

CABINET**Executive Team: Roles and Structure
3 July 2018****Report of the Chief Executive**

PURPOSE OF REPORT			
For Cabinet to consider the proposals for restructure of the Executive Team, along with consultation responses, and agree the way forward			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision		30 May 2018	
This report, Appendices A and I are public. All other appendices are exempt from publication by virtue of paragraphs 1 and 2 of Schedule 12a of the Local Government Act 1972			

OFFICER RECOMMENDATION**RECOMMENDATIONS:**

That Cabinet agrees to refer to the Full Council for determination:

- The future operating model for the senior management team.
- The funding of the future operating model for the senior management team,
- To authorise the Deputy s151 Officer to update the General Fund Revenue Budget accordingly, with upfront costs being met from the Restructuring Reserve.

1.0 Background

The Council has highly ambitious plans in the Council Plan for enhancing the economy, environment and neighbourhoods and communities' wellbeing. A plan which is underpinned by collaboration, facilitation and place-shaping. The Council has set out its ambitions and its vision for the district to thrive as a vibrant regional centre in the north west of England in its draft plan. This plan is for approval at full Council on the 18th July 2018.

There are a number of initiatives currently underway which will contribute heavily to the future ambitions of the Council, such as the development of a commercial agenda, the delivery of major regeneration initiatives, proposals for local authority trading companies and the pursuit of a much enhanced digital agenda. In addition, the Council needs to consider, at the same time, more radical plans which enable:

- A focus on the district as a place for investment
- The delivery of excellent services in the most efficient way
- High levels of customer satisfaction

To enable the Council to deliver effectively on all aspects of these plans, the Chief

Executive has made a proposal for changes to the structure of the Council's Executive Team.

The key aims of this proposed restructure are to:

- Introduce a new structure with clearly defined senior roles which enable a strengthening of strategic and corporate focus on service provision and delivery, growth and sustainability.
- Ensure the right skills are in place for each permanent role at Executive Team level to help shape and successfully drive forward the challenging agenda for the Council.
- Bring together a cohesive and supportive team to deliver change.

The restructure proposal is based on what is considered to be appropriate for the Council both now, and for the coming years. Where previous restructures have been in response to an identified need to reduce spend on staffing, this proposal is about the structure the Council needs to put in place to progress an ambitious agenda moving forward. Additionally, this proposal will bring savings to the Council in the longer term should it be implemented.

The restructure is intended to ensure the Council organisationally is in a position to meet the council's real ambitions in its Council plan, to meet strategic objectives and the financial challenges that it faces in the future. This is a proactive business change in order to improve the Council's position and continue to improve services to residents.

Moreover, the restructure and the change process have not prevented innovative and creative proposals to financial challenges from moving forward. The restructure is a proactive change intended to step up the momentum on innovation, and enable creativity to achieve the results and embed new ways of working.

1.1. Examples of action to date (in the last 18 months), leading up to the restructure to improve organisational approach and delivery

Steps have already been made to meet those future financial challenges and improve the efficiency of the organisation. Namely, the most recent budget approved by Council earlier this year included proposals to enable innovation, e.g. the proposals for trading companies and investment in the district's assets such as Williamson Park and solar farms. The Council has also agreed to invest in economic growth.

Further examples of recent organisational change, creativity and efficiency to deliver results for residents include:

- Developing a long term partnering approach with Vodafone, ensuring CCTV monitoring continues to be utilised along with the introduction of mobile CCTV cameras to be used in the public realm.
 - Bringing enforcement officers together and changing approach to tackling ASB and fly-tipping which is resulting in increases in enforcement actions.
 - Licensing becoming part of environmental health to increase resilience in this regulatory function and align ways of working between the teams .
 - Initiating efficiency reviews, starting with a major lean review of the voids process, with the number of empty properties now just under half of the levels of 16/17.
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- Working with partners e.g. police, introducing an integrated early action hub in the district, working earlier and more effectively with the most vulnerable.
- Establishing further partnerships with Lancaster University to tackle operational issues e.g. plastics in the environment.
- Improving the environment for residents reviewing different ways of weed control; investing in graffiti and gum removal machinery and removal.
- Developing strategic approaches to Heysham Gateway and Canal Quarter.

In addition to the actions above, a new set of values and behaviours for staff has been adopted which puts residents and communities at heart of the Council and its work, with managers from throughout the organisation embedding the values and helping to enable a cultural shift.

