

WYRE FOREST DISTRICT COUNCIL

COUNCIL

12 MAY 2021

Management Review

OPEN with EXEMPT appendix	
Appendix 3 to this report contains information that is EXEMPT from disclosure because it contains information relating to any individual and information relating to the financial or business affairs of any particular person (including the authority holding that information).	
CABINET MEMBER:	The Leader of the Council
DIRECTOR:	Ian Miller, Chief Executive and Head of Paid Service
CONTACT OFFICER:	Ian Miller ian.miller@wyreforestdc.gov.uk
APPENDICES:	Appendix 1 – details of proposed new management structure Appendix 2 – summary of responses Appendix 3 - confidential appendix: detailed financial information

1. PURPOSE OF THE REPORT

- 1.1 This report sets out recommendations on changes to the Council's senior management structure following the recent consultation.

Executive summary

On 1 March, the Council decided that the Chief Executive should lead a management review that would be implemented by April 2022 at the latest.

A consultation paper was issued on 31 March. It set out proposals that would affect all posts in the Corporate Leadership Team, the four most senior members of the Council's staff.

Appendix 2 of this report gives a summary of the staff responses to the consultation. A summary of the responses from councillors is in paragraph 3.5.

The report gives Council two options for changes that could be made, following the consultation.

Option 1 is similar to one set of proposals in the consultation paper. It is the more expensive option to implement: the estimated one-off costs are £789k. The estimated net annual savings are £201k to £211k, which is higher than Option 2. Option 1 involves a payback period of 3.7 to 3.9 years. It would see three members of CLT made redundant and the fourth member take flexible retirement and reduce working hours to four days a week. This would reduce capacity of current CLT members from 19 days/week now to only 4 days, a reduction of 79%.

Information about Option 1 is in paragraphs 4.2 to 4.13 and the financial implications are in paragraphs 5.2 to 5.4. More detail about the revised management structure is in Appendix 1.

Option 2 is the cheaper option to implement: the estimated one-off costs are £542k. The estimated net annual savings are £178k. Option 2 involves a payback period of 3.1 years. It would see two members of CLT made redundant and a third take flexible retirement and reduce working hours to three days a week. There would be no change to the fourth post. This would reduce capacity of current CLT members from 19 days/week now to 8 days, a reduction of 58%.

Information about Option 2 is in paragraphs 4.14 to 4.18 and the financial implications are in paragraphs 5.5 and 5.6. More detail about the revised management structure is in Appendix 1.

2. RECOMMENDATIONS

2.1 The Council is recommended to:

2.1.1 AGREE the following changes to be implemented with effect from no later than 31 December 2021:

EITHER (Option 1)

(a) The redundancy of the posts of Corporate Director: Resources, Corporate Director: Economic Prosperity and Place and Solicitor to the Council;

(b) Acceptance of an application from the Chief Executive for flexible retirement on the basis of reduction in working hours to four days a week without actuarial reduction in pension, and designate the role as “Managing Director” with effect from the date of implementation;

OR (Option 2)

(c) The redundancy of the posts of Corporate Director: Resources and Corporate Director: Economic Prosperity and Place;

(d) Acceptance of an application from the Solicitor to the Council for flexible retirement on the basis of reduction in working hours to three days a week without actuarial reduction in pension;

(e) No change to the terms and conditions or designation of the Chief Executive.

2.1.2 AUTHORISE the Head of Paid Service to take all necessary steps to ensure implementation of the agreed changes on the basis set out in this report, with AUTHORISATION for the HR and Organisational Development Manager to bring forward the date of implementation if necessary as set out in paragraph 4.19;

2.1.3 NOTE that, in the case of Option 1, a further review would be undertaken in respect of the post in the new management structure that would encompass the statutory role of Monitoring Officer and that a further

report would be brought to the July meeting of the Council (paragraph 4.11);

2.1.4 **AUTHORISE the Solicitor to the Council, in consultation with the Chairman of the Council and the Head of Paid Service, to amend the Constitution as appropriate to reflect the changes to the senior management structure (paragraph 4.20);**

2.1.5 **AUTHORISE the Corporate Director: Resources/Section 151 Officer in consultation with the Leader and the Cabinet Member for Finance to determine the most advantageous way of funding one-off costs, including the balance between use of capital and revenue resources, but subject to obtaining Cabinet’s approval for use of any capital resources that it allocates (paragraph 5.8).**

3. BACKGROUND

3.1 The management review has been undertaken in response to the Council decision of 1 March on the medium term financial strategy 2021-24, which included:

“Confirmation that the Wyre Forest Forward Savings Programme is expected to reduce management costs as a result of implementing new service delivery models and a holistic review, to be led by the Chief Executive, is planned for implementation by April 2022 at the latest.”

3.2 The strategy sets out the financial imperative to reduce costs across the organisation and to become a smaller organisation, and within that management costs have to be further reduced. This is not a sudden development. Councillors from all groups have been calling for a further reduction in management costs for at least 18 months, such as in the Council meeting in September 2019 which approved the deletion of a corporate director post.

3.3 Council has decided that this review should be undertaken with an implementation date no later than April 2022. The recommendation identifies implementation no later than 31 December 2021, in order to secure some savings in the current financial year. As explained later in the report, this date should be capable of being brought forward if necessary in order to ensure that the Council’s decisions are not frustrated by any subsequent legislation.

3.4 In line with the Council’s decision of 1 March, the review has been undertaken by the Chief Executive. Both the consultation proposals and the recommendations in this report have the full support of the Corporate Leadership Team, and affect the most senior posts in the Council although some doubts were expressed in the Council meeting on 1 March about the ability of senior managers to review their own posts objectively. In addition, the Chief Executive has commissioned independent peer support via West Midlands Employers to provide external assurance on the consultation process, the adherence to policy and legal requirements relating to overall process and advise Council on such as necessary at this meeting. This role is being performed by Colin Williams, one of WME’s associates, who has extensive experience of supporting councils

considering or implementing such reviews and who has provided the summary of consultation responses from staff in Appendix 2. For the purposes of clarity, WME have not been asked to review the substantive proposals presented for consultation, nor suggest or propose variations to them or alternative options.

- 3.5 A consultation paper was issued on 31 March and consultation ran until 26 April. Forty three responses were received by the deadline, mainly from members of staff, and they represent the views of 44 individuals: one individual submitted two responses and one response submitted was on behalf of three members of staff. This report formally records gratitude to all who responded and shared their thoughts, including all of the senior managers who are likely be involved in leading the Council to the next stage of the transformation agenda if Council approves the strategic recommendations set out in this report. The overwhelming majority of staff have not responded, as is often the case, and it may therefore be assumed that they have no significant issues or concerns to raise about the proposals that were set out in the consultation paper. The full text of all the responses has been made available to councillors and staff. The six responses from councillors included a range of views. Two were concerned about the changes proposed and the impact on capacity and on individuals; one was a holding reply that did not offer any firm opinions; one was generally supportive of the proposals in Option C in the consultation paper; two others sought a wider-reaching review affecting all managerial posts and raised other detailed points or ideas such as whether the proposals involve redundancies (see paragraph 4.8, which deals with this issue) or suggesting that the costings were “inadequate” (see paragraphs 4.6 and 4.7). Overall, no clear view emerges from the responses from this group of councillors and, in any event, councillors now need to reach a collective view based on the information in this report.
- 3.6 In addition to the formal consultation documentation, briefings were held before the consultation paper was issued for Group leaders and deputy group leaders and for the staff most directly affected by the proposals. In an effort to identify whether there was political consensus on the proposals, the opportunity of discussions about the proposals was offered to all Group leaders. This opportunity was taken up before the issue of this report by two groups and a discussion was held with the leader of a third group. Six members have provided a written response and a number have raised questions and been provided with answers. In addition, the meeting of Group leaders and deputy group leaders on 20 April provided an opportunity to discuss the timing of the report for Council and emerging views about the proposals, although at that point (and it is still the case at the time of issue of the report) one group has not met because of the election period and will hold its first discussion with the Chief Executive after the elections.

