

## **STAFF & APPOINTMENTS COMMITTEE**

**9<sup>th</sup> September 2022**

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### **Revised Executive Management Structure**

Report of the Interim Head of Paid Service and Leader of the Council

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#### **Purpose of the Report**

The purpose of this report is to seek approval for the implementation of the revised executive arrangements for Council.

Council members were advised in September 2021 that Penna had been selected to support a review of the current executive and senior management arrangements. The first stage of the review has been completed and the suggested Tier 1 structure is appended to this report (Appendix 1). The background leading up to this structure is also provided within the body of the report.

The Committee is also reminded of the requirements under the Officer Employment (Appointments) Procedure Rules in relation to the appointment of all Chief and Deputy Chief Officers.

#### **Recommendations**

Members are asked to agree the following recommendations:

1. Approve the revised Tier 1 & 2 structure as detailed in Appendix 1 to this report. The structure will be led by a Chief Executive who will also be the Council's statutory role of Head of Paid service and will also encompass the role of Electoral Returning Officer. As agreed at the Council's Staff and appointments Committee on 15<sup>th</sup> August 2022 this role is currently being externally recruited to.

2. That the Executive Director roles as below are established at Band 18. This is an equivalent number of Executive Directors that were in place prior to the current interim arrangements that came into force in September 2021. All roles below will be subject to external recruitment processes as there are no officers currently occupying substantive Executive Director roles.
  - Executive Director Place & Regeneration
  - Executive Director Transformation & Resources (S 151 Officer)
  - Executive Director Adults, Ageing & Wellbeing (DAS)
  - Executive Director Children, Young People & Education (DCS)
  - Executive Director Public Health, Inequalities & Stronger Communities (DPH).
3. That the remuneration for all the identified roles as detailed above. The salaries for these posts are set at over £100,000 and need the formal approval of this Committee and that of the full Council in line with the Council's Pay Policy Statement.
4. To recommend to full Council approval of the revised Tier 1 & 2 structure as detailed in Appendix 1 to this report.

### **Links to the Corporate Plan**

This report is relevant to all areas of the Corporate Plan as it relates to ensuring that the Council is compliant with the constitution and fulfilling its legal duties and requirements to ensure that there is an effective and fit for purpose staffing establishment.

In line with Section 4 of the Local Government & Housing Act 1989 Northumberland County Council must ensure that it fulfils its duty to designate one of its officers as its Head of Paid Service.

The Head of Paid Service is required to report to the Council as appropriate about the way in which the overall discharge by the Council of its different functions is coordinated; the number and grades of staff required for the discharge of these functions; the way in which these people are organised and managed; and the way in which they are appointed.

This reporting process ensures that the Council is managed and governed in line with legislation and the structure of accountability is clearly set out transparently.

This report places additional emphasis on the areas that the administration is seeking to strengthen in line with its priorities. Features of this include growth, tackling health inequalities and strategic oversight of important programmes such as climate change, service reviews and efficiency plans, along with a strategic review of the Council's property and asset portfolios.

## **Background**

1. Following a request by the Leader an externally supported review of the executive and senior management structure is ongoing. As reported to Council in September 2021, Penna has been commissioned to support the Chief Executive with the review of the senior officer structures. Forty interviews have taken place with Cabinet members, the opposition group leaders and a number of senior staff.
2. Penna have shared the findings relating to the Tier 1 & 2 roles and this report sets out a Tier 1 & 2 structure which will enable to Council to move forward with recruitment to key roles to ensure that stability and permanence at a senior level.
3. The Chief Executive at the time had a preferred structure which was due to be tabled at Full Council in late 2021 and again in early 2022. There were a number of ongoing issues at the time and for a number of reasons the then preferred structure was not taken through Full Council for approval.
4. Since the Penna review of the senior structure was commissioned a well-documented Governance Review by Mr Max Caller CBE has been conducted. The findings of this were delivered in report format and presented to Full Council by Mr Caller and his team on 8<sup>th</sup> June 2022. Strong emphasis was placed by the Caller Report on the need to successfully recruit to a permanent senior structure, and that a continuation on interim appointments was not in the best interests of the Council.
5. In addition the Caller Report highlighted the need for the statutory Monitoring Officer to be regraded from a tier 3 post and be an integral part of the senior structure reporting directly to the Chief Executive.
6. The Council is required to appoint a Head of Paid Service in line with Section 4 of the Local Government and Housing Act 1989. As agreed at Full Council on 27<sup>th</sup> July 2022, this role is being fulfilled on an interim basis by Mr Rick O'Farrell, and as agreed at the Council's Staff and Appointment Committee on 15<sup>th</sup> August 2022 the process of recruiting a permanent Chief Executive has now started. The aim is to have an appointment ratified by Full Council on 2<sup>nd</sup> November 2022.
7. It was the resolution of both the Staff and Appointment Committee and Full Council on 27<sup>th</sup> July 2022 that Mr O'Farrell's primary objective, included within the Interim Head of Paid Service and Chief Executive Job Description, is to successfully implement a new and effective senior officer structure.
8. Since 27<sup>th</sup> July Mr O'Farrell has been focussed on leading discussions and consulting with the interim executive/senior team and the Cabinet on workable structural solutions. There have been approximately 8 different options considered by the parties with the remits of the new Executive Director roles proposed now having been drawn up in conjunction with the interim senior team, Cabinet Members and Penna .