Rather than cutting services the ambition is to deliver excellent services for residents, services which residents and communities need. Additionally, by engaging with stakeholders in the district on the new Council plan and the strategic direction of the council it increases the 'buy in' and means more opportunities to identify delivery of the objectives in partnership.

The re-organisational proposals sit alongside the review of the Council's Constitution which is currently being undertaken. Any immediate issues will be addressed over the summer e.g. delegations.

1.2. Current Restructure Proposals

More change is needed for the Council to meet the ambitions in its draft Council plan, to thrive as a vibrant regional centre and meet future financial challenges. Some of the actions above at 1.1 include examples of structural changes and work on cultural change to date, however, far more is required to help meet the savings targets whilst seeking service preservation, these include: developing a comprehensive commercial strategy e.g. make the most of council assets; ensuring we have a modern and efficient organisation (cutting out unnecessary bureaucracy) and that services are available in the right form to meet community needs.

The proposed restructure introduces clearly defined senior roles to help drive forward the Council's challenging agenda and brings a cohesive and corporate team together. The change brings together services that complement each other, and are interlinked in their service delivery. This will further provide opportunities for improving collaboration and co-operation and help break down barriers that exist between some teams. By bringing the teams together this will also enable a focus on improvements in efficiency and effectiveness.

1.3. Process to date since 24th April 2018

Cabinet considered the proposals for a new structure on 24th April 2018, and it was agreed that the Chief Executive could move into the formal consultation stage with staff directly affected (i.e. the Council's 3 current Chief Officers) and also with the trade unions.

Following call-in, formal consultation with directly affected staff and unions commenced, with a formal end date of 12th June 2018. At the recommendation of the Overview and Scrutiny Committee, and following agreement by Cabinet, it was also agreed that feedback on the high level proposals would be sought from those senior

managers who report into Chief Officer posts. Alongside these consultation fora, the Chief Executive has also organised briefing sessions for members.

Since the original proposals were made, decisions have also been made by Personnel Committee in relation to reward for the new roles, and also the selection processes to be put in place, subject to overall agreement to implement the proposed structure. Organisational charts showing the current and proposed structures are included at **Appendix A**.

2.0 Consultation Responses

2.1 Summary of Consultation and Engagement

Engagement has taken place with a wide group of stakeholders, which includes affected staff (Chief Officers), senior managers reporting into Chief Officer level roles, Members, the external auditor, SOLACE and the LGA.

During consultation on an exercise such as this, it is anticipated that feedback will include a number of suggestions to change the proposals, as well as issues raised in terms of the structure and potential outcomes.

There have been 5 main themes coming from the consultation process, and these are:

- Questions about the financial implications of the proposals
- Issues in relation to the proposed level of the S151 role in the proposed new structure
- Issues raised about capacity within the proposed new senior team
- Questions about process, in terms of how these proposals move through the decision making process, and where decisions in relation to implementation should be made.
- The impact of the proposals on those senior managers who currently report into Chief Officer level roles.

Aside from the placement of the S151 Officer, no alternative suggestions have been made to change the high level proposals.

2.2 Chief Officer Consultation

Statutory consultation processes have been carried out, with both the existing Chief Officers, and the Council's Trade Unions. This has been in accordance with the Council's Human Resources policies, and the Chief Officer terms and conditions of employment. Upon request, the end of the formal consultation period was extended to noon on 19th June 2018, in view of the planned absence of one Chief Officer.

Individual consultation meetings were arranged on a weekly basis for Chief Officers,

who could bring their trade union representative, should they wish. These were initially classed as 'informal consultation' meetings until such a time as formal consultation could start, following call-in. At the commencement of formal consultation, Chief Officers were provided with a consultation pack which included:

- The formal 'at risk of redundancy' letter
- The detailed proposals (previously the Appendix to the Cabinet report for 24th April)
- A set of FAQs in relation to the proposals, and the individual impact
- Proposed role profiles
- High level financial details relating to implementation
- A proposed timetable for implementation

All Chief Officers have had the opportunity to meet with the Chief Executive and HR during the consultation period, and during those meetings they were each given the opportunity to:

- Respond to the proposals
- Ask questions about the proposals
- Make suggestions in relation to anything they would want to change
- Discuss personal implications for themselves

In addition, all Chief Officers were afforded the opportunity to make representations at Personnel Committee in line with their rights as Chief Officers. Two of the Chief Officers took advantage of this opportunity.

Appendix B provides a summary of the consultation meetings with the Chief Officers, with a note of the responses to individual issues raised, as well as any formal written responses to consultation provided by Chief Officers.

