 3.

NORTH LANARKSHIRE COUNCIL

REPORT

To: POLICY & RESOURCES (FINANCE) SUB COMMITTEE POLICY & RESOURCES (PERSONNEL) SUB COMMITTEE		Subject: FINANCE DEPARTMENT – STRUCTURE REVIEW
From: DIRECTOR OF FINANCE		
Date: 9 January 2007	Ref: AC/CP	

1. **Introduction**

1.1 A review of the organisation's structure was undertaken by the Chief Executive and approved during the last committee cycle. This report sets out proposals for developing the Finance and Customer Services Structure.

2. **Background**

2.1 The structure and functions of the service have been reviewed and updated to reflect the external and internal challenges facing the Council. During the current year proposals have been approved to establish an e-government and service development division and to streamline and co-ordinate administrative arrangements. These proposals will generate an annual saving of £534,500.

2.2 The proposals within this report will further develop the service in line with the change management programme set out by the Chief Executive and approved by Policy & Resources Committee on 21 November 2006. This will achieve a more integrated and streamlined service, address a significant number of red circles and provide enhanced career opportunities. It will also provide further revenue savings of £151,574, bringing the total savings to £686,074.

3. **Proposals**

Senior Management

3.1 In view of the additional responsibilities within the Finance and Customer Service structure it is intended to continue with three posts of Head of Service. Given the change in emphasis from the traditional accounting functions to a more strategically focused integrated financial service, it is proposed that the post of Head of Accounting Services will be deleted and replaced by the post of Head of Financial Services with a revised grade of (CO39/43). The post of Head of Revenues will remain unaltered at the present grade of (CO36/39) as will the post of Head of E-Government and Development (CO34/37).

3.2 The proposals contained in the report will involve reconfiguration of a number of senior management posts and will reduce the overall number of posts from fourteen to twelve, providing a broader and more demanding role for each of these posts.

3.3 Appendix 1 sets out the current senior management structure and Appendix 2 sets out the revised structure.

3.4 The report does not include proposals for integration of the Council Tax and Housing Benefits Sections, which will be the subject of a separate report.

Financial Services Division

3.5 The Financial Services Division will be managed by the Head of Financial Services who will be supported by two distinct service units of Corporate Finance and Business Support. These will replace the existing three units of Accounting and Budgeting, Technical Services and Treasury Management. The number of senior managers will therefore reduce from three to two, with the posts of Accounting Manager (GR17), Technical Manager (GR16) and Treasury Manager (GR15) being deleted and new posts of Corporate Finance Manager (GR17) and a Business Support Manager (GR17) being created. Each Manager will be responsible for a range of services that are performance driven and give a sharper client focus. Reference has already been made to the need to support the Council's change management programme, maximising resources and delivering efficiency savings that will contribute to the National Agendas of "Shared Services" and "Transforming Public Services". Finance professionals can assist but we need to better deploy resources and skills that will meet these critical Council objectives. The proposed revised structure for the Financial Services Division detailing the staffing requirements within both the Corporate Finance and Business Support Teams is detailed in Appendices 3 and 4.

3.6 In summary, and in addition to the above, it is proposed to:-

3.6.1 Delete the five posts of Senior Accountant (GR13) within the Division and create four new posts of Finance Manager (GR14) whose responsibilities will be expanded to lead the work of groups in the development and delivery of corporate finance and business support services providing guidance to senior client managers on significant financial policy, financial management and business planning matters.

3.6.2 Reduce and regrade the number of Accountants posts from fifteen at grade (GR11) to eleven at grade (GR12) with revised responsibilities to include a greater emphasis on the development and implementation of initiatives that will contribute to the new agendas of the Council. They will also lead small teams of semi-professional and administrative staff.

3.6.3 Redesignate the five posts of Accounting Technician (GR7) and one post of Assistant Systems Administrator (GR5) as Accounting Assistants (GR8). In addition create a further five posts of Accounting Assistant (GR8). The roles of the Accounting Assistants will be to appraise service departments on the financial performance of their services, including the provision of regular revenue and capital budget monitoring reports and variance analysis, together with assisting in providing financial support to major projects and initiatives.

3.6.4 Redesignate and regrade the four posts of clerical assistants (GR2) as Administrative Assistants (GR3) to support the work of the Accounting Teams with the new grade reflecting the higher level of duties now required.

3.7 Furthermore, the present number of posts within the Treasury Section will reduce from five to four and the roles of the existing Assistant Treasury Manager, Treasury Supervisor and Treasury Assistant redefined to absorb a proportion of duties previously the responsibility of the former Treasury Manager. This will result in the following changes, the Assistant Treasury Manager (GR11) will be redesignated Finance Manager (Treasury) and regraded (GR13), The Treasury Administrator (GR9) will be regraded (GR10), and the Treasury Assistant (GR7) will be regraded (GR8).

3.8 Much progress has been made in developing a culture of risk management in the organisation over the last few years which has enabled the Council to secure longer term competitive rates for its insurance portfolio while managing a greater number of insurance claims in-house. In this changing environment it is inevitable that roles and responsibilities alter over time. Accordingly, the workload of the Section has been reviewed and it is proposed to make adjustments to the roles and responsibilities of the current postholders. The Section will continue to be managed by the Risk and Insurance Manager grade (GR13) with the following changes. The Risk and Insurance Officer grade (GR9) will be redesignated Risk & Insurance Supervisor and graded (GR10). A new post of Senior Risk and Insurance Assistant grade (GR7) will be created. The post of Risk & Insurance Technician (GR7) will be deleted and the current postholder offered redeployment. It would also be appropriate to align the responsibilities of the Council's insurance service to Revenue Services thereby providing a greater synergy of operational functionality across the range of services provided by that Division.

3.9 Conversely, the functions and duties of the Controls and Reconciliation's Section are closely linked to the responsibilities that rest with Accounting Teams in the Financial Services Division. There are two posts within the Controls and Reconciliation's Section which perform duties relating to the reception, mail and offices for the Revenue Services Division in Park Street and no change is proposed to these posts (Senior Mail Admin Officer GR3 and Mail Clerk GR2). The vacant post of Controls and Reconciliations Manager (GR15) will be deleted and it is proposed to transfer the remaining 11 posts and functions from Revenue Services to Financial Services with the structure remaining unaltered meantime.

