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Northumberland County Council

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Email:
Tel direct:
Date: Friday, 10 February 2023

Dear Sir or Madam,

Your attendance is requested at a meeting of the **STAFF AND APPOINTMENTS COMMITTEE** to be held in **COUNCIL CHAMBER - COUNTY HALL** on **MONDAY, 20 FEBRUARY 2023** at **10.00 AM**.

Yours faithfully

Dr Helen Paterson
Chief Executive

To Staff and Appointments Committee members as follows:-

G Sanderson (Chair), R Wearmouth (Vice-Chair), A Dale, S Dickinson, B Flux, I Hunter, M Purvis, E Simpson and J Watson



Dr Helen Paterson, Chief Executive
County Hall, Morpeth, Northumberland, NE61 2EF
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AGENDA

PART I

It is expected that the matters included in this part of the agenda will be dealt with in public.

1. APOLOGIES FOR ABSENCE

2. MINUTES

(Pages 1
- 6)

Minutes of the meeting of the Committee held on 30 January 2023, as circulated, to be confirmed as a true record and signed by the Chair.

3. DISCLOSURE OF MEMBERS' INTERESTS

Unless already entered in the Council's Register of Members' interests, members are required where a matter arises at a meeting;

- a) Which **directly relates to** Disclosable Pecuniary Interest ('DPI') as set out in Appendix B, Table 1 of the Code of Conduct, to disclose the interest, not participate in any discussion or vote and not to remain in room. Where members have a DPI or if the matter concerns an executive function and is being considered by a Cabinet Member with a DPI they must notify the Monitoring Officer and arrange for somebody else to deal with the matter.
- b) Which **directly relates to** the financial interest or well being of a Other Registrable Interest as set out in Appendix B, Table 2 of the Code of Conduct to disclose the interest and only speak on the matter if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain the room.
- c) Which **directly relates to** their financial interest or well-being (and is not DPI) or the financial well being of a relative or close associate, to declare the interest and members may only speak on the matter if members of the public are also allowed to speak. Otherwise, the member must not take part in discussion or vote on the matter and must leave the room.
- d) Which **affects** the financial well-being of the member, a relative or close associate or a body included under the Other Registrable Interests column in Table 2, to disclose the interest and apply the test set out at paragraph 9 of Appendix B before deciding whether they may remain in the meeting.
- e) Where Members have or a Cabinet Member has an Other Registerable Interest or Non Registerable Interest in a matter being considered in exercise of their executive function, they must notify the Monitoring Officer and arrange for somebody else to deal with it.

NB Any member needing clarification must contact monitoringofficer@northumberland.gov.uk. Members are referred to the Code of Conduct which contains the matters above in full. Please refer to the guidance on disclosures at the rear of this agenda letter.

4. REPORT OF THE CHIEF EXECUTIVE AND HEAD OF PAID SERVICE (Pages 7 - 32)

Senior Management Restructure Proposal

The purpose of this report is to set out and seek agreement to a proposal for a management restructure across the Council consistent with the revised Executive Director structure.

The Committee approved the revised executive arrangements (tiers 1 and 2) at its meeting in September 2022 and this was subsequently also approved by full Council, with progressive implementation since that time. This proposal covers the necessary senior management restructure (tiers 3 and 4) and the proposal is appended to this report (Appendix 1). Appendix 1 to be considered under agenda item 10 in Part 2 of this agenda. **(Appendix A).**

5. REPORT OF THE INTERIM DIRECTOR OF HR/OD (Pages 33 - 44)

Pay Protection Provision for Senior Managers

The purpose of this report is to seek approval to agree to an adjustment of current provision for pay protection for employees at NCC Band 14 and above ie those on Senior Manager Terms and Conditions. The proposed adjustment would bring greater parity with provision for employees at NCC Band 13 and below (Pay Protection policy – appendix 1) and with other local government employers (Benchmarking – appendix 2) **(Appendix B).**

6. REPORT OF THE CHIEF EXECUTIVE AND HEAD OF PAID SERVICE (Pages 45 - 56)

Restructure of Tiers 3 and 4 – Consequential Redundancies

This report sets out the current position and requests approval of the applications for voluntary redundancy (VR) for five posts. It highlights the considerations taken around the applications of VR against the tiers 3 and 4 restructure.

It provides a financial position highlighting the overall savings that may be achieved as a result of granting the requests of the five members of staff.

It outlines that in the case of two of the posts, the final decision rests with full Council due to the cost of the individual exit packages exceeding £100,000. Appendix 2 to be considered under agenda item 11 in Part 2 of this agenda. **(Appendix C)**

7. REPORT OF THE INTERIM DIRECTOR OF HR/OD (Pages 57 - 70)

Chief Executive Performance Appraisal

The purpose of this report is to seek approval to an appraisal process for the Chief Executive in line with the guidance laid out within the JNC Handbooks for Chief Executives (Appendix 2).

The report offers a defined process for appraisal for the Committee to consider and agree (**Appendix D**).

8. URGENT BUSINESS (IF ANY)

To consider such other urgent business as, in the opinion of the Chair, should, by reason of special circumstances, be considered as a matter of urgency.

PART II

It is expected that matters included in this part of the Agenda will be dealt with in private. Reports referred to are enclosed for members and officers only, coloured pink and marked "Not for Publication".

9. EXCLUSION OF PRESS AND PUBLIC

The Committee is invited to consider passing the following resolution:

- a) That under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items on the agenda as they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the 1972 Act, and
- b) That the public interest in maintaining the exemption outweighs the public interest in disclosure for the following reasons:-

Agenda Item	Paragraph of Part I of Schedule 12A
10 and 11	1 and 2 Information relating to any individual and information which is likely to reveal the identity of an individual.
AND	The public interest in maintaining the exemption outweighs the interest in disclosure because disclosure would adversely affect the Authority's interests.

10. REPORT OF THE CHIEF EXECUTIVE AND HEAD OF PAID SERVICE 1, 2 Senior Management Restructure Proposal

To consider the attached Appendix 1 under Agenda item 4 in Part 1 of this agenda.

11. REPORT OF THE CHIEF EXECUTIVE AND HEAD OF PAID SERVICE

1, 2

Restructure of Tiers 3 and 4 – Consequential Redundancies

To consider the attached Appendix 2 under Agenda item 6 in Part 1 of this agenda.

IF YOU HAVE AN INTEREST AT THIS MEETING, PLEASE:

- Declare it and give details of its nature before the matter is discussed or as soon as it becomes apparent to you.
- Complete this sheet and pass it to the Democratic Services Officer.

Name:		Date of meeting:	
Meeting:			
Item to which your interest relates:			
Nature of Interest i.e. either disclosable pecuniary interest (as defined by Table 1 of Appendix B to the Code of Conduct, Other Registerable Interest or Non-Registerable Interest (as defined by Appendix B to Code of Conduct) (please give details):			
Are you intending to withdraw from the meeting?		Yes - <input type="checkbox"/>	No - <input type="checkbox"/>

Registering Interests

Within 28 days of becoming a member or your re-election or re-appointment to office you must register with the Monitoring Officer the interests which fall within the categories set out in **Table 1 (Disclosable Pecuniary Interests)** which are as described in "The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012". You should also register details of your other personal interests which fall within the categories set out in **Table 2 (Other Registerable Interests)**.

"Disclosable Pecuniary Interest" means an interest of yourself, or of your partner if you are aware of your partner's interest, within the descriptions set out in Table 1 below.

"Partner" means a spouse or civil partner, or a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners.

1. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest, or of any change to a registered interest, notify the Monitoring Officer.
2. A 'sensitive interest' is as an interest which, if disclosed, could lead to the councillor, or a person connected with the councillor, being subject to violence or intimidation.
3. Where you have a 'sensitive interest' you must notify the Monitoring Officer with the reasons why you believe it is a sensitive interest. If the Monitoring Officer agrees they will withhold the interest from the public register.

Non participation in case of disclosable pecuniary interest

4. Where a matter arises at a meeting which directly relates to one of your Disclosable Pecuniary Interests as set out in **Table 1**, you must disclose the interest, not participate in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest, just that you have an interest.

Dispensation may be granted in limited circumstances, to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest.

5. Where you have a disclosable pecuniary interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it.

Disclosure of Other Registerable Interests

6. Where a matter arises at a meeting which **directly relates** to the financial interest or wellbeing of one of your Other Registerable Interests (as set out in **Table 2**), you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

Disclosure of Non-Registerable Interests

7. Where a matter arises at a meeting which **directly relates** to your financial interest or well-being (and is not a Disclosable Pecuniary Interest set out in **Table 1**) or a financial interest or well-being of a relative or close associate, you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.
8. Where a matter arises at a meeting which **affects** –
- a. your own financial interest or well-being;
 - b. a financial interest or well-being of a relative or close associate; or
 - c. a financial interest or wellbeing of a body included under Other Registrable Interests as set out in **Table 2** you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied
9. Where a matter (referred to in paragraph 8 above) **affects** the financial interest or well- being:
- a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
 - b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest

You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise, you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

Where you have an Other Registerable Interest or Non-Registerable Interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it.

NORTHUMBERLAND COUNTY COUNCIL

STAFF AND APPOINTMENTS COMMITTEE

At a meeting of the **Staff and Appointments Committee** held in the Council Chamber, County Hall, Morpeth on Monday 30 January 2023 at 2.00 pm.

PRESENT

Councillor G. Sanderson
(in the Chair)

MEMBERS

Dale, A.
Dickinson, S.
Flux, B.
Hunter, E.I.

Purvis, M.
Simpson, E.
Watson, J.G.
Wearmouth, R

OFFICERS IN ATTENDANCE

Bennett, L.M.

Binjal, S.
Elsdon, A.
Farrell, S.
O' Farrell, R.
Sample, C.

Senior Democratic Services Officer
Interim Director of Governance and
Monitoring Officer
Service Director Finance
Acting Head of HR/OD
Interim Chief Executive
Lawyer

One member of the press was present

49. APOLOGIES FOR ABSENCE

Apologies were received from Councillor M. Purvis.

50. MINUTES

RESOLVED that the minutes of the meeting of the Committee held on 20 December 2022, as circulated, be confirmed as a true record and signed by the Chair.

51. REPORT OF THE INTERIM CHIEF EXECUTIVE AND HEAD OF PAID SERVICE

Preferred Candidate Appointment Process – Executive Directors and Director of Corporate Law and Governance

Ch.'s Initials.....

The report set out the details of the selection process to be undertaken for the following roles:-

Executive Director – Place and Generation

Executive Director – Adults, Ageing and Wellbeing (DASS)

Executive Director – Public Health, Inequalities and Stronger Communities (DPH)

Executive Director – Children and Young People (DCS)

Executive Director – Transformation and Resources (S151)

Director of Corporate Law and Governance (MO)

RESOLVED that

- (1) the report be received and the further details of the recruitment process to be conducted during the week commencing 23 January 2023 be noted.
- (2) a supplementary report was to be provided detailing recommended candidates for each role and would be issued on Monday, 30 January 2023, following conclusion of the selection exercises.

52. REPORT OF THE INTERIM CHIEF EXECUTIVE AND HEAD OF PAID SERVICE

Preferred Candidates following conclusion of Selection Process for Executive Directors

A supplementary report, with some confidential appendices, was circulated to Members at the meeting and provided confirmation of the details of the selection processes and that the recruitment processes were planned and conducted in a fair and transparent way. It was noted that the preferred candidate for the Director of Corporate Law and Governance had been offered the post but had declined.

Appointment of Executive Director – Transformation and Resources and s151 Officer

RESOLVED

- (1) To accept the findings of the selection panels that preferred candidates be appointed to the role of Executive Director – Transformation and Resources (Section 151 Officer) be accepted. Details set out in the confidential (exempt) Appendix 1.
- (2) To agree that in the event that any objection is received from the Leader and/or Cabinet that the appointment in question be referred back to this Committee for urgent consideration.
- (3) Subject to there being no objection from the Leader and/or Cabinet to the appointment, to recommend to full Council that the preferred candidate (details set out in the confidential Appendix 1 to this report) be appointed as

the Executive Director of Transformation and Resources (Section 151 Officer).

- (4) To note that offers of employment will be subject to all necessary pre-employment checks.
- (5) To note that the effective date of commencement of employment is to be confirmed following all the necessary pre-employment checks.
- (6) To agree that the Executive Director of Transformation and Resources (Section 151 Officer) receives staff benefits in line with all Council employees and remuneration of £162,285 per annum (this cost excludes employer's national insurance and employer's pension contributions).

Appointment of Executive Director – Place and Regeneration; Executive Director – Adults, Ageing and Wellbeing (DASS); Executive Director – Public Health, Inequalities and Stronger Communities (DPH); Executive Director – Children and Young People (DCS)

RESOLVED

- (1) To accept the findings of the selection panels that preferred candidates be appointed to the following roles as follows:
 - i) Executive Director – Place and Regeneration. The preferred candidate (details set out in the confidential Appendix 1 to the report).
 - ii) Executive Director – Adults, Ageing and Wellbeing (DASS). The preferred candidate (details set out in the confidential Appendix 1 to the report)
 - iii) Executive Director – Public Health, Inequalities and Stronger Communities (DPH). The preferred candidate (details set out in the confidential Appendix 1 to the report) and the
 - iv) Executive Director – Children and Young People (DCS). The preferred candidate (details set out in the confidential Appendix 1 to the report).
- (2) To agree that in the event that any objection is received from the Leader or Cabinet that the appointment in question be referred back to this Committee for urgent consideration.
- (3) To note that offers of employment will be subject to all necessary pre-employment checks.
- (4) To note that the effective date of commencement of employment to be confirmed following all the necessary pre-employment checks.
- (5) To agree that appointees receive staff benefits in line with all Council employees and remuneration as follows (the costs shown below exclude employer's national insurance and employer's pension contributions):
 - i) Executive Director – Place and Regeneration – £150,820 per annum

- ii) Executive Director – Adults, Ageing and Wellbeing (DASS) – £150,820 per annum
- iii) Executive Director – Public Health, Inequalities and Stronger Communities (DPH) – £150,820 per annum
- iv) Executive Director – Children and Young People (DCS) – £150,820 per annum

53. REPORT OF THE INTERIM CHIEF EXECUTIVE

Voluntary Redundancy of the Interim Executive Director of Communities and Business Development

Members received a report outlining the current position regarding Mrs Taylor’s application for voluntary redundancy and requesting agreement to an extension of her current arrangements until 31 March 2023.

