

Subject: "Our Council" Project and Management restructure

Report to: Cabinet (21st November 2012)
Council (27th November 2012)

Report by: Leader of the Council

SUBJECT MATTER/RECOMMENDATIONS

Recommendations to Cabinet and Council

1. To approve the voluntary departure of the Managing Director subject to a successful internal appointment.
2. To approve the voluntary departure of the Head of Planning and Business Services.
3. To establish an Appointments Panel, consisting of the Leader of the Council, Deputy Leader, Portfolio Holder for Transformation, Leader of the Opposition, and Deputy Leader of the Opposition, supported by the East of England Local Government Association, to appoint to the Chief Executive post.
4. To approve the new management structure for the Council, as set out in Appendix 2.
5. To amend para 12.8 of the Constitution as follows:

"Proper Officer" Provisions

Local Government legislation from time to time requires local authorities to appoint "proper Officers" for specific purposes. The Chief Executive, Directors, Head of Paid Service, s151 officer, Monitoring Officer (and any persons authorised by them) are all designated by the Council as the proper Officers for functions within their service plans or terms of appointment.

“OUR COUNCIL”

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1. Overview

1.1 Following the elections in May 2012, the new Administration set four priorities:

- Promoting economic growth and job creation
- Protecting and supporting vulnerable people
- Creating and engaging with healthy, vibrant communities
- To be an ambitious and enterprising Council

1.2 The new Administration also recognised the significant financial challenge posed by an unprecedented reduction in its ongoing revenue funding from Government, having to find in the region of £3.2 million savings per annum. Reserves (currently in excess of £5m) will be used in the first year to meet any shortfalls until the full savings are delivered.

1.3 In June 2012, a Project Board was established to oversee a radical programme of service review, cultural change and the exploration of opportunities to generate income and identify savings. The Project Board is made up of the following members: Cllr Trevor Wainwright, Leader of the Council, Cllr Bernard Williamson, Cabinet Portfolio Holder Transformation, Richard Packham, Managing Director, Jane Ratcliffe, Deputy Managing Director, Donna Summers, Service Manager Finance and Neil Mercer, a change management advisor to provide an additional resource within the HR team.

1.4 The role of the Project Board is as follows:

- Overseeing the compilation of a project plan
- Commissioning work for officers of the council, working groups (including elected Members) and where appropriate external sources with a view to delivering a balanced budget from April 2013 and onwards
- Leading the restructuring of the Council and developing new ways of working
- Communicating the work of the Board
- Listening to the views of staff and councillors
- Ensuring maximum engagement of staff and councillors
- Engaging with external stakeholders

1.5 The Project Board identified a number of success indicators (outcomes) as follows:

- Financial savings of £3.2m
- A flatter structure that would deliver an effective, strategic operational management team
- A structure that would facilitate the further development of Systems Thinking across the Council
- Staff teams that reflect workflows which are designed to meet customer demand effectively
- A 'can do' culture that empowers staff to find ways of continually improving services
- A Council that is fit for purpose for the 21st century with a flexible and highly skilled team sharing a common set of behaviours.

2. Work Streams

2.1 The Project Board established work streams, led by Heads of Service, which are working with staff across the whole Council to identify our strengths and weaknesses. The work streams and their outcomes to date are listed below:

2.2 HR – Lead Neil Mercer

2.2.1 *Managing the next round of voluntary severance and an overall review of HR processes, policies and support packages* in particular those relating to voluntary severance, early retirement and redeployment – to include support for staff in developing new skills, finding new employment (within or outside the Council) and pre-retirement courses.

2.2.2 The Council received 56 expressions of interest in voluntary severance from staff. To date, 30 have been accepted, 3 declined, 19 are dependent on the Council to be able to ensure the work is covered and 4 have been withdrawn. However, some of these posts may need to be backfilled so the level of saving will reduce. Expressions of Interest will continue to be accepted for voluntary severance by 31 May 2013 and staff will be informed that this option is still open to them.

