

## Notice of meeting of

### **Staffing Matters & Urgency Committee**

**To:** Councillors Steve Galloway (Chair), Gillies, Jamieson-Ball, Potter and Scott

**Date:** Friday, 9 May 2008

**Time:** 10.30 am

**Venue:** The Guildhall

### **AGENDA**

#### **1. Declarations of Interest**

At this point, members are asked to declare any personal or prejudicial interests they may have in the business on this agenda.

#### **2. Minutes (Pages 3 - 4)**

To approve and sign the minutes of the meeting of the Staffing Matters & Urgency Committee held on 18 April 2008.

#### **3. Public Participation**

At this point in the meeting members of the public who have registered their wish to speak regarding an item on the agenda or an issue within the Committee's remit can do so. The deadline for registering is Thursday 8 May 2008, at 5.00 pm.

#### **4. Chief Officer Recruitment Protocol (Pages 5 - 10)**

This report seeks formal approval to establish a Chief Officer recruitment protocol.

**5. Directorate Reorganisation (Pages 11 - 18)**

This report considers the allocation of responsibilities between Directors and Directorates, in order to deliver the Corporate Strategy better and more efficiently.

**6. Head of Financial Services, Section 151 Officer and Proper Officer for the Register Office (Pages 19 - 24)**

This report seeks to reallocate responsibilities currently held by the Director of Resources and to consider whether the current temporary Head of Financial Services should be made permanent. The two responsibilities to be transferred are the Section 151 role and the Proper Officer for the Register Office.

**7. Equal Pay Settlements (Pages 25 - 30)**

This report is seeking approval to agreements that have been reached with four firms of solicitors who are acting for clients who have equal pay claims in against the Council.

**8. Any Other Matters which the Chair decides are urgent under the Local Government Act 1972.**

Democracy Officer:

Name: Simon Copley

Contact details:

- Telephone – (01904) 551078
- E-mail – [simon.copley@york.gov.uk](mailto:simon.copley@york.gov.uk)

For more information about any of the following please contact the Democracy Officer responsible for servicing this meeting:

- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports

Contact details are set out above.

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### **Holding the Executive to Account**

The majority of councillors are not appointed to the Executive (38 out of 47). Any 3 non-Executive councillors can 'call-in' an item of business from a published Executive (or Executive Member Advisory Panel (EMAP)) agenda. The Executive will still discuss the 'called in' business on the published date and will set out its views for consideration by a specially convened Scrutiny Management Committee (SMC). That SMC meeting will then make its recommendations to the next scheduled Executive meeting in the following week, where a final decision on the 'called-in' business will be made.

### **Scrutiny Committees**

The purpose of all scrutiny and ad-hoc scrutiny committees appointed by the Council is to:

- Monitor the performance and effectiveness of services;
- Review existing policies and assist in the development of new ones, as necessary; and
- Monitor best value continuous service improvement plans

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City of York Council

Committee Minutes

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MEETING	STAFFING MATTERS & URGENCY COMMITTEE
DATE	18 APRIL 2008
PRESENT	COUNCILLORS STEVE GALLOWAY (CHAIR), GILLIES, LOOKER (AS SUBSTITUTE FOR POTTER) AND SCOTT
APOLOGIES	COUNCILLORS JAMIESON-BALL AND POTTER

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**29. DECLARATIONS OF INTEREST**

Members were invited to declare at this point in the meeting any personal or prejudicial interests they might have in the business on the agenda.

No interests were declared.

**30. MINUTES**

RESOLVED: That the minutes of the Urgency Committee meeting held on 10 December 2007 be approved and signed by the Chair as a correct record.

**31. PUBLIC PARTICIPATION**

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

**32. APPOINTMENTS COMMITTEES FOR CHIEF OFFICER POSTS**

Members received a report which sought formal approval to proceed with an appointment process for the Director of Resources, the Head of Human Resources and the Head of Audit, and to establish Appointments Committees for these posts and to delegate sufficient powers to these committees to enable them to conduct the recruitment process and select and appoint candidates, subject to the requirements of the standing orders on appointments.

RESOLVED: (i) That Appointments Committees be created for all 3 posts, with membership as follows:

Director of Resources

Liberal Democrat Group: Cllr SF Galloway  
Cllr Jamieson-Ball  
Substitute – Cllr Reid

Labour Group: Cllr Scott  
Cllr Looker  
Substitute – Cllr Potter

Conservative Group: Cllr Gillies  
Substitute – Cllr Healey

Head of Human Resources

Liberal Democrat Group: Group Leader

Labour Group: To be confirmed

Conservative Group: Cllr Healey

Head of Audit

Liberal Democrat Group: Appropriate portfolio holder

Labour Group: Appropriate portfolio holder

Conservative Group: Cllr Healey

- (ii) That formal approval be given to proceed with the process of appointment for the post of Director of Resources, the Head of Human Resources, and the Head of Audit;
- (iii) That longlisting for the post of Director of Resources be delegated to the Chief Executive, with Member involvement from the shortlisting onwards.