In answer to a query, the Interim Chief Executive confirmed that arrangements for the handover of duties were underway.

RESOLVED

- (1) To approve the voluntary redundancy application of Mrs Taylor, following the business case approval attached as Appendix 1 by the Interim Chief Executive.
- (2) To also approve the payment of £559.92 to cover for the early termination fee associated with Mrs Taylor’s leased vehicle for the reasons as set out in paragraph 3.18 below in this report.
- (3) To agree to extend the arrangement under which Mrs Taylor was undertaking the role of interim Executive Director of Communities and Business Development until 31 March 2023.

54. EXCLUSION OF PRESS AND PUBLIC

The Committee is invited to consider passing the following resolution:

- (a) That under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items on the agenda as they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the 1972 Act, and
- (b) That the public interest in maintaining the exemption outweighs the public interest in disclosure for the following reasons-

Agenda Item	Paragraph of Part I of Schedule 12A
4	1
	Information relating to any individual.

AND The public interest in maintaining the exemption outweighs the interest in disclosure because disclosure would adversely affect the Authority's interests.

55. REPORT OF THE INTERIM CHIEF EXECUTIVE AND HEAD OF PAID SERVICE

Preferred Candidates following conclusion of Selection Process for Executive Directors

The Interim Chief Executive clarified some issues raised by Members. He confirmed that, as most of the preferred candidates were internal candidates, there should be a seamless transition into the posts. In the case of the post with an external preferred candidate, interim arrangements were in place until his employment began.

CHAIR.....

DATE.....

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Northumberland County Council

Staff and Appointments Committee

20 February 2023

Senior Management Restructure Proposal

Report of the Chief Executive and Head of Paid Service, Helen Paterson

Purpose of the Report

The purpose of this report is to set out and seek agreement to a proposal for a management restructure across the Council consistent with the revised Executive Director structure.

The Committee approved the revised executive arrangements (tiers 1 and 2) at its meeting in September 2022 and this was subsequently also approved by full Council, with progressive implementation since that time. This proposal covers the necessary senior management restructure (tiers 3 and 4) and the proposal is appended to this report as Appendix. This Appendix is currently exempt from publication as it contains information relating to the individual and information which is likely to reveal the identity of an individual.

Recommendations

To agree the following recommendations:

1. Approve the proposed senior management (tiers 3 and 4) restructure for consultation as detailed in Appendix 1 (exempt from publication for reasons set out above) to this report.
2. To note that the proposed restructure is subject to formal consultation with affected colleagues and Trade Union representatives, in keeping with the Council's Management of Organisational Change policy (Appendix 2).
3. To note that following the results of formal consultation, the Chief Executive will consider any required adjustments and the finalised structure will be brought back to a meeting of this Committee during April for final approval.

4. That proposed Tier 3 roles are established at either Band 16 or 17 and proposed Tier 4 roles at either Band 14 or 15. For salaries over £100,000 formal approval of this Committee will be required in line with the Council's Pay Policy.

Links to Corporate Plan

This report is relevant to all areas of the Corporate Plan as it relates to the senior management structure and population in the organisation. This necessarily has to be fit for purpose in order to deliver the Plan in an effective and efficient manner.

The rationale and design principles which have been applied to the development of the restructure proposal have ensured that it is robust and resilient while also being affordable. The Chief Executive continues to have direct oversight of the whole process to ensure that the management structure moving forward is able to deliver the priorities of the administration. In parallel, it will enable enhanced coordination and integration while ensuring a standardised approach across disparate services to ensure consistency and the application of good governance.

Background

The restructure was initiated as part of a programme to ensure that moving forward the organisation has the right capacity and capability to deliver its ambitions whilst being sustainable and providing value for money. The Council is going through a period of major change on many different fronts, so it is important to have the right organisational design which balances both technical skills and expertise alongside leadership capability in a way that promotes collaborative behaviours and accountability.

The reasons for undertaking the restructure involve the following:

- Corporate Governance review findings and recommendations (Caller Report) including the prevailing culture within the organisation.
- The need to ensure integration with the outputs of the Strategic Change Programme.
- Alignment with corporate plan priorities.
- Budget constraints and affordability pressures.
- A structure which had evolved in a piecemeal manner over a long period which was no longer fit for purpose.
- A management population with too many interims, fixed term contract and acting up roles leading to a profound lack of stability within the most senior ranks of the organisation.

As well as providing the Council with an organisational design across its senior team which takes account of current and future needs, the approach has been to work with colleagues in an inclusive way in order to reach a solution which recognises the areas where there is consensus and address areas of difference.

This means that the final proposal is informed by evidence of what is most likely to be the best fit across the whole organisation as well as within different Executive Director portfolios. It has also been crucial that financial constraints have been factored in from the outset and some choices have had to be made both to create a more standardised structure but also because there will be insufficient resource to fund everything that is desirable.

Design Principles

The proposal has also been informed by the need to offer some development opportunities for existing staff as well as create attractive roles for new recruits. This is important in a market which is challenging both in terms of retention and attraction.

Some important design and delivery principles were applied from the start in order to promote collaboration, cohesion, fairness and transparency. This was amplified to embody the following elements:

- A flatter and less hierarchical structure which is simpler, more responsive and cost effective.
- Consistent spans of control, role profiles and titles.
- Fairness and equity across the structure including pay bands.
- Economies of scale.
- Greater opportunity for integration.
- Substantive roles throughout with the removal of interim and seconded positions unless there is a regulatory requirement.
- A restructure which empowers management and values experience and innovation.
- A cultural shift brought about by new behaviours – led from the top and across all the leadership team
- Engagement and consultation with those affected and execution based on strong communication and transparency.

Developing the Proposal - Key Considerations

The Chief Executive and Executive Director posts were agreed by the Council in September 2022 along with an indicative allocation of functions within each Executive Director (ED) portfolio. The process of making appointments to the tier 1 and 2 posts is complete (and in some cases subject to approval by full Council) though a small number will not take up their positions until May 2023 due to notice periods.

Work on the wider senior management / leadership team (tier 3 and 4 posts) commenced in October 2022 and as with the above stage, external support was provided (by Penna and an independent HR consultant who had worked with the Council since late 2020). It has been important to continue to obtain an external perspective on the restructure proposals so that conventional thinking was challenged, best practice was identified, and appropriate benchmarking was conducted. This would not have been possible purely by using internal resources. This also enabled a more focused consideration of the design principles as laid out above.

Taking the agreed tier 2 (ED) structure as a starting point, a number of alternative models for the restructure of the wider leadership team and its associated functions were developed. This work was undertaken following extensive research across a number of comparable councils.

What rapidly became clear was that (not surprisingly) there was no one model of best practice and organisations are diverse. However, the benefit of this approach was to challenge the conventional way that the Council has been organised and at the same time, the thinking of the Executive Management Team.

A number of structured events involving this team and the Council's external advisors were held to consider a number of options from strategic, functional, operational, financial and governance perspectives. Accordingly, there is no "right" answer but rather the careful blending of all these perspectives to arrive at a balanced proposal.

An Executive Management Team member was designated to lead on each of the new Executive Director portfolios and the management structures which are positioned below them. This was also undertaken by the Chief Executive for other specific functions which also report directly to the new Chief Executive (e.g. Fire and Rescue Service, Workforce and OD).

Outputs were challenged and debated by the Executive Management Team to ensure that there was a robust process and strong justification for each portfolio and its senior management structure as well as consistency across the organisation to avoid silos being formed.

From the start, it was important to ensure there was visibility for those colleagues directly affected. The affected staff were engaged with a survey and workshops along with regular briefings on progress, consultation requirements and the likely timeline for implementation. This was then followed by a series of more focussed discussions with affected colleagues led by allocated members of the Executive Management Team regarding a preferred restructure option under each proposed Executive Director portfolio.

The proposed senior management structure was then devised, and this is referenced in Appendix 1 to this paper. In effect these charts cover tiers 1 - 4 of the organisation in order that the Committee has a clear overall picture. It should be noted that there is a diversity in respect of each portfolio which is to be expected given the wide range of services that the Council delivers for its residents.

This does not of course pre-empt the formal consultation process with affected staff and their Trade Union representatives as required under the Council's approved policies for the management of organisational change.

During this time there was the transition from the interim to the appointment of the substantive Chief Executive. The new Chief Executive was fully sighted and closely involved in formulating options, and providing scrutiny and consideration of a proposal which provides the best fit with the overall rationale and design principles. This has

been a crucial part of ensuring a smooth transition on 8 February with clarity about the structure and process of positioning the wider leadership team.

Affordability

The 2022-23 budget assumed management savings of £1.000 million would be delivered. To date around £0.737 million of recurring savings have already been identified.

It is estimated that the proposed restructure of tiers 1 to 4 will once fully implemented deliver further savings in the region of £0.681 million per annum. Of this figure, it is estimated that savings of £0.592 million per annum will be delivered against the £1.000 million target (at 2023-24 pay rates and inclusive of oncosts) bringing the total to £1.329 million per annum.

Some of these savings will be achieved through a time-limited scheme of voluntary redundancy (VR) which is now closed. There are a number of proposed voluntary redundancies, details of which are the subject of a separate report for consideration by this Committee. It should be noted that all VR requests from senior officers are subject to approval by this Committee and any exit packages of £0.100 million or more require the approval of full Council.

In a small number of cases where a suitable alternative offer of employment cannot be made and there are no viable redeployment options, there may at some point in the future be the need to consider compulsory redundancy for some employees.

In broad terms the affected management population (Tiers 3 and 4) was taken as pay band 14 and above i.e. from a salary of £73,511 per annum (£95,926 including oncosts at 2023-24 pay and oncost rates) and this amounted to some 52.91 FTEs with an annual salary bill totalling £6.300 million. In addition, a number of band 13 posts were also identified as being in scope and affected by the restructure proposal.

This proposal will see the number of tier 3 and 4 staff on band 14 increase to 57.51 FTEs, but at a gross cost of £6.507 million per annum.

However, as a consequence of the proposed restructure of tiers 3 and 4 there are gross salary savings at Band 13 and below totalling £0.934 million (10.8 FTEs).

Taking into account tiers 1 - 4 it is estimated that there will be a reduction to the overall wage bill of the Council in the region of £0.681 million.

	£	£
Cost of the current structure (2023-24 excluding pay award)		7,429,257
Cost of the proposed tiers 1-4 structure (2023-24 including pay award)	7,770,494	
Posts below Band 14 being removed from the structure	(1,022,730)	6,747,764

The key changes for tiers 3 and 4 are as follows:

- Service Director posts at band 15 and above reduced from 19.9 to 15.5, a reduction of 4.4 FTEs with an estimated saving of £0.583 million per annum. These figures exclude the Deputy and Assistant Chief Fire Officers.
- Head of Service (and other) roles at band 14 and above increased from 31.01 to 40.01 FTEs.
- 10.8 FTE band 13 posts deleted.

There are still decisions to be made regarding some of the existing posts once the structure is filled.

Job descriptions for all the Tier 3 and 4 posts have been rewritten to ensure much greater consistency with regard to roles, job size and pay bands across the Council. This will remove any anomalies which have evolved over a number of years.

Upon completion of the proposed restructure, it is forecast that the savings target of £1.000 million will be exceeded but it should be recognised that it is likely that there will be some transitional costs (pay protection, temporary roles) which will need to be expended before that occurs and it is estimated that it will be 18 months before the Council receives the full financial benefit. The figures above also assume that any grant or external funding for the posts in the new structure remains at the current budgeted level.

The proposed structure recognises the clear need for affordability but also balances this with a robust structure and leadership team which can manage and deliver the Council's Plans.

Next Steps

Following consideration and approval by the Committee, the Chief Executive will hold a briefing meeting with the management population on the same day.

Formal consultation on the proposal will then commence on 21 February and this will run for 30 days. The consultation will involve Executive Directors, the impacted staff and Trade Union colleagues in order to discuss the proposal in more detail. Plans are in place to roll out a comprehensive process with a dedicated portal for providing information and capturing the representations of colleagues for consideration.

Following the completion of consultation and then taking into consideration the outputs of the consultation, the final proposal will be notified to Staff and Appointments Committee in mid-April.

The new structure will then be populated through a process of slotting in, ringfencing and a mix of internal and external recruitment (if needed during the second half of April and into May). It is anticipated that this process will be completed by the end of May when the structure goes live.

A further critical phase of work will flow from this restructure to address the consequential impact on functions, service delivery and staffing through various levels in the organisation. The restructure execution plan and the other transformation plans which the Committee is aware of (including the Strategic Change Programme and resultant operating model moving forward) must be integrated and aligned to maximise all benefits. In addition, significant OD interventions on a sustained basis are required in order to address culture change issues and a fundamental shift in organisational behaviour.

