WARWICK DISTRICT COUNCIL	**Executive – 6th April 2016**	**Agenda Item No. 11**

Title	Prosperity Agenda – Service Re-design proposals
For further information about this report please contact	Bill Hunt – Deputy Chief Executive bill.hunt@warwickdc.gov.uk 01926 456013 Tracy Darke – Head of Development Services tracy.darke@warwickdc.gov.uk 01926 456501
Wards of the District directly affected	All
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No
Date and meeting when issue was last considered and relevant minute number	Employment Committee 23 March 2016
Background Papers	Re-design consultation documents

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality Impact Assessment Undertaken	N/A

Officer/Councillor Approval		
Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive		Bill Hunt - author
Head of Service	18/3/16	Tracy Darke
CMT	18/3/16	
Section 151 Officer	18/3/16	Mike Snow
Monitoring Officer	18/3/16	Andrew Jones
Finance	21/3/16	Gary Walker
Portfolio Holder(s)	18/3/16	Cllrs. Cross, Gallagher, Mobbs
Consultation & Community Engagement		
Consultation process undertaken with staff and the Unions, together with selected external partners, for example Town Councils, Chamber of Commerce, Town Centre Partnerships and Business Improvement District Representative		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1. Summary

1.1 The purpose of the report is to propose request funding for an increase in establishment costs following the approval by Employment Committee of a new structure for the existing Planning Policy and Economic Development & Regeneration teams within Development Services. This re-design process also included other staff currently based within the Chief Executive's office and Culture service area.

1.2 The new structure is aimed at significantly enhancing the Council's ability to effectively deliver all the themes within the Sustainable Community Strategy, particularly, although not exclusively the Prosperity theme.

2. Recommendations

2.1 That Executive note the decision of Employment Committee to approve the structure set out at **Appendix One**, subject to Executive approval of the necessary funding.

2.2 That Executive approve the funding for the new structure which amounts to a recurring annual cost of £33,160, as set out in private and confidential **Appendix Three**, above the costs of the establishment posts in the current establishment structure, as set out at **Appendix Two**

2.3 That Executive note the overall saving of £187,668 between the cost of the structure approved by Employment Committee and the actual cost of the current structure (adjusted for 2016/17 costs) ,were this structure to be continued, achieved through the removal of temporary, unfunded posts.

2.4 That Executive approve one-off funding for the 3 temporary posts to 30 June 2016, at a maximum total cost of £33,762, and a maximum amount of salary protection funding for 3 years of £30,324, funded from the Contingency Budget

3. Reasons for the Recommendations

3.1 The new structure approved by Employment Committee, subject to Executive approval of the necessary funding, represents a wholesale redesign of the staffing resources currently devoted to Economic Development and Regeneration, Planning Policy, Events, Project Co-ordination and Organisational Development, in order to:

- Ensure the Council has sufficient capacity and capability to resource the development of feasibility projects that support the delivery of the differing elements of the Sustainable Community Strategy (SCS)
- Ensure the Council has sufficient capacity and capability to set and refine the policy framework necessary to promote prosperity and deliver the Local Development Framework (LDF)
- Ensure the Council has sufficient capacity and capability to support the delivery of strategic sites allocated through the Local Plan
- Ensure the Council has sufficient capacity and capability to work across organisational boundaries to drive economic development and attract inward investment into the district
- Ensure the Council has sufficient capacity and capability to develop Visions and master-plans for the town centres within the district

- Ensure the Council can provide sufficient support to ensure the towns within the district function well economically
- Ensure the Council has sufficient capacity and capability to support a broad range of events to promote the district and offer opportunities and activities for residents and visitors
- Ensure the effective operation of the Council's enterprise hubs and business start-up units

