

Executive

30 June 2016

Report of the Acting Chief Executive

**Organisation Review
Senior Management Arrangements within City of York Council**

Portfolios of the Executive Leader and Deputy Leader

Recommendations

1. Executive is requested to:
 - Approve structure proposals as set out at paragraph 21 and Annex A of this report.
 - Delegate consultation and implementation of the new structure to the Chief Executive and Corporate Management team.
 - Approve the use of the Local Government Association job evaluation scheme for senior managers and to use this to develop new job descriptions and person specifications.

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

Summary

2. This report presents proposals for the restructuring of senior management roles and responsibilities within City of York Council.
3. The objectives of the proposals are to ensure that the structure of senior management in the organisation will meet our future challenges, is sustainable through a period of significant ongoing change and to ensure we deliver outcomes for customers, residents and communities.

Background

4. At the meeting of Executive on 25th 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.

5. On 1st February 2016 a report was taken to Staffing Matters and Urgency Committee to provide an update on the senior management review. The report described that a new structure should support the delivery of our future operating model and would also need to take into consideration a number of emerging national policy changes, specifically funding arrangements of councils; housing; education and schools; and devolution.
6. The report went on to say we would need to take a phased approach over the next year to move to a new structure when the full implications of a future operating model became clearer and decisions have been made about how the council will respond to them.
7. The report also confirmed that the £150k savings which had been agreed in the 25th June 2015 Executive report had been identified by deleting a fixed term Assistant Director post and on an interim basis holding vacant other Assistant Director posts.
8. On the 29th March 2016 Staffing Matters and Urgency Committee agreed to recruit a permanent Chief Executive.

Creating the Right Structure

9. Organisation and management structure is important but equally important is ensuring we continue to have the right people with the knowledge, skills, abilities and behaviours that fit with the organisational needs. Designing the structure and the jobs correctly increases the chances of getting the right people in the jobs and that the different parts of the organisation to work together coherently.
10. A new 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. It will build on the design principles used in previous review processes which are: a focus on council priorities; consolidation and elimination of duplication; focus on front line service delivery and the needs of residents and communities.
11. The structure should also support the development of the council's evolving operating model and 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.

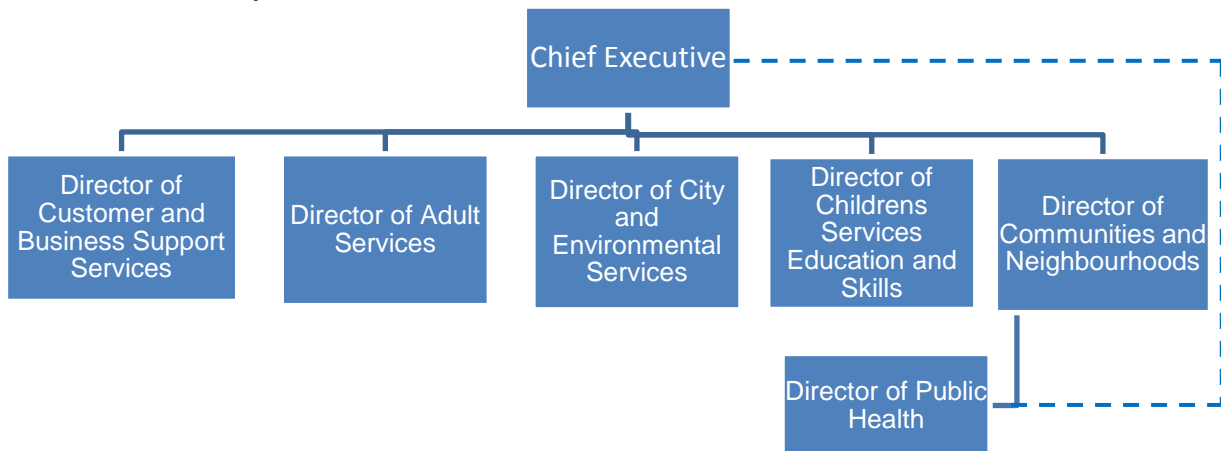
12. To meet our future challenges the council needs to change the way that services are organised and provided. We are already forging new relationships with partners; working in partnership with the third sector to deliver local services effectively; and adopting early intervention approaches to service delivery. We also need to quicken the pace of change and explore creating different service delivery models.
13. A new senior management structure needs to be sustainable through a period of significant ongoing change, and deliver outcomes for customers, residents and communities.
14. Any new structure should be seen as the first phase of a journey towards our eventual future organisational size and shape as decisions are made about how we will respond to national policy changes and ongoing financial constraints.
15. We also need to make better use of staff skills and competencies beyond the potential constraints of a job description and to be able to deploy staff quickly where we need to support the delivery of strategic priorities. Therefore alongside the review of structure there needs to be a review of existing senior manager job descriptions.

