

Report of the Head of HR & OD

Corporate Management Team (CMT) Restructure

Summary

1. This report provides Staffing Matters & Urgency Committee (SMU) with the feedback from the consultation exercise and options to consider for a revised Corporate Management Team (CMT), which will ensure efficiencies are made as agreed in SMU committee in February 2020.
2. SMU in June requested that the Head of HR carry out full consultation with Elected Members, key stakeholders and partners across the city and relevant officers. A full list of those individuals / groups and their anonymised feedback is included at Annex A. This consultation has been concluded and feedback is included within the report.
3. SMU in June also requested that the Local Government Association (LGA) carry out research across authorities and that this report is made public. The full report is included in Annex B.
4. Efficiency savings of at least £81k per annum are to be made from the senior management structure, and options provided within this paper do meet this requirement.
5. Once SMU have agreed on a preferred structure, further formal consultation, in line with the Council's Change Management will be carried out with affected staff. Any subsequent recruitment functions will be conducted in accordance with the SMU committee recruitment responsibilities, establishing a Chief Officer Appointment sub-committees of no less than three elected Members including at least one Member of the Executive. The constitution of this subcommittee is representative i.e. two Liberal Democrat and one Labour representative.

Background

SMU

6. At the Staffing Matters and Urgency (SMU) Meeting on 17 February 2020, the committee were asked to consider an early retirement request from a member of CMT. This was considered and agreed by the committee (in line with Council's policies and procedures, constitution, HR and legal advice). Following the decision, officers progressed in accordance with HR and legal processes. On completion the member of staff retired from CYC on 16 March 2020.
7. It was expected that a proposal to restructure would be presented to the committee soon after, however due to Covid this was delayed, explaining the time lapse between the agreement for early retirement and a completed structure.
8. SMU requested that the LGA carry out research, the report can be found in Annex B.
9. In addition the Head of HR has carried out consultation meetings with 35 (chief officers/partners/stakeholders) and elected members in July and August 2020. The full list of those consulted can be found in Annex A.
10. SMU made the decision to allow the early retirement of a member of CMT in February 2020 with the agreement that savings of £81k be made annually.
11. The council is required by law to dedicate Head of Paid Service to one of its officers. There is no legal requirement to have a Chief Executive.
12. The Head of Paid Service role will also act as Returning Officer for the Council.
13. The statutory duties of a Head of Paid service as described in the Local Government & Housing Act 1989 are described below:

(2)It shall be the duty of the head of a relevant authority's paid service, where he considers it appropriate to do so in respect of any proposals of his with respect to any of the matters specified in subsection (3) below, to prepare a report to the authority setting out his proposals.

(3)Those matters are—

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| <ul style="list-style-type: none">(a) the manner in which the discharge by the authority of their different functions is co-ordinated;(b) the number and grades of staff required by the authority for the discharge of their functions;(c) the organisation of the authority's staff; and(d) The appointment and proper management of the authority's staff. |
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Economic Climate

14. It should be noted, and has been throughout the consultation, that the economic climate has changed since the initial discussions regarding a restructure. The impact of Covid, which will not be eradicated any time soon, has had a significant impact on the council and specifically the leadership required to deliver the recovery and ensure the city can economically thrive again. This alongside maintaining the delivery of statutory services. New budgetary pressures now face the council as a direct result of Covid, demanding strong leadership.
15. The potential for a devolution deal with Government was already known at that time, although the parameters have changed since. The submission of a York and North Yorkshire proposal is underway, which, if progressed, will create new sub-regional arrangements through an elected Mayor and Combined Authority.
16. The combination of recovery from Covid, changes associated with Brexit, delivery of large infrastructure projects such as York Central, the possibility of a Central Government presence in York, and addressing long term challenges such as Climate Change suggests the next five years will require extremely clear and strong leadership from the council.

Consultation

17. The individuals and groups who have been consulted with are categorised into four main groups:
 - a. Elected Members;
 - b. Key stakeholders, partners and business leaders from across City of York;
 - c. Officers directly affected; and
 - d. Trade Unions.
18. The key issues raised during this consultation are listed in Annex A.

