

COUNCIL 7 APRIL 2011

*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No. 6
----------------------------------	--

TITLE OF REPORT: ORGANISATIONAL RESTRUCTURING

REPORT OF THE CHIEF EXECUTIVE AND HEAD OF THE PAID SERVICE

1. PURPOSE OF REPORT

- 1.1. This report introduces and adds to the report on Organisational Restructuring considered by Cabinet on 15th February 2011.
- 1.2. Council are asked to specifically endorse the changes to the senior management arrangements for the Council, approve some consequential amendments to the terms of reference for the Employment Committee, clarify the Chief Executive and Head of the Paid Service's delegated authority and to generally note wider structural adjustments.

2. FORWARD PLAN

As set out in Appendix 1.

3. BACKGROUND AND FINANCIAL CONTEXT

- 3.1 The report to Cabinet on 15th February (attached as Appendix 1) sets out the detailed background and financial context in which the restructuring proposals have been drawn up.
- 3.2 In line with the broad timetable set out in Appendix 1 formal consultation with staff ended on 19th March 2011.
- 3.3. With reference to the senior management arrangements the main difficulty this year has been the lack of options or flexibility. A number of individuals are directly affected and clearly have more questions and comments than others. All of this individual feedback is being considered with the specific staff members.
- 3.4 More generally there has not been a large groundswell of opposition to the proposals. The report recognises that our room for manoeuvre is limited and most colleagues have a good understanding of that.
- 3.5 It may be necessary to make some further minor adjustments to resolve any outstanding individual issues but Council is recommended to endorse the proposals set out in Appendix 1 and to delegate authority for any such consequential amendments to the Head of the Paid Service to the Chief Executive and Head of the Paid Service in consultation with the Leader of the Council and other group leaders as appropriate.

4. LEGAL IMPLICATIONS

- 4.1 A number of general legal implications are set out in Appendix 1 so they are not repeated here. However, there are some other matters for Council to consider.
- 4.2 In addition to the Statutory requirements the Council's terms of reference include reference to "determining the senior management structure of the organisation". This must be read alongside the express duty of the Head of the Paid Service as set out in Section 4 of the Local Government and Housing Act 1989.
- 4.3 Further requirements in relation to the appointment and dismissal of Chief Officer posts are prescribed in the Local Authorities (Standing Orders) England Regulations 2001. In the Council's Constitution the term "Chief Officer" refers to a number of staff including Heads of Service, Corporate Managers, Strategic Directors and the Chief Executive.
- 4.4 There are also conditions contained within the Joint National Council (JNC) Chief Officers Handbook. These include the following requirements to:
- Consult at an early stage.
 - Comply with the requirements of Section 188 Trade Union and Labour Relations (Consolidation) Act 1992, relates to consultation and provision of statutory information.
 - Afford the Chief Officer and a trade union representative an opportunity of making oral representations to the Committee or Council meeting concerned before a final decision is made.
 - Offer suitable alternative employment, if there is any.
 - Consider the possibility of premature retirement, enhancement of benefits or redundancy payments or extending the notice period for time to find other employment.
- 4.5 The Terms of Reference for Employment Committee do not currently refer to Chief Officers and there is no specific reference to dismissal or redundancy of Heads of Service. They do provide for appointment of Heads of Service, disciplinary cases involving Heads of Service and exercising discretion relating to other regulations which refer to early termination of contracts and discretionary compensation. Therefore it seems reasonable to consider including reference to dismissal and redundancy as part of the terms of reference.
- 4.6 Any redundancies that arise from a restructure are a Council function (delegated as appropriate) and not an Executive function, Section 112 of the Local Government Act 1972 gives the local authority power to appoint staff and determine terms and conditions on which they hold office, including procedures for dismissal. This function of Council can be delegated to a Committee or an officer in accordance with relevant regulations. At NHDC, non-chief officer appointments, dismissals and redundancies are covered by the Scheme of Delegations – Section 3, paragraph 3.1(b) where the Chief Executive has delegation to exercise overall managerial responsibility for staff. As the organisation is likely to contract further over the next several years it is recommended that the Chief Executive and Head of the Paid Service's delegations are clarified by the addition of two points as follows:
- a) A general delegation to make any necessary minor changes to terms and conditions.

b) A specific reference to dismissal and redundancy.

4.7 It appears that there have been no Chief Officer dismissals since circa 2000 which may well have been before the current legislative framework was in place. Therefore it is necessary to amend our procedures to allow for the correct process to be followed.

4.8 Whilst the Council's Reorganisation Policy provides for a right of appeal to a Director against a redundancy decision this is not adequate in relation to Chief Officers. There are distinct divisions in the Chief Officer requirements (as referred to above) which must be recognised. These broadly break down as follows:

- Full Council is asked to determine a structure based upon a report from the Head of the Paid Service.
- It is then necessary at member level to consider the impact of any approved restructure on the current personnel employed and apply the correct processes in respect of affected posts.