3.10 The Corporate Finance Unit will also be responsible for the systems administration of the Council's e-financial management arrangements. It is proposed to widen the scope of the systems administration work to include PECOS and other financial systems which will be managed by the Systems Administration Officer whose grade is currently (GR9) Given this greater degree of responsibility, it is proposed to amend the grade to (GR10).

3.11 The above proposals also provide the platform to ensure the effective co-ordination of the finance function across the Council in line with the Chief Executive's recent structure report. Further details on how this will be achieved will be brought forward at a later date.

Revenue Services Division

3.12 The Revenue Services Division will be reduced from four to three management functions namely Revenues, Expenditure and Procurement with each reporting to a Senior Manager under the responsibility of the Head of Revenue Services. While the Senior Management structure for the Revenues function will be the subject of a more detailed report on the integration of the Council Tax/Benefits functions, the remaining two functions will be led by an Expenditure Manager (GR16) and a Procurement Manager (GR15). A summary of the main changes proposed at this stage is noted below.

3.13 Expenditure Services will be a new section comprising the Payroll, Creditors and Risk/Insurance functions with the emphasis on strengthening the capacity to manage change and deliver improvements in service delivery and performance. The Management of the expanded section will be headed by the new post of Expenditure Manager at grade (GR16).

3.14 The creation of the new post of Expenditure Manager (GR16) overseeing the payroll function introduces a change in the level of management and supervision which will be responsible for the development programme of payroll rationalisation within the Council and consideration of shared service opportunities with our partners. As a consequence of the review the existing post of Employee Payments Manager (GR15) will be deleted and a new post of Payroll Manager (GR 14) created. The existing three Senior Payroll Officer posts will be reduced to two and redesignated as Assistant Payroll Managers on the grading of (GR 12). There will be an increase from five to seven in Payroll Officers (GR 8), and a reduction from 21.5 to 19 in the Payroll Clerks (GR 5). Details of the Expenditure Section structure is set out in Appendix 5.

3.15 There is a growing expectation that an effective and efficient approach to procurement can realise substantial savings, which can be reinvested in the delivery of front-line services. With the recent publication of the McClelland Report "Review of Public Procurement in Scotland" it is an opportune time to ensure that the procurement service within the Council is sufficiently resourced to achieve the agenda of development and savings that are anticipated.

3.16 The procurement section will continue to be managed by the Procurement Manager (GR15). Two procurement teams will be established led by two new posts of Senior Procurement Officer (GR11) and the existing post of Procurement Supervisor (GR11) will be matched to one of the Senior Procurement Officer (GR11) posts.

3.17 It is proposed that the Procurement Officer posts be redesignated from GR7 to GR9 with the number of posts increased from 3 to 4, that two new posts of Procurement Assistant be created at GR7 and an existing post of Procurement Assistant GR2 be deleted. Three existing temporary appointments of Development Officers at GR6 will be terminated. Details of the Procurement Service Structure are set out in Appendix 6.

3.18 At present there are 2 members of staff that are appointed on a temporary basis and retain the right to a substantive post at the end of their 2 year appointment in April 2007 - Procurement Officers (GR7), Procurement Assistant (GR 2). If they are unsuccessful in securing a post in line with the process outlined in paragraph 5.1 then they would return to equivalent substantive posts.

Internal Audit

3.19 Audit Scotland have recommended that a staffing review of Internal Audit be undertaken to ensure that the function continues to be able to respond to the changing demands placed on it. In particular there has been a significant shift from compliance work to assessing internal controls and risks in complex systems and processes. This work requires the structure to be updated.

3.20 The Internal Audit section will be managed by the Audit Manager (GR17) who is responsible for the delivery of an internal audit service across the Council and which operates to recognised professional standards. The proposed revised structure for Internal Audit is detailed in Appendix 7. In summary, it is proposed to:

3.20.1 Redesignate/regrade the two posts of Senior Auditor (GR13) to Senior Internal auditor (GR14) to reflect increased responsibilities for the management of value for money audit staff, the delivery of a portfolio of increasingly complex assignments and for enhanced corporate working across the Council;

3.20.2 Redesignate/regrade the five posts of Auditor (GR11) to Internal Auditor (GR12) to reflect changes arising from revised working practices resulting from Audit Scotland reviews of the internal audit function including greater responsibility for the management of staff and for the design and completion of increasingly complex audit assignments.

3.20.3 Delete one vacant post at Audit Technician (GR7) level and redesignate/regrade the remaining four posts to Internal Audit Technician (GR8) recognizing increased responsibilities arising from changes in working practices including greater responsibility for the delivery of a wider range of audit fieldwork and for basic audit assignments;

3.20.4 Redesignate/regrade the vacant Senior VFM Officer (GR11) post as Internal Auditor (VFM) (GR12) reflecting the increased responsibilities arising from the revised approach to value for money audit and continuous improvement being adopted by the section; and

3.20.5 Delete one post at VFM Officer post (GR8), and redesignate/regrade the remaining two VFM Officer (GR8) posts to Value for Money and Improvement Officer (GR10) reflecting the increased responsibilities arising from the revised approach to value for money audit and continuous improvement being adopted by the sections.

3.21 The above proposals will enable the Internal Audit function to continue to maintain and build on its current high level of performance whilst allowing it to respond effectively to the challenges and increased expectations placed upon it.

E-Government and Service Development Division

3.22 As highlighted in the Chief Executive's review of organisational structure, the creation of this new division is an important development for the Council and will have responsibility for all service access via the First Stop Shops, Contact Centre and Website. The division will drive the necessary process, system and structure changes to best support service delivery right across the Council. The following proposals concentrate on the integration of North Lanarkshire Direct into the new division, with further proposals being brought forward in due course.

3.23 The Customer Contact Centre operation, based in Merry Street, Motherwell, plays a crucial role for the Council as part of the drive to address the Modernising Government agenda and improve access to Council services for the citizens of North Lanarkshire. It is a relatively self-contained unit delivering specific services within a well-defined staffing structure. The function will now report to the Production Services Manager within the revised divisional structure. The Production Services Manager post (GR16) will be regraded (GR17) to reflect the additional responsibilities of the Customer Contact Centre, as proposed in this report.

