

Bath & North East Somerset Council

MEETING/ DECISION MAKER:	Resources Policy Development & Scrutiny Panel	
MEETING/ DECISION DATE:	28th November 2018	EXECUTIVE FORWARD PLAN REFERENCE:
TITLE:	Changing Together: Restructuring the Council	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Structure chart OD Principles		

1 THE ISSUE

- 1.1 In early December 2017, the Council set out that in order to deliver the 2018-2020 budget it would have to reduce its workforce of roughly 2,000 FTE by 300 FTE. It was anticipated that the bulk of this reduction would be made in 2018-2019.
- 1.2 A detailed report setting out proposals to achieve these savings was considered by Council at its meeting on 22 March 2018 following approval of the 2018/2019 budget in February 2018. In February Council approved further staff savings of £8m over 2018/19 and 2019/20. This was in addition to the existing savings with staffing implications of £3m, giving total savings of £11m. The saving requirement for 2018/19 is £7.1m.
- 1.3 This paper provides a mid-year update to the Resources Scrutiny Panel on the progress made to restructure and start to re-focus the Council and to realise the required savings.

2 RECOMMENDATION

The Panel is asked to;

- 2.1 Comment upon and note the progress made to date and further actions required as set out in the report.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 As set out in the attached report.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 The Council has a statutory duty to set an Annual Budget and Council Tax. Having done so the Chief Executive as Head of Paid Service is required to implement the actions and changes to services and structures necessary to deliver the Annual Budget.
- 4.2 The Council must designate the statutory roles of Head of Paid Service, Section 151 Officer and Monitoring Officer. Within the constitution the Council delegates issues related to wider organisational change and restructuring to the Restructuring Implementation Committee.
- 4.3 The Restructuring Implementation Committee agreed on 5 March 2018 to delegate authority to the Chief Executive to take steps necessary to implement the proposals made to restructure the management and service configuration of the Council. Any changes made will align with the budget and policy framework agreed by Council and will be made in accordance with the Council's Organisational Change policy.

5 THE REPORT

5.1 Background

There is a staff savings target of £8m over two years to be achieved through management restructuring and organisational redesign, as well as programme of staff savings linked to transformation. This is in addition to the £3m of existing service savings proposals with staffing implications approved in the 2018/19 & 2019/20 budget.

Initial staff consultation regarding management arrangements and organisational design coincided with the publication of the budget report in early 2018. This highlighted the need to ensure that the Council, its workforce and its working practices are fit for the future.

It has already been reported that the salary savings, linked to the budget proposals for the next two years, were anticipated to roughly equate to 300 FTE posts. The planned phasing envisages these savings being split with two thirds being delivered throughout 2018/19 with the other one third as early as possible in 2019/20. This Council has previously been able to minimise the need for compulsory redundancies by seeking volunteers with a suitably targeted approach, redeployment and by anticipating natural staff turnover.

Directors submitted savings proposals in May 2018 that identified staff savings equating to approximately 15% of their overall staffing budget. Emphasis was placed on protecting front-line services and critical roles. These proposals outlined the implementation plans to deliver the 2018/19 savings requirement. All proposals were assessed and agreed by the Council management team and Informal Cabinet. To account for plans with phased implementation and "one off" costs associated with delivery the 2018/19 budget approved the use of financial planning and smoothing reserves of £3.9m.

A Restructure Board, chaired by the Chief Executive was set up in January 2018 to oversee the development and implementation of the Council restructuring and achievement against savings targets. The Restructure Board has met every 3-4 weeks as required and has meetings scheduled until December 2018.

5.2 Redundancies and Restructuring

To date across all areas of service re-design and restructuring there have been 138 agreed redundancies (both voluntary and compulsory) that equate to a 105 FTE reduction. The total

cost of the redundancies amount to £4.75m and create annual savings of £4.28m, the associated costs fall within a two year payback period from annual savings (Table 1 outlines the April to October monitoring of staffing savings).

