

# CABINET

## Restructure of Services 06 October 2009

### Report of Corporate Director (Regeneration)

#### PURPOSE OF REPORT

To seek member approval to the reorganisation of Corporate Strategy, Cultural, Economic Development, Planning, Tourism and Customer Services to effectively and efficiently implement the City Council's priorities set out in the Corporate Plan and the Lancaster District Local Strategic Partnership Community Strategy in line with the revenue budgets estimated to be available to the Council over the next three years.

Key Decision

X

Non-Key Decision

Referral from Cabinet  
Member

Date Included in Forward Plan

15 September 2009

This report is public.

#### RECOMMENDATIONS OF COUNCILLORS ARCHER, ASHWORTH, BLAMIRE AND BRYNING:

- (1) That Members approve the restructuring of four Services to two Services; Community Engagement and Regeneration and Policy.
- (2) That the proposed structures for the Community Engagement Service and Regeneration and Policy Service be referred to Personnel Committee for approval.
- (3) That Cabinet approve the funding principles for termination costs as outlined in the financial implications, and that the outcome of these and the savings achieved be reported back to Cabinet as part of the 2010/11 budget.
- (4) That the revenue budgets are re-aligned to the new service areas.

#### 1.0 Introduction

- 1.1 Members will be aware that the City Council is to face a "challenging" budgetary agenda over the next few years, and with our communities demanding increasing quality and value for money services, now is the time to challenge existing service structures to ensure that we can improve the efficiency and effectiveness of our future service delivery, with diminishing budgets.

## **2.0 Background**

- 2.1 Over the past 12 months, Lancaster City Council has completed the restructure of the Neighbourhood Management Team, has approved, in principle, the restructuring of the Communications, Marketing and Events activities, and has, through the budgetary process, requested substantial savings over the next 3 years, from Planning Services and Cultural Services. Members have also identified that further savings will need to be brought forward to achieve a balanced budget over the next 3 years.
- 2.2 In order to achieve these budget savings, and still provide the appropriate services to deliver the corporate plan, it is necessary to bring forward a full restructure of the following services:
- Cultural Services
  - Planning Services
  - Economic Development
  - Corporate Strategy
  - Customer Services (IT will be considered as part of further restructuring of Council Services)

## **3.0 Proposal**

- 3.1 Considering the above, Members are requested to consider the overall restructure of the 4 services detailed in Appendix A of this report.
- 3.2 As detailed above, Cabinet and Budget Council recently approved the Council's budgetary position for the next 3 years, and in order to deliver to this agenda, it is proposed to review 4 services, creating two new services.
- 3.3 The Council's current structure of services is detailed in Appendix A to this report, and, having considered future needs, it is proposed that Appendix B is approved by Cabinet.
- 3.4 The two new services to be created will be:
- Community Engagement
  - Regeneration and Policy

### **3.5 HR/Legal Issues**

- 3.5.1 In implementing Appendix B, the City Council will follow a structured process, ensuring appropriate consultation at all stages, both with staff and their trade union representatives. To ensure that the new structures are implemented within a reasonable timeframe it is vital that we commence consultation at an early point. A structured framework will be used to deliver this process of transformation, which will cover a wide range of issues including assimilation, selection, redeployment and compliance with our statutory obligations.
- 3.5.2 It is proposed to have the structure implemented by 01 April 2010 and the proposal will run parallel to, and inform, the Senior Management Structure currently being carried out by NWE0.
- 3.5.3 The new service structures, along with the Senior Management Structure will be reported to Personnel Committee by no later than January 2010, which will provide

sufficient time to re-align budgets and terms and conditions to be effective from 01 April 2010.

### 3.6 Finance

3.6.1 At this early stage, the financial implications from the structure detailed in Appendix B are not possible to quantify in detail. To do this would involve identifying which posts are likely to be deleted from the Council's Establishment or where areas of work can be merged to create economies. These are both areas where it is necessary to carry out appropriate consultation with those staff groups who may be affected by the change. At this stage, it is unclear what the exact cost of redeployment/redundancy that may result from the implementation of this structure will be. However, as we work through the population of the posts, such costs will be defined. Any associated costs of redeployment/redundancy will be met from either the current reserves allocated for such use, or, if appropriate, by taking less of a revenue saving from day one of the implementation, and taking some of the costs over a 3 year timescale, where possible.

