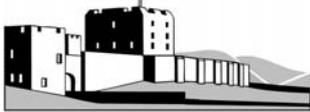


CARLISLE
CITY COUNCIL



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Committee Report

Public

Report to:

Special Meeting of:

**Corporate Resources Overview & Scrutiny Committee
Infrastructure Overview & Scrutiny Committee
Community Overview & Scrutiny Committee**

6th July 2009

Title:

**TRANSFORMATION PROGRAMME: RESTRUCTURE
PROPOSALS - CONSULTATION WITH CORPORATE
RESOURCES/INFRASTRUCTURE & COMMUNITY OVERVIEW
AND SCRUTINY COMMITTEES**

Report of:

TOWN CLERK & CHIEF EXECUTIVE

Report reference: CE 14/09

Summary: The meeting of the Executive on 16th June, approved a number of recommendations, one of which requested the Overview & Scrutiny Committees to consider the restructure proposals contained in the report to the Executive. Recommendations and comments from the Committees will be submitted to the Executive meeting on the 9th July, prior to submission of a recommendation to the meeting of the full Council on 14th July 2009.

Prior to this meeting of the Overview & Scrutiny Committee, Committee members will have had the opportunity to attend a joint informal scrutiny workshop held on 6th July at 10 a.m.

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

1.0 Questions for / input required from Scrutiny:

1.1 Members are asked to comment and make recommendations to the Executive, based upon:

- (i) The report of the TCCE on the Senior Management restructure element of the Transformation Programme. A copy of the report, together with copies of the draft organisation chart and the proposed timetable are attached.
- (ii) The presentation given by the TCCE and Vic Hewitt (Associate of North West Employers Association) and the discussion that follows, at the joint informal Scrutiny Workshop

2.0 Recommendations:

2.1 That members of Corporate Resources; Infrastructure and Community Overview & Scrutiny Committees comment and make recommendations to the Executive at their meeting on the 9th July, on the Senior Management restructure element of the Transformation Programme.

Contact Officer: Maggie Mooney

Ext: 7001



PORTFOLIO AREA: CROSS CUTTING

Date of Meeting: 16th June 2009

Public

Key Decision: Yes

Recorded in Forward Plan: Yes

Outside Policy Framework

Title: TRANSFORMATION PROGRAMME: RESTRUCTURE PROPOSALS

Report of: Town Clerk and Chief Executive

Report reference: CE 12/09

Summary: This report proposes a structure for a new Senior Management team for the City Council as part of the Transformation Programme, which was reported to the Executive on the 5th May 2009

Recommendations: That the Executive:

- (1) Notes and comments upon the proposed restructure proposals
- (2) Refers the report to a special meeting of the three Overview & Scrutiny Committees on 6th July 2009 for their consideration
- (3) Refers the report to the Employment Panel (date to be arranged) for their consideration
- (4) Then considers the comments given by the Overview & Scrutiny Committees, the Employment Panel and by staff at a further meeting of the Executive on 9th July 2009.
- (5) Proposes recommendations to a full Council meeting on 14th July 2009, for approval. These recommendations will include delegating to the Employment Panel authority to approve the final details of any severance arrangements to be entered into with

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

postholders affected by the proposals following recommendations made by the Town Clerk & Chief Executive.

Contact Officer: Maggie Mooney

Ext: 7001

1.0 BACKGROUND AND CONTEXT

- 1.1 Members will be aware of the proposed Transformation Programme which was reported to the Executive at its meeting of 5th May 2009 (CE1009).
- 1.2 This report outlined the need to develop a new management team with a structure shaped by the new Corporate Priorities, once approved by the full Council. Consideration of the proposed priorities is being undertaken, firstly by the three Overview & Scrutiny Committees and also through a wider consultation process with local communities.
- 1.3 This report submitted for today's Executive meeting deals with the Restructure element of the Transformation Programme.

2.0 RATIONALE FOR THE RESTRUCTURE

- 2.1 Members will be aware of the City Council's financial situation, the forecast budget deficit and the need, outlined in the 2009/2010 Budget Resolution to significantly reduce the Council's operating costs. Recurring revenue savings of approximately £1m are planned to be delivered by the financial year of 2010/2011.