3.24 The number of services provided from the contact centre continues to expand creating a requirement for additional management capacity. It is proposed that this is addressed by creating a further post of Team Leader and deleting a post of depute team leader. In addition the position of Team Leader has been re-evaluated at GR7 as a result of the growing range and complexity of services provided. In addition a clerical post at GR3 has been redesignated to be a Customer Services Support Officer at GR4.

3.25 Two posts, an On-Line Services Officer (GR9) and an On-Line Services Administrator (GR6), currently exist within the Customer Contact Centre. A critical examination of the roles and responsibilities and the nature of the work involved has identified a close match to similar roles within the development and support teams of the Division. In line with the Council's commitment to reconfigure these positions, where appropriate, and recognising the similarity in both skill sets and personal profiles with other existing posts it is proposed that, the On-Line Services Officer post (GR9) is deleted and the postholder matched to a vacant Analyst/Programmer post (GR10) and the On-Line Services Administrator post (GR6) is deleted and the postholder matched to a vacant Systems Officer post (GR8).

3.26 The creation of a Core Administration Team within the Finance Department, which was the subject of a separate report to this Committee, and is managed by the Service Delivery Manager of the new E-Government and Development Division has necessitated the redesignation of the current Finance and Administration Manager post (GR12) to that of Assistant Service Delivery Manager (GR12).

3.27 There are two officers within the current North Lanarkshire Direct section acting in temporary positions as Business Change Officers (GR10) on a seconded basis. It is proposed to transfer these posts back to the Internal Audit Section in accordance with the proposals as set in paragraph 3.20.5.

3.28 Within the new Division a significant number of development and support resources will be identified to work with the services of the Council in pursuit of efficiencies and improvements in service delivery. These staff will be trained in the necessary skills to enable them to take responsibility for the tasks involved in analysis and examination of the whole life cycle of business processes. This will provide a valuable pool of resources who will be heavily involved in the Council's drive forward in pursuit of Efficient Government targets and implementing the aims and objectives of the Customer First Strategy.

3.29 In the current North Lanarkshire Direct structure one officer is acting in a temporary position of NLD Project Manager (GR16) on a seconded basis from the e-Government Division. It is intended that the temporary position be deleted and the postholder return to their substantive post when the secondment is completed at 31 March 2007.

3.30 The establishment of seven Project Managers (GR13) within the Business Systems development and support function is in excess of that required for an efficient and effective team working environment. It is therefore intended that one Project Manager post (GR13) which is currently vacant, be deleted.

4. Corporate Considerations

4.1 The proposals set out in this report will result in the overall reduction in the departmental establishment of 9.5 posts and a saving of £151,574 on the staffing budget based on the new job evaluation grading structure. For the purposes of comparison, the maximum spinal points have been used for both current and proposed grades in determining the overall financial position. A summary of the changes are included at Appendix 8.

4.2 It is acknowledged that the Council has recently implemented a job evaluation exercise using the nationally approved scheme. All reference to grading in this report is based on the new grading structure. It is anticipated that the proposals in the report will reduce the number of employees in red circle posts arising from the introduction of job evaluation from 77 to approximately 22, a reduction of 55, equating to 71%. The position will continue to be closely monitored and further action taken where possible.

4.3 The proposals contained within this report have been the subject of consultation with the Chief Executive, the Head of Personnel Services and the appropriate Trade Union representatives prior to submission to Committee.

5. Managing the Transition /Implementation

5.1 It will be necessary to create a mechanism to deal with assimilating existing employees into the new structure. In accordance with the Council's policies and procedures, and following consultation with the Trade Union and the Head of Personnel Services, posts will be filled firstly by matching and restricted competitive interviews. Open advertisement may be appropriate in the few instances where exigency of service is paramount or, equally, where a direct match may not be possible. Where there is a surplus of employees or where an employee is not successful in finding a post in the new structure, every endeavour will be made to maximise the Council's procedures for redeployment.

5.2 One-off costs will be incurred in order to implement these proposals. The exact costs will be known when implementation is complete and will be the subject of separate consideration by the Early Retirement Sub Committee. It is estimated that these costs will be approximately £350,000. These costs will be met from the savings achieved in the overall proposals, which will total £686,074.

6. Recommendations

6.1 It is recommended that: -

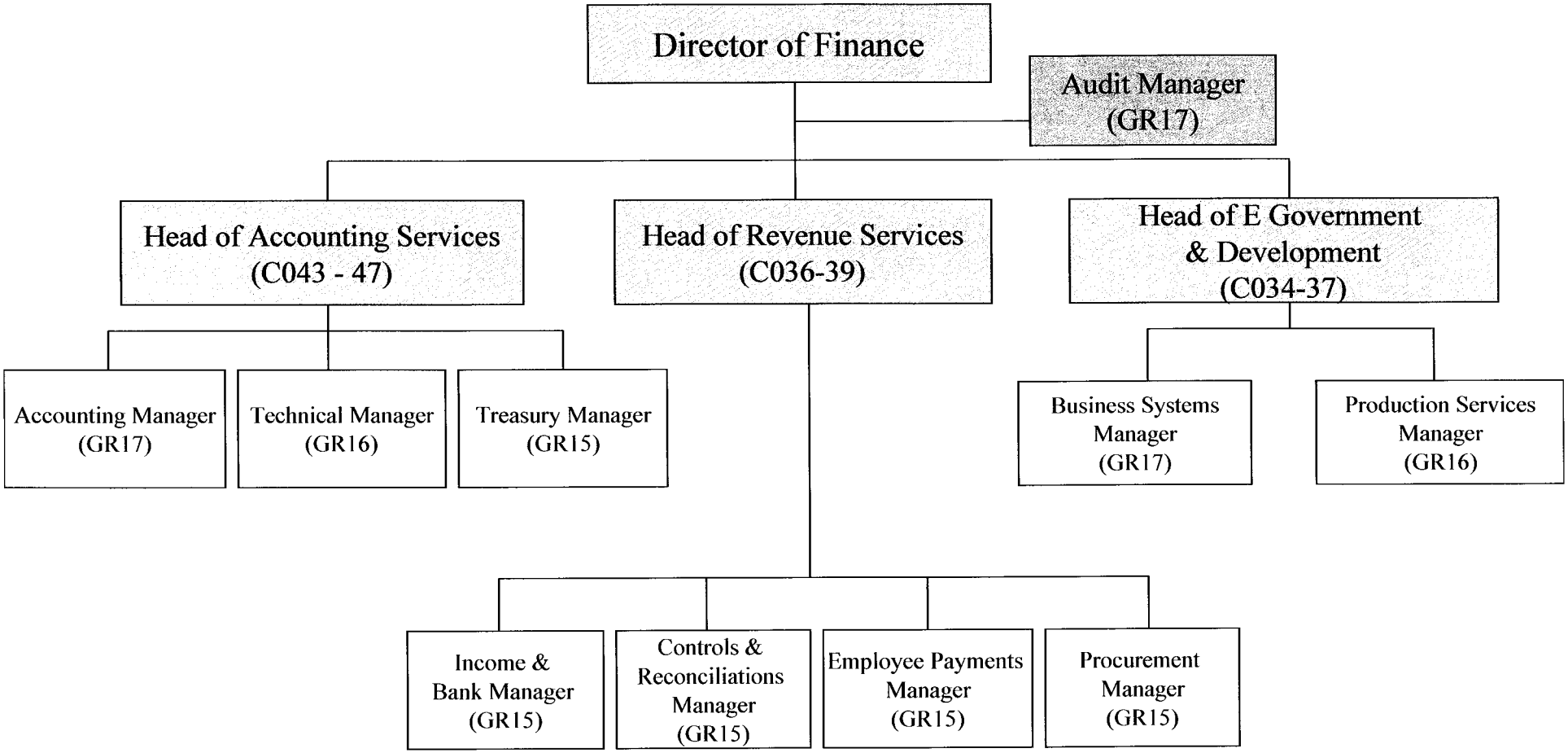
- The structural changes to the Department's establishment be approved and in so doing note the revised staffing levels and annual savings of £151,574, bringing total savings to £686,074.