Options and Analysis

16. Since the agreement was reached to review the senior management structure there has been detailed research undertaken on the various models used for local authority senior management team structures and responsibilities. Information has been drawn from unitary, metropolitan and borough councils. The Employment Director from the Local Government Yorkshire and Humber (LGYH) also fed information into this review.
17. What can be determined from the structures that are being used is that there is a trend towards widening spans of control and reducing hierarchies. Some councils have merged Children's Services and Adult Social Care, while others have de-merged them. Both areas are very complex, have huge demands, are subject to national policy change, and are constantly in the public eye.
18. There is also increased emphasis on strategic management from a smaller corporate team, increased emphasis on partnership working

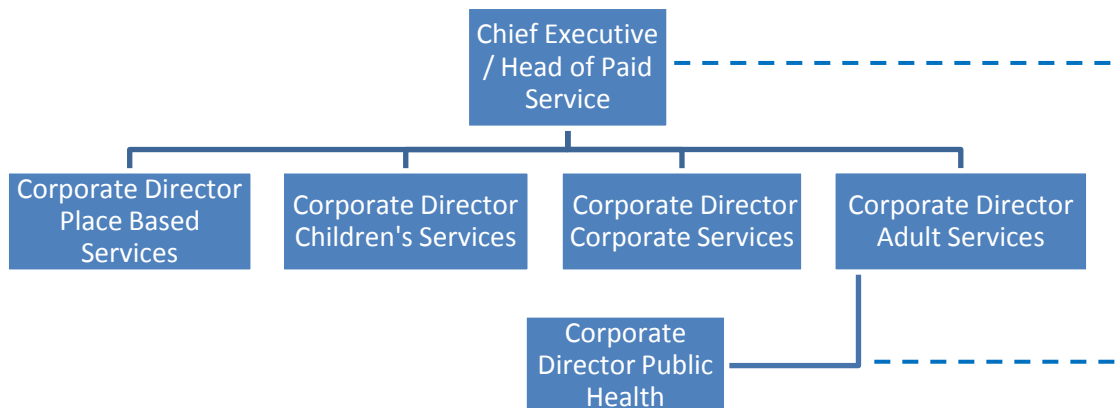
and shared commissioning of services and on moving resources to front line delivery.

19. On the 1st April 2016 the CYC Directorate structure is as follows;



20. Below this Director structure there are 12 FTE x Assistant Directors, two of these posts are currently vacant. One fixed term Assistant Director post was deleted on 31st March 2016.

21. Whilst this structure is currently supporting the delivery of our priorities from the review of structures it is felt that a further reduction could be made to the number of Directors and a move to the structure below;



22. The proposal would 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 our priorities.

23. The proposed structure will also resolve a number of interim changes which have been made to Chief Officer roles as the council has gone through a period of significant change since the last full review in 2012.