19. As with any consultation individuals have differing views and ideas, often stemming from competing priorities and different agendas. However the consultation exercise has been beneficial in allowing an insight into the expectations of key stakeholders and business leaders across the city, as well as staff and elected members on this most senior officer role within the council.
20. It was agreed with those consulted across the business leaders and key stakeholders group as well as officer base that consultation would be confidential and there would be no comments attributed to any one individual.
21. Elected members contribution has been included in the table at Annex A, this has been summarised to identify the main points.
22. It is difficult to provide an overall summary of the consultation and therefore it is important that members of the committee read Annex A in full.

Local Government Association (LGA) research

23. SMU committee asked in June that the LGA be engaged to carry out some research on senior structures across Local Authorities. The report from the LGA is attached at Annex B along with Appendixes relevant to their report. Committee members are asked to read this report in full as it provides the background to this report and the options upon which an analysis is provided.
24. With regards to the reference in the LGA report to the Director of Public Health and their reporting line, this does not make a material difference to the proposed structures. At CYC whilst the Director of Public Health currently reports through the Director of HHASC they are an active member of CMT and have a direct line to the Head of Paid Service on a daily basis. It is recommended that the Head of Paid Service, when in post recommends, the appropriate reporting line.

Financial Parameters

25. The financial parameters remain unchanged, the report in June 2020 identified the requirement for any proposed structure to save £81,000 per annum.

26. This savings will offset the cost for the early retirement that was agreed (five year pension strain paid to the NY pension fund) and the additional savings required to be delivered from the previous structure agreed in December 2018.
27. Feedback during the consultation has questioned whether the savings can be found from elsewhere across the councils' budget and if it has to be from the CMT structure.
28. At this point in time, Officers are unable to identify any other area where £81k can be identified and as such to ensure the decision to retire was legitimate the savings must be made from this area.
29. The budget for the current structure including the vacant Chief Executive post is £989k. This excludes on costs. Any proposed structure therefore needs to cost £908k or less.
30. Please note that these costs are on 2019/2020 pay spines. The process of agreeing 2020 national pay award is yet to be agreed. If and when it is, it will be backdated to April 2020, therefore the overall cost will increase in line with the pay award agreed.

Human Resource

31. Any restructure will be carried out in accordance with the council's change management processes.
32. Once a preferred structure is agreed by the committee, it will then be possible to identify the implications for staff in line with procedure. Some of these potential implications are outlined in the options analysis below.
33. As this role will affect statutory positions, such as Head of Paid Service and Section 151 officer, and the roles are Chief Officers, SMU in conducting its recruitment functions must establish a Chief Officer appointment sub-committees of no less than three elected Members including at least one Member of the Executive. This is a recommendation of this report.
34. In addition full council will need to approve the appointment of the Head of Paid Service and note the appointment of a section 151 officer.

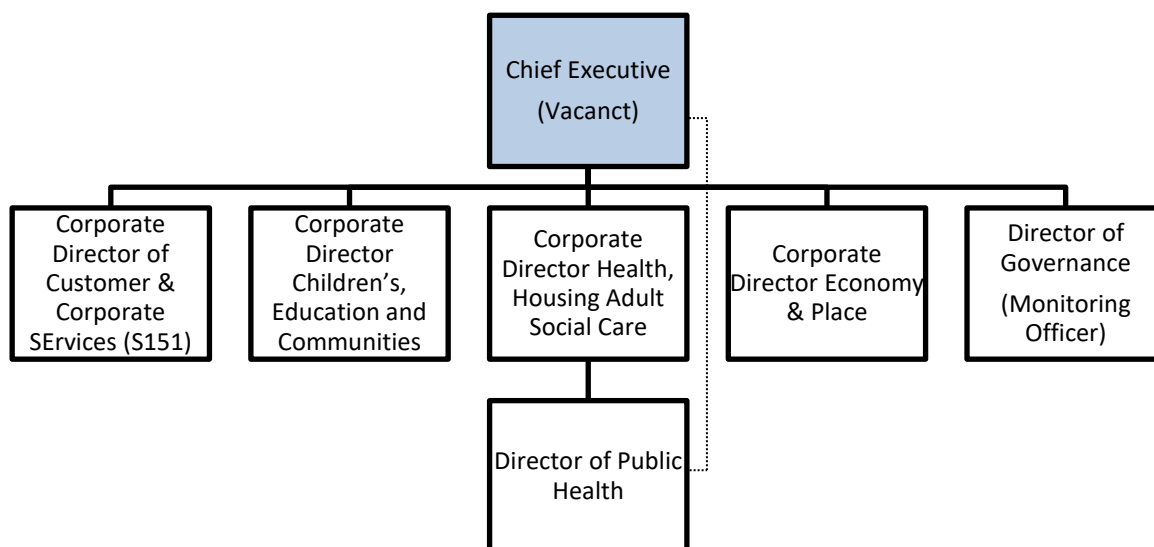
35. For information the Chief Officer Pay structure is shown below, please note these are April 2019 figures and subject to a national pay award.

