
Audit and Procurement Committee

Time and Date

2.30 pm on Wednesday, 27 October, 2021

Place

Diamond Rooms 1 and 2 - Council House

Please note that in line with current Government and City Council guidelines in relation to Covid, there will be reduced public access to the meeting to manage numbers attending safely. If you wish to attend in person, please contact the Governance Services Officer indicated at the end of the agenda.

Public Business**1. Apologies****2. Declarations of Interest****3. Exclusion of Press and Public**

To consider whether to exclude the press and public for the private item of business for the reasons shown in the report.

4. Framework for Organisational Change (Pages 3 - 10)

Report of the Chief Executive

5. Outstanding Issues (Pages 11 - 16)

Report of the Director of Law and Governance

6. Work Programme 2021/2022 (Pages 17 - 18)

Report of the Director of Law and Governance

7. Any other items of public business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**Private business****8. Severance Package Approvals (Pages 19 - 28)**

Report of the Chief Executive

(Listing Officer: J Newman, Tele: 02476 972707)

9. **Any other items of private business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

Julie Newman, Director of Law and Governance, Council House Coventry

Tuesday, 19 October 2021

Note: The person to contact about the agenda and documents for this meeting is Lara Knight / Michelle Salmon, Governance Services, Email: lara.knight@coventry.gov.uk / michelle.salmon@coventry.gov.uk

Membership: Councillors M Ali, J Blundell, R Brown (By Invitation), G Hayre, R Lakha (Chair), T Sawdon, B Singh (Deputy Chair) and R Singh

Named Substitute Members: Councillors Bailey and Hopkins

Public Access

Please note that in line with current Government and City Council Covid guidelines, there will be reduced public access to the meeting to manage numbers attending safely.

Any member of the public who would like to attend the meeting in person is required to contact the officer below in advance of the meeting regarding arrangements for public attendance. A guide to attending public meeting can be found here:

<https://www.coventry.gov.uk/publicAttendanceMeetings>

Michelle Salmon

Governance Services

e-mail: michelle.salmon@coventry.gov.uk

Public report

Audit and Procurement Committee

Audit and Procurement Committee

27 October, 2021

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor R. Brown

Director Approving Submission of the report:

Chief Executive

Ward(s) affected:

None

Title:

Framework for Organisational Change

Is this a key decision?

No

Executive Summary:

In November 2020 the Government introduced the Restriction of Public Sector Exit Payments Regulations 2020, more commonly known as the 'Exit Cap', which in essence restricted the cost of payments employees are currently entitled to receive if aged over 55 if they leave the local government as a result of redundancy or efficiency. The Government quickly rescinded the legislation which meant the 'cap' of £95k was removed. It is likely the Government will reintroduce the 'cap' in the not too distant future. In the light of these expected changes and the potential need to reconfigure services for efficiency, the process and governance arrangements for organisational change are being strengthened. This report provides the broad details of the framework being introduced which provides this additional governance and oversight that is being established.

Recommendations:

That the Audit and Procurement Committee notes the revisions to the reorganisation process, its reasonings and responsive approach to the context in which the Council is operating.

List of Appendices included:

Business Case Proforma

Other useful background papers:

None

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

Report title: Framework for Organisational Change

1. Context (or background)

- 1.1 Restructures and reorganisations are commonplace in any organisation, necessary to ensure services are designed to deliver the services or product required within the relevant cost envelope. There are legislative requirements that any organisation has to follow in undertaking such a review as well as pension entitlements and relevant terms and conditions. The City Council also has a number of policies which outline our approach and processes.
- 1.2 In November the Government introduced the Restriction of Public Sector Exit Payments Regulations 2020, more commonly known as the 'Exit Cap'. This legislation in essence restricted the cost of payments employees could receive if aged over 55 as they are entitled to immediate early payment of their accrued pension benefits. These pension benefits cannot be reduced, despite being paid earlier than they would otherwise be. Instead the additional costs arising from early payment of pension benefits (commonly referred to as the '**strain costs**') must be met by the Council in the form of a lump sum payment to the West Midlands Pension Fund. If the employee leaves as a result of redundancy they are also entitled to a redundancy payment. The legislation capped the payments at a total £95k for the over 55's group. This is a challenging area due to the workforce profile as 47% of the workforce are aged 50 and over.
- 1.3 Many local authorities including Coventry took measures to amend governance arrangements to reflect the change prior to the Government then rescinding the legislation in February 2021. It is expected that following further consultation the Government will re-introduce the legislation shortly, although there is no clear time frame as yet.
- 1.4 Whilst there is this hiatus there is the potential need to reconfigure services for efficiency or smarter working reasons and with the make-up of the workforce, a revised framework to increase and strengthen the process and governance arrangements for organisational change has been introduced.
- 1.5 There are a number of policies and processes in place to support organisational change, with the starting point being the development of a business case, equality impact assessment and consultation plan for the affected staff and trade unions.
- 1.6 The intention is to further improve these arrangements by managing all services changes and re-organisations through a revised framework. This framework has a new business case format which now requires the Directors of Finance and HR sign off prior to consultation to ensure consistency of approach, that all the costings have been completed, and to demonstrate full consideration has been given to the proposals and their implementation before any consultation or change process can commence.
- 1.7 Further approval will then be required after the consultation process has concluded and actual changes are made.
- 1.8 Along with those changes, the redeployment process is being strengthened so there is a clear process which will provide alternatives to redundancy to avoid losing knowledge and skills that could and should be retained with the Council. As a result, the related policies and processes are being reviewed and revised if required to make sure they are fit for purpose. They will, where appropriate be subject to consultation with the trade unions.
- 1.9 Through making these changes, it provides assurance that the Council internal processes are being robustly managed to support and make change in accordance with the relevant legislation.

Recommended proposal

The recommend option is for the Committee to note the changes being made to reorganisation processes in order to strengthen the process and ensure where able appropriate skills and knowledge are retained, redundancy not being the only option and where appropriate efficiencies are generated in the most cost-effective way.

2. Results of consultation undertaken

The revised position has the approval and support of the Chief Executive and the One Coventry Leadership Team.

3. Timetable for implementing this change

These are being introduced with immediate effect, any changes in policy will be subject to the usual consultation process.

4. Comments from the Director of Finance and the Director of Law and Governance

Financial implications

Large public bodies such as the City Council will require organisation restructure on a periodic basis to ensure that they remain fit for purpose. Such change is likely to incur financial cost as a result of the legislative and regulatory protections in place and the Council currently has financial provision in place to manage such costs. However, it is important to ensure that these changes are managed within a reasonable cost envelope and that options are considered that provide good value for money. The revised framework proposed within this report seeks to achieve that.

Legal implications

The proposed framework will provide an additional level of internal control to ensure proposed reorganisations have robust business planning from the outset. The requirement to seek Council (currently delegated to Audit and Procurement Committee) approval for any severance package exceeding the £100,000 threshold remains.

5. Other implications

None identified.

6. How will this contribute to achievement of the Council Plan?

The changes support the priority of ensuring best value.

7. How is risk being managed?

Two key risks have been identified:

Organisational Continuity

Through the use of redeployment there is the opportunity to retain knowledge and skill where possible if employees are displaced through a reorganisation or for a health reason. It is recognised that currently there are a number of services which are considering changes this is a 'known' risk particularly because as an organisation the Council is aware of the need to succession plan and utilise our talent more effectively. Going forward service changes will need to be 'self-funded' or create a saving.

Media Attention

Organisational changes can attract media attention due to the nature of the change, cost which may be picked up through the annual Pay Policy Report which the Council is required to publish or because employees or trades unions bring it to their attention.

A pro-active communication plan will be put in place to manage any publicity, emphasising the need to reach financial balance, rationalising management overheads and protecting frontline services wherever possible.

