

# Bath & North East Somerset Council

MEETING:	<b>Re-structuring Implementation Committee</b>	AGENDA ITEM NUMBER
DATE:	<b>15 JANUARY 2015</b>	

TITLE: **Senior Management Restructuring**

- **Legal & Democratic Services**
- **Senior Severance Payments**

WARD: ALL

**AN OPEN PUBLIC ITEM WITH APPENDICES LIKELY TO BE TAKEN IN EXEMPT SESSION**

## List of attachments to this report:

**Appendix 1:** Re-structuring Implementation Committee - terms of reference

**Appendix 2:** Current & proposed organisational structures – Legal & Democratic Services

**Appendix 3:** Exemptions 1 and 2 in Schedule 12A of the Local Government Act 1972 applied

**Appendix 4:** Exemptions 1 and 2 in Schedule 12A of the Local Government Act 1972 applied

## 1. THE ISSUE

- 1.1 The Council has agreed an organisational model and senior management structure to support the delivery of its organisational vision and priorities. A Re-structuring Implementation Committee (with terms of reference as set out in Appendix 1) has been established to oversee its implementation.
- 1.2 In accordance with the committee's terms of reference, this report deals specifically with recommendations for change within the Legal & Democratic Services Division including the reallocation of work currently falling within the remit of that portfolio to the Resources Directorate.
- 1.4 In the addition the committee is asked to consider a severance payment to a senior member of staff in the light of guidance from the Secretary of State for Communities and Local Government and the decision of Council on 18 February 2014.

## 2. RECOMMENDATIONS

The Committee is recommended to

- 2.1 Approve the organisational arrangements including the senior management structure (as outlined in paragraph 5.10 – 5.13 and Appendix 2 of this report) and associated arrangements for the retirement of the Divisional Director – Legal & Democratic Service as set out in Appendix 3 [Exemptions 1 and 2 in Schedule 12A of the Local Government Act 1972 applied] and the establishment of a new post of Head of Legal & Democratic Services from 1 June 2015 as part of the Chief Executive's Office.
- 2.2 Agree to recommend to Council, in due course, that the person appointed to the post of Head of Legal and Democratic Services is appointed additionally its Monitoring Officer.

- 2.2 Consider and comment upon the individual case set out in Appendix 4 [Exemptions 1 and 2 in Schedule 12A of the Local Government Act 1972 applied] within the Place Directorate.

### **3. FINANCIAL IMPLICATIONS**

- 3.1 The financial implications of management restructuring can be separated generally into four areas:
- One-off costs associated with any external recruitment
  - One off costs of any potential severance. Such costs depend on the individual's service and salary.
  - On-going costs which might arise from the grading of new post/or roles to reflect additional duties and responsibilities. These may be fully or partially offset by a net reduction of posts in the structure.
- 3.2 The Council's approved Medium Term Service and Resource Plan identifies total savings of £1.498m over the three year period 2013- 2016 arising from reductions in the Council's management structure assumed in the original 'Future Council' report. It has previously been confirmed to the committee that it was anticipated that these savings would be met.
- 3.3 As part of the 2013/2014 Budget, the Council approved the provision of an Earmarked – Restructuring Reserve to meet severance costs associated with service restructuring and savings requirements. Any such costs arising from the management restructuring will be a legitimate charge against this reserve.
- 3.4 No specific savings are identified in the structural proposals in the report outlined at this stage It is anticipated, however, that efficiencies will follow from the reshaping and realignments proposed. Re-grading of the new post of Head of Legal & Democratic Service is anticipated to bring a small saving.

### **4. CORPORATE PRIORITIES**

- 4.1 The Council's corporate priorities are derived from the vision for the area. Clearly in the light of the financial position in the country and policy initiatives of central government, certain aspects of the strategy and vision have become more important - in particular, the issues of growth, the recession and localism in the immediate to and medium term.
- 4.2 The Council's organisational model is targeted to allow the Council the maximum opportunity to deliver on the vision in this environment and underpinned by concepts and principles originally set out the 'Future Council' report of November 2010. It is recognised that given the scale of financial uncertainty there will be changes in terms of when and how priorities are delivered.
- 4.3 The Council's role will be changing and, as an organisation with a strategic commissioning responsibility, it will need to be very clear on the overall needs and opportunities in the area and for enabling/encouraging the appropriate outcomes. There will be a need for the Council to continue to prioritise the vulnerable and ensure there is an emphasis on disadvantaged communities.