Job Titles	Level	Salary April 19	Job Titles	Level	Salary April19
Chief Executive	7	£153,891	Directors	4	£97,149
	6	£149,911		3	£93,864
	5	£147,921		2	£90,690
	4	£145,931		1	£87,623
	3	£143,940			
	2	£141,951			
	1	£137,971			
Corporate Directors	4	£109,068	Assistant Directors	4	£79,459
	3	£105,570		3	£76,592
	2	£102,204		2	£74,060
	1	£98,940		1	£71,521

Current Structure

36. The structure agreed in December 2018 was never fully implemented due to the difficulty in recruiting to the Director of Governance role and the long term absence of the Chief Executive. All of which has been reported through SMU committee at the appropriate time.

37. Therefore the current substantive contractual structure is shown below, including the vacant Chief Executive position. It is from this structure that the savings need to be made.



38. During consultation it was raised that the distribution of portfolios and capacity at Assistant Director and Head of Service level needs to be given some consideration. It is therefore recommended that once the Head of Paid Service is in post that they, along with Corporate Management Team, carry out this review immediately and report to SMU committee. This review must also consider the distribution and line management of corporate services.
39. Within the report in June 2020 the nominal role of Deputy to the Head of Paid Service was highlighted. This was generally supported within the consultation, and it is recommended that the Head of Paid Service review this requirement and identify the process for identification of a Deputy providing a report back to SMU, as above.

Options and Analysis on proposed structure

40. Using the research provided by the LGA in Annex B, the following analysis takes each of those options and provides further information in the context of City of York and the parameters within which the committee need to make a decision.
41. The parameters have been identified within the background section above and include financial constraints, the economic impact at present and the HR implications on current staff.

Option 1: Head of Paid Service Model

42. From the LGA report this model allows for one of the Corporate Directors to take on the Head of Paid Service duties.
43. In CYC context this would save the current vacant Chief Executive position, annual Salary of £144k per annum, however there would need to be consideration given to an additional allowance paid to the Corporate Director selected to take on the Head of Paid Service duties (shown in paragraph 13) and consider what other duties would need to be amalgamated into the Corporate Director roles.
44. Costs for these have been estimated on a £12k allowance for the Head of Paid Service and an additional £5k for duties on the Corporate Directors. However it is recommended that if this option is to progress that market data is obtained to confirm an appropriate allowance.
45. The current structure as shown in paragraph 37 would be used. The role profiles as they exist now for all four Corporate Directors are shown in Appendix C. The additional duties as required by law for Head of Paid Service would be added to one role. These are shown in paragraph 13.
46. The process required to get to this model, in summary would require consultation with all four Corporate Directors, along with re-drafted role profiles. A Chief Officers Appointment sub-committee would be established as a recommendation by Staffing Matters and Urgency. The Corporate Directors would be invited to apply for the additional Head of Paid Service duties and an interview process would be carried out.
47. Approval would need to be sought from full council to the appointment of the Head of Paid Service.
48. If the Corporate Director of Customer and Corporate Services was successful then the allocation of section 151 duties would need to be realigned. In this instance it is recommended that a new Assistant Director post is established, in the form of a Chief Finance

Officer and is established through the deletion of a Finance Manger post.

