



## Notice of a public meeting of

### Staffing Matters and Urgency Committee

- To:** Councillors Douglas (Chair), Kilbane (Vice-Chair), Ayre, Lomas, and Widdowson
- Date:** Tuesday, 26 March 2024
- Time:** 5.30 pm
- Venue:** The Thornton Room - Ground Floor, West Offices (G039)

### AGENDA

#### 1. **Declarations of Interest** (Pages 1 - 2)

At this point in the meeting, Members are asked to declare any disclosable pecuniary interest or other registerable interest they might have in respect of business on this agenda, if they have not already done so in advance on the Register of Interests. The disclosure must include the nature of the interest.

An interest must also be disclosed in the meeting when it becomes apparent to the member during the meeting.

[Please see attached sheet for further guidance for Members]

#### 2. **Exclusion of Press and Public**

To consider the exclusion of the press and public from the meeting during consideration of the following:

Confidential Annex to Agenda Item 5 (Proposed New Chief Officer Structure) on the grounds that it contains information relating to individuals and the financial affairs of particular persons.

This information is classed as exempt under paragraphs 1, 2 and 3 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by The Local Government (Access to Information) (Variation) Order 2006).

**3. Minutes** (Pages 3 - 8)

To approve and sign the minutes of the meeting of the Staffing Matters and Urgency Committee held on 22 January 2024.

**4. Public Participation**

At this point in the meeting members of the public who have registered to speak can do so. Members of the public may speak on agenda items or on matters within the remit of the committee.

**Please note that our registration deadlines are set as 2 working days before the meeting, in order to facilitate the management of public participation at our meetings.** The deadline for registering at this meeting is 5:00pm on Friday, 22 March 2024.

To register to speak please visit [www.york.gov.uk/AttendCouncilMeetings](http://www.york.gov.uk/AttendCouncilMeetings) to fill in an online registration form. If you have any questions about the registration form or the meeting, please contact Democratic Services. Contact details can be found at the foot of this agenda.

**Webcasting of Public Meetings**

Please note that, subject to available resources, this meeting will be webcast including any registered public speakers who have given their permission. The meeting can be viewed live and on demand at [www.york.gov.uk/webcasts](http://www.york.gov.uk/webcasts).

During coronavirus, we made some changes to how we ran council meetings, including facilitating remote participation by public speakers. See our updates ([www.york.gov.uk/COVIDDemocracy](http://www.york.gov.uk/COVIDDemocracy)) for more information on meetings and decisions.

## **5. Proposed New Chief Officer Structure (Pages 9 - 34)**

This report follows on from the previous report received by the committee during the meeting of 22 January 2024, and sets out a final proposal for the senior officer restructure together with full financial analysis and business case proposals, following extensive consultation.

## **6. Urgent Business**

Any other business which the Chair considers urgent under the Local Government Act 1972.

### Democratic Services Officer

Reece Williams

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- Telephone – (01904) 55 4447
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For more information about any of the following please contact the Democratic Services Officer responsible for servicing this meeting:

- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports and
- For receiving reports in other formats

Contact details are set out above.

**This information can be provided in your own language.**

**我們也用您們的語言提供這個信息 (Cantonese)**

**এই তথ্য আপনার নিজের ভাষায় দেয়া যেতে পারে। (Bengali)**

**Ta informacja może być dostarczona w twoim  
własnym języku. (Polish)**

**Bu bilgiyi kendi dilinizde almanız mümkündür. (Turkish)**

**یہ معلومات آپ کی اپنی زبان (بولی) میں بھی مہیا کی جاسکتی ہیں۔ (Urdu)**

** (01904) 551550**

**Declarations of Interest – guidance for Members**

- (1) Members must consider their interests, and act according to the following:

<b>Type of Interest</b>	<b>You must</b>
Disclosable Pecuniary Interests	Disclose the interest, not participate in the discussion or vote, and leave the meeting <u>unless</u> you have a dispensation.
Other Registrable Interests (Directly Related) <b>OR</b> Non-Registrable Interests (Directly Related)	Disclose the interest; speak on the item <u>only if</u> the public are also allowed to speak, but otherwise not participate in the discussion or vote, and leave the meeting <u>unless</u> you have a dispensation.
Other Registrable Interests (Affects) <b>OR</b> Non-Registrable Interests (Affects)	Disclose the interest; remain in the meeting, participate and vote <u>unless</u> the matter affects the financial interest or well-being: (a) to a greater extent than it affects the financial interest or well-being of a majority of inhabitants of the affected ward; and (b) a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest. In which case, speak on the item <u>only if</u> the public are also allowed to speak, but otherwise do not participate in the discussion or vote, and leave the meeting <u>unless</u> you have a dispensation.