8. What is the impact on the organisation?

The impact will be to strengthening of the reorganisation process and the assurance that any such proposal has been effectively reviewed and challenged before consultation or change commences.

9. Equalities / EIA

There are challenges attributed to this process that relate to the age of the workforce which is one of the protected characteristics under the Equality Act 2010

10. Implications for (or impact on) climate change and the environment

None identified.

11. Implications for partner organisations?

None identified.

Report author(s):**Name and job title:**

Susanna Newing
Director of HR
Barry Hastie
Director of Finance
Julie Newman
City Solicitor

Directorate:

Corporate

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Enquiries should be directed to the above people.

Contributor/approver name	Title	Directorate or organisation	Date doc sent out	Date response received or approved
Contributors:				
Suzanne Bennett	Governance Services Officer	Law and Governance	15/10/22	15/10/22
Names of approvers for submission: (officers and members)				
Martin Reeves	Chief Executive		15/10/21	15/10/21
Councillor Richard Brown	Cabinet Member for Strategic Finances and Resources.		18/10/21	18/10/21
Councillor Ram Lakha	Chair of Audit and Procurement Committee		18/10/21	18/10/21

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Business Case Format for Organisational Change

- 1) Introduction – Provide a brief statement on your intended activity, e.g. This paper sets out the proposed case for change within the [service area] to reflect the changing requirements/budget pressure in accordance with [reason]
- 2) Background to the Proposal – To include any significant information regarding the current context of the department [e.g. new/changed leadership, any reviews/audits that have been conducted leading to this proposal etc].
- 3) Scope of Review – Clearly identify the service areas and workforce, which are to be covered by the review process
- 4) The Rationale for Change – Outline the business case for change, including key drivers (e.g. financial, operational), how it is aligned to strategic priorities both at an organisational and departmental level, what is the expected impact of the changes proposed, impact of not making the changes. Include any data/information (or refer to additional documents or appendices) that support your reasons for change. These may include legislative imperatives, policy changes by the Council, or drivers for change identified by service users for improved services.
- 5) Current and Proposed Structure – including organisation charts to show both current and proposed structure, highlighting any key changes including where new roles are being proposed. Identify indicative grades and be clear to use roles rather than names of individuals. Include any unusual attributes such as locally agreed working conditions or terms of employment, service delivery models or other arrangements. Describe in detail what will be different about service delivery and how it will change the nature of the work in the service area, e.g. transfer of activities to a customer service centre, greater use of electronic service user engagement, transformation of service through the personalisation of service use, etc.
- 6) Alternative options - Detail other options considered (e.g. alternative structures) and why these are not being proposed.
- 7) People Implications - As a result of these changes (e.g. roles at risk of redundancy, roles required some level of amendment, regrading etc). Consider any wider implications regarding culture impact here. Set out in detail how the changes will impact on the workforce, by for example (using where appropriate appendices for more detailed data and documents) those employees deemed in and out of the scope of the changes and those that may be affected by the restructuring exercise and those not affected, numbers of posts in the current and proposed structures (in both full time equivalents and head count).
- 8) A Financial Summary of the Cost of the Structure - In consultation with the relevant Finance contact, the new cost should be compared against the current budget and include consideration of both ongoing cost (e.g. new salaries) as well as one off costs (e.g. redundancy pay, notice pay), as well as where savings have been identified in order to facilitate or as a result of the changes including any vacancy savings. Set out the longer-term position e.g. year 1, year 2 if it is likely to change. Consider any further costs including training or recruitment that may be required as a result of these changes as well as sources of income.
- 9) Equality Impact Assessment - Considers the demographic profile of people affected in order to consider whether there is a disproportionate impact on any particular group or protected characteristic. If a disproportionate impact is to be found, it needs to be considered and justified as to why. You may refer to more detailed data in an appendix.
- 10) Timetable for the Restructuring Exercise – In this section set out the planned stages of the process set against a time frame leading from the initial meetings with trade unions to the completion of the implementation process. If the size and scope of the review you are managing is large you could consider completing a project plan. You also need to set out who will be involved in the management and conduct of the review including, lead manager, project support, HR and Finance.

