

WIRRAL COUNCIL

TRANSFORMATION AND RESOURCES POLICY AND PERFORMANCE COMMITTEE

4 FEBRUARY 2015

SUBJECT:	FUTURE COUNCIL IMPLEMENTATION – UPDATE REPORT
WARD/S AFFECTED:	ALL
REPORT OF:	STRATEGIC DIRECTOR - TRANSFORMATION AND RESOURCES
RESPONSIBLE PORTFOLIO HOLDER:	CLLR ANN MCLACHLAN
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

1.1 This report provides Members of the Committee with an update on the work to implement the Future Council proposals following delivery of this programme during 2014. The report refers to the progress made to remodel the Council's staffing structures and the decisions taken to address the forecast budget gap for 2015/16. Members are requested to consider the contents of this report and highlight any specific comments or questions.

2.0 BACKGROUND AND KEY ISSUES

2.1 The Council is faced with unprecedented challenges as a result of significant reductions in Central Government grant funding combined with increased demand for our services. In response to these challenges, the Council commissioned Ernst Young (EY) in October 2013 to conduct a review into the structure, design and function of the Council. The review provided a blueprint for remodelling staffing structures to enable the organisation to become more modern and flexible.

2.2 Early in 2014, the Council developed the Future Council programme as the vehicle for driving forward this work. The programme was designed to deliver the remodelling process with the objective of streamlining back office functions. This involved a Council-wide programme of service reviews to inform a business case approach to developing new proposals for transforming the Council to achieve the budget shortfall forecast in 2015/16.

2.3 The programme was delivered in line with the Council's commitment to ensuring that future saving proposals address the following key principles:

- To spend less on the cost of running the Council
- The broadest shoulders to bear the greatest burden
- To mitigate as far as possible the impact of savings on frontline services

2.4 The Council's financial challenge is significant and the Medium Term Financial Strategy acknowledges the need to reduce the budget requirement over the next three years. The budget gap for 2015/16 had been £38 million, however, previously agreed savings of £20 million have reduced this gap to £18 million. The forecast reduction in 2016/17 is £27 million and, according to current estimates,

£25 million in 2017/2018. Therefore, total savings required over the next three years is in the region of £70 million, as set out in the table below:

2.5 Overall Financial Context for Three Year Period

Details	2015/16 £m	2016/17 £m	2017/18 £m	Total £m
Forecast Expenditure (including demographic changes)	275	277	264	816
Forecast Income (including reduced grants)	257	250	239	746
Funding Gap	18	27	25	70

REMODELLING PROJECT

- 2.6 The remodelling project was developed as a means to deliver on budget decisions taken in 2013/14 to realise a number of savings totalling £9.4 million including the proposed Shared Services project. In addition, the Transforming Business Support saving identified and agreed in March 2013 has also been included to avoid duplication and double counting. Consolidating these savings provided the opportunity to streamline the Council's back office functions and develop corporate consistency in terms of management tiers and grading.
- 2.7 The £9.4 million saving was profiled over two years including £4.9 million in 2014/15 and £4.5 million in 2015/16. The saving for 2014/15 remains RAG (red amber green) rated as amber. An implementation date of 1st January 2015 was anticipated during the year and this would deliver a quarter year saving of the full £9.4 million i.e. £2.35m. This would have led to an in year short fall of £2.55m, with in-year compensatory savings required.
- 2.8 There has been some slippage due to the scale of activity required to deliver the statutory consultation. This is because the remodelling process impacts on every member of staff and there has been a large amount of preparatory work including the development of business cases, new staffing structures and job descriptions. This led to a decision in autumn 2014 to deliver the staff consultation on a phased basis with a rolling programme commencing in September 2014 and due to complete in March 2015.
- 2.9 The phased approach has enabled the HR team to prepare consultation documentation in line with a rolling schedule of launch dates for each discrete service area of the Council. It has also ensured the team has been able to effectively deal with and respond to all queries and feedback arising out of the process.
- 2.10 The remodelling process and consultation have been supported through high levels of Trade Union involvement and weekly meetings of the leadership, Trade Unions and HR management. An important priority for this project has been to minimise the staff impact and in particular the number of compulsory redundancies arising from the remodelling process. As such, a programme of volunteer severance has been managed concurrently to align requests for voluntary severance with the remodelling proposals as they have been developed.