2.3 Communications – Lead Jane Beck

- 2.3.1 *Communications and Engagement: to ensure that there is a consistent and effective flow of information between the Project Board, work-stream leads, staff, trade unions, councillors and external stakeholders.*
- 2.3.2 This work stream has instigated a number of suggestions which have included changing EMT briefing notes, the use of Yammer and intranet message of the day. It is currently improving the Council's internet service and will be reviewing how we share and respond to external stakeholder views.

2.4 Impact Assessments – Lead Richard Packham

- 2.4.1 *Impact Assessments (risk, equalities etc.): testing our proposals with external partners and residents.*
- 2.4.2 This work stream has identified key corporate stakeholders and developed a template for equality impact and risk assessments. This team will co-ordinate its work stream; however the communications work stream will take the lead in working with external partners to ensure that communications with them are consistent.

2.5 Behaviours – Lead Jane Ratcliffe

- 2.5.1 *Behaviours and values: using priorities and systems thinking principles to identify how we need to work together in the future.*
- 2.5.2 At the SUMS meeting in September a session was held to identify the behaviours and culture that the organisation would wish to adopt moving forward. Alongside this, the Nolan principles (an ethical code which sets standards for people in public office) are already embedded within our Constitution, and these will be reiterated as a key message to all staff working within the transformed organisation.

2.6 Systems Thinking/External Environment – Lead Robert Read

- 2.6.1 *Ensuring that the new organisation structure and services in it are designed using systems thinking principles and providing advice on systems thinking implications for other work streams.*
- 2.6.2 This work stream has mapped workflows to produce a 'System Picture' of the Council. This was used as part of the methodology to design the proposed new structure. It has reviewed what has worked well and not so well in previous System Thinking work and has begun a review of customer demand which will continue to improve service delivery and reduce waste across services following the restructure.

2.7 Income Generation – Lead Seb Duncan

- 2.7.1 *Income generation: reviewing existing fees and charges, considering new options for charging and identifying opportunities to sell services. This will include a review of the discretionary services which we may currently be providing at no charge.*
- 2.7.2 This work stream will also consider options for Cost Savings Groups (CSG), which allow the Council to sell services e.g. financial expertise to charities and non-profit making organisations. It is anticipated that no income will be recorded in the budget for 2013-14, but as income becomes more certain, it will be built into future years' budgets.

2.8 Shared Services – Lead Peter Warner

- 2.8.1 *Shared Services: talking to neighbouring councils about opportunities to share services.*
- 2.8.2 This work stream looked at who has done what over the last two years in relation to collaborative working, and produced a summary of options for further exploration. The conclusion by this work stream was that there were no significant new options to explore at present, so this work stream has been discontinued. However, work will continue to identify reciprocal arrangements that can improve resilience.

2.9 Finances – Lead Seb Duncan

- 2.9.1 *Financial modelling and detailed scrutiny: building a model to test various savings options and a process for detailed scrutiny of all budget codes.*
- 2.9.2 This work-stream will produce a financial model which will be versatile enough to analyse options. The model will also produce changes to financial reporting to Council and EMT. Work will commence with SUMS to understand what financial information is required by them and to map these requirements into the new structure.

2.10 Contract Reviews – Lead Jane Beck

- 2.10.1 *Testing the rationale underpinning current arrangements with GY Sports and Leisure Trust and GY Borough Services and exploring the potential for savings.*
- 2.10.2 Consultants Gordon Mackie have been appointed to carry out a review of the GYBS contract. The aim is to understand the service and to financially test the cost by preparing a 'ghost bid' to ascertain what the service should really

cost the Council. The Council spends over £7m per annum with GYBS, which is the most significant single contract operated by the Council.

- 2.11 Outcomes of the work streams have been used to develop the proposed new structure. The Project Board meets weekly to ensure the timetable is kept on track.

