

Restructuring Implementation Committee – 11th November 2013

Future Council Implementation Proposals: Financial Implications

The Council's approved Medium Term Service and Resource Plan covers the 3-year period 2013/2014 to 2015/2016. Table 1 below shows the management restructuring recurring budget savings included for each of the three directorates.

Table 1: Total Planned Management Savings

Directorate	2013/14 £000's	2014/15 £000's	2015/16 £000's	TOTAL £000's
People & Communities	200	0	100	300
Place	98	300	300	698
Resources	250	250	0	500
TOTAL	548	550	400	1,498

The plan therefore identifies a total saving of £1.498M over the 3-year period and Strategic Directors have confirmed that they anticipate they will be able to meet these savings based upon the proposals they have put in place or are developing.

Proposals for restructuring at Divisional Director level over this period have been developed in each directorate. Table 2 below shows the resulting recurring budget saving arising from the Divisional Director management tier.

As part of the restructuring process, severance costs will arise in the event of staff redundancy. These payments include redundancy calculated in accordance with approved Council policy and, where applicable, the costs associated with early payment of local government pension entitlements (strain of fund costs). These costs are one-off in nature and Table 2 below shows these costs together with the payback period from the associated savings.

Table 2: Estimated Divisional Director Tier Savings, Costs and Payback

Directorate	Annual Saving £000's	Severance Costs £000's	Payback Period
People & Communities	228	62	3 months
Place	168	258	18 months
Resources	244	289	14 months
TOTAL	740	609	10 months

The Council has established an Earmarked Revenue Reserve to meet the severance costs arising as a result of the job losses required to meet the savings and efficiencies included in the Council's Medium Term Plan.