3.2 The re-design addresses the following interlinked issues:

- The Local Plan moving from a development phase to a post-adoption delivery phase which will inevitably change the balance of the work undertaken by the Planning Policy team. Whilst there will still be a requirement to develop planning policy through, for example, the introduction of Supplementary Planning Guidance or Documents there will also be an increasing focus on ensuring that the major strategic sites are developed as planned and that the supporting infrastructure requirements are delivered.
- The changing external environment in which we operate which requires us to ensure that our processes and structures remain fit for purpose. For example, the advent of the Coventry & Warwickshire Growth Hub, established as part of the Coventry & Warwickshire City Deal, requires us to consider whether our approach to business support and attracting inward investment is a complementary role or one that duplicates effort and wastes scarce resource. Equally, the proposed approach to a Single Spatial Strategy, being developed through the Coventry, Warwickshire and South West Leicestershire Shadow Economic Prosperity Board (the Joint Committee) will require us to consider how we align our planning policy work to support this sub-regional approach.
- The need to ensure that service delivery structures are effectively integrated. Feedback from external partners indicates that they perceive that our current arrangements lack clarity and clear lines of responsibility.
- The approach to the delivery of strategic corporate projects currently being split across different teams and different service areas. The Senior Project Coordinators work direct to a member of the Corporate Management Team but are not responsible for leading on all corporate projects. Other major feasibility projects, for example the Strategic Opportunity Proposal (Europa Way) or Kenilworth Public Service Centre are led by the Organisational Development Team, also located within the Chief Executive's office whereas the development of a strategic approach to major sites delivery, initially focussed on the housing sites south of Leamington, Warwick and Whitnash sits within the Development Services team.
- The current structure being disproportionately dependent on the fixed term temporary posts, shown in Appendix Two. These posts are predominantly unfunded from 31 March 2016 onwards (the exception being the Major Sites Monitoring Officer that is funded until 31 May 2017). Without the re-design this would have left the Council facing the loss of key resource in a short space of time or having to find an additional £220,828 per annum, unaffordable within the context of the Medium Term Financial Strategy.

3.3 The re-design addresses the Council's priorities for delivering economic development:

- Attracting inward investment and assisting existing businesses to grow to maximise the financial benefits for the district and its residents
- Formulating a robust and integrated economic development strategy
- Ensuring we develop a reporting and monitoring framework that allows us to have a robust and up to date understanding of the economic performance of the district.

3.4 To address these priorities the re-design needed to be consider not just the work of the current Economic Development & Regeneration team but also the linkages to, and the work of, other teams. For example, the Planning Policy function needs to create a policy framework, allocate strategic sites and commission studies that inform policy development e.g. employment land studies which provides the environment in which business can thrive. The events that are currently designed, commissioned and managed by the Events Officers and/or Town Centre Development Officers contribute to the economic well-being of the district. The major strategic projects, each of which contributes to the delivery of at least one theme of the SCS all have an economic element and an impact on the economic development of the district.

3.5 The re-design process mapped the work that is already undertaken around economic development and the delivery of the Prosperity theme of the SCS by external partners, for example, the Coventry & Warwickshire Local Enterprise Partnership (CWLEP), the Coventry & Warwickshire Growth Hub, Warwickshire Investment Partnership, Warwickshire College, local trade bodies, Town Councils, Town Centre Partnerships etc. to ensure that duplication is minimised and effective working relationships are established or maintained.

3.6 In addition to the normal staff and union consultation process extensive soundings were taken with external partner organisations to seek their views on our current operational arrangements and structures and 'test' their thoughts on whether the emerging proposals would strengthen partnership arrangements and maximise impacts. This dialogue involved the following partners:

- Leamington Town Council
- Warwick Town Council
- Kenilworth Town Council
- Whitnash Town Council
- Leamington Business Improvement District
- Leamington Chamber of Trade
- Bowls England
- Royal Priors
- Regent Court
- Kenilworth Town Centre Partnership
- Kenilworth Chamber of Trade
- Warwick Town Centre Partnership
- Warwick Chamber of Trade
- Warwick Castle
- CWLEP
- CW Growth Hub
- Coventry & Warwickshire Chamber of Commerce

3.7 In summary the new structure approved by Employment Committee, as shown at Appendix One, will:

- Allow for the continuation of all existing service delivery commitments within a re-designed structure that minimises duplication of work being undertaken

by external partners, provides for better integration of linked work areas, creates a strong business and economic development focus and allows for strategic planning and co-ordination of work with partners such as Town Centre Development Partnerships or organisations running major events, e.g. Bowls England