- The report be referred to the Policy and Resources (Personnel) Sub Committee for consideration.

Director of Finance

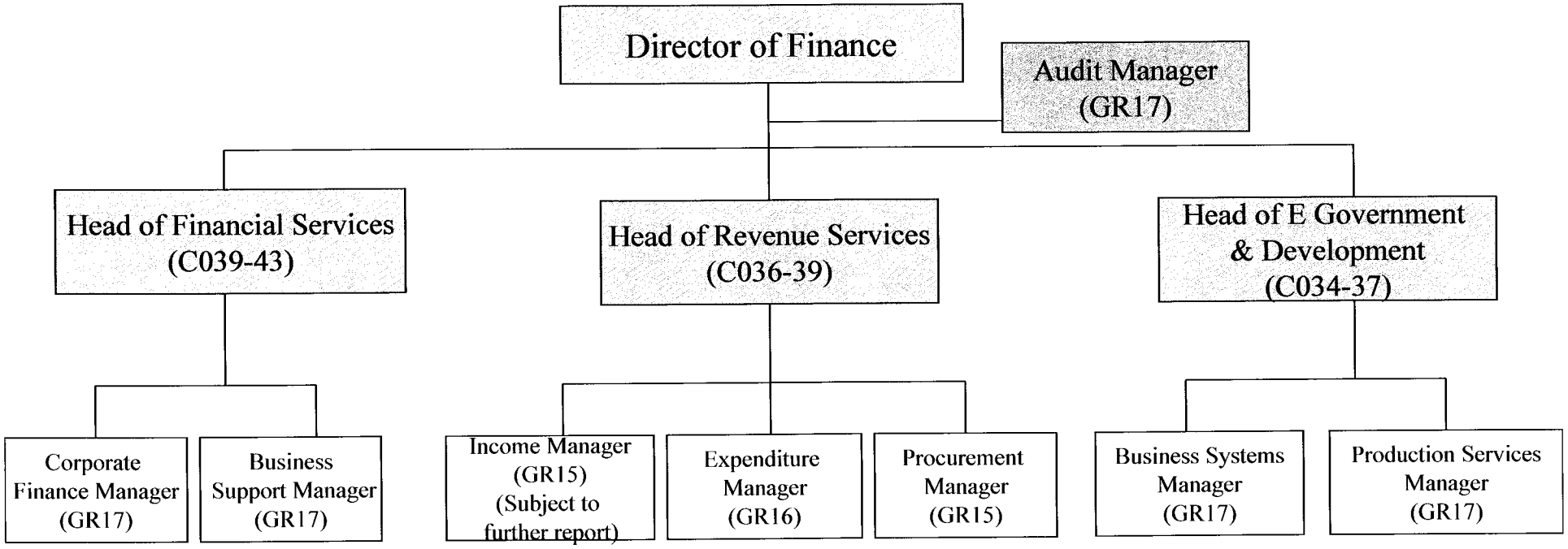
staffstructures\Most Recent Version Report 9 Jan 07