The costs of staffing are by far the highest costs to the Council and so by restructuring now, the Council is able to make a considered decision of where the majority of the savings needed should be made to secure a sustainable Council into the future. Failure to undertake a restructure now will mean forced choices having to be made in the future. This will seriously impact upon service delivery.

- 2.2 The majority of District Councils across the country have either restructured within the last twelve months/two years or are in the process of restructuring, to provide for smaller, more flexible and strategically focussed senior management structures which also enable required savings to be made. The City Council last undertook a restructure of the senior management team in 2005, and whilst the Heads of Service posts (previously Heads of Business Units) were reviewed, no fundamental changes were made to that element of the management structure. Compared to many District Councils, Carlisle's senior management team and heads of service team can be seen as being top heavy, with an SMT of 6 and Heads of Service totalling 13. For this reason alone the City Council should reduce the number of management posts, especially given the current economic climate and the understanding that future funding from the Government will be reduced over future years.

- 2.3 The progress of the Shared Services agenda gives an opportunity for the management roles to be reviewed and be reduced and provide more flexibility to allow that agenda to be progressed further.
- 2.4 The restructure helps the Council to consider again the number and extent of discretionary services it provides and presents another opportunity for elected members to take decisions on those services.
- 2.5 As stated in the earlier report to the Executive, a restructure allows for the new Corporate Priorities to be closely aligned to it and for Senior Managers to be given the responsibility and flexibility to lead and deliver those priorities, which will mean the delivering of excellent services to local communities.
- 2.6 A streamlined Strategic Management team will be able to focus on the contribution necessary for a more efficient way of working and one of their initial key roles will be to lead on a review of who delivers services and how they need to be delivered into the future, i.e. does the Council deliver direct, contract out or share services with other organisations in the public sector, or if indeed some services need to be delivered at all.
- 2.7 The proposed restructure directly supports more effective performance management at a strategic level – the new Strategic Management team will have full responsibility for improving performance and for the Chief Executive to have both the strategic and line management responsibility for performance management.
- 2.8 The proposed restructure resolves the current problem of the management structure being balanced towards internal support services, rather than the Council's outward facing services.
- 2.9 The proposal also presents a better way of looking at how services can be delivered at a local level. This accords with the work currently taking place within Area teams and the two Community Empowerment pilots. It is suggested that much more needs to be done to make progress on this 'localism' agenda.

3.0 THE ROLE OF NORTH WEST EMPLOYERS' ORGANISATION (NWE0)

- 3.1 At its meeting of 5th May, the Executive approved an allocation of funding (from earmarked reserves) to procure external support from NWEO to expedite the restructure of the Council.
- 3.2 Expert advice and support from NWEO is now in place and to date this has involved support to the Chief Executive in looking at a range of restructure models from other District Councils and sharing experience of working with those Councils; assisting and advising on the proposed structure; advising on the financial implications and the personnel procedures and advising the Executive.
- 3.3 The support from NWEO will continue as the restructure goes through its stages and will include advice to the Leaders of the Political groups (should that be requested); attendance at the meeting of the three Overview & Scrutiny Committees (6th July 2009); attendance at an Employment Panel meeting (to be arranged) when the details of the new job descriptions will be discussed. However the most important role of the TCCE and NWEO will be to provide advice and support to those staff affected by the restructure.

4.0 RESTRUCTURE PROPOSAL

- 4.1 A copy of the proposed structure chart is attached (**Appendix 1**). The structure has gone through a number of drafts and has been informed by the sharing of structures of other District Councils; comments raised by SMT and Heads of Service and by Executive Members. The draft structure was also sent to all staff on the 3rd June 2009 and their comments, where appropriate, have been incorporated in the report. Further comments from staff will be tabled at the Executive meeting
- 4.2 Perhaps the most visible feature of the new structure is the significant reduction in the number of senior management posts. The current structure has 6 posts in the Senior Management team (including the TCCE) and 13 posts in the Heads of Service team. The new structure has an overall team of 9 comprising:
- Town Clerk and Chief Executive
 - 2 Strategic Directors, with one designated as Deputy Chief Executive
 - 6 Strategic Managers who will be allocated to the following Service areas:
 - Economy
 - Finance/Resources
 - Governance
 - Policy