- Amalgamate the currently separate Development Policy Manager and Economic Development & Regeneration Manager roles into a single post, the Policy and Projects Manager
- Create three teams working to this post each headed by a Business Manager
- Retain the existing structure in respect of the Business Manager – Enterprise and the staff working to them.
- Create a new post of Business Manager – Policy and Development responsible for planning policy, economic development and events with appropriate resource working to them to ensure sufficient capacity to deliver these functions
- Move away from having a single officer dedicated to supporting town centre development in each of the three main towns to a more generic and flexible resource capable of being deployed to meet demand and the creation of management capacity to allow for strategic planning and coordination of events and activities.
- Provide additional resilience where required. For example, the creation of the a Business Support and Events Team leader and three Business Support and Events Officer posts allows for additional resource to be devoted to event delivery and management on a planned basis.
- Create a generic role for Planning Policy Officers to allow for the transition to a revised work focus post-adoption of the Local Plan and to align job descriptions for planning officers across the whole service area to enable resource to be more easily moved between Development Management and Planning Policy in the future to resource changing business demands
- Create a new post of Business Manager – Projects to oversee a team of staff working on major corporate projects and the delivery of major strategic sites allocated within the Local Plan
- Consolidate the resource devoted to major corporate projects within a single team and provide an amended focus for work on feasibility projects and the development of business cases, maintaining the Council's capability to pursue its current level of aspiration. The resultant business case would include proposals for the level of, and funding for, the temporary project management resource required for the delivery phase of projects. investigate
- Remove temporary fixed term posts but retain the core capabilities and capacity within the revised permanent structure. This includes the creation of one permanent, part-time HS2 Project Officer post that will report to the Development Manager rather than the new Policy and Project Manager. It is likely that we will soon be receiving planning applications linked to the HS2 proposals, hence the need to make the current temporary post permanent. However, the work associated with HS2 has never been constant, and is unlikely to become so in the future so the expectation is that this post will undertake other development management work to support the team when there is capacity to do so.

3.8 The structure approved by Employment Committee, subject to Executive approval of the necessary funding, is set out at **Appendix One**. As described in section 5 the new structure delivers a net £187,668 reduction from the actual staffing costs of the current structure, adjusted for 2016/17 costs, but would require a modest increase in the costs of the establishment posts above the figure currently budgeted for within the Medium Term Financial Strategy.

3.9 The costs of the current structure (actual for 2015/16 and adjusted for notional 2016/17 costs were it to remain in place) and the assumed cost of the new structure are set out at the private and confidential **Appendix Three**. This appendix is confidential as it contains information that could identify staff in the current structure.

3.10 The additional cost of the permanent establishment posts is £33,160 per annum (at 2016/17 costs) on a recurring basis.

3.11 In addition there is a potential cost of salary protection (for staff matched to a post below their current grade) for a maximum 3 year period which totals a maximum £30,324.

3.12 It is also proposed to extend the 3 temporary posts which are currently occupied for the period up to 30 June 2016 at a maximum cost of £33,762. This will ensure that the postholders have parity with all other staff involved in the re-design and, if not matched to a post in the new structure, have the same opportunity of a 12 week period to secure alternative employment within the council. If this approach was not adopted the contracts would terminate on 31 March with an immediate loss of expertise and capacity that could not be absorbed within the remaining posts in the current structure and an immediate and adverse impact on service delivery.

4. Policy Framework

4.1 The new structure set out within this report will strengthen the Council's ability to deliver the core themes within the Sustainable Community Strategy: Prosperity, Housing, Health & Well-being, Sustainability and Safer Communities.

4.2 The redesign will ensure that we have a structure that is fit for purpose and is affordable within the context of the on-going Fit for the Future programme and the Medium Term Financial Strategy, addressing the issue of the unfunded temporary posts.

4.3 The consultation process has and, subject to approval of the recommendations, the process for implementing the re-designed staffing structure will continue to follow the Council's standard policy and procedure.

4.4 The Council has an agreed redeployment and matching process for the staff impacted on by the proposals. This is a is proactive approach matching all staff on the basis of skills to newly created roles, and other vacancies within the Council. In the event of any staff not being matched to a new role there is 12 week period of security of employment during which time they are supported in securing suitable alternative employment.

5. Budgetary Framework

5.1 The cost of the current permanent posts (adjusted for 2016/17 costs), as set out at Appendix Three, is £666,911. All of this cost is borne by the General Fund. The current cost of the additional temporary posts (also uplifted for 2016/17 costs) is £220,828, also borne by the General Fund. Of these temporary posts, only the Major Sites Officer post is funded for 2016/17. The funding for this post currently comes through s106 contributions although there is no certainty of the future sustainability of this funding beyond 2016/17.