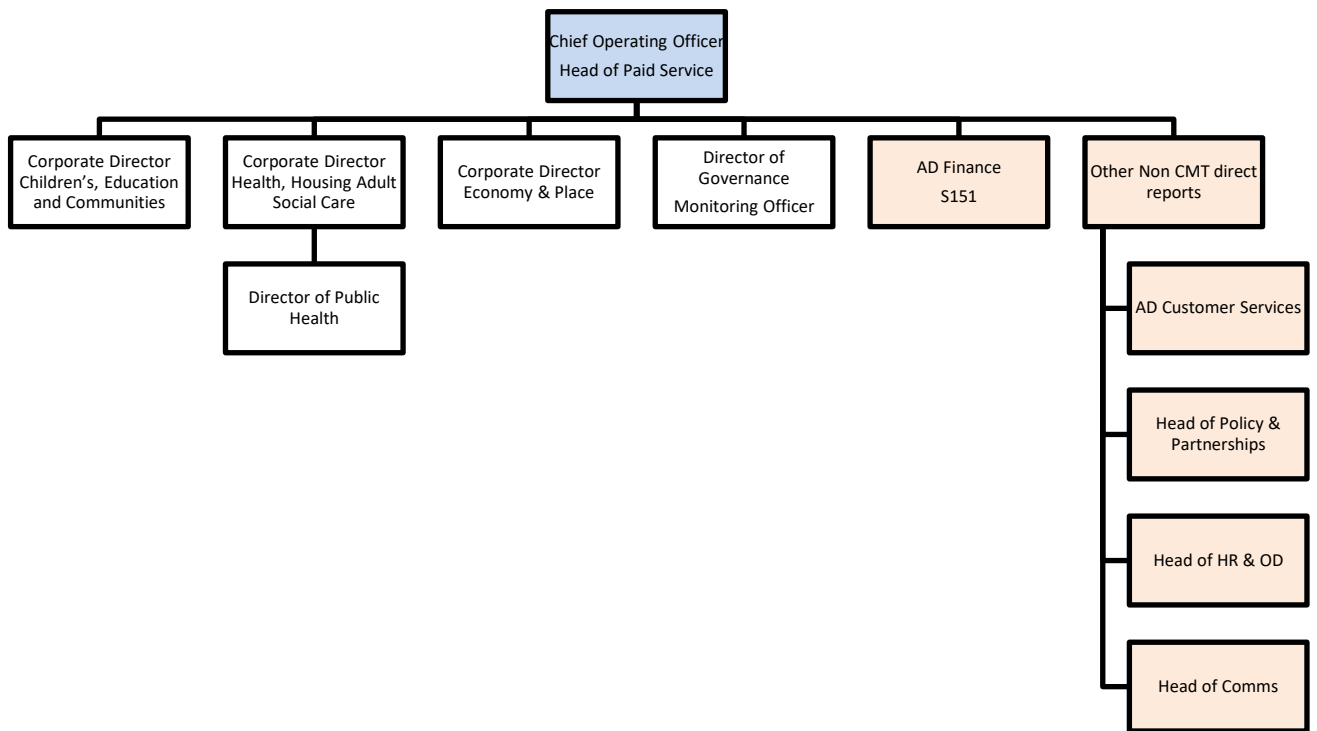
49. The Chief Finance Officer (AD) would take on the Section 151 duties and line management of Finance and Procurement department. A draft role profile is attached in Annex D. This role would also be included in the recommended review of the distribution of portfolios and capacity at Assistant Director and Head of Service level as described in paragraph 38.
50. Staff directly affected by this proposal, the three Finance Managers would be directly consulted and if the proposal was agreed, the necessary HR processes would be followed, with the overriding principle of mitigating compulsory redundancy.
51. Financial impact of this proposal (excluding on costs):

Role	Saving	Cost
CEX	£144k	
Hof P Service allowance		£12k
Allowance for CD additional responsibilities £5k x3		£15k
Finance Manager	£56k	
AD Finance		£72k
Total	£200k	£99k

52. From the above financial analysis there will be a saving of circa £101k, which is above the required £81k per annum. The additional savings to be then considered by the Head of Paid Service in the review of AD and Head of service capacity.

