

**Decision maker:** Employment Committee  
**Subject:** Senior management structure  
**Date of decision:** 3 July 2012  
**Report by:** Chief Executive  
**Wards affected:** All

**Key decision (over £250k):**

**1. Purpose of report**

To advise Members of the outcome of consultation on the proposed changes to the senior management structure of the Council and to seek Members' approval for changes to the structure at head of service and strategic director level.

**2. Recommendations**

It is recommended that:

- 2.1 Members consider the responses to the consultation on the proposed senior management structure and the subsequent recommendations in the light of those representations and decide what changes they wish to implement.
- 2.2 Members note the financial implications of the proposals as set out in section 11 and in the exempt financial Appendix 6, the costs of which will be funded from the MTRS Reserve.
- 2.3 Members consider the HR advice and determine what process they wish to follow for any consequent recruitment at head of service level.

**3. Background**

In April 2012, Members agreed to the voluntary redundancy of three heads of service and to formally consult with staff and unions on proposals for changes to the senior management structure of

the council. The proposals consulted on showed the merger of a number of service units and a reallocation of Service Units by Directorate as set out in Appendix 1 (existing structure) and Appendix 2 (proposed as at April 2012). Also illustrated were a number of potential transfers of some parts of service units from one service to another, as set out in Appendix 3a and 3b (proposed as at April 2012). The proposed changes were designed to meet the needs of the council, in particular by:

1. Further reducing the cost of the senior management structure
2. Reducing the number of support service units from 7 to 4 and placing them all within a single directorate
3. Creating greater equality in the numbers of staff within support service units
4. Bringing together property management and maintenance skills in Housing and Asset Management and developing and applying successful approaches to customer responsiveness.
5. Providing an integrated service for future planning and regeneration to mainstream and bring forward major projects incorporating cultural services, liveability and leisure
6. Amalgamating tourism attractions with attracting inward investment, which will help position the city internationally
7. Providing a regeneration team bringing together a multi-skilled project delivery team to get infrastructure built
8. Providing a strong contract management team across the council's environmental services to make our contracts deliver better outcomes
9. Bringing together business support and regulatory services to support private sector growth (skills, business and enterprise)

#### **4. Consultation and procedure**

The proposals put to the Committee in April had direct implications for a number of staff, including two post holders whose posts are 'at risk' as a consequence of the proposals. The Council has an obligation to consult unions and employees on an individual basis to ensure a fair redundancy procedure. The Employment Appeals Tribunal (EAT) has set out principles for ensuring the fairness of redundancy dismissals. Whilst the principles were formulated in relation to consultation where the employees are represented by a trade union, employers should also apply them when consulting individually, whether or not a union is involved. The principles include:

- The employer will seek to give as much warning as possible of impending redundancies so as to enable the union and employees who may be affected to take early steps to inform themselves of the relevant facts, consider possible alternative solutions and, if necessary, find alternative employment in the undertaking or elsewhere.
- The employer should begin consultation when proposals are at a sufficiently formative stage to enable the consultation to be meaningful. This should be at an early enough stage so that all options can be explored with employees including whether or not the need for redundancies can be avoided. Consultation must be completed before the employer issues any notice of dismissal.

In accordance with the council's workforce change policy, the unions and those staff directly affected were advised of the proposals contained in the report in April. Two heads of service were advised, at the earliest opportunity, that their posts may be at risk under the proposals being considered.

A member of the Employment Committee has queried with me whether more than the two post holders so advised might be 'at risk' because it is proposed that under the re-structure they would take on significant different additional roles to their current role

and there is a merging of two Heads of Service into one new role. External HR and Legal advice has been taken on this issue, and I can confirm that, as set out in section 8 and Appendix 7, the impact of the proposed changes on other head of service roles have been assessed and are considered to warrant either minimal change, more of the same or relating essentially to the key purpose of the post with the majority of duties remaining the same. It is therefore just the two post holders who are considered 'at risk'.

In putting forward the proposals to the Committee in April, a wide range of different permutations had been considered, including those put forward to date by heads of service. They included the merger of HR with IS; the merger of Audit and Performance Improvement with Customer, Community and Democratic Services; the deletion of the post of the Strategic Directors responsible for 'people' (health and social care); and alternative allocations of parts of existing service units in different permutations. A representation had also been received supporting the synergies that exist between Audit & Performance Improvement and HR. Further representations received after the April Committee report was prepared were reported to members at the April Committee.