Implications

Policy	Oversight of HR policies and procedures
Finance and value for money	<p>The financial information relating to the Council's proposed structure of management tiers 3 and 4 is contained within the body of the report.</p> <p>The proposed structure if approved will result in significant recurrent salary savings for the Council totalling £0.681 million, once the structure has been populated and all transitional costs have been expended.</p>
Legal	<p><u>Collective Consultation</u></p> <p>Under s188 of Trade Union and Labour Relations (Consolidation) Act 1992 (TULRCA), where an employer proposes to dismiss 20 or more employees at the same establishment as redundant within a period of 90 days or less then it must carry out collective consultation:</p> <ul style="list-style-type: none"> • Where the proposed dismissals are between 20 and 100, the consultation period should be 30 days. Failure to do so may render the dismissals unfair. • The employer must also inform BEIS by submitting a form HR1 to the Secretary of State. Failure to do so is a criminal offence. <p>Dismissals within a 90 day period include both compulsory redundancies and voluntary redundancies. It is important to note that voluntary redundancies within the previous 90 days need to be included when assessing whether the threshold of 20 has been reached.</p> <p>When there is a proposal to make redundancies, and the total figure will be less than 20, Northumberland County Council follow the Redundancy Policy which includes the 30 day consultation</p>

	with Trade Unions and individuals. This is not a legal requirement under TULRCA but included in the policy as it is considered to be best practice.
Procurement	Agreed via procurement process for Penna and independent HR consultant
Human Resources	All consultation and changes will be made in line with appropriate employment policies and processes. Relevant legal advice has been sought as required.
Property	N/A
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>	This process will be conducted in line with best practice in relation to promoting equality and diversity within the Council's employment processes.
Risk Assessment	Consistent with Corporate Governance Review.
Crime & Disorder	N/A
Customer Consideration	N/A
Carbon reduction	N/A
Health and Wellbeing	The recommendations will support the health and wellbeing of employees.
Wards	Not related to any particular ward but covers the whole of Northumberland.

Appendices

Appendix 1 – CONFIDENTIAL - Senior Management Structure Feb 23 (subject to consultation)

Appendix 2 – Management of Organisational Change policy

Report sign off.

Authors must ensure that officers and members have agreed the content of the report:

	Full Name of Officer
Monitoring Officer / Interim Director of Governance	Suki Binjal
Executive Director of Finance & S151 Officer	Jan Willis
Chief Executive	Helen Paterson
Portfolio Holder(s)	N/A

Authors and Contact Details

This report has been prepared by:

Steve Crosland – HR Consultant

Background papers:

None

Linked Report:

StAC report and Minutes – 20TH September 2022

Full Council and Minutes – 21st September 2022

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Northumberland

County Council

HUMAN RESOURCES POLICIES AND PROCEDURES

Management of Organisational Change

Version	1.0
Policy Sub-Group approval date	1 April 2021
Date ratified by Joint Consultative Committee	6 July 2021
Name of policy author	Ranjna Cutforth
Date issued	July 2021
Review Date	March 2024
Target audience	All employees including Chief Officers, with the exception of those employed by schools where individual arrangements may apply.

History of previous versions of this document:

Approved Where	Approved When	Version	Issue Date	Review Date	Contact Person
N/A					

Statement of changes made in most recent version:

Version	Date	Description
1.0	February 2021	New policy in revised format

NORTHUMBERLAND COUNTY COUNCIL – MANAGEMENT OF ORGANISATIONAL CHANGE

HRP-06-V1

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1 Introduction and Context

- 1.1 Northumberland County Council needs to remain responsive and flexible in how it operates to ensure it continues to deliver services at the highest levels of excellence and quality. This will involve a process of continuous service improvement and innovation which will often result in the need for organisational change. External factors may also necessitate the need for organisational change, such as change in government policy, legislation and funding arrangements.
- 1.2 The types of change that could be necessary may include (this list is not exhaustive):
- Service reviews leading to reorganisation and restructuring
 - The need to expand or reduce the size of a team
 - The need to manage and work more effectively and efficiently
 - The need to respond to technological developments
 - Transferring employees to a new employer
 - The development of new and existing roles as part of workforce modernisation
 - Changes in the skill mix of employees
 - The need to make financial savings
- 1.3 When a change is proposed it could result in any of the following:
- A situation where there is unlikely to be any impact on an employee's terms and conditions of employment
 - A situation where there is likely to be an impact on terms and conditions, in which case this may involve a change in location, hours of work, job descriptions/roles and responsibilities which may or may not alter pay bands, working patterns
 - Redundancy may apply where there is a proposed cessation of services, and/or a need for a reduction in overall staff levels
 - TUPE (Transfer of Undertakings and Protection of Employment Regulations) is likely to apply when the work an employee undertakes is being transferred to another organisation resulting in a change of employer
- 1.4 The overarching Management of Organisational Change Policy provides an adaptable framework and process for managing organisational change, supported by a suite of policies and procedures to ensure appropriate mechanisms are in place to identify the need for change and to manage change effectively. The supporting policies and procedures are as follows:
- Redundancy
 - Redeployment
 - Pay Protection and Detriment Scheme
 - Voluntary Redundancy/Severance Scheme
 - Relocation Policy
 - Fixed term contracts guidance
- 1.5 The suite of policies and procedures are not contractual and may be amended from time to time, in line with standard procedure, in line with normal procedure.

2 Purpose

- 2.1 The purpose of this policy is to set out the Council's approach to the management of organisational change and the procedures that should be followed when implementing change. Management, HR

and trade unions are committed, through this policy, to handling change in a collective, sensitive and constructive manner. In particular, the Council will take all reasonable steps to:

- Avoid unnecessary reorganisations and displacement of staff
- Avoid or minimise redundancies
- Minimise anxiety and disruption to staff during change
- Manage change through early engagement and consultation with staff and trade unions

3 Scope

3.1 This policy applies to all employees including Chief Officers, with the exception of those employed by schools where individual arrangements may apply.

3.2 This policy does not apply to:

- Employees on fixed term contracts where the reason for the expiry of the contract would not be redundancy, ie when the fixed term contract is terminated earlier, or not renewed at the end of their natural expiry (refer to the Fixed Term Contracts Guidance)
- External agency workers, contractors/ consultants and persons engaged by the Council who are “self-employed”
- Casual staff where there is no mutual obligation to accept/offer work

4 Roles and Responsibilities

Managers	Responsible for ensuring adequate dissemination and implementation of policies
Employees	Responsible for ensuring they consult and are familiar with the policies and procedures relating to organisational change
Human Resources	Responsible for advising and supporting managers through the change process and the application of the policies and procedures

5 Trade Unions

5.1 The Council works in partnership with the recognised trade unions who should be consulted on all proposed organisational changes at the earliest opportunity, noting also the principles set out in this policy.

6 Key Principles

6.1 The Council is committed to managing organisational change in a fair, consistent and legally compliant manner, and in accordance with best practice and the principles set out in the Council’s Equality and Diversity Policy.

6.2 The Council is committed to communicating openly and transparently and will undertake meaningful consultation with affected employees and the recognised trade unions regarding proposals for organisational change.

6.3 Managers should liaise with HR in the implementation of all aspects of this policy

6.4 Employees will receive, at the earliest opportunity, notice of any organisational change which may affect their futures and, along with the trade unions, should be consulted at the earliest possible opportunity

- 6.5 The Council will provide reasonable information about the proposed organisational change in accordance with best practice
- 6.6 Employees will have the opportunity to be accompanied by a trade union representative or workplace colleague at meetings to discuss the organisational change
- 6.7 Consultation meetings may be organised and undertaken virtually
- 6.8 The Council will, where feasible, try to avoid redundancies through careful planning including vacancy control measures, natural wastage, redeployment (where applicable), and retraining where possible. The aim is to ensure that the valuable skills, experience and knowledge of employees are retained wherever possible
- 6.9 Requests by the employee for additional support at any individual meetings and at any stage of the change process should be considered e.g. where reasonable adjustments may need to be considered to enable an individual to fully participate in the process.
- 6.10 Staff are expected to play an active role during the pre-consultation and consultation stages, in the further processes of implementation and in identifying new career opportunities
- 6.11 Failure to engage in any management of change processes (including suitable alternative employment) may affect an employee's eligibility for redundancy pay.
- 6.12 Managers must ensure that employees who are absent during all or part of a consultation period (for reasons such as long-term sickness or maternity leave) are provided with the relevant consultation documents and have the opportunity to provide feedback on them.

7 Key definitions

- 7.1 **Ring-fencing** means the process by which staff at risk will be considered for a post in a new staffing or management structure which is broadly similar to their current post and where there is more than one eligible person for that post.
- 7.2 **Slotting In** means the process by which staff at risk are confirmed into a post in a new staffing or management structure which is broadly similar to their current post and where that individual is the only eligible person for that post.
- 7.3 **Job matching** is the method that is used to determine if an individual can be slotted into a post. Job matching will determine where the job remains substantially the same (usually defined as 80% the same) with regard to job content, responsibility, and requirements for skills, knowledge and experience. Where skill level may fall short, if attainment of an acceptable level of skill is achievable within a reasonable time frame (within 6 months) then the role may be considered appropriate
- 7.4 **Staff at Risk** means staff whose posts may potentially be redundant as a result of organisational change if suitable alternative employment cannot be found.
- 7.5 **TUPE** means the Transfer of Undertaking (Protection of Employment) Regulations 2006, which may apply when an employee transfers in or out of the organisation in the same role.

8 The Process

Approval to change the workforce

- 8.1 When a need for change is identified a business case should be completed and approval should be sought from the Executive Director prior to implementing the change. In the case of any changes which will relate to additional cost, e.g. an increase in staffing establishment, the change will also need to be approved by Finance. The business case should include:

- The need for the change
- The impact of the change on employees
- Financial impact
- If it is a reorganisation/restructure, the reasons for the reorganisation, the objectives and the rationale for the proposed structure
- An organisational diagram of the current structure and proposed structure, including the number and type of posts with proposed grades (names excluded).
- The date when the proposed structure will come into effect.
- Details of any additional costs/savings (for approval by senior management)
- Name of Manager (the Proposer) and HR representative
- Signed approval by the appropriate Council's Executive Director

8.2 In order to ensure consistency of approach and adherence to Council policy, all proposals for organisational change must be consulted with the HR team before final approval.

9 The Consultation Process

Consultation Process for minor change

9.1 In circumstances where the proposed change is minor and there is no impact to an employee's terms and conditions, formal consultation is not required. However, managers should engage and discuss the change with the individual(s) reflecting the principles of the formal consultation process below. Where an employee requires one to one consultation, then this can be provided on a case by case basis.

9.2 Consultation Process for major changes

Initial consultation with staff

- 9.3 Where major change is identified, an initial consultation meeting for all staff affected and their representatives will be organised. Consultation meetings may be undertaken virtually. Where an employee requires one to one consultation, then this can be provided on a case by case basis.
- 9.4 As each change situation is likely to vary, the HR Adviser will guide managers in terms of timescales and consultation requirements. The HR Adviser will agree with the manager a timetable to manage the process.
- 9.5 Staff and their representatives will be invited to this meeting the manager proposing the change. The proposed change, along with the consultation process and draft timetable (where appropriate) will be shared at the initial meeting.
- 9.6 During the meeting, the manager should share the future vision and goals for the service, explain the change proposed, the reasons/drivers for change, how it is proposed to be undertaken and by when. The benefits of such change should be clearly presented. In the case of a reorganisation, a draft structure if available at this stage, and methods of filling the posts in the revised structure should also be outlined.
- 9.7 This information will be shared with staff during the initial meeting and include additional helpful information where relevant, for example protection of earnings, travel reimbursement, seeking alternative employment and pension information.
- 9.8 Staff will be given the opportunity to send their comments/questions in writing or attend an individual consultation meeting if they request to do so.

- 9.9 Any members of affected staff unable to attend the initial consultation meeting, including those on long term sick leave, maternity/paternity/adoption/parental leave, secondment and career breaks, will be sent copies of the written documentation and given an opportunity to send their comments/questions in writing, or attend an individual consultation meeting if they wish/prefer to do so.
- 9.10 In potential redundancy situations and consultation requirements, managers should refer to the Redundancy Policy and seek guidance from HR.

Individual Consultation

- 9.11 If appropriate, individual employees affected by the change will be offered an opportunity to attend individual consultation meetings (1:1's) with the manager and HR representative to discuss how the change may affect them individually. Employees will have the opportunity to be accompanied by a trade union representative or workplace colleague at this meeting. Managers need to take into consideration those employees who are recognised under the Equality Act as having a disability and may require additional support and/or communication.
- 9.12 Notes of the discussion will be taken and shared with the individual as an aid memoir and to record any actions that need following up by either the manager/HR representative or the individual.
- 9.13 The employee may request a further individual consultation meeting if they require any additional information, advice or guidance which relates to them personally.

Other Mechanisms of Consultation

- 9.14 Other mechanisms of consultation should be considered and, where possible, shared during the initial consultation meeting. Consideration can also be given to:
- Managers making themselves available to the team/staff during organisational change
 - Providing staff with an opportunity to talk things over and express their feelings with one another constructively to influence improvements in any proposals. Staff may want to talk in a group setting and nominate a spokesperson from this group to give feedback
 - The use of electronic FAQs which can be regularly updated and circulated to staff
 - Regular discussions in pre-arranged team meetings
 - Written management briefings to staff, newsletters and other meeting notes

Concluding Consultation

- 9.15 When the agreed period of consultation and final responses have been received the manager implementing the change will write to all affected staff (including the recognised trade unions), informing them of the conclusion of the consultation and the next steps.

