
Audit and Procurement Committee

25 January 2017

Director Approving Submission of the report:
Chief Executive

Ward(s) affected: N/A

Title:
Proposals for the Resources Directorate

Is this a key decision?
No

Executive Summary:

This document sets out proposals for the Resources Directorate following the agreement to delete the post of Executive Director of Resources.

Recommendations:

The Audit and Procurement Committee is asked to:

- 1) Confirm the proposal for the realignment of services as set out in the report, subject to evaluation of the new Director roles and completion of the assurance process referred to in paragraph 3.2;
- 2) Commission a review and evaluation of the Executive Director roles and all roles that directly report to the new Director posts;
- 3) Commission a review of all remaining Hay Graded staff in 2 stages, firstly grades AD2 and above and secondly SM1-3. To take place from March through to December 2017;
- 4) Request Officers to bring a further report to Audit & Procurement Committee to approve any new salary packages exceeding £100,000 which are recommended following any of the reviews/evaluations referred to in recommendations 1 – 3 above.

List of Appendices included:

- Appendix 1 – Proposed Structure
- Appendix 2 – Impact of proposed structure on existing management teams within the People and Place Directorates
- Appendix 3 – Current Grades, Salaries and enhancements within the Resources Directorate.

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: Proposals for the Resources Directorate

1. Context (or background)

- 1.1 The voluntary early retirement application from the Executive Director Resources has been agreed and confirmed by the Audit and Procurement Committee on 19th December, 2016. The proposed deletion of the post will save £150k and a further £200k can be saved via further post(s) deletion and a restructure of the Resources Directorate. This paper sets out the outline plan for covering the duties following the deletion of the Executive Director Post and associated restructure.

2. Options considered and recommended proposal

- 2.1 A number of options have been considered for managing the deletion of the Executive Director post including the creation of one or two senior Director Posts directly reporting into the Chief Executive and in effect to maintain the status quo for the Resources Directorate.
- 2.2 Either of the above scenarios would require the deletion of current posts within the directorate and would unintentionally place other members of staff 'at risk'. Creating additional senior Director Posts is running counter to the organisations aim to reduce management layers and it will maintain senior management costs at the current level, which is unacceptable in the current climate of budget reductions and ongoing ER/VR programme.
- 2.3 After consideration the proposal is to leave all the current Resources Directorate job roles as they are at present, transferring the functions currently sat within the Resources Directorate to the remaining Executive Directors of Place and People.
- 2.4 This allows the deletion of the following posts
- 1 x Executive Director = a costs saving of £150k
2 x senior posts = a cost saving of £200k circa

3. Realignment of posts/line management, functions and services

- 3.1 It is proposed that the two remaining Executive Directors absorb the leadership and strategic corporate duties of the Executive Director Resources. In addition, that the two most senior posts (currently in receipt of enhanced payments) AD ICT Transformation and Customer Services and AD Finance and Corporate Services currently reporting into the Executive Director of Resources absorb the operational line management of the functions within the Directorate including the allocation of 151 officer and Senior Information Risk Owner (SIRO). These job roles and responsibilities (AD ICT Transformation and Customer Services and AD Finance and Corporate Services) will need to be revised/adjusted in light of the realignment, and will be evaluated to ensure that any changes to scope, size and impact are appropriately recognised and rewarded. Where the evaluations result proposed salary packages exceeding £100,000, the salary packages will be subject to the approval of the Audit & Procurement Committee.
- 3.2 Due to the significant organisational shift set out in this proposal, reducing from three to two Executive Directors, it would be prudent to carry out an assurance process. An Appointments Panel to be chaired by the Leader of the Council comprising nominated elected members (including Opposition members), the Chief Executive and the Executive Directors, will be convened to meet with the two most senior post holders AD ICT Transformation and Customer Services and AD Finance and Corporate Services in the

current Resources Directorate and seek confidence that this proposal can be safely implemented at this time.