REASON: To allow appointments to the posts to be made and bring stability to the Resources and Chief Executive's directorates.

Action Required

1- To proceed with the appointments process.

GR

SF GALLOWAY, Chair

[The meeting started at 4.00 pm and finished at 4.20 pm].



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**Staffing Matters & Urgency Committee****9<sup>th</sup> May 2008**

Report of the Director of People and Improvement

**Chief Officer Recruitment Protocol****Summary**

1. This report seeks formal approval to establish a Chief Officer recruitment protocol.

**Background**

2. Standing Order 40 (c) (1) of the Council's Constitution requires that an Appointments Committee, including at least one member of the Executive, interviews all qualified applicants for Chief Officer posts or selects a shortlist of such applicants and interview those on this shortlist.
3. At present the Council does not operate a protocol for Chief Officer recruitment, which has sometimes created inconsistencies surrounding the role of Officers and Members in the process from appointment to appointment, particularly around the method to source applicants and the use, or otherwise, of recruitment consultants.

**Consultation**

4. Consultation has taken place with the Chief Executive on this matter and the proposed protocol has been developed by the Head of HR Services.

**Options**

5. There are no alternative options for Staffing Matters & Urgency Committee to consider, other than to propose revisions to the recruitment protocol as deemed necessary.

**Analysis**

6. The agreement of a Chief Officer recruitment protocol would ensure all appointments are made on the same basis and that the method to source applicants and the use, or otherwise, of recruitment consultants is formally considered on each occasion.

## **Corporate Priorities**

7. The agreement of a Chief Officer recruitment protocol will contribute to delivering the Corporate Strategy through the recruitment of Chief Officers with the skills, experience and knowledge required by the Council.

## **Implications**

8. The following implications have been considered:
  - **Financial** – The agreement of a Chief Officer recruitment protocol will enable the financial decision surrounding the use of recruitment consultants to be made on a case by case basis, thereby allowing the consideration of available finance and value for money on each occasion.
  - **Human Resources (HR)** – The proposed Chief Officer recruitment protocol will enable the effective recruitment decisions to be made on a consistent basis.
  - **Equalities** – There are no equalities implications.
  - **Legal** – The Local Authority (Standing Orders) Regulations 2001 contain a number of mandatory requirements regarding Chief Officer recruitment processes. However, the regulations do not cover all matters and a protocol would provide useful guidance to ensure consistency of approach in the recruitment of Chief Officers. The status of such a protocol is advisory in nature.
  - **Crime and Disorder** – There are no crime and disorder implications.
  - **Information Technology (IT)** – There are no IT implications.
  - **Property** – There are no property implications.
  - **Other** – There are no other implications.

## **Risk Management**

9. There are no known risks associated with the recommendations of this report other than the risk of inconsistency if a protocol is not agreed.

## **Recommendations**

10. Staffing Matters & Urgency Committee is asked that the proposed Chief Officer Recruitment protocol attached at Annex 1 be approved.  
Reason: To ensure consistency of approach and value for money.



**Contact Details**

**Author:**

Heather Rice  
Director, People and  
Improvement

**Chief Officer Responsible for the report:**

Heather Rice  
Director, People and Improvement

**Report Approved**  **Date** May 2008

**Specialist Implications Officer(s)**

Legal: Quentin Baker, Head of Civic, Democratic & Legal Services

Human Resources: Chris Tissiman, Head of HR Services

Finance: Patrick Looker, Accountancy Manager

**Wards Affected:**

All

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

**Background Papers:**

None.

**Annexes**

Annex 1 - Proposed Chief Officer Recruitment protocol

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**Annex 1****Chief Officer\* Recruitment Process - Officer / Members decisions**

\* A Chief Officer is defined as an officer who is employed under the Joint Negotiating Committee for Chief Officers of Local Authorities Terms & Conditions.

<b>Key Recruitment &amp; Selection decision stages</b>	<b>Officer Decision / Member Decision</b>
1. Develop proposal to create a new or amend an existing Chief Officer post	Officer decision: Chief Executive or Director
2. Establish a new temporary or permanent Chief Officer post	Member decision
3. Develop and agree Job description & Person Specification	Officer decision
4. Confirm the grade of the post	Officers to implement job evaluation outcomes within Chief Officer pay structure
5. Agree recruitment budget	Officers decision subject to budgetary provision
6. Commence recruitment activity	Officer proposal subject to Member decision
7. Establish Appointments Committee	Officer proposal subject to Member decision
8. Confirm method to source applicants i.e. advert, use of search / consultancy services	Appointments Committee subject to proposal from Officers (Chief Executive or Director and Head of Human Resources or nominated substitute). Proposal to include recommendation on advertising media and a recommendation to use external recruitment consultants or run in-house and if so, what services to use. Options include search, response handling, technical assessment, long-listing, shortlisting, support at final stage or a combination therein. Criteria to be considered are:  i. Grade and salary in relation to the market; ii. Current employment market situation; iii. Design of post and likelihood of direct skills match; iv. Technical expertise being sought; v. Ability to conduct technical assessment in-house; vi. CYC capacity to handle in-house.
9. Long-list applicants	Officer decision in accordance with job description and person specification
10. Interview long listed applicants / conduct selection tests / assessment centre	Officer panel or recruitment consultant
11. Short list applicants	Officer decision in accordance with job description and person specification
12. Informal reception event(s) for short listed candidates (not part of the recruitment process)	Officer decision in consultation with Appointments Committee to determine invitees
13. Final selection process	Appointments Committee, advised by Officers

