

# Report

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Report to:	<b>Executive Committee</b>
Date of Meeting:	<b>11 May 2011</b>
Report by:	<b>Chief Executive</b>

Subject:	<b>Revision of Organisational Structure</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ Obtain approval for a revised organisational structure of the Council's senior management and Resource/service groupings.

## 2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the revised Council structure is approved and the Council's senior management be reduced by 25%, as outlined at paragraph 4.6
- (2) that action is taken to implement the structure as outlined at Section 4 by the end of the current financial year

## 3. Background

3.1. South Lanarkshire Council has operated effectively with its present structure for more than a decade.

3.2. During this time, a number of modifications have been made in some Resources, the most recent of which was a reduction in managerial posts following a National Diagnostic Review.

3.3. There have been many changes in the local government environment since the late 1990s and the Council's corporate working and organisational structure have coped well. It is not without some risk that a reduction is recommended but we live and work in difficult financial times where we need to be able to change to cope.

3.4. We are assessing the continuing effect on the public sector of the downturn in the national economy and more specifically the actions of both UK and Scottish governments in reducing the volume of public sector expenditure and debt. The Council is coping with a reduction in revenue grant support of 1.99% in the current financial year and faces the prospect of reduced levels of government financial support for a number of years ahead.

3.5. The budget which was set in February necessarily incorporated the effects of an extensive package of savings, including standard efficiency measures, service reductions and increases/new charges for services; 350 posts were affected, around 2.5% of the total establishment. The budget includes a specific savings target of £250,000 for the senior management structure.

3.6 Since March 2010, the size and shape of the Corporate Management Team has been debated in CMT review sessions. All in the Corporate Management Team agree that under deteriorated financial circumstances, the status quo cannot continue. Hence the need for these proposals which have been put together by the Chief Executive.

#### **4. Proposals**

4.1. The objective of reducing the numbers in the Corporate Management Team is to provide the Council with a team of senior advisers appropriate to the current and anticipated environment to produce long term corporate wellbeing. The proposed structure meets this requirement and ensures we have a solid platform from which to deliver future services. This report recognises the opportunities which are presented when each Executive Director's fixed term contract of employment expires. Merger of Resources and services are possible on a measured basis.

4.2 There is considerable debate across local government at present about the extent to which back office functions can be streamlined. A consolidated back office can bring opportunities for efficiencies beyond initial management savings in the shape of administration systems and processes. Merging Resources facilitates back office reduction.

4.3 Consideration can be given to the creation of a consolidated Finance and Corporate Resource. The merging of central support Resources provides a focus in this area under one Executive Director and enables back office savings to be made.

4.4 By late 2011, the Leisure and Culture Trust should be well embedded providing an opportunity to merge Community Resources functions with Enterprise Resources. There is a present synergy between the operations in Community and Enterprise Resources and as well as bringing together all the key services with direct responsibility for wider environmental/regeneration issues, there would also be an opportunity for back office reductions.

4.5 The remaining Resources are considered to be effective in their present shape. A minor modification to consolidate all property services in Housing and Technical Resources is under separate consideration.

4.6 If committee agreed to merge Finance/Corporate Resources and Community/Enterprise Resources, the eventual configuration of the Corporate Management Team and the officer structure of the Council would be:

- ◆ Chief Executive
- ◆ Community and Enterprise Resources
- ◆ Education Resources
- ◆ Finance and Corporate Resources
- ◆ Housing and Technical Resources
- ◆ Social Work Resources

4.7 This represents a 25% reduction in the number of chief officers. The first step has been taken with the early retirement of the Executive Director (Finance and IT Resources). Mergers would also allow reduction in the number of Heads of Service once the changes were operational as well as providing opportunities for new Executive Directors to consider further structure revisions.

- 4.8 Implementation would be capable of commencement in the current financial year. Appointments would be made once the structure is agreed. It is suggested that future Chief Officer appointments should be permanent, rather than the current fixed term arrangement.
- 4.9 We should aim to have implementation complete by the end of this financial year.
- 4.10 The Chief Executive would designate an appropriate post as “proper officer” in terms of financial administration.

## **5. Employee Implications**

- 5.1. Executive Directors affected by this report would have had some expectation that a decision would be taken on their fixed term contracts. This report clarifies the position for them.
- 5.2 Heads of Service and managers affected will be advised by the relevant Executive Director.
- 5.3 Any progress would only be made within the Council’s present employment policies and procedures.

## **6. Financial Implications**

- 6.1. The cumulative financial saving from implementing all of these proposals is £550,000 on a recurring annual basis and if agreed, will be built into future budgets.

2 Executive Directors

2 Heads of Service/senior managers (anticipated reviews)

Further savings to be identified by Executive Directors of merged Resources.

- 6.2 Savings would be phased over two financial years and would require initial one-off investment in severance/pension enhancement based on current policy of £890,000. This would also be phased over two years and recovered within the second year of implementation. The cost can be met from accumulated funds of the Council.

## **7. Other Implications**

- 7.1. The Chief Executive will begin the process by liaising with the Head of Personnel on appropriate retiral and recruitment arrangements.
- 7.2 These proposals focus entirely on officer structure. The present configuration of committees and political structure need not be affected. It may be an area of consideration for a future Council administration.
- 7.3 There is a risk in rationalising chief officers structure but this is mitigated by the experience of chief officers who will be continuing and the support from the Heads of Service across all Resources.
- 7.4 There are no sustainability issues involved.

## **8. Consultation Equality Impact Assessment and Consultation Arrangements**

- 8.1. This report does not introduce a new policy, function or a strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.

- 8.2. All individuals affected have been consulted. Trades Union consultation has been carried out by the Chief Executive.

**Archibald Strang**  
**Chief Executive**

22 April 2011

**Link(s) to Council Objectives/Improvement Themes/Values**

- Accountable, effective and efficient

**Previous References**

None

**List of Background Papers**

None

**Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

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