

Staffing Matters and Urgency Committee

22 January 2024

Report of the Chief Operating Officer

Portfolio of the Leader including Corporate Services, Policy, Strategy and Partnerships

Proposed New Chief Officer Structure

Summary

1. This report sets out a proposed restructure of the Corporate Management Team. The proposals seek to deliver significant savings in senior management, alongside ensuring a structure that can deliver the Council Plan, and ensure focus on the key priorities of the Council.

Recommendations

2. Staffing Matters and Urgency Committee is asked:
 - i. To approve the new chief officer structure as set out within Annex A (noting the proposed statutory officer roles), authorising the Chief Operating Officer (COO) to progress to consultation, and then subject to consultation the implementation of the proposals.
 - ii. To approve specifically as part of the new structure the deletion of the following 5 posts:
 - Director of Customer and Communities
 - Corporate Director of Place
 - Director of Economy, Regeneration and Housing
 - Director of Environment, Transport and Planning
 - Chief Finance Officer
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- iii. To approve the creation of the following 3 posts:
- Director of Transport, Environment and Development
 - Director of Housing and Community Services
 - Director of Finance (S151)
- iv. To agree to a chief officer appointment panel for any roles that require a form of assessment, and to note that Council's Management of Change processes will be followed to determine appointments to the revised structure and new roles.
- v. To approve that the proposed structure will be subject to consultation and should further amendments or options be proposed by the COO these will be presented to the committee accordingly. If no amendments are considered necessary, the proposal will be progressed to implementation.
- vi. To note the following:
- The proposal to redefine the existing grades 12, 13 and Assistant Director (AD) to Senior Manager levels 1,2, and 3 respectively, creating a clearly defined Senior Manager level within the organisation, with a view to this being a step towards creating a more agile and efficient organisation with reduced layers of senior management. SM 3 roles will remain classed as chief officers and remain on chief officer terms and conditions. (This is a decision for the Head of Paid service to make.)
 - That there will be a need to strengthen management arrangements in some areas to address some of the impacts of the proposals, Council priorities, tackle some risk areas, and to adapt to the proposed directorate structure. Wherever possible this will be done by redefining existing roles, and any costs funded by other savings.
 - To note that further reviews will be conducted across all areas of the Council with a view to ensuring greater consistency of structures and ensuring optimal layers within the organisation. The next stage will be to review grades 12, 13 and AD levels, and this will be done with a clear outcome being to achieve significant savings and redesign some roles, in some cases
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giving greater responsibility and opportunity for career development.

- To note the significant financial challenges, and that the structure of the Council will need to adapt significantly, with a view to delivering major savings in coming years. Assuming no significant variation in the financial strategy projections the Council will need to downsize significantly in coming years.

Background

3. There exists a previous agreed saving in respect of chief officers/senior management to deliver a saving of £200,000 (of which £120k was assumed in 2023/24 and a further £80,000 in 2024/25). In year this has effectively been managed by not filling two roles in policy and a vacant AD role. It should be noted the saving was not just about chief officers, but senior roles more generally.
 4. More fundamentally the Council is facing very significant financial challenges, alongside significant service demands and a need in coming years to review very carefully how services are provided, deliver significant savings, deliver transformation, and at the same time ensure key services for vulnerable residents and key frontline services are maintained. Tackling this challenge requires a fundamental review of structure across the Council.
 5. The financial challenge is very relevant to this report. Based upon the financial forecast, it would be wrong not to seek to deliver significant savings in the structure of the Council at senior levels. The review has, and will for further stages, recognise this financial challenge and will make proposals which whilst they may be difficult in terms of their implications, they are considered necessary.
 6. Going forward the Council will need to focus on its core statutory services. This applies equally to its highest levels of senior management, where statutory roles clearly must form the core of the senior management of the Council. If savings are to be achieved, they inevitably will need to come from roles that are not statutory, and where there is a high likelihood that the scale of activity is likely to diminish over time.
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7. It is however not just a case of moving down to statutory provision. We also across the Council need to ensure there is the capacity to deliver key elements of the Council plan, its core commitments, the focus on customer experience, and seek to ensure the Council engages effectively with partners and communities.
 8. The Council will need to downsize, but it does need to retain the ability to deliver on core strategies, work with communities, and become a more community focused Council, with strong engagement. This requires its corporate policies, and approach to issues such as equalities, human rights, and affordability to be embedded in the work of communities. It requires an ability to work with partners, and to develop innovative health and care policies, deliver on climate policies, secure funding for development and improvement of the city, and ensure its core systems and processes are effective.
 9. There also will be in coming years a need to work closely with the combined authority and in particular work across transport and economic strategies, net zero, housing and community safety. It will be important to ensure York interests are fully represented within the CA, and that through the CA York is also making its case nationally to central government for additional funding. Embracing fully the opportunities devolution can provide will be critical in terms of funding.
 10. Across health the Council needs to work closely with its partners, and look to integrate services effectively, and reduce health inequalities. The sustainable housing strategy needs to be closely aligned to supporting the most vulnerable, supporting those with particular needs, and ensuring affordability is recognised throughout.
 11. Therefore, this is an opportunity not just to deliver some savings and do minor adjustment, but to have a more fundamental review of the whole senior management structure across the Council. In particular this overarching review needs to consider senior management structures from grade 12 upward through to chief officers. It will in time need to go further down the organisation. Whilst this will present some difficult challenges, for some there will be real opportunity for growth and development.
 12. It should be noted that doing things as they have been no longer is an option against a backdrop of the financial challenges. We need to do things differently, develop different funding models, and embrace resident engagement. We do though need to retain talent, and do this
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through developing some different roles, allowing talent to grow and provide in some areas greater opportunities.