	(Chief Executive or relevant Director and Head of Human Resources, or nominated substitute) and recruitment consultants (if appropriate)
14. Determine salary of role to be offered	Appointments Committee, subject to Council pay policy and within job evaluated range for post
15. Agree appointment	Appointments Committee subject to Standing Orders (objections from the Executive)



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**Staffing & Urgency Committee****9th May 2008**

Report of the Chief Executive

**DIRECTORATE REORGANISATION****Introduction and Purpose**

1. Following initial discussions with Group Leaders, and with Corporate Management Team, this paper takes forward the case for a reorganisation of responsibilities among Directorates, seeking Members views on this direction of travel. It also sets out short-term proposals for managing over the Summer, given a number of key Chief Officer recruitment processes.
2. There are a number of drivers, which indicate that the time is now right for this thinking, including emerging organisational vision, reflections on CPA, budget requirements and senior vacancies.
3. The purpose of the paper is to consider the allocation of responsibilities between Directors and Directorates, in order to deliver our corporate strategy better and more efficiently.
4. The proposed changes contribute to the following objectives.
  - i. Continually improving performance, with services better meeting customers' expectations;
  - ii. Better collaboration between Directorates;
  - iii. A better spread of workload between Chief Officers which will allow us to concentrate more senior time on areas of greatest risk and growing priority;
  - iv. Increased clarity and reduction in overlap of responsibilities between Directorates, thus enhancing quality and reducing cost;
  - v. A net contribution to budget savings of £200k over a full year;
  - vi. Minimum disruption by making changes as the chances present, consistent with taking opportunity to move towards a new organisational strategy.

- vii. A clearer view of the future shape and organisation of central services and functions following the move to Hungate with this reorganisation acting as a step along this path.

## Background

5. This context of the discussion is set within the parameters of six Directorates, each led by a Director reporting to the Chief Executive. Directors continue to be responsible to the Chief Executive for:
  - i. Acting collegiately with other members of CMT to give corporate leadership to CYC;
  - ii. Leading on corporate priorities, values and imperatives;
  - iii. Delivering objectives agreed for their own areas of business;
  - iv. Maintaining professional standards of service across their own areas of business.

## Organisational Vision

6. Discussion with colleagues has revealed a great deal of common ground in views about how better the Council might work in future. The move to Hungate is both opportunity and catalyst. But it will be important that we have a clear and agreed direction of change, and that we then take opportunities to adapt new style and organisation before the move takes place.
7. The high level vision can be summarised under 4 headings:
  - An **organisational culture** of corporacy and collaboration. In practice it will mean:
    - consistent application across the council of corporate standards set out in CYC's Business Model
    - more joint working across Directorates where sharing resources will give better results and better customer experience (e.g, the Westfield project)
    - Openness i.e. taking the initiative to share information across Directorates and asking for help when needed.
    - Flexibility and fluidity. Being quick on our feet and adaptive, ready to respond to new priorities without organisational structure getting in the way (e.g, assigning a project to the part of the Council best able to cope with the workload rather than just on purist 'responsibility grounds').
  - **All Directors ensuring that the Corporate Priorities of the Council are effectively delivered.**
  - A growing number of **internal 'shared services'** as we move to Hungate, e.g, Finance, Legal and HR advice (as different locations

would no longer be a problem). We would of course preserve specialist knowledge and specific skills relevant to our service areas, but a more centrally located structure will enable us to provide some efficiencies, economies of scale, and a more corporate way of working. We could make use of the learning from the Easy@York project by making more of our corporate services intranet based.

- Rolling out the organisational implications of our direction statement that **services will be “provided by whoever best meets the needs of our customers”**. Over time this may well mean fewer services directly provided by the Council.
8. This vision provides an important strategic backdrop to the changes proposed in this paper.

## Consultation

9. Preliminary discussions have taken place with Chief Officers in the organisation. There is a good measure of agreement on the need for reorganisation and the proposals set out below have been drafted in light of the different issues, and competing pressures and priorities identified through those discussions. Within the proposals, workload has been assessed against both the overall breadth of responsibility and the need for personal Chief Officer time to be focussed on issues.

