

Report of the Director of Customer and Business Support Services

**Senior Management Arrangements within City of York Council  
Redundancy / Flexible Retirement**

**Summary**

1. This report advises the Staffing Matters and Urgency Committee of the expenditure associated with the proposed dismissal of a Chief Officer on the grounds of redundancy and expenditure associated with an employee's request for flexible retirement which can be considered as a pension discretion. Each decision requires the approval of this committee.

**Background**

2. At the meeting of Executive on 25<sup>th</sup> June 2015 approval was given to commence a review of the senior management arrangements in the council, including the Chief Executive, Director and Assistant Director posts and for a minimum of £150k saving to be achieved from the review.
3. At a meeting of Executive on 30<sup>th</sup> June 2016 approval was given for a new senior management structure and allocation of functional responsibilities. The proposed change will achieve a £230k reduction in costs and reduce the Corporate Management Team by one Director but retains the current number of Assistant Directors at 12 FTE to retain capacity to deliver the Council Plan and priorities. These changes would mean that since 2010 there has been a 35% reduction in Chief Officer posts from 28 to 18 and approximate savings of £1 million per year.
4. As is normal practice in the circumstance and in light of the pending changes to structure, that Chief Officers were asked to consider whether they wanted to express an interest in voluntary redundancy or other voluntary changes to hours, there have been two expressions of interest received in response to this.
5. Statutory guidance issued under the Localism Act 2011 makes clear an expectation that any severance package which has a cost to the

council in excess of £100,000 is subject to a vote by members. The guidance indicates that these matters should be placed before Full Council. However, this issue was considered at Council on 18<sup>th</sup> July 2013 and it was approved that all Chief Officer severance costs are considered and approved at Staffing Matters and Urgency Committee. This was to reduce the timescales and associated costs relating to any Chief Officer dismissal given the relative infrequency of Full Council meetings compared to meetings of this Committee. This Council's Pay Policy has been amended to reflect this.

6. Any costs that are incurred by the council regarding senior officers are published in the authority accounts as required under the Accounts and Audit (England) Regulations 2015.
7. The Government is currently consulting upon options to introduce a cap on the total cost of exit payments for staff working in the public sector. The total figure which has been proposed is £95k. The specific details of the scheme are still subject to consultation and have not been published but there is likely to be some form 'capping' of exit payments introduced at some point in the coming months. On the 24th February, the Minister of State responsible for the introduction of these provisions confirmed that the earliest implementation date would be 1st October 2016.
8. The background and detailed case surrounding each proposal are contained in the individual business cases to be circulated at the meeting as confidential annexes to this report. The financial / severance details are annexed to this recommendation for Members information and consideration and are classified as exempt information in accordance with Paragraph 2 of Schedule 12 A of the Local Government Act 1972.

### **Consultation**

9. The senior managers potentially affected by the proposed restructure and local trade union representatives have been consulted on the proposals in accordance with the Council policy and statutory obligations.

### **Options**

10. The council applies its normal redundancy payments arrangements to senior officers and does not have separate provisions for senior officers. These are set out in the Council's Pay Policy.

11. The council also applies the appropriate Pensions regulations when they apply. The council has agreed policies in place on how it will apply any discretionary powers it has under Pensions regulations.
12. Executive have accepted that a new senior management structure will enable the delivery of our priorities which are set out in the Council Plan and should respond to the LGA peer challenge feedback and action plan.
13. The Committee has the power within the Council's procedures to approve the voluntary redundancy and the discretionary pension flexible retirement which will help to facilitate the move to the new structure.
14. The Committee does not have the power to make a lower redundancy payment.

### **Analysis**

15. The analysis of each proposal can be found in the respective business case.

### **Council Plan**

16. Whilst the actions being proposed in the report are not material to the Council Plan they are consistent with the required outcomes of the workforce strategy and the council's budget strategy.

### **Implications**

17. **Financial** – It was agreed that the organisational review process achieves an overall saving in Chief Officer salary costs of at least £150k from 2016/17 and the proposed changes agreed at Executive in June will achieve a £230k reduction in costs per year. The details of each proposal can be found in the confidential annex. The total cost of these proposals is will be funded from within existing budgets set aside to cover exit costs.
18. The cost to the council for pension liability associated with this review is £275k and will be spread over five years, which is standard practice for the council where large pension costs are involved. The cost of the redundancy payment is £53k. It should also be noted that, whilst the final figures are not expected to be significantly different, the pension costs included in the confidential annexes are estimates as the final figures will be dependent on a range of factors.

19. **Human Resources (HR)** – The proposals for the review of senior managers will have an impact on staff, particularly for Directors and Assistant Directors. The trade unions and those directly affected will be fully consulted on the proposals and the process, which will be in line with the councils change management policy.
20. **Equalities** – This review will comply with all Equalities and Employment legislation.
21. **Legal** - The Committee is being asked to approve the financial package associated with a proposed redundancy. The redundancy selection process is separate and will follow normal procedures for a Chief Officer. As the report explains the Council has departed from statutory guidance in permitting these decisions to be made by the Committee rather than Full Council on the grounds of reducing timescales and associated costs. The Committee does have powers to exercise all staffing functions which may be exercised by Members and accordingly has the power to approve the request for flexible retirement.
22. **Crime and Disorder** - None
23. **Information Technology (IT)** - None
24. **Property** – None
25. **Other** – None
26. **Risk Management** – As with any significant organisational review there is a risk that the energies and focus of services and staff are distracted and that uncertainty 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.

### **Recommendations**

26. Staffing Matters and Urgency Committee is asked to:

Approve the proposed dismissal on the grounds of redundancy and the associated expenditure detailed in confidential annex A.

Approve the request for flexible retirement and the associated expenditure detailed in confidential annex B.

Reason: In order to implement the review of senior management structure and make the required budgetary savings.

## Contact Details

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**Report  
Approved**

**Date** 8<sup>th</sup> July 2016

### Specialist Implications Officer(s):

#### Wards Affected:

All

For further information please contact the author of the report

### Background Papers:

Executive – 25<sup>th</sup> June 2015 – Organisational Review

<http://modgov.york.gov.uk/ieListDocuments.aspx?CId=733&MId=8839&Ver=4>

Staffing Matters and Urgency Committee – 1<sup>st</sup> February - Senior Management Arrangements within the City of York Council

<http://modgov.york.gov.uk/ieListDocuments.aspx?CId=120&MId=8791&Ver=4>

Executive – 30<sup>th</sup> June 2016 – Organisational Review

<http://modgov.york.gov.uk/ieListDocuments.aspx?CId=733&MId=9191&Ver=4>

**Annexes**

Individual Business Cases (to be circulated at the meeting)

These are classified as exempt information in accordance with Paragraph 2 of Schedule 12 A of the Local Government Act 1972.