In April the Committee was advised that given the number of staff at risk at the time (82), a period of consultation of 30 days was appropriate; the Committee would need to meet after the end of the consultation period to consider any representations received before determining and implementing its preferred structure. The consultation period ended on 14 May 2012.

## **5. Methods of consultation**

Whilst the Employment Committee is concerned with the recruitment and dismissal of officers of Head of Service level and above, the proposals for the senior management structure are of wider interest to the council's staff and unions. The Employment Committee agreed, with the exception of one financial appendix which contained personal data, to make the April report available to the press and public, including all staff and their representatives.

This, and the consultation arrangements, was drawn to the attention of all staff through a number of channels:

- An all staff email was sent on 12 April with an outline of the proposals and a link to the full report; on 19 April a 'look up table' was also produced and published via the staff intraLINK home page which gave staff more detail of the proposed team moves
- A series of intraLINK pages were created which acted as a reference point and contained an outline of the proposals, the 'look up table', links to the information already sent out to staff and links to the report
- A marketplace thread was created to prompt questions and discussion; the May 'team brief' (a monthly update sent to all managers for discussion at team meetings) also contained information on the proposals and the proposed structure chart to capture those staff without easy pc access.

In addition, the Chief Executive personally briefed the Corporate Management Board and the Third Tier Managers on the proposed changes, highlighting where they could go to see further detail and how they could make representations. He also spoke directly with staff in Legal, Licensing and Registrars. Directors have discussed the proposals in their Directorate Management Teams, and briefings have taken place by Directors and Heads of Service with staff who might be affected by the proposals.

An email address was set up to receive any representations on the proposals, and Directors and Heads of Service also collated representations they received.

## **6. Representations received**

In total, 51 representations were received during the consultation period. These have been made available to the Committee in an anonymous manner, in accordance with the Committee's wishes. A summary of the representations is provided on the A3 sheets at Appendix 4. By its very nature, this is a précis of the material

received and is designed to express the scope of the representations. Whilst members are recommended to look at the submissions themselves, the key themes to emerge can be summarised as follows:

### Overall structure

- recognition that change needs to happen and that driving down costs is a priority
- some suggestions that this should be an interim structure with a more radical restructure to come
- support for a directorate based structure with more aligned services
- a number of submissions asked where 'transformation' was in the rationale or delivery of the restructure, and were concerned that this may be a potential missed opportunity to design services around customer needs

### Support services directorate

- concern about the 'equalisation' rationale of support services, with a feeling that service size should be based around need
- a suggestion that teams had not been brought together on basis of crossover in aims and activities
- opposition to CCDS being considered a 'support service'

### Merger of HR, Audit and Performance and Legal Services

- support for the merger, with some welcoming the opportunities it presents
- opposition to the merger, with some suggesting the services do not have sufficient crossover

- suggestions for alternate configurations; including strategy to CCDS, equalities and revenues and benefits to the new merged services, audit to move to finance
- overall support for the idea that HOS can be 'generalist' but with strong support that services (particularly HR) need a professional lead.
- one request that recruitment be ring fenced
- requests that audit team report to S151 officer
- strong opposition to the move of sustainability and carbon management to transport

### Registrars

- support for move of registrars to CCDS

### AMS split

- concern that any split of AMS would result in duplication and loss of 'commissioning role'
- suggestions that dispatch vehicle pool move to transport and street management
- the responses about the move of the landlord's maintenance role were ambivalent; some wished the role to move to Housing whilst others wanted to move it to the Economic Development and Business Support team

### City development and cultural services

- wide-spread support for a 'regeneration' directorate

- support for planning to be kept together and sit within new directorate
- suggestions that additional teams such as transport development would complement new directorate
- concerns regarding duplication , and dilution of planning team role
- queries about how regeneration team will be identified and selected
- opposition to the move of parks and recreation services

#### Move of Oracle/EBS team to IS

- opposition to the move of the team to IS

#### Voluntary sector support team

- Support for move of VSS team to ‘people’ directorate

### **7. Response to the representations and proposed amendments to the revised structure**

In response to the representations received, considerable effort has gone in to reassessing the proposed changes.

#### Overall structure

As a package, the proposals clearly encompass a wide variation in the scale and managerial level of changes – for example, from the merger of service units, to the moving of a function or capacity from one service to another. In some respects, the Employment Committee’s formal decision making role is quite limited – heads of service and above. Also, given the pressures the council faces, all services will continually be reviewing their structures and services



to adapt to changes to budgets, demand for services and member priorities; these will be on-going and only exceptionally requiring Employment Committee determination. However, it is important to give members as clear a picture of intentions as possible at this juncture, and certainly to be clear about significant changes.