3. Structure Proposals

- 3.1 The current management structure has evolved over a period of time, following the departure of a number of senior managers, with the Executive Management Team and Service Unit Managers taking on additional areas of responsibility on a piecemeal basis. The voluntary severance process has identified a number of individuals at a senior management level who are considering leaving the Council. The current structure is set out at Appendix 1, with a Managing Director, Deputy Managing Director, 5 Heads of Service and 27 Service Unit Managers. The Project Board has identified a need to have a flatter structure that would deliver an effective and strategic operational management Team.
- 3.2 As a result, a new proposed structure has been designed by the Executive Management Team in consultation with Service Unit Managers, the 'Our Council' Project Board and Cabinet Members. It reflects much of the work already done to redesign services using systems thinking and seeks to maximise synergies and savings by bringing similar or related work streams or processes together, for example Tourism, Marketing, Communications and the Town Centre.
- 3.3 The new structure ensures that the Council retains sufficient management capacity if the Cabinet approves the departure of the Managing Director and Head of Planning and Business Services. The restructure also proposes the deletion of the post of Head of Regeneration and Environment which has been vacant for more than 12 months.
- 3.4 The proposal is to reduce the number of senior managers (Directors and Heads of Service) from seven to four (Chief Executive and 3 Directors) with the 4 new posts being filled internally. The other main feature of the new structure is to create 11 new Manager posts with a broader and more strategic brief than the existing Service Unit Managers. These posts will also be recruited internally.

3.5 The full proposed new structure is set out at Appendix 2.

3.6 The table below illustrates the Council's relatively large senior management team before the restructure. It also shows the Council's management team after the restructure and by comparison if the HRA's staff are excluded.

	Staff	Population	Staff : popn	Senior mgmt
* Gt Yarmouth BC - current budgeted structure	440	97,300	1 : 221	1xCX, 1xDCX, 5xHoD, 27xSUM
* Gt Yarmouth BC - proposed structure	384	97,300	1 : 253	1xCX, 3xDir, 11xManager,
* Gt Yarmouth BC - proposed structure excl HRA	284	97,300	1 : 343	1xCX, 3xDir, 7xManager,
Breckland	272	130,500	1 : 480	1xCX, 1xDCX, 1xHoD, 3xAD, 11xSUM
Broadland	301	124,700	1 : 414	1xCX, 1xDCX, 8xSUM
Kings Lynn & West Norfolk	655	147,500	1 : 225	1xCX, 1xDCX, 4xExD
North Norfolk	323	101,500	1 : 314	1xCX, 2xHoD, 13xSUM
* Norwich	844	140,200	1 : 166	1xCX, 2xHoD, 2.5xSnrSUM
South Norfolk	400	124,000	1 : 310	1xCX, 1xDCX, 2xHoD, 34xSUM
* Suffolk Coastal & Waveney	819	239,600	1 : 293	1xCX, 3xHoD, 9xSUM

* Housing Authorities

CX = Chief Executive

DCX = Deputy Chief Executive

Dir = Director

HoD = Head of Department

AD = Assistant Director

ExD = Executive Director

SnrSum= Senior Service Unit Manager

SUM = Service Unit Manager

All data has been extracted from the relevant Authorities' website

- 3.7 The dismissal or appointment of the Head of Paid Service is covered in the Local Authorities (Standing Orders) (England) Regulations 2001. Para 5 states that the dismissal or appointment of the Head of Paid Service shall be “exercised by the authority itself”.
- 3.8 The advice from nplaw is that the departure of the Managing Director is not a dismissal under the Regulations, as he will be leaving the organisation on a voluntary basis, and there is no redundancy situation. As such, the ability to agree to the departure becomes a Cabinet decision as there are operational and budgetary implications of the departure. Cabinet on the 21st November will therefore need to agree whether the expression of interest from the Managing Director can be accommodated.
- 3.9 The expressions of interest process has allowed for departures to be accommodated in other parts of the Council where the post can be backfilled internally. Should the Managing Director’s expression of interest be approved, it is proposed that the Chief Executive post will be advertised on a two year fixed term basis with the intention of appointing the successful candidate permanently if and when Members deem this appropriate. This post will be ring-fenced to the existing Executive Management Team. The East of England Local Government Association (EELGA) have agreed to oversee an appointments process in which Members will decide which candidate should be recommended to Council on the 10th January 2013 for appointment.
- 3.10 The Deputy Managing Director post is being deleted from the structure. If Council approve the new structure proposals the Deputy Managing Director will be put “at risk”, however she will retain full employment protection rights.
- 3.11 The Head of Planning and Business Services has expressed an interest in voluntary departure. Again, nplaw have advised that Cabinet will have the authority to approve this departure.
- 3.12 The Council’s Redundancy and Redeployment policy states that “when a job is redesigned and the new duties/responsibilities are allocated to a post as part of a restructure, the existing post holder may be slotted in, provided that:
- the majority of the work of the new job will be in common with their job
 - the pay grade of the new job will be the same as the old job, or up to one grade higher or lower, and