9. To support this work a benchmarking exercise was undertaken by Penna, and the proposed Executive structure is deemed by Penna to be a strong proposition to attract high calibre candidates at current market rates, which will in turn provide long-term stability and enable the Council to achieve its strategic priorities.
10. It should be noted within the proposed structure that the Chief Fire Officer role remains as established and the incumbent officer Paul Hedley fulfils this role. However it is proposed that additional responsibilities are added to the portfolio as outlined in Appendix 1.
11. The role of Director of Governance/Legal Services and Monitoring Officer (MO) is established at Band 17 and replaces the two roles of Director of Corporate Assurance and the role of Legal Services Manager/Monitoring Officer. This role encompasses the Council's Statutory duty of Monitoring Officer, and as agreed at the Council's Staff & Appointment Committee on 15<sup>th</sup> August 2022 is currently undergoing an external recruitment process.
12. Northumberland County Council adopted a revised interim executive management structure as of 1<sup>st</sup> September 2021 and as agreed at the Council's Staff and Appointment Committee on 15<sup>th</sup> August 2022, these arrangements have been extended for a further 6 months to allow for the substantive recruitment process to be completed.
13. There is a history of some shared posts with Northumbria Healthcare NHS Foundation Trust based on historical integrated health and social care arrangements which operated under a partnership agreement. These roles have now ended with the changes to those partnership arrangements.
14. It should be noted that there are no substantive Executive Directors within the current interim arrangements.
15. **Issues for Consideration**
16. The selection process for the Executive roles within this report will include members drawn from across the Council and panels will be chaired by Cllr Sanderson as the Chair of the Staff and Appointment Committee. All Group Leaders will be invited to take part in the recruitment process.
17. The additional roles will be subject to evaluation through the Council's Job Evaluation Scheme (JE), as is the case for all County Council roles. In addition, market testing has been carried out by Penna based on current pay levels for existing senior officers in county and unitary roles. Based on that data, the bandings as set out below are both comparative and competitive for the roles.

**18. Proposed Job Descriptions and Gradings**

19. All proposed job descriptions for the above roles will be drafted and evaluated using the Local Government Evaluation (LGE) job evaluation scheme. The grading of posts is as follows:

Chief Executive:	NJC Chief Executive
Executive Director:	NCC Band 18
Director of Law & Corporate Governance	NCC Band 17

All gradings for these posts, subject to approval, will be published on the Council's website in line with the requirements of the Local Government Transparency Code (2015). The Chief Fire Officer is established as band 17.

**20. Affordability**

21. Consideration has been given to the affordability of the structure given the significant budget pressures currently being faced by the Council. Given the size and remit of the Council, to ensure that a fit for purpose structure that enables the executive/senior team to fully deliver on the future challenges and the strategic aims of the Council there is no feasible option to reduce the number of Executive Directors to below the 5 laid out within Appendix 1. Consideration was given to combining the role of Executive Director for both Children's and Adults Services, however, given the scale and breadth of the role and the imminent introduction of the regulatory framework this was not deemed a realistic option. The proposed Executive roles are as follows;

- Executive Director Place & Regeneration
- Executive Director Transformation & Resources (S 151 Officer)
- Executive Director Adults, Ageing & Wellbeing (DASS)
- Executive Director Children, Young People & Education (DCS)
- Executive Director Public Health, Inequalities & Stronger Communities (DPH)

Whilst the Director of Law and Governance has not been evaluated as an ED role it will form part of the top tier senior management structure.

22. In addition, there are four further senior functions that are deemed integral to the effective running of the Council who also have direct accountability to the Head of Paid Service these are:

- Fire and Rescue Service
- HR/OD
- Communications
- Policy

23. Assuming Executive Director appointments are made at the bottom of the salary band and at mid-point for the Director of Law and Governance, the cost of the new

executive structure is £1.438m. This is inclusive of oncosts but excluding the 2022/23 pay award. It also excludes tier 2 posts reporting to the Chief Executive relating to the functions set out at paragraph 22 above. The budgeted cost of the corresponding posts in the existing structure is £1.444m. Therefore, the new executive structure is broadly comparable with the cost of the existing structure. However, it should be noted that savings of £303k from the deletion of the posts of Legal Services Manager and Executive Director of HR and OD have already been taken towards the £1m management savings target in the 2022/23 budget. If the new structure is agreed, the entirety of the £1m savings will have to be found through changes at tier 3 and beyond if the cost of the overall senior management structure is to be contained within the budgeted financial envelope.