## 5. THE REPORT

### Background

5.1 The senior management structure consists of three senior posts taking primary responsibility for the following areas:

- People
- Places
- Resources

Each has a collective responsibility for the corporate management of the Council alongside the Chief Executive/Head of Paid Service.

5.2 The Chief Executive with Strategic Directors continues to review and refine operating structures in line with the 'Future Council' principles that underpin the organisational model. This includes known and anticipated financial challenges and an underlying commitment to bring together services to ensure greater integration in delivering improved planning and customer services consistent with a 'One Council' approach.

5.3 The Chief Executive retained line management responsibility for Improvement & Performance and Legal & Democratic Services Divisions under the outline principles agreed for the 'Future Council' but with a recognition that this needed to be kept under review in the light of other proposals. It was also acknowledged that the reshaping of 'Support Services' would be on a phased basis taking account of all internal and external factors.

5.4 In 2011, the decision was taken to transfer the Improvement & Performance Division to the Resources Directorate. The Legal & Democratic Services Division has, though, remained within the Chief Executive's portfolio to enable the new Chief Executive to consider the future positioning of the services offered within the division in the context of Council needs. As part of this, an independent review of the Legal Service was commissioned in 2013. Additionally, there has been on-going review work of certain support functions that take place in Legal & Democratic Services, Strategy & Performance and the former Policy & Improvement Teams.

5.5 The Legal & Democratic Services Division is currently comprised of the following teams:

- Legal Services
- Democratic Services
- Policy Development and Scrutiny
- Electoral Services
- Registration & Celebratory Services

5.6 These teams deliver a range of both direct 'customer facing services' such as Registration & Celebratory Services and more traditional 'support services' including Democratic & Members Services. The Divisional Director also holds the statutory appointment of Monitoring Officer for the Council.

5.7 It is considered that improved service delivery and efficiency together with some financial savings can be best achieved by integrating some of the work of the

current division within existing Directorates. This will create synergy, reduce duplication and give services greater resilience.

- 5.8 My responsibilities as Head of Paid Service under Section 4 of the Local Government and Housing Act 1989 require me to prepare a report on my proposals where a change is considered necessary to the manner in which the discharge by the authority of its functions is co-ordinated and the number and grades of staff required by the Council for the discharge of its functions. I have carefully considered the proposed arrangements that are set out in this report and consider that they assist in enabling the Council to fulfil its vision of acting as and being seen as ' One Council.'
- 5.9 Implementation arrangements need to take account of the Council's procedures for dealing with the Human Resource Implications of Organisational Change and the Council's Standing Orders relating to senior appointments. The Council's statutory obligations can be met by the application of these Change Procedures.

### **Specific proposals for change**

- 5.10 The specific variations to the current organisational model and senior management arrangements are set out in Appendix 2 namely that:
- 5.10.1 Registration & Celebratory Services should be organisationally located alongside the Customer Services functions that make up part of the Resources Directorate;
  - 5.10.2 The Policy Development & Scrutiny Team should be co-located within the Strategy & Performance Division of the Resources Directorate;
  - 5.10.3 The Chief Executive should establish a Democratic & Legal Service as part of her office comprising Council ,Committee and Member support, an in-house Legal Team and Electoral Services;
  - 5.10.4 A new post of Head of Legal & Democratic Services be established following the retirement of the current Divisional Director with that postholder carrying out the statutory Monitoring Officer role.
- 5.11 The current senior management grading structure was agreed by the Council on the basis of advice and recommendation from the Hay Group. They also undertook independent assessment on the Council's behalf to determine at what point in the structure individual posts should be placed. This methodology is consistent with the Council overall approach to pay and grading and the use of an objective job evaluation methodology gives protection in respect of potential Equal Value claims.
- 5.12 Following evaluation, Hay has recommended that the new post of Head of Legal & Democratic Services should be graded at senior management Band 5 (currently £ £81,003 - £86,469). In line with guidance issued by the Department of Communities and Local Government under section 40 of the Local Government Act, it is intended that this proposed change to senior management

pay will be recommended to Council as part of the next annual Pay Policy statement. The Hay Group is of the opinion that there are no other grading implications arising immediately from the proposals outlined in paragraph 5.10 above.

- 5.13 It is not envisaged that any staff redundancy will arise directly from these proposals. Arrangements relating to the retirement of the current Divisional Director – Legal and Democratic Services are set out in an Exempt Appendix (3) to this report. The Head of Legal & Democratic Services, when appointed, will need to address the staffing structures necessary for improved service delivery and efficiency. The Strategic Director – Resources and his Divisional Directors will need to assess the impact of assimilating services within the organisational structures of his directorate.