Appendix C contains the text used by two Chief Officers for the presentations to Personnel Committee on 4th June 2018.

It should be noted that if the proposals are accepted and implemented, there could be 2 possible redundancies of Chief Officers, one during the year of implementation, and one during the following year.

2.3 Union Consultation

Meetings with the local unions were arranged for formal consultation. The proposals for restructure were originally presented to the Unions on 18th April, and during the formal consultation period, meetings took place on 10th May 2018 and 31st May 2018. Additionally, union colleagues were given the opportunity to make any representations by email following agreement that further meetings would not be necessary at this stage.

There were no issues raised by union colleagues during consultation with them, aside from the impact of the proposals on the senior managers who report to Chief Officers, which is dealt with in Section 2.5 below. This came from an approach to the union concerned from one officer.

2.4 Consultation with Members

A number of meetings were offered for Members to attend, where the proposals for restructure were discussed. Meetings were held with Labour Group Members, Green Party members, Independent Members and a cross-party meeting was held on 24th May 2018. In addition, discussion about the proposals has taken place at Personnel Committee meetings, Cabinet briefings and Overview and Scrutiny meetings.

A summary of the issues raised by Members, and the responses provided, is at **Appendix D**.

2.5 Consultation with senior managers who report into Chief Officer level roles.

Following the Overview and Scrutiny Committee meeting where the proposals were discussed, it was agreed that senior managers who report into Chief Officers should have the opportunity to provide feedback on the high level proposal for 3 newly formed directorates.

Meetings were arranged with those managers, and the feedback, together with responses, is included in **Appendix E**. This includes some written representations from some of the senior managers concerned.

2.6 Consultation with SOLACE

An approach was made to SOLACE to seek a further independent external view on the proposals for restructure. SOLACE recommended a consultant to provide this service for the Council. The consultant has previously worked in Chief Executive roles, and has substantial experience working at senior levels in Local Authorities.

The report provided is attached at **Appendix F**.

2.7 Consultation with the External Auditor.

The views of the external auditor from Deloitte have been sought directly via conversations between the Chief Executive and the auditor. A summary of those discussions is attached at **Appendix G**.

3.0 Overall Responses to Consultation

Whilst responses to issues raised through consultation have been provided in the relevant appendices, set out below are the summary responses for each of the main issues raised.

3.1 Summary of Potential Costs

The detailed financial implications are included at **Appendix H**

The proposals for restructure were not made on the basis of reducing spend on senior team

salaries, but were made to ensure the Council is in a position to meet the challenging agenda set for the future.

Since the original decision to consult was made, further more detailed work on the financial implications of implementing the proposals has been carried out, in conjunction with an accountant from the Council's finance team, and with input from the Council's Deputy S151 Officer. The financial implications at Appendix H take account of:

- Initial one-off implementation costs, e.g. the costs of the selection process, the possibility of redundancies.
- Costs which would have been incurred had the restructure not been proposed, or gone ahead.
- The proposed salaries for the new Director roles.
- Ongoing annual costs, year by year.

Overall, the financial implications for this report show an additional cost to the Council, over a 40 month period, of circa £32.4K.

The comparative costs of senior team structures (i.e. posts at Chief Officer level and associated allowances) show a year on year saving of around £22K from 20/21 onwards (i.e. the current year budgeted for 5 Chief Officers compared to the cost of 3 new Directors and one Deputy Director in the longer term).

An additional cost has arisen relating to the restructure, and that is related to the re-introduction of a Legal Services Manager post, which was deleted in February 2015. To reintroduce this post, at Grade 8 level, the existing (vacant) Grade 7 legal post will be deleted. This therefore brings an additional cost by way of the additional salary costs between grade 7 and 8. It is this role which would take on responsibility for Monitoring Officer duties and has been factored into the above.

It should also be noted that should the move to an LATC go ahead during the year 19/20, it is anticipated that there would be no redundancy during that year, which would then reduce costs by a further c£33k (and would reduce the requirement for funding from the Restructuring Reserve).

3.2 Issues Relating to the S151 Role

The original proposals for a new structure outlined that this statutory role would report into the newly proposed Director of Corporate Services. The new Director will have a financial qualification, and clear oversight and strategic understanding of the issues faced by the Council.

The rationale for this element of the proposal, i.e. the S151 role sitting at Head of Service level, has been provided to the political groups where this has been raised as a concern.

The professional independent advice via SOLACE (Appendix F) has confirmed that moving the S151 role to a level below the top tier is becoming more commonplace.