**24. Next Steps**

25. The proposed executive/senior structure as provided in appendix 1 does not provide the detail of the tier 3 structure and beyond. This is because a consultation exercise now needs to be conducted with the staff affected by the change to the Executive structure and a review of any efficiencies that can be achieved undertaken.

26. Given that the structure from the initial assessment by Penna was not taken forward, it is proposed that the information gained by Penna is refreshed and that a formal consultation exercise under the Councils Management of Change Policy is completed.

27. As this exercise is yet to be completed it would be inappropriate to provide a proposed structure at the current time.

**28. Statutory Obligations and Pay Policy**

29. Under section 38 of the Localism Act 2011 the Council is required to produce a Pay Policy each financial year. Approval of the Pay Policy is a matter for full Council and cannot be delegated. The Council's current Pay Policy is 2022/2023 and sets out details, amongst other things, of the payment to chief officers.

30. The Staff & Appointments Committee is therefore required to consider and approve the appointments of Chief Officers on a salary of over £100,000 in line with the Councils agreed Pay Policy 2022/23 as follows,

*“Notwithstanding any other requirement of the Constitution, any appointment within the Council that attracts a salary package of £100,000 or more will be considered and approved by the Staff & Appointments Committee. Salary package in this respect includes salary and any other fees, allowances, bonuses and benefits in kind that the post holder would routinely be entitled to”.*

### 31. Processes associated with Managing the Changes to the Executive Management Team Structure

All changes to the new Executive Management Team Structure will be managed in line with the Council’s managing change policy and these new roles will be factored into that process.

#### Implications:

<b>Policy</b>	Oversight of HR Policies and Procedure
<b>Finance and value for money</b>	The cost of the new executive structure is broadly comparable with that of the existing structure. However, it should be noted that savings of £303k from the deletion of the posts of Legal Services Manager and Executive Director of HR and OD have already been taken towards the £1m management savings target in the 2022/23 budget. If the new tier 1 and 2 structure is agreed, the entirety of the £1m savings will have to be found through changes at tier 3 and beyond if the cost of the overall senior management structure is to be contained within the budgeted financial envelope.
<b>Legal</b>	<p>The Local Government and Housing Act 1989 section 4 requires that the Council designate one of its officers as Head of the Paid Service.</p> <p>Section 5 of the Local Government and Housing Act 1989 requires every local authority “to designate one of their officers (to be known as “the monitoring officer”) as the officer responsible for performing the duties imposed by this section”</p> <p>Included in its terms of reference adopted by Council on the 4th of May 2022, it is the role of the Staff and Appointments Committee to:</p> <ol style="list-style-type: none"> <li>a. Discharge the Council’s functions as employer in relation to Chief/Deputy Chief Officers</li> <li>b. Consider, approve, make recommendations to Full Council in relation to the overall structure of the workforce and the number/designation of Chief/Deputy Chief Officers</li> <li>c. Determine the terms and conditions of employees of the Council including Chief/Deputy Chief Officers</li> </ol> <p>The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 confirm that the matters within this report are not functions reserved to Full Council</p>
<b>Procurement</b>	Agreed via procurement process through Full Council for Penna PLC
<b>Human Resources</b>	All changes be made in line with appropriate employment processes. Relevant legal implications have been set out in the body of this report.
<b>Property</b>	N/A
<b>Equalities</b> (Impact Assessment attached)	This process will be conducted in line with best practice in relation to promoting equality and diversity within the Council’s employment processes.
Yes <input type="checkbox"/> No	

<input type="checkbox"/> N/A <input checked="" type="checkbox"/> X	
<b>Risk Assessment</b>	Consistent with Independent Corporate Governance Review (Caller Report)
<b>Crime &amp; Disorder</b>	N/A
<b>Customer Consideration</b>	N/A
<b>Carbon reduction</b>	N/A
<b>Health and Wellbeing</b>	The recommendations will support the health and wellbeing of Council Employees at varying levels within the organisation
<b>Wards</b>	The recommendations not related to any particular ward but cover the whole of Northumberland.

### **Background papers:**

Staff & Appointment Committee 15<sup>th</sup> August 2022

- Proposed Appointment Process - Head Of Paid Service, Chief Executive & Returning Officer
- Proposed Appointment Process - Director of Law & Governance
- Interim Head of Paid Service & Chief Executive Contract of Employment
- Extension of Interim Senior Structure Arrangements

### **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
Interim Chief Executive	Rick O'Farrell in conjunction with the Interim Service Director for HR/OD
Portfolio Holder(s)	Staff & Appointment Committee

### **Authors and Contact Details**

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