

Report of the Head of Human Resources & Organisation Development

Organisational Review

Senior Management Arrangements within the City of York Council

Summary

1. This report provides an update on the review of the senior management and the development of an organisational structure which will support the future operating model in the council. It has been agreed that this review will achieve a minimum of £150k savings from 2016/17.
2. The report also seeks approval to establish Appointment Sub-Committees for Chief Officer appointments and to delegate sufficient powers to those Sub-Committees to enable them to conduct the recruitment process, select and appoint a Director of City and Environmental Services and a Director of Public Health, subject to the requirements of the standing orders on appointment and the statutory instrument NHS (Appointment of Consultants) Regulations 1996 as amended (S.I. 1996/701 as amended by S.I. 2002/2469, S.I. 2003/1250, S.I. 2004/696 and S.I. 2004/3365).

Background

3. At the meeting of Executive on 25 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.
4. The outcome of this review will create a senior manager structure which would build on the design principles used in previous review processes which are, a focus on Council priorities; consolidation and elimination of duplication; a focus on front line service delivery and the needs of residents and communities.

5. The proposals will also support the council's future operating model of 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.
6. Since the decision was made by the Executive the following announcements have been made, all of which need to be taken into account when determining the senior management structure;
 - i. Chancellor of the Exchequer gave his Budget to Parliament and in an announcement on the 21st July the Government confirmed that City regions that want to agree a devolution deal needed to submit proposals.
 - ii. City of York Council has been involved in the submission of a number of devolution bids, which propose giving more powers to local authorities from central government so that decisions are taken closer to the communities they affect. This follows detailed dialogue between the council's Executive and its officers alongside peers from neighbouring local authorities, central government and key organisations such as Local Enterprise Partnerships. We now await a decision on the outcome of these submissions.
 - iii. In October 2015 the council plan agreed was agreed which set out the high level priorities for the Council.
 - iv. The Chancellor delivered his Autumn Statement on 25th November, this included major announcements for York include confirmation of an Enterprise Zone for the development of York Central.
 - v. The budget statement also highlighted significant changes to the funding for public health and social care; change to the local authority's role in running schools; and changes to the Council's role in providing housing.
 - vi. The Chancellor also announced that local government will continue need to make a contribution to fiscal consolidation and that over the period to 2020 the Revenue Support Grant (currently £21.1m/ year in York) will be phased out. Therefore, as anticipated, the Council will be required to continue to make significant financial savings.
7. Taking into account these issues it is clearly not prudent to create a new senior management structure immediately as they will all potentially impact upon the role and scope of senior managers.

It is therefore necessary to take an incremental approach over the next year leading to a revised senior management structure by then. However there are some immediate actions which can be undertaken as a start to that process and these are set out below.

A new organisational structure

8. To meet all of these 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 3rd 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.
9. We need a new senior management structure which;
 - is sustainable though a period of significant change
 - delivers outcomes for customers, residents and communities
 - can flex across CYC, City and regional boundaries
10. The structure will inevitably need to change and adapt over time and wherever possible avoid having to make changes to structure through major reorganisations which take time, add cost and cause disruption.
11. A review of structure options and an analysis of structures used in other councils is already underway and potential options will be presented to Executive in March 2016 and will confirm a timetable for these changes.
12. 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 with the aim of creating a new job description and competency based person specification.
13. As roles change we should also review pay. The Employment Director from Local Government Yorkshire and Humber will support this review of job descriptions and pay and will make recommendations back to Executive regarding any possible changes.
14. There is a requirement for £150k savings to be achieved from 2016/17.

This saving will be made by the fixed term post of Assistant Director Transformation and Change coming to an end on the 31 March 2016 and by holding vacant two other Assistant Director posts. This is an interim position pending the implementation of the new structure which potentially could deliver greater savings than those already agreed.