- (2) Disclosable pecuniary interests relate to the Member concerned or their spouse/partner.
- (3) Members in arrears of Council Tax by more than two months must not vote in decisions on, or which might affect, budget calculations, and must disclose at the meeting that this restriction applies to them. A failure to comply with these requirements is a criminal offence under section 106 of the Local Government Finance Act 1992.

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City of York Council

Committee Minutes

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Meeting	Staffing Matters and Urgency Committee
Date	22 January 2024
Present	Councillors Douglas (Chair), Kilbane (Vice-Chair), Ayre and Widdowson
In attendance	Ian Floyd – Chief Operating Officer Helen Whiting – Head of HR Claire Waind – HR Manager

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### **15. Declarations of Interest (5:30pm)**

At this point in the meeting, Members were asked to declare if they had any personal interests not included on the Register of Interests or any prejudicial or disclosable pecuniary interests that they might have had in the business on the agenda. None were declared.

### **16. Exclusion of Press and Public (5:31pm)**

Resolved: That the press and public be excluded from the meeting during the consideration of Annexes A-D to Agenda Item 7 on the grounds that they contained information relating to individuals and the financial affairs of particular persons. This information is classed as exempt under Paragraphs 1, 2 and 3 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by the Local Government (Access to Information) (Variation) Order 2006).

Resolved: That Agenda Item 7 be considered at the end of the meeting after Agenda Item 9.

### **17. Minutes (5:32pm)**

Resolved: That the minutes of the Staffing Matters and Urgency Committee held on 2 October 2023 be approved and then signed by the Chair as a correct record.

### **18. Public Participation (5:33pm)**

It was reported that there had been no registrations to speak at the meeting under the Council's Public Participation Scheme.

## **19. Proposed New Chief Officer Structure (5:33pm)**

The Chief Operating Officer (COO) presented the report and issued the following amendments to the recommendations in the report:

- i. The Committee agree that prior to implementation the committee receive a further report with any recommendations from consultation and any financial implications associated to potential redundancies.
- ii. The first recommendation in the report be amended to read: “To approve the new chief officer structure as set out within Annex A (noting the proposed statutory officer roles), authorising the COO to progress to consultation”.
- iii. The fifth recommendation in the report be amended to read: “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”.

In response to questions from members, the COO confirmed that:

- Local Authorities (LAs) each had different systems in place and the change of Assistant Director level roles to Senior Management level roles had been seen in other LAs.
- There was no scope to combine stages 1 and 2 for quicker implementation as it was desirable for staff recruited through stage 1 of the proposals to have input in further stages; some areas could progress to stage 2 quickly as some Directors would remain in their post following stage 1.
- In the proposed structure, Climate had been placed under the Directorate of Housing and Community Services instead of Transport, Environment and Development due to its’ importance council-wide and within communities – it was noted that underneath Transport, it could be perceived as a transport-only issue and limit its’ scope.



The Committee voted 2 in favour (Cllrs Douglas and Kilbane) and 2 abstentions (Cllrs Ayre and Widdowson) to the recommendations in the report, and it was;

Resolved:

That the Committee approved;

- i. That prior to implementation the Committee received a further report with any recommendations from consultation and any financial implications associated to potential redundancies.
- ii. The new chief officer structure as set out within Annex A (noting the proposed statutory officer roles), authorised the COO to progress to consultation.
- iii. 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
- iv. The creation of the following 3 posts:
  - Director of Transport, Environment and Development
  - Director of Housing and Community Services
  - Director of Finance (S151)
- v. A chief officer appointment panel for any roles that require a form of assessment and noted that Council's Management of Change processes will be followed to determine appointments to the revised structure and new roles.
- vi. That the proposed structure would be subject to consultation and should further amendments or options be proposed by the COO these will be presented to the committee accordingly.