The external auditor indicated others are now doing so, as part of making them more agile at the top level. He reinforced the need for the working protocol, to safeguard the statutory roles and ensure they are effective.

The proposed senior roles will enable a strengthening of corporate and strategic focus on service provision and delivery, growth and sustainability.

The roles of statutory officers are often thought of as regulatory roles. They have an extremely important function in advising and guiding decision making, assessment of risk, and ultimately, if the minimum standard of lawfulness and financial probity are not met, to halt, publicise and prevent a decision.

These roles are designed to support and enhance internal controls and help create a culture of risk management and compliance. This regulatory function is by necessity focused on a decision or a series of decisions.

In light of the importance of the S151& Monitoring Officer duties, they will be safeguarded in the future by a working protocol, which ensures attendance at relevant meetings, direct access to the Chief Executive, access to all reports and documents, and sufficient opportunity to influence decisions in line with the requirements of the regulatory function. It is expected that the post holders would attend Cabinet, Council and Management Team meetings as the norm.

If such protocols were adopted then the post holders should be free to carry out their statutory functions, and to follow the principles of regulation.

Research has been carried out across 3 other Local Authorities to assess how different models work in different organisations, as follows:

Preston City Council: The S151 sits two tiers down from the CEO and reports into the Corporate Services director. The S151 Officer, also known as City Treasurer, attends as a full member of the Management Team, attends Cabinet, sits at the top table at full Council and attends all other decision making meetings, as well as managing the work of the finance and audit teams. The S151 is treated as a peer within the management team.

Burnley: The S151 Officer (and Head of Finance / Property) reports into the Chief Operating Officer who reports to the Chief Executive. Only the two latter roles are classed as being in the 'top team' although the S151 is part of the Management Team.

Whilst this is the official reporting line, the S151 has access to the CEO should it be needed. The S151 attends all decision making meetings.

This Council has two tiers of Head of Service, and the S151 role is within the higher tier, meaning a higher salary than other Heads of Service, but below 'top team' level.

Wyre Council: The S151 Officer at Wyre reports directly to the Chief Executive at the Council, and oversees the management of the Council's finances, whilst the MO reports directly to a Service Director. The S151 Officer is a member of the Corporate Management Board, and attends all relevant council meetings, including Cabinet and Cabinet briefings (the Executive), full Council and other decision making forums.

Whilst the S151 Officer sits at a level below Director and is salaried at Head of Service level within the Council, the post holder currently receives an allowance of £5,610 for the additional responsibility the S151 role brings.

3.3 Capacity at Director Level

The concern that has been raised with this new structure is that the capacity at senior team level will reduce, which could therefore impact on the ability deliver against the Council's plans. This was mentioned in the context of the future financial challenges the Council faces.

In response, the Assistant Chief Executive role is being retained until March 2020 to help provide strategic capacity in key project areas and to drive commercialisation strategy.

Secondly, the Council's senior staff have recently been working to review the overall current programme of projects and work, with a view to ensuring that the focus is on projects which deliver against our strategic priorities, support the move to delivering services more efficiently, and enable the Council to close the future funding gap. This exercise will give the Council a clear picture of the resource needs for the short term to deliver on key projects, and the necessary resource requirements from the Business Support Reserve.

Current Chief Officer level roles have a significant operational element to the day to day duties being carried out. This will not be the approach with the new strategic Director roles. However, there is a need to review operational capacity below current Chief Officer level once the Directors are in place in the new roles, and this element of work will commence following the appointment of the Directors.

3.4 Decision making processes and Timetable

A number of questions in relation to decision making and timescales were raised and the responses to these are contained at **Appendix I**. This appendix covers all future decision making processes should the proposals be implemented, as well as the more detailed plan moving towards implementation.

3.5 The Impact of the Proposals on other Senior Managers

Concerns have been raised during the consultation process about the impact of the proposals on senior managers who report into Chief Officer level roles, and the potential for further impact at more junior levels.

Responses given during this consultation process have been to reassure staff at this level that in the short term, there will be no impact on their roles. Once new Directors are in place, it is anticipated they will work together as a team with the Chief Executive to consider how their new directorates will operate effectively. In the event of further change, more detailed consultation will take place with their staff to help shape the teams delivering both internal and external services.

Attached at **Appendix E** is the feedback from senior managers, both from the meetings held with them and also some written responses.