Handling arrangements for this report

- 3.7 For the Council's assistance, it may be helpful to set out in advance the handling arrangements for this report at the Council meeting. In line with past practice and in the interests of transparency, as much information as possible has been put into the public domain in the report. Only information about the one-off termination costs relating to individual postholders is set out in the confidential Appendix 3. The "running order" would be as follows:
- (a) The Chief Executive, as the person who has led the review and as the author of this report, will introduce the report briefly;
 - (b) He and the Corporate Leadership Team will be able to answer any factual questions, dealing first with any questions that members may have on the material in the open part of the report;
 - (c) If members have any factual questions in respect of confidential Appendix 3, they would be dealt with after all questions about the open report have been addressed and would be asked only after the Council had resolved to exclude the press and public;
 - (d) because all members of the Corporate Leadership Team are personally affected by the decision, they will then withdraw for the Council's deliberation, debate and decision on the recommendations.
- It is appropriate that the Council should resolve to exclude the press and public, both in respect of any questions and answers about the confidential information in Appendix 3 and also because the Council needs freedom to discuss matters that relate to individuals, and such discussion should not take place in public.
- 3.8 While Corporate Leadership Team members will withdraw from the meeting as set out above, Colin Williams will remain and be able to support members. The solicitor to the Council has provided advice throughout the process leading to the publication of this report and advised on the process constitutionally. In addition the solicitor to the council has arranged to appoint a legal advisor from outside the Council to act as deputy monitoring officer for the purposes of this item of the meeting only, to ensure the Council has the appropriate assistance the rules of debate in accordance with the Councils Standing Orders and provide assistance to the Chairman of the Council.

Structure of the report and recommendations

- 3.9 Paragraphs 4.2 to 4.13 highlight the main issues raised in respect of the radical proposals set out in the consultation paper. In essence, notwithstanding the points raised in the consultation, this section of the report and recommendations in paragraphs 2.1.1(a) and (b) ("Option 1") seek to implement the proposals in the consultation paper. (Option 1 is, in effect, Option C in the consultation paper.)
- 3.10 Paragraphs 4.14 to 4.18 outline an alternative approach that is possible if the Council wishes to give greater weight to some of the points raised in the consultation. This is "Option 2", which comprises the recommendations set out in paragraphs 2.1.1(c), (d) and (e).
- 3.11 Some matters in respect of implementation and consequential changes would have to be addressed regardless of which option was adopted. They are set out in paragraphs 4.19 and 4.20.

4. KEY ISSUES

- 4.1 The consultation paper set out the rationale for seeking changes to the management structure as part of the efforts to close the Council's estimated £2.7m funding gap in 2023-24. It explained the principal reasons why maintaining the current management structure was considered untenable and, in line with the Council's decision of 1 March, why a further major reduction in management costs was being considered at this time. It is not proposed to repeat all the background information here about the factors that have created the financial position facing the Council. However it is appropriate to repeat the conclusions set out in the consultation paper: "it is clear that the financial gap faced by WFDC is very largely, if not entirely, attributable to policy and fiscal choices taken by the Government over the last decade.....This review therefore takes as its starting point that the further reduction in management costs that is now required is in no way attributable to issues of leadership or management by the staff whose continued employment with the Council will now be at risk. It is thanks to their and others' hard work that the position faced by the Council is not even more serious."

Responses to the consultation and consideration in respect of the recommendations for Option 1

- 4.2 In summary, consultation responses were mixed with some support from staff for the thrust of the proposals (particularly among staff 'at risk' and 'directly affected' by the proposals) while others did not support the proposals affecting members of the Corporate Leadership Team. Many responses from staff questioned the timing of the review, and suggested that it should be undertaken only after the reviews of services also proposed in the Medium Term Financial Strategy. That was the approach set out in the MTFs debated and rejected by Council on 24 February. Accordingly, it is not possible to delay the management review as suggested by some staff because that would not comply with the Council's decision of 1 March and because it would result in prolonged uncertainty that the consultation paper identified should be avoided for the Council's staff and partner organisations. Some of the staff responses suggested that, instead of proposals affecting only the Corporate Leadership Team, there should be a general call for applications for voluntary redundancy. Again that approach is not consistent with the Council's decision of 1 March, which was specifically about a management review. For many years, the Council has avoided a general call for applications for voluntary redundancy because it would inevitably create disappointment for individuals whose applications could not be supported because their front-line or essential roles were still required. Instead, targeted approaches have been used and, in effect, that is what has happened in this case with the focus on the Corporate Leadership Team.
- 4.3 Both groups of staff responses also raised concern about the impact on capacity and corporate knowledge and the Council's ability to progress service reviews and implement other important projects such as the Future High Streets Fund, although these were more strongly felt among the "other staff" group: the majority support for change remained among the more senior

staff. These issues were recognised in advance in the consultation document. However the concerns raised in the responses do not themselves recognise:

- a) the overriding imperative for the management review that Council commissioned on 1 March to make a contribution to closing the financial gap;
- b) the largest financial contribution from a management review is most likely to come from the most senior posts; and
- c) crucially the next tier of managerial posts simply cannot be reduced at this time – they are needed to lead their services and to have a direct hand in shaping the new service delivery arrangements that will emerge following the reviews in the MTFs.

As set out in the consultation paper, the managerial posts that lead services will be reviewed if more shared services are implemented and that is the appropriate time to seek savings from that area.

- 4.4 The consultation paper proposed and this report confirms that the timetable allows sufficient time to prepare for what is acknowledged to be a very significant set of changes, although a number of responses expressed concern about the timetable. This will include mentoring and development arrangements for staff taking on new roles, including their greater involvement in corporate management and in supporting the Cabinet and Council. The next steps, following Council authorisation of the recommendations, would include the Head of Paid Service ensuring in conjunction with senior managers that any capacity and capability points are addressed within the new teams and tweaking, where necessary, the responsibilities and reporting arrangements within those teams. The timing proposed in this report facilitates an appropriate handover time combined with mentoring and utilising new ways of working to capture the best of flexible working practices.
- 4.5 Many comments from staff raised concern about the one-off costs of change. Several responses sought information about the adjustments that would be made to salaries of individuals taking on wider or more responsible roles, and some responses alleged (wrongly) that no allowance had been made for such additional ongoing costs. Inevitably, the more senior a post that is considered for redundancy, the higher the one off termination costs will be. That is because redundancy payments are linked to salary although redundancy payments are generally only a small part of the one-off costs, as is the case with the recommendations set out in this report. The largest element of one-off costs, typically 80%, is represented by payments to the pension fund in compliance with the Local Government Pension Scheme Regulations, where an individual's employment is terminated on grounds of redundancy or business efficiency or where flexible retirement is agreed without an actuarial reduction. The costs in respect of each of the four postholders in this report in fact are lower than the costs that the Council approved in September 2019 in respect of the redundancy of another corporate director. While the one-off costs for senior posts are higher than would be encountered for more junior posts, it is also the case that the annual ongoing savings that can be achieved will generally be higher.
- 4.6 The final determination of the consequential salary or grading impacts of the consultation proposals was not and should not have been the focus of the

consultation paper. The central issue for the consultation was the major changes to the Council's senior management structure that maximised ongoing revenue savings. The consultation paper mentioned a number of cases where adjustments would need to be made to reflect the consequential impacts, and these will be delivered through extant arrangements and policies to assess the appropriate grading or salary for posts. In this case, the work on consequential impacts is inevitably dependent on Council's decisions on the recommendations before it. These issues are devolved to the Head of Paid Service to operate and therefore no decisions are required by Council. Information about the assumptions made in respect of the senior, directly affected group of staff were shared with them but they were assumptions, not proposals. This report confirms – an issue raised by a few of the responses - that all posts reporting directly to the Head of Paid Service in the recommended new structure would be evaluated, although it is stressed that this does not mean that it is expected that the outcome would be that all such posts would see an increase in pay.