15. From 1st April 2016 there will no longer be an Office of the Chief Executive directorate. Pending the senior management restructure there is a need for temporary management arrangements for the functions that sit within the Office of the Chief Executive. This will be managed as follows;
 - those functions that relate to the provision of 'information' (Communications and Business Intelligence Hub) be transferred into CBSS.
 - the policy function will continue to be grouped around people and place. People policy will be transferred to Adult Social Care and Children's Services. Place based policy will be transferring to City & Environmental Services.
16. It is proposed to move the 'place' team whose work focuses on Economic Development and Devolution in February 2016, the Business Intelligence Hub and the 'people' team ahead of the other proposed changes. The reason for this is to get critical mass around key council priorities.

Director Appointments

17. During the period of transition to a new structure there are a number of priorities which will need to be progressed to allow the continued achievement of our corporate ambitions for the residents of the City and deliver against our financial strategy and these need senior management capacity and expertise. Both posts will still be part of the senior management review and will still exist but with amended functionality and / or a different location within the structure.

Director of Public Health

18. Statutory responsibility for the delivery of public health services transferred from the NHS to the Council on 1 April 2013, as conferred by the Health and Social Care Act 2012.

19. The Director of Health and Wellbeing left the Council in October 2014 and interim arrangements were immediately put in place to secure the strategic management of the service and to ensure that statutory responsibilities for Public Health were assigned.
20. There has been a period of transition since the transfer of Public Health duties to local authorities in April 2013 and a new structure for public health has been implemented with effect from 1st June 2015. The primary objective of the revised structure is to deliver a public health service which is fit for purpose and the appointment of the Director of Public Health enables the Council to meet its ongoing duties and responsibilities for the health and wellbeing of York's residents.
21. The Council, as other local authorities, is still developing its Public Health functions post transition and the transfer of functions to from the NHS and Public Health functions into several organisations; NHS England, Public Health England (PHE), Clinical Commissioning Groups (CCGs), Commissioning Support Units – all of these organisations are currently undergoing restructures, mergers, and loss of capacity. The relationship with NHS Vale of York CCG is developing, and now the CCG understands what it requires of the Council, with a definitive Memorandum of Understanding finally agreed. This makes clear the detail of the “core offer” which local authorities are mandated to provide back to the local NHS. Most of this offer is specialised advice on the health of the population and on evidence of what can be done to improve it.
22. In these times of unprecedented challenges we cannot afford to lose any momentum in our work in York to respond to the Care Act, the Better Care Fund and our wider transformation agenda. Making a permanent appointment to the post of Director of Public Health will mean that we secure the long-term strategic leadership of our Public Health Services.
23. Although we are in the process of embedding a new structure the post of Director of Public Health remains vacant. There are no existing staff who will suffer a detriment as a result of proceeding to recruit to the position.
24. The role of Director of Public Health will be key in developing strong partnerships with, and influencing key stakeholders in the health economy to ensure the widest possible participation in the delivery of the new Public Health outcomes.

25. This includes, work on the health and social care agenda to support the development and delivery of the most efficient and effective pathways in health improvement and care; work related to the health and wellbeing of children and young people; and place shaping to create a health promoting physical, social and cultural environment for the future. It is expected that the post holder will have a direct influence on service planning in the Council setting across all Directorates and on CCG commissioning to improve health and reduce inequalities.
26. Some local authorities have had difficulties in assessing the added value to the Council of high quality public health advice, leadership and influence across the full range of Council functions. This is not surprising given that it is many years since public health consultants and specialists were directly employed by local government. During that time the types of public health challenges faced have changed enormously, as well as the evidence and range of approaches needed to tackle these problems.
27. Some of these public health measures can be implemented or commissioned by the Council itself. However, many require action beyond the Council either across sectors (health service, voluntary and business sectors) or across geographies (including City regions or North of England). There is also a clear role for advocacy and upward influencing either into PHE's national programmes and priorities or direct to government departments; once again sometimes this might be on behalf of an individual Council but it is collective advocacy that is likely to carry greater weight (including through the Association of Directors of Public Health). These roles require an effective systems leader with both strategic vision and a broad scale of expert knowledge.
28. PHE feels, that each local authority needs a skilled and committed Director of Public Health, with direct accountability to the Chief Executive and full Council, even if line managerial models vary between authorities

Remuneration Package

29. Information sourced from PHE has confirmed that a number of local authorities who have tested the recruitment market recently, with full involvement of PHE, have found they needed to offer salaries of between £85,000 and £105,000 to secure an appointment, it is equally important to ensure the Director of Public Health and her/his team are able to influence the full range of Council policies and priorities and to be able to provide an independent evidence based public health voice

when this is required whilst understanding how and when to use this latter skill as a corporate Council officer.