Option 2: Chief Operating Officer (COO) Model

53. From the LGA report this model creates a stand-alone senior role designated as HoPS and responsible for the line management of other senior managers and directors. The role often has a greater focus on operational delivery and service coordination as opposed to strategic management or the ambassadorial role often undertaken by the typical chief executive role.



54. Within CYC context the active involvement and strategic direction of the Executive body and the collegiate way in which the Executive and Corporate Directors work would enable this model to work within CYC.
55. A draft role profile for Chief Operating Officer is attached at Annex E. Please note that at Chief Officer level, the job descriptions are generic. Through consultation the job description may change and would require the approval of the Chief Officer Appointments Sub Committee.
56. Whilst there are a large number of Direct reports in this model as recommended in paragraph 38, once the Head of Paid Service is in post, SMU should receive a report to outline recommendations as to the management structure across the rest of the Chief Officers and Heads of Service.
57. It would be proposed to map the COO role to a salary band as the first four points of the Chief Executive band. Therefore, over time an additional saving to the authority as progression is capped at four spinal points.

Job Titles	Level	Salary April 19
Chief Executive	7	£153,891
	6	£149,911
	5	£147,921
	4	£145,931
	3	£143,940
	2	£141,951
	1	£137,971
Chief Operating Officer	4	£145,931
	3	£143,940
	2	£141,951
	1	£137,971
Corporate Directors	4	£109,068
	3	£105,570
	2	£102,204
	1	£98,940

58. From the current structure in paragraph 37, and to ensure that the savings are met, the post of CEX and Corporate Director of Customer and Corporate Services roles would be deleted. In its place would be a Chief Operating Officer with HofPS responsibilities.
59. The process required to get to this model, in summary would require consultation with the Director of Customer and Corporate Services, with the new role profile. The post holder is effectively at risk of redundancy and therefore the HR processes within CYC would be followed. This commits the organisation to mitigate any risk of redundancy. The Chief Officer Appointments sub-committee would be established as a recommendation by Staffing Matters and Urgency and they would complete the process.
60. Full council will be informed of the structure, process and recommended appointee to Head of Paid Service, full council would need to approve the appointment of the statutory duties.

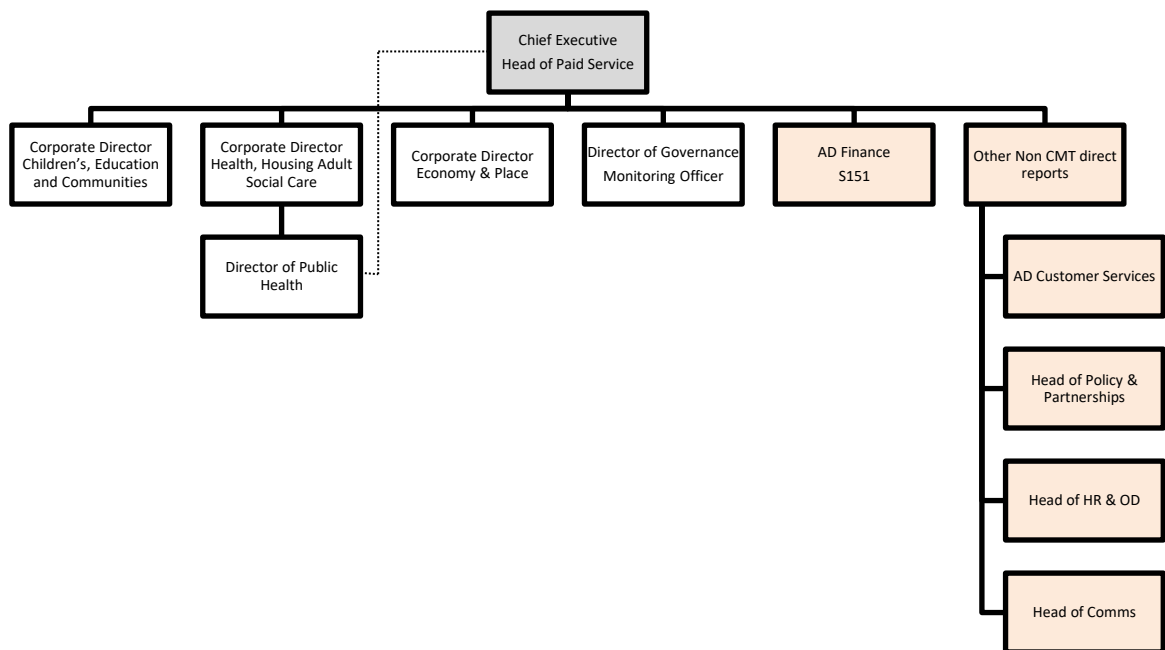
61. If the Corporate Director of Customer and Corporate Services was successful in the Chief operating officer role, then the allocation of section 151 duties would need to be realigned.
62. In this instance it is recommended that a new Assistant Director post is established, in the form of a Chief Finance Officer and is established through the deletion of a Finance Manger post.
63. The Chief Finance Officer (AD) would take on the Section 151 duties and line management of Finance and Procurement department. A draft role profile is attached in Annex D. This role would also be included in the recommended review of the distribution of portfolios and capacity at Assistant Director and Head of Service level as described in paragraph 38.
64. Staff directly affected by this proposal, the three Finance Managers would be directly consulted and if the proposal was agreed, the necessary HR processes would be followed, with the overriding principle of mitigating compulsory redundancy.
65. Financial impact of this proposal (excluding on costs):