5.3 Senior Management Restructure

With effect from 1 April 2018 the Council implemented a new senior management structure as shown in Appendix 1. This removed one Strategic Director post and two Divisional Director posts. One Corporate Director appointment was a promotion from the post of Director of Environment Services and the new Director of Environment Services took up their post with effect from 1 October 2018. We have also been successful in the appointment of a new Director of Children's and Young People's Services as a promotion from within the Council with effect from 1 January 2019 thereby continuing to develop the talent within the organisation and continuing to offer opportunities for career development where possible.

With effect from 1 July 2018 the Council implemented a new service management structure also shown in Appendix 1. This removed seven Heads of Service posts overall and a number of others were reconfigured. Some of these appointments have been career development opportunities; eg joining together the roles of Head of IT and Head of Customer Services.

Through management restructuring, annual savings of £836k have been delivered. The associated redundancy costs are £928k and this falls within the two year payback period for annual savings generated.

5.4 Service Re-Design & Staffing Savings

Since 1 January 2018 there have been eleven separate service reorganisations across the Council in; Youth Connect, Nurseries, Development, Public Protection, Neighbourhood Services, Integrated Working Service, Parent Support Advisors, IT & Digital, Business Finance, Customer Services and One West (phase 1).

There are a number of other staff savings still to be implemented in Finance, Children's & Young People Services, Education Transformation, Parking, Highways and One West Phase 2. Due to a number of factors there has been some time slippage on the implementation of these and it is expected that these will be completed by 31 March 2019.

Across all services, savings proposals were identified detailing plans to meet the 2018/19 £7.1m savings target. A full breakdown of the savings by service areas and Q2 Apr-Sept savings monitoring can be found in Table 1 below.

Savings that have been identified and realised from staffing of £3.6m, this includes post reductions through redundancies, deletion of vacant posts and reduction of unfilled hours from part time positions. In addition services have identified £1.23m through reduction in supplies and services expenditure and where possible income generation.

The remaining savings forecast for delivery are £1.4m; of which £400k is from plans that will be implemented in early 2019/20. Work is continuing with services to deliver the remaining savings as part of overall budget monitoring.

5.5 Cessation and contracting out

Community Meals: The service ended in early April 2018. The saving as a result of service closure are £100k (£50k of which was budgeted). The Council worked very closely with Age

UK to ensure that all customers (approximately 130 citizens) had alternative provision in place before the service ended.

Schools Catering: In February, schools were given notice of service closure to take effect at the end of the summer term 2018. All school based catering staff were transferred over to the direct employment of the different new catering providers, with the final few schools transferring over the summer of 2018. Staffing levels were usually reviewed in September however as the service was undergoing major changes the review in September 2017 was delayed until after notice was given. In some instances (especially in the “hub” kitchen that produced meals for several schools), staffing ratios had to be reduced before transfers could take place. There were redundancies (including the Catering Management team) at a total cost of £226k as shown in table 1. The cessation of the service, did not create a budget saving, however, will reduce the pressure on Council budgets by approximately £250k, these pressures relate to the “gap” between charges and actual costs

Arts Development: This service will end in February 2019. While it will no longer have a dedicated Arts Development Team, the Council will continue support arts and cultural activities across Bath and North East Somerset. Examples through Heritage Services include the Victoria Art Gallery, the Roman Baths runs a series of community outreach projects offering free cultural activities for local people as well as a schools programme. We also provide financial support to Visit Bath, which plays a key role in supporting a year around events programme in the City, including the successful Bath Festival.

5.6 Health and Care Integration

There is a long history of effective collaboration between NHS Bath and North East Somerset Clinical Commissioning Group (CCG) and Bath & North East Somerset Council. In November 2017 the CCG Board and Council Cabinet agreed to strengthen the existing integrated commissioning arrangements as a natural next step in the development of the current joint working arrangements.

On 16th October 2018, the Council launched consultation with staff that proposes changes which allow the CCG and Council to further align roles and teams, consolidate managerial capacity where possible, ready ourselves for any future change, and to reduce operating costs in line with organisational expectations. These changes represent the first step on the journey of the two organisations towards a fully integrated structure which aligns teams and processes around shared strategic priorities. It will also contribute staffing savings towards the Integrated Health and Care Commissioning savings target which is shown in Table 1 below.

