

Executive

25th June 2015

Report of the Head of Human Resources & Organisational Development

Organisation Review

Senior Management Arrangements within the City of York Council

Recommendations

1. Executive is requested to;
 - approve the commencement of a review of the senior management arrangements in the council, including the Chief Executive, Director and Assistant Director posts.
 - approve the appointment of Steve Walmsley, Employers' Director for Local Government Yorkshire and Humber to support this review.
 - require proposals in July 2015 for the job description and pay of the role of Chief Executive.
 - require in August 2015 the findings of the review and proposals for a revised senior management structure.
 - require a minimum of £150k saving to be achieved from the review of Director and Assistant Directors posts.

Reason: To ensure that the organisation structure is aligned with council priorities.

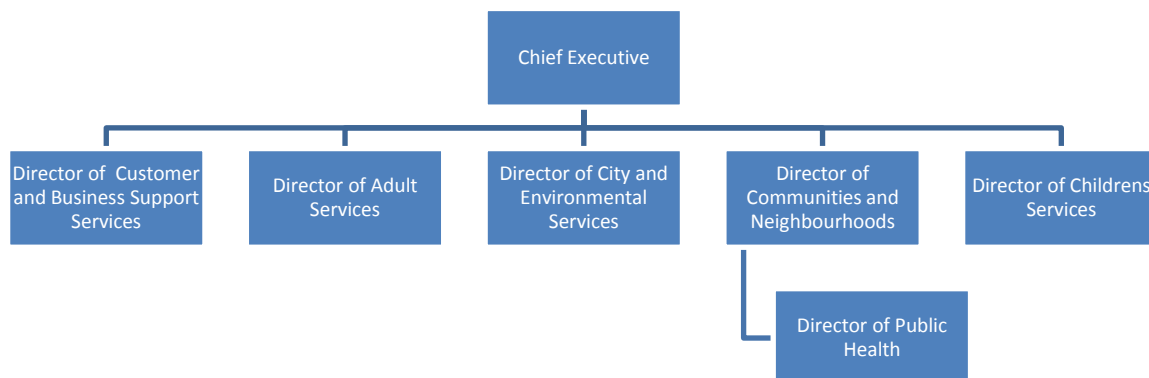
Summary

2. This report outlines the case for a review of senior management roles and responsibilities in the City of York council and seeks approval for the commencement of a review. It is proposed that the outcomes of that review be reported to Executive in August 2015 and decisions on changes to the management structure taken at full council meeting in October 2015.

Background

3. The operating environment for the City of York council has changed significantly since the last formal review of senior management arrangements in 2011. Most recently a new national government has been elected on May 7th 2015 with a clear legislative, policy and fiscal agenda and a new council administration has been in place in York since the 21st May 2015.
4. A new council plan which sets out the delivery priorities of the City of York council for 2015 -2019 is in development and will be presented for approval by full council in October 2015.
5. In addition there has been turnover within the senior management team due to individual career moves and a number of interim appointments have been made, pending a further formal review of the senior management structure. Most recently a vacancy has been created in the post of chief executive. This is the right moment to undertake such a review and to put in place senior management arrangements that will focus on and lead day to day delivery of the council plan 2015 - 2019.
6. There have been two major reviews of the senior management structure since 2009. Both reviews were undertaken using the following design criteria: focus on council priorities; consolidation and elimination of duplication, creation of one council, focus on front line service delivery and the needs of residents and communities.
7. In 2009 the council organisational structure consisted of six Directorates, there were the following posts;
 - 1 FTE x Chief Executive
 - 6 FTE x Directors
 - 21 FTE x Assistant Directors
8. Executive initiated a review and in April 2010 the organisations structure moved to four Directorates, deleting two Director and five Assistant Director posts. As part of this review a further Assistant Director post was deleted in 2012.
9. In 2011 Cabinet reviewed responsibilities of Chief Officer posts in light of the Council priorities and deleted two Assistant Director posts, a further Assistant Director post was deleted in 2013.

10. In 2013 the local authority became statutorily responsible for Public Health duties and by statutory transfer a Director of Public Health post was added to the council structure.
11. In March 2014 the post of Director of Children's Services, Educations and skills was created.
12. The current Directorate structure is as follows;



- 1 FTE x Chief Executive
 - 5 FTE x Directors (2 Director posts covered by interim arrangements)
 - 13 FTE x Assistant Directors (inc. Director of Public Health)
13. Of the Assistant Director (AD) posts the Director of Public Health is an interim arrangement; the AD for Transformation and Change is fixed term to 31/3/16; and the AD Adults Commissioning is vacant.

Options and Analysis

The Right Structure

14. Organisation and management structure is important but it is equally important to have the right people with the knowledge, skills, abilities and attitudes, and have people that fit with the organisation. Designing the structure and the jobs correctly increases the chances of getting the right people in the jobs and for the different parts of the organisation to work together coherently. There is no right or wrong on this, what's best is what works for the organisation and helps it to deliver its future strategic priorities, including that of saving money on management costs. Some examples of the types of structures used in councils can be found at Annex A.