Role	Saving	Cost
CEX	£144k	
Corporate Director Customer & Corporate Services	£109k	
Chief Operating Officer		£142k
Finance Manager	£56k	
AD Finance		£72k
Total	£309	£214

66. From the above financial analysis there will be a saving of circa £95k, which is above the required £81k per annum. The additional savings to be then considered by the Head of Paid Service in the review of AD and Head of service capacity.

Option 3: Traditional Stand-alone Chief Executive

67. This is the most common structure used by Councils and reflects the position City of York has been in previously.



68. The council approved the early retirement of the post holder and savings are required, therefore the authority is unable to replace like for like, as another post within the CMT structure must be deleted to allow the savings to be achieved. To avoid incurring additional costs, the authority would need to amalgamate the post of CEX and Corporate Director of Customer and Corporate Services. The draft job description is attached at Annex F. Please note at CYC job descriptions are generic at this Chief Officer level. Through consultation the job description may change and would be approved by the Chief Officer Appointments Sub Committee.

69. The Chief Officer Appointments Sub Committee should also consider the pay scale for the CEX position. Whilst it currently has seven increments, the subcommittee should consider if that is still suitable and whether if by capping the pay band (to five increments) the council can still appoint a suitable candidate. By capping the pay band the ongoing costs over time will be reduced and in the context of constraints across the public sector this would provide future savings.

70. This post is different as described within the LGA report, from the COO role as described in option 2, however the impact on the staff is likely to be the same.
71. The process required to implement this model, in summary would require consultation with the Director of Customer and Corporate Services, with the new role profile. The post holder is effectively at risk of redundancy and therefore the HR processes within CYC would be followed. This commits the organisation to mitigate any risk of redundancy. The Chief Officer Appointments sub-committee would be established as a recommendation by Staffing Matters and Urgency and they would complete the process.
72. Full council will be informed of the structure, process and recommended appointee to Head of Paid Service, full council would need to approve the appointment of the statutory duties.
73. If the Corporate Director of Customer and Corporate Services was successful in the Chief operating officer role, then the allocation of section 151 duties would need to be realigned.
74. In this instance it is recommended that a new Assistant Director post is established, in the form of a Chief Finance Officer and is established through the deletion of a Finance Manger post.
75. The Chief Finance Officer (AD) would take on the Section 151 duties and line management of Finance and Procurement department. A draft role profile is attached in Annex D. This role would also be included in the recommended review of the distribution of portfolios and capacity at Assistant Director and Head of Service level as described in paragraph 38.
76. Staff directly affected by this proposal, the three Finance Managers would be directly consulted and if the proposal was agreed, the necessary HR processes would be followed, with the overriding principle of mitigating compulsory redundancy.