### Support services directorate & Merger of HR, Audit and Performance with Legal Services

With regard to the role of the Employment Committee in determining the number and allocation of head of service posts and above, there has been strong support for the rationalisation of a support services directorate under a single strategic director. There has been general albeit not unanimous support for reducing the number of support service units from 7 to 4 through merging of **HR, API and Legal** services units into one and placing them all within a single directorate. The transformation programme would continue to be administered from within this service unit, albeit that transformation applies and requires cross council engagement. The proposed move of **Registrars** to **CCDS** and **Licensing** to **Community Safety** are considered to offer opportunities to develop synergies that will support customer engagement and strengthen our processes. Having considered the representations, it is therefore recommended that these proposals be pursued.

With regard to carbon management and sustainability, in April it was proposed to move this function, currently within the Strategy Unit to the Transport and Environment service. There was representation advocating that it has a strategic role of influence across the organisation and schools and should therefore stay within the Strategy Unit. There was also representation agreeing with the proposal to transfer it to the Transport and Environment service and become more involved in service delivery.

The strategic plans are now in place so the role of this service should change from a strategic role into one that will ensure the carbon management reduction target is met by implementing the agreed action plan. The service will need to continue to work across the council, however the main areas that will achieve the

carbon reduction for the city council will be Property, Transport and Environment. As these services are envisaged to be in the Regeneration directorate along with the main projects being developed to achieve sustainable economic growth, it is recommended that the service moves to the Transport and Environment service within the Regeneration directorate.

### City development and Cultural services

There has also been support for the addition of the **planning** elements to the **cultural** services unit to form a stronger **regeneration** emphasis as well as combining **tourism** with attracting **inward investment**. Similarly, the bringing together of roles and skills concerned with the management of **environmental contracts** such as grounds and roads maintenance and waste management has been broadly supported, as has bringing together a **multi-skilled project delivery team to get infrastructure built**. Having considered the representations, it is therefore recommended that these proposals be pursued.

### AMS split

In April, the reallocation of AMS envisaged that property maintenance would go to Housing Management, facilities management to IS, strategic property to Regeneration, and property leases to Economic development & business support. Whilst there is continued support for **strategic property** (strategic land acquisitions and disposals) forming part of regeneration, and for **property maintenance** to go to Housing Management, there has been a considerable weight of opinion that the residual bulk of the service should stay together rather than be split further between 'receiving' service units. An example of this is the **design** section of AMS. On the face of it the skills and input of architects and designers is important to city development and regeneration. However, analysis of their workload shows that their biggest area of work is with schools, where they are often working closely with the maintenance teams – and from the customers' point of view – the school – they want a single point of contact and a seamless service. Therefore, whilst responsibility for **markets and**

**enterprise centres** should continue to move to Economic development and business support, it is recommended that property leases and the broader landlord's functions should not be separated from property maintenance.

On further consideration, it is felt that other than **security** (which should go to CCDS rather than IS), **facilities management** should remain with the rump of AMS and transfer to Housing Management.

It is considered that significant benefits can be gained for the general fund in applying the experience gathered within Housing to the AMS services. Further separating the property services and landlord's functions from property maintenance would not bring about the best outcomes for customers or business systems and would create undesirable hand-offs between one service and another for the commissioning and delivery of repairs. This would not yield the benefits in gaining maximum value for money for the general fund.

Having considered the representations, it is therefore recommended that for AMS the following proposals be pursued:

- strategic property (strategic land acquisitions and disposals) forming part of regeneration
- markets and enterprise centres to Economic development and business support
- security to CCDS
- Property management and maintenance to Housing Management

If members support these changes, it is further recommended that the combined service unit be called Housing and Property Management (or suchlike) and transferred to the Regeneration Directorate, as illustrated at Appendix 5.

## Move of Oracle/EBS team to IS

Further work is being undertaken to resolve technical concerns in relation to the proposed transfer of the service. This is not formally a matter for decision by the Employment Committee, and not essential to this restructure.

