

## Staffing Matters and Urgency Committee

21 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<br>£'000 | Charge to HRA<br>/ Capital<br>£'000 | Net General<br>Fund<br>£'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 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**

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**Report**  **Date** 12 March 2024  
**Approved**

**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