

EAST AYRSHIRE COUNCIL

POLICY AND RESOURCES COMMITTEE – 31 MAY 2005

FINANCE SERVICE BEST VALUE SERVICE REVIEW

Report by Depute Chief Executive/ Executive Director of Corporate Support

1 PURPOSE OF REPORT

- 1.1** To advise Members of the outcome of the Finance Service Best Value Service Review and of proposals to realign the service to meet the objectives and issues arising from the review.

2 BACKGROUND

- 2.1** The Local Government in Scotland Act 2003 places a statutory duty on Local Authorities to make arrangements to secure Best Value. At the Policy and Resources Committee meeting held on 19 February 2004 Members agreed revised arrangements for Best Value with particular emphasis on the use of EFQM assessments and the development of a three year programme for Best Value Service Review covering all Council services.

3 SCOPE AND METHODOLOGY OF THE REVIEW

- 3.1** The Best Value Service Review, attached at appendix 1, considered all areas of activity currently undertaken by the Finance Service with the exception of payments. A Service Review covering the Payments Section was approved by Members in June 2004.

- 3.2** The objectives of the Review included:-

- To reduce the costs of the Finance Service by a minimum of £0.400m per annum by 2007/08.
- To ensure that the services being provided are valued and relevant to service users.
- To streamline the structure of the service to enhance management accountability.

- 3.3** The Review was conducted by officers in accordance with the Council's guidelines for undertaking Best Value Service Reviews focussing on the four Cs of Best Value:-

- Challenge
- Consult
- Compare
- Consider

- 3.4 The Review also took account of the provisions of the Local Government in Scotland Act 2003 and the published guidance with regard to the demonstration of best value.

4 POLICY AND LEGISLATIVE CONTEXT

- 4.1 The statutory duties and responsibilities with regard to services provided by Finance are defined by legislation including:-

- The Local Government (Scotland) Act 1973
- The Housing Benefit (General) Regulations 1987
- The Social Security Administration Act 1992
- The Income and Corporation Taxes Act 1988
- The Income Tax (Earnings and Pensions) Act 2003

5 SERVICE PROFILE

- 5.1 The key responsibilities of the Finance Service can be summarised as:-

- Facilitating strong financial management by implementing effective financial controls.
- Contributing to corporate management and leadership.
- Supporting and advising democratically elected representatives.
- Supporting and advising officers in their operational roles.
- Providing efficient front line revenues and benefits services.
- Calculating and arranging for payments due to Members, employees, suppliers and other creditors.

- 5.2 Consultation with key stakeholders revealed positive feedback in all areas.

- 5.3 Benchmarking operational performance and costs against other Authorities and against the private sector indicated that East Ayrshire's Finance Service performs in the top quartile in all areas.

6 FUTURE CHALLENGES

- 6.1 Although the implementation of proposals contained within the Review will deliver the three year efficiency savings targets set by the Council it is the case that further reductions in costs will be expected beyond 2007/08. It is important therefore that the Service continues to explore all avenues to improve efficiency without comprising financial control.

- 6.2 Specifically, the verification framework within Benefits requires to be implemented before March 2006 in order to maximise set up and ongoing grant available from the Department for Work and Pensions.

- 6.3 The Service Review includes a service improvement plan which shows the main areas for improvement identified from the Review process.

7 PROPOSAL

- 7.1** The current structure of the Finance Service comprises five separate units each with a senior manager reporting to the Financial Controller. The five units cover Revenues, Benefits, Payments, Financial Accounting & Control and Strategic & Operational Accounting.
- 7.2** The main areas where frontline direct external contact with individuals is evident are Revenues which includes Council Tax and Non Domestic Rates and Benefits. There appears to be merit in combining these functions under a single manager to ensure consistency of approach both to customer service and to the application of financial control procedures. One challenge in this is the physical location of the services and whilst cost savings will accrue from the amalgamation further savings would be possible if a single office building could be identified. As indicated above, in order to maximise external funding, the Benefits Service requires to implement the DWP Verification Framework during 2005/06. One of the main requirements is for claimants to be visited at home. Additional duties and processes involved in this will require adding six visiting officers and one clerical assistant to the Section. Additional management and supervisory effort will also be required to enable the necessary training, support and mandatory reporting functions. This is estimated at two additional full-time equivalent staff. The proposal to merge Revenues and Benefits, however, provides an opportunity to reconfigure the structure to ensure that the implementation can be carried out at least cost without affecting entitlement to the additional ongoing grant income. The proposals effectively reduce the number of staff who would otherwise be employed by 8.6 giving a net additional requirement of only 0.4FTE.
- 7.3** The fact that two accounting sections exist covering strategic accounting and financial accounting can result in a blurring of responsibilities and the Review proposes that the opportunity should be taken to reduce this. The proposal is to bring financial and managing accounting under one manager and to remove all non-accounting functions to a third section covering exchequer functions which would include payments, banking, treasury management, risk management and insurance services. Among other advantages this will insure a higher profile for risk management which is a key component of the Council's corporate governance arrangement. These proposals would reduce the staffing complement by a further 5.6 FTE.
- 7.4** The Review proposes a further reduction of two posts within the Secretarial and Administrative Support unit which provides a service to all of the sections within Finance as well as a front counter presence following the rationalisation of local offices in April 2005.

8 PERSONNEL IMPLICATIONS

- 8.1** The main personnel impact results from the merger of Revenues and Benefits whereby two existing senior posts will be deleted and a new post of Revenues and Benefits Manager created. A number of other minor grading changes are proposed in order to facilitate the deletion of other posts.

- 8.2 The detailed personnel proposals will be submitted to the Corporate Governance Committee for approval and are subject to discussion with the Trade Unions.

9 FINANCIAL IMPLICATIONS

- 9.1 The proposals outlined in this Report which include actions required to secure specific external ringfenced funding will deliver savings of £0.402m per annum on a recurring basis by 2007/08 and £0.825m over the three year period.

10 LEGAL/POLICY IMPLICATIONS

Nil

11 RECOMMENDATIONS

It is recommended that:-

- (i) members note the outcomes of the Finance Service Best Value Service Review;
- (ii) approve the proposals set out within the Review.; and
- (iii) otherwise note the contents of the Report.

Elizabeth Morton
Depute Chief Executive/ Executive Director of Corporate Support

AMcM/JP
10 May 2005

LIST OF BACKGROUND PAPERS
NIL