- the level of responsibility for management/supervision has not changed significantly”

- 3.13 Under the Council’s policies it is possible to “slot in” the three remaining Heads of Service to the new Director posts. However, given the seniority of these posts, it is proposed that they undergo an assessment process as part of the slotting in procedure.
- 3.14 The Council’s Constitution requires that “Proper Officer” appointments are made by full Council. Currently all staff on the Chief Officer grade are treated as Proper Officers. For the purposes of this restructure “Proper Officer” will be redefined to include the Head of Paid Service, Monitoring Officer, S151 Officer, Chief Executive and Directors. It is likely that some of these posts will be fulfilled by the same person (i.e. the Chief Executive will normally also be the Head of Paid Service). The new Manager posts, unless they fulfil a statutory role, will not be considered “Proper Officers”. This will require an amendment to the Council’s constitution.
- 3.15 The eleven new Manager posts will be advertised internally, with the opportunity to apply being ring-fenced to the current Service Unit Managers (SUMs). It is expected that the posts vacated by the successful applicants, together with other unoccupied SUM posts, will be deleted in order to deliver the required savings. The roles of the remaining SUMs will be looked at as part of the service-wide reviews after the Managers have been appointed in 2013.
- 3.16 The meeting of full Council on the 27th November will be asked to approve the final structure, following consultation with staff and Unions. Council on the 10th January will be asked to approve the appointment of the Chief Executive and Directors.
- 3.17 The Project Board has identified that the new postholders will require support and development to ensure that they are fully effective in their new roles, and propose that a budget for training and development, as appropriate, is established in the 2013/14 budget. This fund will not only be used to support new postholders, but also to develop and empower all staff for progress through the organisation.

6. Financial Implications

4.1 Executive Management Team

- 4.1.1 The current budgeted cost of the Executive Management Team, is £620k. The costs represent the full cost of the posts (including Employers NI and pension contributions).
- 4.1.2 The cost of the proposed new Executive Management Team is estimated at £382k, again including on costs. This will potentially change following the review of salary levels being undertaken by EELGA.
- 4.1.3 Ongoing savings generated by the Executive Management Team are estimated at £237k should the voluntary departure of the Managing Director and Head of Planning and Business Services be approved. The split between the General Fund and the Housing Revenue Account of these savings is estimated at £205k to the General Fund and £32k to the HRA. The deletion of the Head of Regeneration and Environment post will also be made at the same time.
- 4.1.4 The cost of the departures of the Managing Director and Head of Planning and Business Services are estimated to be £210k (subject to finalisation of the date of departure).
- 4.1.5 The cost of the departures will therefore be repaid within one year from the savings generated by the deletion of the posts.

4.2 Service Unit Managers

- 4.2.1 The budget cost of the Service Unit Managers is £1,387k, including on costs.
- 4.2.2 The estimated cost of the new Manager posts and Service Unit Managers included as part of the proposed restructure is £1,276k, including on costs.
- 4.2.3 Savings of £111k will be generated following the restructure, which are estimated to be split £48k to the General Fund and £63k to the HRA.
- 4.2.4 Four posts at Service Unit Manager Level will be deleted as part of the restructuring process. Two of which have already been delivered following an earlier restructure within Community Housing, the costs of which have already

been borne by the HRA, and two through Expressions of Interest. The cost of voluntary severance for these two posts is estimated at £58k (charged to the General Fund), meaning that the cost of departures will be repaid in 1.2 years.

