

Committee(s): Establishment Committee	Date: 17 th January 2017
Subject: Template for Restructure Reports	Public
Report of: Director of Human Resources, Chrissie Morgan	For Decision
Report author: Janet Fortune	

Summary

This report is in response to the Committee's request to have more standardised information when they are considering proposals for restructures. The Committee requested a template for departments and for this template to include full financial costs. The template is provided at Appendix 1.

Recommendations

- The Committee is recommended to agree the use of the template for Committee reports from their first Committee in 2017.
- It is further recommended that the Committee agree the general process and definitions for reports coming to Establishment Committee
- It is also recommended that the Committee ask the Director to come back to Committee in later in the year with recommendations on simplifying the system with further appropriate delegations to officers where appropriate.

Main Report

Background

1. Establishment Committee receives a number of restructure reports from Departments and is asked to agree if consultations can proceed on the proposals. There is confusion among departments as to when a report should come to Committee and when it's a minor restructure without any service delivery changes. The definition of 'minor' and 'major' are open to different interpretations.
2. Perhaps because of this confusion Chief Officers', and because it is not well understood why the report comes to Establishment Committee, reports differ widely in the information they include.
3. At a previous meeting Members requested that the reports should be standardised, particularly in relation to the financial information. This report seeks to gain agreement on the current process and offers a template guide to the contents of a 'restructure report'.

Current Position

4. Establishment Committee has a responsibility, among other things, under 4 (a) of its Terms of Reference for; Workforce Planning and Organisational Reviews. The advice that we give Chief Officers is that a minor restructure is one which;
 - Has no financial implications, i.e. there are no redundancies anticipated and no increased costs of the restructure and
 - involves 5 people or less of Grade H and below, and
 - has no anticipated consequences for other parts of the department or City of London.
5. We would also advise that any proposals that included the transfer of staff to an external contractor under TUPE regulations is also brought to this Committee. The second bullet point refers to Grade H and below, we advise that in most cases a restructure involving a change for a Grade H, I or J role would be considered 'major' and would come to Establishment Committee.
6. There may be some service delivery issues but we advise that these are a matter for the Service Committee. Where issues cross more than one Service Committee there is provision for a Change Panel to be convened so that all parties can hear the proposals and discuss these at one meeting.
7. Where the restructure is considered major or significant we advise that a report should be presented first to the Service Committee and then to Establishment Committee. We advise that this should be done at the earliest stage of the proposal so that the Service Committee and Establishment Committee are able to comment before consultation begins.
8. Chief Officers have, of late come to Committee when the proposals are more defined but often without a clear business case for change. There are some issues with the timing of Committees and so I will be bringing forward a report later in the year on how some stages of the process could be delegated, without losing Establishment Committee's important input to these processes.
9. At this stage I am suggesting that we use the template and guidance attached at Appendix 1 and that this is presented to the Establishment Committee at the proposal stage. I am suggesting that the Committee agree that the proposal and allow the Chief Officer to proceed with both professional and personal consultation, as is the case now, providing that there are no significant changes as a result of the consultation. As now Establishment Committee would expect a report back at the conclusion of the change with reference to the achievement of business benefits, including savings and actual costs.

Proposals

10. It is proposed that Establishment Committee agree the template with any additions or subtractions they consider appropriate. It is further proposed that the Committee ask the Director of HR to bring a report back later in the year too further simplify and standardise the process.

Corporate & Strategic Implications

11. The standardised template should simplify the process and should have no negative implications.

Implications

12. The template asks for Business Benefits, there may be a negative reaction to this from Chief Officers as they may feel this is the role of the Service Committee.

Background Papers:

Appendices: Appendix 1 is the template with guidance. It is intended this would be used as the report.

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Appendix 1

Template report for Committee on Structure changes.

The report is of the Chief Officer and is for Decision it will usually sit in the non public part of the agenda.

Summary

The report should be summarised in the normal way. This section should always include, in summary, the problem being addressed by the restructure and the gain anticipated from the change. The business case for change, in effect. This section should also include the scale of the change and indicate what costs are involved. Actual highest and lowest costs should be more detailed in the report;

Recommendations

The recommendations will be to agree that the Chief Officer can start consultation and providing there are no significant changes as a result of consultation, that the change can proceed.

Background

- **Brief history of the function and the background to any changes**
Brief history should include any changes in the last 5 years such as 'was restructured in 2014 following legislative changes, at that time capacity in the x service was increased to meet these changes'. It is important to provide all historic restructure data across the department.
- **Current issues**
*This section should include an outline of the problem that is being resolved by the proposals for structural change. These might include the need to make savings, legislative changes, increased/reduced demand, changing service delivery due to demand such as transferring face to face to online. In this section the business benefits should be outlined to include any financial savings and/or other benefits such as service improvements
How the business benefits will be realised should also be included here.*
- **Proposals**
*Principally this section is about outlining the proposals to address the issues and ultimately realise the business benefits. Where there are service reductions/increases the impact of these is for the Service Committee to consider but a brief outline should be included here so that the Committee understand the reasons for the change and therefore have an overview of all significant change in the organisation. It is also helpful when the JCC meet as these issues might be raised in a different context.
Where there is the potential for reducing or increasing the number of posts, whether those posts are vacant or filled, these should be included here and full costs given. Full costs should include 'on costs'. If the number of increased posts is more than 2 an allowance should be made for increasing the Training Budget and any other related budgets such as travel/other expenses/overtime so that full financial impacts can be assessed.*

At an early stage in the proposals it unlikely that individual costs will be known, and in any case this section should not identify individuals. So the cost of terminating any of the affected posts should be shown as a lowest and highest cost. Where posts numbers or existing post grades are proposed to increase this section should also anticipate the costs of the new model, which means that a market comparison should be made so that the potential for an MFS is included in the cost benefit analysis in the business case.

The Committee are also interested in the span of control of managers. This needs to be summarised but can be in general terms such as, 'on average the 2nd and 3^d tier managers have 4 direct reports. This average is not affected by these changes.

- Consultation and timetable

This section should summarise the intended consultation and the likely timetable/project plan.

- Corporate and Strategic implications

This section should highlight any implications for other departments and for the Strategic Objectives. This section should include any financial, legal or HR implications and it should make reference to any potential negative or positive issues for diversity. At the early stage of the proposals it is difficult to provide before and after structure charts but an existing structure chart showing grades and gender should be provided and an indication of which posts are likely to be affected by the proposals.

- Background papers

It is important here to refer to any previous reports of restructures in the Department even if they do not involve the current restructure.