## Proposals and Analysis

10. The proposals affect some directorates more than others. The Director profiles for Learning, Culture & Children’s Services and for Housing and Adult Social Services both feel to be fully loaded but manageable and largely coherent at the Director level. This is due to there being a new team in place to tackle the challenges in LCCS which has a broad remit encompassing Leisure and Children’s Social Services in addition to Education Services. HASS faces the twin challenges of achieving decent homes and the future management and funding of the HRA, and the even larger challenge of the personal choice and modernisation agenda in adult social services.

11. High level changes proposed are:

i. **Highways, CCTV and parking operational responsibilities to move from City Strategy to Neighbourhood Services**

This would free up Director time in City Strategy and would better streamline the workload. Existing budgets and staff would transfer, but with a (full year) savings target for the new integrated service to be achieved by the end of 2008/09. The Director of City Strategy and the Director of Neighbourhood services would work up a detailed implementation plan.

The key issues considered here are the need to streamline the client/contractor relationship, improved co-ordination between the council

and utilities companies, and liaison between network management, parking, and highways repairs.

The Director of City Strategy will be freed up to concentrate on the major developments planned and taking place within the city, which need to be underpinned by a comprehensive transport and access strategy. We shall also require more senior time to work with partners across the city to align visions and effort. The transfer of these two services will create more capacity at AD level within City Strategy which could enable the temporarily vacant post of Head of Business Management to be deleted and the responsibilities reallocated within City Strategy. This would save approximately £75K per year including on-costs.

**ii. Leisure grounds maintenance to move from LCCS to Neighbourhood Services**

This would remove duplication/confusion of effort. Existing budgets and staff would transfer to the new integrated service. Again the Director of Learning, Culture and Children's Services and the Director of Neighbourhood Services would produce a detailed implementation plan.

**iii. Planning, performance and improvement to move from the Chief Executive's Directorate to Resources**

This change, involving the whole of the Policy, Improvement & Equalities Team, except the Equalities Section, will achieve a better alignment of financial and corporate planning, and performance management. This will also facilitate a more strategic approach to VFM, efficiency, strategic procurement, prioritised resource allocation, and effective budgeting – all key management priorities for the organisation. A timetable and implementation plan would be agreed between the Director of People and Improvement and the Director of Resources.

**iv. Payroll to move to HR and Property from Resources Directorate to Chief Executive's Directorate**

This change will bring together a set of key corporate services within a single managerial command. The assumption is that Hungate will allow us to provide a better and more efficient central service for internal customers. In practice this may well mean a single support functions team servicing all Directorates once we are co-located with many transactions moving to a supported "self service" basis. In the meantime the reconfiguring of existing responsibilities consistent with this direction of travel is helpful. Again a detailed timetable and implementation plan would be agreed between the Director of People and Improvement and the Director of Resources.

With these proposed changes, the Director of Resources will be better able to focus on key issues such as

- Financial and Performance planning, monitoring, management and review



- Efficiency and Value for Money
- Procurement
- Audit Commission related inspections and Improvements including CAA, Use of Resources etc
- Service reviews
- Bringing stability and sustainability to a directorate where four key chief officers will have left within less than 9 months.

### **Related issues and Interim Arrangements**

12. In order to enact the above high-level proposals, to ensure a smooth transition, and to put in place interim arrangements during the appointment of the Director of Resources and the Head of Human Resources and the Head of Audit and Risk Management, there are a number of issues to be addressed.
13. It is therefore proposed to transfer Section 151 Officer responsibilities from the current Director of Resources to the Head of Finance, Sian Hansom with effect from the 13th June 2008 until a new Director of Resources commences employment.
14. The post of Head of Finance is currently filled on a temporary basis, however in order to bring stability to the Resources directorate and the Council's financial arrangements during the recruitment of a new Director, members are asked to consider confirming the current postholder in the post on a permanent basis.
16. In order to lighten the workload for the Director of Resources post, bring stability to the management arrangements, and appoint a Proper Officer for Registrars following the departure of the AD – Public Services, it is proposed to transfer responsibility for the Registrars service to Neighbourhood Services under the Assistant Director of Neighbourhoods & Community Safety with effect from the end of May 2008.

All 3 of the above issues are presented in more detail for Member decision elsewhere on this agenda.

17. Lightening of the workload in Resources set out above, together with the changes in responsibility set out below, as well as the improvements and streamlining being brought about by the Easy programme, particularly in Revenues and Benefits, means that the Council has the option not to fill the vacant Head of Public Services role and the associated part time PA. This would save approximately £90K including on-costs. There are a range of temporary arrangements which have been in place since the vacancy of the Head of Public Services arose, and again a detailed plan to bring stability to this, set in the context of wider re-organisation will be brought back to members for final decision. The intention is that alongside implementation of Easy at York in Revenues and Benefits, that the front office functions move to be part of the York Contact Centre and the remaining functions report to the Head of Financial Services