4.3 Conclusions

- 4.3.1 Total ongoing savings of £348k will be generated through the restructure of the Executive Management Team, with a total cost of £268k for the voluntary severance packages.
- 4.3.2 The General Fund will receive ongoing savings of £254k, against a one off cost of £268k. The one off cost will be met from the Council's reserves.
- 4.3.3 The Housing Revenue Account will receive ongoing savings of £95k, with the costs of the earlier restructure already having been met from the Housing Revenue Account reserves.
- 4.3.4 The proposed restructure is therefore affordable, and will make a significant contribution towards the Council's overall £3.2m savings target.

5. Risk Analysis

5.1 The risk analysis for this project is included within the Corporate Risk Assessment Register and is updated regularly. The current appraisal for risk is shown below:

Vulnerability	Trigger	Consequence	Mitigation	Current Score	Target Score	Action Plan/ Progress Update
Change Management	System Thinking 'Our Council' Project	<ul style="list-style-type: none">- Service Delivery is affected during implementation- Staff resource needed to undertake review- Taking eye off other areas	<ul style="list-style-type: none">- Project Initiation- Business Case- Approval by Cabinet and EMT- Monitoring of project plan by Project Board- Ongoing assessment of the project risks	Likelihood = High Impact = Critical (B2)	Likelihood = High Impact = Marginal/ Moderate (B3)	<ul style="list-style-type: none">- Continual review and monitoring assessing outcomes- Project Board

5.2 Within this assessment the individual risks within the project need to be considered. These include:

- Reduction within Senior Management Team – losing Deputy Chief Executive post and two Heads of Department
- Loss of knowledge and skills at senior level

6. Proposed Timetable for Restructuring: October 2012 – April 2013

October	
Structure drafted by EMT	5 th & 12 th
Structure to informal cabinet	15 th
HoDs to have 1-to-1s with SUMs re. new structure	15 th -19 th
Deadline for staff to confirm they wish to leave	17 th
Advertise posts internally to replace 'conditional' leavers	From 18 th
Prepare announcement about 'unconditional' leavers	18 th
SUMs meeting to discuss new structure	22 nd
Meet with Unison	22 nd
Prepare press release for submission after staff briefing	22 nd
Staff briefing: including proposed restructure	24 th
Formal consultation period begins	24 th
Deadline for papers for November CMB/EMT	31 st
November	
EELGA to design and/or evaluate specs for top three tiers	3 rd
CMB/EMT: project plan, structure with rationale and senior expressions of interest to be discussed.	5 th
Deadline for papers to Cabinet	12 th
Project board meet to consider feedback on proposals	21 st
Cabinet meeting	21 st
Proposals to full Council	27 th
December	
Appointment to Chief Executive and Director posts	3 rd onwards
Staff briefing	4 th
Deadline for papers to Cabinet	10 th
Cabinet to recommend to Council appointment of Chief Executive and Director posts	19 th
2013	
Council to approve appointment of Chief Executive and Directors	10 th Jan
Recruitment to new Manager posts	14 th Jan
New structure takes effect	1 st April

FINANCIAL IMPLICATIONS:

At this stage it is not possible to determine the level of savings to be achieved through the voluntary severance process, as the full reorganisation of the Council will not be completed until May 2012. This will be closely monitored by the Project Board and the s151 Officer to ensure that the level of savings required is delivered.

LEGAL IMPLICATIONS:

The appointment of the Chief Executive and Directors are appointments for full Council, and will need to be approved by Council in January.