- 11) Risks, Issues and Dependencies - Arrangements for assessing risks to the success of the exercise in terms of both service delivery and the workforce and how they would be managed or overcome
- 12) Governance – Detail set out how the project will be governed, for example via a project board or by a Director, the project team management arrangements and the escalation process for amending and arranging signing off the proposals for consultation and completion with the Directors of Finance and HR.
- 13) Information and Communications – How information will be shared and cascaded, methods of feeding back from consultation, FAQs, Issues Logs and Version control on draft proposals
- 14) Suggested Appendices (if appropriate);
 - A.1 Employees proposed in scope of the review. The workforce affected by the restructure and within scope of the review, including each employee's current post title, grade, employment status and length of continuous employment with the City Council.
 - A.2 Organisation Structures Existing and Proposed in Pictorial Form
 - A.3 Job descriptions; Proposed Drafts and Existing
 - A.4 Financial Implications
 - A.5 Equalities Impact Assessment

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Audit and Procurement Committee

27 October 2021

Name of Cabinet Member:
N/A

Director approving submission of the report:
Director of Law and Governance

Ward(s) affected:
N/A

Title:
Outstanding Issues

Is this a key decision?
No

Executive summary:

This report is to identify those issues on which further reports / information has been requested or are outstanding so that Members are aware of them and can monitor their progress.

Recommendations:

The Committee is recommended to:

1. Consider the list of outstanding items as set out in the Appendices to the report, and to ask the Director concerned to explain the current position on those items which should have been discharged.
2. Agree that those items identified as completed within the Appendices to the report, be confirmed as discharged and removed from the outstanding issues list.

List of Appendices included:

Appendix 1 - Further Report Requested to Future Meeting
Appendix 2 - Information Requested Outside Meeting

Other useful background papers:

None

Has it or will it be considered by Scrutiny?

No

Has it, or will it be considered by any other council committee, advisory panel or other body?

No

Will this report go to Council?

No

Report title:
Outstanding Issues

1. Context (or background)

- 1.1 In May 2004, the City Council adopted an Outstanding Minutes system, linked to the Forward Plan, to ensure that follow-up reports can be monitored and reported to Members.
- 1.2 At their meeting on 25th January 2017, the Audit and Procurement Committee requested that, in addition to further reports being incorporated into the Committee's Work Programme, a report be submitted to each meeting detailing those additional reports requested to a future meeting along with details of additional information requested outside the formal meeting.
- 1.3 Appendix 1 to the report outlines items where a report back has been requested to a future Committee meeting, along with the anticipated date for further consideration of the issue.
- 1.4 In addition, Appendix 2 to the report sets out items where additional information was requested outside the formal meeting along with the date when this was completed.
- 1.5 Where a request has been made to delay the consideration of the report back, the proposed revised date is identified, along with the reason for the request.

2. Options considered and recommended proposal

- 2.1 N/A

3. Results of consultation undertaken

- 3.1 N/A

4. Timetable for implementing this decision

- 4.1 N/A

5. Comments from the Director of Finance and the Director of Law and Governance

- 5.1 Financial implications

N/A

- 5.2 Legal implications

N/A

6. Other implications

- 6.1 How will this contribute to achievement of the Council's Plan?

N/A

- 6.2 How is risk being managed?

This report will be considered and monitored at each meeting of the Cabinet

6.3 What is the impact on the organisation?

N/A

6.4 Equalities / EIA

N/A

6.5 Implications for (or impact on) climate change and the environment

N/A

6.6 Implications for partner organisations?

N/A

Report author(s):

Name and job title:

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Governance Services Co-ordinator

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Law and Governance

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Enquiries should be directed to the above person.