- 4.7 The estimates of ongoing additional costs have been reviewed in light of the responses to the consultation and, given that a variety of options still remain in at least one case, as explained below, it is preferable to express these as a range of £50-60k a year in respect of regrading/salary additions. Also the consultation paper assumed that there would be a need to backfill legal capacity at the "front-line" level with a part-time post, and this is still the working assumption.
- 4.8 In respect of the two corporate director posts and the Solicitor to the Council, this report confirms that redundancy under the Employment Rights Act 1996 arises because the dismissal is wholly or mainly attributable to the fact that the needs of the business for employees to carry out work of a particular kind is ceasing or diminishing. It has routinely been the case in this and other councils that, at management level, this does not and cannot literally mean that all of the work has disappeared in order for there to be a redundancy. Indeed the Council is under a duty to appoint certain statutory officers and those aspects of the roles will continue. What is changing under the recommendations is how the Council is organising the carrying out of the work. It will be carried out through a new structure that is more efficient with posts that – because they are not directly comparable to the current structure - are remunerated at a different level. If the Council agrees the recommendations it also is an unavoidable corollary, as pointed out in the consultation paper, that a review will have to be undertaken to identify what managerial work and tasks will either not be done at all in future or will be done differently, less frequently or less well than now. It is simply impossible for everything that happens now to happen in a management structure whose capacity has been significantly reduced. There is ample time for the Head of Paid Service and other managers to identify and implement appropriate changes during 2021. The outcomes will be discussed with Group leaders and shared with all members as there may well be changes, for example, that affect how members interact with Council officers and what level of support they receive, in both formal and informal settings.

- 4.9 The consultation presented three options in respect of the Chief Executive's post, none of which would have left the post unchanged. In respect of these options, responses showed no support for the option of making the Chief Executive redundant and employing a new part-time chief executive. There was limited support for the option of achieving a shared chief executive with another council. Even if that option was to be identified as Council's preferred model, it could be implemented only if there was a willing other partner council – no such discussions have been commenced – and the timetable and financial implications would be uncertain and not in the sole control of this Council. This report does not recommend it for further progression in view of the significant other changes being proposed and the widespread concerns expressed in the consultation response about loss of capacity and corporate knowledge. Among the responses that expressed a view on the options in the consultation paper, there was a clear majority in favour of retaining the present postholder on the basis of an application for flexible retirement with no actuarial reduction in pension, albeit that a few responses argued for no change at all. The recommendation in paragraph 2.1.1(b) reflects the majority response from the consultation.
- 4.10 A large majority of respondents expressed no preference about or did not even comment on the question of the designation of the Head of Paid Service. Among those who expressed a view, a majority was in favour of "Managing Director" as signalling a new approach and structure. The recommendation in paragraph 2.1.1(b) reflects the majority response from the consultation.
- 4.11 Among respondents who expressed a view on the detail of the proposed senior management structure, responses range from those who expressed strong support about the need for a fresh, re-energised management team to those who had various concerns or misgivings, including several that made comments about the perceived downgrading of importance of the statutory roles of the chief finance officer and the monitoring officer. Responses from the individuals most affected reflected this mix of views about the detail of the proposed structure although, overall, they were more supportive than the generality of staff. The report recommends proceeding with the majority of the proposals and more detail on the structure is set out in Appendix 1. However the responses in respect of the proposed post of head of legal and democratic services presented a conundrum of either pressing ahead with proposals that were not as warmly welcomed as others; or imposing an alternative approach that had not been the subject of consultation; or (as this report identifies) undertaking a further specific review of this area to examine all options. If Council approves the recommendations for Option 1, a further review would therefore be undertaken in respect of the post in the new management structure that would encompass the statutory role of Monitoring Officer and a further report would be brought to the July meeting of the Council.
- 4.12 Formal resolutions would be required from Council on the appointment of the chief finance officer and monitoring officer and it is intended to bring a report to the July or September meeting of Council: this would ensure that there was no hiatus between the current and the new arrangements.

- 4.13 The financial implications of the recommendations that comprise Option 1 are set out in detail below. In summary, estimated one-off costs of £789k would produce estimated annual savings of £201-211k with a “payback” period of between 3.7 and 3.9 years. If Council wishes to endorse this approach, it should support the recommendations for Option 1 in paragraphs 2.1.1(a) and (b) above.

Considerations in respect of an alternative approach, as set out in Option 2

- 4.14 The report recognises that Council may wish to give greater weight to concerns expressed in the consultation about the cost of implementing the proposals; the potential “payback” period; the impact on capacity and continuity; and specific issues raised in respect of the proposed head of legal and democratic services as well as issues raised about the direct reporting line for the media team to the Chief Executive. An alternative approach is therefore outlined in Option 2 in paragraphs 2.1.1(c), (d) and (e) above.
- 4.15 The consultation paper deliberately responded to doubts expressed by members about the ability of senior managers to review their own posts and therefore the proposals involved change for all members of the Corporate Leadership Team. The option for Council to implement such change remains in Option 1. However as a consequence the recommended approach in Option 1 has high costs with a relatively long payback period. Taking account also of concerns about capacity and other issues raised by many responses, including a number of responses that specifically argued for no change to the post of Chief Executive, an alternative approach is possible that would generate significant ongoing savings but at the price of much lower one-off costs and with an improved payback period. This alternative approach delivers better “alignment” with the responses to the consultation because it addresses a number of the concerns and issues raised in a way that Option 1 does not.
- 4.16 Under Option 2, the two Corporate Director posts would be redundant; the Solicitor to the Council would be able to apply for flexible retirement on the basis of reduction in working hours to three days a week without actuarial reduction in pension; and there would be no change to the terms and conditions or designation of the post of Chief Executive.
- 4.17 Option 2 would mean that the proposals in respect of a Head of Legal and Democratic Services and Head of Business Support and Organisational Development would not be progressed, as the existing structure of staff reporting to the Solicitor to the Council would be maintained. The further review mentioned in paragraph 4.11 would not be necessary as the monitoring officer would continue unchanged; and the further report mentioned in 4.12 would need to deal only with the formal resolution about the chief finance officer. Further detail on the structure under Option 2 is set out in Appendix 1.
- 4.18 The financial implications of the recommendations that comprise Option 2 are set out in detail below. In summary, estimated one-off costs of £542k would produce estimated annual savings of £178k with a “payback” period of under

3.1 years. If Council wishes to endorse this approach, it should support the recommendations for Option 2 in paragraphs 2.1.1(c), (d) and (e) above.