- Community Engagement
- Local Environment

4.3 The role of both the Strategic Directors and the Strategic Managers will be significantly different from the current roles of Corporate Directors and Heads of Service and the key tasks for both the Directors and Managers in the new structure will be:

- To display strong managerial leadership and commitment to change
- To evaluate current organisational impact and performance in key areas
- To create a clear link between individual and organisational performance
- To identify new ways of delivering services that are innovative, efficient, provide value for money and meet the needs of the Community
- To manage effective consultation with stakeholders, such as staff, customers and elected members
- To work closely with Senior Members to identify strategic goals and long-term direction
- To identify organisational capability gaps and how they might best be filled
- To identify and develop required behaviours, skills and knowledge that will enhance service delivery.
- To challenge existing practices to ensure continuous improvement
- To remodel structures, systems and tasks to improve performance
- To identify required shifts in culture and ethos
- To motivate staff to ensure 'buy-in' to the change process
- To allocate sufficient resources to support implementation of improvements

4.4 The 9 members of the Strategic Management team will provide a strategic focus for services across the Council, but will not be involved in the day to day operational management of those services to which they have been allocated. There will be flexibility built into the structure to enable the Strategic Directors and Managers to work more effectively on cross-cutting issues across Services and also to change their groups of allocated services from time to time should the need arise and priorities change thus avoiding the need for further restructures in the future. This flexibility will be written into their job descriptions

4.5 Following agreement on the new Corporate Priorities key areas of cross-cutting work will become the responsibility of the Strategic Directors and Managers and may include such areas of work as – the development of the Equality Standard, progression of the Shared Services agenda , co-ordinating and leading the 'Safeguarding Children' agenda; strategic lead on the CAA, progressing the Community Empowerment agenda.

4.5.1 One of the central roles of the new team will be to ensure that local communities are closely involved in the delivery of services and this will require them to do two things:

- I. Ensure the Council uses all available information to understand the needs of the locality
- II. Ensure that people are given the opportunity to influence how policy and services are shaped

4.6 Reshaping service delivery and in doing this, there are a number of tasks that need to be undertaken:

- Increasing choice, where appropriate
- Joining up service provision
- Achieving effectiveness and efficiency
- Providing clear communication of what the Council wants to achieve.

4.7 Making it happen

In order to make change happen Strategic Directors and Managers will need to work together to identify the appropriate skills and resources available to deliver the Council's priorities, to work effectively in partnership with other organisations, manage the change in culture and ensure all staff know what is expected of them.

4.9 Managing performance

The primary objective of Strategic Directors and Strategic Managers will be to ensure performance management is integral to everyday operations and works in a way that builds and sustains a culture of high performance and achievement. This will involve:

- working with members to agree the corporate strategy, including key objectives and performance targets
- Taking decisions to organise and apply resources so as to enable Service managers to deliver effectively against objectives and targets
- Monitor performance dynamically against those objectives and targets; and
- Working with Service Managers to act upon and implement decisions, and to improve performance when and where needed.

5.0 CONSULTATION TO DATE

5.1 Consultation up until 4th June 2009 has taken place with the Senior Management team, Heads of Service team, Executive Members, all staff who attended the Management briefing session on 3rd June 2009 and individual meetings between the Chief Executive and Senior staff (and this is ongoing). All staff across the Council have been informed about the restructure by the Chief Executive and the

comshare@carlisle.gov.uk intranet site has been set up to receive and respond to questions from staff. In addition both the proposed structure and timetable have been sent to all staff

6.0 CONSULTATION PROPOSED

- 6.1 Consultation with individual Senior Officers will be ongoing. The Chief Executive will also meet with staff teams during June and July. She will also discuss the proposals at the remaining four City First/Future Focus sessions being held in June. Vic Hewitt, the NWEO's representative, will also be on hand to give advice and support to staff.
- 6.2 Consultation will take place through the political process as outlined earlier in the report. In addition the Chief Executive will also meet with the Leaders of the Political Groups and their Members, if felt appropriate by the Leaders.
- 6.3 A meeting of the Employment Panel will be organised to enable Panel Members to discuss both the structure and the job descriptions. The Employment Panel will of course be involved in the recruitment of the Chief Officer posts.
- 6.4 Consultations with the Trades Unions, through the Corporate Joint Consultative Committee will be organised.
- 6.5 Following the full Council meeting on the 14th July and if the restructure proposals are approved, the formal consultation process with the affected staff will begin and the process for this is outlined in the 'Proposed Restructuring – Timetable' (Appendix 2)