Current Senior Management Structure

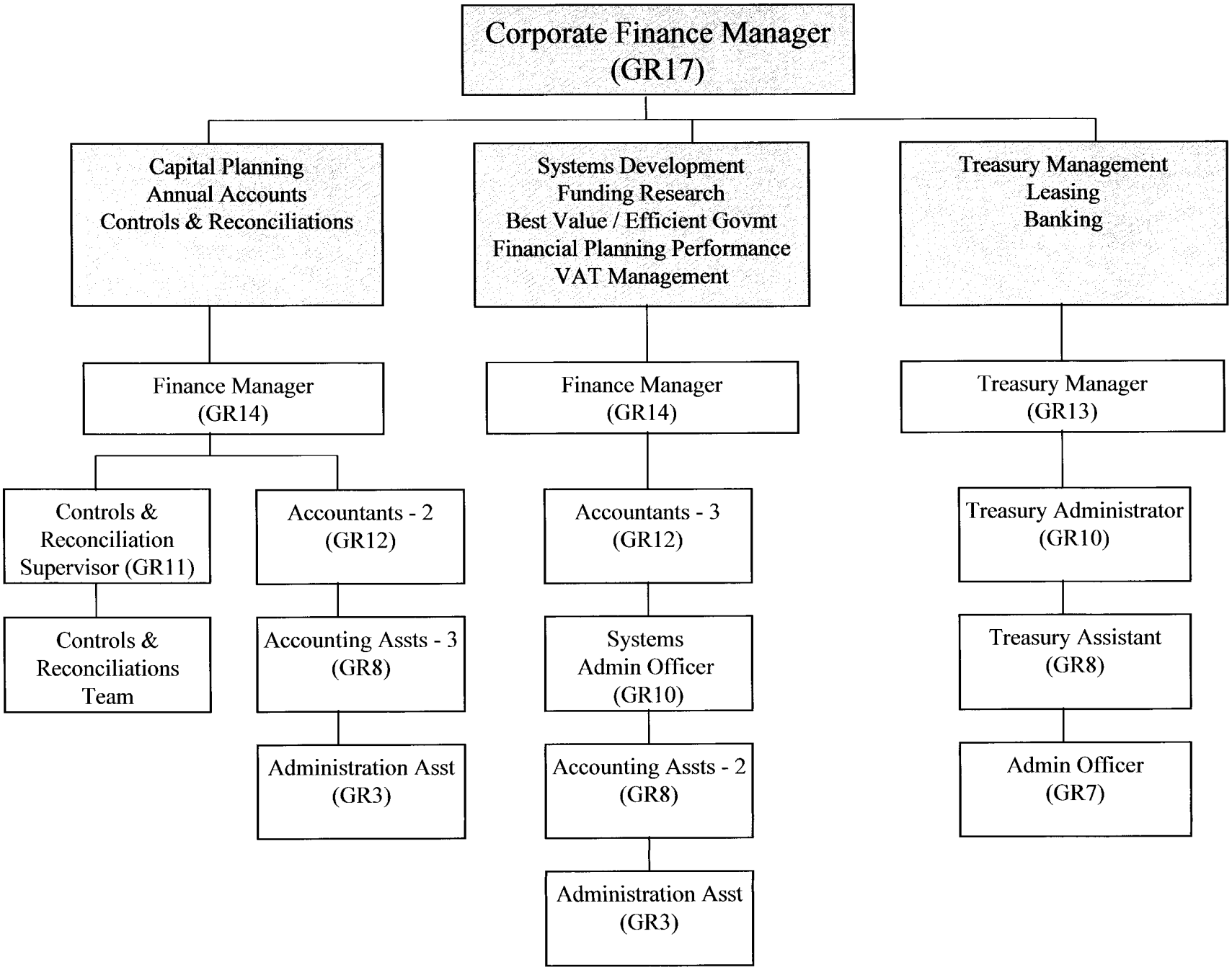


Appendix 1

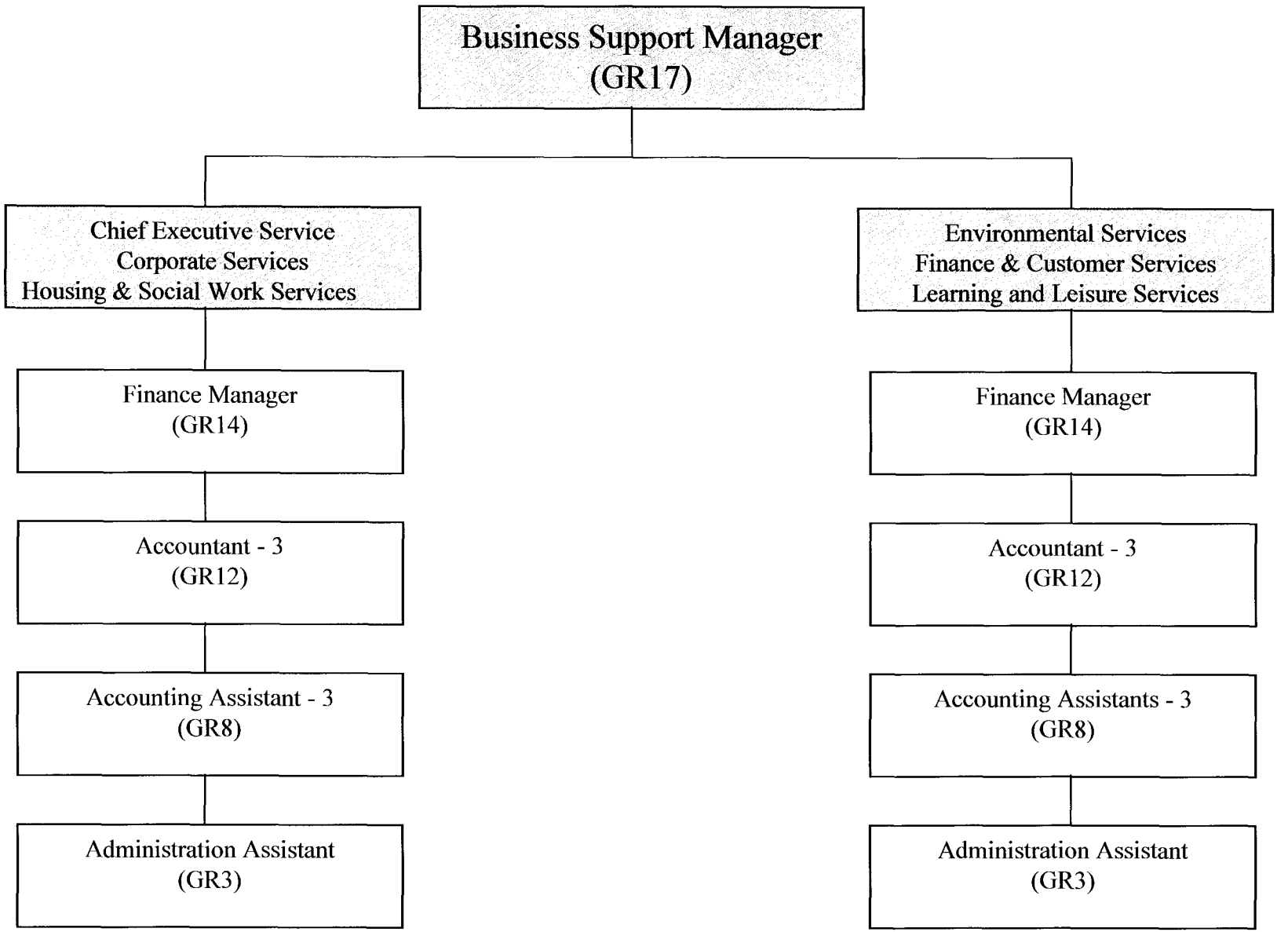
Proposed Senior Management Structure



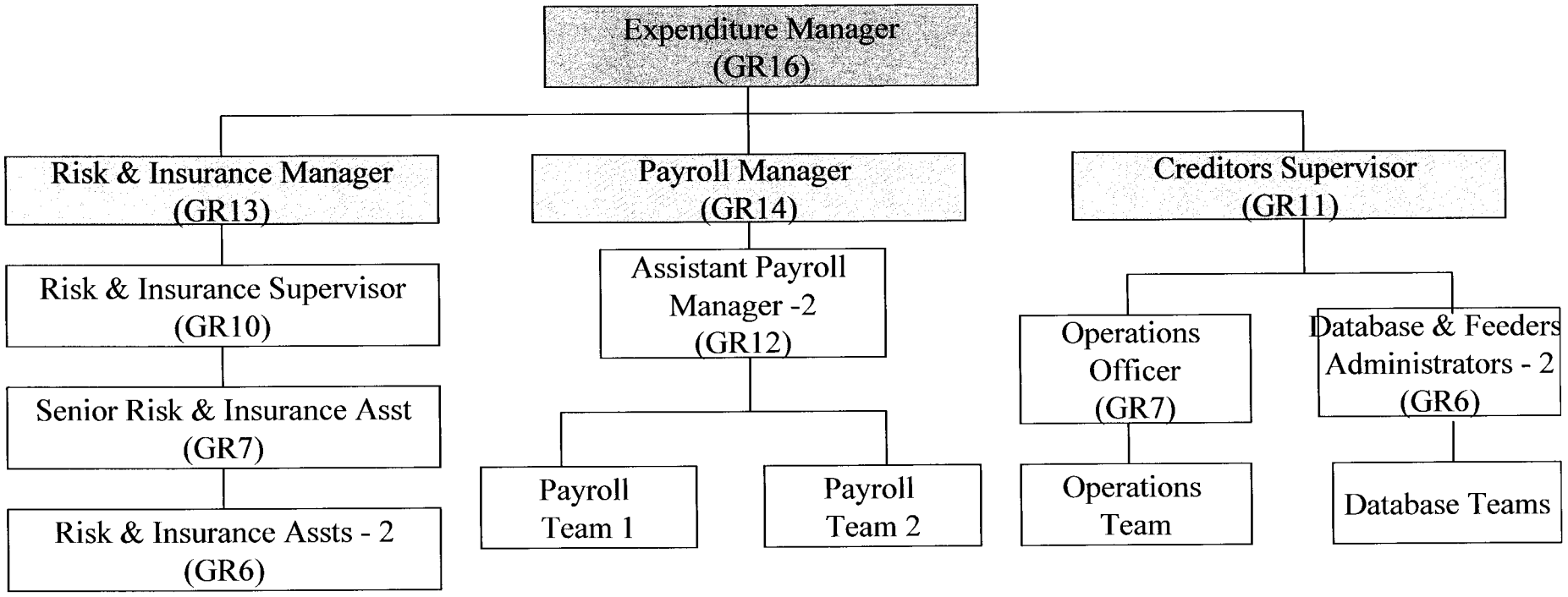
Appendix 2


Corporate Finance Manager (GR17)
Capital Planning
Annual Accounts
Controls & Reconciliations
Systems Development
Funding Research
Best Value / Efficient Govmt
Financial Planning Performance
VAT Management
Treasury Management
Leasing
Banking
Finance Manager (GR14)
Finance Manager (GR14)
Treasury Manager (GR13)
Controls & Reconciliation Supervisor (GR11)
Accountants - 2 (GR12)
Accountants - 3 (GR12)
Treasury Administrator (GR10)
Controls & Reconciliations Team
Accounting Assts - 3 (GR8)
Systems Admin Officer (GR10)
Treasury Assistant (GR8)
Administration Asst (GR3)
Accounting Assts - 2 (GR8)
Admin Officer (GR7)
Administration Asst (GR3)