That the Committee noted;

- i. 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 would remain classed as chief officers and remain on chief officer terms and conditions. (This was a decision for the Head of Paid service to make).
- ii. That there would 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 would be done by redefining existing roles, and any costs funded by other savings.
- iii. That further reviews would 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 would be to review grades 12, 13 and AD levels, and this would be done with a clear outcome being to achieve significant savings and redesign some roles, in some cases giving greater responsibility and opportunity for career development.
- iv. The significant financial challenges, and that the structure of the Council would 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 would need to downsize significantly in coming years.

## **20. Workforce Profile Report (6:01pm)**

The Head of HR presented the report and issued a correction to the table of figures below paragraph 4. It was noted that the Headcount for Q2 2023 should have read “2573”, and the trend should have read “Increase”. It was noted that paragraph 8 should have read:

- “Looking at the data, voluntary leavers; those who chose to leave the Council and resign, are mostly aged between 35 and 49, this links with increased retirement numbers but also statistically, this is the age band nationally where employees make career choices to either reduce hours and responsibilities or conversely

take their next career step before retirement or they chose to retire”.

In response to questions from members, the Head of HR and HR Manager confirmed that:

- The age profile of individual vacancies were not tracked but were instead mapped as part of a more general council-wide vacancy monitoring.
- Support was in place for employees under the Adult Social Care Directorate on long-term sickness, however these figures were still significantly higher than those under the Children and Education Directorate.
- Absence and Sickness reasons were mapped for individual directorates to target support and relevant referrals.
- There was an increasing focus on improving diversity in roles that sit higher up in the grade structure.
- City of York Council (CYC) profile monitoring was not in place for agencies and organisations working with CYC.

Resolved: That the Committee noted the report and workforce profile provided in Annex A of the report.

Reason: In order to provide an overview of the workforce profile.

## **21. Redundancy, Retirement and Settlement Agreements (6:18pm)**

The Head of HR presented the report and the Committee entered into private session for the consideration of Annexes A-D of the report.

Resolved: That the Committee noted the expenditure associated with each proposal as detailed in Annexes A-D.

Reason: In order to provide an overview of expenditure.

**22. Work Plan (6:17pm)**

Members considered and confirmed the draft work plan for the municipal year 2023-2024.

It was confirmed that the Committee would receive a further report by the COO on the Proposed New Chief Officer Structure in the meeting scheduled for 4 March 2024.

Resolved: That the members confirm and accept the committee's draft work plan for the municipal year 2023-2024.

Reason: To ensure the Committee maintains a programme of work for the municipal year 2023-2024.

Cllr Douglas, Chair

[The meeting started at 5.30 pm and finished at 6.29 pm].



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## Staffing Matters and Urgency Committee

26 March 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 **follows on from the previous report to SMU on 22 January 2024**, and sets out a final proposal for the senior officer restructure together with full financial analysis and business case proposals, following extensive consultation.

#### Recommendations

2. Staffing Matters and Urgency Committee is asked:
  - i. To approve the new chief officer structure as set out within Appendix 2 (noting the proposed statutory officer roles).
  - 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 (Section 151 Officer)
  - iii. To approve the creation of the following 4 posts:
    - Director of Transport and Environment
    - Director of City Development
    - Director of Housing and Community Services
    - Director of Finance (Section 151 Officer)

- 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 note the potential financial implications of potential redundancies, including redundancy and pension strain where relevant, as set out in the confidential Annex, and note that any final redundancy payments will require further approval by the committee.
- vi. To note the revenue saving from the proposals relating to director roles of £165,000, prior to the consideration of any redundancy costs.
- vii. To note that any redundancy costs will purely be those which arise due to terms and conditions of employment, these being the entitlement to redundancy in accordance with the Council's redundancy scheme, together with any entitlement to pension that may arise from a redundancy on grounds of efficiency.