5.2 The new or revised posts within the proposed new structure, as set out at Appendix One, have been assessed by the HAY Panel. Based on these assessments, and subject to the approval of the recommendations, the cost of the new posts, at 2016/17 costs would be £700,071 per annum, an on-going increase of £33,160 per annum to the General Fund, as shown at Appendix Three. Despite this increase in base costs of the permanent establishment posts this amounts to a £87,668 reduction in costs from the existing structure, were this to remain in place during 2016/17.

5.3 In addition to this on-going annual cost there is a maximum on-off cost of £33,762 to extend the three, currently occupied, temporary posts for a 3 month period, as described at paragraph 3.12. However, subject to the outcomes of the matching process it is unlikely that all this cost would be incurred. The cost of any of the three staff matched into a post in the new structure would be met within the costs set out in 5.2 and a realistic figure for actual the one-off expenditure likely to be incurred as a result of the extensions is £13,397.

5.4 It also appears likely that up to 2 members of staff may be eligible for salary protection for a maximum period of three years (although this might reduce to one when the final outcomes of the matching process are known). Were it to be two and were they to remain in post for the full period the maximum cost (at 16/17 costs) would be £30,324, of which a maximum £10,108 would be incurred in 2016/17.

5.5 The on-going annual cost increase of £33,160 per annum (adjusted annually from the 2016/17 baseline cost) will be built into the Medium Term Financial Strategy and addressed through the normal budget setting process.

5.6 The additional cost for 2016/17, as set out in paragraphs 5.2-5.4 amounts to a maximum £77,030, although is likely to be within the range £51,611 - £56,665. However, £29,388 can be 'netted off' these figures as the Major Sites Officer post within the revised structure will continue to be funded by s106 contributions during the year.

5.7 The net cost to the 2016/17 Contingency Budget will therefore be within the range of £22,223 to £47,642 which can be accommodated within this budget.

6. Risks

6.1 The risk of not addressing the current structural issues that hinder operational service delivery and also the financial challenges associated with the unfunded temporary posts would mean missing the opportunity to design a structure that is fit for purpose in the context of the changing external environment we work in, requiring the maintenance of an increasingly unaffordable structure, given the challenges within the Medium Term Financial Strategy.

6.2 There is inevitably a risk with any re-design that we may lose staff and consequently accumulated knowledge and experience. Following the Council's recognised consultation process and matching procedures minimises this risk.

6.3 There is a risk that the new structure does not deliver the desired outcomes set out in paragraph 3.1. Whilst the detailed consultation undertaken with staff, cross-referenced with seeking the views of external stakeholders was carefully considered and aimed at minimising the risk the ultimate fall-back is the careful

monitoring of the effectiveness of the new arrangements and corrective action by management if they prove not to work as intended.

6.4 The risk of not approving the necessary funding for the new structure is that the current proposals would need to be scrapped and permanent staff confirmed in their existing posts. This would be extremely demoralising given the uncertainties that the redesign process has already caused.

6.5 It would also present an immediate challenge for the temporary posts. We would either need to release the Senior Project Co-ordinators and HS2 Project Officer at the end of June 2016 (their posts have been extended beyond the 31 March date for the agreed 12 week period covered within the matching and redeployment process) leaving significant challenges in maintaining the current work on major corporate projects and placing the Development Management Team under significant pressure to continue to deliver current service delivery standards while absorbing the additional HS2 workload, or extend the posts further while considering revised re-design proposals.

7. Alternative Option(s) considered

7.1 The option of retaining the existing structure was discounted, partly because it was not considered the optimal structure to deliver the required outcomes and partly because it would not be affordable within the context of the financial challenges facing the Council.

7.2 Alternative options for the re-design were considered prior to the start of the formal consultation and amendments made to the initial proposals as a result of the consultation feedback. The current proposals are considered to be the optimal structure for the future.

7.3 The option of not funding the revised structure has been discounted as it would require the current proposals to be scrapped and the re-design process re-commenced with the consequent adverse financial or service delivery implications explored in the section above.