7.0 RECOMMENDATIONS

Recommendations: That the Executive:

- (1) Notes and comments upon the proposed restructure proposals
- (2) Refers the report to a special meeting of the three Overview & Scrutiny Committees on 6th July 2009 for their consideration
- (3) Refers the report to the Employment Panel (date to be arranged) for their consideration
- (4) Then considers the comments given by the Overview & Scrutiny Committees, the Employment Panel and by staff at a further meeting of the Executive on 9th July 2009.

- (5) Proposes recommendations to a full Council meeting on 14th July 2009, for approval. These recommendations will include delegating to the Employment Panel authority to approve the final details of any severance arrangements to be entered into with postholders affected by the proposals following recommendations made by the Town Clerk & Chief Executive.

8.0 IMPLICATIONS

8.1 STAFFING/RESOURCES

As detailed throughout this report, approval of the new structure will mean a significant reduction in the numbers of staff from the Senior Management team and the Heads of Service team.

8.2 FINANCIAL IMPLICATIONS

The cost of the existing structure (excluding Director and Development manager Carlisle Renaissance) which comprises:

1X Town Clerk and Chief Executive

1 X Deputy Chief Executive

4 X Directors(I vacant post)

13 X Heads of Service

equates to £1,100,170 per full year plus salary costs of £293,298 making total annual costs of £1,393,468

The cost of the new structure (at maximum salaries) if approved (excluding Director and Development Manager Carlisle Renaissance) which comprises:

1 X Chief Executive

1 X Strategic Director and Deputy Chief Executive

1 X Strategic Director

6 X Strategic Managers

equates to £594,000 per full year plus salary costs of £161,714 making total annual costs of £755,714

The new structure will provide an annual saving of £637,754. The salary levels of all the new posts will be subjected to the Job Evaluation process. The costs have been quoted at maximum salaries but because of the authority's policy on progression the first and second year salary costs will be lower until staff progress to the maximum of their grade. Clearly additional savings have to be made to enable the Council to achieve the £1M needed (see 2.1). This will be done by the Strategic Directors and Strategic Managers focussing on the efficiency drive as they undertake a review of their allocated services and this will happen as soon as they

are in post. Further redundancies cannot be ruled out as the full range of efficiency measures are considered through the review process

Recruitment costs will be minimised by recruiting internally from the Council's Senior Management and Heads of Service teams. Therefore additional recruitment costs will be minimised. Where recruitment cannot take place internally, some additional costs will be incurred.

The estimated redundancy/early retirement costs are based upon the loss of nine posts and the application of the City Council's policy in line with existing legislation which means that entitlements to payments will vary according to age and service. Therefore it is impossible at this stage to identify the exact cost to the Council. However, funding of £1.9M from the Council's reserves has been earmarked for this purpose. The Executive, Employment Panel and full Council will be informed of the actual costs of redundancy/early retirement as the restructuring progresses.

8.3 LEGAL IMPLICATIONS

The statutory basis governing the powers of local authorities to appoint staff, and thereby put in place appropriate management structures, is set out in section 112 of the Local Government Act 1972 and the incidental powers under section 111 of the same Act. These powers enable authorities to appoint such officers as they think necessary for the proper discharge of their functions on such reasonable terms and conditions, including conditions as to remuneration, as they think fit. The authority's Head of Paid Service (the Town Clerk and Chief Executive) also has a key role in recommending appropriate organisational structures by virtue of her duties under section 4 of the Local Government and Housing Act 1989. These include the duty to report to the authority on the co-ordination of the discharge of the Council's functions, the organisation of the authority's staff (including the number and grades required for the discharge of its functions) and the appointment and proper management of staff. This report is prepared by the Town Clerk and Chief Executive pursuant to those statutory duties.