## **Next Steps**

- In order to cover the Director of Resources role from when he leaves on June 13th, it is proposed that the Director of People & Improvement take line management responsibility for Resources Assistant Directors and run joint Directorate Management Teams, until the new Director of Resources arrives.
- Sian Hansom will attend all Council Management Team meetings and Executive meetings as the Council's Chief Financial Officer .
- The new Head of Human Resources when in post will take on the Chairing of the Pay and Grading Project Board, and in that role provide management of the project manager, Geoff Derham. On an interim basis, until the new Head of Human Resources arrives, Kevin Hall, a key Directorate lead on the Board will take on additional responsibilities for the project.
- Simon Wiles has already handed over the Chair of the Easy@york programme to Terry Collins.
- Simon Wiles will hand over his responsibilities for the Hungate Offices project to Heather Rice.
- Further work on the Community Stadium will be handed over to Bill Woolley after Simon Wiles leaves.

## **Implications**

- . **Financial** - During the recent budget process the Council agreed to identify savings of £200k per annum from senior management. The two AD posts identified in this report plus the part time PA and relevant on-costs such as Pensions and National Insurance will deliver savings of £165k. The remaining £35k can be saved from the changes related to Parking, Grounds Maintenance and Highways, although in fact it is anticipated that these changes will save considerably more than that.
- . **Human Resources (HR)** - These issues are covered within the main body of the report. If the direction of travel is approved, detailed implementation and consultation plans will be worked up in line with our management of change policy and these will include changes to line management, new job descriptions which will be evaluated, and a clear timescale and process for consultation.
- . **Equalities** – Covered in the body of the report.
- . **Legal** -
- . **Crime and Disorder** - None
- . **Information Technology (IT)** - Covered in the body of the report.
- . **Property** - Covered in the body of the report.
- . **Other** – None.

## Recommendations

Staffing Matters & Urgency Committee is asked to:

- 1) Comment on this initial thinking on Directorate reorganisation and
- 2) Approve the "direction of travel" for the reorganisation.

Reason: To contribute towards the objectives outlined in paragraph 4.

## Contact Details

### Author:

Bill McCarthy  
Chief Executive

### Chief Officer Responsible for the report:

Bill McCarthy  
Chief Executive

Report Approved



Date 29<sup>th</sup> May 2008

### Specialist Implications Officer(s)

*Financial*

*Patrick Looker*

*Finance Manager*

*Ext 1633*

*Legal*

*Matthew Waterworth*

*Senior Assistant Solicitor*

*Ext 1095*

*HR*

*Chris Tissiman*

*Head of HR Services*

*Ext 1715*

Wards Affected:

All

For further information please contact the author of the report

**Background Papers: None**

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**Staffing Matters & Urgency Committee****9th May 2008**

Report of the Director of Resources

**Head of Financial Services, Section 151 officer and Proper Officer for the Register Office****Introduction and Purpose**

1. This report seeks to reallocate responsibilities currently held by the Director of Resources and to consider whether the current temporary Head of Financial Services should be made permanent.
2. The two responsibilities to be transferred are the Section 151 role and the Proper Officer for the Register Office.

**Background**

3. The current position with regard to the Proper Officer is that the Head of Public Services was the Proper Officer (a statutory postholder who has responsibility for ensuring the proper administration of Births, Deaths, Marriages and Citizenship ceremonies etc) for the Register Office. When he left the organisation in December members transferred this responsibility to the Director of Resources. The reorganisation paper elsewhere on this agenda is based on not replacing the Head of Public Services and reducing the scope of the Director of Resources post. Therefore this report proposes a way forward.
4. The current position with regard to the Section 151 officer, which is the statutory responsibility for ensuring the proper administration of the Council's financial affairs is that it is within the job description of the Director of Resources post. There is a delegation scheme within the Resources department that allocates specific responsibilities relating to section 151 to the Head of Financial Services and to the Head of audit and Risk Management. The Director of Resources is currently being recruited to, but as there are no internal candidates, it is now certain that there will be a gap of up to 3 months between the existing postholder leaving and the new one arriving. Arrangements for covering that gap are set out in the reorganisation report elsewhere on this agenda, but in the meantime temporary arrangements for the section 151 responsibility must be made. There will be some specific duties for the relevant postholder to carry out during the gap, most notably the preparation and signing of the final accounts for 2007/8.

5. The current position regarding the Head of Financial Services is that as the Council was facing a number of key financial matters following the departure of Peter Steed in the autumn, a member selection process took place based on internal candidates only. This was to speed up recruitment at a key time in order that someone could be in place to contribute to the 2008/9 budget process, the FMS replacement project, closure of accounts etc. Sian Hansom was appointed on a temporary basis until march 2009.