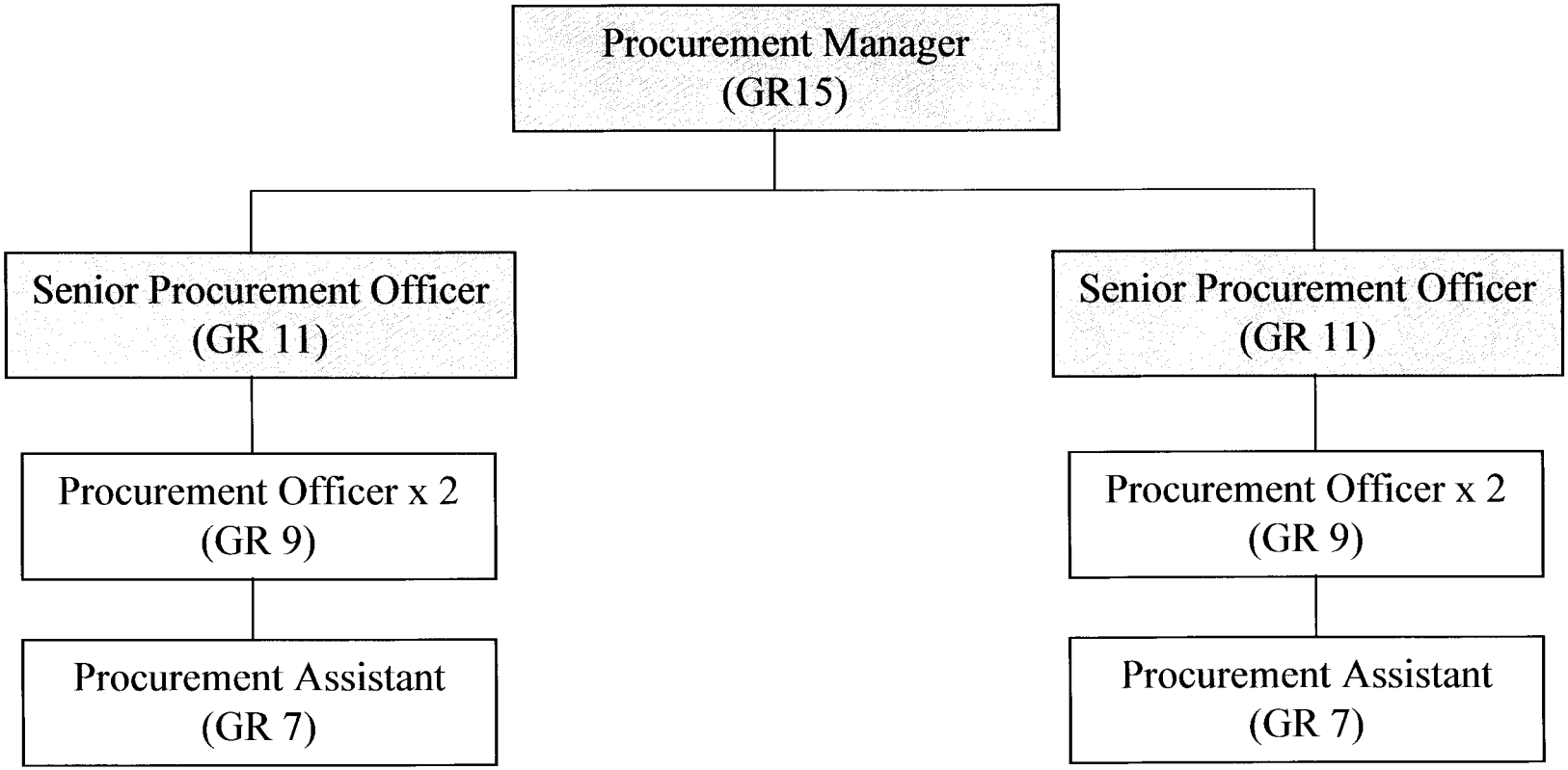
Appendix 3


Business Support Manager
(GR17)
Chief Executive Service
Corporate Services
Housing & Social Work Services
Environmental Services
Finance & Customer Services
Learning and Leisure Services
Finance Manager
(GR14)
Finance Manager
(GR14)
Accountant - 3
(GR12)
Accountant - 3
(GR12)
Accounting Assistant - 3
(GR8)
Accounting Assistants - 3
(GR8)
Administration Assistant
(GR3)
Administration Assistant
(GR3)

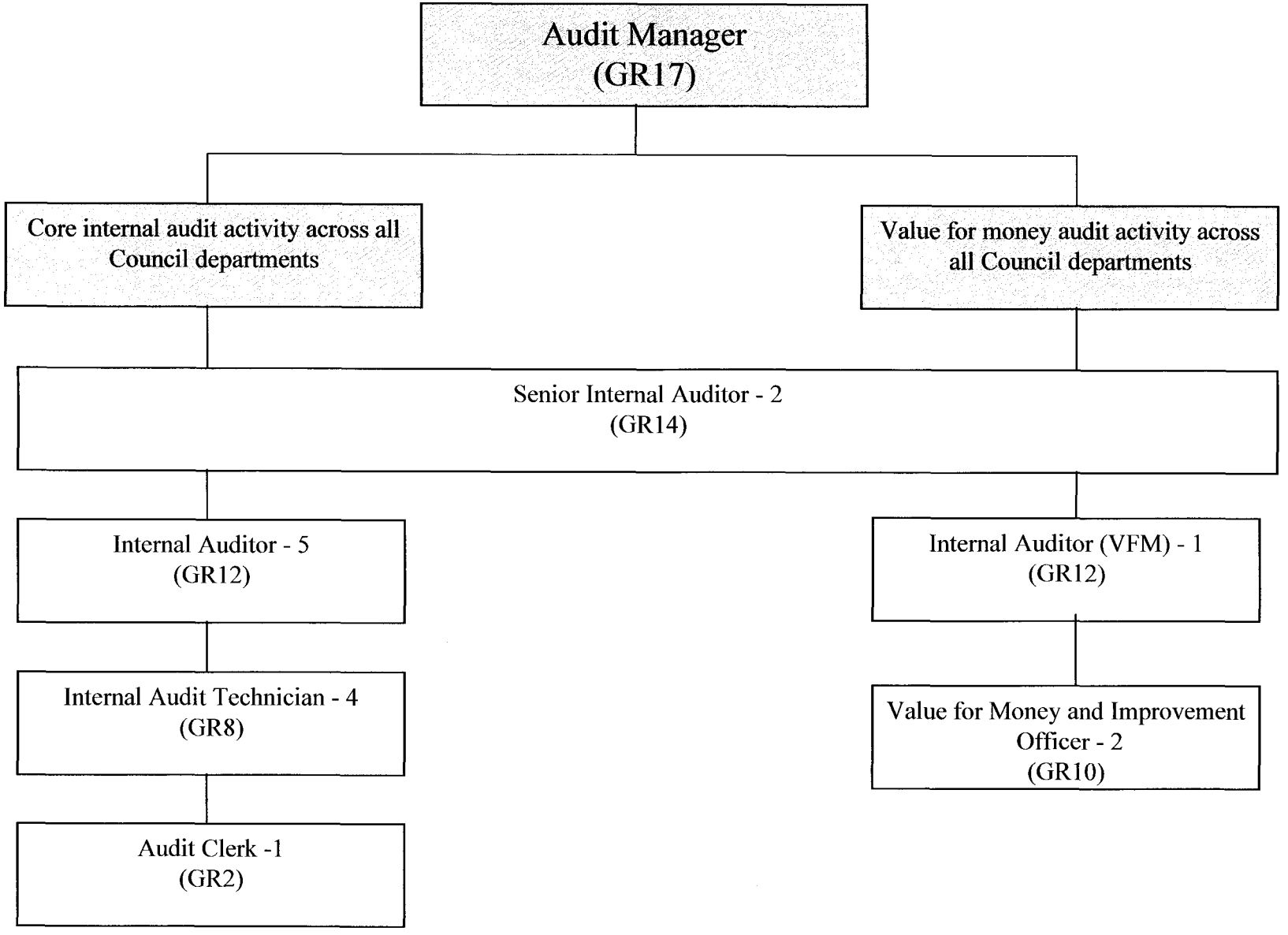
Appendix 4


Expenditure Manager
(GR16)
Risk & Insurance Manager
(GR13)
Payroll Manager
(GR14)
Creditors Supervisor
(GR11)
Risk & Insurance Supervisor
(GR10)
Assistant Payroll
Manager -2
(GR12)
Operations
Officer
(GR7)
Database & Feeders
Administrators - 2
(GR6)
Senior Risk & Insurance Asst
(GR7)
Payroll
Team 1
Payroll
Team 2
Operations
Team
Database Teams
Risk & Insurance Assts - 2
(GR6)