13. As part of this review advice has been sought from the Local Government Association (LGA). They have provided information relating to layers within the current structures and highlighted the need for considering a reduction in the layers across the organisation. Of particular relevance was a need to consider flatter structures, clear and consistent layers, and having clear decision making accountability.
 14. It has to be stressed that in developing the most effective structure there will need to be some areas where some additional investment/new/redesigned senior posts are required. This in some cases will arise due to changes that are made in the directorate structure, particularly within the existing "Place" areas. An effective reorganisation of structure is not merely about reducing posts, or seeking to keep grades down, it also has to consider seniority of roles, recruitment and retention, and the ability to have sound management to take forward key priorities and managing critical services.
 15. As part of this report there is a proposal to move to a "Senior Manager" designation across the Council. This does not directly change the terms and conditions for any employee, but it is felt it should assist in identifying a key layer across the organisation. Employees currently on grades 12, 13 and AD it is proposed will be moved to a clearly identifiable "Senior Manager" grading structure from SM1 to SM3. This is broadly in line with LGA advice that suggests the top tiers of the organisation should consist of Head of Paid Service, directors, senior managers.
 16. This it is felt would give greater clarity in terms of these critical senior manager roles, greater clarity of decision making accountability, with the senior manager level becoming a clearly identifiable tier of management across the Council. We should also embrace the opportunity to provide some skilled and talented managers with opportunities to take on wider roles, with appropriate financial reward.
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Proposals

17. The current senior management structure of the Council is shown in Annex B.
18. It is recommended that there are two stages to this review:
19. **Stage 1** – consideration of the Director level roles across the organisation and direct reports to the Chief Operating Officer.
20. **Stage 2** – a review of the structure under these roles, with the Directors considering their directorate's needs, and with this reviewing both the AD roles, and the Head of Service roles collectively, covering grades 12, 13 and AD.

Stage 1 Proposals

Overarching Aim to Create a flatter structure across the organisation

21. As a broad principle it is proposed that across the organisation further steps are needed to create a flatter structure. Advice from the LGA suggests that in general structures for a unitary Council should consist of broadly six levels, recognising that this will in some cases need to vary.
 22. Further consideration of this across the whole organisation, together with a proposal to seek to assist this, is considered in this report.
 23. In the context of the structure at director level, a flatter structure is generally achievable by having around 7-8 direct reports to the Head of Paid service. This then minimises the need for layers of chief officers in many cases.
 24. As such it is proposed to continue with a broadly flat structure with some 8 reports to the COO, with then the opportunity underneath this to seek to review layers beneath, in particular at senior manager level.
 25. In keeping a flatter structure it minimises the steps between heads of service and COO and this is felt important in ensuring an agile and responsive Council.
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26. It can also aid recruitment, as for example the Director of Public Health, recent appointment there was very positive feedback that the role reported to the COO and not another director.

Specific Proposals

27. The proposals set out below seek to achieve some of the issues that have already been covered earlier in the report, in particular:
- A focus upon the statutory roles at a senior level, recognising these roles are essential and should can only be filled by those with relevant experience and qualifications.
 - Recognising the need for savings and strong financial management.
 - Reference to the Council plan, and the core commitments, which require capacity in terms of corporate strategy, partnerships and communities.

Proposal 1 – create a Director of Finance

28. This will replace the existing Chief Finance Officer role.
29. This role will cover all of the existing functions within the Chief Finance Officer role, and will bring into this director role the following additional services:
- Customer services Finance (Council tax, business rates) which has remained with the Director of Customers and Communities previously.
 - Asset Management, with a view to ensuring strong financial oversight of assets given the financial challenges.
 - Business intelligence – with a view to strengthening relationships with the finance function and building further on the use of performance/reporting information for cost control.
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Proposal 2