## **Proposals and Analysis**

6. It is proposed that the Proper Officer for the Register Office be Andy Hudson (an Assistant Director in Neighbourhood Services) and that the Register Office Service be transferred to him. The benefits of this are that it would bring together this very customer services orientated, but regulatory service together with other services of a similar nature such as licensing, trading standards and the crematorium. An alternative would be to transfer the service to Legal and Democratic Services which is quite common elsewhere and would focus on the regulatory side of the business. On balance, despite the fact that both options are workable and that the Council has had slightly more concerns in the past with regulatory issues in the Register Office, a move to Neighbourhood Services is recommended, due to the customer focus and the synergy.
7. It is the intention that as this role is similar to those already carried out by the Andy Hudson the transfer of these responsibilities would be significant enough to affect his grade. Unfortunately during review of his current job description it has been found to be out of date and thus cannot be re-evaluated with the Proper Officer responsibilities added in, until it is redrafted to properly include aspects of his current job. Members are therefore asked to approve this transfer of responsibilities subject to them not increasing existing grade. If that were to be the case then the issue would be brought back to members.
8. It is proposed to transfer all Section 151 responsibilities currently fulfilled by both the Director of Resources and the Head of Audit and Risk Management (who are both leaving in June) to the Head of Financial Services (who will be the Council's most senior financial officer), from the 14<sup>th</sup> June 2008 until a new Director of Resources starts. This will involve a variety of responsibilities for preparing and signing the accounts and various related documentation, for monitoring compliance with Financial Regulations and granting appropriate waivers and for playing a leading role in Governance. A full report was presented to members a few years ago setting out the responsibilities and duties of the Section 151 officer and this can be provided to members on request.
9. In addition it is proposed to transfer all the Director of Resources responsibilities and formal delegations for pensions matters to the Head of Financial Services for the same period as the section 151 responsibilities. These pension responsibilities are focussed around chairing the officer

pensions appeals board, representing the Council at meeting with the County Council who run the pension fund, and determining, interpreting and implementing pensions policy. There may be some extra work in this area relating to the pensions issues arising from Job Evaluation and Equal Pay.

10. In addition as a result of the Head of Audit and Risk Management leaving the Council needs to designate a Chief Internal Auditor until her replacement starts. It is proposed that Max Thomas be designated as Chief Internal Auditor and that he reports to the Sec 151 officer. This to be on a temporary basis from June 21<sup>st</sup> until a new head of Audit and Risk Management starts.
11. Members are asked to consider confirming Sian Hansom as the permanent head of Financial Services. The reasons why members may wish to do this are
  - 1) that the Resources department will have lost 4 of its 6 Chief Officers within 9 months and 1 of its 3 Finance Managers. None have yet been replaced on a permanent basis and it is the intention that the Head of Public Services won't be. Making the Head of Financial Services permanent would therefore add stability and consistency.
  - 2) That whilst Sian is appointed on a temporary basis, there is a danger of losing her to a permanent post elsewhere, something the Council could not really cope with at this time
  - 3) That Sian did compete on an open basis with external candidates for the post when Peter Steed was appointed and came second on that occasion
  - 4) That the challenges in the coming years relating to the budget, FMS replacement, CPA Use of Resources and other financial and accounting changes, make it desirable for the authority to secure Sian's services on a permanent basis.
12. The main arguments against making Sian permanent are
  - 1) that it will deny the new Director of Resources the chance to influence the appointment
  - 2) That it is not in accordance with the Council's normal recruitment process
  - 3) That it may deny other internal candidates the opportunity, although four did apply when the post was advertised on a temporary basis prior to Sian's appointment
  - 4) That it may deny a capable candidate from outside the authority an opportunity within the Council

13. On balance members are recommended to confirm Sian Hansom as the permanent head of Financial Services. This could be done by way of deleting Sian's substantive post and redeploying her or running a recruitment exercise, but in this case it is felt that a members authorising a small departure from the corporate recruitment basis, as set out in the Hr comments below is the best way forward.

### **Consultation**

14. There has been some consultation and discussion in the lead up to preparing this report with Andy Hudson, Terry Collins, Sian Hansom, Bill McCarthy, Heather Rice, Rob Livesey (the Register Office manager) and some other staff and no objections to what is proposed have been raised.

### **Implications**

- . **Financial** – The contents of this report has been designed to ensure that there are no financial implications associated with these proposals.
- . **Human Resources (HR)** – The post of Head of Finance is currently filled on a temporary basis, however in order to bring stability to the Resources directorate and the Council's financial arrangements during the recruitment of a new Director, it is proposed to confirm the current postholder in the post on a permanent basis. Whilst this is a departure from the existing corporate recruitment policy, the temporary appointment was made on a competitive basis and the appointment was made by a properly constituted panel of elected Members and the confirmation of the postholder into the post on a permanent basis is therefore justified."
- . **Equalities** – It could be argued that the proposed way forward with regard to the Head of Financial Services post will strengthen the position of women who are under represented at Chief officer level, although it could also be argued that it will deny an opportunity to other under represented groups.
- . **Legal** - The Section 151 and Proper Officer responsibilities are statutory and are decisions reserved to Full Council or Staffing Matters Urgency Committee acting on its behalf
- . **Crime and Disorder** - None
- . **Information Technology (IT)** - None
- . **Property** - None
- . **Other** – None.

