

REPORT OF: CHIEF EXECUTIVE
TO: RESTRUCTURING COMMITTEE
DATES: 16th OCTOBER 2018

Report Author: Dean Langton
Tel. No: 01282 661602
E-mail: dean.langton@pendle.gov.uk

ORGANISATIONAL REVIEW

PURPOSE OF REPORT

1. The purpose of this report is to present proposals for the Committee to consider following a review of the Council's organisational structure.

RECOMMENDATIONS

2. The Restructuring Committee is asked to:-
 - a) agree to recommended the changes to the Council's organisational structure as set out in the report to Council on 5th December 2018;
 - b) indicate whether there are any further areas of the Council's structure they wish to be considered as part of the review.

REASONS FOR RECOMMENDATION

3. To deliver budget reductions for 2019/20

ISSUE

Background

4. At the last meeting of the Restructuring Committee on 21st August 2018, Councillors considered a report providing a range of information relating to the Council's organisational structure. This was with view to undertaking an organisational review. The context for the review is the challenging financial position of the Council and the need to consider what changes can be made to the organisational structure to contribute to the budget savings gap whilst, wherever possible, maintaining frontline service delivery and avoiding compulsory redundancies.

The Savings Target for Staffing Changes

5. As set out in the previous report, the planning assumption is that total savings from staffing changes as a contribution to the overall target of savings is:-
 - **£300k in 2019/20**
 - **£300k in 2020/21**
6. The target for 2020/21 is provisional and is only a basis for planning. As more details of the future funding settlement post 2019/20 are awaited, it is not possible at this stage to say with any certainty what savings will be required and to what extent they will need to be found from staffing reductions.
7. For the purposes of this review, the guiding principles have been a need to deliver the savings necessary to contribute towards the funding gap, the need to maintain frontline service delivery where possible and to avoid compulsory redundancies.
8. For 2019/20, early progress has been made. Following a report to the meeting of Council on 25th September 2018, it has been resolved to delete two posts from the Council's Staffing Establishment. This will save **£60,000** in 2019/20 and is a contribution towards the target savings.

Proposals

Senior Management Structure

9. By way of a reminder, the Council's Senior Management structure comprises the Chief Executive, Corporate Director and five Service Managers. Along with the Head of Legal Services and Democratic Services Manager and the Human Resources Leader (who is employed by Liberata), these posts form the Council's Management Team.
10. As Councillors will be aware, the Council is required to have three statutory officers. They are currently as follows:-
 - Head of Paid Service – Chief Executive
 - Monitoring Officer – Corporate Director
 - s151 Officer – Chief Finance Officer
11. For information, it is possible to combine the roles of Head of Paid Service and s151 Officer but it is not possible for the Monitoring Officer to perform either of the other roles. It should be noted that the Chief Executive is the Deputy s151 Officer and the Head of Legal Services is the Deputy Monitoring Officer.
12. At the last meeting of the Committee, it was resolved that:-

'the Chief Executive commences individual consultation with the five Service Managers and brings forward proposals on the reduction in hours for the Corporate Director and reduction in the number of Service Managers for Full Council to consider in December [2018]'.

Corporate Director

13. Both the Chief Executive and the Corporate Director provide the strategic capacity for the organisation. That said, inevitably given capacity constraints elsewhere within the

organisation, both are additionally required to be involved in the day to day management of parts of the organisation whilst each overseeing a group of services.

14. The Corporate Director has indicated a willingness to take flexible retirement and reduce his working days from 5 days to 3 days with effect from June 2019 (following the elections and annual council in 2019). The benefit of this to the Council is that it will retain some corporate capacity as well as providing an opportunity for the development of the Head of Legal Services to eventually become the Monitoring Officer. Councillors are asked to consider accepting this proposal on the understanding that it is reviewed annually.
15. It is estimated that this change will save **£57,500** in a full year (and there is no cost to the Council of allowing flexible retirement).

Recommendation 1: That the Committee recommend to Council that the Corporate Director be allowed flexible retirement from 1st June 2019, reducing his working week from 5 days to 3 days.

Service Managers

16. The Committee will recall that it is proposed to reduce the number of Service Managers from 5 to 4 and this be made possible by disbanding Neighbourhood Services, whilst retaining the 'neighbourhood' approach. In doing so, the following changes are proposed:-
 - transfer Engineering into Housing, Health and Economic Development – given these Teams are co-located (and will continue to be following any accommodation changes) and already work closely together, the impact of this should be minimal;
 - transfer Countryside Access and the Environmental Action Group into Environmental Services – again, these services all operate from the Fleet Street Depot and the change should not impact significantly;
 - merge Elliott House Administration with the administrative functions in Nelson Town Hall (as part of the accommodation changes) to create a single Administration function;
 - Review the need for the Parks Outreach Service to be retained;
 - **additionally, it is proposed to transfer the Economic Development Team from Housing, Health and Economic Development (to be renamed '*Housing, Health and Engineering*') to Planning, Building Control and Licensing (with the latter being renamed, '*Planning, Economic Development and Regulatory Services*')**
17. Individual consultations have now taken place with each Service Manager and none has expressed an interest in voluntary redundancy.
18. As indicated in the last report, the changes above will affect a number of Service Managers in terms of changes to duties and responsibilities but fundamentally will mean that the role of Neighbourhood Services Manager would be deleted from April 2019. A consequence of this is that, subject to the necessary consultations, the present postholder would be at risk of redundancy if this proposal above was agreed by the Council.