Implementation issues related to both Options

- 4.19 The consultation paper identified the risk that the Council's approved plans might be disrupted by Government legislation relating to termination payments and the local government pension scheme. At present, statutory guidance is that full Council should approve any cases where the cost of exit payments exceeds £100k and this report complies fully with the guidance. However the Government may legislate later in 2021 for restrictions on exit payments. It is appropriate to ensure that the Council is able to see its decisions implemented as intended, and that there is no adverse effect on legitimate expectations which would be created for individuals by the Council's decisions and which might be enforced through claims in the courts. The recommendations include a delegation to authorise Head of Paid Service to take all necessary steps to ensure implementation of the agreed changes on the basis set out in this report, including a delegation to the HR and Organisational Development Manager to bring forward the implementation date of redundancies and other changes set out in this report if necessary.
- 4.20 The Council's Constitution contains many references to the senior management structure and particular posts by title. These will need amending to reflect the new structure. The recommendations therefore include authorising the Solicitor to the Council, in consultation with the Chairman of the Council and the Head of Paid Service, to amend the Constitution as appropriate to reflect the changes to the senior management structure. Again there is ample time to identify and settle the appropriate changes as part of the implementation timetable.
- 4.21 The process of developing the consultation document, undertaking and responding to the consultation and the preparation of this report have involved significant commitment of staff time and energy, particularly at the most senior levels in the organisation. The same is true of many councillors. Much work still lies ahead on implementing whichever set of recommendations is agreed. It will be appreciated that the Council cannot afford to expend further significant amounts of management and others' time on reviewing its senior management structure, when there are other pressing issues to address in the Medium Term Financial Strategy including the service reviews, delivery of the Future High Streets Fund project and exploiting new opportunities such as the Government's Levelling Up Fund. If Council decides not to approve either set of recommendations set out in paragraph 2.1.1 of this report, the Council will need to accept that the decision in paragraph 1.1.2(b) of minute C.74 (1 March 2021) has been discharged and that no further work will be done on a management review.

Comments from independent peer reviewer

- 4.22 As stated in Paragraph 3.4 of this report, West Midlands Employers were asked to provide independent external assurance on the consultation process and adherence to policy and legal requirements in respect of the employment

aspects of the overall process. The appointed consultant has provided the following summary of his assessment:

"I am satisfied that the Consultation process satisfies the requirements of the relevant employment law framework. Having reviewed the consultation responses in detail and summarised the feedback (see Appendix 2) it is clear that the emergence of Option 2 as set out in this report directly responds to a number of concerns expressed by respondents. That is evidently a measure of the impact and value of consultation.

It is clear from my summary of employee responses, that the overall balance of views from the more senior group (i.e. those designated 'at risk' and/or who would be directly affected by the proposals) was positive, in contrast with the wider respondents from 'other staff' who either rejected the proposals and/or expressed a series of concerns about (future) capacity, timing and cost effectiveness. It would appear that the extent to which respondents were fully aware of the focus and constraints of the Full Council recommendations, which stimulated the consultation, set the context for individual responses. The large majority of all respondents recognised that the removal of the tier of Directors from the organisational structure would have a significant impact on the levels of senior resource available to the Council and that the impact of such must be fully acknowledged by Elected Members both now and into the future."

5. FINANCIAL IMPLICATIONS

- 5.1 The cost of independent consultancy support is up to £1.4k and has been met from existing resources.
- 5.2 The one-off costs for the recommendations in this report comprising **Option 1** are estimated at £789k based on an implementation date of 31 December 2021. Council is advised that these figures could change and, as the bulk of them relates to estimates prepared by the pension fund, are not in control of the Council. The final figures may be different and, if Council agrees the recommendations in the report, it will be committed to paying those final costs, which will be reported in the Council's accounts for 2021-22 and audited in the usual way. The largest element of one off costs is pension strain, which is not (as the media and others often choose to misunderstand) cash in the hand of the individual concerned: instead it is a payment to the pension fund to make good the actuarial reduction that would otherwise be applied because the pension is being paid before normal retirement age. Of the one off costs in respect of Option 1, over 85% relate to pension strain costs.
- 5.3 The recommendations in this report comprising Option 1 would result in annual gross ongoing savings of £298k. However ongoing additional costs of £87-97k need to be deducted to provide estimated annual ongoing savings of £201-211k. (These figures differ from the consultation paper because they do not include costs and savings arising from changes related to a managerial post outside the Corporate Leadership Team, which fall to be decided by the Head of Paid Service. The figures in this report relate solely to the changes

affecting the Corporate Leadership Team and the consequential implications of those changes.)

- 5.4 There is no statutory definition of “payback” periods and the Council does not have a formal policy on what payback should be achieved from restructuring processes, although it is self-evident that very low levels of ongoing savings cannot justify significant one-off expenditure in order to implement change. The pension fund requires that pension strain costs are paid within three years, which would be achieved under the funding options set out below. Based on the range of ongoing additional costs set out in paragraph 5.3, the proposals in Option 1 offer a “payback” period of between 3.7 and 3.9 years. However the concept of “payback” is somewhat misleading because it does not mean that the sources of funding to meet the one-off costs would be repaid, for example by rebuilding reserves in full. The savings achieved would need to be deployed to close the Council’s revenue funding gap, although there is the ability to use some of the savings in the first year or two to assist in partial replenishment of reserves.
- 5.5 The one-off costs for the recommendations in this report comprising **Option 2** are estimated at £542k based on an implementation date of 31 December 2021. The comments about one-off costs in paragraph 5.2 are also relevant to Option 2.
- 5.6 The recommendations in this report comprising Option 2 would result in annual gross ongoing savings of £218k. However ongoing additional costs of £40k need to be deducted to provide estimated annual ongoing savings of £178k. Option 2 would offer a “payback” period of under 3.1 years.
- 5.7 The table shows a summary of estimated one-off costs, annual savings and “payback” periods. It will be seen that Option 2 offers a reduction of almost one third in the one-off costs but a reduction in the annual savings of about 10-15%, which is then reflected in the faster “payback” period.

	One-off costs	Annual savings	“Payback” period
Option 1	£789k	£201-211k	3.7 to 3.9 years
Option 2	£542k	£178k	3.1 years
Difference between Option 2 and Option 1	£247k lower	£23-33k lower	0.6 to 0.8 years earlier

- 5.8 Whichever option is selected, the one-off costs would not affect the level of council tax or the level of spending on services. They will be met from one-off sources. There is an extant direction from the Ministry of Housing, Communities and Local Government which permits councils, until March 2022, to fund one-off transformation costs from capital receipts. The Council has some capital receipts that have not been allocated but insufficient to cover the total sums involved. The Council could make an application to MHCLG for a capitalisation direction that allowed the option of borrowing to meet transformation costs: it is however considered unlikely that MHCLG would look favourably on such an application when there is an extant direction. Alternatively, some or all the cost could be met from one-off revenue

sources including existing reserves and savings identified from closure of accounts for 2020-21. As the latter figures are not yet known, it is preferable to retain flexibility and the report therefore recommends authorising the Corporate Director: Resources/Section 151 Officer in consultation with the Leader and the Cabinet Member for Finance to determine the most advantageous way of funding one-off costs, including the balance between capital and revenue resources. The recommended delegation is subject to obtaining Cabinet's approval for use of any capital resources that it allocates.

