



Haringey Council

Agenda item:

[No.]

General Purposes Committee

28 October 2010

Report Title. Restructuring of The Planning Regeneration & Economy Service (PR&E)

Report of Niall Bolger Director Urban Environment

Signed :

N Bolger 19.10.10

Contact Officer : Marc Dorfman Assistant Director PR&E

Wards(s) affected: All wards

Report for: Key

1. Purpose of the report (That is, the decision required)

1.1. To ask the committee to agree to the proposed restructuring of the Planning Regeneration and Economy Service (PRE) subject to further consultation with staff side and final ratification by committee.

2. Introduction by Cabinet Member (if necessary)

2.1.

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:

3.1 The proposed restructure realigns the PRE service to meet its expected inputs in delivery of the Council's priorities. It will continue to deliver services which are customer focused, cost effective and value for money. The proposed structure also prepares the service to meet the challenges of reducing budgets, whilst maintaining and improving the services provided, It will allow the service to consider alternative ways of providing services including

shared and commissioned services.

4. Recommendations

4.1. That the restructuring proposal be approved subject to Staff and Council wide consultation, an EQiA and final ratification by the General Purposes Committee.

5. Reason for recommendation(s)

5.1 The service needs to address a budget deficit which has developed over the last two years.

5.2 The primary cause of the budget deficit has been the reduction in income. Fee income from Planning and Building Control applications has fallen significantly and this coupled with a loss in external grant funding most noticeably Housing and Planning Delivery Grant (HPDG) has exacerbated the problem.

5.3 The need to prepare for further budget reductions in the coming year 2011-12 and beyond.

6. Other options considered

6.1. An alternative option has been considered (see appendix 5) however on evaluation this did not address fully the financial constraints that the service is likely to encounter in the coming years. The preferred option addresses both the existing budget deficit and provides a structure, which will best allow the service to meet the future challenges.

7. Summary

7.1 This report details the restructuring of the PRE service to reduce the existing mainstream funded structure from 97 staff including 13 senior management posts, to 61 staff including 7 senior management posts, which will provide a saving to the Council of £270k.

7.2 The proposed PRE restructure:

- PRE statutory functions (development management, building control and key plan making and monitoring responsibilities) are maintained
- PRE non statutory service areas of planning policy, economic development, planning enforcement and service management are reduced.
- With regard to planning enforcement it is expected that changes to planning regulations in 2010-11 will increase support for this area and allow Councils to deliver this service

through increased income generation. Improved service management with existing staff will also be able to maintain productivity.

- With regard to the other non statutory service areas - the Haringey service would be comparable in terms of resource allocation to other North London Boroughs.
- Appendix 3 and 7 details the post and funding reductions and sets out essential comparable benchmarking information to support the proposed restructure

7.3 The proposed restructure is required to address an existing budget deficit, and to prepare the service for further budget reductions in the coming year 2011-12 and beyond. The proposed structure seeks to realign the service to meet both the existing needs for service and to address the challenges ahead. The future service needs to be :

- a value for money service
- a service that continues to respond to customer needs and council aims
- a service which can respond to changes to service development over the next 2-4 years and take into account likely changes to economic development, employment and the town planning and building control system
- a service that contributes to the Council's aim to responsibly reduce costs so that priorities can be afforded

7.4 Members are asked note the following key points:

- It is proposed that the PRE service reduce from 97 FTE posts funded by the Council – to 61, (110 to 76 including externally funded posts)
- The service has been operating for all of 2009-10 with 77 Council funded posts. During this period it has appropriately met its national and Council performance targets and all priority projects have been progressed.
- **In Development Management and Building Control** the proposed restructure broadly consolidates the staffing levels that have existed since the beginning of 2009
- **In Planning Policy and Local Planning** similar teams from previous organisational structures are amalgamated, (Physical Regeneration and Sites teams), and staff resources are reduced to recognise the work to create a new Plan for Haringey is coming to an end. In the future the service will need to retain a policy review, update and monitoring function and a projects function, including design and conservation. Resources for both these are proposed.
- **In Regeneration/Economic Development** the policy function will move to a central service (equivalent of one post) and a reduced but core service development, partnership and project/contract management function is proposed to remain including 1 manager and 6 staff including an externally funded film officer and social enterprise/economic regeneration projects officer.
- **In Service Management** a reduction in management posts is proposed, business support is reduced and the overall service structure is designed to support the future development of Strategic Commissioning and Shared Services as these are examined over the next 2-4 years.

7.5 The service has for the past two years faced increasing pressure on its budgets caused by a reduction in income as a result of the economic down turn and reduction in external central government grants, whilst having a business model based on delivering value for money through income growth. Fee income from Planning and Building Control applications has fallen significantly and this coupled with a loss in external grant funding most noticeably Housing and Planning Delivery Grant (HPDG) has exacerbated the problem.

- 7.6 Pre-agreed efficiency savings set in 2008 were based on predicted increases in fee income which since the recession have not been achieved. This has impacted on the budget deficit.
- 7.7 The service has implemented measures to address a £1.2m deficit in 2009/10, and has identified an additional £795k deficit for 2010-11. (Including 200k loss of HPDG).
- 7.8 In addition to the above deficit, the service has identified further necessary investment pressures amounting to £330k over the next 3 years.
- 7.9 The service expenditure is primarily staff based and for this reason the level of savings required can only be achieved by reviewing the staffing structure and by delivering services in a more focused and effective way.

