

Executive Team Structure

18 July 2018

Report of Cabinet

PURPOSE OF REPORT

For Council to consider the proposals developed by the Chief Executive in relation to changes to the structure of the Executive Team, and agree the way forward.

This report is public. The attached Cabinet report, and Appendices A and I are also public. All other appendices are exempt from publication by virtue of paragraphs 1 and 2 of Schedule 12a of the Local Government Act 1972

RECOMMENDATIONS

That Council agrees

- 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 s 151 Officer to update the General Fund Revenue Budget accordingly, with upfront costs being met from the Restructuring Reserve and any continued engagement of the interim Human Resources Manager beyond 31st July 2018 and up to 31st March 2019 being met from a combination of turnover savings and the Budget Support Reserve

1.0 Introduction

- 1.1 In April 2018, a proposal was made by the Chief Executive to introduce a change to the Executive Team structure.
- 1.2 The key aims of this proposal were 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.
- 1.3 The restructure is intended to ensure the Council organisationally is in a position to meet the 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.

2.0 Proposals

- 2.1 The detailed proposals for the structure of the Executive Team are contained in the attached Appendix K. This was the original report considered by Cabinet in April. Following consultation, a further report was considered by Cabinet (attached) on 3rd July, where it was agreed that the decision to implement the structure should be referred to full Council as the proposal falls outside of the current Budget and Policy

Framework.

2.2 If full council approve the alterations to the senior management team operating model it is inevitable that when engaging in a competitive recruitment process that as a consequence that some current chief officers may not remain. In approving the senior management structure Council is accepting the outcomes in compliance with the Local Authorities (Standing Orders) (England)(Amendment) Regulations 2015. The resolution of the impact on any Chief Officer post is a non-executive function that, full Council has through the Constitution, been delegated for oversight to the Personnel Committee.

3.0 Conclusion

3.1 Council is asked to agree to implementation of the new structure, and in turn agree to the recommendations relating to finances for implementation.

CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing) None directly arising from this report.
--

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 1 st 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
<p>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.</p> <p>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.</p> <p>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.</p>		
OTHER RESOURCE IMPLICATIONS Open Spaces, ICT, Property: None There are no other resource implications.		

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 Article 7.06 (f). 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

Contact Officer: Susan Parsonage

Telephone:

E-mail: sparsonage@lancaster.gov.uk