### **The Committee is recommended to**

**(1) Approve the organisational arrangements including the senior management structure (as outlined in paragraph 5.10 – 5.13 and Appendix 2 of this report) and associated arrangements for the retirement of the Divisional Director – Legal & Democratic Service as set out in Appendix 3 [Exemptions 1 and 2 in Schedule 12A of the Local Government Act 1972 applied] and the establishment of a new post of Head of Legal & Democratic Services from 1 June 2015 as part of the Chief Executive’s Office.**

**(2) Agree to recommend to Council, in due course, that the person appointed to the post of Head of Legal and Democratic Services is appointed additionally its Monitoring Officer.**

## **6. SEVERANCE PAYMENTS TO SENIOR LOCAL GOVERNMENT STAFF**

- 6.1 In 2013 the Secretary of State for Local Government and Communities, published Supplementary Guidance [under section 40 of the Localism Act 2011] on the content and application of senior pay statements. Specifically, this Supplementary Guidance addresses the issue of severance payments to senior local government staff. Local authorities must have regard to the guidance in the exercise of their functions under the pay accountability provisions of the Act.
- 6.2 The guidance suggests that there should be greater scrutiny of large severance packages beyond a particular threshold are approved for staff leaving the organisation. The Secretary of State considers that £100,000 is the right level for that threshold to be set. In presenting information authorities should set out clearly the components of relevant severance packages. These components may include salary paid in lieu, redundancy compensation, pension entitlements, holiday pay and any bonuses, fees or allowances paid.
- 6.3 The Council resolved at its meeting on 18 February 2014 resolved that

‘Proposed severance packages in excess of £100,000 (this threshold includes [but not limited to] any proposals in respect of salary to be paid in lieu, redundancy compensation, pension entitlements and holiday pay as appropriate) are referred to the Restructuring Implementation Committee for consideration.’

- 6.4 Accordingly the committee is asked to consider the individual case set out in Appendix 4 to this report [Exemptions 1 and 2 in Schedule 12A of the Local Government Act 1972 applied].

**The Committee is recommended to**

**(1) Consider and comment upon the individual case set out in Appendix 4 [Exemptions 1 and 2 in Schedule 12A of the Local Government Act 1972 applied] within the Place Directorate.**

**7. RISK MANAGEMENT**

- 7.1 Risks associated with the proposed re-modelling form part of the associated consultation and evaluation processes. Adherence to the policy and procedures set out in paragraph 9 will ensure compliance with the Council’s statutory obligations.

**8. EQUALITIES**

- 8.1 The organisational model of the Council enables a particular focus on the needs of individuals and communities enabling the development of ways to meet those needs more appropriately within the resources available.

**9. CONSULTATION**

The Section 151 Officer and Head of Human Resources have been consulted in the preparation of this report and their views have been incorporated in the text.

The Chief Executive has sought independent legal advice that has covered both employment and governance aspects. This was necessary since the report refers to matters having an impact on matters in which the Monitoring Officer’s and his deputies have a direct interest.

Strategic Directors have contributed as appropriate to the preparation of this report and their views incorporated.

All restructuring proposals and their implementation are the subject of formal consultation with relevant trade unions and staff as appropriate.

<b>Contact persons</b>	<ul style="list-style-type: none"> <li>▪ <b>Jo Farrar, Chief Executive – 01225 477000</b></li> <li>▪ <b>William Harding, Head of Human Resources – 01225 477203</b></li> </ul>
<b>Background papers</b>	<ul style="list-style-type: none"> <li>▪ <b>The Future Council – Council, 16 November 2010</b></li> <li>▪ <b>Future Council – Implementation proposals – Restructuring Implementation Committee, 25 July 2011</b></li> <li>▪ <b>Future Council – Implementation proposals, Restructuring Implementation Committee, 11 November 2013</b></li> <li>▪ <b>Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011 - Supplementary Guidance - February 2013</b></li> </ul>

**Please contact the report author(s) if you need to access this report in an alternative format**

## **RE-STRUCTURING IMPLEMENTATION COMMITTEE**

### **The Committee's Span of Responsibility**

- To determine all necessary arrangements for implementing the indicative senior management structure.
- To decide on numbers of 1<sup>st</sup> and 2<sup>nd</sup> Tier officers and the span of work responsibility allocations for those officers.
- To determine appointments to or dismissal from the posts of Director and other JNC Officers reporting to the Chief Executive, or Head of Paid Service, subject to there being no objection to the appointment / dismissal being lodged by the Leader of the Council.
- To recommend to the Council the appointment or dismissal of the Head of Paid Service, the Monitoring Officer and the Chief Financial Officer.