4. Other Progress Made

Since the original decision to consult was considered by Cabinet, Personnel Committee have considered and agreed the following:

- That the new Director roles will attract a salary of £80,000.
 - A further reward strategy will be developed which will consider how performance at this level could be managed.
 - Annual objectives for the Directors will be taken to Personnel Committee
 - That the Deputy Director roles will be remunerated at the same level as current Chief Officers
 - That the recruitment processes proposed are agreed, and that Personnel Committee will ensure sufficient Committee Members will be available for the relevant interview dates
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- That the role profiles are acceptable, subject to the outcome of the more recent consultation

5. Conclusions following Consultation

As is to be expected during any consultation exercise, concerns will be raised. The primary concerns raised in terms of the restructure have been in relation to the finances supporting the proposal, as well as the level of the S151 role.

All views and responses in respect of the positioning of S151 Officer have been carefully considered. The proposed level of the role, i.e. at Head of Service level, is the reason the concerns are being raised. There is a perception that views of the post holder may not be taken sufficiently seriously where the S151 duties sit at a level below the proposed Director roles.

In this regard, views have been sought from the external auditor and SOLACE, who confirm that there are other local authorities who are taking a similar route with the regulatory at Head of Service level.

Given the reassurance that the statutory officers have access to decision making and information at the correct level, the removal of the strategic role from the statutory officers will strengthen the amount of time they can devote to ensuring good governance. This can be seen as a positive benefit as it remove the potential for conflict between trying to balance the forward progress of the organisation with the legal and budgetary framework which gives them an independence and avoidance of conflict that they do not currently enjoy, making the statutory officer a true critical friend role

The development and introduction of the working protocol will ensure the S151 Officer is able to fulfil all regulatory functions, and is seen very much as a part of the Council's decision making team. Whilst the proposal in this regard has not been changed, the need to ensure the working protocol is in place and is successful has highlighted the requirement to develop this, for consultation, as soon as a decision is made in relation to implementation of the proposed new structure.

To ensure that concerns can be raised after implementation of this change, a thorough review of the effectiveness of the proposal relating to the S151 role will take place 6 months after implementation, when changes can then be proposed and made to resolve issues raised by that review.

The finances related to the restructure are outlined at Section 3 of this report.

As outlined in Section 6 below, this restructure is the first step in ensuring the Council is 'match fit' for the future. The finances relating to the restructure at this stage show additional expense, but our new Directors will be tasked with reducing the cost of service provision to bridge the known funding gap in the future.

6. Future Savings

Whilst the finances in terms of implementation of the proposed new structure are outlined in the financial implications section and detailed in Appendix H, there are a number of additional benefits to the Council should implementation go ahead.

In moving teams together within new larger directorates, a number of opportunities for efficiencies will be created from closer working and bringing teams who provide similar services.

Furthermore, the Council has a challenge to face in terms of funding into the future, and needs to generate savings and additional income by 20/21 to bridge the funding gap.

To enable the Council to meet this aim (and in addition to other proposals to generate income), it is proposed that upon appointment, the Council's new Directors will jointly be given specific targets to reduce the costs of service provision in their directorate so that the Council's expenditure and income is aligned by March 2020, therefore bridging the funding gap.

It is expected that these savings will be met through delivering services more efficiently across the Council, reviewing process and practice to streamline work, and implementing more commercial approaches, whilst also making better use of digital tools. They will also be met through initiatives such as merging teams and sharing of services.

To support this aim, initiatives will be put in place to make best use of ongoing staff turnover. It is proposed that the Council will introduce a process when employees leave which enables either:

- The redeployment of other staff into vacancies, or
- the service to be remodelled

Additionally, bringing related services together in one directorate may generate significant efficiencies by eliminating duplication and sharing of best practice. The increased efficiency will support the commercialisation agenda.

Implementation of this initiative to achieve savings will be the responsibility of the Directors within the new structure. The detail in terms of the next stage will be available once those Directors are in post.

RELATIONSHIP TO POLICY FRAMEWORK

The strategic rationale is set out in the body of this report.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)

Proposals for restructure which affect staff are managed in line with Human Resources Policies and Terms and Conditions of employment, to ensure all actions and proposals are compliant with employment related legislation, including equalities legislation.

LEGAL IMPLICATIONS

A consultation has been carried out. If the proposed structure is adopted the implementation will require careful compliance with primary and secondary legislation, and the local authority policy and procedures to avoid any potential liability. There is no legal impediment to the adopting of a structure as set out.