10 Implementing the Change

Restructuring and Reorganisation

- 10.1 Where a new organisational structure is being implemented following a staff formal consultation process, the confirmed structure along with the new job roles/positions will be available to all affected staff. A job description and person specification will be available for each post in the new structure.
- 10.2 The process for filling the posts is outlined in Appendix 1 Restructuring and Reorganisation Process

11 Slotting-In process

Policy Title – Management of Change

Version 1.0

Author – Ranjna Cutforth

Created: March 2021 – Disposal Date: March 2024

- 11.1 Employees affected by any proposals will normally be slotted into a post in the revised structure without the need for an interview or any other selection mechanism, provided that all the following criteria are met:
- There are the same number of employees as posts or there are more posts available than the number of employees
 - The duties and responsibilities of the role remain the same or are broadly similar, ie with at least an 80% match
- 11.2 The job matching process (as in section 12 below) will determine the employee to be slotted into a post.

11.1 Employees affected may be ring fenced to certain posts in the new structure, where only they will be able to apply for the post. For example, where there are more employees in the same job role than the number of posts available in the new structure.

12 Job Matching Process

12.1 Job Matching takes place following conclusion of consultation, and to determine slotting in.

12.2 The job matching process will normally consider the following factors:

- Comparable level of responsibilities as outlined in the existing (old) job description against accountabilities in the new job description
- Essential skills, experience and qualifications in the new Job Description

12.3 An alternative role is broadly similar if:

- It is similar in nature to an existing role
- Tasks and activities that are broadly similar - 80% match (NB the alternative role may not be deemed to be broadly similar where, as a result of reasonable adjustments, the tasks of a job role undertaken by an employee are not fully reflective of the job description).
- It is within the existing post holder's knowledge and skills (without the need for significant training)
- It carries substantially similar terms and conditions of service
- It is on the same salary/band as the current post held, or where the salary of the new role causes no more than a 15% reduction in pay

12.4 In order to properly determine the basis on which two job descriptions match, an objective assessment of the current role and the new role is required. The key elements of the roles must be compared to determine if they are sufficiently similar to justify the match. Personal qualities, capabilities and potential of the employee must not be considered as part of the job matching process.

12.5 The manager leading the change, with the support of HR should carry out this process. Discussion and decisions should be documented in order to objectively justify the outcomes.

12.6 The manager and HR representative will conduct a job matching process on a pre-determined date and time. The outcomes of any job matching process will be confirmed in writing.

12.7 Staff will be excluded from the process if:

- They have already formally given notice of their intention to resign/retire at any time before the slotting in/ring fencing selection interview date
- They have already secured employment within another service or employer at any time before the process has concluded

- They have been notified of the date of the termination of their contract of employment for any other reason

13 Employees on temporary acting up /secondment arrangements

- 13.1 An employee acting up/on secondment whose substantive role is affected by an organisational change programme must be included in the consultation process for their substantive post.
- 13.2 Employees who are temporarily on a higher band at the time of the change process will normally be considered for change purposes in relation to their substantive post and grade.
- 13.3 Where a secondment or acting up arrangement has been in place for 6 months or more, it may be considered appropriate for the employee to be considered in the ring-fence for posts and/or grades at their current seconded or acting up level. Managers need to be mindful of the duration of the secondment and acting up arrangements.

14 Redeployment

- 14.1 Where an employee has not been placed within a post in the new structure or where posts are being reduced without the creation of new posts and the employee is placed at risk, the Council will support the employee to seek redeployment opportunities. The Redeployment Policy provides an outline of this process in further detail.

15 Pay Protection

- 15.1 The Council defines a post that is not more than a 15% reduction in pay as a suitable alternative post. Where acceptance of a post represents more than 15% reduction in pay, the Council will not deem this as suitable alternative employment and an employee will therefore not be required to accept the post and will retain the right to a redundancy payment. If the employee wishes to accept a post that is not deemed suitable due to the difference in pay, pay protection will be limited to 15%.
- 15.2 No pay award or incremental progression will be awarded during the period of protection until the level of salary for the new job is reached.
- 15.3 Further details in terms of pay protection can be found in the Pay Protection and Detriment Scheme

16 Redundancy

- 16.1 The Council has a responsibility, before making a member of staff redundant, to seek suitable alternative employment for that person. It is the aim of the Council to avoid redundancies as far as possible and therefore views redundancy as a measure of last resort. Where a potential redundancy situation is identified, the Council will, in consultation with trade union representatives, give the fullest consideration to all reasonable alternative courses of action prior to any redundancy.
- 16.2 Such action may include:
- Achieving the necessary reductions through natural wastage
 - Freezing recruitment, or only appointing temporary employees, or filling vacancies from existing employees
 - Where there are justifiable and objective reasons, bringing temporary contracts to an end (following a proper procedure and having due regard to the Fixed Term Workers Regulations)
 - Reviewing overtime working
 - Reviewing contracted-out work
 - Reducing hours of work of employees on variable hours contracts; or
 - Seeking voluntary reductions in working hours
 - The redeployment or relocation or retraining of employees for suitable alternative employment
 - Invitation and consideration of any applications for voluntary severance

16.3 If a proposal is considered to be a potential Redundancy and it is anticipated that there is a significant risk in the organisation's ability to offer suitable alternative employment (due to the number of staff affected or specific skills, qualification and/or experience held within a particular group), the Redundancy Procedure will be followed.

17 Selection for redundancy – related to restructuring (change in service need)

17.1 Where an individual does not secure a role in the new structure following the restructuring process, they will be placed at risk of redundancy. This situation will be managed following the Redeployment and Redundancy Policy and Procedure.

18 Selection for redundancy - not related to restructuring (reduction in service need)

18.1 A criteria-based selection process for redundancy will be required where:

- Recruitment is not the appropriate selection criteria as is in the case of a restructure, for example when there are no changes to the Service structure but there is a need for fewer staff with a particular skill set, or where a service area ceases to operate, or an individual(s) role has diminished and is no longer needed on a full-time basis

18.2 An initial selection of staff will take place using a set of specified objective selection criteria, undertaken through a paper-based selection exercise as outlined in the Redundancy procedure.

18.3 The pool for selection will be the group of staff affected by the change as identified in the formal consultation process, for example the reduction in posts at a specific band.

18.4 The criteria must be consistently applied and therefore essential that all staff employment records are accurate and up to date.

18.5 In circumstances of a redundancy in this situation, the minimum consultation periods required to be given to trade unions and staff in advance of proposed redundancies will apply as outlined below:

- At least 30 days before the first dismissal takes effect if 20 to 99 employees are to be made redundant at one establishment over a period of 90 days or less
- At least 45 days before the first dismissal takes effect if 100 or more employees are to be made redundant at one establishment over a period of 90 days or less. (The Council has a statutory duty to notify the Department for Business, Innovation and Skills via a Section 188 Notice HR1 form, if there is a proposal to make 20 or more workers redundant at one establishment over a period of 90 days or less. HR will do this wherever necessary)
- The Council will, where possible, adhere to the minimum notice periods for consultation where less than 20 employees are involved.

18.6 The process for managing redundancies and applying selection criteria should be followed as outlined in the Council's Redundancy Policy.

19 Voluntary Redundancy

19.1 From time to time, the Council may launch a Voluntary Redundancy Scheme for a time limited period. All applications will be considered, but the Council reserves the right not to accept applications and to determine eligibility in the light of operational requirements and budgetary constraints.

20 Redundancy and pension benefits

20.1 Employees aged 55 or over who are made redundant and have at least three months membership of the Local Government Pension Scheme, will receive immediate payment of an unreduced pension and lump sum based on their accrued contributory service at the date their employment is terminated.

21 Employees on Maternity Leave, Adoption and Shared Parental Leave

21.1 Special Considerations apply to workers on maternity, adoption and shared parental leave (Regulation 10 of the Maternity and Parental Leave etc. Regulations 1999) in redundancy situations. The law requires the Council to protect an employee who is absent on maternity, adoption or shared parental leave, who may otherwise be dismissed by reason of redundancy, to ensure that they are not disadvantaged. Any staff affected by restructure proposals and who are on maternity, adoption or shared parental leave may be entitled to be offered a position, if one exists, in the new structure. If there is a post available that is clearly suitable alternative employment, then there will normally be no need for a selection process to take place.

22 Practical Support for Staff

22.1 Support will be available to staff affected by organisational change and will be based on the needs of the individual. Support will be identified during the consultation process such as interview technique skills, career coaching, health and wellbeing support and up-skilling.

22.2 The Council will make every effort to assist staff to be provided with retraining, where appropriate, within reason and within the limits of available resources. In addition, staff are encouraged to take the initiative themselves to look out for suitable retraining opportunities appropriate to their skills and abilities. Affected individuals will be supported, as far as practical, to adapt to the new way of working.

23 Maintaining Services during periods of change

23.1 In circumstances where a service is to be closed or is planning a restructure, any vacancies which occur that need to be filled in order to maintain the services in the affected departments, will be filled on a temporary basis.

24 Service Provision Change (TUPE)

24.1 Where a business transfer or service provision change is proposed, those staff employed within that service may transfer. Such a transfer is likely to be conducted on the basis that the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will apply. The Human Resources Department must be informed immediately of any potential business transfer/ service provision change and their advice and support gained.

25 Review

25.1 These policy guidelines will be reviewed regularly and are to be used as management guidance. They are not incorporated into employment terms and conditions.

26 Monitoring, Training and Support

26.1 Further advice and guidance is available from the HR/OD team in relation to the implementation of this policy and the associated procedures.

27 Associated Documentation and References

Reference	Title
HRP-32-V2.2	Redundancy and Severance Policy
HRP-05-V2	Redeployment Policy
HRP-30-V2	Pay Protection and Detriment Scheme
	Voluntary Redundancy Scheme

HRP-51-V1.1	Relocation Policy
	Fixed Term Contracts Guidance

Appendix 1

Restructuring and Reorganisation Process

1 Job Matching

Job matching to a new structure can be achieved first through a matching process, based on the degree to which roles in the existing structure match to roles in the new structure.

The matching process will normally take into account the following factors:

- Comparable level of responsibilities
- Accountabilities defined in existing (old) Job Description against accountabilities, essential skills, experience and qualifications in the new Job Description

Job Matching will take place usually starting at the top of the organisation structure chart (e.g. Management and Supervisory roles) and worked through the different hierarchical order. An alternative role is substantially similar if it is similar in nature to an existing role, is within the existing post holder's capability (without the need for training), it requires the performance or knowledge, tasks and activities that are broadly similar, and it carries substantially similar terms and conditions of service, as outlined in section 12 of the Management of Organisational Change Policy.

In order to properly determine the basis on which two job descriptions match, an objective assessment of the current role and the new role is required. The key elements of the roles must be compared to determine if they are sufficiently similar to justify the match.

Personal qualities, capabilities and potential of the employee must not be considered as part of the job matching process.

The manager leading the change, with the support of HR should carry out this assessment. Discussion and decisions should be documented in order to objectively justify the outcomes.

The post holder/s of the existing job description may be given the opportunity to demonstrate through discussion with the manager leading the restructure where they consider the substantially similar aspects of their job description apply. The manager may seek advice from HR where necessary.

The discussion is fact finding and will not be a selection interview; the employee must not be seen to compete for what they perceive to be their post. Managers need to be mindful of any existing reasonable adjustments that might be in place and the tasks undertaken may not be fully reflective of the job description. The discussion should be documented.

2 Slotting-In process

Where a job role is seen to be a match following the job matching process, the employee will normally be slotted into a post in the revised structure without the need for an interview or any other selection mechanism, provided that all the following criteria are met:

- There are the same number of employees as posts or there are more posts available than the number of employees
- The duties and responsibilities of the role remain the same or are broadly similar, ie with at least an 80% match

3 Ring-fencing

Where slotting in is not possible because there are more eligible staff than the post available, the post will be ring fenced to those employees and selection will be by interview. Staff will be asked to express their interests in the post(s) that have been ring-fenced.

Following a fair and objective competitive selection, unsuccessful employees will be put at risk of redundancy and the redeployment status will apply. An employee who is unsuccessful in securing a post in the new structure at their existing job grade (job pool) will not be eligible to be matched, slotted in, or compete for jobs at a lower level, thereby putting someone else at risk of redundancy. Redeployment to roles at a lower level will be explored as part of the Redeployment Procedure and will be made available when they have reached "vacant" status.

Whilst the redeployment process will apply to employees placed at risk, affected employees can apply for advertised jobs anywhere else in the Council that they are not eligible to under the redeployment process. This will be at the discretion of the affected employee and the redeployment process and pay protection policy will not apply.

Roles at a higher grade will be considered as a promotion and therefore will not be part of the redeployment process or ring fencing.

If an employee is offered a post as a result of the job-matching/slotting in process, there will be no entitlement to redundancy if the offer of new employment is rejected. Further details are outlined in the Redundancy policy.

4 Temporary arrangements – secondments and acting up

Members of staff who are temporarily moved to a higher band at the time of the change process will normally be considered for change purposes in relation to their substantive post and grade. Where a secondment or acting up arrangement has been in place for 6 months or more, it may be considered appropriate for the employee to be considered in the ring-fence for posts and/or grades at their current seconded or acting up level. Managers need to be mindful of the duration of the secondment and acting up arrangements.

For the purposes of restructuring, an employee's substantive post is the one which is their permanent, contractual appointment, i.e. one that is not a temporary arrangement such as acting up or secondment.

5 Appeals – Job matching/slotting in

An employee will be able to appeal against a decision not to match/slot them to a new post in the new structure.

The matching process is based upon an assessment of the role as opposed to an individual's ability, therefore applications for appeal will only be considered in relation to process. The appeal cannot be based on the merits of an individual or skills comparison with other employees.

There is no right of appeal once a competitive interview process takes place as the decision to appoint at this stage is based on merit.

Arrangements for an appeal will be as follows:

- Notification from an employee of an intention to appeal must be submitted within 5 working days of receiving confirmation that they have not been matched to a post under the matching and slotting process.
- An employee will have a further 5 working days from the date of their notification of appeal to prepare and submit their evidence in support of the appeal.