24. The proposed structure will require some reorganisation of both Director and Assistant Director roles and the functions which report to them. Although this has the potential to create some disruption it won't require any Assistant Director redundancies and therefore this change can be managed relatively quickly.
25. The proposed detail of the allocation of functions under each Director can be found at Annex A.
26. Within the structure the statutory responsibilities of Chief Officers would be discharged as follows;
 - Chief Executive – Head of Paid Service
 - Corporate Director of Corporate Services – Section 151 Officer
 - Corporate Director of Childrens Service – Childrens (DCS)
 - Corporate Director of Adult Services – Adults (DAS)
 - Director of Public Health – Public Health
 - Assistant Director in Corporate Services – Monitoring Officer
27. Through the staff consultation that has already taken place with the affected staff group, it is envisaged that this reduction of a Director post can be achieved by voluntary redundancy.
28. There is also an option to make some further savings through an Assistant Director flexible retirement.
29. Any redundancy or flexible retirement proposal would be considered separately by Staffing Matters and Urgency Committee.
30. 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 £1m per year. During this same period additional chief officer posts were transferred to the council as part of the move of Public Health duties to the council.
31. It had previously been agreed that these structural changes needed to achieve £150k savings from 2015/16. These savings will be met by the deletion of one fixed term Assistant Director post which ended 31st March 2016 and the deletion of a Director post. The savings achieved from these two posts, including employer on costs, is £230k.

Creating a new corporate senior management team

32. Following the implementation of a structure we propose that we move from the current Chief Officer job evaluation scheme and use the Local Government Association job evaluation scheme for senior managers. This job evaluation scheme provides a number of benefits;
- Its a scheme which has been developed specifically for senior managers in Local Authorities and reflects more accurately the roles and responsibilities of senior Local Authority officers
 - It can be maintained locally by the HR team to reduce cost of job evaluation and role benchmarking
 - It provides a robust analysis of high quality regional and national comparative pay data, using job evaluation data
33. Each new role in the structure will have developed a job description and person specification which will clearly define the main responsibilities, the corporate responsibilities and the skills and competencies necessary for the role. The Employment Director from Local Government Yorkshire and Humber (LGYH) can provide independent support for this process.
34. The LGYH bring a regional and national perspective on these issues and an independence and impartiality on the review process and any recommendations would be brought back to members. There would be a cost for this external support from LGYH, which will be met from the overall savings achieved from this review.

The Process from Here

35. The process from here is as follows;
- A decision from Executive to progress with the implementation of a new structure as set out at Annex A
 - Formal consultation with directly and indirectly affected staff and Trade Unions
 - Scope the potential impact of the proposals and plan and communicate the arrangements to assimilate from current structure to the new structure
 - Consider the impact on individuals and potential for redundancy, redeployment, outplacement support etc
 - Confirm an implementation date for the new top structure and then for any consequent organisational change to be managed effectively.

Timescales

36. It is suggested that the Organisation Review is undertaken in phases as set out below with indicative timescales as follows;

- Phase one – **June & July 2016**: consult on proposals and make the appointments to the Director positions;
- Phase two – **July & August 2016**: establish management structures below each Director with revised areas of functional responsibility.
- Phase three – **September & October 2016**: develop and implement the new job descriptions.

Council Plan

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

Implications

38. **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. Whilst the achievement of these savings has been identified in this report, there will be exit costs associated with implementing the proposed structure which may mean that the full savings will not be delivered in this financial year. They will however, be achieved in 2017/18. Further financial implications will be considered as part of any redundancy reports to Staffing and Urgency, alongside the regular revenue monitoring report that will be presented to the Executive.

39. **Human Resources (HR)** – The proposals in this paper 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 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. A detailed implementation plan, which will be in line with the councils change management policy, will be developed and shared with staff and the trade unions.

- 40. **Equalities** – This review will comply with all Equalities and Employment legislation. The new job descriptions will include a core competence in relation to equalities.
- 41. **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.
- 42. **Crime and Disorder** - None
- 43. **Information Technology (IT)** - None
- 44. **Property** – None
- 45. **Other** – None
- 46. **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.

Contact Details

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Chief Officer Responsible for the report:
Steve Stewart
 Acting Chief Executive

Report Approved **Date** 17th June 2016

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

Executive – 25th June 2015 – Organisational Review

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

Annexes

Annex A – Proposed allocation of functional responsibilities

List of abbreviations used in the report:

CCG – Clinical Commissioning Group

CYT – City of York Trading Company

DAS - Director of Childrens Service

DCS - Director of Adult Services

FTE – Full Time Equivalent

GLL – Greenwich Leisure Ltd

LGA – Local Government Association

LGYH - Local Government Yorkshire and Humber