3.3 At this stage the proposal the main realignment of post title/line management would be:

Director of Customer Services and Transformation (including the role SIRO) reporting to the Executive Director of People and responsible for the following functions:

- HR/OD, Payroll & Health & Safety
- ICT/ Digital Strategy
- Transformation
- Communications
- Procurement

Director of Finance and Corporate Services (including section 151 responsibility) reporting to the Executive Director of Place and responsible for the following functions:

- Finance & Audit
- Risk / insurance & Governance
- Members Services
- Legal Services (including Monitoring Officer)
- Revenue & Benefits

The appointment of the section 151 Officer must be confirmed by full Council. Officers will prepare a report to the next meeting of Council on 21 February 2017 to confirm this appointment and any changes required as a result of these proposals to be made to the Officer Scheme of delegation within the Constitution.

For consistency, it is proposed that all Assistant Director posts within the Place Directorate will be renamed as Directors. At this stage, this will be a change to job titles only and not to their terms and conditions.

Appendix 1 shows the proposed movement of the two new Director posts under the Executive Directors of Place and People, whilst Appendix 2 shows how these relate to the existing management teams in these directorates.

3.4 The table below summarises the proposed realignment of the Resources senior management team and associated functions to the remaining two Executive Directors as below:

Service	Managers	Line Manager	Number of posts	Gross Budgets (m)	Destination
Transformation, ICT & Business Services	Director of Customer Services & Transformation	Executive Director People	801	£26.26	Executive Director, People
Finance and Corporate Services (inc R&B and Section 151 Officer)	Director of Finance & Corporate Services	Executive Director Place	259	£127.8	Executive Director, Place
HR/OD (including apprentices)	Head of Human Resources and Organisational Development	Director of Customer Services & Transformation	192	£7.5	Executive Director, People

Legal and Democratic Services	Place & Regulatory Team Manager & People Team Manager & Members and Elections Team Manager	Director of Finance & Corporate Services	146	£6.53	Executive Director, Place
Procurement	Assistant Director Procurement	Director of Customer Services & Transformation	27	£1.06	Executive Director, People

3.5 On the face of it this may look like an unequal allocation, it needs to be seen in the context that the People Directorate is a larger Directorate (with a gross budget of £272m) than the Place Directorate (with a gross budget of £125m) or Resources Directorate (with a gross budget of £172m), due to the high level of direct service delivery functions in that Directorate. Indeed, Resources and Place Directorates combined is still less than half the People Directorate in terms of number of established posts. Resources and Place Directorates have a diverse portfolio of corporate services that often stretch beyond Coventry and includes the statutory 151 'Chief Financial Officer' post.

3.6 Arguably this is a significant realignment to the Councils management arrangements, hence it would be appropriate for the Chief Executive and Leader of the Council to review these changes after 3 months, again after 6 months with a full evaluation after one year of operation.

3.7 A list of the current grades and salaries, including pay enhancements is at Appendix 3. Four of the senior team within Resources Directorate are already in receipt of additional payments (market supplements/honorarium) increasing current salaries by 5-10%. Indeed an initial scan across all the Hay graded posts across the Council indicates that additional payments (in the form of market supplements and honoraria) have become commonplace. Hence it is advisable and recommended that all the 'Hay' graded jobs are reviewed and evaluated along with the pay scales to ensure parity across the Council and avoid claims of equal pay.

4. Wider organisational and senior management considerations

4.1 The above proposal and re-alignment is likely to impact on other posts/job roles within the senior management population. In addition, there appears to have been a growing number of market supplements and honorarium payments made to post holders in this section of the workforce by way of retaining people who possess organisational memory and are embedded in significant projects to improve the City. The need to retain people in these senior roles has been further exacerbated because the Council has reduced its headcount at a senior level and remaining post holders are expected to work to a larger portfolio of work and frequently across organisational boundaries.