## **Background**

- 3. At the SMU meeting on 22 January 2024, Members agreed to proceed to consultation on a proposed structure. The report is attached as Appendix 1 for Members' reference and includes details regarding the background and rationale for the proposals. These aspects are not repeated in this report. That report set out a proposed two stage process to reviewing the senior management of the Council, with Stage 1 focussed upon direct reports to the Chief Operating Officer, and Stage 2 reviewing senior management roles below those considered in stage 1.
- 4. Key points covered in that report set out that the restructure (Stage 1 and 2) would not only need to address some of the significant savings challenges the authority faces but also it is intended to be the first step to reducing layers in the organisation to achieve a flatter structure, and to enable focus upon key priorities of the Council and bring clarity to accountability.
- 5. Some of the other key issues referred to included bringing together all financial activity together under one director, join up Housing and Communities, ensure greater accountability, and to ensure the Council

could maximise the opportunities afforded by the Combined Authority. The recent Peer Review also highlighted the need to for the restructure to enable the council to be best placed to exploit the opportunities from the newly created Combined Authority.

6. At the meeting it was stressed that this was the start of the process and that further consultation would be undertaken, with views being invited from employees, stakeholders and elected members.
7. The consultation has now been undertaken, and further discussions held within the Council, in particular with senior management and those potentially affected. This report focuses upon proposed changes from the original proposal that were set out.
8. During the course of the consultation, a peer review has been undertaken. Any recommendations resulting from that review will be taken to Executive for consideration in April/May 2024.
9. Key issues that have been highlighted in the draft recommendations of the peer review have been considered and the proposals are consistent with some of the issues raised during the course of consultation. The recommendations from that review will in particular assist in informing aspects of the stage 2 of the review that was outlined in the report to SMU in January 2024.

## **Proposals**

10. In terms of the consultation, feedback has been predominantly positive and for much of the original proposals there was strong majority support and in particular, the following were broadly supported:
  - No change at present within Children's, Adults and Public Health.
  - The changes to create a Director of Finance role.
  - The bringing together of Communities and Housing.
  - A reduction in management layers as part of an overall approach to the structure.
  - A recognition that achieving some savings is important but that this should not be at the risk of service effectiveness whenever possible, particularly statutory functions.

11. There has however, been some issues raised in relation to capacity, given where the Council currently is with a range of large projects, the creation of the Combined Authority, and the Local Plan. Discussion has centred on whether the original proposal, which placed operational areas of Environment and Transport, with more strategic issues relating to regeneration/combined authority would result in a lack of capacity to support work around major projects, in particular York Central, and the ongoing relationships with the Combined Authority. This is a critical period for these activities, and therefore alternative options around these areas have been considered.
12. In addition, it has been suggested that Public Protection, Community Safety and Emergency Planning, would be best staying with Environmental Services, but that aspects of Community Safety could be considered at stage 2 with a potential for some roles to move into Housing and Communities.
13. As a result, it is proposed to amend the proposals as follows:
  - Rather than creating a single Director of Transport, Environment and Development, that two director roles will be on the structure as follows, and set out in more detail in following sections:
    - Director of Transport and Environment
    - Director of City Development (including Planning, Regeneration, Major Projects, Combined Authority)
14. This will provide a clear split between some key frontline operational areas, and the City Development work, which is at crucial stages at the moment.
15. These proposals will still produce a significant saving. In terms of ongoing revenue savings, the per annum saving will be £165,000. This is prior to consideration of redundancy/pension strain costs that might arise. The confidential annexe sets out the potential redundancy and pension strain figures. If the proposals are agreed there is likely to be one redundancy.
16. The below paragraphs set out the specific proposals, reflecting the change set out above, and the structure being recommended as per Appendix 2.



***Proposal 1 – create a Director of Finance***

17. This will replace the existing Chief Finance Officer role.
18. This role will cover all 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, and budget management.