FINANCIAL IMPLICATIONS

The overall financial implications for the proposed Executive Team restructure are summarised in the table below and associated detail is set out at Appendix H with all

implications based on an effective implementation date of 1st December 2018.

Implementation Costs from 1st December 2018					
	2018/19	2019/20	2020/21	2021/22	Cumulative Total (Over 40 months)
	£	£	£	£	£
Current Structure	142,252	436,485	452,684	461,846	1,493,267
Proposed Structure (excl One-Off / Interim Agency Costs)	190,094	436,615	429,916	439,663	1,496,288
Cost / (-) Saving (excl One-Off / Interim Agency Costs)	47,842	130	-22,768	-22,183	3,021
One-Off Costs					
Redundancy Costs (from Restructure Reserve)	33,500	33,500			67,000
Consultancy Costs (from Turnover)	2,975				2,975
Recruitment Costs (from Turnover)	26,420				26,420
	62,895	33,500	0	0	96,395
Interim Appointments					
Interim HR Manager (Agency)	104,560				104,560
	104,560	0	0	0	104,560
Total One-Off and Interim Agency Costs	167,455	33,500	0	0	200,955
Cost / (-) Saving (including One-Off / Interim Agency Costs)	215,297	33,630	-22,768	-22,183	203,976
Funding Sources					
Interim HR Manager - Turnover (26 June Cabinet)	-17,000				-17,000
Interim HR Manager - BSR (26 June Cabinet)	-22,400				-22,400
Interim HR Manager - Turnover (3 July Cabinet)	-33,800				-33,800
Interim HR Manager - BSR (3 July Cabinet)	-31,360				-31,360
Redundancy - Restructuring Reserve (3 July Cabinet)	-33,500	-33,500			-67,000
Total Funding (Reserves / Corporate Turnover)	-138,060	-33,500	0	0	-171,560
Total Net Cost / (-) Saving	77,237	130	-22,768	-22,183	32,416

Average Annual Savings Requirement: £9,725

The total projected costs of £32.4K up to the end of 2021/22 have been averaged out over the relevant 40 month period (i.e. from 1 December 2018) to provide an equivalent average annual savings requirement of £9.7K and this equates to less than 1% of the Council's overall staffing budgets at circa £21m (excluding the Housing Revenue Account), after allowing for budgeted turnover.

It is assumed that the above will be achieved through natural turnover (excluding the Housing Revenue Account) / effective positive management once the new Directors are in post with associated one-off costs being managed in year through a combination of corporate turnover and use of the Budget Support and Restructuring Reserves. Any deviation from a 1st December implementation date could have an impact on the projected figures provided and so could go up or down. It is not possible to quantify by how much, however, due to the potential variables arising, but is expected to be manageable at this stage.

The figures provided also includes for a new Grade 8 Legal Services Manager post to be established to replace the former Legal Services Manager post, which was deleted in 2015 and who will also undertake the Monitoring Officer role. It is proposed to predominantly fund this through the deletion of a vacant Grade 7 post within Legal

Services, noting that assumptions have been based on current operations, with any future proposals, such as the pending wider Legal and Democratic Services restructure, being considered on their own merits.

It is envisaged that costs relating to recruitment will amount to around £26.4K. This includes adverts with the Municipal Journal and other external online adverts (circa £6.7K), assessment centre costs (up to £12K), travel and subsistence costs for those delivering the service, contributing to the recruitment process and for internal applicants' travel to the assessment centre (Circa £1.7K) and internal applicant' Development Support costs (circa £6K).

This is not too dissimilar to those costs which would be incurred if the proposals for the restructure not been made, i.e. it is anticipated that recruitment for the Chief Officer (Legal and Governance) and the Chief Officer (Regeneration and Planning) would have been taken forward separately at different times, with costs for both adding up to around £20.6K, based on costs incurred for the recruitment of the previous Chief Officer (Legal and Governance).

Cost and funding assumptions for the interim HR Manager assume that the current engagement will continue up to 31st March 2019 and work predominantly on proposed implementation of restructure, changes below that level and key projects like performance management, noting that if the contract were to end before this, there would be no impact for the specific savings requirement above, albeit there would be a reduced one-off call on the Budget Support Reserve during 2018/19. There is a specific recommendation needed for the continued engagement of the Interim HR Manager beyond 31st July 2018, however, and to continue to fund this through turnover (£33.8K) and the Budget Support Reserve (£31.4K).