8. Chief Financial Officer Comments

- 8.1 As a result of the economic downturn the Planning, Regeneration and Economy Business Unit has experienced a sharp reduction in Planning income which has led to a potential overspend in monitoring. This position has been exacerbated by the decision by Central Government as part of the emergency budget in June to no longer allocate Housing and Planning Delivery Grant monies which were projected to amount to around £200k for Haringey in 2010-11.
- 8.2 The total projected shortfall in 2010-11 was around £800k and this has been mitigated by a variety of actions across the business unit which have included freezing a large number of vacant posts. Income levels are not expected to increase significantly in the near future.
- 8.3 The restructure outlined in this report would address this base budget shortfall and allow the income budget to be reset to a realistic level. As the measures outlined in this report are expected to deliver savings in excess of the £800k required to balance the base budget, it is also expected that savings can be achieved that will contribute to the Corporate savings required to address expected funding reductions from Central Government in future years.
- 8.4 The exact amount of these savings will be dependant on; Exact grades appointed at following a selection process as some of the grade bands are quite wide. The extent to which external grant funding is received to fund certain posts, especially within Economic Regeneration.
- 8.5 The extent to which the Support Functions Review also impacts on posts outlined within this restructure, as there is a risk that posts within this restructure will also be deemed to fall within the scope of strands of those Reviews, for example Policy an Performance, Financial Management and Business Support and thus some staff may find themselves having to go through 2 selection processes.

8.6 Longer-term it is expected that the Strategic Commissioning of Regulatory Services project will also deliver significant savings within some service areas included within this report

9. Head of Legal Services Comments

9.1. The Head of Legal Services has been consulted on the content of this report. The proposals concerning the restructuring of the PR&E service must comply with the Council's procedures regarding the restructuring of its services. This will include the requisite consultation with both staff affected and recognised trades unions before any final decision is made on the proposals. The basis for the selection of staff for redundancy must be capable of justification on an objective basis and the consideration of their position should follow the provisions within the Council's procedures regarding redeployment and redundancy.

10. Head of Procurement Comments – [Required for Procurement Committee]

N/A

11. Equalities & Community Cohesion Comments

11.1 The restructuring of PR&E will have an impact on the level of service provided, however the proposal seeks to limit the impact on frontline service delivery. All services previously provided will be maintained although the method of delivery may need to change.

12. Consultation

12.1 Staff Consultation and EQiA Issues - Informal staff and union consultation has been carried out since June 2009 and a copy of the consultation document is attached at Appendix 6. This has informed the proposed preferred restructuring option. Detailed comments on the restructure will be reported back to GPC, (including those since June 2009) after the formal staff and union consultation period.

12.2 Before and after the formal consultation period EQiAs will be submitted to staff, unions and GPC.

12.3 The main concerns from the informal consultation with staff and unions were:

- Resources in Planning Policy and Sites will not sufficient to deliver the service needed – **RESPONSE:** the proposed staff resources are comparable to the

North London benchmark Group

- Resources in Economic Development are critical over the next 5 years – **RESPONSE:** the proposed staff resources are sufficient to form an appropriate service development and implementation team as long as policy work is delivered from a central resource. The resource will be comparable to other neighbouring local councils. There will be regular opportunities to bid for external resources over the coming year and to delivering economic development in different ways, some of which are being explored at the moment. The main resource for economic development lies with the Mayor and Business Link. The Local Authority will use its links within the HSP and with local businesses to develop a “local enterprise partnership – like” programme that supports business development employment and training better in the private and partnership sectors. Economic development is a service better suited to economic development areas and not Borough boundaries – the Council will also explore delivering this service at a North London level in a more “value for money” focused way.
- The proposed restructure may affect the Councils’ ability to deliver services and meet its Equality and Diversity policies – **RESPONSE:** an EQIA will be carried out as part of the final proposal. The proposed restructure does not propose to stop any services. Services will be focused on Council priorities and will be delivered more effectively and in some cases could be out sourced or delivered strategically. In any of these cases the overall aims of Council policies including Equality and Diversity aims will be adhered to.

13. Service Financial Comments

- 13.1 The proposed restructuring of the service will address the structural budget deficit which has built up over the last two years and accounts for 435k of the year deficit of £795k. It will also provide a further £275k saving on the proposed budget for 2011-12. The savings assume that the new structure will be in place by April 2011.

14. Use of appendices /Tables and photographs

- 14.1. Appendix 1 Existing structure chart.
- 14.2. Appendix 2 Proposed structure chart.
- 14.3. Appendix 3 Establishment summary
- 14.4. Appendix 4 Recruitment Ring fence matrix.
- 14.5. Appendix 5 Alternative Structure (OPTION 2) considered.
- 14.6 Appendix 6 Informal Consultation Presentation with SMT & Staff side 2009-10.
- 14.7 Appendix 7 PRE Benchmarking

15. Local Government (Access to Information) Act 1985

- 15.1. [List background documents]

15.2. [Also list reasons for exemption or confidentiality (if applicable)]