Contributor/approver name	Title	Service	Date doc sent out	Date response received or approved
Contributors:				
-				
Names of approvers: (Officers and Members)				
-				

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Appendix 1

Further Reports Requested to Future Meetings

	Subject	Minute Reference and Date Originally Considered	Date for Further Consideration	Responsible Officer	Proposed Amendment to Date for Consideration	Reason for Request to Delay Submission of Report
1	Further information requested on the progress of recommendations made in respect of the audit of IT Disaster Recovery.	Minute 6/20 19 October 2020	When the formal follow-up review of the audit is undertaken, the findings be reported to Committee	Karen Tyler		

* identifies items where a report is on the agenda for your meeting.

Appendix 2

Information/Action Requested Outside Meeting

	Subject/Report	Minute Reference and Date Originally Considered	Information Requested / Action Required	Responsible Officer	Date Completed
1.	Corporate and COVID 19 Risk Registers	Minute 46/20 15 th March 2021	Information be sent to the Committee on the outcome of previous investigations into the Council operating its own agency for the employment of staff	Paul Jennings	Information sent to Members of the Committee 2 nd September 2021
2.	Internal Audit Annual Report 2020-21	Minute 06/21 28 th June 2021	The Council's IT Strategy be sent to Members of the Committee for their information	Karen Tyler	Information sent to Members of the Committee 23 rd July 2021
3.	Internal Audit Annual Report 2020-21	Minute 06/21 28 th June 2021	IT be requested to pursue Cyber Security Training for Elected Members	Karen Tyler	Discussed with the Head of ICT 29 th July 2021
4.	Internal Audit Annual Report 2020-21	Minute 06/21 28 th June 2021	Members be provided with feedback on the position regarding Cyber Insurance	Paul Jennings	Update sent to Members of the Committee 2 nd September 2021
5.	External Audit Plan Year Ending March 2021 (Grant Thornton)	Minute 13/21 26 th July 2021	Specific training be arranged for Members of Audit and Procurement Committee to understand their roles and responsibilities on the Committee	Paul Jennings	Training to take place on 1 November, 2021
6.	2020-2021 Revenue and Capital Outturn	Minute 14/21 26 th July 2021	Details of the grant funding received in 2020/21 and carried forward as reserve balances at year-end, be circulated to Members of the Committee	Paul Jennings	Information sent to Members of the Committee 27 th July 2021
7.	Annual Governance Statement 2020-21	Minute 16/21 26 th July 2021	Details of the Governance arrangements for the City of Culture legacy work, be circulated to Members of the Committee	Karen Tyler	

Audit and Procurement Committee

Work Programme 2021-2022

28th June 2021

Internal Audit Annual Report 2020-21
Internal Audit Plan 2021-22
2019/20 Accounts Update

26th July 2021

Annual Governance Statement 2020-21
Audit and Procurement Committee Annual Report to Council 2020-21
2020/21 Revenue and Capital Outturn
External Audit Plan Year Ending March 2021 (Grant Thornton)

27th September 2021

Annual Fraud and Error Report 2020-21
Quarter One Revenue and Capital Monitoring Report 2021-22
Whistleblowing Annual Report 2020-21
Six Monthly Procurement Progress Report (Private)

27th October, 2021 (Additional Meeting)

Framework for Organisational Change
Severance Package Approvals (Private)

29th November 2021

Half year Internal Audit Progress Report 2021-22
Information Governance Annual Report 2020
Quarter Two Revenue and Capital Monitoring Report 2021-22
Draft Statement of Accounts 2020-2021
RIPA (Regulation of Investigatory Powers Act) Annual Report 2020
Audited 2020-21 Statement of Accounts
Audit Findings Report 2020-21

31st January 2022

Half Year Fraud and Error update 2021-22
Treasury Management Update
Complaints to the Local Government and Social Care Ombudsman 2019/20

21st March 2022

Quarter Three Internal Audit Progress Report 2021-22
Internal Audit Recommendation Tracking report
Corporate Risk Register Update
Quarter Three Revenue and Capital Monitoring Report 2020-21
Six Monthly Procurement Progress Report (Private)

Audit Findings Report 2019-20 (Grant Thornton)

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