4.9 The references above at paragraph 4.4 to oral representation, and at paragraph 4.8 to member consideration of the impact on individuals, are both capable of delegation to an Officer.

4.10 In order to deal with the above matters Council are recommended to:

a) Delegate dismissal of a Chief Officer to the Chief Executive and Head of the Paid Service.

b) To amend the terms of reference of the Employment Committee to consider any appeal against the decision of the Head of the Paid Service. The redrafted terms of reference would read as follows:

"To consider appeals against decisions made by the Chief Executive and Head of the Paid Service relating to the dismissal by redundancy or otherwise of Chief Officers."

c) At both the above stages then in line with the right arising from the JNC conditions (see paragraph 4.4 above) any affected chief officers will be given the opportunity to make oral representations to either the Head of the Paid Service as the delegated decision maker or the Employment Committee as the appeal hearing committee.

4.11 A final consequential amendment to the terms of reference for the Employment Committee is necessary to reflect the fact that Corporate Managers are Chief Officers. References to Heads of Service should be amended to read Chief Officers. This does not affect any other rights or regulations relating to the Council's Statutory Officers that are not dealt with in this report.

5. FINANCIAL AND RISK IMPLICATIONS

5.1 The changes to the structure are necessary to deliver the savings required following the 2011/12 budget setting process. In total, £823,000 savings were identified to be made from changes to staffing across the Council. The Council must ensure that its budget is balanced.

- 5.2 The proposals will impact on the capacity of the organisation and further significant changes and new ways of working are being developed to address these issues.

6. HUMAN RESOURCE AND EQUALITIES IMPLICATIONS

The Council's Reorganisation Policy sets out the steps for consultation, redundancy and selection in accordance with the redundancy legislation contained in the Employment Rights Act 1996. Other Human Resources implications are set out in Appendix 1 and in Section 4 of this paper.

7. CONSULTATION

The proposals have been discussed with individuals affected, trade union representatives and the Staff Consultation Forum.

8. RECOMMENDATIONS

- 8.1 It is recommended that Council approve the revised Senior Management Structure set out in the report at Appendix 1.

- 8.2 It is recommended that any decision regarding dismissal by way of redundancy, necessary in order to implement this restructure is delegated to the Chief Executive and the Head of the Paid Service.

- 8.3 It is recommended that the Chief Executive's delegations within the Scheme of Delegation are clarified by:

- a) Adding a general delegation to make any necessary minor changes to terms and conditions.
- b) Adding a specific reference to the delegation of authority to dismiss any officer including Chief Officers either by way of redundancy or any other appropriate use of the Council's staff related policies.

- 8.4 It is recommended that Council amend the terms of reference of the Employment Committee to include the following:

"To consider appeals against decisions made by the Chief Executive relating to the dismissal by redundancy or otherwise of Chief Officers."

- 8.5 It is recommended that all reference to Heads of Service in the terms of reference for the Employment Committee are amended to read Chief Officers.

9. REASONS FOR RECOMMENDATIONS

The proposals seek agreement from Council to implement the proposals from the Head of the Paid Service to put in place a revised organisational structure to meet the requirements of balancing the Council's budget.

10. ALTERNATIVE OPTIONS CONSIDERED

As set out in the body of the report there are no reasonable alternatives to the proposals put forward in this paper.

11. APPENDICES

Appendix 1 Report to Cabinet, 15th February 2011 – Organisational Restructuring.

12. CONTACT OFFICERS

John Campbell
Chief Executive
Tel: 01462 474 278
John.campbell@north-herts.gov.uk

Norma Atlay
Strategic Director of Finance, Policy & Governance
Tel: 01462 474 297
Norma.atlay@north-herts.gov.uk

John Robinson
Strategic Director of Customer Services
Tel 01462 474 655
John.robinson@north-herts.gov.uk

David Scholes
Strategic Director of Planning, Housing & Enterprise
Tel: 01462 474 836
David.scholes@north-herts.gov.uk

Katie White
Corporate Legal Manager & Monitoring Officer
Tel: 01462 474 315
Katie.white@north-herts.gov.uk

Kerry Shorrocks
Corporate Human Resources Manager
Tel: 01462 474 224
Kerry.shorrocks@north-herts.gov.uk

13. BACKGROUND PAPERS

- a) Reports to Cabinet 19th May 2009 and Council 25th June 2009 regarding a revised senior management structure for North Herts District Council.
- b) All budget papers and reports regarding the 2011/12 budget setting process. These are held by the Strategic Director of Finance, Policy & Governance.
- c) Report to Cabinet 15th February 2011 – copy attached at Appendix 1.