- The appeal should be made to the Executive Director of Human Resources/Deputy Chief Executive.
- The employee will be informed of the date of the appeal which will be considered by an appropriate senior manager as designated by the Executive Director of Human Resources/Deputy Chief Executive.
- The appeal will normally be undertaken as a desk top exercise where all the paperwork and evidence of the process followed will be considered by the panel.
- The decision of the panel will be confirmed wherever possible in writing within 2 working days of the date when the appeal was considered.

There will be no further right of appeal under the matching and slotting process.



Northumberland County Council

Staff and Appointments Committee

20 February 2023

Pay protection provision for Senior Managers

Report of the Interim Director of HR/OD

1. Purpose of the Report

The purpose of this report is to seek approval to agree to an adjustment of current provision for pay protection for employees at NCC Band 14 and above ie those on Senior Manager Terms and Conditions. The proposed adjustment would bring greater parity with provision for employees at NCC Band 13 and below (Pay Protection policy – appendix 1) and with other local government employers (Benchmarking – appendix 2).

2. Recommendations

1. Agree to a one-off arrangement for the payment of pay protection at a value of 100% protection for a period of 18 months. This will apply only to those impacted by the senior management review proposed to commence consultation on 21 February 2023.
2. Agree that a subsequent review of pay protection arrangements be undertaken with a view to harmonising provision across all employee groups.
3. Agree that a harmonised pay protection policy should aim to be affordable, supportive to employees and be benchmarked against other local government employers.

3. Key issues and background

- The purpose of pay protection is to provide an initial period of protection during which an employee is able to adjust to a reduction in earnings or other detriment incurred during the course of their employment as a result of changes to their contract.
- The council currently operates two separate approaches for the payment of pay protection. Subject to eligibility criteria, the pay protection scheme, last reviewed in 2013, makes provision for all employees at band 13 or below to receive their new earnings plus full protection for a period of 3 years. Full pay protection will only apply to an alternative role with a salary differential of no more than 15%. This roughly equates to one band.

- The scheme makes alternative provision for senior managers at band 14 or above to receive 100% of the difference between their previous earnings and their new earnings for a period of 6 months. The 2013 Pay Protection scheme is attached as appendix 1.
- For all employees, regardless of grade, the council is unlikely to propose that alternative employment is 'suitable' if there is a disparity between old and new roles of more than one band difference eg an individual displaced from a band 16 role may be offered a band 15 alternative role, however, a band 14 role would not be considered suitable.
- The author of this report cannot recall an incidence of the need for pay protection provision for senior managers to have been called upon in recent years. As a result, the disparity in provision has gone unnoticed and unutilised.
- This committee agreed to the establishment of a permanently appointed executive team in September 2022 and significant recent progress has been made in achieving this. Identified as a proposed 'next step' in the same report, was the need to review tiers 3 and 4 of the management structure ie all posts below the executive team at Head of Service level and above. There is a separate report to be considered by this committee to this effect.
- It is through the consideration of the implications for staff impacted by the tier 3 and 4 proposed structures that the anomalous pay protection arrangements have come to light.

4. Issues for consideration

- It is not consistent with an ethos of equitable treatment that staff groups be dealt with differently. In an effort to try to close the gap between the two schemes, it is proposed that a bridging arrangement be agreed until a more comprehensive review can be undertaken.
- An exercise to benchmark Northumberland County Council's policy against other local government employers has made it evident that no other local government employers were found to pay as little as 6 months pay protection (appendix 2).
- By contrast, Northumberland County Council appears in the top 3 for value of provision for those employees not on senior manager terms and conditions.
- To remedy the disparity and to bring the Council in-line with other employers, it is proposed that full pay protection be payable to those on senior manager terms and conditions for a period of 18 months, an increase of 12 months on the current provision of 6 months.
- This would be a time-limited, 'one-off' provision to support those detrimentally impacted by the tiers 3 and 4 review. It is expected that an increase in provision will aid retention of those affected and will allow a greater period of time for the council and the employee to seek alternative employment at a more appropriate salary level.
- Agreement to put forward this proposal has been granted in principle by the Council's consultative body for policy development – 'Policy Sub-Group'
- A wider review of pay protection arrangements will be undertaken to devise a sustainable, affordable scheme applicable consistently across all employee groups.
- Any proposal will be consulted on with recognised Trade Unions by sharing with the Policy Sub-Group and then ratified by JCC.

5. Scope

Consideration has been given to the affordability of the proposal. At present and subject to consultation, there are approximately 5 employees that may be subject to pay protection and would therefore benefit from the proposal to increase provision.

Implications

Policy	Oversight of HR Policies and Procedure
Finance and value for money	
Legal	<p>It is well-established by case law that the dismissal of an employee for redundancy may be unfair if the employer fails to make a reasonable search for suitable alternative employment. If an employer makes an offer of suitable alternative employment and the employee unreasonably rejects the offer, then they forfeit their entitlement to a redundancy payment (s141 Employment Rights Act 1996).</p> <p>An offer of alternative employment which constitutes a drop in pay will not be deemed to be a suitable alternative (meaning that if the employee refuses the offer, then they should be paid a redundancy payment if dismissed). Therefore, the ability to offer pay protection gives the organisation flexibility to make a wider range of options into suitable alternative employment.</p> <p>Case law also establishes that the duration of the alternative employment is relevant to whether or not the rejection of the offer is reasonable. Rejecting an offer of employment which lasted 2 months (Ireland v Fairfield-Rowan) was not held to be unreasonable, whereas the rejection of an offer of 12-18 months' work ((Morganite Crucible Ltd v Street) and 12 months' work (Chard v Hartlepool Borough Council) was held to be reasonable.</p> <p>Therefore, offering pay protection of 6 months duration is unlikely to make the role suitable alternative employment, whereas 18 months' pay protection is much more likely to be viewed by the Courts as suitable alternative employment. This gives the Council more scope to avoid dismissals and also to avoid litigation where dismissals cannot be avoided.</p>
Procurement	N/A
Human Resources	The HR implications of this proposal are outlined within the main body of the report
Property	N/A
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A X	No equalities issues have been identified
Risk Assessment	
Crime & Disorder	N/A
Customer Consideration	N/A

Carbon reduction	N/A
Health and Wellbeing	The recommendations will support the health and wellbeing and financial wellbeing of affected staff
Wards	The recommendations not related to any particular ward but cover the whole of Northumberland.

Report sign off.

Authors must ensure that officers and Members have agreed the content of the report:

	Full Name of Officer
Monitoring Officer / Interim Director of Governance	Suki Binjal
Executive Director of Finance & S151 Officer	Jan Willis
Chief Executive	Helen Paterson in conjunction with the Interim Service Director for HR/OD
Portfolio Holder(s)	N/A

Appendices

Appendix 1 – Pay Protection Scheme 2013

Appendix 2 – Benchmarking of pay protection schemes

Background information

N/A

Linked reports

20 September 2022 Staff and Appointments report prepared by Director of HR/OD – providing details of the proposed executive structure.

Authors and Contact Details

This report has been prepared by the interim Director of HR & OD

Contact details:

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Appendix 1

NORTHUMBERLAND COUNTY COUNCIL

Pay Protection and Detriment Scheme

Introduction

- 1 The purpose of a pay protection and detriment provision is to provide an initial period of protection during which an employee is able to adjust to a reduction in earnings or other detriment incurred during the course of their employment as a result of changes to their contract.

Eligibility

- 2 This scheme shall not apply where an employee:
 - a) has less than two years continuous service with Northumberland County Council at the date when dismissal would take effect; or,
 - b) is employed under a contract of employment which provides for variations in hours of work and the hours of work are within those permitted under the contract; or,
 - c) is employed on a fixed term contract where the contract has/is due to expire and suitable alternative employment is secured. In cases where termination occurs during the period of the fixed term i.e. before it is due to expire, subject to a minimum of two year's continuous service, pay protection will apply until the end of the original contract period, subject to a maximum period of three years. This will apply providing the alternative is suitable, but, regardless of whether it is a further fixed term contract or a permanent contract; or
 - d) fails to undertake the duties of other suitable alternative employment in any reasonable location (the circumstances of each case will be considered on its merits). This may include working in a suitable post at the level of the protection as required; or,
 - e) fails to comply with the obligations set out in this policy or the Alternative Employment Policy; or,
 - f) is redeployed or suffers a reduction of hours in consequence of a capability or disciplinary matter; or,
 - g) receives a reduction in hours as a consequence of the implementation of a national or local agreement e.g. the core staffing review; or,
 - h) is an employee who is the responsibility of a school governing body, or is a fire-fighter; or
 - i) suffers a reduction in pay as a result of the removal of gender based pay arrangements; or,
 - j) indicates a desire to transfer to a post s/he considers to be acceptable, but which, because of the excessive travel and/or protection costs involved, is

not considered by the Executive Director and HR to represent reasonable alternative employment within the terms of the County Council's Alternative Employment Policy; or,

- k) is redeployed into or from a job which is covered by different conditions of service e.g. moving from teachers pay and conditions to NCC terms and conditions.

General Principles

- 3 The Council shall, in all cases, be satisfied that the expenditure which an employee incurs in connection with this scheme is necessary expenditure and has been approved in advance. Cases may be reviewed by management to ensure any pay protection situation is minimised (see paragraphs 15 and 16).

Pay Protection

- 4 Subject to the provisions of paragraph *Obligations of the Employee* below, an eligible employee who is redeployed to a post with a lower salary or pay band, or whose hours of work are reduced (but see para 2 above) by the County Council shall receive the rate of pay applicable to the new post plus 'protected pay' for a period of three years from the date of appointment to the new post.
- 5 'Protected pay' is up to the difference between the employee's current salary and the salary of new post subject to a limit of no more than 15% of the old salary.
- 6 Where both hours and pay rate have been reduced, protection will be based on the actual contractual cash loss (up to a maximum of 15% of the old contractual pay).
- 7 Where the pay rate has been reduced but hours have increased, protection will be based on the on the actual contractual cash loss (up to a maximum of 15% of the old contractual pay).
- 8 **Paragraphs 4 to 7 above do not apply to employees who are subject to the Council's Terms and Conditions of Employment for Senior Managers. In these cases, protection is limited to 6 months at the full difference between the old rate of pay and the new rate. Where an employee is redeployed from a Senior Management post into a post that is not subject to Senior Management Terms and Conditions they will receive pay protection as above i.e. the 15% rule.**
- 9 Normal incremental progression will continue to apply during the protected period.
- 10 Salary for employees who do not have a 'normal' monthly salary will be calculated as for sickness absences and holiday pay in their current substantive post over the twelve months immediately prior to the change.
- 11 Subject to the provisions of the paragraph *Obligations of the Employee* below, if, whilst protected under this scheme, an employee is again redeployed and is subject to further reductions in pay then, provided that the circumstances of that change are covered by this scheme, the original level of pay protection shall continue for the remainder of the initial three year period referred to above (or to the end of the fixed term contract). This will be followed by a further period of pay protection under the

Council's prevailing scheme, with the amount of protection during that period based on the subsequent reduction in pay. The period of protection arising from the second redeployment and reduction in pay will not exceed three years.

- 12 Where a post is otherwise suitable (i.e. job content, hours, location) but the level of pay protection is prohibitive, pay may, at the discretion of HR, be protected by no more than 15% of previous contractual pay above the substantive rate for the new job.

Other Elements of Pay

- 13 Protected pay will only cover those elements of pay which are contractual. For the avoidance of doubt, essential car user allowances are not contractual.

Obligations of the Employee

- 14 Whilst an employee is in receipt of pay protection the following obligations will apply:
- a) the full duties and responsibilities of the new post must continuously and conscientiously be undertaken without extra payment; and,
 - b) where hours have been reduced, extra work must be undertaken up to the previous contracted hours without additional payment. Additional hours must be reasonable i.e. excessive travelling will not be required, and each case will be considered on its merits; and,
 - c) serious and conscientious efforts must be made to secure appointment to any appropriate vacancy to which he or she is directed by the Council. Vacancies must be deemed as suitable in terms of the employee's skills and abilities; and,
 - d) co-operation with all reasonable measures designed to enable the Council to reduce the cost of protected pay or other protections, including participating in any reviews of the position; and working in a suitable post at the level of the protection as required.

Formal Review

- 15 A review of pay protection or detriment payments may take place as necessary. This is not a review of the level of protection or the three year period, but an effort to align employees to a post similar to their previous post as well as to minimise costs. This may involve redeployment to a different post as well as additional training, job enrichment, additional duties etc.
- 16 In the event of an employee not meeting the above obligations, all entitlements under this scheme shall cease and the employee's pay and conditions of service shall be those pertaining to the new circumstances of the job. This will not be actioned until such time as there has been a formal discussion between the relevant line manager and the employee concerned. In addition, HR must be satisfied that it is a reasonable step to take.