### **Recommendations**

- . Staffing Matters & Urgency Committee is asked to:



- 1) Transfer the Register Office to Neighbourhood Services
- 2) Appoint Andy Hudson as the Proper officer for the Register Office, subject to their being no impact on grade as a result of this change
- 3) Appoint Sian Hansom as the Council's Section 151 officer and as officer responsible for all pensions issues currently delegated to the Director of Resources until a new Director of Resources starts
- 4) Appoint Sian Hansom permanently to the Head of Financial Services post
- 5) Appoint Max Thomas as acting Chief Internal Auditor

**Reason**

In order to ensure that adequate and timely measures are put in place to cover the Council's statutory responsibilities and to limit risks during this period of staff changes

**Contact Details**

**Author:**

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Director of Resources and  
Deputy Chief Executive

**Chief Officer Responsible for the report:**

Simon Wiles  
Director of resources and Deputy Chief  
Executive

**Report Approved**

**Date** 9<sup>th</sup> May 2008

**Specialist Implications Officer(s)**

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**Wards Affected:**

**All**

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

**Background Papers:** Committee report on the role of Section 151 Officer

**Annexes:** None

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## Staffing Matters and Urgency Committee

9th May 2008

Report of the Director of Resources and Deputy Chief Executive

### Equal Pay Settlements

#### Purpose

1. This report is seeking approval to agreements that have been reached with four firms of solicitors who are acting for clients who have equal pay claims in against the Council. The Council was due to defend these claims at an employment tribunal commencing on 21<sup>st</sup> April 2008, however after lengthy negotiations it has been possible to reach agreement on settlement terms and draft Memorandum's of Understanding have been agreed so the tribunal can be deferred. To proceed with the settlement and to avoid the tribunal being reconvened the agreements need formal approval.

#### Background

2. Work on this equal pay project commenced as far back as Summer 2005 with an initial look at what issues were facing other councils, particularly in the North East of England. A vast amount of work then had to be done to look at all pay practices in this area to assess the risk that a liability may exist, and what should be done about it. After taking legal advice and thoroughly researching this issue it was decided to negotiate levels of settlements with the Trade Unions in advance of mass tribunal claims being lodged which could have potentially cost many more millions of pounds to deal with than what has actually happened in York.
3. Offers of compensation for settlement of cases that may have potentially led to equal pay claims in employment tribunals were made to employees in December 2006 and January and March 2007. Offers were made to 1,411 employees of which 1,279 accepted which is an acceptance rate of 90.6%. At the time 132 employees declined the council's offer and a further 23 employees who were not made an offer as the council thought they did not have a robust equal pay claim employed solicitors to pursue their claim through an employment tribunal.
4. The legal agreements signed by those who accepted were to cover 6 years back from 31<sup>st</sup> March 2007. As the new pay and grading system was not introduced on 1<sup>st</sup> April 2007 a potential new liability for equal pay arose and further offers of compensation had to be made. The climate around this issue had changed and a review of the levels of compensation being offered in other council's in the region was made which resulted in the council increasing its offer from that made in the previous year. These further offers of compensation were made to the same groups of employees as before and covered the period 1<sup>st</sup> April 2007 to 31<sup>st</sup> March 2008. There were 1400 staff who were made offers but 134 did not show up and 16 refused the council's offer at the event.

5. Over the year since the original offers were made further claims have been received via solicitors for a further 80 posts, mainly from staff who had accepted the first offer of compensation and signed the first legal agreement or from staff who we had not made offers to, which meant in total there were 235 cases that had been submitted to employment tribunal. A date was set for a two week hearing commencing on 21<sup>st</sup> April 2008.
6. There were several good reasons to try to negotiate a settlement prior to tribunal while still preparing our defence should they break down. These being, the expense of having to prepare the legal arguments and employ barristers to defend the council's position, there are risk and reputational issues and a tribunal ruling would be a fairly blunt win or lose, whereas negotiation gave the opportunity to take account of the relative strengths of different groups of cases. Therefore it was decided to enter into negotiations, assisted by the council's legal advisers on this issue, Dickinson Dees, with all the solicitors to try to reach a settlement prior to the tribunal hearing.

## **The Settlement**

7. The four firms of solicitors involved are Thompson's representing Unison members, Whittles representing GMB members, Stefan Cross solicitors based in Newcastle and one case from the York based Hetheron's.
8. The negotiations had the objective of producing a Memorandum of Understanding between the Council and each firm individually outlining the principles of the settlement offer but not individual calculations for each client as this can take time and can be done once the deal has been agreed.
9. Memorandum's of Understanding have been drafted for agreements with Thompson's, Stefan Cross and Whittles; Hetheron's only have one case so this will be dealt with on an individual basis. Stefan Cross and Whittles have agreed the settlement but at the time of writing this report Unison are awaiting approval from their national headquarters before they can agree the deal.
10. The contents of the Memorandum's are confidential between the Council and the Solicitors and their clients, however it is at a similar average basis to the offers of compensation that were offered to staff in March 2008. Also those claimants who it is considered have a weaker case against the council are offered a lower level of settlement than those with a more robust case. However in the Memorandum it is made clear that the council does not accept any liability or that it has contravened equal pay law.