6. LEGAL & POLICY IMPLICATIONS

- 6.1 Relevant legislation has been mentioned throughout this report. The Council is bound by employment law in all matters that affect staff, and there has been full compliance with relevant provisions in consulting staff and unions about the proposals. Where redundancies are confirmed, the Council's policies on redundancy and redeployment apply including potential eligibility for a redundancy payment under the Council's scheme – this follows the statutory scheme in providing eligibility for a payment of up to 30 weeks' salary, dependent on age and length of service, but based on actual pay rather than the prescribed figure. Under the local government pension scheme, staff who are aged 55 and over when made redundant are entitled to payment of their accrued pension immediately, without an actuarial reduction. This is a statutory requirement and thus the Council will comply with it in relevant cases. The Council also has a policy in respect of flexible retirement in accordance with the local government pension scheme regulations, under which an accrued pension may be released without an actuarial reduction if the individual is reducing grade and/or working hours. The reduction in working hours must be at least 20%. No entitlement to a redundancy payment arises in such cases as the individual remains in employment.
- 6.2 The only legal requirements about the structure of the Council are that it has to have:
- 6.2.1 **a head of paid service**, who is responsible under the Local Government and Housing Act 1989 for reporting to Council on
- “(a) the manner in which the discharge by the authority of their different functions is co-ordinated;
 - (b) the number and grades of staff required by the authority for the discharge of their functions;
 - (c) the organisation of the authority's staff; and
 - (d) the appointment and proper management of the authority's staff”;
- 6.2.2 **a chief finance officer**, who must hold a relevant accountancy qualification and who is responsible under section 151 of the Local Government Act 1972 for the administration of the Council's financial affairs. Further duties and powers of the postholder are set out in other local government legislation;
- 6.2.3 **a monitoring officer**, who cannot be the head of paid service. The Local Government and Housing Act 1989 places the monitoring officer under a duty, if it appears that any proposal, decision or omission has given rise to or is

likely to or would give rise to a contravention of legislation or maladministration, to report to full Council and this has the effect of suspending implementation of the proposal or decision. The monitoring officer also has functions in respect of the ethics regime for councillors.

- 6.3 There is a range of other statutory roles, such as electoral registration officer, data protection officer and “proper officer” for various functions but they are often combined with other posts, whether in senior management or at other levels in a council.
- 6.4 “Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011” (February 2013) is statutory guidance to which the Council is required to have regard, although it is not an inflexible set of statutory rules. Paragraph 13 states: “Authorities should, therefore, offer full council... the opportunity to vote before large severance packages beyond a particular threshold are approved for staff leaving the organisation. As with salaries on appointment, the Secretary of State considers that £100,000 is the right level for that threshold to be set.” This report complies fully with the guidance by seeking Council’s endorsement prior to implementation of the proposals.

7. RISK MANAGEMENT

- 7.1 As with any significant change programme, the proposed new management structure involves a range of risks – although maintaining the current structure would also involve risks that are either predictable (e.g. no contribution to savings) or unpredictable (e.g. loss of experience if a member of staff was to secure a post elsewhere). There are also risks that arise if Council does not accept the recommendations in this report, which also need to be considered. The recommendations will present risks to the Council in terms of its ability to deliver the programme of radical further change set out in the Medium Term Financial Strategy but is unavoidable: the Council has approved that a review should be implemented by April 2022 at the latest and it is implicit that the impact of the review should not be superficial or trivial. Ultimately, members will have to judge whether they are prepared to accept the risks that arise from the options in this report, balancing whether the benefits in terms of savings and providing enhanced roles for talented managers outweigh the risks from loss of capacity and corporate knowledge and the one-off costs. The table sets out a summary of risks and mitigation measures.

Risk	Mitigation measures
Risks relating to the recommendations	
Reduced capacity, experience, skills and corporate knowledge	<p>There is strong corporate knowledge among other staff. Most of the current 3rd tier managers have been with the Council for 10+ years; only two have been with the Council for shorter periods.</p> <p>Also strong experience and professional skill base among all 3rd tier managers.</p>

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	<p>Recommendations minimises risk of potential damaging loss of their experience and skills if 3rd tier managers decide to develop their careers elsewhere.</p> <p>Mentoring and development support from existing CLT members in period between Council decision and implementation (paragraph 4.4).</p> <p>Review of managerial tasks and responsibilities to align capacity with demand (paragraph 4.8)</p> <p>Option 2 retains two members of CLT – and thus greater corporate knowledge - and more capacity at chief executive level</p>
<p>Impact on ability to undertake service reviews in MTFS, delivery Future High Streets Fund projects etc</p>	<p>Additional temporary capacity being brought in to assist with undertaking reviews</p> <p>Reviews being led by the service managers who will be most affected by them and have the strongest interest in ensuring sustainable arrangements</p> <p>FHSF projects include funding for additional posts or external consultancy support. Includes up to c£250k for fixed-term project management posts.</p>
<p>Changes to management structure when new political leadership elected in May 2021</p>	<p>No impact on capacity to support the transition in political leadership.</p> <p>Timetable allows support to be shaped around the new leader, also allows time for implementation of early phases of change under the MTFS, such as the next round of localism discussions.</p>
<p>Inadequate allowances for consequential impacts such as grading/salary reviews</p>	<p>Assumed extra ongoing costs of up to £97k (Option 1) or £40k (Option 2) reviewed and considered to be sufficient</p>
<p>Successful implementation of Council decisions affected by subsequent Government legislation on exit</p>	<p>Delegation to Head of Paid Service to bring forward implementation date if necessary (recommendation 2.1.2; paragraph 4.19)</p>

payments and local government pension scheme	
Ability of Council to fill posts in proposed structure when they fall vacant in future, if salary levels not perceived as attractive	Existing policies allow for recruitment and retention supplements if necessary Organisational development programme to continue developing skills of managers to provide potential internal successors Council might have to review salary structure for senior roles
Risks if the recommendations are not accepted	
Financial gap has to be closed entirely through service reductions including higher numbers of front-line staff	No mitigation possible – inevitable consequence of not implementing the c.£180-200k/year savings options set out in this report
Prolongs damaging uncertainty for staff, affects perception of partner organisations Potential impact on staff's health and well-being, including their mental health	Council's decision of 1 March about a management review not to be pursued further (paragraph 4.21)
Current structure blocks ability of managers to develop their careers in WFDC Risk of postholders leaving and council loses experience and corporate memory of next tier of talented managers	No mitigation possible

8. EQUALITY IMPACT ASSESSMENT

- 8.1 The recommendations have been screened for their impact on the protected groups. No impact has been identified in respect of any characteristics other than age. The proposals have greater adverse impact (as measured by loss of employment) on older staff. This arises purely from the personal characteristics of the senior managers who are the main focus of the review, and it is not unusual for the most senior staff in any organisation to be older than other groups of staff. Conversely, the proposals could be said to have a beneficial impact for younger staff as several of them would have opportunities for advancement and progression in higher paid roles.
- 8.2 The make-up of the Council's management is predominantly female, as has been demonstrated in successive years of gender pay gap reporting. 50% of the Corporate Leadership Team is female. However any differential impact on women arising from the proposals affecting this group of staff would be the

result of full Council's decisions. The recommendations before Council do not seek decisions that would be taken by reference to the gender of individuals.

9. CONCLUSION

- 9.1 The Council is invited to approve the recommendations set out in section 2 above, including confirmation of whether Option 1 or Option 2 is to be implemented.

10. CONSULTATION

- 10.1 All staff and councillors were consulted from 31 March to 26 April on the proposals in the consultation paper.
- 10.2 On this report: Corporate Leadership Team; Cabinet; Colin Williams

11. BACKGROUND PAPERS

Medium Term Financial Strategy 2021-24, amendment to recommendations Report to Council, 1 March 2021

Management review – consultation proposals, 31 March 2021

Management review – responses received, 6 May 2021

WFDC Pay Policy Statement, February 2021

WFDC Redundancy Policy

WFDC Flexible Retirement and Awards Policy

MHCLG capitalisation direction, February 2018, in respect of transformation costs and to release savings

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/679844/Local_authorities_direction.pdf

Appendix 1: details of proposed new management structure

This Appendix sets out more detail on the proposed new management structure that would be implemented if Council agrees the recommendations for Options 1 or 2 in the report.