3.6.2 Taking the existing costs and the proposed structure, it is anticipated that annual gross savings of £290K (i.e. not allowing for termination costs) could be made from this re-structure. However, as detailed above, further savings will be made as we work through these structures.

### 4.0 **Details of Consultation**

4.1 At this stage, only Service Heads and relevant Portfolio Holders have been consulted on an informal basis. However, a full consultation process would progress in line with the Council's policies, as soon as a Cabinet decision has been made regarding the proposals. Consultation both with staff and with trade unions will take place in the near future, and further information about the structures will be provided to relevant groups as the restructure progresses. Once the detail of the structures has been drafted, staff and their representatives will be invited to comment on the proposals in line with the Council's Consultation and Negotiation Protocol. Following the formal consultation phase a report will be submitted to Personnel Committee.

### 5.0 **Options and Options Analysis**

#### 5.1 Option 1

5.1.1 Members approve the restructuring proposals identified in Appendix B and C.

<b>Advantages</b>	<b>Disadvantages</b>	<b>Risk</b>
<p>A clear strategic direction is given to all staff regarding the future of services.</p> <p>The financial budget savings are achieved within the timescales identified.</p> <p>Strong structures are in place to develop further ideas around shared services and efficiency</p>	<p>Uncertainty to staff may cause initial disruption to council services in areas where savings are clearly identified.</p>	<p>Services disrupted whilst structures implemented.</p> <p>Reduced level of structures may have negative impact on Council image.</p> <p>Termination costs and therefore net savings are uncertain at this stage.</p> <p>Funds remaining in reserves</p>

savings.		to support further restructures are also uncertain.
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## 5.2 Option 2

5.2.1 Members do not approve structures and continue with existing services.

Advantages	Disadvantages	Risk
Service provision continues at existing level.	Council does not meet its financial commitments.	Intervention?

## 6.0 **Officer Preferred Option**

6.1 The officer preferred option is Option 1.

### **RELATIONSHIP TO POLICY FRAMEWORK**

Proposal consistent with delivering Corporate Plan priorities and Medium Term Financial Strategy targets.

### **CONCLUSION OF IMPACT ASSESSMENT**

**(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

The new structures to be put in place will provide the appropriate framework to ensure that all the issues of Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing will be addressed.

### **FINANCIAL IMPLICATIONS**

The savings generated by creating the Community Engagement and Regeneration and Policy Services have initially been estimated at £290K per annum. This is based on savings generated by amalgamating Senior Management posts into the new structures, and further savings are anticipated following subsequent restructures at lower levels.

The initial savings exclude any one-off termination costs as these will be met from the Restructuring Reserve or may be offset against the restructuring savings if necessary.

It must be noted that the current and future years' budgets include savings requirements of £227.4K (2009/10), £243.7K (2010/11) and £243.2K (2011/12) for Cultural Services and Planning Services – and the proposals in this report are expected to meet, if not exceed, these but from 2010/11 only. Clearly, the timing of this restructure will not realise any savings in the current year though, and therefore the shortfall of £227.4K will need to be met from other savings or additional income being identified (this could include sources such as Planning Delivery Grant, etc.). Should this not be possible, then an alternative option would be to take a contribution from the Restructuring Reserve in the current year, but only on the basis that the reserve would be replenished in future years from additional savings, over and above those budgeted, which would be generated by this proposed restructure. There is risk to this approach however, in that the Council has other restructurings planned and therefore it needs to make sure it has sufficient funds available to meet termination costs arising from other such proposals.

In addition, it should be noted that a further £50K of budgeted savings are required from the

Senior Management Restructure, and the savings proposals contained within this restructure will need to be excluded from that review to ensure they are not double counted.

#### **SECTION 151 OFFICER'S COMMENTS**

The outline proposals present an opportunity to achieve significant gross savings, but there risks attached not least from the uncertainty regarding termination costs. Should Cabinet support the proposals, then these risks can be managed but if there are other budgetary difficulties arising, these would be reported back to Cabinet. That said, the Council does need to make significant ongoing savings and therefore the 'do nothing' option is not viable.

#### **LEGAL IMPLICATIONS**

As identified in the report, Legal Services will assist in the interpretation of the Councils policies and statutory obligations if the preferred option is approved.

#### **MONITORING OFFICER'S COMMENTS**

The Deputy Monitoring Officer has been consulted and has no further comments.

#### **BACKGROUND PAPERS**

None

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