***Proposal 2***

19. To replace the Place Directorate Corporate Director/ two director roles, and the Customer and Community Services Director, with three director roles.
20. 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.
21. This reduction in scale, combined with a flattening of management layers, allows the functions to then be split into 3 director roles summarised below:
  - **Director for Transport and Environment** – this role will cover the key work related to operational street based/neighbourhood

services, and transport strategy. This is a change from the original proposals, and moves Planning, Regeneration and Projects to another director as set out below. A further amendment is to bring Public Protection, Community Safety and Emergency Planning under this role reflecting consultation.

- **Director of City Development** - this role will cover Regeneration, Planning and Local Plan. In particular, it will provide senior leadership in relation to a number of major projects, particularly York Central which whilst not a council lead project, is one where significant Council involvement is required, particularly in coming years. In addition, this role will work closely with the newly created Combined Authority, ensuring York's interests are represented, and progressing a range of projects that are likely to arise as a result of the Combined Authority. It will also have remit around infrastructure development across the city, working with partners and across the Council. Due to the focus upon projects, a prudent assessment has been made that indicates a minimum of half of the cost can be recharged to known budgets the Council has created for York Central, and other capital projects.
- **Director of Housing and Community Services** – this role will cover work with Communities, Customer Services, Leisure, and Ward Committees. 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.

22. 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.
23. 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.

## Council Policy Implications

24. The previous report considered 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. Key objectives and benefits of the proposals are set out in this report, and the original report in January, and are summarised as follows:
- Reduction in management layers
  - Creation of a director of finance role bringing financial activity together, and integrating with performance/data
  - Strategic capacity for city development including work on York Central and the Combined Authority
  - Integration of Housing with Communities
  - Delivery of savings, both at stage 1 (this report) and Stage 2 (further review of senior management as outlined in original report)

## Financial Implications

25. The savings arising from the five deleted chief officer posts totals £654k and the costs of creating the four posts at top of grade total £526k. These figures are before consideration of recharges to HRA and capital.
26. The creation of the Director of City Development post will also be capable of being part funded from HRA/ Capital Budgets and taking this into account, along with other recharges, the ongoing savings to the General Fund total £165k.
27. There will also potentially be some costs arising from Pay Protection which tapers off over a period of 2-3 years and exit costs. The exit costs can be funded from the Corporate redundancy budget.
28. The costs and savings are show below over a full year for the five chief officers in scope of the proposals.

	Total Cost £'000	Charge to HRA / Capital £'000	Net General Fund £'000
Current Costs	654	-94	560
Proposed Costs	526	-131	395
Full Year Savings	128	-37	165

29. Given the age and period worked by the postholders in scope of the restructure there will be exit costs from redundancy and pension strain. A confidential annex will be circulated to members at the meeting and sufficient time will be given to read the contents before members debate.
30. The level of exit costs is to be determined as this will be a result of the process however there is headroom in the corporate redundancy budget to fund the costs particularly if spread over 5 years. There will therefore be a significant recurring saving over the period. As part of the 2023/24 budget proposals there was an overall target agreed of £200k saving from senior management and this proposal will provide a contribution to this target. 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**

31. Staff and Trade Unions will be consulted in accordance with the Council's workforce change policies and procedures.
32. 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.
33. To date, individual 1:1 consultation meetings have taken place with those affected by the proposals All affected have been offered the opportunity to provide feedback and they subsequently shared their views and comments.
34. The wider leadership group have also been afforded the opportunity to comment on the initial and revised proposals.
35. Whilst there is no statutory minimum timescale for meaningful consultation for the number of staff affected, we have taken the view that feedback on the initial proposal and the subsequent amended proposal was possible from the beginning of January to 1 March 2024.

36. The consultation has been dynamic in terms of the feedback from individuals shaping the revised proposed structure. The decision was taken to move the original date for SMU to a later date to afford a little additional time for parties to feedback on the amended proposal.
37. Trade Union colleagues have been consulted on the proposals and are broadly in agreement, acknowledging the work that will be required to support the second phase of the review.
38. The Council has a duty to mitigate redundancy and therefore we will consider suitable alternative employment within the structure proposed and across the Council.
39. Any appointment process will be in carried out in line with the Council's constitution.
40. Any redundancies payments for Chief Officers will need to be carried out in line with the Council's constitution and any redundancy payment will need approval by Staffing Matters and Urgency Committee.
41. As previously set out 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.