30. To replace the Place Directorate Corporate Director/2 director roles, and the Customer and Community Services Director, with two director roles.
 31. Some services covered by these roles will move to other areas, in particular:
 - Asset Management – will sit within the Finance portfolio moves to Director of Finance
 - Business support and ICT – move to a newly created role of Chief HR and Business Support Officer (note this is not within the remit of SMU)
 - Customer Finance – moves to the Director of Finance.
 32. This reduction in scale, combined with a flattening of management layers, allows the functions to then be split into 2 director roles as follows:
 - **Director for Transport, Environment and Development** – this role will cover the key work related to operational street based/neighbourhood services. In addition, it covers planning, regeneration and projects. It is recognised that some roles beneath this role may need to be strengthened, particular with a view to ensuring sufficient managerial strength around aspects of working with the Combined Authority, and front-line operational services where resources will require careful management going forward.
 - **Director of Housing and Community Services** – this role will cover work with communities, customer services, leisure, ward committees, and community safety. It will also take on responsibility for Housing, subject to a further review in terms of whether any aspects should move to Adult Services, or whether a modified governance model is required where Adult Services would have a shared responsibility for certain aspects of housing.
 33. The Housing and Community Service role will also be the area that drives forward the key corporate commitments to equalities and human rights, affordability, and climate change, both placing them very central in all of the community services, but also supporting other areas of the Council.
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34. This area will also provide the corporate policy lead, working closely with finance and HR on the development of key strategies, work in relation to improvement and transformation across the Council, and support in relation to key policy issues including for example work with the Combined Authority.

Stage 2 and proposal to rename existing grades

35. This stage as has been referred to earlier will need to review resources and consider whether to create any new posts, or merge posts. It will consider in particular the grades 12, 13, and AD roles.
36. The objectives of stage 2 will be to deliver considerable savings, alongside the realignment of some roles, and ensuring structures are sound and efficient.
37. In seeking to move to flatter structures it is planned that the existing Assistant Director tier in the organisation is maintained but is moved to a Senior Manager grade, alongside existing grades 12 and 13. Existing Assistant Directors would retain their current terms and conditions, with SM3 being designated as chief officers.
38. This would lead to a broad Council structure as follows:
- Level 1 - Chief Operating Officer (chief officer)
 - Level 2 - Corporate Director/Director (chief officer)
 - Level 3 - Senior Manager 1 -3 (SM3 chief officer terms)
 - Levels 4, 5, 6 will be layers below the senior manager and reflect individual services.
39. There will be areas where there are some additional levels due to circumstances. However, a move to streamline layers across the organisation is considered essential and this represents a first step towards moving in that direction. There may be a need to further consider the Senior Manager layer, and opportunities for flexibility, in due course, but at this stage this is a simple replication of existing grades/terms, but creating a visible SM layer, recognising the managerial responsibilities and accountabilities.
40. It should be noted that within Childrens Services and Adult Services both have two director levels. There are within this first stage review no plans to change this given the scale of activity/risks in these areas. The new Corporate Director of Adult Services will however be tasked to
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further review Adult Services in totality, and it will be part of the stage 2 review. No further changes are proposed within Childrens Services in respect of the Corporate Director and Director of Safeguarding.

Council Policy Implications

41. The report has considered in earlier sections some of the issues related to the Council plan, and key strategies and partnerships. In particular the proposals seek to ensure there is sufficient resource for delivery of key Council commitments, and key priorities. Within the Director of Housing and Community services will be resources that can take forward work on equalities, affordability, and climate change. Senior officers within that Directorate will lead on these issues, working across the organisation, and also working closely with partners.

Financial implications

42. The savings arising from the five deleted posts totals £654k and the costs of creating the three new posts at top of grade total £395k. The overall saving is therefore £259k. This will primarily provide a general fund saving however some of the saving will be attributable to the Housing Revenue Account (£28k). This saving is before any one-off redundancy costs are considered which are to be determined.
43. However, it is important to see this review very much in the context of stages 1 and 2 as described, and the overall savings from the whole review are anticipated to be significantly more. The overall savings will assist in managing budget pressures for 2024/25 and will ultimately once final savings are known feed into the 2025/26 budget.

HR Implications

44. Staff and trade unions will be consulted in accordance with the council's workforce change policies and procedures.
 45. All proposals at stage one and two are subject to full consultation and the impact of the proposals on individual members of staff are not known at this stage. Employees will be fully supported throughout the process of change.
 46. The council has a duty to mitigate redundancy and therefore we will consider suitable alternative employment within the structure proposed and across the council.
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Stage 1

- The proposals to restructure the Chief Officer roles within scope are subject to consultation. The roles described are indicative grades and subject to change when formally evaluated using the Chief Officer job evaluation process, in accordance with the council's chief officer pay policy. Based upon the indicative grading assessment, the three new Director roles are within a pay scale of £96,574 to £106,857.

Stage 2

- With the aim to achieve a flatter structure, further work will be required to assess the workforce implications. This will be done in conjunction with trade union colleagues and take into account any collective agreements.
- This proposal does not have an impact on progressing the proposals at stage one.

Legal Implications

47. The Council must have 6 statutory Chief Officers. These are the Head of Paid Service (HOPS), Chief Finance Officer (S151 Officer), the Monitoring Officer (MO), a Director of Children Services (DCS), a Director of Adult Social Services (DASS) and a Director of Public Health (DPS).
 48. In relation to restructuring, the Council must consider whether any redundancy situation arises. Redundancy is a potentially fair reason for dismissal. Specialist ongoing advice will be required from HR and Legal Services in relation to management of the process which maximises fairness to employees and minimises potential liability for the organisation.
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Contact Details

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Report **Date** 12 January 2024
Approved

Wards Affected:

All

For further information please contact the author of the report

Annex A – Proposed new organisation structure
Annex B – Existing organisation structure