For additional information, the following table shows the estimated cost of the current Management Team structure compared with the proposal for 2018/19 to show the overall impact of one-off recruitment and use of interim support costs for both structures. This demonstrates that there is still a projected cost expected by the end of the current year for the current Management Team structure due to the two vacant Chief Officer posts being covered through external provision.

	Current	Proposed
	2018/19	2018/19
	£	£
Current Structure	426,756	426,756
Proposed Structure (<i>excl One-Off / Interim Agency Costs</i>)	363,780	395,810
Cost / (-) Saving (<i>excl One-Off / Interim Agency Costs</i>)	-62,976	-30,946
One-Off Costs		
Redundancy Costs (<i>To be funded from Restructure Reserve</i>)	0	33,500
Consultancy Costs (<i>To be funded from Turnover</i>)	0	2,975
Recruitment Costs (<i>To be funded from Turnover</i>)	20,592	26,420
	20,592	62,895
Interim Appointments		
Interim Legal (<i>Agency</i>)	86,000	75,000
Interim HR Manager (<i>Agency</i>)	39,400	104,560
	125,400	179,560
Total One-Off and Interim Agency Costs	145,992	242,455
Cost / (-) Saving (<i>incl One-Off / Interim Agency Costs</i>)	83,016	211,509
Funding Sources		
Interim HR Manager - Turnover (<i>26 June Cabinet</i>)	-17,000	-17,000
Interim HR Manager - BSR (<i>26 June Cabinet</i>)	-22,400	-22,400
Interim Legal Manager - BSR (<i>26 June Cabinet</i>)	-32,000	-32,000
Interim HR Manager - Turnover (<i>3 July Cabinet</i>)	0	-33,800
Interim HR Manager - BSR (<i>3 July Cabinet</i>)	0	-31,360
Redundancy - Restructuring Reserve (<i>3 July Cabinet</i>)	0	-33,500
Total Funding (<i>Reserves / Corporate Turnover</i>)	-71,400	-170,060
Total Net Cost / (-) Saving	11,616	41,449

As this proposal falls outside of the current Budget and Policy Framework, then referral onto Full Council is required, prior to updating the General Fund Revenue Budget.

If the proposal is implemented, then any in-year variances will need to be reported through the Council's normal corporate monitoring process or directly to Cabinet in the usual way.

Similarly, any future savings from further restructuring / efficiencies arising once the New Directors are in post will need to be fed into the annual budget process for subsequent approval.

OTHER RESOURCE IMPLICATIONS

Human Resources: This report has been prepared with HR advice and includes information about HR implications.

Information Services:

Not applicable

Property:

It may be necessary to review accommodation as a result of the proposed staffing changes.

Open Spaces:

Not applicable

DEPUTY SECTION 151 OFFICER'S COMMENTS

In considering the proposal, Members are advised to consider whether it is capable of meeting the Council's future needs and provides the capacity required to deliver its ambitious corporate objectives. In this regard, Members should satisfy themselves that the proposal represent value for money, recognising the initial costs, balanced against the need to make financial savings in future years and generate additional income.

In terms of the Section 151 Officer's professional position and statutory responsibilities within the Council, the proposal is contrary to recommended practice as presented by the Chartered Institute of Public Finance and Accountancy (CIPFA). However, the proposal is not uncommon at other Councils, and can work provided the s151 Officer has access to / is invited to Executive Team meetings, where they would expect to contribute, and that they have access to all agendas and reports, and finally direct access to the Chief Executive. Members will also need to be content that the proposed Legal Services restructure retains sufficient capacity within the Service to maintain operational delivery, and support the Monitoring Officer role.

As the proposed restructure would increase the net spend over the amounts approved by Council at 2018/19 Budget and Medium Term Financial Strategy (MTFS) 2018 – 2022 approved by Council 28th February 2018, it falls outside of the Council's existing Budget & Policy Framework. On this basis the referral to Council for consideration is in accordance with the Council's Constitution.

MONITORING OFFICER'S COMMENTS

It is important to note this report provides for a major structural change in this authority. The roles and duties of the statutory officers are unchanged it is only the position within the organisation that changes. Members should satisfy themselves that adequate thought has been given to carrying out the roles in the proposed structure and the process and capacity exists to achieve this.

The leadership style adopted by Lancaster City Council allows cabinet to carry out all the executive functions of the local authority, which are not specifically reserved to another part of the authority (usually non-executive).

The key limitation on the exercise of the execution function is Cabinet must act within the Budget and Policy Framework set by full Council, the rules of procedure and the financial regulations. (Constitution article 7.06a).