## **Legal Implications**

42. 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).
43. In relation to restructuring, the Council must consider whether any redundancy situation arises. Redundancy is a potentially fair reason for dismissal. A fair process is required. This requires fair consultation which must a) take place when the proposals are at a formative stage; b) give adequate information and time to respond; and c) give conscientious consideration to the responses received. What constitutes "adequate time" will be determined by the specific

circumstances of the case. Seven days has been held to be the 'bare minimum'. The overall picture must be viewed by the tribunal up to the date of termination to ascertain whether the employer has or has not acted reasonably in dismissing the employee on the grounds of redundancy.

**Specialist Officers Input to the Report**

Claire Waind, HR  
Patrick Looker, Finance  
Frances Harrison, Legal

**Contact Details**

**Author:**

Ian Floyd  
Chief Operating Officer

**Chief Officer Responsible for the report:**

Ian Floyd  
Chief Operating Officer

**Report  
Approved**



**Date** 12 March 2024

**Wards Affected:**

All



**For further information please contact the author of the report**

Appendix 1 – Report to SMU on 22 January 2024  
Appendix 2 – Amended proposed new organisation structure  
Confidential annex to be provided to committee members at the meeting



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**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
-

- 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
-



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  
Approved**



**Date**

12 January 2024

**Wards Affected:**

**All**



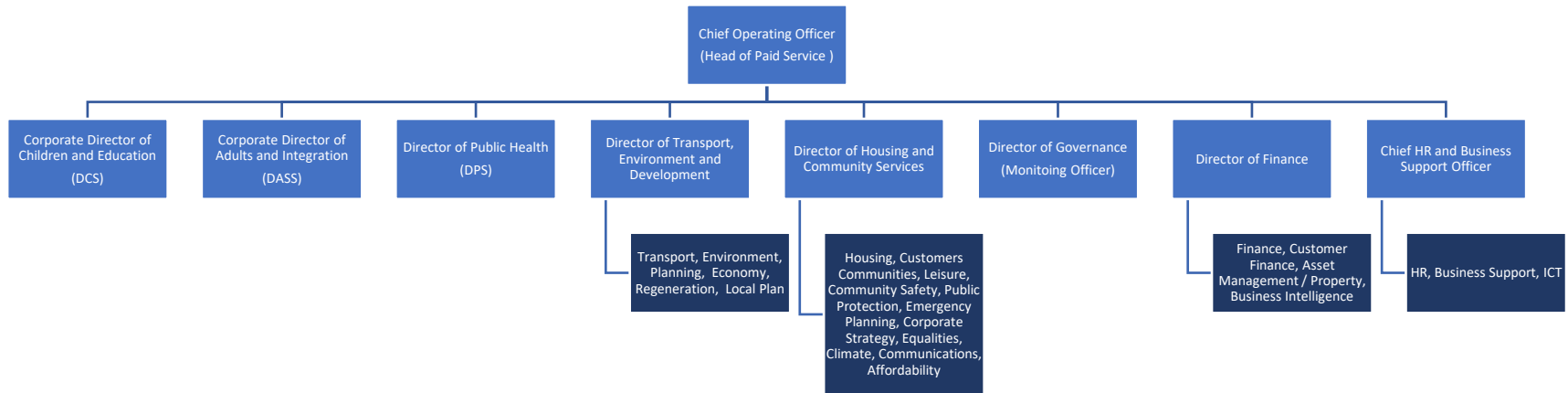
**For further information please contact the author of the report**

