

Subject: An Organisation that Focuses
Resources on Priorities:
Organisational Structure

Status: For Publication

Report to: The Cabinet

Date: 23 January 2008

Report of: Chief Executive

Portfolio

Holder: Leader of the Council

Key Decision: No this is the start of a consultation process which may lead to a key decision.

Forward Plan General Exception Special Urgency

1. PURPOSE OF REPORT

1.1 To outline the rationale for a review of the organisational structure of Rossendale Borough Council to ensure that staffing capacity and resources are maximised for the delivery of council priorities, and to seek Cabinet's endorsement for the process. This report builds on the report agreed by Cabinet on 1 August 2007 and Council on 29 August 2007.

2. CORPORATE PRIORITIES

2.1.1 The matters discussed in this report impact directly on the following corporate priorities and associated corporate objective.

- Well Managed Council (Improvement, Community Network) – through ensuring that the Council's organisation continues to adapt to the demands and challenges which need to be addressed in the coming years.
- Delivering Quality Services to Customers (Customers, Improvement) – through ensuring focus on the needs and expectations of the Council's customers.

3. RISK ASSESSMENT IMPLICATIONS

3.1 All the issues raised and the recommendation in this report involve risk considerations as set out below:

- Financial Risks – in relation to the potential loss of income from Elevate and the need to continue to bear down upon the Council’s cost base so that the targets set out in the financial strategy are met.
- Regulatory Risks – These arise through the need to ensure that any process involving changes in staffing arrangements is managed in such a way that correct employment procedures are followed to minimize the risk of any unfair/constructive dismissal cases being brought against the Council. If the correct procedures are followed there should be a minimum risk of exposure to the Council from these areas.
- Strategic Risks - These arise as a result of maintaining an organisation which is unable to focus the right skills and capacity on the priorities which are identified by Elected Members through the community and corporate planning process.
- Operational Risks – Lack of support from the Trade Unions in relation to any proposals could result in a potential deterioration in industrial relations. It is also the case that any changes to organizational structures can impact on business continuity, staff morale and performance. Such risks need to be managed by the Senior Management Team through effective consultation and communication with staff, trade unions and Elected Members.

4. BACKGROUND AND OPTIONS

4.1 The Council has moved through a number of phases as part of its improvement journey:

- Recovery
- Improvement
- Leadership and Delivery

4.2 At each stage the organisation has needed to change and adapt to focus on the priorities needed to achieve the objectives of that particular part of the journey. The challenge for the Council is to continue to evolve its organisation in a period of severely constrained and reducing resources while continuing to both improve performance, deliver key corporate projects, meet customer needs and deliver the efficiency agenda.

4.3 In deciding how the Council is organized there are some key environmental factors which need to be considered:

- Capacity and sustainability – This addresses the requirement that the organization is able to deliver the results required with a given structure and is it able to be continued into the longer term as natural turnover for staff occurs and the labour market changes.
- Levels of Resource – This addresses affordability of the structure, particularly in the context of the recent settlement and the requirement to make savings of approximately £300k per annum to maintain the current position.

4.4 The major consideration for the structure is making sure it facilitates the delivery of the Council's priorities as effectively and efficiently as possible. The structure developed during the Organisational Review placed an emphasis on delivering an organisation that was fully functioning, fit for purpose, and bringing in high level strategic skills to set the overall direction. As time has gone on this has evolved to bring a greater focus to the management of service operations and operational performance, as well as on project delivery. Thus currently we have some outwardly focused services dealing with the Council's roles in the following areas:

- As a regulator
- As a promoter of regeneration
- As an access channel to the Council
- As a provider of direct services and a manager of the local environment
- As a community partner

4.5 In considering how we further evolve the structure, we need to consider the areas where there are currently gaps or weaknesses which we need to address. The largest issues which have been identified as needing to be addressed are as follows:

1. Customer satisfaction levels with the Council and its services have improved over recent years but are still not at the levels we want. Improving this position remains a central priority. Customer contact continues to be routed through different parts of the organisation, depending upon the service concerned. This is less efficient than a single route and means that there is a risk of differential service levels. As part of the roll out of the customer relationship management solution provided through the Shared Contact Centre we will need to transfer resources from services into a single point and reengineer the way we handle call traffic accordingly. We need to develop a much stronger corporate understanding of our customers, their needs and expectations.
2. Our approach to Neighbourhood Management needs to be broadened across the Council and our partners. It is currently primarily focused on the environment, rather than a wider 'place shaping' agenda. While it is true that the quality of the local environment is a key determinant of perceptions of quality of life and that many improvements have been delivered. It is also true that if it is to deliver longer term then Neighbourhood Management must be about more than this and embrace the need to work actively in neighbourhoods to develop the capacity of communities to "self manage" and engage with the Council effectively. This agenda is clearly of relevance locally, particularly in relation to the development of neighbourhood plans in line with the Sustainable Community Strategy. However, it is also central to many of the proposals in the recently enacted Local Government and Public Involvement in Health Act 2007.
3. There is a need to address the potential loss of funding from Elevate which currently contributes £123k revenue towards the staffing costs for the NEATs. A review of the funding of neighbourhood management by Elevate

is currently ongoing and the outcome of this may have significant implications for the Council's approach unless reliance on external funding can be removed.