The rules of procedure are clearly set out in the constitution part 4 and the financial regulations in Part 5.

It should also be noted Cabinet is responsible for the preparation of Policy Framework proposals (Constitution article 7.06b)

In this case the budget decision for the new operating model falls to Council on the recommendation of Cabinet as it falls outside of the Budgetary Framework. In these circumstances Cabinet may also wish to recommend the decision on the operating model, which sits within the framework is also taken at full council as the two decisions are linked.

Additionally Chief Officers and in particular statutory officers, enjoy enhanced protection due to their obligations to independently advise the executive. The role of the Chief Officers will be changed by this proposal and the agreement of full council to the changes and any potential redundancies will evidence compliance with the Local Authorities (Standing Orders) (England)(Amendment) Regulations 2015.

BACKGROUND PAPERS

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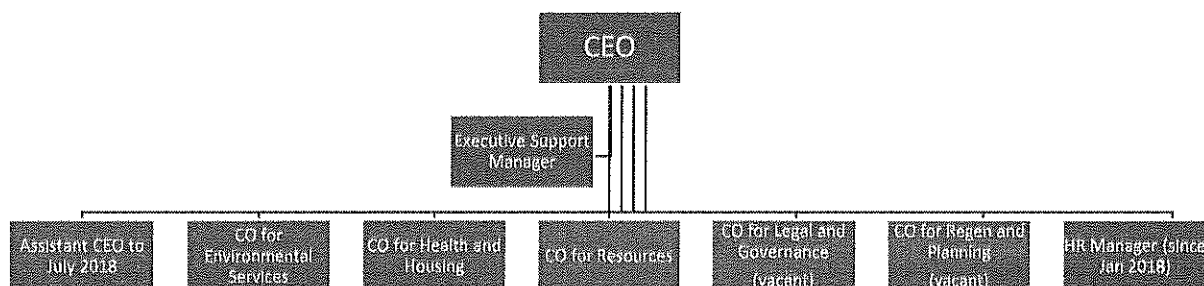
E-mail: darigby@lancaster.gov.uk

List of Appendices

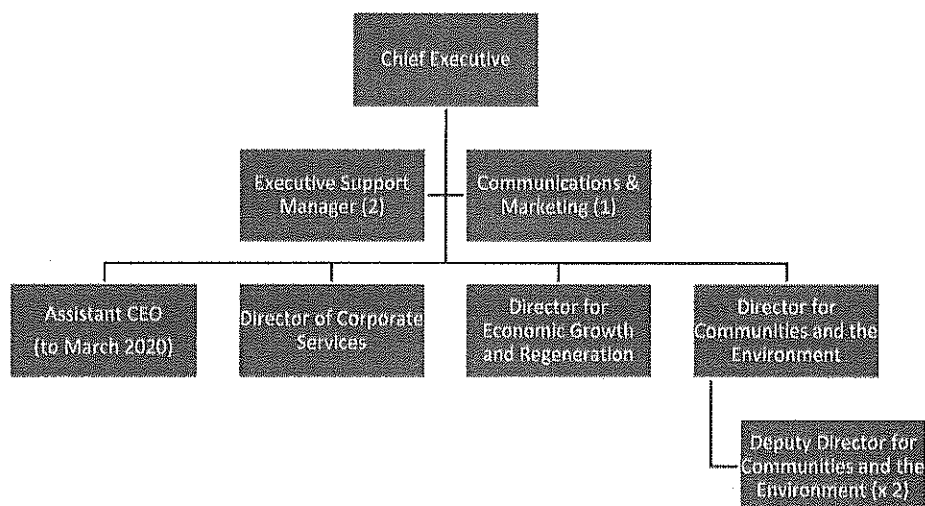
- A. Summary of Proposals for changes to the Executive Team Structure
 - B. Consultation with Chief Officers – Summary of Issues Raised
 - C. Chief Officer Representations at Personnel Committee
 - D. Consultation with Members
 - E. Consultation with Senior Managers
 - F. Comments on the proposed senior management restructuring – SOLACE
 - G. External Auditor Consultation
 - H. Financial Implications
 - I. Proposed Timetable for implementation
 - J. Letter from CIPFA
-

Summary of Proposals for changes to the Executive Team Structure

(1) Current Structure as at June 2018



(2) Proposed Interim Structure to be implemented in Autumn 2018



(3) Proposed Structure from April 2020



- (1) Comms and Marketing will be a dotted line into the Chief Executive
 (2) "This is an existing role, no changes are proposed"