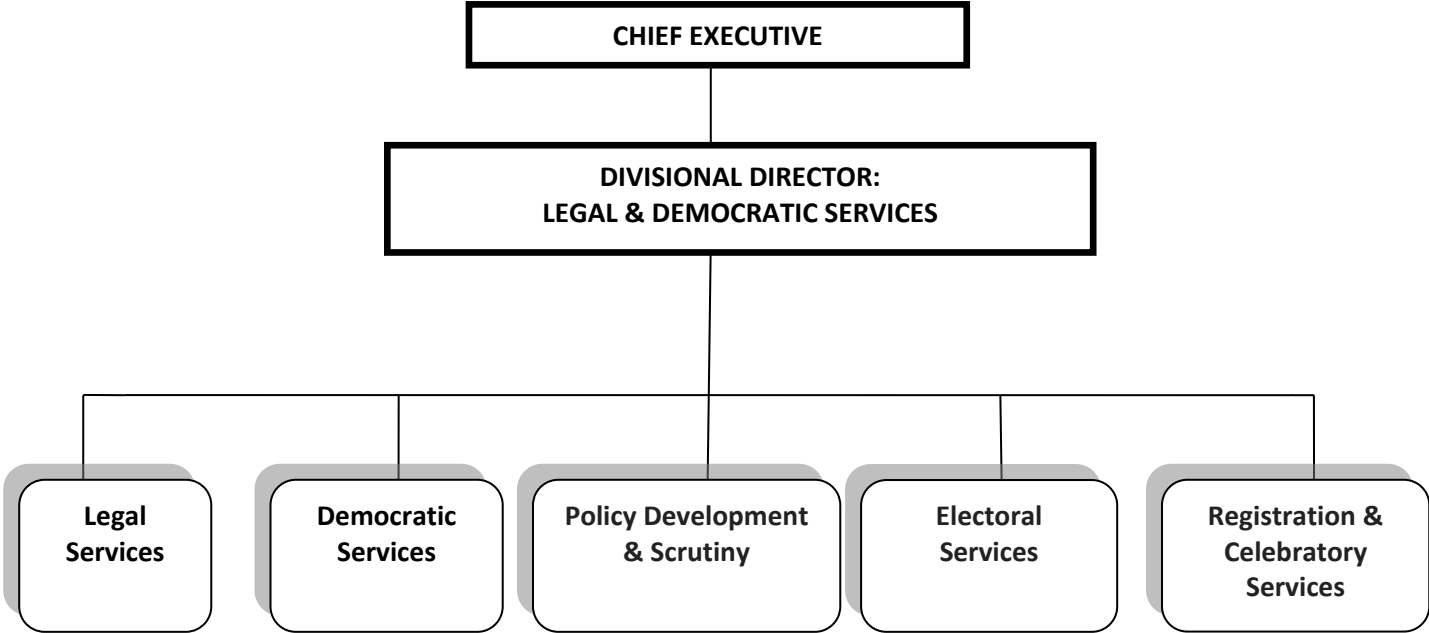
### **Membership**

The Committee shall comprise 4 Members in the political proportion 1 Conservative Member, 1 Liberal Democrat Member, 1 Labour Member, 1 Independent Member.