30. In seeking approval to recruit to the Director of Public Health; and in implementing the measures agreed as part of the due diligence exercise undertaken in advance of the TUPE transfer of staff from the NHS to the council; it was agreed in 2013 that for the purpose of equity in the future appointments to the public health function (post TUPE transfer) would be made in accordance with City of York Council Terms and Conditions of Service and pay grades.
31. It should be noted that the non-salary terms and conditions offered by CYC are broadly comparable to the NHS.
32. The Director of Public Health position has been evaluated using the same scheme used for other senior posts and has been assigned a grade at the same level as other Directors in CYC i.e. £89,842 to £102,766. This level of pay is comparable with other Directors of Public Health posts across the North of England.
33. Applicants for the role of Director of Public Health are now likely to be working in other local authorities as an existing Director of Public Health or in a role of Public Health Specialist, for whom the next step in their career would be to obtain a role of Director of Public Health. It is anticipated that the position will attract interest from medical and non-medical public health practitioners. Eligibility for these roles is strictly governed by the Faculty of Public Health.
34. The job description for this role is attached at Annex A, although this will be amended as part of the wider review of all senior manager job descriptions described at paragraph 12.
35. It is a requirement for any proposed salary offer which is in excess of £100,000 is agreed by full Council should that be necessary.

Director of City and Environmental Services

36. To ensure there is immediate ongoing capacity to progress a number of major City infrastructure projects, including York Central and continued strategic leadership of City and Environmental Services, it is recommended that permanent appointment of Director of CES is made.

37. The post is currently filled on a fixed term basis with an end date of 31 March 2016.
38. It is proposed that a permanent appointment would be advertised externally on City of York Council Jobs Website and promoted through the Council social media channels. This approach should generate external interest in the role but would mean that for this post there would be no additional recruitment costs.
39. The current job description for this role is attached at Annex B, although this will be amended as part of the wider review of all senior manager job descriptions described at paragraph 12.

Remuneration Package

40. Attached at Annex C are details of the pay package and Conditions of Service for the post of Director of City & Environmental Services. The Committee is asked to confirm the pay package for this post which will be offered as part of the recruitment process which is set at a job evaluated grade of Director at a salary of £89,842 to £102,766 with access to the standard set of Chief Officer terms and conditions. There are no other enhancements recommended for this role.
41. It is a requirement for any proposed salary offer which is in excess of £100,000 is agreed by full council should that be necessary.

Appointments Committees

Director of Public Health

42. The constitution of an Advisory Appointments Committee (AAC) for Chief Officer level posts in public health is laid down by statute in accordance with the following regulations:
43. Statutory Instrument NHS (Appointment of Consultants) Regulations 1996 as amended (S.I. 1996/701 as amended by S.I. 2002/2469, S.I. 2003/1250, S.I. 2004/696 and S.I. 2004/3365).
44. As a minimum the AAC for the Director of Public Health would comprise the following:
 - Local Authority elected member as Chair of the panel (known as a lay member and is usually the cabinet member of the health and wellbeing board)
 - Chief Executive of the LA or nominated deputy