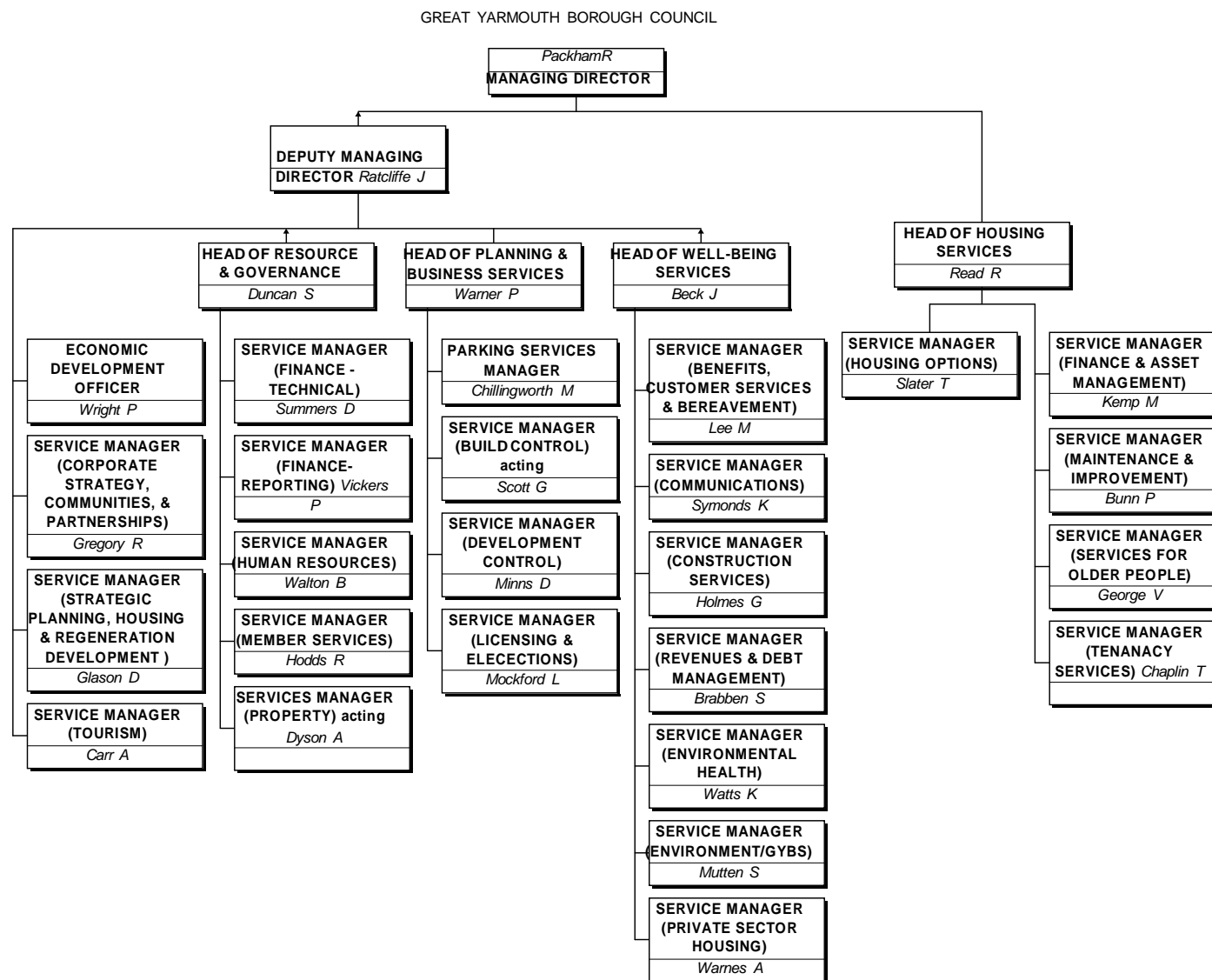
EXECUTIVE MANAGEMENT TEAM CONSULTATION:

This report has been considered by EMT on the 22nd October 2012.