Option 1

The management structure would be built for the most part around the existing posts graded at deputy chief officer level. All posts would report to the Head of Paid Service:

- a) Retain the posts of **Head of Strategic Growth and Head of North Worcestershire Economic Development and Regeneration**, both of which are at the deputy chief officer level. Development Manager to take over line management of the Spatial Planning Manager and report to the Head of Strategic Growth
- d) **Financial Services Manager** to take on the Section 151 role as chief financial officer and be placed on deputy chief officer grade, reporting to the Head of Paid Service and designated as “Head of Resources”. The Audit Manager, ICT Manager and Accountancy team will report to this post;
- e) **HR and Organisational Development manager** to report to the Head of Paid Service, and to take on line management for the media team and the payroll function from finance. Post to be designated as “Head of Business Support and Organisational Development”
- f) post of **Revenues, Benefits & Customer Services manager** to be retained as is but reporting to the Head of Paid Service and designated as “Head of Revenues, Benefits & Customer Services”;
- g) **Head of Community & Environment** to be retained on deputy chief officer grade, reporting to the Head of Paid Service as now, with no change to scope of the role;
- h) in light of the consultation responses, a further review would be undertaken to identify the responsibilities of a post that encompass the Monitoring Officer role. A range of options would be considered and, while it is expected that the role would have responsibility for the Legal section, at this time no confirmation can be given about future line management arrangements for electoral and committee services.

This would result in a structure of seven posts reporting to the Head of Paid Service. The new structure is shown in the illustrative organogram below and would form the revised membership of the Corporate Leadership Team.

In line with long-standing arrangements, there would be no designated, permanent deputy for the Head of Paid Service. To cover periods of significant leave or absence, the Head of Paid Service designates an acting Head of Paid Service on a rota basis and it is intended that this practice would continue, drawing on posts at the Deputy Chief Officer grade.

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Existing post	Proposed post	Brief summary of main service areas
Head of Strategic Growth	Head of Strategic Growth	Housing, planning (development management and forward planning), North Worcestershire Water Management, health, well-being and climate change
Head of North Worcestershire Economic Development and Regeneration	Head of North Worcestershire Economic Development and Regeneration	Economic development and regeneration; property and facilities management
Financial Services Manager	Head of Resources	Finance, internal audit, ICT
HR and Organisational Development manager	Head of Business Support and Organisational Development	HR, media & communications, payroll
Revenues, Benefits & Customer Services manager	Head of Revenues, Benefits & Customer Services	Revenues, benefits, customer services
Head of Community & Environment	Head of Community & Environment	Waste collection, street cleaning, grounds maintenance, parks, nature reserves, car parks, civil enforcement, museum
TBC	“Monitoring Officer” – further review to be undertaken	Legal services Other services (if any) TBC following the further review



Option 2

The management structure would be built for the most part around the existing posts graded at deputy chief officer level. All posts would report to the Head of Paid Service:

a) Retain the posts of **Head of Strategic Growth and Head of North Worcestershire Economic Development and Regeneration**, both of which are at the deputy chief officer level. Development Manager to take over line management of the Spatial Planning Manager and report to the Head of Strategic Growth

b) **Financial Services Manager** to take on the Section 151 role as chief financial officer and be placed on deputy chief officer grade, reporting to the Head of Paid Service and designated as “Head of Resources”. The Audit Manager, ICT Manager and Accountancy team will report to this post, which will also retain responsibility for payroll;

c) post of **Revenues, Benefits & Customer Services manager** to be retained as is but reporting to the Head of Paid Service and designated as “Head of Revenues, Benefits & Customer Services”;

d) **Head of Community & Environment** to be retained on deputy chief officer grade, reporting to the Head of Paid Service as now, with no change to scope of the role;

e) **Solicitor to the Council** to be retained on deputy chief officer grade, with existing line management responsibilities unchanged.

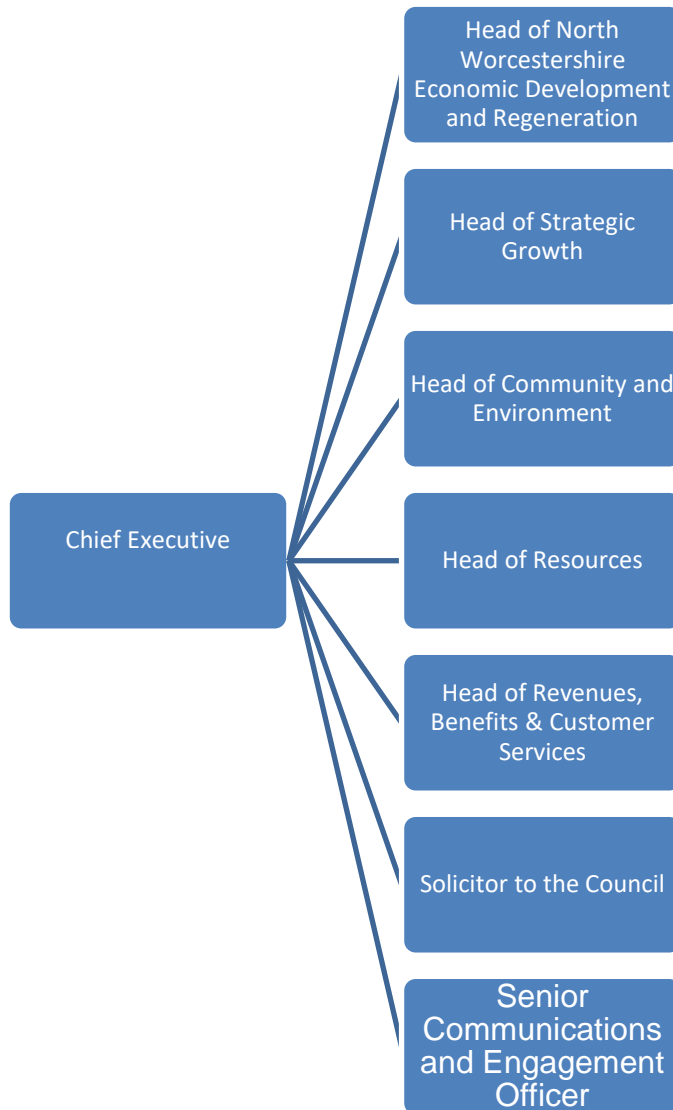
This would result in a structure of six senior posts reporting to the Head of Paid Service. The new structure is shown in the illustrative organogram below and the six posts would form the revised membership of the Corporate Leadership Team together with the Chief Executive. (For completeness, there would in fact be a seventh post reporting to the Head of Paid Service, which is part of the current structure, namely the Senior Communications and Engagement Officer. Thus under Option 2 no change would be made to the line management arrangements for the media team.)

In line with long-standing arrangements, there would be no designated, permanent deputy for the Head of Paid Service. To cover periods of significant leave or absence, the Head of Paid Service designates an acting Head of Paid Service on a rota basis and it is intended that this practice would continue, drawing on posts at the Deputy Chief Officer grade.

Existing post	Proposed post	Brief summary of main service areas
Head of Strategic Growth	Head of Strategic Growth	Housing, planning (development management and forward planning), North Worcestershire Water Management, health, well-being and climate change
Head of North Worcestershire Economic Development and Regeneration	Head of North Worcestershire Economic Development and Regeneration	Economic development and regeneration; property and facilities management
Financial Services Manager	Head of Resources	Finance, internal audit, ICT
Revenues, Benefits & Customer Services manager	Head of Revenues, Benefits & Customer Services	Revenues, benefits, customer services
Head of Community & Environment	Head of Community & Environment	Waste collection, street cleaning, grounds maintenance, parks, nature reserves, car parks, civil enforcement, museum

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Solicitor to the Council	Solicitor to the Council	Legal services, elections & committee services, HR
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Appendix 2 – summary of consultation responses

This summary has been prepared by Colin Williams. He has seen the identity of respondents only where they did not ask for their name to be withheld.