19. However, as Councillors are aware, the post of Drainage Engineer in the Engineering Service is currently vacant. Acknowledging Councillors wish to both avoid compulsory redundancies and to retain the knowledge and expertise of the Neighbourhood Services Manager, it is proposed that the Drainage Engineer post be deleted and a new post of Special Projects Officer is created reporting directly to the Head of Housing, Health and Engineering. It is envisaged that this role would work in conjunction with the Senior Regeneration Officer supporting, amongst other matters, the delivery of key Council projects including, for example, the development of employment and housing sites, flood alleviation projects, connectivity and dealing with flood/land drainage issues.
20. Initial consultations have been held with the Neighbourhood Services Manager about this proposal and he has indicated his interest in the post of Special Projects Officer. Advice from Human Resources is that, given he is at the risk of redundancy and that he is suitably qualified for the role of Special Projects Officer, it is possible for him to be ring-fenced for the new post.
21. As a consequence of this proposal, there will be changes to the duties and responsibilities of the remaining Service Managers so these posts will need re-evaluating once the new Senior Management Structure is agreed. This will require the support of the North West Employers Organisation who will bring benchmark comparisons with other similar local authorities and offer independent advice to Councillors on salary levels.
22. It is estimated that this proposal overall will deliver a net saving of **£20,000**.

Recommendation 2: That the Committee recommend to Council a reduction in the number of Services Managers from 5 to 4 and in doing so agree to:-

- **delete the post of Neighbourhood Services Manager;**
- **the allocation of functions as set out above;**
- **delete the post of Drainage Engineer and agree to create the post of Special Projects Officer reporting directly to the Head of Housing, Health and Engineering;**
- **retain the services of the North West Employers Organisation to provide advice on the salary levels for the amended job roles for the remaining Service Managers.**

Administration

23. As indicated in the previous report, the Council's office based staff are based in Nelson Town Hall, Elliott House and Fleet Street. Subject to vacating Elliott House and moving all staff there to Nelson Town Hall, it should be possible to combine the various administrative functions supporting each Service Area, and as part of this process, undertake a fundamental review of administrative functions with a view to streamlining processes and activities. It was estimated that savings of £40,000 (equivalent to 2fte) might be achieved.
24. Following the recent request for volunteers to consider voluntary redundancy/flexible retirement, requests were received from two members of staff (equivalent of 1.3fte) in the Elliott House Central Administration Team. These requests meet the threshold of the Council's policy (savings payback costs of voluntary redundancy within 2 years) and the proposal is to accept them and delete the posts accordingly.

25. The savings arising from this change would be **£35,000**. The one-off costs of redundancy are £16,800 and will be met from the Change Management Reserve.

Recommendation 3: That the Committee recommend to Council acceptance of the requests for voluntary redundancy as set out above.

Service Delivery Options

26. The changes approved by Council already and those recommended above will give rise to estimated savings of £175,100. Given a target saving of £300,000, this leaves a balance of savings require of c£125,000. At the last meeting of this Committee, Councillors were presented with a range of options around potential changes to service delivery. The Committee resolved that:-

‘the Chief Executive develop proposals as noted within Appendix C for Full Council to consider in December 2018’.

27. **Appendix 1** provides a series of recommendations for Councillors to consider. The proposals as set out would, if accepted, deliver savings of further savings of £133,000 and can be delivered without any need for compulsory redundancies.

Consultation

28. There is a duty to consult with individuals when there are proposed redundancies and/or changes to structures and jobs. The duty to conduct collective consultation with trade unions is triggered when the proposed redundancies affect 20 or more employees. It is not anticipated that the numbers affected will be significant enough to trigger formal collective consultation, however through long standing and good employee relations, consultation with trade union colleagues will need to be planned for in addition to individual consultation.
29. The Committee resolved at its last meeting to involve Unison in future meetings of the Committee.

Timescales

30. Councillors will appreciate the need to progress the organisational review to ensure that the budget savings targets set out above are achieved with effect from April 2019. Subject to Councillors views on the proposals in this report, it is anticipated that a report on the outcome of the organisational review will be considered by the Council at its meeting on 5th December 2018.

IMPLICATIONS

Policy

31. The policy of the Council is to maintain, as far as is possible within the resources available, front line service provision whilst at the same time, streamlining both management and administration costs. These matters are considered in detail in this report.

Financial

32. For the purposes of financial planning, a target saving of £600,000 for the period 2019/20 to 2020/21. The proposals in this report would deliver savings of £308,100 for 2019/20.

Legal

33. There are no legal implications arising from this report. A key part of the Organisational Review will, however, need to consider the Council's ability to meet its statutory obligations and this is a matter which will have to be considered as the review progresses. Equally, where it is applicable, the Council will need to ensure that Employment procedures are followed as appropriate.

Risk Management

34. The risks associated with the Council's Financial Strategy and the Medium Term Financial Plan are as previously set out.

Health and Safety:

35. There are no Health and Safety implications arising from this report.

Sustainability:

36. There are no sustainability implications arising directly from this report.

Community Safety:

37. There are no community safety issues arising directly from the contents of this report.

Equality and Diversity:

38. In compliance with the Council's duties on equality and diversity, Service Impact Assessments will need to be undertaken of the equality and diversity implications of any proposed changes. These Service Impact Assessment will be undertaken on proposals as they are developed where this is considered necessary.

APPENDICES

Appendix 1 – Service Delivery Recommendations

LIST OF BACKGROUND PAPERS

None