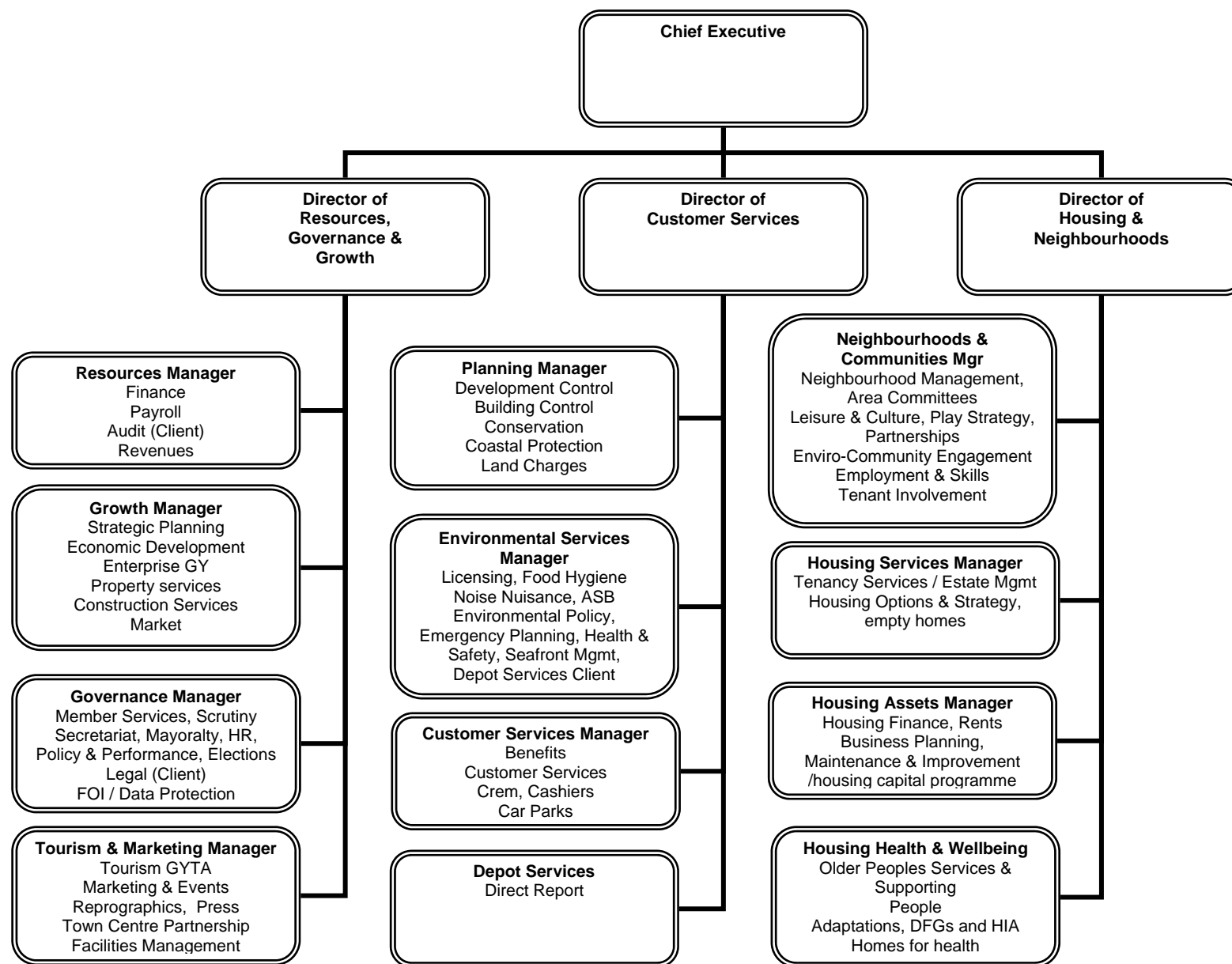
RECOMMENDATIONS

Does this report raise any legal, financial, sustainability, equality, Crime and Disorder or Human Rights issues and, if so, have they been considered?	Issues	
	Legal	Y
	Financial	Y
	Risk	Y
	Sustainability	Y
	Crime and Disorder	N
	Human Rights	N
	Every Child Matters	N
	Equality	Y
	EqlA Form completed	

