



Belfast City Council

Report to: Strategic Policy and Resources Committee
Subject: **Rightsizing Exercise**
Date: 11th December, 2009
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Relevant Background Information

Members will recall that in preparation for the 2010/11 budget setting process, Members authorised the carrying out of a mini budget review to:

- Identify the likely year end (2009/10) financial position; and
- Identify options for political consideration for reducing expenditure.

In this context, Members further authorised a trawl for voluntary redundancy directed towards the identification of efficiency savings taking into account the significant downturn in certain areas of business caused by the recession, ongoing structural reviews within departments and the review of central support units.

The Committee was advised in November, 2009 that 64 formal applications had been received for VR and that these were being evaluated against the criteria/principles previously agreed by Committee.

It was agreed that a further report would be brought back in December, in the context of the rate setting process, setting out the cost of the VR exercise; options for how it might be funded and the savings that such an exercise would realise.

These issues are addressed below.

Key Issues

1. In the first instance the 64 applications were individually assessed against a payback period of 3.25 years, this being a best practice payback period.
2. Of the 64 applications, 9 employees do not meet the 3.25 payback period and will therefore be declined, leaving 55 applications for evaluation by departments as to whether or not the posts in which these staff are employed may be declared redundant.

3. Following assessment of these 55 applications against the agreed criteria and principles, departments have indicated that there is potential for 25 employees to be released on the grounds of VR. Further work continues to be undertaken on the remaining 30 applications to establish whether or not these posts could represent a saving through, for example, a transferred redundancy to manage a supernumerary employee.
4. The one off cost to the Council of releasing the 25 staff would be some £2.3 million. It is estimated that this initial investment will lead to staff savings of some £1 million each and every year (i.e. leading to £5m after 5 years), after making the structural changes needed to facilitate the release of some staff.
5. If Members agree that this exercise should proceed, the estimated costs of implementing the VR exercise can be accommodated within the financial position for 2009/10, as set out in today's report to the Strategic Policy and Resources Committee on the Financial Position for 2009/10.
6. If the savings are to be secured for the 2010/11 rate setting process, then the staff will need to be released by 1 April 2010 (with most needing a three month notice period).
7. In order to achieve this, we would need to move quickly to review the organisation structures in relation to each of the relevant areas (as set out in Appendix 1) and therefore ensure that all the financial and HR implications of releasing the staff are fully identified. This work has already been completed for Building Control. Members can be assured there will be full consultation on the Committee and Members' Services review, as this impinges on their support arrangements and the corporate governance process.
8. Members will therefore need to address the following questions:
 - 8.1 Do they wish to release the 25 staff at a cost of £2.3M with a payback of 2.3 years and a saving over 5 years of £5m?
 - 8.2 If the release is authorised, in order for the savings to be captured for the 2010/11 financial year the redundancies will need to be approved so that most of them can take effect by the end of April 2010.
 - 8.3 In these circumstances authority is sought to conduct the structural reviews identified at Appendix 1, so that consideration can take place with the Trade Unions, the precise costs can be identified and staff who have volunteered for redundancy can be released in accordance with the provision made for them in the estimates.
 - 8.4 To ensure that these reviews deliver the efficiency savings identified, it is recommended that the Committee direct that the reviews be conducted in a manner that achieves the following targets:
 - Net saving of £1M to be achieved in 2010/11;
 - Total cost to be no more than £2.3M with a payback period of no more than 2.3 years;
 - Supernumerary staff to be managed in a time bound manner and resolved by the end of the financial year. ;
 - Reviews will be conducted and implemented in accordance with BSS HR policies and procedures;
 - Trade Unions will be fully consulted and agreement sought in relation to all releases and structural changes;
 - Regular reports will be made to Committee on the progress of this exercise with final structures being reported to Committee for

- notation; and
 - Delegated authority being given to the Chief Executive and the Director of Finance and Resources in consultation with the Budget and Transformation Panel, to release staff on voluntary redundancy subject to the principles set out above and the agreement of final staff structures in the areas set out in Appendix 1 which achieves the necessary savings.
9. The situation with supernumerary staff is currently being managed in line with the Committee's decision. However the costs and savings will not be known until these staff are either redeployed into vacant posts or made redundant. There is therefore a need to resolve this matter in time to impact on the Council costs for 2010/11.

Resource Implications

Financial -as outlined above: HR – within existing provision; Other assets – n/a

Recommendations

It is therefore recommended that Committee:

1. Agree to the voluntary redundancy exercise being implemented subject to the targets and principles set out in paragraph 8
2. Agree to the implementation of the completed Building Control review, given the costs and savings which have already been identified as set out in Appendix two
3. Agree the undertaking of detailed structural reviews in the areas set out in Appendix 1
4. Agree that authority be delegated to the Chief Executive and Director of Finance and Resources in consultation with the Budget and Transformation Panel, to release staff on VR subject to the principles set out in paragraph 8 and the agreement to final staff structures in the areas set out in Appendix 1 which achieve the necessary savings.

It is also recommended that the work that is currently taking place with supernumerary staff, officers and trade unions is progressed as a matter of urgency to ensure that actions taken to resolve this matter are implemented by 1 April 2010.

Decision Tracking

Regular reports will be made to committee on the progress of this exercise with final structures being reported to committee for notation.

Key to Abbreviations

VR- voluntary redundancy

Documents Attached

Appendix 1 – priority areas for review.
Appendix 2– Building Control Review Report

- **Chief Executive's Department (Members Services; Business Support; Corporate Communications; Records Management and Legal Services Department)**– Consideration has been given to making functional changes in Committee and Members' Services which will allow the deletion of posts with limited further structural changes. This is mainly due to the revised governance and new committee arrangements which have reduced the workload within this area and the transfer of DPPs to Health and Environmental Services. Release of staff in Corporate Communications and Records Management will require some, but relatively limited, structural change. It is proposed that the Council should downsize one department, with Legal Services becoming part of the Chief Executive's Department and the Director of Legal Services being given day to day management of legal and governance matters. This will allow the creation of one Business Support unit for all of these sections, it will be necessary to make some further limited changes within the Legal services structure.
- **Corporate Services (Finance; BIS; HR)** - It is proposed to delete one post in BIS with no other structural change at this time. Further work however on the BIS service is being considered as part of the HR review. Changes within Finance will require further detailed consideration on how to best structure this service. For example, there is a need to examine how strategic financial management; the efficiency programme and performance management should be best delivered given the alignment between these issues.
- **Parks and Leisure (Business Support and Parks operational management)** - One post can be deleted with no impact on other aspects of the structure; a review of the department's business support unit needs to be undertaken and consideration has been given to revising the operational management arrangements in Parks.
- **Health and Environmental Services (Building Control)** - members are aware of this structural review which has been agreed by the Health and Environmental Services Committee and will result in deletion of 11 posts, the creation of 6 posts, therefore achieving a net reduction of 5 posts. The structural review in this area has already been undertaken and the costs and savings have already been identified.