Summary of Consultation Responses

Group A – ‘At Risk’ and Directly Affected Staff

Note: 10 respondents have been identified as falling within this ‘Group’ although the names/job titles of two respondents who asked to remain anonymous have not been disclosed to me.

1) Do you agree that the review is correct to focus on reducing the cost of the Council’s senior management?

All but two of the respondents within this group expressly supported the focus of the proposals upon the CLT and those Senior Managers directly reporting thereto. These responses were set firmly in the context of the political priority of minimising redundancies and protecting ‘front line’ jobs whilst achieving a meaningful contribution to the £2.7m budget shortfall. Emphasising this point, one respondent stated that achieving the same level of ongoing revenue savings would result in “significant swathes” of posts needing to be removed and another respondent described their inability to identify alternatives that were any more palatable. Inevitably, concerns were expressed about the impact on the capacity of the Council to sustain its existing and planned levels of service delivery.

Of the two respondents who remained non-committal on support for the ‘focus’ of proposals; one expressed the view that the review was “*premature*”, recommending the changes should be postponed until the ‘Service Reviews’ and other key challenges were delivered. The second highlighted their view that the loss of corporate knowledge and capacity at executive level would leave the Council vulnerable in respect of its ability to deliver on key projects and challenges including the Local Plan, the ‘localism’ agenda and Future High Streets Fund. As part of an overall ‘value for money’ consideration, they also questioned whether the short and longer term ‘backfill’ costs had been fully identified and the period of time (the pay-back period) required to recover the severance costs.

2) Do you support the changes to management arrangements set out in paragraphs 3.11 and 3.13? If not, why not? What alternative arrangements would you suggest?

Unsurprisingly, the above pattern of responses was also reflected in respect of this question. One of the ‘positive’ majority expressed the view that the current third tier of “*talented managers*” had sufficient expertise and experience to lead the transformation journey. Another sought to emphasise the need for the existing ‘third tier’ managers to see the change as an opportunity and demonstrate their collective qualities, experience and capacity to shape the future delivery of council services, as opposed to “*we are going to have to do what CLT did without them being around*”.

However, one respondent offered the view that the political deadline set for achieving the anticipated level of savings had created the need for “*drastic decision making rather than a strategic approach*” which excluded any consideration of shared service delivery with partner organisations through single management structures. A second respondent questioned any assumption that only those whose

posts were affected would be impacted upon by the proposals, anticipating inevitable delegation to the next tier of managers due to demands on members of the 'new' leadership team. No alternative arrangements were identified.

3) Which option should be adopted in respect of the chief executive's post and why?

Option A: make the postholder redundant and recruit a part-time chief executive

Option B: make the postholder redundant and share a chief executive/managing director with another council

Option C: flexible retirement of current chief executive and reduce the working hours of the post to four days a week.

If you do not support any of the options, why not? What alternative arrangements would you suggest?

In the context of the 'focus' of the proposals and the options set out in the above question, most all respondents supported Option C, motivated by sustaining some level of leadership continuity. However, two respondents emphasised their concern that the proposed flexible retirement would lead to a loss in capacity and hence a full time Chief Executive would be crucial to support the 'new' strategic leadership team and progress service reviews and potential future shared services arrangements. One of these respondents questioned the impact on the "*estimated savings*" should there be no change to the Chief Executive's post. No alternative options were identified.

4) Should the head of paid service be designated as "chief executive" or as "managing director"? Why do you prefer the title you have chosen?

Of the limited number who expressed a view on this question there was support for a shift to a title of "*Managing Director*" if only as a signal of a changed structure, whilst one respondent expressed the view that a change of title alone would make little difference unless the focus of the role (and its relationship to the new strategic team) significantly changed.

5) Do you support the proposal in paragraph 3.17 in respect of facilities and assets management? If not, why not? What alternative arrangements would you suggest?

Excluding the defined 'at risk' postholder, the small number who responded to this question offered mixed views, resulting in marginal positive support, including recognition of the synergy opportunities from the transfer of management responsibilities for the service into the NWEDR. However, there were some reservations expressed that the level of support to other services may be placed at risk and that until the detail of the integration of the service within NWEDR was finalised, the extent of such remained unknown.

Whilst supporting the proposal overall, this concern was echoed by the defined 'at risk' postholder, who highlighted the operational commitments and demands arising from and relating to achieving the most cost effective use of WFH, including the developing significant letting arrangements, alongside the levels of resource necessary to conclude re-contracting processes. In conclusion, emphasis was placed on the need to provide sufficient time for transition to enable the Head of

NWEDR to consider how services can be sustained in the context of the deletion of their existing post.

This view was echoed by the Head of NWEDR who simply asked the question whether the deletion or retention of the post should be considered (and not assumed) until their review of how the services could most effectively be integrated. This respondent also highlighted the importance of examining and discussing the impact of the proposals upon the existing shared service with the two partner local authorities (including capacity, service impact and changes to overall financial contributions).

6) Do you have any other comments on the proposals in this consultation paper?

General responses to this question again reflected individuals previous comments, including the need to remove uncertainty over change at the most senior levels of the organisation and have a *“clean break”* to the new leadership structure, in contrast with an alternative view that this was *“a radical proposal that had come at the wrong time”*.

One respondent questioned whether one of the proposed ‘second tier’ posts should be *“designated as “Deputy MD or Deputy CE”*, whilst also emphasising the need for full clarity concerning pay levels at Head of Service level to be resolved as soon as is possible. Another respondent identified the proposed restructure as the first phase of a 3 phase *“strategy of ‘repositioning’ the council in the minds of the community it serves”* followed by a *“Consolidation Phase (Year 2)”* which aligned resources with outcomes and a *“Strategic Phase”* (Year 3) which delivered longer term strategic partnering arrangements with another Council(s).

More than one respondent focused on the importance of the ‘transitional period’, however, at the same time another highlighted the conditional implementation of CLT redundancies being ahead of the implementation of any exit pay cap – which could potentially time limit the commitment to such transitional arrangements. One respondent questioned how the collective responsibilities of the proposed 7 second tier officers forming the new CLT would impact in the context of two discrete salary levels (and the relevance of a title of Deputy Directors). In the context of increasing workloads facing the legal service, significant concerns were expressed by one respondent about capacity within Legal Services due to the deletion of the existing CLT post of Solicitor to the Council (and Monitoring Officer).

Specific views were expressed by one respondent about the sustainability of resourcing levels arising from reduced senior capacity within the Planning functions, questioning whether potential backfill costs had been fully accounted for.

In conclusion one of the ‘at risk’ CLT postholders identified *“every confidence”* in the WF20 Officers, with the benefit of the transitional period, to ‘step up’ and whom they considered *“represent the future and have always been the Council’s Succession Plan”* adding that the Council had been fortunate to retain *“so many loyal and competent officers”*.

Group B – Other Staff

Note; The below summary relates to 26 responses from individual ‘staff’ who could not be identified as falling within Group A and a collective response from a team of three staff. It is notable that 9 of these responses emanated from one Service Area (Financial Services)

1) Do you agree that the review is correct to focus on reducing the cost of the Council’s senior management?

The large majority of respondents expressly disagreed with the proposed focus of the review, with a further small number identifying reservations or concerns about impact. Only 3 responded positively to the above question.

