

REPORT TITLE: ORGANISATIONAL AMENDMENTS AND EXTERNAL FUNDING

CABINET

7 DECEMBER 2016

PORTFOLIO HOLDER: James Byrnes; Portfolio for Transport and Professional Services

REPORT OF INTERIM MANAGING DIRECTOR

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WARD(S): ALL

PURPOSE

The purpose of the report is to advise Cabinet of a number of proposed minor alterations to the structure of teams which will enable the Council to continue with or improve delivery in important functional areas. The net effect of the proposed changes is such that additional funding is required only to replace external funding being withdrawn. No increase in establishment is required. Cabinet is therefore asked to agree the recommendations of the Interim Managing Director and Interim Head of Paid Service to implement these changes.

RECOMMENDATIONS:

1. That the amendments to teams proposed by the Interim Managing Director and Interim Head of Paid Service explained in the report be noted;
2. That Cabinet approves the inclusion in the Council's budget of provision to offset the reduction in external funding in the service areas described in the report.

## IMPLICATIONS:

### 1 COMMUNITY STRATEGY OUTCOME

- 1.1 In order to meet any or all of its Community Strategy outcomes it is essential that the Council aligns its staff resources to priority areas and areas where workload is most intense. The proposals contained in the report will assist in that process

### 2 FINANCIAL IMPLICATIONS

- 2.1 The Council has a total expenditure on staffing of approximately £18m. The report explains that in three areas external funding is being reduced and that if the Council is to continue with providing services in these areas, which the report suggests that it should, then it will be necessary to increase the Council budget provision available to do this. The effect of changes proposed in the report relating to other staffing is neutral with compensating savings for additional expenditure.
- 2.2 Further details on the financial implications are set out in paragraphs 8.11 to 8.13 of the Report.

### 3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 There are not believed to be any legal or procurement issues arising from the report. All workforce issues will be dealt with in accordance with existing Council policies and procedures.

### 4 WORKFORCE IMPLICATIONS

- 4.1 The workforce implications are described in detail in the report.

### 5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 None

### 6 CONSULTATION AND EQUALITY IMPACT ASSESSMENT

- 6.1 All of the proposals have originated from discussions with team leaders and a review of the requirements for service delivery. The purpose of the proposals is to avoid any reduction in service delivery which might have an impact on the community. In particular, the Portfolio Holder for Transport and Professional Services specifically requests that Cabinet consider and approve the additional funding necessary if the City Council is to continue to provide the traffic management agency at existing service levels.

## 7 RISK MANAGEMENT

| <b>Risk</b>   | <b>Mitigation</b>                                    | <b>Opportunities</b>   |
|---|--|--|
| <i>Staffing budget is insufficiently closely aligned with requirements for delivering Portfolio Plans</i> | Implementation of proposals contained in the report. | Improved service provision.  |
| <i>Delivery of key projects may be delayed due to insufficient staff resources</i>                        | Implementation of proposals contained in the report. | Project delivery performance safeguarded by appropriate staffing levels. |

## 8 SUPPORTING INFORMATION:

- 8.1 Corporate Management Team reviews the Council's staffing structure and resource requirements on a regular basis. As part of this process and following discussions with Portfolio Holders, Assistant Directors and Heads of Service have recently been asked to identify any minor adjustments to their teams which are necessary to ensure that they are able to deliver against their service priorities. This process includes identifying posts which have been held vacant for some time and which through the evolution of operational requirements it will no longer be necessary to fill.
- 8.2 In addition to this reshaping of 'internal' resources, there are three areas where funding from other sources which helps to pay for existing services is being reduced. It is suggested these areas are sufficiently important for the Council to make budget provision to offset these reductions so that the services can continue.
- 8.3 The changes proposed are described briefly as follows.
- Projects, Policy and Strategic Planning Teams*
- 8.4 It is proposed to reduce slightly the staffing within the Strategic Planning team and increase the permanent resources within the Projects and Policy team. The existing Head of Strategic Planning will take on a project role based on fewer working days as part of a flexible retirement agreement. It is intended that the management of the team will be undertaken within the existing staffing structure. This reflects the changes in the relative complexity and workload in these teams with the completion of the Local Plan and increase in project management support. Additional resources will be available to promote community engagement as an integral part of the Council's decision-making processes.

### *Organisational Development*

- 8.5 The Council has developed a very successful learning and training partnership with Eastleigh Borough Council which has supported the professional development of staff in both organisations and assisted in delivering corporate training requirements. Due to its own budget and service delivery priorities, Eastleigh has given notice to terminate its participation in the partnership from December 2016. New partnership working arrangements will be pursued with other interested neighbouring authorities. This would increase capacity to deliver a wider range of activities in conjunction with the other authorities and in due course could provide savings through economies of scale. In the medium term, if the Council is to continue its own extensive training and development programme to help deliver the refreshed Council Strategy, it is essential that the two posts involved are fully funded.

### *Transformation*

- 8.6 The Council has embarked on an extensive programme to transform the operation of services such as Development Management, Parking, Licensing and Housing Repairs. This programme (Vanguard) has already generated direct savings. It is an important part of the Council's mechanism for delivering customer-focused service improvement and financial efficiency. It is currently resourced on a secondment basis, but it is now proposed that the significance of the programme should be recognised with the appointment of a team of three officers to drive forward delivery.