5.7 Organisation re-design and transformation

During 2018, the Council has made substantial progress in culture change and to establish new ways of working (see Appendix 2 for OD principles). There has been a strong programme of staff engagement to develop and establish the changes in roles and responsibilities. Informal Cabinet and the Senior Management Team hold a “Series of Conversations” about how best to work together, Directors have a quarterly development session and the wider leadership and management teams are also supported to work on organisational development programmes together. The CCG has developed a comprehensive Blueprint for future ways of working which the Council is supporting.

The wider leadership and management structures have been re-formed with regular briefing and engagement sessions. A series of “Town Hall” style meetings have been held with frontline staff to engage them directly in the discussion of the changes being made and the challenges faced. A series of new tools are being used to enable colleagues to ask

questions and vote on the topics they wish to discuss or questions they prioritise for response.

In August 2018, the we commenced a cross-functional programme of work to centralise a number of functions and job roles to maximise efficiency and link capacity to corporate priorities including; complaints, staff training, debt recovery, communications, procurement, performance reporting and business support. Each work-stream has made substantial progress in identifying where efficiencies can be made and work is currently underway to clarify the savings (both staff and non-staff) and timescales for the delivery for each work-stream.

A new Digital and Customer Services Transformation service has been created bringing together IT and Customer Services with effect from 1 July 2018. Both the IT and Customer Services teams have been restructured and a transformation team is being established to support the wider transformation programme of the Council. Directors are reviewing the prioritisation of the digital transformation programme during November as this will enable further staffing savings.

5.8 Partnerships (WECA, Other LAs etc.)

The Council is continuing to explore the opportunities to share services with other local authorities including the WECA and these could provide opportunities to work more efficiently, build resilience and with reduced headcount. We have undertaken some work to map activities and functions that we could share on a regional basis with Bristol, North Somerset and South Gloucester which is ongoing. Such changes will require careful discussion and preparation to ensure that the interests of B&NES are protected and therefore this is not a “quick fix” option.

5.9 Savings Monitoring

The table below shows the 2018/19 savings target allocated to service area and the April to October monitoring position split by savings realised by type and forecast to be delivered.

Table 1 – 2018/19 Savings at service level

Service Area	Savings Target	Forecast FTE	Staff Savings - Service Re-design	Staff Savings - Management	Income & Supplies and Services	Forecast to be delivered	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Directorate Management	£258	3.0	£60	£198			£258
Development	£547	8.4	£277	£73	£197		£547
Environmental Services	£1,527	23.7	£646	£94	£463	£324	£1,527
Economy and Growth	£912	12.6	£431		£210	£271	£912
Children, Young People and Families	£665	22.8	£380		£40	£246	£665
Safeguarding and Quality Assurance	£32	1.4	£32				£32
Integrated Health & Care Commissioning	£271	4.7	£215		£50	£6	£271
Education Transformation	£476	8.68	£377		£49	£50	£476
Public Health	£135	3.5	£111		£24		£135
Finance	£765	13.6	£538		£168	£58	£765
Partnerships & Corporate Services	£1,254	27.0	£486	£471		£297	£1,254
Legal & Democratic Services	£249	1.7	£66		£27	£156	£249
Total	£7,091	131	£3,619	£836	£1,228	£1,408	£7,091

6 RATIONALE

7 As set out in the attached report

8 OTHER OPTIONS CONSIDERED

8.1 As set out in the attached report.

9 CONSULTATION

9.1 Trade union colleagues from UNISON, UNITE and GMB have been fully consulted on all staff restructuring proposals.

10 RISK MANAGEMENT

10.1 Risk assessment related to the issue and recommendations has been undertaken, in

compliance with the Council's decision making risk management guidance

Contact person	<i>Ashley Ayre, Chief Executive</i>
Background papers	<i>Budget and Council Tax 2018/19 and Financial Outlook – Cabinet/Council February 2018</i>
Please contact the report author if you need to access this report in an alternative format	