Of those who responded negatively, a number of recurring themes were commonly identified. The most frequently expressed of such reflecting high levels of concern about the significant impact of the proposals upon ‘corporate memory’ and future levels of senior capacity of the organisation. More specifically, the negative impact of the removal of the CLT tier upon the Council’s ability to meet both existing and future service commitments was highlighted, including specific initiatives such as the Future High Streets ‘project’; full exploration of shared service opportunities, and; the demands of the post pandemic recovery. Furthermore, concerns were expressed over risks arising from resultant pressure on the ‘new’ Leadership Team and those staff who will be required to support them.

Within this theme, and in the context of an overall ‘value for money’ assessment, a proportion of respondents expressed specific concerns whether the level of revenue savings identified was proportionate to the level of impact and/or directly questioned the period of ‘payback’ i.e. the ‘one off’ severance costs being recouped over a period “of almost 4 years”.

One respondent expressed a more ‘pointed’ view that the proposals appeared motivated, at least in part, by the (potential) introduction of the ‘exit payments cap’ and questioned the balance of interests between such and the Council overall.

In the context of the approval of the proposals necessitating an express and clear acceptance by elected members of a reduced level of expectation and such being communicated to the public, one respondent expressed concern that “*this will not be done as a co-ordinated piece of work but will be left for the newly formed CLT to persuade Members, without any real understanding as to whether this is to be successful*”.

Of those who limited their responses to their expression of reservations, the above themes were replicated with additional concerns as to whether subsequent consequential increases in salary level and ‘backfill’ requirements would, over time, negate the identified revenue savings.

Of the 3 respondents who responded positively to this question, two simply described the proposals as “*bold*” and the most “*effective*” way of delivering savings, whilst the third focused upon how the proposals met the objectives (and parameters) defined by elected members in the Council debate that “*predicated this review*” and

furthermore that it should be a 'new team' "*that shape the future and explore new working relationships with other bodies*".

2) Do you support the changes to management arrangements set out in paragraphs 3.11 and 3.13? If not, why not? What alternative arrangements would you suggest?

Perhaps inevitably, the same balance of positive and negative responses emerged as in Q1, reflecting the overall perspective of each respondent. Within this section, two respondents added more focused concerns regarding capacity relating to the management and delivery of legal services; the proposed reallocation of the statutory role of Monitoring Officer and the reward levels in relation to such.

In respect of 'alternative arrangements' suggested or proposed, one aspect of many of the responses to Question 1 (with some overlap in Question 2) is perhaps best positioned in this part of the overall summary i.e. a number of respondents considered that the focus upon the most senior management was too narrow and that any proposals should be positioned within a 'wider review'.

The rationale for such a 'wider review' included enabling the prior undertaking of a series of (planned) 'service reviews' and the development and/or delivery of transformation plans to better inform a single review of structure. Only one respondent defined the scope of such, referring to including the "next tier of managers".

In respect of more specific **alternative proposals**:

- a) From a position of overall support, one respondent expressed concern the proposals may be too extensive or radical and suggested that an alternative would be to create a *Deputy Chief Executive* post alongside 6 *Head of Service* posts in order to provide for greater levels of continuity and stability. They facilitated this proposal by merging *Resources* and *Business Support and Organisational Development* (presumably under the DCE).
- b) Reflecting the above broad aim, another respondent suggested (without any detail) that "*maybe one or two (CLT) posts be made redundant*" facilitating a longer term phased transition process.
- c) With a focus on short to medium term capacity and a more supported 'transition, a further respondent effectively sought to defer the deletion of CLT posts by proposing 2 year secondment periods for both *Corporate Director* posts to lead transformation and FHSF respectively "*potentially under part time flexible retirement*" arrangements. A further respondent also suggested 'flexible retirement' be offered to all members of the existing CLT.

Any of the above proposals would demand further analysis of the impact upon the level of revenue saving and impact on severance costs. Evidently, c) would be dependent upon the existing postholders agreeing to flexible retirement which is a voluntary/agreed termination process.

Across Questions 1 and 2, four respondents suggested a 'without prejudice' voluntary redundancy 'trawl', without appearing to consider the parameters for the review as expressly set by Council.

3) Which option should be adopted in respect of the chief executive's post and why?

Option A: make the postholder redundant and recruit a part-time chief executive;

Option B: make the postholder redundant and share a chief executive/managing director with another council;

Option C: flexible retirement of current chief executive and reduce the working hours of the post to four days a week;

If you do not support any of the options, why not? What alternative arrangements would you suggest?

Of the 11 respondents who considered this question relevant, a small majority expressly opted for Option C, including two ruling out only Options A and B respectively.

In respect of **alternative arrangements/proposals**, the minority view (3 respondents) expressed a view that there remained a need for a 'full time' Chief Executive, focusing on the level of support and leadership necessary to be provided to the new CLT. Finally, one respondent suggested that any request for 'part time' working could be considered/offered without the necessity for an associated flexible retirement proposal.

4) Should the head of paid service be designated as "chief executive" or as "managing director"? Why do you prefer the title you have chosen?

3 of the 7 who responded to this question supported a change in the title to *Managing Director* linking such to a more commercially focused structure and/or 'repositioning' of the Council. Three supported retention of the existing title, one emphasising the avoiding of any costs associated with a change in such when the postholder remains the same. The remaining respondent considered this a minor issue not worthy of a view being offered.

5) Do you support the proposal in paragraph 3.17 in respect of facilities and assets management? If not, why not? What alternative arrangements would you suggest?

Of the 14 responses the large majority reflected one or more of the following concerns/questions;

- The importance of considering the impact of the loss of the Manager post within the context of the demands arising from the letting of WFH and whether sufficient capacity would be available following integration of the service into NWEDR?
- Further to the above, whether the resultant savings would be sustained following any subsequent service review and re-organisation once the service was integrated within NWEDR?
- Whether the post is actually 'redundant' in light of the workload facing the service and postholder?

- The existence of only a “*tentative link*” to the ‘Senior Management Restructure’ and/or whether the future of the post should be considered as part of a more focused and comprehensive separate service review?

6) Do you have any other comments on the proposals in this consultation paper?

Of the 17 respondents who offered further comments, the large majority reflected concerns already identified previously by themselves or others. In that respect and at a corporate level, the greatest concerns repeated were those relating to capacity and timing i.e. in respect of the former, impact on the organisation and those left to manage future demands, and; the latter that the proposals were premature ahead of service reviews and current major challenges facing the Council. Whilst there were a small number of mixed views about the period for transition, the majority of such considered it may be inadequate. Two respondents expressed the view the proposals were being inappropriately influenced by the risk of reintroduction of the ‘exit pay cap’, whilst another stressed the need to remove continuing uncertainty and the negative impact of delays on securing savings.

A small number of respondents repeated or added concerns over whether backfill costs had been properly identified both in the short and longer term. Two criticised the failure to consider alternative options but referring only to voluntary redundancy ‘trawls’.

In respect of the transfer of the Communications function into a wider *Business Support* service, two respondents argued such should remain reporting directly to the Chief Executive to retain and ensure its strategic ‘positioning’ within the organisation as agreed under the previous organisational review which it was stated had established the value of such.

Capacity concerns within the Legal service reappeared and in respect of the references in the consultation document regarding structure and reporting line changes within the wider Planning service, one respondent was “*generally supportive*” of proposals. However, this was caveated with the need “*to leave no ambiguity*” over the scope of responsibility for the post of *Planning Manager* and the need to recognise the need for a more detailed review of the revised structure as part of the consideration of the Senior Management Restructure.

**Colin Williams
Associate Consultant – West Midlands Employers**

3rd May 2021