Excess travelling expenses

- 17 An employee whose place of work is changed will receive an allowance equal to the difference between the cost of travelling from their home to new place of work and the cost of travelling from their home to the old place of work for a period of up to three years. If the place of work is changed again whilst in receipt of excess travelling expenses they will be able to claim:
- The difference between the cost of travelling from their home to their original place of work and home to new place of work until the date of their second move (not exceeding three years), then,
 - The difference between the cost of travelling from their home to original place of work and home and second new place of work until the third anniversary of the original move.
 - After the initial three year period, they will be eligible to claim the difference between the cost of travelling from him to first new place of work, and their home to second new place of work until the third anniversary of their move to the second place of work.
- 18 For employees who have leased or SMART benefits cars, payment will be based on the relevant HMRC company car rate for a period agreed in each case, but not exceeding three years. Employees designated in their **new** post as essential car users will be paid excess mileage at the Council's agreed essential car user rates. Employees who were essential car users but are no longer such in their new post, and do not take out a leased or SMART benefits car, will be paid as below.
- 19 For casual users who use their own car for home to work transport, the relevant HMRC company car rates will be paid; or, public transport rates will be paid (as below), whichever is the least expensive. Where a casual user does not use their own car for home to work transport, payment of excess travel expenses will be on the basis of public transport rates based on second class train and/or bus fare; or the cost of a weekly/monthly/annual bus pass whichever is the least expensive. Where public transport is not available an amount based on that which would have been incurred, had it been available, will be paid. This amount will be calculated by reference to a similar journey by public transport, normally using the most direct route between the employee's home and the employee's new administrative centre; or the cost of a weekly/monthly/annual bus pass whichever is the least expensive. Reimbursement will be on the production of a receipt or other evidence of actual expenditure.
- 20 These provisions only apply where the difference between the cost of travelling (both ways) from home to the new place of work and from home to the old place of work exceeds the minimum cost of £3.99 per week (subject to annual review). Such payments will be paid for a period of three years.
- 21 Where an employee in receipt of excess travelling expenses does not travel directly between their home and their normal work base the following will apply:
- a) **Home to site(s) to new base or new base to site(s) to home** - mileage or public transport expenses to be calculated as if the employee still working at the old base i.e. actual less home to old base. All expenses are to be claimed as normal business expenses.
 - b) **Home to site(s) to home** - as (a) except that the return journey between home and old base will be deducted.

Journeys beginning or ending at the new base will be calculated by reference to the new base with the actual mileage or public transport costs claimed as a business mileage journey.

- 22 Where access to public transport is limited and an employee has no other means of travelling, the relevant Chief Officer will discuss the situation with the employee with a view to the two parties providing a solution to the situation. Each case will be considered on its merits and solutions could include homeworking, remote working, or alternative transport arrangements where possible.

Additional Travelling Time

- 23 An employee who incurs additional travelling time will not normally be recompensed. Every effort will be made to facilitate flexible working such as homeworking, touchdown centres, compressed working weeks etc with a view to minimising travelling time and travel distance.

NOTE:

- a Reference to Chief Officer in this scheme relates to those Officers who have delegated powers under the Council's constitution. This will normally be Heads of Service but can be other appropriate person(s) nominated by the relevant Executive Director.
- b Reference to HR in this scheme relates to appropriate Officers within the HR Service who have been granted delegated powers by the Head of Corporate Services.
- c Any circumstances which arise that are not specifically covered by this scheme will be referred to, and be subject to the discretion of HR.
- d The Head of Corporate Services will be the final arbiter in any disputes relating to the interpretation or implementation of this scheme.
- e Where an employee is dissatisfied with the application of this policy, every effort should be made to resolve the matter informally through discussion. Where this is not possible, an employee shall have a right to pursue the issue through the grievance procedure.

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Appendix 2 - Pay Protection Benchmarking – February 2023

Organisation	Value of pay protection	Duration
Hartlepool Borough Council	100%	3 years
North Somerset Council	100%	3 years
Northumberland County Council	Band 13 and below – 100% protection if earnings in new role no more than 15% different from old role	3 years
Brighton and Hove City Council	100% first year, 75% second year	2 years
South Tyneside Council	100% first year, 50% second year	2 years
Maidstone Borough Council	100% first year, 50% second year	2 years
South Cambridgeshire District Council	One grade	2 years
Derbyshire County Council	100%	2 years
Southampton City Council	5 scps	2 years
Lincolnshire County Council	£3k	2 years
Nottingham City Council	Two grades	1 year
Durham County Council	Up to scp49 – 8 scps Craft workers - £4k Scp50 up to HoS - £8k HoS+ - £10k	1 year
Newcastle City Council	100%	1 year
Cumbria County Council	100%	1 year
Oxfordshire County Council	One grade	1 year
North Yorkshire County Council	£6k	1 year
North Tyneside Council	£6k	1 year
Northumberland County Council	Band 14 and above – 100%	6 months

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STAFF AND APPOINTMENTS COMMITTEE

20 February 2023

Restructure of Tiers 3 and 4 – Consequential Redundancies

Report of the Chief Executive and Head of Paid Service, Helen Paterson

1. Purpose of the Report

- 1.1 This report sets out the current position and requests approval of the applications for voluntary redundancy (VR) for the individuals occupying the following posts:
- Revenues and Benefits Manager
 - Director of Housing and Public Protection
 - Head of Property and Capital Programming
 - General Manager, Adult Social Care
 - Strategic Services Manager (Planning)
- 1.2 The report highlights the considerations taken around the applications of VR against the tiers 3 and 4 restructure and, in the case of the Revenues and Benefits Manager, the restructure of the Revenues and Benefits Service.
- 1.3 The report provides a financial position highlighting the overall savings that may be achieved as a result of granting the requests of the five members of staff.
- 1.4 The report outlines that in the case of the Director of Housing and Public Protection, and the Revenues and Benefits Manager, the final decision rests with full Council as the cost of the individual exit packages is in excess of £100,000.

2. Recommendations

2.1 Members are requested to agree the following recommendations:

- a) To approve the voluntary redundancy applications for the following:
 - Revenues and Benefits Manager
 - Director of Housing and Public Protection
 - Head of Property and Capital Programming
 - General Manager, Adult Social Care
 - Strategic Services Manager (Planning)
- b) To recommend to full Council that the applications for voluntary redundancy for the Director of Housing and Public Protection and the Revenues and Benefits Manager are approved.
- c) To agree that the cost of the redundancies outlined in this report are met from the Council's Restructuring Reserve. A recommendation will be made to Cabinet in the next financial monitoring report if approved.

3. Key Issues and Background

- 3.1 The Council launched a VR scheme in September 2022 which was made available to all staff within the Council. Interested employees were asked to apply for VR by submitting an expression of interest in the first instance.
- 3.2 The post holders of the five roles mentioned in paragraph 1.1 all submitted expressions of interest.
- 3.3 In relation to the Revenues and Benefits Manager, there were already discussions being held regarding a new structure within the Revenues and Benefits Section. Through those discussions it was identified that the role of the Revenues and Benefits Manager, Band 13, salary £68,355, (including oncosts £89,110) was no longer required in its current guise and that the post holder was potentially at risk of redundancy.
- 3.4 The application for VR from the Revenues and Benefits Manager allowed the service to formalise the structure without the role in it which provided cost savings and a structure better suited to the delivery of the business. Due to the age of the Revenues and Benefits Manager, the strain on the fund cost to release the pension is significant and the overall cost of the redundancy is in excess of £100,000 and therefore requires full Council approval.
- 3.5 The Revenues and Benefits Manager role is not that of a Chief or Deputy Chief Officer and the granting of the VR is not normally one that the Staff and Appointments Committee would need to approve. However, as the exit package is in excess of £100,000 (£189,046), it is a requirement under the Council's Pay Policy for the Staff and Appointments Committee to consider the

payment for approval and if approved, to make a recommendation to full Council that it is agreed.

- 3.6 The remaining VR requests have all been considered during the development of the proposed tiers 3 and 4 restructure to see if it was feasible to allow the VR requests to be advanced.
- 3.7 The Director of Housing and Public Protection is a Band 17 post, and the current salary is £115,325 (£151,204 including oncosts). Under the proposed restructure, the functions of this postholder will be split across two directorates. Housing will be included in the Place and Regeneration Directorate, where it is proposed that there is a role for a Director of Planning and Housing. Public Protection will move into the Chief Executive's Directorate where the Public Protection service will sit within Northumberland's Fire and Rescue Service with the Chief Fire Officer being responsible.
- 3.8 There is a proposed Head of Public Protection post within the Chief Executive's Directorate structure, but due to a significant reduction in salary and status, this would not represent suitable alternative employment in law and therefore it is not appropriate to ringfence the current Director of Housing and Public Protection to this position.
- 3.9 The proposed Director of Planning and Housing post may represent suitable alternative employment and had the internal candidate for the Executive Director of Place and Regeneration role been successful, the post holder would have been 'slotted in' to the Director post. The internal candidate was not successful however and will, as a result of this VR application be ringfenced to the Director post.
- 3.10 It is normal practice in such circumstances to grant a VR request to avoid a competitive selection process where one employee wishes to leave and the other wishes to remain employed, provided that the costs are acceptable.
- 3.11 As the Director of Housing and Public Protection is a Deputy Chief Officer of the Council and the total exit package is in excess of £100,000 (£187,334) it is a requirement under the Council's Pay Policy for the Staff and Appointments Committee to consider the payment for approval and if approved, to make a recommendation to full Council that it is agreed
- 3.12 The Head of Property and Capital Programming is a Band 16 role with a salary of £96,416 (including oncosts £126,206) and currently sits within the Finance Directorate. The proposed restructure will move the functions of this post into the Place and Regeneration Directorate, and they will be managed within the roles of the Director of Economic Development and Growth and the Head of Economic Growth and Inward Investment.
- 3.13 The Head of Property and Capital Programming does not have the required knowledge and experience to be ringfenced to the Director of Economic Development and Growth position or the Head of Economic Growth and Inward

Investment role. The Head of Economic Growth and Inward Investment role would represent a significant reduction in salary and would therefore not represent suitable alternative employment in law, and therefore it would be not appropriate to ringfence the Head of Property and Capital Programming to this position.

- 3.14 The Head of Property and Capital Programming is a Deputy Chief Officer of the Council, and it is a requirement of the Council's Pay Policy that the Staff and Appointments Committee considers this request for VR. As the exit package is under £100,000 (£52,602) it does not need the approval of full Council.
- 3.15 The position of General Manager, Adult Social Care is a Band 14 role, and the salary is £82,100 (including oncosts £109,415).
- 3.16 The duties currently undertaken by the post holder can be subsumed into roles lower down the structure of the service without the need to amend the salaries of those post holders, and enables the service to build resilience and experience. The proposed structure contains 4 posts and currently there are 5 members of staff. Allowing the General Manager, Adult Social Care to leave on VR removes the need for a competitive selection process and it is normal practice to grant a VR in these circumstances.
- 3.17 The General Manager, Adult Social Care is a Deputy Chief Officer of the Council; it is a requirement of the Council's Pay Policy that the Staff and Appointments Committee considers this request for VR. As the exit package is under £100,000 (£47,235) it does not need the approval of full Council.
- 3.18 The Strategic Services Manager (Planning) is Band 13 role with a salary of £68,355 (including oncosts £89,110). The proposed restructure merges the role of the Strategic Services Manager and the Development Services Manager and creates a Band 14 Head of Planning.
- 3.19 It is normal practice in such circumstances to grant a VR request to avoid a competitive selection process where one employee wishes to leave and the other wishes to remain employed, provided that the costs are acceptable.
- 3.20 The Strategic Services Manager role is not that of a Chief or Deputy Chief Officer and the granting of the VR is not normally one that the Staff and Appointments Committee would need to approve. However, as the role is being subsumed into a Head of Service role the consequences of subsuming this role does have an impact on the tiers 3 and 4 proposals. The cost of the exit package is £31,462.

4. Financial Case for the Redundancy Payments

- 4.1 The cost of the exit packages for the Head of Property and Capital Programming, the General Manager, Adult Social Care and the Strategic Services Manager **do not** meet the threshold of £100,000, to require approval by full Council.

- 4.2 The figures for the Director of Housing and Public Protection and Revenues and Benefits Manager **do** meet the threshold of £100,000 and require approval by full Council.
- 4.3 As a redundancy payment (voluntary or compulsory) does not constitute a Special Severance Payment, there is no specific requirement for the approval of the Head of Paid Service or the Leader (see below).
- 4.4 Special Severance Payments are payments made to employees outside of statutory, contractual or other requirements when leaving employment in public service. By way of example, they include payments reached under a settlement agreement to end legal proceedings, compensation for pay in lieu of notice, and write off any outstanding loans. Voluntary and compulsory redundancy payments are not Special Severance Payments. The Government has issued guidance about how Special Severance Payments can be made and how they should be authorised. Payments should be made in exceptional circumstances and only when they constitute a proper use of public money. The guidance sets out recommended levels of authority depending on the level of payment:
- Payments of £100,000 and above must be approved by a vote of full Council, as set out in the Localism Act 2011.
 - Payments of £20,000 and above, but below £100,000, must be personally approved and signed off by the Head of Paid Service with a clear record of the Leader's approval and that of any other who has signed off the payment.
 - Payments below £20,000 must be approved according to the local authority's scheme of delegation.
- 4.5 It should be noted that irrespective of whether any of the employees in this paper were to leave under voluntary or compulsory redundancy, the payment schedule laid out above would be the same and in any event are what the employees are legally entitled to in a redundancy situation.
- 4.6 The Council's general rule is that a payback period of two years or less represents value for money. Each case is however considered on its merits and where it is in the Council's financial and managerial interests, for example, to facilitate a wider restructure or improve the operational efficiency or effectiveness of the service. This requirement can be waived with the agreement of the Council's Section 151 Officer.
- 4.7 The gross cost for the current structure of the Council (for 2023-24) is £7,429,257 (see Appendix 1 for details).
- 4.8 If the proposed restructure of tiers 3 and 4 is agreed the estimated gross cost of the top 4 tiers of the Council is estimated to be £7,770,494 (see Appendix 1 for details).

4.9 However there are a number of posts below tier 4 (Band 14) that will be deleted as a consequence of the restructure at an estimated gross cost of £1,022,730 (see Appendix 2) so the estimated gross cost to the Council after restructure will be £6,747,764.