### *Business Services*

- 8.7 With the work done so far in business transformation, in particular delivering efficiencies in Development Management and the associated support services, it is now possible to delete four posts in the Business Support Team area which are no longer required.

### *Legal and Democratic Services*

- 8.8 The number of major projects and related transactions, including significant housing-related work, as well as the increase in the number of Freedom of Information and Data Protection-related enquiries, is placing considerable strain on the existing team in Legal Services. To ensure that work can be completed as required, it is proposed to add an additional solicitor post to the team at an appropriate grade and to increase the hours of some existing part time staff.

### *Engineering and Transport*

- 8.9 Elsewhere on the Cabinet agenda is a report from the Assistant Director ( Environment) setting out details of the County Council's reduction in funding for their traffic management function and therefore for the agency arrangements to deliver it. If the City Council wishes to continue to provide

this service, something supported by the Portfolio Holder for Transport and Professional Services, then additional budget provision will be required on a permanent basis.

### *Landscape and Open Spaces*

- 8.10 The Landscape and Open Spaces Team provides a range of valuable support to the Council's place-making activities, ranging from managing and improving sports pitches to monitoring compliance with planning conditions. Funding from Section 106 agreements has paid for one post in the team which has worked on the open spaces funding scheme and other specialised landscape projects. As Cabinet is aware, Section 106 funding is no longer generated from new agreements and this source of external funding is therefore coming to an end. It is considered important to maintain the level of staffing resources within the team and this will require making good the external funding lost on a permanent basis. The team will also be supplemented by an additional part time post wholly funded by the HRA to undertake work on new homes delivery.

### Budget and FTE implications

**Table 1: Budget implications of the organisational amendments**

| Internal Adjustments   | Chg in FTE    | 2017/18      | 2018/19      | 2019/20     | 2020/21     | 2021/22     |
|--|---------------|--------------|--------------|-------------|-------------|-------------|
|  |               | £000         | £000         | £000        | £000        | £000        |
| <u>Expenditure</u>   |               |              |              |             |             |             |
| Net Baseline Adjustments                                       | - 2.0487      | (47)         | (48)         | (45)        | (40)        | (35)        |
| One-off requirements   | 4.2000        | 133          | 134          |             |             |             |
| <b>Total increase in expenditure</b>                           | <b>2.1513</b> | <b>86</b>    | <b>86</b>    | <b>(45)</b> | <b>(40)</b> | <b>(35)</b> |
| <u>Funding</u>   |               |              |              |             |             |             |
| Housing Revenue Account  |               | (20)         | (20)         | (20)        | (21)        | (21)        |
| Organisational Development Reserve                             |               | (125)        | (126)        |             |             |             |
| External Contributions   |               | (8)          | (8)          |             |             |             |
| <b>Total Funding</b>   |               | <b>(153)</b> | <b>(154)</b> | <b>(20)</b> | <b>(21)</b> | <b>(21)</b> |
| <b>Net Baseline Savings</b>                                    |               | <b>(67)</b>  | <b>(68)</b>  | <b>(66)</b> | <b>(60)</b> | <b>(56)</b> |
| <u>External Funding Changes</u>                                |               |              |              |             |             |             |
| Reduced Income - Hampshire agency arrangements                 |               | 35           | 52           | 52          | 52          | 52          |
| Learning & Training Partnership                                |               | 37           | 37           | 38          | 38          | 38          |
|  |               | <b>72</b>    | <b>89</b>    | <b>90</b>   | <b>90</b>   | <b>91</b>   |
| <b>Total Net Budget Pressure</b>                               |               | <b>5</b>     | <b>21</b>    | <b>24</b>   | <b>30</b>   | <b>35</b>   |
| <u>Assumptions</u>   |               |              |              |             |             |             |
| 2017/18 - 1% pay inflation & LGPS Employers Contribution 14.1% |               |              |              |             |             |             |

- 8.11 Table 1 above shows the recurring baseline impact of the proposals presented in this paper. There are net baseline savings resulting from the internal organisational adjustments but these are offset by the reduction in

external funding which will increase expenditure if service delivery is to be maintained. This will reduce the net savings in staffing expenditure which are currently contributing towards the overall savings target approved in February (CAB2763 (Revised)) of £150k in 2016/17 with a further £100k in 2017/18 (bringing the total savings target to £250k). Further savings may have to be identified if this target is to be achieved although there is currently no requirement to do so.

- 8.12 The baseline net effect of the proposals (before external funding changes) would generate a saving. The small additional FTE can be offset within the establishment by the deletion of compensating establishment FTE which has been held for some time in Housing Services which it is now agreed will not be required.
- 8.13 These proposals are therefore within the delegated authority of the Interim Managing Director and the Interim Head of Paid Service to implement. However, the replacement of lost external income to maintain service levels requires budget approval.
- 8.14 The implementation of the amendments explained in the report will ensure that there is better alignment of staffing structure to resource requirements.

## 9 OTHER OPTIONS CONSIDERED AND REJECTED

- 9.1 The Council could choose to make no changes, or more limited changes than those proposed within the report. This would have the effect of reducing staffing expenditure, but at the expense of having insufficient resources to deliver the Council's agreed programme. As the delivery of the programme is both economically and socially desirable and has been approved by the Council this option has been rejected.

### BACKGROUND DOCUMENTS:-

Previous Committee Reports:- None

Other Background Documents:- None

### APPENDICES:

None