- Public Health England (PHE) Regional Director or another senior professionally qualified member of PHE acting on his/her behalf
 - External assessor appointed after consultation with the Faculty of Public Health Senior
 - NHS representation – likely to be a member of the Vale of York Clinical Commissioning Group e.g. Chief Clinical Officer or a nominated deputy.
45. The LA may appoint additional members as it considers appropriate but the majority of the committee must consist of employees of the LA and professional members.
46. For the purpose of these appointments the Council's current Constitution for an Appointments Committee will need to be amended to reflect the joint nature of the appointment with Public Health England (PHE) on behalf of the Secretary of State for Health, but would include at least one member of the Cabinet, to shortlist and interview applicants for the positions and to determine who should be offered the vacant position.
47. The recruitment process is attached at Annex D outlining the changes in the decision making process, which need to be approved. These would need to be adopted on this occasion to ensure the appointment conforms to the requirements of the statutory instrument governing appointments at this level within public health.
48. Membership of the Advisory Appointment Committee is attached at Annex E.
49. There is a requirement for this post to be advertised nationally as laid down in the same statutory instrument which informs the panel's constitution. As the roles would attract medical and non-medical public health practitioners the posts must be advertised on NHS jobs and in at least one nationally distributed health journal. The cost associated with this would depend on the style of advertising. The cost for a quarter page display advertisement in the Health Service Journal would cost approximately £2-3k.

Director of City and Environmental Services

50. The Council's Constitution allows for an Appointments Committee, including at least one member of the Cabinet, to shortlist and interview applicants for a post and to determine who should be offered the vacant post.

51. It is recommended that the appointment sub-committee should consist of three members on a 1:1:1 proportionate basis. This would mean that there would be one Conservative, one Liberal Democrat and one Labour member on the appointment committee.

Consultation

52. Consultation has taken place with the Corporate Management Team the relevant portfolio holders, Public Health England and the Public Health team.

Options/Analysis

53. Members could decide not to proceed with the recruitment to these posts, however this would mean that in the short term there would be a lack of senior capacity to progress a number of major projects and deliver statutory responsibilities.
54. We have to cover the statutory responsibilities in Public Health Services recruitment to the Director of Public Health is an imperative as the continuation of interim arrangements cannot be sustained.
55. An alternative approach would be to go to the external consultant or interim market and fill the post on this basis for this temporary duration but that is very likely to incur additional cost and we would still be without a permanent solution to cover our statutory responsibilities.

Council Plan

56. Making an appointment to these posts will contribute to the continued focus on the delivery of the Council Plan and its priorities;
- a prosperous City for all - where local businesses can thrive and residents have good quality jobs, housing and opportunities
 - a focus on frontline services - to ensure all residents, particularly the least advantaged, can access reliable services and community facilities
 - a Council that listens to residents - to ensure it delivers the services they want and works in partnership with local communities

Implications

57. The following implications have been considered:

- **Financial** – The review of senior management needs to achieve an overall saving in Chief Officer salary costs of at least £150k starting in 2016/17. The paper set out how this will be achieved.
- The salary cost of the posts of Director of CES will be managed from within the existing budget and there will be no recruitment costs.
- For the Director of Public Health the total salary and recruitment costs are estimated at between £118k at the bottom of the grade, to a maximum of £135k if the appointment is made at the top of the grade. Following the previous decision of this committee on 24 November 2014 to approve the recruitment of a permanent Director of Adult Services, the budget remaining from the former Director of Health & Wellbeing post is £39k. If Members were to approve the recommendation to appoint a Director of Public Health this would leave a budget shortfall of between £79k and £96k. This can be funded from savings generated within the wider Public Health staff restructure which was implemented with effect from 1 June 2015.
- **Human Resources (HR)** – The proposals in this paper could have an impact on staff, particularly at Director and AD level. 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. Once the proposals are finalised and agreed, a detailed implementation plan will be developed and shared with staff and the trade unions.
- The job description for these posts have been subject to the Council's established job evaluation mechanism and the grade established for the post and the agreed Council Pay Policy. The Appointments Committee is in line with the constitutional requirements for the recruitment and appointment of Chief Officers. The appointment will be carried out in accordance with the Chief Officer recruitment protocols.
- **Equalities** - There are no specific equalities implications.
- **Legal** – The Appointments Committee is created pursuant to S.102 (1)(c) of the Local Government Act 1972 and its terms of reference are to exercise the functions of the Council in relation to the

selection and appointment of the successful applicant in respect of the vacant post. The proceedings of the Appointments Committee are likely to be held mainly in exempt session due to the nature of the information that it will be considering.