77. Financial impact of this proposal (excluding on costs):

Role	Saving	Cost
CEX (already in budget so no change)		
Cor Dir Customer & Corporate Services	£109k	
Finance Manager	£56k	
AD Finance		£72k
Total	£165k	£72k

78. From the above financial analysis there will be a saving of circa £93k per annum, which is above the required £81k per annum. The additional savings to be then considered by the Head of Paid Service in the review of AD and Head of service capacity.

Option 4: Shared Chief Executive

79. This option would enable the authority to save, however without knowing which authority and the costs to buy into a shared Chief Executive arrangement the identification of savings cannot be guaranteed at this time.

80. To achieve this structure the authority would need to commence discussions with local authorities who would be willing to embark on a shared Chief Executive arrangement. It is anticipated that this will take some time.

Budget

81. Finance have considered the proposed structures and have confirmed the figures within the paper.

82. Efficiency savings of £81k per annum is required through any proposed structure. Any additional savings made should be then considered by the Head of Paid service in their review of Assistant Directors and Head of Service Capacity.

Consultation

83. Full consultation has been carried out with those listed in annex A.

84. Once Staffing Matters and Urgency has considered the contents of the paper and decided on its approach, then formal consultation with affected staff can be carried out following necessary HR processes followed.
85. CMT, Heads of Finance and Trade unions are aware of this paper and the need for formal consultation after the agreed way forward.

Council Plan

86. Restructuring will contribute to delivering the Council Plan and its priorities, enabling the Council to remain proactive and fit for purpose for the future.

Implications

Financial

87. The proposed options all provide savings greater than the required £81k target in order to meet current budget requirements.

Human Resources (HR)

88. There are a number of HR implications and any restructure will be carried out in accordance with the Council's HR change management procedures.

Equalities

89. There are no equalities implications at this time, however, the Council needs to have due regards to the public sector equality duty, which will be kept under review.

Legal

90. The Council must ensure that its employment policies and procedures are followed so as to avoid any future legal challenge.
91. The appointment of a Head of Paid Service must be approved by Full Council.

Crime and Disorder, Information Technology and Property

92. There are no identified implications.

Risk Management

93. This is a key area of the Council and integrated into the members, along with active public involvement. There will be public interest and we have to ensure the confidentiality of staff involved in the restructure is maintained even to the pressure of outside parties.

Recommendations

94. SMU are recommended:

- i) To consider options put forward by the LGA and the analysis completed within this report on the impact within CYC.
- ii) To agree a preferred structure for the Head of Paid Service and to progress. Where that may affect the Section 151 role then this should be addressed at the same time.
- iii) To establish an appointments sub-committee.
- iv) To complete the process in line with HR policies, employment legislation and the constitution.
- v) Subject to HR policy and the outcome of the Chief Officer Appointment sub-committee the Chair of SMU to report to Full Council the appointment of the Head of Paid Service and seek approval.
- vi) To agree that the Head of Paid service, once appointed, will consider the Chief Officer structure for the council and report back to Staffing Matters and Urgency by November 2020. This includes the reporting line of the Director of Public Health.

Reason: To allow efficiencies to be made across the CMT structure.

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Report ✓ **Date** 12/8/2020

Approved

Specialist Implications Officer(s):

Janie Berry – Director of Governance and Monitoring Officer

Debbie Mitchell – Corporate Finance & Commercial Procurement
Manager

Patrick Looker – Finance Manager

Wards Affected:

All ✓

For further information please contact the author of the report

Background Papers: None**Annexes:**

Annex A – Consultation Notes

Annex B – LGA Report and Appendices

Annex C – Current Role Profiles Corporate Directors

Annex D – Draft Role Profile Chief Finance Officer (AD) (Section 151)

Annex E – Draft Role Profile Chief Operating Officer

Annex F – Draft Role Profile CEX

Abbreviations

CMT – Corporate Management Team

COO - Chief Operating Officer

CYC- City of York Council

FTE - Full time equivalent

HR - Human Resources

LGA – Local Government Association

OD – Organisational Development

SMU – Staffing Matters and Urgency Committee