

Revenue Finance Team Restructuring

The Revenue Finance Team proposals are by far the biggest area of change and the proposals are based on a number of factors outlined throughout the report. The team will move away from Directorate specific budget and monitoring support teams to a centralised team who will continue to provide support, advice and challenge to budget managers, but by targeting this resource to services according to a risk assessment.

In order to determine the amount of support to be given to each budget a risk matrix has been developed. For each budget line of the published budget book¹ the following core tests were applied:

- Is the gross budget (excluding staffing) greater than £2m?
- Is the gross budget (excluding staffing) greater than £20m?
- Does the budget have an income target of more than £2m?
- Volatility - does expenditure move in line with demand?

Two other tests were considered relevant when it came to determining risk, and these were:

- Risk of un-deliverability of savings
- New service / significant change in service

However these two tests were felt to be more of a variable or one-off nature and therefore do not form part of the core tests. Instead we felt that we needed the ability to discuss and agree with Business Partners the targeting of additional/flexible resource to meet the business/Service Directorates needs. This flexibility has been built into the structure.

Budgets were scored against the four core tests and a score of 1 has been awarded for each successful test. The total score for each budget was then converted into a risk assessment using the following criteria:

Table 1

| Total Score | Risk Assessment |
|-------------|-----------------|
| 4 | Very High |
| 3 | High |
| 2 | Medium |
| 1 | Medium |
| 0 | Low |

Following a review of the budgets in each category the following refinements were made:

- A very low risk category was introduced and applied to low risk budgets where both the staffing budgets are less than £750k and non staffing budgets are less than £150k.
- Where budgets are managed on a locality basis and are assessed as having different risk ratings, an adjustment has been made to raise all locality budgets to the highest risk rating. This specifically relates to Children's Services where East Kent was assessed as very high risk and both Mid Kent and West Kent were assessed as medium risk. Mid and West Kent's risk assessment has been therefore increased to very high so that it is on par with East Kent.

¹ Section 1h (Manager Analysis) of the 2011-12 KCC Revenue Budget approved by County Council 17 February 2011.

- Where embedded staff exist within the service (those spending less than 50% of their time on Finance), their risk rating has been reduced. This specifically relates to Waste, Community Learning & Skills and Legal Services.

The support to managers has been quantified in “number of days support” for ease of calculating fte staffing requirements. For each risk rating, the total number of days support per year which would include face to face meetings, preparation time, queries and travel time has been determined as follows:

Table 2: Total support days per risk rating

| Risk Rating | Budget Setting | Monitoring | Year end and ad-hoc queries | Total |
|-------------|----------------|------------|-----------------------------|-------|
| Very High | 5 | 42 | 5 | 52 |
| High | 3 | 34 | 3 | 40 |
| Medium | 2 | 21 | 2 | 25 |
| Low | 1 | 8 | 1 | 10 |
| Very Low | 0.5 | 7 | 0.5 | 8 |

The total support days per risk rating (as per table 2 above) has been multiplied by the current number of budget managers (including Heads of Service) for very high and high risk budgets and just Heads of Service for medium, low and very low risk budgets. The results have been analysed below in Table 3 below to show each Directorate’s share of the Revenue Finance Team resource:

Table 3: Distribution of Revenue Finance Team resource (revised results)

| Dir | Very High Risk | High Risk | Medium Risk | Low Risk | Very Low Risk | Total | |
|--------------|----------------|--------------|-------------|------------|---------------|--------------|------------|
| ELS | 676 | 200 | 100 | 10 | 8 | 994 | 11% |
| FSC | 4,576 | 1,080 | 150 | 50 | 48 | 5,904 | 68% |
| CC | 0 | 400 | 175 | 150 | 40 | 765 | 9% |
| EE | 364 | 0 | 25 | 80 | 40 | 509 | 6% |
| BSS | 0 | 0 | 275 | 100 | 136 | 511 | 6% |
| PH | 0 | 0 | 0 | 10 | 8 | 18 | 0% |
| Total | 5,616 | 1,680 | 725 | 400 | 280 | 8,701 | |

Assessment, Income and Payments Restructuring

Current Structure

The Council's assessment, income and payments functions have previously been undertaken in 3 main units:

Ex Kent Adult Social Services Exchequer now within FSC

119 fte based primarily in Maidstone and St Peters, Broadstairs. The main functions are:

Client Financial Affairs (15 fte)
Income Assessment (62 fte)
Benefit Advisers (13 fte)
Debt Recovery (8 fte)
Adult Social Care Payments (15 fte)
E Commerce (3.4 fte)
Other (3 fte)

Some of these activities were previously managed corporately and were devolved into KASS 6 years ago and the debt recovery work was devolved 2 years ago.

Ex Children Families & Education

15.9 fte. The main functions are:

Foster Payments (6.5 fte) previously part of Children Families and Education and now within FSC based in Bishops Terrace Maidstone.
Free School Meals (2.4 fte)
Asylum (7 fte)

Corporate Exchequer

29 fte based in Sessions House. The main functions are:

Accounts Payable (10 fte)
Cashiers (7 fte)
Systems (7 fte)
Debt Recovery (3 fte)
Other (2 fte)

There are a total of 163 fte in scope.

Design Principles

In approaching the options for the restructuring the senior finance staff within FSC and BSS have focussed on:

Viability of the service in the future.

The exchequer functions undertaken are essential to the financial operations of the Council. The areas have been subject to significant budget reductions in recent years and the proposals made are carefully considered to ensure that a viable service can be maintained.

Of particular importance are a number of FSC specific issues:

- Management of debt levels is critical for FSC and our proposals actually increase the amount of resource allocated to FSC debt recovery.
- There are still a number of operational problems with Client Billing using Oracle AR.

Savings

We have looked to achieve the 12% savings target allocated to Exchequer. This will primarily be through:

- Reductions in the management overhead.
- New ways of working eg the Assessment staff will mainly work through telephone interviews rather than face to face meetings.

KCC 5 Levels Rule

We have worked to the design principle of 5 levels in the organisation - in Assessment we have had to introduce an additional layer of Seniors as there are 45 Assessment Officers in a number of locations. This approach has been agreed with HR.

Location

Staff are located across the county with the largest number in Sessions House, Brenchley House and St Peters Broadstairs. At this stage of the restructuring process, we are assuming most posts are located close to their current base – there may have to be some changes but these will be minimized as far as possible.

Proposed Structure

The recommended way forward is as follows:

Assessment and Income Unit

All Assessment and Income staff in the Council will be brought together for management purposes in a single unit with 97 fte a reduction of 18 fte (14% in budget). This will mean the Debt Recovery and Cashiers staff within BSS Corporate Exchequer along with the staff assessing free meals in CFE combining with the Client Financial Affairs, Income Assessment Benefits and Debt Recovery staff in FSC. Cashiers can be more closely integrated with other staff working on client billing issues and all debt recovery activity is brought together.

Payments Unit

The Corporate and FSC payments staff plus the Foster payments and asylum team will be combined into a single unit with 41 fte a reduction of 7 fte (21% in budget). The unit will have a manager, at a lower level than the Assessments and Income post, reporting to the Head of Financial Services.

This restructuring will mean a reduction of 25 posts (16% in budget) thus exceeding the target set.

The option of a single unit was very seriously considered but in the end was rejected due to the size of the unit and the spans of control that would produce and the need to maintain high level services to FSC in critical areas.