In circumstances where the appointing committee agrees, without any member voting against, S.17 of the Local Government & Housing Act 1989 provides that the distribution of seats on a sub-committee need not comply with the political balance requirements contained in Part 1 of that Act.

The process for appointing officers at this level within Public Health is regulated by the Local Authority (Standing Orders) (England) Regulations 2001, and in the case of the Director of Public Health supplemented by the NHS Statutory Instrument governing appointments of medical and non-medical public health specialists. Amongst other things, these regulations require that an appointment committee must include at least one member of the Cabinet and further, that no formal offer of appointment may be made until all members of the Cabinet have been informed of the details of the intended appointee, and have raised no objection within the specified period, (usually 5 clear days).

- **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

58. 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.

59. The risk of no or delayed appointment to these posts could risk delivery against the Council Plan and its priorities and / or failure to deliver statutory responsibilities, which could impact on the health and wellbeing of the population of York.

Recommendations

60. It is recommended that the Committee:
- i. Approve the filling of the post of Director of City and Environmental Services on a salary scale of £89,842 to £102,766.
 - ii. Approve the filling of the position of Director of Public Health on a salary scale of £89,842 to £102,766.
 - iii. Advertise these opportunities on the CYC Jobs Website and for the Director of Public Health the NHS Jobs Website and in a hard copy journal such as the Health Service Journal as well as promoting the opportunity using social media channels and public health networks.
 - iv. For the Director of CES agree that an Appointments Sub-Committee is established and authorised to conduct the final interviews, select a successful candidate and make an offer of employment subject to the necessary employment procedures. The sub-committee should consist of three members, on a 1:1:1 proportionate basis. This would mean that there would be one Conservative, one Liberal Democrat and one Labour member on the Appointment Committee.
 - v. For the Director of Public Health approve the establishment of an Advisory Appointments Committee, constituted in accordance with NHS Statutory Instruments governing recruitment to consultant level roles in the NHS and agree that in addition to the Chair of the Health and Wellbeing Board a representative from the Conservative and Labour groups sits on the advisory appointment committee as nominated by the respective political group.
 - vi. Should it be necessary, to recommend to full council approval of the salary package to the appointed person if in excess of £100,000.

Reason: To allow appointments to be made to the Director of City and Environmental Services and Director of Public Health.

Contact Details

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**Report
Approved**



Date 22nd January
2016

Specialist Implications Officer(s)

Legal: Andrew Docherty, Assistant Director, IT Democratic & Legal Services

Finance: Debbie Mitchell, Corporate Finance Manager

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Wards Affected:

All

For further information please contact the author of the report

Annexes

Annex A – Job Description for Director of Public Health

Annex B – Job Description for Director of City and Environmental Services

Annex C – Conditions of Service, Director of City and Environmental Services

Annex D – Chief Officer Recruitment process

Annex E – Membership of the Advisory Appointment Committee (AAC)

Abbreviations

AAC-Advisory Appointment Committee

CAA- Comprehensive Area Assessment

CCG- Clinical Commissioning Group

CES- City and Environmental Services

CME- Continuing Medical Education

CPD- Continuing Professional Development

CYC- City of York Council

DBS- Disclosure and Barring Service
DPH- Director of Public Health
FoPH- Faculty of Public Health
GDC- General Dental Council
GMC- General Medical Council
HR- Human Resources
IT- Information Technology
JNC- Joint Negotiating Committee
LSP- Local Strategic Partnership
NHS- National Health Service
NHSPS- National Health Service Pension Scheme
PHE- Public Health England
PHO- Public Health Observatory
SHO- Senior House Officer
TUPE- Transfer of Undertakings (Protection of Employment)
UKPHR- United Kingdom Public Health Register
WOW- Without Walls