

## ***Report to the Cabinet***

**Report reference:** C-033-2013/14  
**Date of meeting:** 9 September 2013



**Portfolio:** Leader of the Council  
**Subject:** Directorate Restructuring  
**Responsible Officer:** Glen Chipp (01992 564080).  
**Democratic Services Officer:** Gary Woodhall (01992 564470).

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### **Recommendations/Decisions Required:**

- (1) That the Cabinet notes the content of the attached draft report to Council from the Head of Paid Service; and**
- (2) That the Cabinet provides responses prior to the end of the formal consultation process on 15 September 2013, so that comments received can be included in the final report submitted to Council on 26 September 2013.**

### **Executive Summary:**

The draft report to Council is included at Appendix 1. This is a draft version to solicit early responses so that the final version presented to Council can incorporate any changes felt necessary after considering feedback from the formal consultation.

### **Reasons for Proposed Decision:**

The purpose of this report is to ask Cabinet to note the content of the attached draft report to Council and provide feedback as part of the formal consultation process.

All staff have been briefed on the report and have been invited to provide their own detailed feedback.

### **Other Options for Action:**

To continue as we are with no restructure and no clearly defined Values and Behaviours - Rejected on the basis that will result in reduction of services as financial constraints on Local Government worsen.

Impose a top down reorganisation and set of Values without involvement and engagement of staff - Rejected on the basis that the organisation is not currently in crisis so shock treatment is unnecessary. Additionally wider involvement invariably improves motivation and commitment to delivery of corporate goals.

Choose a more conservative option - Rejected on the basis that this would merely postpone the inevitable and would undoubtedly lead to even more radical changes later.

## **Report:**

1. In order to meet the tough challenges facing Local Government and drive cultural change in the organisation, it is necessary to restructure the organisation and develop a set of Corporate Values and Behaviours that is widely supported by the staff and members. These two things are complimentary and it is unlikely that real cultural change can be achieved without implementing both.

### Restructure

2. Detailed discussions were held with all of the senior management team, as those individuals most impacted by the restructure proposals. This was an iterative process starting first with Directors and then moving on to involve Assistant Directors.

3. It is important to note that there isn't one correct solution to any structural reorganisation because it is possible to design many different workable structures. The principles involved in developing the current proposals are:

(i) to reduce the number of silos (functional departments under the control of a single Director); and

(ii) to group together similar types of services in a more logical structure.

4. This should streamline the organisation by reducing the number of interfaces between departments thereby improving communication, reducing duplication and minimising the potential for misalignment of priorities.

### Behaviours and Values

5. A set of Corporate Values has been developed from the bottom up by involving over 100 staff selected at random from all departments and all levels of seniority.

6. A programme of workshops led by the Chief Executive was delivered with the help of external facilitators and internal HR professionals. Working with groups of around 12 people, various team building exercises were completed and the staff discussed the importance of adopting a consistent set of organisational values. Most importantly the groups set out what they regarded as the key values and behaviours for the organisation.

7. The output from all of the groups was compared and a set of the top 5 values was prepared. There was a high degree of consistency between different groups and the feedback from staff involved in the process has been overwhelmingly positive. The definitions of Values and Behaviours that were developed have been tested with staff not involved in their initial preparation. This ensured that the definitions were drafted in terms which are readily understood and relevant to staff in their various roles.

8. Directors and Assistant Directors were actively involved in the process from an early stage. Political groups have been briefed by the Chief Executive and Cabinet was regularly informally updated on progress.

## **Resource Implications:**

At this point, final detailed calculations have not been included because the proposed structure is still the subject of consultation. Clearly if further changes to the structure are contemplated costs will change.

The final report to Council will, of course, include a detailed business case for the proposed option.

At this stage it is envisaged that the restructure will involve three voluntary redundancies and one potential compulsory redundancy. Initial figures have been compiled for redundancy costs, strain on the pension fund for all those staff potentially affected.

External Consultants, Gatenby Sanderson, have also been engaged to benchmark the salary levels that the new roles could attract.

This cabinet report is merely asking for feedback on the proposals prior to a decision report being submitted to Council. Consequently there is no financial implication arising from the recommendation in this report. That said, it is anticipated that by managing recent vacancies at Assistant Director level and reducing the number of senior management positions, the costs of restructuring will pay back within 12 months through on-going salary savings.

In January 2013 unfilled vacancies with annual revenue costs of over £400k were eliminated from the establishment as an initial step in restructuring the organisation. If these savings are taken into account, the anticipated payback period is significantly reduced.

#### **Legal and Governance Implications:**

The Council must comply with relevant employment legislation. The final report to Council will be formally vetted by the Section 151 Officer, Monitoring Officer, internal HR professionals and potentially by legal advisors as necessary.

#### **Safer, Cleaner and Greener Implications:**

In and of itself the restructure and the adoption of Corporate Values and Behaviours will not impact the range of service delivery. The proposal does not contemplate any reduction in the scope or nature of services.

The proposed Corporate Values and Behaviours do not conflict with the Council's Safer, Cleaner and Greener objectives.

#### **Consultation Undertaken:**

Wide informal consultation has been undertaken from an early stage involving:-

- i. Senior Management (Directors, Assistant Directors including Statutory Officers)
- ii. All staff briefings (All staff have received a copy of the draft report)
- iii. Union representatives
- iv. Cabinet Members
- v. Political Groups (Independent members were offered the same opportunity)
- vi. Directorate Restructuring Panel – all party panel convened to advise on restructuring and be responsible for recommending appointment/redundancies of Chief Officers.
- vii. Gatenby Sanderson – Recruitment Specialists engaged to benchmark salaries.

## **Impact Assessments:**

### Risk Management

- i. Any restructuring involves a degree of risk. Staff morale can be impacted and if the transition between old structure and new is not resourced and managed effectively, performance may be impacted.

Efforts have been made to mitigate this risk through early wide consultation and engagement with staff. Generally the vast majority of staff recognise the need for change, have engaged positively and support the proposals.

The implementation has also been managed over a 6 month period to allow time for reflection and to check for obvious problems. Adequate resource will be made available to manage the transition.

- ii. Whenever potential compulsory redundancies are involved there is potential for those staff impacted to challenge the process.

Efforts have been made to mitigate this risk by involving the senior management in both the organisational design and the agreed process for appointing candidates to roles in the new structure.

The Council is committed to a fair and open process and will take advice to ensure compliance with relevant legislation and Council policies. An all-party Directorate Restructuring Panel has been formed to manage the appointment process.

The decision to exclude external candidates from the process reflects both the view that EFDC has sufficient internal talent to populate the new structure and a wish to be fair to current employees.

### Equality & Diversity

An Equality Impact Assessment has not yet been carried out, as this report forms part of the consultation process. However, an assessment will be carried out and reported to the Council as part of the final report.