4.2 This prompts advice and a recommendation to review all senior management 'Hay' graded posts to ensure the Council retains key knowledge, skills and competencies, is well led and can deliver its objectives. In addition, the review will seek to design a senior management pay spine/structure for the future and establish senior management posts with a fair and transparent pay and reward strategy. The last senior management review took place in 2006 and hence this recommendation is timely and will ensure parity across the Council and mitigate the risk of equal pay claims. If this review results in recommended salary

packages exceeding £100,000, these will be subject to approval by Audit & Procurement Committee.

5. Results of consultation undertaken

- 5.1 Briefings on the proposals have taken place with those directly affected and with the Trade Unions. Further consultation will take place between 25-31 January 2017 as detailed below at paragraph 6.1. The consultation period is relatively short as there are no compulsory redundancies.
- 5.2 Following the implementation of these proposals, it is anticipated that there will be a further review of the services within the new Directors remits. Further consultation with employees and Trade Unions will be conducted as appropriate.

6. Timetable for implementing this decision

- 6.1 Below is an indicative timescale for the consultation and management action

Activity	Date
Brief stakeholders	W/C 16 January
Job evaluation to confirm job sizes of the 2 most directly impacted posts	16 – 31 January
Launch consultation <i>after audit committee</i>	25 January
Opportunity for 1:1 discussion	25 – 31 January
End of consultation	31 January
Review of comments received and make any changes necessary	13-17 February
Assurance process	W/C 17 February
Implementation	22 February

7. Comments from Executive Director, Resources

7.1 Financial implications

The implementation of the new structure proposed in this report will realise the achievement of the £350k detailed in Section 3 immediately. The extent to which further savings are delivered will depend on the development of proposals to re-shape senior management layers across specific service areas and the impact of the proposed review of Hay graded management posts. Any proposals coming forward will be considered in accordance with existing formal decision-making requirements and are being conducted in clear view of the need to continue to streamline management structures and achieve cost savings where possible.

7.2 Legal implications

The Council's power to appoint officers on such reasonable terms and conditions as it thinks fit is subject to section 41 of the Localism Act 2011 (requirement for determinations relating to terms and conditions of chief officers to comply with pay policy statement).

The Guidance "Openness and accountability in local pay" was introduced by the Secretary of State for Communities and Local Government in accordance with section 40 of the Localism Act 2011. Local Authorities are required to have regard to this guidance in performing their functions in preparing and approving pay policy statements.

Part 2I of the Council's Constitution "Functions of the Audit and Procurement Committee" reflect the requirement for Members to approval salary packages which reach the threshold of £100,000. The recommendations in this report clarify how that requirement is to be interpreted going forward.

Section 151 of the Local Government Act 1972 requires the Council to appoint an Officer to be responsible for the proper administration of its financial affairs. The report sets out at paragraph 3.3 how this duty will be discharged.

8. Other implications

8.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

The reconfiguration from 3 to 2 directorates will strengthen the strategic leadership and management oversight of the Council's business by streamlining the corporate responsibilities of all services and functions through to the chief Executive via two Executive Directors.

The savings realised will contribute to the Council's savings targets

The review of pay grades across the senior management population has the potential to realise further efficiencies, cost savings and more effective governance and pay parity.

8.2 How is risk being managed?

The realignment is a significant departure from an organisational structure that has served the Council well. Nevertheless the council needs to evolve to meet the changing needs of its communities. Hence the new arrangements will be reviewed by the Leader of the Council and the chief Executive at 3, 6 and 12 months with a final proposal for a permanent organisational structure in February 2018.

8.3 What is the impact on the organisation?

Whilst there will be a period of uncertainty as employees settle into the 2 directorates, it is unlikely to cause major disruption to the running of Council businesses and its services.

8.4 Equalities / EIA

An equality impact assessment is not required for the purposes of this report. However, all ERVR applications and Human Resources activity are conducted in accordance with the Council's Equal Opportunities policy and the Public Sector Equality Duty.

8.5 Implications for (or impact on) the environment
None

8.6 Implications for partner organisations?
None

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