### **8. Next steps**

Members need to decide what structure best meets the needs and circumstances of the council. Dependent upon the decision of the Employment Committee regarding the Head of Service structure, one or more Heads of Service posts may be redundant and the post-holder(s) at risk of redundancy. In response to the consultation and after further thought about the needs of the organisation and the shape of things to come, the key recommendations for the Committee are set out in section 7 above and are illustrated in traditional structural terms at Appendix 5. The financial implications of these recommendations are set out by the Head of Financial Services in section 11 below and in the exempt Appendix 6.

Once Members, having fully considered the responses to consultation and the recommendations in this report, decide on a structure they wish to implement that results in one or more heads of service posts being 'at risk' of redundancy, then Members will need to decide whether to:

- I. 'slot-in' where heads of service are substantially performing the role proposed in the selected structure
- II. to ring-fence recruitment to those post holders at that level who are at risk or performing a part of the role, or
- III. to advertise the post on the open market and invite the relevant post holders to apply accordingly.

There is a proper process to go through to guide members' decisions in this area and external advice has been taken as set out in section 4. The proposed new posts have been compared to existing posts to determine if there are any job 'matches', using

broad criteria focusing on purpose of the role and taking into account skills, experience, knowledge and level of responsibility. Where there is a job match the appointment will be offered to the existing post holder on the basis of an automatic slot. By way of illustration, if members decide to go ahead with the structure as consulted on (Appendix 2) or that recommended in this report (Appendix 5), the arrangements as set out in Appendix 7a and b respectively are recommended for matching and recruitment.

Those Heads of Service whose posts are so significantly changed to the extent that the post no longer exists or that it is removed from the structure will be given three months' notice of redundancy in accordance with their contract of employment and normal practice in the management of change.

In law, the Employment Committee is perfectly entitled to elect to either ring-fence the recruitment process or to seek to fill the post by open application, inviting the staff at risk to apply. It is recommended that appointment to any new posts be sought through an internal ring-fence selection process. If Members agree to ring-fence applications for a new head of service post to those heads of service 'at risk', then the timetable set out at Appendix 8 provides a guide to the potential timelines, and Appendix 9 sets out a Job Description and Person Specification for the proposed new combined HR, API and Legal post.

However, if the Employment Committee decide otherwise, or if the Selection Sub-Committee following interviews determine that the necessary skills, experience, aptitude, knowledge and level of responsibility are not held by current employees, there will be an external recruitment and selection process for which internal post-holders at risk of redundancy would be invited to apply and guaranteed an interview should they so wish (Appendix 8b). In the event of their not wishing to apply or being unsuccessful in their interview, the internal post-holders will receive redundancy pay in accordance with normal PCC payments (see exempt Financial Appendix 6).

The trade unions have been consulted on this process.

## **9. Equality impact assessment (EIA)**

An Equality Impact Assessment has been undertaken.

## **10. Monitoring Officer comments**

The proposals set out in this report comply with the Council's policy and procedure and is within the capacity of the Committee to endorse the recommendations set out above.

## **11. Head of Financial Services comments**

The financial implications arising from the review of the Senior Management Structure fall into two categories:

- the potential costs of redundancies (subject to the recruitment process)
- the on-going savings arising from a reduction in Senior Management

In terms of redundancy costs, should the proposals as set out proceed, the potential redundancy costs would be as set out in the exempt Appendix 6. The costs of these redundancies can be funded from the MTRS Reserve.

In terms of on-going savings, the savings arising from the overall reduction in Senior Management in both the current and future years is estimated at £190,000 for 2012/13 and then £380,000 for 2013/14 and all future years.

Overall, this amounts to excess savings in Senior Management over and above those approved by the City Council of £105,000 in 2012/13 and £198,000 in 2013/14 and all future years as set out below.

<b>Description</b>	<b>2012/13</b>	<b>2013/14</b>	<b>Future Years</b>
Proposal - Savings from Reduction of 4 Heads of Service	242,000	380,000	380,000
Less – Approved Budget Savings from Snr. Management	(137,000)	(182,000)	(182,000)
<b>Excess Savings over Approved Budget</b>	<b>105,000</b>	<b>198,000</b>	<b>198,000</b>

As a consequence of the changes to the Senior Management structure, it is anticipated that there will be some uplift to grades at the third tier level but these are expected to be relatively minor in financial terms compared with the overall on-going savings of £380,000 per annum.

Any delay to the implementation of the proposed redundancies contained within this report will serve only to reduce the level of savings that could have been achieved. This is because any delayed savings considerably outweigh the reductions in the redundancy costs which would occur.

Significant reductions in expenditure on senior management have been achieved over the last three years.

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Chief Executive