- 2.11 As at 20th January, 35 services areas were out to consultation with a value of £8.4 million worth staff savings. The current forecast is that approximately £1.5 million savings will be delivered in year which means that compensatory savings of around £3.4 million will be required. The £9.4 million target will be delivered over two years and this will be re-profiled with the full effect of the saving being realised in 2015/16.

BUDGET PROPOSALS 2015/16

- 2.12 The Future Council process has been able to identify savings proposals through changes to working practices and efficiencies of £15.6 million towards the £18 million forecast budget gap in 2015/16. These proposals which can be achieved under officer delegation do not require public consultation and further minimise the impact of budget reductions on frontline services. In some instances, further testing and project planning will be required to ensure these savings will be fully realised.
- 2.13 As a result of these proposals, the budget gap for 2015/16 has been reduced to £2.4 million. In September 2014, the Chief Executive published a series of budget options for public consultation which totalled £3.7 million, providing choice for Members in setting the budget.
- 2.14 These options were the subject of a comprehensive programme of public consultation and scrutiny during autumn 2014, the findings of which were reported to Cabinet on 9th December 2014. This led to a budget resolution being taken to Council on 15th December setting out which options were to be taken and which ones rejected.
- 2.15 The final details in relation to the 2015/16 budget are now being worked up. These will be reported to Cabinet on 10 February with Budget Council scheduled for 24 February.
- 2.16 The budget savings developed and agreed through the Future Council process will be combined with all previously agreed efficiency projects within the Council's on going Transformation Programme. Regular updates on savings performance are included in the monthly revenue monitor reports taken to Cabinet.

3.0 RELEVANT RISKS

- 3.1 Strong governance arrangements were put in place to oversee the Future Council programme with a Governance Board meeting weekly to review progress and address any emerging issues or risks. A programme office was established to drive forward the day to day work and a weekly operations meeting was used to develop and review the programme plan and risk register.
- 3.2 The key risk for this project is the failure to deliver on previously agreed savings of £9.4 million and the required forecast savings for 2015/2016. Future Council has been included in the Council's Corporate Risk Register as one of the key controls around the Council's Financial Risk.

4.0 OTHER OPTIONS CONSIDERED

4.1 The Future Council programme was developed on an iterative basis to respond to the Council's unique set of organisational challenges and as such, no other options have been considered.

5.0 CONSULTATION

5.1 The budget options arising from the Future Council process were subject to a comprehensive and far reaching stakeholder and public consultation in autumn 2014. They were also scrutinised in detail by the Council's three Policy and Performance Committees during the same period.

5.2 The staff consultation in relation to the remodelling proposals is currently in progress. Those 2015/16 budget options that have an impact on staffing will also require staff consultation in due course.

6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

6.1 There are none relating to this report.

7.0 IMPLICATION FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

7.1 There are none arising from this report.

8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

7.1 The financial implications have been set out in section 2 of this report (above). In terms of staffing implications, the Future Council process will result in a reduction in the Council's workforce and every attempt is being made to achieve this through voluntary severance to minimise any compulsory redundancies.

8.0 LEGAL IMPLICATIONS

8.1 There are none arising from this report.

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality? Yes, an EIA was created at the start of the Future Council process and this can be accessed from the link below. Individual EIA's have also been completed for each of the budget options consulted upon during autumn 2014.

<http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010/chief-executives>

10.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

10.1 There are none arising from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising from this report.

12.0 RECOMMENDATIONS

12.1 That Members of the Transformation and Resources Policy and Performance Committee consider the contents of this report and highlight any specific comments or questions.

13.0 REASON FOR RECOMMENDATION

13.1 For the committee to discharge its scrutiny function in relation to this area of Council business.

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APPENDICES

N/A

BACKGROUND PAPERS/REFERENCE MATERIAL

N/A

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	13 March 2014
Cabinet	10 April 2014
Cabinet	9 June 2014
Transformation and Resources Committee	15 July 2014
Transformation and Resources Committee	16 September 2014
Transformation and Resources Committee	5 November 2014
Cabinet	6 November 2014
Cabinet	9 December 2014