## **Financial Implications**

11. The council has earmarked just over £4m, including a £1.5m provision made from a prior year underspend, to deal with the equal pay issue and to date has paid out £2.910m including tax and national insurance for the events in December 2006, January and March 2007 and March 2008. A rough estimate of what the cost of payments will be under the Memorandum's of Understanding is between £1.1m and £1.3m depending on evaluation of each claimants case. In addition there is the cost of making the compensation payments to those who have not yet accepted the council's second offer in March 2008, assuming the council's original

offer is accepted this will cost £400k. An analysis of the equal pay cost and funding is shown in the table below.

<b>Equal Pay Costs</b>	<b>£m</b>
Already Paid	2.910
Solicitors Settlements	1.300
Outstanding from March 2008	0.400
<b>Total</b>	<b>4.610</b>
<b>Equal Pay Funding</b>	
Equal Pay general fund provision	1.500
LCCS provision	0.090
Capitalisation	1.069
Contribution from 'one-off' budgets	1.398
<b>Total</b>	<b>4.057</b>
<b>Shortfall</b>	<b>0.553</b>

12. The first option for funding the shortfall will be to apply to the Government for a further capitalisation request so the council can borrow initially and repay the borrowing from the budget that has been allocated for the on-going cost of pay and grading. Bids for capitalisation have to be with Government by the end of May 2008. In previous years bids for capitalisation have been heavily oversubscribed so there is no guarantee that the council will receive the amount it bids for. If the bid for capitalisation is not successful the shortfall will have to be met from the forecast underspend across the council in 2007/08.
13. Comparative research with other councils has shown that by making offers of compensation in advance of mass tribunal claims from solicitors has enabled the council to settle the vast number of claims without incurring excessive legal costs and has assisted in containing the overall cost to the council while still making offers that are attractive enough to encourage staff to accept them. York has been particularly successful at this and if the eventual cost is close to the £4.6m estimate then this will be extremely good value for money.

## **Future Risks**

14. Although the vast number of claims and workgroups where there is the biggest potential liability will have been resolved with these settlements there are still risks in this area that may need to be addressed.
15. There are still 150 staff outstanding from the March 2008 event who have yet to settle, however this risk is considered small as the council's offer to these people is in line with the memorandum of understanding principles so it is unlikely that these staff will be able to obtain a higher level of compensation if they employ a solicitor.
16. Some white collar staff may make equal pay claims now the results of the pay and grading exercise are known (known as 'equal value claims'). Legal advice suggests that it is a far more complex, costly and lengthy process for these staff and therefore the risk is less immediate.
17. There are several legal cases in the appeals process at present and the results may not be known for some months yet, these may have an adverse effect on the

equal pay situation and therefore these need to be closely monitored. In January the Court of Appeal heard two related appeals on the issue pay protection and job evaluation. The judgement is expected shortly and will require careful analysis.

## Implications

- **Financial** – These are addressed at para 10 above.
- **Human Resources (HR)** – The principal HR implications are noted in the main body of the report. HR advice has been integral to the equal pay project and HR staff have been fully involved in the process. Settlement using the Memorandum of Understanding provides an opportunity to successfully manage the financial, employee relations and reputational risks associated with these equal pay claims. While other areas of risk will remain (see paragraphs 16 and 17) the approach recommended in this report closes off another major area of potential equal pay liability and further builds on our positive relationship with the trade unions. The alternatives carry much higher risks in all these respects.
- **Equalities** – Addressing equal pay issues is a key part of the equalities agenda.
- **Legal** – The principal legal implications are noted in the body of the report. If the Council does not honour the Memorandum of Understanding, outlined in paragraphs 6 to 9, the 235 tribunal claims mentioned in paragraph 4 would be re-listed for a hearing which would be likely to take place later in 2008.

The other legal risks identified in the report, claims based on pay protection arrangements (paragraph 17) or future equal value claims (paragraph 16) will still exist if the proposed settlement is approved. However, a settlement which avoids the need for a tribunal hearing will improve the Council's position with regard to both risks.

- **Information Technology (IT)** – There are no IT implications
- **Property** – There are no implications for property

## Recommendations

Staffing Matters and Urgency Committee is asked to:

- Approve the settlement reached with solicitors as outlined in paragraphs 7 to 10
- Approve the respective payments to equal pay claimants (paragraph 11) funded as outlined in paragraph 12.

Reason: To avoid the tribunal being reconvened.

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### Chief Officer Responsible for the report:

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Report Approved



Date 8/5/08

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

All



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

**Background Papers:** None

**Annexes:** None

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