Appendix 5


Procurement Manager
(GR15)
Senior Procurement Officer
(GR 11)
Senior Procurement Officer
(GR 11)
Procurement Officer x 2
(GR 9)
Procurement Officer x 2
(GR 9)
Procurement Assistant
(GR 7)
Procurement Assistant
(GR 7)

Appendix 6


Audit Manager
(GR17)
Core internal audit activity across all Council departments
Value for money audit activity across all Council departments
Senior Internal Auditor - 2
(GR14)
Internal Auditor - 5
(GR12)
Internal Auditor (VFM) - 1
(GR12)
Internal Audit Technician - 4
(GR8)
Value for Money and Improvement Officer - 2
(GR10)
Audit Clerk -1
(GR2)

Appendix 7

SUMMARY OF PROPOSED CHANGES AND FINANCIAL IMPLICATIONS

POST	CURRENT			PROPOSAL			CHANGES	
	No	Grade	Salary	No	Grade	Salary	Status	Salary Movement £+ / -
Heads of Service								
Head of Accounting Services	1	CO43	83,913				Delete	-83,913
Head of Financial Services				1	CO39	77,697	New post	77,697
Financial Services Division								
Accounting Manager	1	GR17	52,917				Delete	-52,917
Technical Manager	1	GR16	48,357				Delete	-48,357
Treasury Manager	1	GR15	44,016				Delete	-44,016
Corporate Finance Manager				1	GR17	52,917	New post	52,917
Business Support Manager				1	GR17	52,917	New post	52,917
Senior Accountants	5	GR13	191,985				Delete	-191,985
Finance Managers				4	GR14	160,560	New posts	160,560
Accountants	15	GR11	489,870	11	GR12	385,308	Reduction of 4 posts and regrading	-104,562
Accounting Technicians	5	GR7	103,365				Delete	-103,365
Asst Systems Administrator	1	GR5	16,929				Delete	-16,929
Accounting Assistants				10	GR8	249,339	New posts	249,339
Clerical Assistants	4	GR2	55,572	4	GR3	60,396	Redesignate and Regrade	4,824
Treasury Manager				1	GR13	38,397	New post	38,397
Assistant Treasury Manager	1	GR11	32,658				Delete	-32,658
Treasury Administrator	1	GR9	25,779	1	GR10	31,044	Regrading	5,265
Treasury Assistant	1	GR7	20,673	1	GR8	24,333	Regrading	3,660
Systems Administrator	1	GR9	25,779	1	GR10	31,044	Regrading	5,265

POST	CURRENT			PROPOSAL			CHANGES	
	No	Grade	Salary	No	Grade	Salary	Status	Salary Movement £+ / -
Revenue Services Division								
Expenditure Manager				1	GR16	48,357	New post	48,357
Employee Payments Manager	1	GR15	44,016				Delete	-44,016
Payroll Manager				1	GR14	40,140	New post	40,140
Senior Payroll Officers	3	GR12	105,084	2	GR12	70,056	Reduction in Posts and Redesignate	-35,028
Payroll Officers	5	GR8	121,665	7	GR8	170,331	Increase in Posts	48,666
Payroll Clerks	21.5	GR5	363,974	19	GR5	321,651	Reduction in Posts	-42,323
Risk & Insurance Officer	1	GR9	25,779				Delete	-25,779
Risk & Insurance Supervisor				1	GR10	31,044	New posts	31,044
Risk & Insurance Technician	1	GR7	20,673				Delete	-20,673
Senior Risk & Insurance Asst				1	GR7	20,673	New post	20,673
Senior Procurement Officer	1	GR11	32,658	2	GR11	65,316	Redesignate and Increase in Posts	32,658
Development Officers (Temp)	3	GR6	54,972				Delete	-54,972
Procurement Officers	3	GR7	62,019	4	GR9	103,116	Regrading and Increase in Posts	41,097
Procurement Assistants				2	GR7	41,346	New Posts	41,346
Procurement Assistant	1	GR2	13,893				Delete	-13,893
Controls & Recs Manager	1	GR15	44,016				Delete	-44,016
E-Government & Development Division								
(a) On-Line Services Officer	1	GR9	25,779				Delete and match to vacant analyst/programmer post GR10	-25,779
(b) On-Line Services Administrato	1	GR6	18,324				Delete and match to systems officer post GR8	-18,324
Finance and Administration Manag	1	GR12	35,028	1	GR12	35,028	Redesignate as Assistant Service Delivery Manager	0
NLD Project Manager (Temp)	1	GR16	48,357				Delete Post	-48,357
Business Systems Project Manage	1	GR13	38,397				Delete	-38,397

POST	CURRENT			PROPOSAL			CHANGES	
	No	Grade	Salary	No	Grade	Salary	Status	Salary Movement £+ / -
Production Services Manager	1	GR16	48,357	1	GR17	52,917	Regrading	4,560
Contact Centre Team Leader	2	GR6	36,648	3	GR7	62,019	Reconfigured and added post	25,371
Contact Centre Depute Team Lea	1	GR5	16,929				Delete	-16,929
Contact Centre Clerical Assistant	1	GR3	15,099	1	GR4	16,092	Reconfigured and added post	993
Internal Audit								
Senior Auditors	2	GR13	76,794	2	GR14	80,280	Redesignate as Senior Internal Auditor and regrade	3,486
Auditors	5	GR11	163,290	5	GR12	175,140	Redesignate as Internal Auditor and regrade	11,850
Audit Technicians	5	GR7	103,365	4	GR8	97,332	Reduction of 1 post, redesignate as Internal Audit Technician and regrade	-6,033
Senior VFM Officer	1	GR11	32,658	1	GR12	35,028	Redesignate as Internal Auditor (VFM) and regrade	2,370
VFM Officers	3	GR8	72,999	2	GR10	62,088	Reduction of 1 post, redesignate as Business Change and Improvement Officer and regrade	-10,911
TOTALS	105.5		2,812,586	96.0		2,691,906		

Savings	-120,680
On-costs	-30,894
Total Savings	**-151,574**

Summary

Reduction in Posts	=	9.5
Reduction in Salary Bill	=	-£151,574