**Rother District Council**

**Agenda Item: 7.1**

**Report to** - Cabinet  
**Date** - 15 April 2013  
**Report of** - Chief Executive  
**Subject** - Senior Staff Restructuring

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**Recommendation to COUNCIL:** That:

1) the structure shown in Appendix 1 of this report be approved as the senior management structure of the Council; and

2) up to £200,000 of revenue reserve be earmarked to meet the costs of redundancies arising from this first phase of the restructuring process.

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**Introduction**

1. Members will be aware that in recent years central government has imposed significant funding reductions on local government. This alongside successive council tax freezes, reductions in interest earnings and inflation, particularly contract inflation, running at high levels has put unprecedented pressures on the Council’s budgets.

2. Core government funding has been reducing since 2010/11 and by the end of 2014/15 this Council will have seen its contribution from central government reduced by £3.3 million, which equates to 50% of the 2010/11 level of funding.

3. The Council’s Medium Term Financial Strategy has consistently shown that, even without the latest funding reductions, there were substantial pressures on our finances. We have been subsidising the General Fund from reserves over the short term but this is not sustainable even as a medium term arrangement.

4. Members will also be aware that the way in which the Council is funded has changed from April 2013 in that we will be retaining an element of the National Non Domestic Rate income. There are some opportunities in this for the future but there are also risks as the Council will be directly liable for any shortfall in income.

5. As part of the budget setting process for 2013/14 full Council agreed a package of spending reduction measures in order to meet the financial challenges for the year ahead (Cabinet Minute CB12/87 refers). A reduction in staff was one of those measures and this report proposes how this will be achieved at senior level.

6. Although staffing matters are normally dealt with by the Licensing and General Purposes Committee, reorganisation of this nature and involving the Head of Paid Service post requires approval of full Council, hence this report to Cabinet.
The Proposal

7. It is proposed that the senior management structure of the Council be reduced from its current level of a Chief Executive, 2 Directors and 9 Heads of Service to a management structure with 2 Executive Directors overseeing 6 discrete management functions. The consequences of this are:

   a. The post of Chief Executive will be deleted.
   b. The 2 Executive Directors will alternate in the Head of Paid Service role (which is a statutory role).
   c. The nine Heads of Service posts will be deleted and replaced with 6 Service Manager roles.

8. The revised structure is shown Appendix 1 and when compared to the current senior manager structure will deliver savings in excess of £200,000 per annum based on salary alone (i.e. excluding all on-costs).

9. With the reduction in the number of senior posts there will be redundancy costs for those who are unsuccessful in obtaining the new roles. Until the necessary processes have been completed it is not possible to accurately estimate this cost but it is proposed that provision of up to £200,000 is made in the 2013/14 revenue budget funded from revenue reserves to meet any costs of redundancies arising from this phase of the restructuring process. This figure is likely to be recovered in under a year and we will then be contributing to the long term savings we need.

10. Within the proposal we will look at any options voluntary redundancies give us. Clearly over the last few years we have considered this option as a first alternative and will continue to do so provided this is right for the continued operation of Rother.

11. Although the proposals contained in this report will make a significant contribution towards the staffing savings agreed in the previous report to Council it is important to note that further staffing reductions will be necessary to balance the budget as the Council readjusts its service provision because of funding reductions. Once the new senior management structure is agreed by full Council the staffing structure at service level will be worked through and this will be taken through the usual consultation and approval mechanisms.

Conclusion

12. This report presents a revised management structure to Members. This revised structure provides the basis for delivering services against the backdrop of decreasing central government funding.

13. In order to meet the full scale of the funding reductions there will have to be further reductions in staff and these will take place once the new structure is agreed.

Derek Stevens
Chief Executive
Risk Assessment Statement
The Council must produce a balanced budget each financial year and the adoption of a revised management structure will contribute towards the identified shortfall in the 2013/14 budget. Failure to adopt this structure will place greater pressure on services and the Council’s reserves in order to balance the budget.