	£	£
Gross cost of the current structure (2023-24 excluding pay award)		7,429,257
Gross cost of the proposed tiers 1-4 structure (2023-24 excluding pay award)	7,770,494	
Less: Posts below Band 14 being removed from the Structure	(1,022,730)	6,747,764
Gross Saving		681,493

4.10 Members should note that there will be some costs associated with transition to the new structure (pay protection and temporary positions) which are not included in the figures shown in the table above at paragraph 4.9.

4.11 Members should also note that the figures shown in the table above do not account for any changes which may occur in grant funding of posts, but officers will ensure that grant funding attributed to the posts in the proposed structure will be maximised appropriately.

4.12 The cost of the redundancies included in this report which are a direct consequence of the proposed restructure totals £507,679.82, and the cost of all redundancies relating to the restructure of tiers 1 to 4 is £577,165.81 (excluding any terminations costs paid for officers leased cars).

	Redundancy	Strain on the Fund	Cost to the Council
	£ : p	£: p	£: p
Director of Housing and Public Protection	65,245.59	122,088.00	187,333.59
Head of Property and Capital Programming	19,415.30	33,187.00	52,602.30
General Manager, Adult Social Care	47,235.67	-	47,235.67
Revenues and Benefits Manager	37,361.20	151,685.00	189,046.20
Strategic Services Manager (Planning)	31,462.06	-	31,462.06
Cost of redundancies to be agreed	200,719.82	306,960.00	507,679.82
Senior Management Redundancy already agree by Staff and Appointments Committee – Director of Business Development	13,015.99	56,470.00	69,485.99
Total Cost of Redundancies as a result of the restructure of Tiers 1-4	213,735.81	363,430.00	577,165.81

- 4.13 The overall payback period for all redundancies is calculated as 0.85 years. (£577,165.81 / £681,493).
- 4.14 Cumulatively, the payback period is less than 2 years so is considered to represent value for money and is well within the Council's payback period requirement of 2 years.
- 4.15 It is estimated that it will take 18 months before the full saving can be removed from the Council's budget.
- 4.16 It is recommended that the one-off redundancy costs are met from the Council's Restructuring Reserve.

5. Pay Policy

- 5.1 The Council's Pay Policy states:

“The Staff and Appointments Committee has delegated authority from the full Council to approve severance and redundancy payments for Chief and Deputy Chief Officers. For clarity, this requirement applies to all those posts that fall into the scope of s43 of the Localism Act and all Heads of Service. All exit packages over £100,000 will be approved by full Council.”

- 5.2 As Deputy Chief Officers, it is therefore incumbent on the Staff and Appointments Committee to decide whether to approve the voluntary redundancy applications from the Director of Housing and Public Protection, the Head of Property and Capital Programming, and the General Manager, Adult Social Care.
- 5.3 As the total cost for the Director of Housing and Public Protection and the Revenues and Benefits Manager's exit packages are in excess of £100,000, their applications require full Council approval.

6. Link to Corporate Plan

- 6.1 The Caller Report called for stability, and exercises have been ongoing to develop a permanent and sustainable structure for the top 4 tiers of the organisation. That process has been concluded at Chief Executive and Executive Director level and the proposed structure for tiers 3 and 4 is inextricably linked to the approval of the VR requests outlined within this report.

7. Implications

<p>Policy</p>	<p>The process has followed the Council's Management of Organisational Change Policy and Redundancy Policy.</p>
<p>Finance and value for money</p>	<p>The financial information relating to the Council's proposed structure is contained within the report.</p> <p>The total cost of redundancies required to be approved by this particular Staff and Appointments Committee is £507,679.82.</p> <p>Two of the redundancies totalling £376,379.79 require approval of full Council as individually they are in excess of £100,000.</p> <p>The cumulative payback period for all redundancy payments (including that of the Director of Business Development which was agreed by Staff and Appointments Committee on 30 January 2023) is 0.85 years. The Council's general rule is that a payback period of 2 years or less represents value for money.</p> <p>The cost of the redundancies will be met from the Council's Restructuring Reserve.</p> <p>The best value duty, as set out in section 3 of the Local Government Act 1999 ("the 1999 Act"), provides that "A best value authority must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". The best value duty is relevant to local authority duties to deliver a balanced budget (Part 1 of the Local Government Finance Act 1992), provide statutory services and secure value for money in spending decisions.</p>
<p>Legal</p>	<p>Under s2 of the Local Government and Housing Act 1989 the Staff and Appointments Committee discharges the Council's functions of the employer in relation to the Chief and Deputy Chief Officers. The Committee must also approve any voluntary severance, settlement or ex-gratia payment to be made to any Chief or Deputy Chief Officer.</p> <p>The Director of Housing and Public Protection, the Head of Property and Capital Programming, and the General Manager, Adult Social Care are Deputy Chief Officers, as defined by s43 of the Localism Act.</p> <p>The definition of a redundancy is as follows:</p> <p>The dismissal of an employee will be by reason of redundancy if it is "wholly or mainly attributable to" the employer:</p>

	<ul style="list-style-type: none"> • Ceasing or intending to cease to carry on the business for the purpose of which the employee was employed by it (business closure) • Having a reduced requirement for employees to carry out work of a particular kind or to do so at the place where the employee was employed to work (reduced requirement for employees) <p>The proposed payments owed to the post holders within this report are a legal requirement in a redundancy situation. The process has followed the Council's Redundancy Policy which is reviewed regularly in accordance with The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations.</p>
Procurement	There are no procurement implications within this report.
Human Resources	The process has followed the Council's Management of Organisational Change Policy and Redundancy Policy.
Property	There are no property implications within this report.
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>	All applicants approached the Council and applied for voluntary redundancy and are the sole post holders.
Risk Assessment	No implications.
Crime & Disorder	There are no crime and disorder implications within this report.
Customer Consideration	There are no customer consideration implications within this report.
Carbon reduction	There are no carbon reduction implications within this report.
Health and Wellbeing	Employees will be supported through both the restructure and voluntary redundancy processes.

Wards	The implications outlined in this report do not relate to any particular ward
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Report sign off.

Authors must ensure that officers and members have agreed the content of the report:

	Full Name of Officer
Monitoring Officer / Interim Director of Governance	Suki Binjal
Executive Director of Finance & S151 Officer	Jan Willis
Chief Executive	Helen Paterson
Portfolio Holder(s)	Staff & Appointments Committee

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Details of the Current and Proposed Management Structure for the Council (Tiers 1 – 4)

Appendix 1

	Band	FTE	Salary £	NI £	Pension £	Total £	FTE	Salary £	NI £	Pension £	Total £
Current Structure							Proposed Structure				
Chief Executive	Chief Exec	1.00	244,098	32,430	44,914	321,442	1.00	195,555	25,731	35,982	257,268
Executive Director	Band 18	4.00	614,742	79,811	113,113	807,666	5.00	765,561	99,368	140,863	1,005,792
Project Director	Band 18	0.40	60,328	7,823	17,374	85,525	-	-	-	-	-
Tiers 3 & 4:											
Service Director	Band 17	8.00	987,272	126,463	191,365	1,305,100	5.00	623,346	79,743	129,190	832,279
Service Director	Band 16	3.50	353,205	44,712	62,879	460,796	10.50	1,053,050	132,135	193,761	1,378,946
Service Director	Band 15	6.00	533,346	66,067	98,136	697,549	-	-	-	-	-
Deputy Director	Band 15	2.00	189,969	23,704	31,193	244,866	-	-	-	-	-
Assistant Service Director	Band 14	3.00	226,259	27,456	41,632	295,347	-	-	-	-	-
DCFO	Band 17	1.00	115,325	14,659	33,214	163,198	1.00	115,325	14,659	33,214	163,198
ACFO	Band 16	1.00	99,280	12,445	28,593	140,318	1.00	99,280	12,445	28,593	140,318
Heads of Service	Band 16	3.00	289,248	36,149	53,222	378,619	-	-	-	-	-
Heads of Service	Band 15	3.00	263,811	32,639	48,541	344,991	4.00	342,717	42,272	63,060	448,049
Heads of Service	Soulbury	2.00	166,547	22,326	35,807	224,680	2.00	166,547	22,326	35,807	224,680
Heads of Service	Band 14	20.01	1,525,919	185,448	247,793	1,959,160	34.01	2,543,627	308,311	468,027	3,319,965
Cost of Current Structure		57.91	5,669,349	712,132	1,047,776	7,429,257	63.51	5,905,008	736,990	1,128,497	7,770,495

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Northumberland County Council

Staff and Appointments Committee

20 February 2023

Chief Executive Performance Appraisal

Report of the Interim Director of HR/OD

1. **Purpose of the Report**

The purpose of this report is to seek approval to agree an appraisal process for the Chief Executive in line with the guidance laid out within the JNC Handbooks for Chief Executives (Appendix 2)

The report offers a defined process for appraisal for the Committee to consider and agree.

2. **Recommendations**

1. Agree the appraisal process defined in the attached appendix 1.
2. Agree that the Chief Executive's appraisal be conducted by the Leader and the Deputy Leader with administrative support from the Director of HR/OD.

3. **Background**

- The Independent Governance Review undertaken during February – May 2022 and reported to Full Council on 8 June 2022, identified the need for a robust appraisal process for the Council's Chief Executive.
- On 21 June 2022, it was resolved unanimously by Full Council that the report of the Independent Governance Review be formally received, and the findings of the Caller Review Report be accepted.
- A report was shared with this committee on 20 September 2022 outlining suggestions of how to approach a process for Chief Executive appraisal.

- At that meeting, this committee agreed to a set of underpinning principles of approach and this report seeks to conclusively define a process that is fit for purpose and takes account of JNC guidance.
- The multi-factorial recommendations agreed at the 20 September 2022 meeting of this committee have been reflected upon and JNC guidance reviewed. It has been determined that the proposals put forward are unnecessarily complex and therefore have required refinement and focus (without loss of rigour and integrity).
- Further advice has been sought and research undertaken in order to clearly define a robust appraisal process that satisfies the recommendations of the Independent Governance Review and that is fair, legally sound and pragmatic.
- In October 2022, the Council made an offer of employment to Dr Helen Paterson as Chief Executive and Head of Paid Service.
- Helen commenced employment with Northumberland County Council on 8 February 2023 and it is therefore timely that the detail of the appraisal process to which she will be subject, is shared with this committee for agreement.

4. **Issues for Consideration**

The proposed appraisal process appears at Appendix 1. In summary, the process includes the following elements and principles:

- The Leader and Deputy Leader will be responsible for conducting the Chief Executive's appraisal with administrative support provided by the Director of HR/OD.
- The appraisal will be conducted in such a way as to maintain confidentiality and promote mutual trust and confidence.
- Performance objectives will be drafted and agreed between the Leader, Deputy Leader, Chief Executive and, as is the case for all employees, will be derived from the corporate plan.
- Assessment of the achievement of objectives will be thorough and evidenced.
- Regular performance conversations will take place between the Chief Executive, the Leader and Deputy Leader of the Council and outcomes agreed between all parties.
- A formal review meeting will take place at 6 months and a full annual appraisal at 1 year.
- A report will be made to this committee at an appropriate time to notify them that the Chief Executive's appraisal has taken place.

Implications

Policy	Oversight of HR Policies and Procedure
Finance and value for money	
Legal	<p>The JNC Guidance on Appraisal of the Chief Executive sets out the following:</p> <ul style="list-style-type: none"> • the responsibility for appraising the chief executive lies with senior elected members. • It will be for local decision whether the appraisal should be carried out by a small committee representing all political groups or by a senior representative or representatives of the controlling group. • Appraisals should take place at least annually. • The focus of the process should be on clarifying what the chief executive is expected to achieve and on identifying any continuing development needs which, if met, would maintain a high level of performance. • The process of setting objectives should be by agreement and the result should be to identify objectives which are relevant and challenging but achievable. • The LGA, Regional Employers' Organisations, ALACE and SOLACE are potential sources of advice and assistance. <p>Under the Staff and Appointments Committee's Terms of Reference, the Committee has been delegated responsibility to discharge the Council's functions of the employer in relation to the Chief and Deputy Chief Officers, which includes the Head of Paid Service / Chief Executive.</p>
Procurement	N/A
Human Resources	Implications have been considered and the proposed recommendations are consistent with best practice and employment law.
Property	N/A
Equalities (Impact Assessment attached)	The recommendations are fair and do not present barriers to participation or disadvantage any protected groups from participation
Yes <input type="checkbox"/> No <input type="checkbox"/>	
<input type="checkbox"/> N/A <input checked="" type="checkbox"/> X	
Risk Assessment	Consistent with Independent Corporate Governance Review (Caller Report)
Crime & Disorder	N/A
Customer Consideration	N/A
Carbon reduction	N/A
Health and Wellbeing	The recommendations will support the personal development of the Chief Executive and their wellbeing.
Wards	The recommendations are not related to any particular ward but cover the whole of Northumberland.

Report sign off.

Authors must ensure that officers and Members have agreed the content of the report:

	Full Name of Officer
Monitoring Officer / Interim Director of Governance	Suki Binjal
Executive Director of Finance & S151 Officer	Jan Willis
Chief Executive	Helen Paterson
Portfolio Holder(s)	N/A

Appendices

Appendix 1 – JNC Guidance

Appendix 2 – Proposed appraisal process

Background information

N/A

Linked reports

20 September 2022 Staff and Appointments report prepared by the Director of HR/OD – providing details of the options for Chief Executive appraisal.

Authors and Contact Details

This report has been prepared by the interim Director of HR & OD

Contact details:

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Appendix 1

Performance Appraisal Procedure for the Chief Executive of Northumberland County Council

Introduction

This procedure seeks to ensure that the Chief Executive's performance is formally reviewed on a regular basis. It complies with the principles set out in the Joint Negotiating Committee (JNC) for Local Authority Chief Executives (national salary framework & conditions of service) handbook.