Appendix 1 – Current Structure



Appendix 2 – New Structure Proposals





“Our Council” Project and Management Restructure Review 2012

Service being assessed	“Our Council” Project and Management Restructure
Who will be involved in completing this assessment?	Donna Summers, SUM Finance
Date of Review	25/10/12
Date of Next Review	25/10/13
What is the purpose of the service?	<p>The main purpose of this process is to:</p> <ul style="list-style-type: none"> - achieve financial savings of £3.2m per annum; - deliver a flatter structure that will deliver an effective, strategic operational management team - deliver a structure that would facilitate the further development of Systems Thinking across the Council - utilise staff teams that reflect workflows which are designed to meet customer demand effectively - have a ‘can do’ culture that empowers staff to find ways of continually improving services - have a Council that is fit for purpose of the 21st century with a flexible and highly skilled team sharing a common set of behaviours
Is this assessment being undertaken because of changes to the service? If so what are they?	Assessment being undertaken as part of Council's need to deliver the process above and to deliver £3.2m savings.
<p>The purpose of this review is to understand how services can help the Council to meet its duties under Equalities legislation. The duties can be summarised as</p> <ol style="list-style-type: none"> 1. Eliminate discrimination 2. Advance equality of opportunity 3. Foster good relations between different parts of the community 	<p>Ensure that employees subject to action under this procedure will receive consistent and fair treatment.</p> <p>This process will be applied objectively according to the work and circumstances of the employee concerned and is designed to ensure that all employees are treated consistently and fairly, on grounds of gender, race, disability, age, sexual orientation, religion or any other recognised grounds.</p> <p>Recognised staff representatives are being consulted at each step of the process. Policies and procedures around employment terms and</p>

“Our Council” Project and Management Restructure Review 2012

How does this service help the Council to do this, in particular in relation to the categories specifically mentioned in legislation - Race, Gender/Sex, Disability, Age, Religion/Belief, Gender Reassignment, Sexual Orientation, Pregnancy & Maternity and in respect of Duty 1 only – Marriage and Civil Partnerships?	<p>conditions were agreed and established prior to the start of the project.</p> <p>The Project will deliver improvement in services to the community, as it will stream line service delivery to the Customer by changing how services work together.</p>
How will you know that service is working as it should?	The purpose of the process will be achieved. The new structure will be in place and the savings required will be achieved.
What data have you used to help you make this assessment?	
Is there any additional data that you need to collect to help in continuous improvement?	N/A
How have you ensured that this service has been designed from a customer's perspective and how have you involved customers in that process?	<p>In June 2012, a Project Board was established to oversee a radical programme of service review, cultural change and the exploration of opportunities to generate income and identify savings. The Project Board is made up of the following members: Cllr Trevor Wainwright, Leader of the Council, Cllr Bernard Williamson, Cabinet Portfolio Holder Transformation, Richard Packham, Managing Director, Jane Ratcliffe, Deputy Managing Director, Donna Summers, Service Manager Finance and Neil Mercer, a change management advisor to provide an additional resource within the HR team. The Project Board established work streams, led by Heads of Service, which are working with staff across the whole Council to identify our strengths and weaknesses. The work streams, particularly Communications, will ensure there is a consistent and effective flow of information between the Project Board, work stream leads, staff, trade unions, councillors and external stakeholders. The Impact Assessment work stream was also</p>

“Our Council” Project and Management Restructure Review 2012

	<p>established to test our proposals with external partners and residents.</p> <p>The Systems Thinking work stream reviews services from a customer perspective and this has been used as the main basis for the new structure proposals, in particular, by analysing how services are delivered to the customer.</p>
Has any other consultation been carried out, including to ensure that we have taken into consideration the needs of those not currently using the service?	<p>Staff briefings are held on a regular basis and there have also been regular discussions with Unison. Work streams were established and all staff were invited to volunteer to be part of these working groups.</p> <p>Cllr Wainwright and Cllr Williamson have spoken to all staff at staff briefings and at SUMS meeting and have said they are willing to talk to staff either individually or as a group to discuss their concerns. All SUMS were spoken to on a 1:1 basis with their HOD regarding the new proposals.</p> <p>EMT send out weekly emails updating staff on the content of their meeting.</p>
What is, or what do you expect to be the impact of the way you work on different parts of the community, including those covered by equality legislation?	<p>Through this process customer service will be strengthened. The restructure will strengthen the management team and ensure that savings do not impact on front line service delivery.</p>
On the basis of what you have found out, which of these options will you now follow	<ul style="list-style-type: none"> • No major changes • Adjust the policy • Continue the project • Stop and remove the policy
What now needs to be done and by who?	<ul style="list-style-type: none"> • The Project Board has commenced a formal consultation period with staff and has circulated the proposed structure.
Signed off by	Donna Summers, Service Manager Finance