The restructuring proposals set out in the report will fall to be considered by various parts of the authority's decision making processes, including the full Council. As far as Council is concerned, the current officer structure at senior management level is set out in Article 12 of the Council's Constitution. It provides for there to be

designated Chief Officers who are defined as being the Town Clerk and Chief Executive and the Directors of Community Services, People Policy and Performance, Development Services, Corporate Services and Legal and Democratic Services (6 designated Chief Officers in all). In the Constitution, the Town Clerk and Chief Executive is designated as the Head of Paid Service, the Director of Legal and Democratic Services as the Monitoring Officer and the Director of Corporate Resources as the Chief Finance Officer. Any changes to the number and designation of Chief Officers as proposed in the report, therefore, will necessitate making corresponding amendments to the authority's Constitution to reflect the new senior management structure, once approved by Council. It is proposed that the new designated Chief Officer posts will, if the proposals are approved, be the Town Clerk and Chief Executive's post, those of the two Strategic Directors and 6 Strategic Managers.

In the authority's constitutional arrangements, including those set out in its Officer Employment Procedure Rules, the full Council also reserved to itself the function of formally confirming the appointment of both the Head of Paid Service (it is required to do this as a matter of law anyway) and also the other designated Chief Officer posts in the authority. The Council will, therefore, have a role in this formal confirmation process where required in connection with these appointments if they fail to be made. The Employment Panel's functions are in shortlisting and interviewing candidates for Chief Officer posts where required and making recommendations to Council in this regard for formal confirmation. Appointments at below Chief Officer level are matters delegated to the Head of Paid Service in accordance with statutory requirements and the Council's own recruitment policies and procedures. There is also likely to be a role for the Employment Panel in overseeing the implementation of any assimilation protocols and redundancy procedures in line with the Council's approved policies, although many of the operational decisions in connection with implementing these agreed protocols and procedures will be made at officer level under powers delegated by the Council.

The Executive's functions do not (and cannot) include decisions regarding the appointment and dismissal of staff or setting specific terms and conditions for staff, but it is obviously within the Executive's responsibilities to be satisfied as to the

overall robustness and suitability of the authority's management structure and that it is capable of delivering the Council's strategic objectives effectively, efficiently and within budget. Hence the Executive's role in considering what structure is now best suited to the authority's needs in delivering its overall objectives within current and anticipated budgetary constraints and making appropriate recommendations to Council in respect of the adoption of a structure which is fit for purpose.

The detailed programme and mechanics of moving towards implementation of the proposals within the timeframe envisaged are set out elsewhere in this report and it will be necessary to ensure that the Council complies with any relevant statutory requirements and its own employment policies and procedures during implementation, and that full personnel advice is sought during the transitional period.

Town Clerk and Chief Executive

Strategic Director and Deputy Chief Executive

Strategic Director

Strategic Manager (Economy)

- *Economic Development*
- *Housing Strategy*
- *Tourism*
- *Rural Policy*
- *City Centre Management*
- *Liaison with Carlisle Renaissance.*
- *Business Support*
- *Enterprise Centre*
- *Planning (incl. Building Control Development Control, Local Plans, Planning Policy & Conservation)*
- *Property Portfolio (Strategic)*

Strategic Manager (Resources)

- *Section 151*
- *Financial strategy*
- *Financial Services*
- *Audit*
- *Risk Management*
- *Revenues and Benefits*
- *ICT*
- *Property and Facilities management*
- *Shared Service Monitoring*
- *Corporate support services*
- *Procurement*
- *Payroll*

Strategic Manager (Governance)

- *Monitoring Officer*
- *Legal Services*
- *Democratic Services*
- *Overview and Scrutiny*
- *Standards Committee*
- *Electoral Registration*
- *Land Charges*
- *HR operational*
- *Health and Safety*
- *Licensing*
- *Mayor*
- *Member Services*
- *Independent Remuneration Panel*

Strategic Manager (Policy)

- *Policy and Performance*
- *Org Development and improvement*
- *Member and staff development*
- *Shared Services Strategy*
- *Communications*
- *HR Policy*
- *Emergency Planning*

Strategic Manager (Community Engagement)