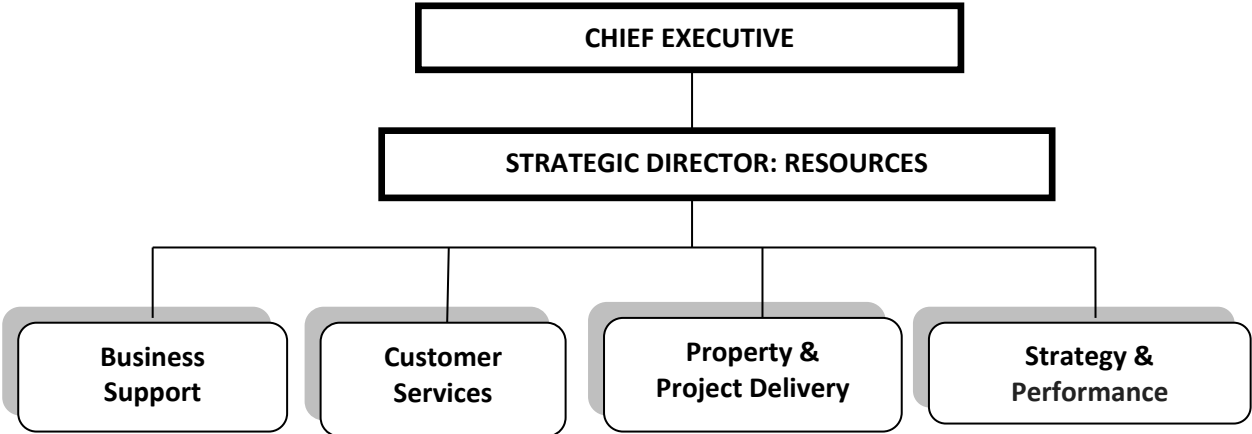


**CURRENT STRUCTURES**

**Legal & Democratic Services Division**

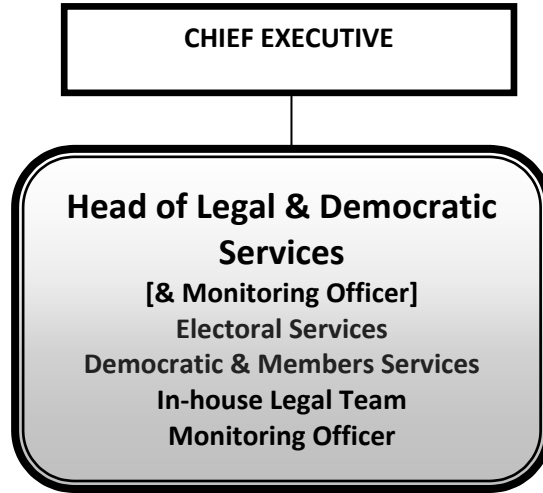


**RESOURCES DIRECTORATE**

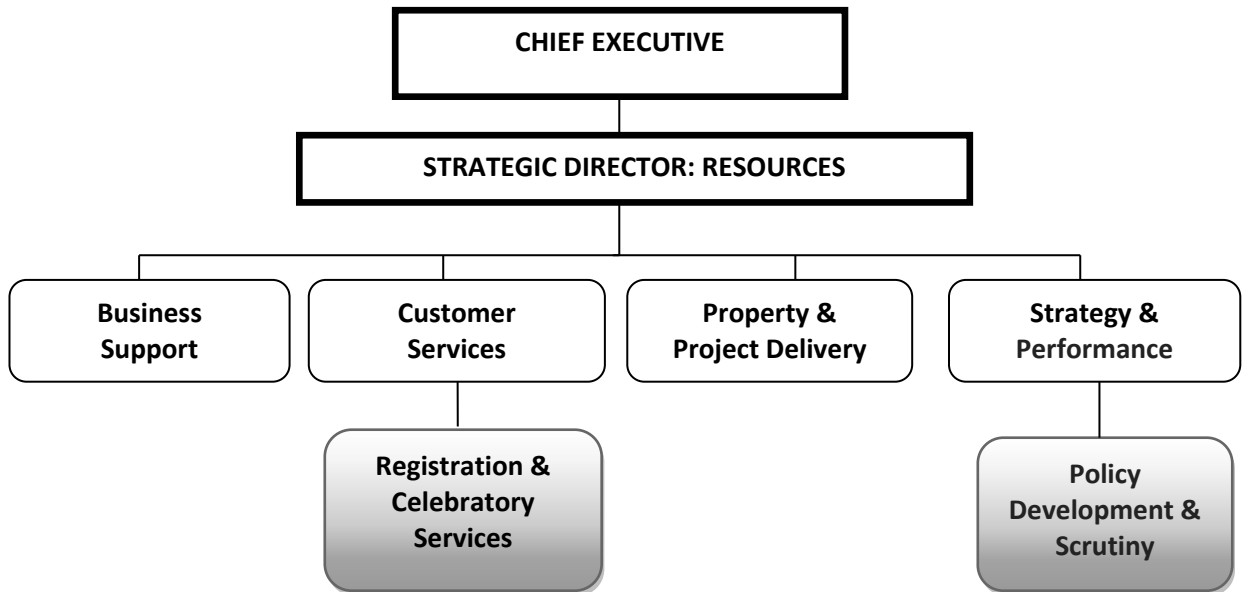


**PROPOSED NEW STRUCTURES**

**a) Chief Executive's Office**



**b) Resources Directorate**



**Exemptions 1 and 2 in Schedule 12A of the Local Government Act 1972  
applied**

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