

MANAGEMENT REVIEW

1 Purpose of Report

- 1.1 This report seeks approval in principle to review the current management structure of the Council.

2 Executive Summary

This report proposes a review of the structure of the senior management arrangements of the Council to deliver savings and allow the potential for further improvements in the quality of services.

3 Appendices

None

4. Proposed Action:

- 4.1 **The Committee is invited to RESOLVE that the senior management arrangements of the Council be reviewed and a further report be brought to Resources Committee in September 2010.**

5 Background

- 5.1 Members are aware of the financial position of the Council and the impact this will have on sustainability in the short to medium term. Briefly, the Council has a net budget requirement of just over £12 million and derives its income to meet this expenditure from Government grants, income from fees and charges and Council Tax. These income streams are insufficient to meet the budget requirement and the Council meets the difference through use of accumulated revenue balances – to the tune of some £2.5 million to support the 2010/11 agreed budget. In order to return the council to a sustainable position in the medium to longer term, there is a need to reduce the spending requirement by some £3 million (on current assumptions) over the period to 2013/14 when, at the current rate of utilisation it is anticipated that revenue balances will be fully depleted. To achieve this level of reduction in the spending requirement, a radical programme of cost reduction and, if possible income generation will be required.
- 5.2 The position the Council finds itself in is further complicated by the imminent and rapid contraction of public resources. Members are aware of the additional and increased requirement to find cashable savings/efficiencies of 4% in 2010/11. Members will also be aware that the emergency budget expected 22 June 2010 and the deficit reduction programme in advance of the Comprehensive Spending Review for 2011 are likely to see severe pressure on Revenue Support Grant and other Government grants giving rise to real term reductions and further exacerbating the council's already unsustainable financial position.

- 5.3 It is clear that this level of reduction in the spending requirement will not be able to be met through the traditional approach of 'across the board' budget reductions and service efficiencies. A more radical solution is needed. It is also clear that the main burden of deficit reduction will have to be met by reducing spending rather than increased taxes or income. A Council Tax freeze is promised for 2011/12 with potential to be extended through to 2012/13.
- 5.4 The primary focus of any change must be to ensure that we provide high quality services that meet and are responsive to the needs, now and in the future, of the people of the Borough. However, we must ensure that in doing this, we live within our financial means. To do this we will need to challenge our establishment costs including our senior management arrangements as this represents a significant proportion of our expenditure and through review, offers the potential to realise significant savings.

6 Discussion

- 6.1 Members will be aware of the introduction of the Council's business and financial planning proposals to assist in the delivery of a sustainable medium term financial plan comprising:
- Back office savings proposals including alternative service delivery and reduction in corporate overheads
 - Front line service savings proposals
 - Procurement savings proposals
 - Customer access savings proposals
 - Income proposals
- 6.2 This report concerns the principle of a reduction in the corporate overhead through a review and redesign of the management of the organisation. Whilst intending to cut costs of the Council's management significantly, any proposals are also intended to preserve or enhance key front line services. The proposals should not in any way change the service delivery at a local level and should be hidden and invisible from the majority of the local community to whom services are provided. A redesign of the Council's management arrangements offers the opportunity to realise significant savings to assist the Council in living within its financial means. It is also an opportunity to clarify responsibilities, improve reputation and credibility with partners and to ensure that we are doing all we can to provide quality services responsive to resident needs.
- 6.3 Given Member approval for the review, proposals will be developed and a period of consultation with employees and Members through July and August would commence. Comments received will inform the representation to Members of the review outcome at the September Resources Committee. Implementation of any agreed proposal would follow in a phased way from December to be fully implemented by April 2011.

7 Legal Powers

7.1 The Council has powers under s112 of the Local Government Act 1972 to employ and remunerate such employees as it considers necessary for the performance of its functions.

8 Financial and Value For Money Implications

8.1 A review and possible redesign of the Council's management arrangements offers the potential to reduce the cost of management significantly. Clearly, with any radical reduction there will likely be the need for severance costs that will impact upon any gross savings. A restructure reserve has been established from which any such costs could be met. Should an acceptable proposal come forward, it is likely that specialist recruitment/selection services will need to be employed to assist with the implementation of a new management structure. The cost of this too could be met from the restructure reserve. A further implication that may become apparent as the proposal is developed is the effect of any changed terms and conditions for management posts within the revised structure.

9 Risk Analysis

Nature of risk	Consequences if realised	Likelihood of occurrence	Control measures
Inability to decide on approach or structure	Failure to deliver improvements or cost savings	Likely	Decision sought from Members
Instability of the organisations performance and individuals morale and well-being	Disruption of management and decline in service outputs	Likely	Well planned implementation, consultation and communication processes
Insufficient capability in the organisation to deliver	Failure to deliver realistic plans	Likely	Project management arrangements in place, additional resourcing to provide capacity and upskilling.

10 Implications for Resources

10.1 There is no immediate impact on property resources although full implementation of the proposal may have an impact on the future property requirement.

11 Implications for Stronger and Safer Communities

- 11.1 Health improvement, community cohesion, and community safety matters under the local area agreement will be considered within the proposed allocation of functions within a developed proposal.

12 Implications for Equalities

- 12.1 Consultation with employees and trade union representatives will be carried out throughout the process in accordance with the Council's agreed procedures. The Council's duty to design its services around the needs of local people and to evaluate the impact of its services, policies and activities on different groups in society to eliminate discrimination will be considered within the proposed allocation of functions.

13 Author and Contact Officer

Joe Hubbard
Deputy Chief Executive

14 Consultees

CMT/OMT

15 Background Papers