Principles

There are a number of general principles that underpin this procedure. They are as follows:

- A clear link between Chief Executive objectives and the Corporate Plan ensuring measurable lines of accountability for performance.
- An objective setting process that allows for a balanced focus on 'what' and 'how', with performance standards and expectations clearly articulated at the beginning of the performance year.
- An all year round focus on helping to maximise the Chief Executive's job performance and identifying any development opportunities.
- Improved emphasis on recognising high performance throughout the year.
- Prompt identification, monitoring and tackling of underperformance.

Responsibilities for Appraisal

Under the responsibilities set out in the Northumberland County Council's constitution (7.1), the Staff and Appointments Committee;

- (p) *Considers and determines the overall scheme and policies in relation to employee terms and conditions and deals with the appointment of senior officers including making recommendations to Council on the appointment of the Head of Paid Service*

The Chief Executive's terms and conditions of employment include the following:

17. PROBATION

All employees new to the Council are subject to 6 months' probation where an external appointment is made. [The Chief Executive's] Probation reviews will be undertaken by the Council's Staff and Appointments Committee.

18. PERFORMANCE MANAGEMENT

The Chief Executive is required to actively participate in performance management and appraisal with elected members of the Council. The focus of this process should be on clarifying what the Chief Executive is expected to achieve and on identifying any continuing development needs which, if met, would maintain a high level of performance. The process of setting objectives should be by agreement and the result should be to identify objectives which are relevant and challenging but achievable. The Performance Appraisal Process will be the responsibility of the Council's Staff and Appointments Committee.

19. SELF DEVELOPMENT

The Chief Executive is required to participate in self-development or team development activities as required by the Council.

Main Features

The Chief Executive performance management process is made up of a number of stages which are outlined in more detail throughout this procedure. The main features include:

- a. Setting Performance Expectations and Agreeing Stretching Objectives: A performance expectation setting meeting should take place before the start of the annual performance year to make clear performance expectations for the Chief Executive. Objectives should be drafted between the Chief Executive, the Council Leader and the Deputy Leader and must focus on both the 'what' and the 'how'.
- b. Mid-year check: These should be conducted on at least a 6 monthly basis between the Council Leader, Deputy Leader and the Chief Executive to ensure objectives remain relevant and that performance progress can be informally assessed on a continuous basis.
- c. End of Year Formal Appraisal: 'An annual performance assessment will be undertaken by the Leader and Deputy Leader. A summary of the outcome of the performance assessment process will be reported to the Staffing and Appointments Committee.
- d. Identification of Developmental Requirements: Appropriate professional development is identified if required.

Probation

An externally appointed Chief Executive's probation period will run for six months from their first day of employment with Northumberland County Council.

The Chief Executive's objectives and developmental needs, for the first five months of their employment, will be drafted with the Chief Executive, Council Leader and Deputy Leader at the earliest opportunity and formally recorded.

During this time, all reasonable support and development should be sought, offered and accepted so that the probationary objectives will be achieved.

After three months' employment an interim performance discussion will take place between the Chief Executive, the Council Leader and the Deputy Leader.

After five months' employment, an End of Probation Performance Discussion will take place between the Chief Executive, the Council Leader and the Deputy Leader. This will represent the formal End of Probation Performance Review. Following this, the Council Leader will report the outcome of this process to Staff and Appointments Committee their decision to either:

1. Confirm the Chief Executive's appointment
2. Extend their probationary period
3. Terminate their employment

Advice should be taken from the Director of HR and OD if members wish to pursue options 2 or 3.

The Chief Executive shall then be given written notification of the Outcome of their probationary period.

Appraisal Process

The Leader and Deputy Leader will undertake formal appraisals of the Chief Executive. The Director of HR and OD will provide administrative support and advice. The Leader, Deputy Leader and Chief Executive should aim to reach mutual agreement for each appraisal. If this is not possible, the Chief Executive has the right of appeal.

The appraisal process contains the following elements:

a. Setting Performance Expectations and Agreeing Stretching Objectives

Before the start of each performance year the Council Leader and the Chief Executive will meet to discuss the Corporate Plan, the Council's strategic priorities and the performance expectations for the year ahead.

As part of his/her role profile, the Chief Executive has agreed to exercise leadership in the successful execution of the following objectives:

- Deliver the Council's key corporate and partnership priorities in line with the corporate plan, to benefit the people of Northumberland.
- Lead and develop the Council's Executive Team ensuring the delivery of effective strategic direction and resource management to enable the delivery of public services across the locality.
- Foster a culture and values, which engage all colleagues and partners in the development and delivery of services.
- Ensure that effective governance and assurance processes are in place to safeguard the Council's financial and statutory duties and demonstrate public accountability and scrutiny of its decision-making processes.
- Discharge the functions of the Head of Paid Service in accordance with Section 4 of the Local Government and Housing Act, 1989, including promoting the effective, economic, and efficient deployment of the Council's resources. Ensure compliance with the Council's Constitution.
- Act as Returning Officer and Electoral Registration Officer

Objectives for the year, set as part of this process should help to achieve one or more of the above. They should, as far as possible, be specific, measurable, time bound and challenging but achievable. Objectives should focus on both the 'what' and the 'how' (in alignment to Northumberland County Council Values, Leadership Behaviours and Nolan Principles). The onus for writing the draft objectives should be on the Chief Executive and agreed in principle with the Leader and Deputy Leader of the Council in their performance expectations and objective setting meeting, before the start of the performance year.

b. Regular Performance Conversations

The Chief Executive and Council Leader should hold regular performance conversations throughout the performance year. As a minimum these should be 6 monthly.

These performance conversations provide an informal opportunity to reflect on the role of the Chief Executive; what has been done well; what could have been done better; the major issues over the period ahead; and any development opportunities.

Objectives should be discussed to determine whether they should be revised in light of changing priorities.

As part of these conversations, account should be taken of how the Chief Executive demonstrates the standards of behaviour set out in the Northumberland County Council Values, Leadership Behaviours and Nolan Principles.

c. Mid-year Check

The Director of HR and OD will oversee the administration of the formal appraisal cycle.

The Leader and Deputy Leader will undertake mid year discussion with the Chief Executive, ideally every October. The outcomes of which will be recorded.

The performance of the Chief Executive must be assessed by taking account of both 'what' they have achieved and 'how' they have achieved it. A judgement should be made as to what extent objectives have been fulfilled to date, using the following criteria:

- 'What' they have achieved - whether objectives are on track to be met or not, and to what degree;
- 'How' they achieved it - the degree to which they have demonstrated Northumberland County Council's leadership behaviours;
- Demonstration of Northumberland County Council's values and the Nolan Principles. The Chief Executive is expected to exemplify these values; and
- Additional consideration should also be given to the degree of difficulty or ease of meeting the objectives in light of actual events.

When assessing these objectives, equal weight will be given both to 'what' and 'how' these objectives were achieved to ensure a balanced focus on delivery and behaviours.

The Leader and Deputy Leader should consider the Chief Executive's views carefully and decide, in advance of the interim appraisal interview, whether they agree with them or whether they wish to add, delete, change any of them.

d. End of year Formal Appraisal

The Director of HR and OD will oversee the administration of the formal appraisal cycle.

The Leader and Deputy Leader will undertake a year-end appraisal discussion with the Chief Executive ideally within the first two weeks of each April. The outcomes of which will be recorded.

The performance of the Chief Executive must be assessed by taking account of both 'what' they have achieved and 'how' they have achieved it. A judgement should be made as to what extent objectives have been fulfilled using the following criteria:

- 'What' they have achieved - whether objectives have been met or not, and to what degree;
- 'How' they achieved it - the degree to which they have demonstrated Northumberland County Council's leadership behaviours;
- Demonstration of Northumberland County Council's values and the Nolan Principles. The Chief Executive is expected to exemplify these values; and
- Additional consideration should also be given to the degree of difficulty or ease of meeting the objectives in light of actual events.

When assessing these objectives, equal weight will be given both to 'what' and 'how' these objectives were achieved to ensure a balanced focus on delivery and behaviours.

As the Chief Executive is accountable to the Council as a whole for their performance, an annual statement to Council will be published each year advising that a performance appraisal has taken place

e. Identify developmental requirements

Formal performance reviews should also identify the professional development necessary to equip the Chief Executive with the requisite skills and leadership behaviours to meet his/her objectives both now and in the future.

Progress against the development objectives will be discussed as part of the mid-year and year-end appraisals.

Appeal

Consensus through discussion is the ideal way to manage appraisals. If the Chief Executive disagrees with their appraisal they may appeal against it. They should submit detailed, written grounds for their appeal to the Director of HR and OD, who will arrange an appeal meeting. At the meeting, two elected members from the Staffing and Appointments Committee (StAC), who have had no previous involvement in the process, will consider the written appeal and any oral submission that the Chief Executive wishes to make. The Chief Executive may wish to bring an appropriate representative with them. The outcome of the appeal ie upheld or not upheld, will be reported to StAC.

The appeal panel's decision will be final.

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JOINT GUIDANCE ON APPRAISAL OF THE CHIEF EXECUTIVE

1. INTRODUCTION

- 1.1 This guidance is intended for use by senior elected members and the chief executive when agreeing a process for appraising the performance of the chief executive. The focus of this process should be on clarifying what the chief executive is expected to achieve and on identifying any continuing developmental needs which, if met, would maintain a high level of performance. The process of setting objectives should be by agreement and the result should be to identify objectives which are relevant and challenging but achievable.
- 1.2 The process should not become complex. At all times it needs to focus clearly on a few basic issues: what the chief executive's job is; what has been done well; what could have been done better; the major issues over the next year; and what developmental needs the process clearly identifies.

2. RESPONSIBILITY FOR APPRAISAL

- 2.1 The responsibility for appraising the chief executive lies with senior elected members. It is a contractual obligation on the part of both the chief executive and the employing council to engage in a regular process of appraisal.
- 2.2 It will be for local decision in the light of local circumstances whether the appraisal should be carried out by a small committee representing all political groups or by a senior representative or representatives of the controlling group. Whichever approach is adopted, those conducting the appraisal need to bear in mind at all times that the chief executive is employed by the council as a whole, not by the controlling group, and is therefore required to serve all of the council.

3. AIMS OF APPRAISAL

- To identify and clarify the key objectives, priorities and targets of the council and appropriate timescales for their achievement over the next (e.g. twelve) months
- Agree what the chief executive should personally achieve over the next (e.g. twelve) months and identify required standards of performance, in order to deliver the council's key objectives, priorities and targets. Wherever possible standards of performance should be expressed in ways which can be monitored objectively
- Discuss positive achievements over the past (e.g. twelve) months and identify reasons for good performance

- Discuss instances over the past (e.g. twelve) months where targets have not been met, identifying the factors preventing the achievements of agreed goals
- Discuss developmental requirements. The chief executive will have strengths and weaknesses and the parties should identify the professional development necessary to equip the chief executive with the requisite skills to meet the council's objectives. The parties should be proactive and anticipate future developmental needs in the context of the council's changing priorities. This discussion could lead to the design of a formal programme of continuous professional development (CPD). Equally this discussion may lead to agreement on changes to the working relationship between leading members and the chief executive. It should not be assumed that it is only the chief executive who may need to adjust his / her approach to the working relationship

3.1 Appraisal should be set in the context of the council's objectives, priorities and targets, generally expressed in corporate plans. Appraisal targets when taken as a whole should be related to agreed targets for the council as a whole.

4. THE APPRAISAL CYCLE

4.1 Appraisal should take place on a predetermined date, **at least annually**, backed up by regular monitoring meetings at which targets can be reviewed for continuing relevance. A formal system of appraisal should not prevent the continuous review of progress and performance.

5. KEY ELEMENTS OF THE APPRAISAL PROCESS

- Continuous two-way monitoring of performance against objectives
- Preparation for an appraisal interview
- An appraisal interview where recent and current performance, future objectives and development needs are discussed
- Agreement on action required from either party to ensure required performance is achievable
- A continuing process of informal discussion regarding performance

6. The appraisal interview and afterwards

- Both parties should be well informed and prepared for the interview
- The process should be two-way
- The interview should be free from interruptions, and notes should be taken when necessary

- The parties should concentrate as far as possible on established facts rather than unsubstantiated opinions
- Targets which are realistic and capable of being monitored should be agreed
- Any agreed personal development plans should be implemented within the agreed timescale
- The chief executive should be given a reasonable opportunity to correct any shortfalls in performance
- A date for the next review should be agreed

7. EXTERNAL ASSISTANCE

- 7.1 External assistance in facilitating the appraisal process can be helpful in providing an independent perspective.
- 7.2 Within the local government 'family', it may be sought from the Local Government Association or by contacting the [Employers' Secretary](#) or from the appropriate Regional Employers' Organisation or [ALACE](#) or [SOLACE](#). Alternatively such assistance may be available from commercial sources, such as consultancy firms.
- 7.3 Such assistance from the aforementioned organisations may take the form of them either directly participating in the process for which a fee may be requested to cover staff time or the recommendation of, for example, a suitably experienced recently retired senior officer or other independent individual.

Note: If external assistance is sought, it must have the agreement of both sides.

8. OTHER MATTERS

- 8.1 The detailed content of appraisal interviews should normally be treated as confidential to the participants, unless both parties agree that it would be helpful for the targets agreed for the ensuing period to be shared more widely. However, it may be useful to report to an appropriate committee meeting that an appraisal interview has taken place.
- 8.2 This may be useful in acting as a reminder that the chief executive and members need to ensure that chief officers are in their turn appraised.
- 8.3 It should, however, not be assumed that the process for appraising the chief executive should be followed in precise detail for other staff. There is a fundamental difference between elected members appraising the chief executive and managers appraising subordinates. The principles, nevertheless, are the same.

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