4. The Corporate Assessment reinforced our own Leisure White Paper's identification of a lack of strategic capacity in relation to leisure and cultural services and while we have taken steps to strengthen contract management this wider leadership role remains a gap. This results in the Council being less engaged and more reactive than would be desirable.
5. The Council's role as a leader of and advocate for the community is developing, in particular as a result of the increased emphasis on the place shaping role evident in the recent Local Government and Public Involvement in Health Act and the Sub National Review of Economic Development. These developments will require us to place more emphasis on both policy development and partnership working to secure outcomes which meet the needs and desires of Rossendale's communities.
6. The structure created by the Organisational Review and evolved since contains a number of relatively small service teams which create an imbalance in the corporate structure, and we need to seek opportunities to create economies of scale within the organization, and ensuring service continuity.
7. The Head of Finance's report on the three year local government finance settlement presented at the Cabinet meeting in December 2007 draws attention to the likelihood that the Council will need to increase its savings target for future years in order to match expenditure and resources. The Government is very clear that such savings should be delivered through improved efficiency and the National Efficiency Strategy for Local Government identifies that £1.8bn of the total savings target over the Spending Review period should come from the redesign of business processes and the sharing of services between councils

As our budget reduces we will need to find ways of reducing the costs of being in business and it is therefore recommended that the Executive Team be asked to bring forward a strategy for the development of shared services with other local authorities as part of any changes to the organisational structure. Such an approach would be in line with work being carried out both on a Lancashire wide and Pennine Lancashire

8. As part of the current job evaluation process a commitment was given that the exercise would be extended to Heads of Service in 2008. It is intended to complete this once a review has been completed in order that any implications can be taken into account.
9. As a relatively small organisation the Council needs to have a strong corporate focus with a workforce that can work flexibly to respond to and deliver against our corporate priorities.

- 4.6 There are clearly a range of options available to address these issues, ranging from doing nothing to more significant structural change. At this stage it is proposed to consult further with staff and members over the next four weeks in line with the issues and context set out above. A further report will then be brought back to Cabinet setting out proposals for the way forward.

COMMENTS FROM STATUTORY OFFICERS:

5. SECTION 151 OFFICER

- 5.1 There are a number of financial matters to be considered prior to any final decisions for change. In particular these will need to form an integral part of the final overall business case through the cost benefit analysis.

- 5.2 Amongst the final financial matters for considerations will be:

- The source of financing and cost of change (ie restructure costs through: redundancy, pension strain, redeployment, capitalization directives etc)
- Ongoing revenue impact from both direct and indirect cost changes
- Improved efficiency gains for the organization
- The improved targeting of financial resources on corporate priorities and their ultimate delivery
- The need for the organization to deliver c. £300k per annum over the medium term and maintain total costs within available resources and the Councils Medium Term Financial Strategy key assumptions.

6. MONITORING OFFICER

- 6.1 There are no immediate legal implications.

7. HEAD OF PEOPLE AND ORGANISATIONAL DEVELOPMENT (ON BEHALF OF THE HEAD OF PAID SERVICE)

- 7.1 In engaging on any discussions of organisational change it is important to ensure that the appropriate Council and Statutory policies are followed. The major Human Resources implications of the report are identified within the Operational and Regulatory risks.

The Human Resources Strategy has been reviewed and this has identified a review of the Organisational Structure as being necessary. In addition, to the development of an Organisational Development Plan which focuses on a range of new skills and competencies which are needed to take the Council beyond 2008.

8. CONCLUSION

- 8.1 The Council faces a range of challenges if it is to remain effective in delivering improved results in the priority areas identified by elected members within the constrained resources available. To achieve this it will be necessary to sharpen the focus of all our resources on the identified priorities. This process will require detailed consultation with staff and members over the coming weeks prior to detailed proposals coming forward for consideration.

9. RECOMMENDATION

- 9.1 The Cabinet are recommended to authorise the Chief Executive to begin a process of consultation with staff and members on changes to the organisation to address the issues listed in paragraph 4.5.

10. CONSULTATION CARRIED OUT

- 10.1 Approval of this report by the Cabinet will commence a process of consulting with staff and members on options for addressing the issues raised.

11. EQUALITY IMPACT ASSESSMENT

Is an Equality Impact Assessment required Not at this stage. An equality impact assessment of any changes to the organizational structure would be required.

Is an Equality Impact Assessment attached No

12. BIODIVERSITY IMPACT ASSESSMENT

Is a Biodiversity Impact Assessment required No

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No background papers