15. The development of structure options should build on the design principals used in previous review processes. These were, focus on council priorities; consolidation and elimination of duplication, creation of one council, focus on front line service delivery and the needs of residents and communities. They also should support the councils future operating model of wanting a greater focus on commissioning outcomes; more emphasis on engagement with communities and empowering them to make their own decisions; and greater accountability, flexibility and pace.
16. A recent trend has been to widen spans of control and reduce hierarchies in organisations, particularly in Councils. However jobs that are created need to be realistic in their expectations and with enough depth of support to make them practical.
17. The following are some of the fundamental issues that a review of senior management arrangements will need to consider;
 - a) Some councils have merged, and sometimes de-merged, Children's Services and Adult Social Care. These are areas that carry statutory responsibilities, are very complex with huge demands and are rightly constantly in the public eye. Would merging these two areas into one be right for York and its challenges right now?
 - b) Changing the way in which Customer & Business Support Services are delivered is another option. Could this be achieved by having Assistant Directors reporting direct to the Chief Executive or having a lead Assistant Director for these services who reports to the Chief Executive?
 - c) There could be some natural fit by bringing together Regeneration, Communities, Public Realm, Housing, Highways, and Waste etc into a more integrated approach that is focused upon city development. Would merging these two areas into one be right for York and its challenges right now in City & Environment Services and Community & Neighbourhood Services? Would Public Health then better fit with Adult Social Care?
18. Whilst there may be the potential to reduce the numbers of posts at a Director and Assistant Director level, consideration should be give to the impact on the management capacity to deliver against the strategic priorities of the organisation.

Next Steps

Achieving the Change

19. During the review it is important that there is meaningful consultation (with appropriate and prompt responses), there is regular and honest communication and that we are aware of wider issues that may be affecting employees and how they respond to change proposals. The other critical importance is for an organisation to follow its own policies and procedures.
20. Other staff can also be indirectly affected by these types of organisation change, they can be moved across Council departments, have a change of manager and location etc, even if their jobs are not directly affected. This emphasises the need for wider communication and consultation.
21. Such reorganisations can lead to redundancy dismissals with the need for a fair process, fair approach to slotting-in and/or ring-fenced recruitment, or wider recruitment, and sound/reasoned judgements being made. This would help protect against potentially damaging and costly unfair dismissal claims.

The Process from Here

22. We envisage that the process from here is as follows;
 - A decision from Executive to undertake a review of the current structure and consulting on possible options for changes to the structure
 - Consultation with directly and indirectly affected staff and Trade Unions
 - Wider consultation with partners and regulatory bodies
 - Once consultation has closed a final decision to be made on the structure
 - Scope the potential impact of the proposals and plan implementation arrangements and timescales
 - Consider the impact on individuals and potential for redundancy, redeployment, outplacement support etc
 - Establish a date for the new top structure and then for any consequent organisation change to be managed effectively.

23. A recommendation has been made to commission Steve Walmsley, Employers' Director for Local Government Yorkshire and Humber, to provide support to these reviews.
24. The LGYH can bring a regional and national perspective on the possible options for council structures and an independence and impartiality on the review process and recommendations which will be brought back to members. There would be a cost for this external support from LGYH, the cost would be met from the overall savings achieved from the review.

Timescales

25. It is suggested that the Organisation Review is conducted in two phases; the timescales for this could be as follows;
 - Phase one – **June 2015 to December 2015**: consult on proposals, develop a new structure and appoint individuals to Director positions with revised areas of responsibility;
 - Phase two – **January 2016 to April 2016**: establish management structures below Director level for each directorate, consult on proposals and appoint individuals to Assistant Directors positions with revised areas of responsibility.
26. These are broad timescales may need some adjustment depending upon the degree proposed change.

Council Plan

27. This review is recommended to refocus the organisational structure on the council plan and council priorities.

Implications

(a) **Financial** – It is recommended that the review process achieves an overall saving in Chief Officer salary costs of at least £200k.

(b) **Human Resources (HR)** – The proposals in this paper could have an impact on staff, particularly at Director and AD level. The trade unions and those directly affected will be fully consulted on the proposals and the process to be followed. Every effort will be made to balance the need to follow due process whilst minimising the impact of achieving these changes on those affected. Full support will be offered to staff throughout the process. Once the proposals

are finalised and agreed, a detailed implementation plan will be developed and shared with staff and the trade unions.

(c) **Equalities** – An assessment will need to be undertaken based on the decisions made following the review process, to focus on the impact of the review on both staff and residents.

(d) **Legal** - Legal Services will be engaged in the review process described above to ensure it is constitutionally appropriate. Should changes be approved to Directors' portfolios, some changes would be required within the constitution to reflect the new responsibilities.

(e) **Crime and Disorder** - None

(f) **Information Technology (IT)** - None

(g) **Property** - None

(h) **Other** - None

Risk Management

28. As with any significant organisational review there is a risk that the energies and focus of services and staff are distracted and that uncertainly can undermine morale. For that reason effective management of the change process is essential with priority given to communication throughout the organisation and support and guidance provided to the staff affected by the change process.

Contact Details

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**Chief Officer and Executive Member
Responsible for the report:
Kersten England**
Chief Executive

Executive Leader, Finance & Performance
– Cllr Steward

Report **Date** 18 June 2015
Approved

Wards Affected: *List wards or tick box to indicate all* **All**

For further information please contact the author of the report

Background papers

Executive – 15th December 2009 More For York – Organisational Review
Cabinet – 6th December 2011 – Organisation Review 2011

Annexes

Annex A – Examples of organisational structures used in councils