

STAFF AND APPOINTMENTS COMMITTEE

20 February 2023

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**Restructure of Tiers 3 and 4 – Consequential Redundancies**

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

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**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
<b>Gross Saving</b>		<b>681,493</b>

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).

	<b>Redundancy</b>	<b>Strain on the Fund</b>	<b>Cost to the Council</b>
	<b>£ : p</b>	<b>£: p</b>	<b>£: p</b>
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
<b>Cost of redundancies to be agreed</b>	<b>200,719.82</b>	<b>306,960.00</b>	<b>507,679.82</b>
Senior Management Redundancy already agree by Staff and Appointments Committee – Director of Business Development	13,015.99	56,470.00	69,485.99
<b>Total Cost of Redundancies as a result of the restructure of Tiers 1-4</b>	<b>213,735.81</b>	<b>363,430.00</b>	<b>577,165.81</b>

- 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><b>Policy</b></p>	<p>The process has followed the Council's Management of Organisational Change Policy and Redundancy Policy.</p>
<p><b>Finance and value for money</b></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><b>Legal</b></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"> <li>• Ceasing or intending to cease to carry on the business for the purpose of which the employee was employed by it (business closure)</li> <li>• 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)</li> </ul> <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>
<b>Procurement</b>	There are no procurement implications within this report.
<b>Human Resources</b>	The process has followed the Council's Management of Organisational Change Policy and Redundancy Policy.
<b>Property</b>	There are no property implications within this report.
<b>Equalities</b> (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.
<b>Risk Assessment</b>	No implications.
<b>Crime &amp; Disorder</b>	There are no crime and disorder implications within this report.
<b>Customer Consideration</b>	There are no customer consideration implications within this report.
<b>Carbon reduction</b>	There are no carbon reduction implications within this report.
<b>Health and Wellbeing</b>	Employees will be supported through both the restructure and voluntary redundancy processes.

<b>Wards</b>	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:***

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

**Appendix 1**

	<b>Band</b>	<b>FTE</b>	<b>Salary £</b>	<b>NI £</b>	<b>Pension £</b>	<b>Total £</b>	<b>FTE</b>	<b>Salary £</b>	<b>NI £</b>	<b>Pension £</b>	<b>Total £</b>
<b>Current Structure</b>							<b>Proposed Structure</b>				
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
<b>Cost of Current Structure</b>		<b>57.91</b>	<b>5,669,349</b>	<b>712,132</b>	<b>1,047,776</b>	<b>7,429,257</b>	<b>63.51</b>	<b>5,905,008</b>	<b>736,990</b>	<b>1,128,497</b>	<b>7,770,495</b>