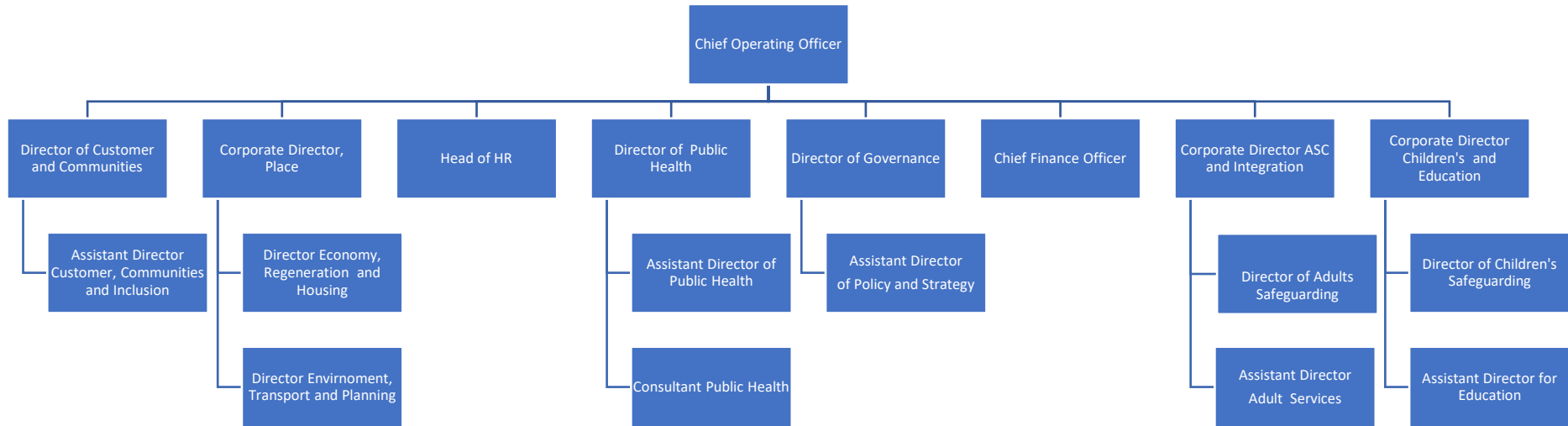
Annex A – Proposed new organisation structure

Annex B – Existing organisation structure

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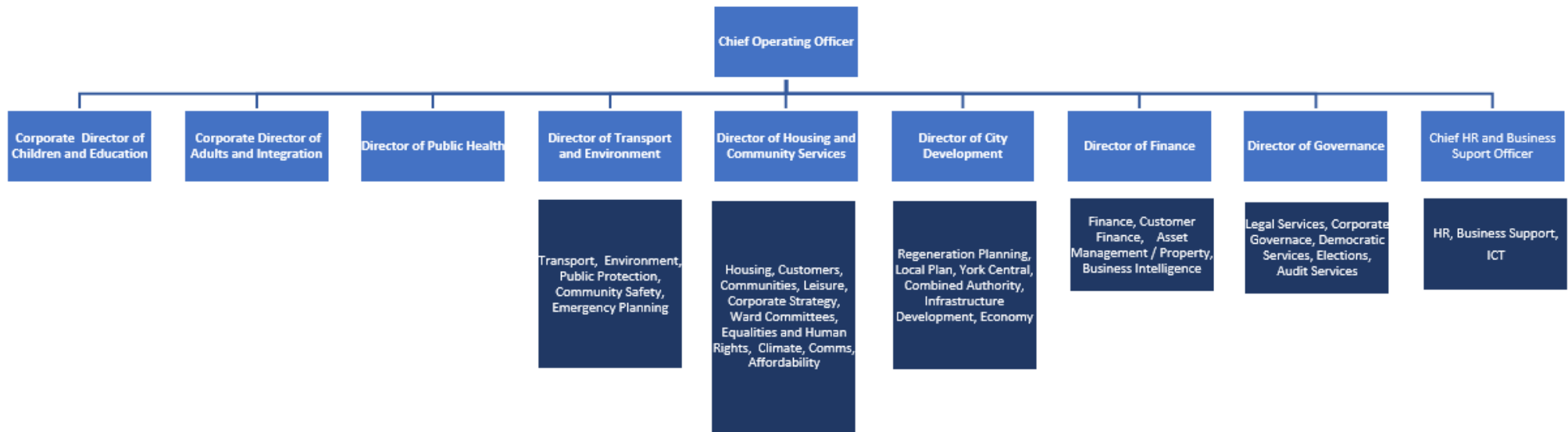
Proposed New organisation structure





Amended proposed new organisation structure

Please note the service lists show where some services are moving to in respect of the new roles but are not the complete list.



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