- *Contact Centre*
- *Community Support*
- *Carlisle Partnership*
- *Neighbourhoods/Rural support*
- *Health*
- *Homelessness/hostels*
- *Housing support (incl. Private Sector housing, Disabled Facilities Grant)*
- *Crime partnership*
- *Community consultation*
- *Bereavement Services*
- *Sport and Leisure*
- *Tullie House*

Strategic Manager (Local Environment)

- *Streetscene (incl. Highways, drainage and street lighting)*
- *Waste*
- *Refuse collection and recycling*
- *Environmental protection*
- *Food hygiene*
- *Green spaces*
- *CCTV*
- *Car Parks*

Carlisle City Council
Proposed restructuring – Timetable - 2009

14/7/09	<p>Report to Council and proposals accepted:</p> <p>Notify recognised trade unions and individuals affected by the proposals and invite comment. Advise that this is part of the formal consultation process that will last 30 days, ending on 12 August. Notification to the trade unions must be in writing and include the following information:</p> <ul style="list-style-type: none">• Reasons for the proposals• Numbers and description of employees who it is proposed to dismiss for redundancy• Total number of employees of any such description employed• Proposed method of selecting the employees to be dismissed• Proposed method of carrying out the dismissals• Proposed method of calculating redundancy payments <p>Commence consultation process. Additionally it should include looking at ways to avoid the dismissals, reducing the number to be dismissed and mitigating the consequences of dismissal “with a view to reaching agreement”.(Section 188-198 of the Trade Union and Labour Relations(Consolidation) Act 1992 as amended by Section 34 of the Trade Union Reform and Employment Rights Act 1993 and the Collective Redundancies and Transfer of Undertakings (protection of Employment) (Amendment) Regulations 1995 (SI 1995 No 2587), and 1999 (SI 1999 No 1925).</p>
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	<p>Send letter out seeking applicants for voluntary redundancy with closing date 4 August 2009. Make arrangements for pension estimates to be available for those expressing interest.</p>
5/8/09	<p>TCCE considers applications for voluntary redundancy.</p>
12/8/09	<p>Closing date of formal consultation period.</p>
13/8/09	<p>TCCE considers responses to consultation period and respond to comments received.</p>
	<p>If proposals remain unchanged or amended only slightly:</p>
W/C 17/8/09	<p>Advise applicants for voluntary severance of the outcome of their applications and issue notice of termination on the grounds of redundancy.(Pay in lieu of notice may be considered subject to consultation with District Audit)</p>
	<p>Advise those managers whose current post matches a new post in the structure (including if appropriate any earnings protection arrangements) with a period of 10 days to appeal that decision.</p>
1/9/09	<p>Issue three months notice to employees whose posts have been classified as redundant with expiry date 30 November 2009. Letter should also indicate the process that will be used to fill new posts and the posts to which they are ring-fenced with 10 days to appeal that decision</p>
15/9/09	<p>Consider and respond to any appeals against classification</p>
W/C 21/9/09	<p>Advertise new Strategic Directors posts and Strategic Managers posts with closing date of 2 October 2009.</p>
W/C 5/10/09	<p>Shortlist and invite for interview/selection. Take account of multiple applications and arrange interviews accordingly.</p>
W/C 12/10/09	<p>Selection process takes place for Strategic Directors followed by Strategic Managers.</p> <p>Successful candidates advised and given 10 days to consider</p>

	offer.
W/C 26/10	<p>Unsuccessful candidates advised and redundancy notice continues whilst attempts are made to find suitable alternative employment.</p> <p>Where the successful candidate accepts the offer the appointment is confirmed and redundancy notice withdrawn.</p> <p>Where the successful candidate rejects the offer and the post is not regarded as suitable alternative employment the redundancy notice continues and attempts will be made to find suitable alternative employment. Failure to do so will result in redundancy at the expiry of the notice and entitlement to a redundancy payment.</p> <p>Where the successful candidate rejects the offer when the post is regarded as suitable alternative employment, notice will continue although upon expiry there will be no entitlement to a redundancy payment.</p>
30/11	<p>Notice expires. Those not appointed to a post in the new structure or found alternative work are dismissed on the grounds of redundancy and paid redundancy pay where an entitlement exists.</p>

