

FULL COUNCIL

27 FEBRUARY 2025

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: LEADERSHIP TEAM AND SENIOR MANAGEMENT RESTRUCTURE

REPORT OF: HEAD OF PAID SERVICE

EXECUTIVE MEMBER: LEADER OF THE COUNCIL

COUNCIL PRIORITY: THRIVING COMMUNITIES / ACCESSIBLE SERVICES / RESPONSIBLE GROWTH / SUSTAINABILITY

1. EXECUTIVE SUMMARY

This report sets out proposed changes to the structure of the Council's Leadership Team and Senior Management, to create additional capacity to support the delivery of the Council Plan whilst also ensuring staff are supported, work is delivered, and strategic leadership is provided. The recent Local Government Association Corporate Peer Challenge identified that the service directors are stretched, and current arrangements are allowing insufficient time for strategic leadership as they are regularly drawn into operational activities.

2. RECOMMENDATIONS

- 2.1. That the ongoing additional budget of £112k per year is approved for inclusion in the Budget 2025/26 (Revenue Budget and Investment Strategy).
- 2.2. That Council note the proposed Leadership Team and Senior Management arrangements as set out in the report and the proposed timetable for the implementation of these arrangements.
- 2.3. That Council waive the constitutional requirements for the appoint of a Director, in this instance, and authorise the Head of Paid Service to offer the new role of Director - Regulatory to the current Service Director Housing and Environmental Health.
- 2.4. That the Monitoring Officer and Chief Finance Officer be authorised to make the necessary amendments to the Council's Constitution (including the Contract Procurement Rules and Financial Regulations) and any consequential title changes to other Policy and Procedure documentation, to reflect the new Leadership Team and Senior Management arrangements.

3. REASONS FOR RECOMMENDATIONS

- 3.1. To ensure that the Council has a Leadership Team and Senior Management structure that is fit for purpose and is able to deliver the Council's priorities. The proposed structure also responds to one of the recommendations in the Corporate Peer Challenge report.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. Alternative options were considered and discounted prior to the commencement of the consultation with staff. These options are explained in more detail in section seven below, but in short were do nothing, reinstate a Deputy Chief Executive role, or adopt a more hierarchical structure akin to the pre-2018 structure. Options for division of services across the seven-director model were explored prior to and during the consultation with staff.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. Directly affected staff were consulted along with representatives from Unison, between 6 January and 7 February 2025. In accordance with the Council's Reorganisation Policy this consisted of group meetings, individual meetings, Staff Consultation Forum, and opportunities to provide written feedback. Additionally, all staff were informed of the consultation and the proposals being consulted on. Members were given the opportunity of a briefing on 3 February 2025 to explain the proposals within this report. As part of developing the proposals prior to the commencement of consultation with staff information was sought from relevant neighbouring Councils on their senior officer structures and the costs of them.

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key Executive decision and has therefore not been referred to in the Forward Plan.

7. BACKGROUND

- 7.1. The current structure of the Council's Leadership Team was designed in 2017 and implemented in June 2018. Initially the model was Chief Executive, Deputy Chief Executive and six Service Directors. In July 2020 the Chief Executive and Deputy Chief Executive posts were deleted and replaced by the Managing Director role. The Service Director roles remained unchanged. During 2020/21 the permanent team was supplemented by a part time Service Director Transformation.

Long standing capacity issues

- 7.2. The issue of lack of capacity within the Leadership Team was acknowledged during the Managing Director's Regular Performance Review with Group Leaders in May 2022. The discussion acknowledged that the structure had been designed in 2017/18 to deliver business as usual. Much had changed since then (eg deletion of the Deputy Chief Executive post in 2020, the pandemic, Ukraine conflict, recruitment/retention issues) and it had put a huge strain on the team. It was agreed that the Leadership Team structure and capacity would be reviewed in 2024 as part of initial planning of the four-year administration – so the structure could take into account what was required to deliver the administration's programme. The ongoing issue of Leadership Team capacity has been a recurring feature of discussions with Group Leaders, given the difficulties delivering the Council's agenda and its statutory services, or responding to external events (such as the Baldock Industrial Estate fire, Hitchin floods, or government funding opportunities) with the resource available, whilst also supporting the service managers and teams and providing strategic leadership.

- 7.3. It became apparent in late 2022 that there was significant strain on parts of the Leadership structure. Therefore, at the Council budget meeting on 23 February 2023 the following resolution was passed: "Council notes the staff resourcing issues that the Council faces, particularly in relation to planning and the strategic implementation of the Local Plan, and notes that Cabinet and the Head of Paid Service will look at options to make use of available resources (such as carry forward of unspent salary budgets) to support the delivery of key Council functions and priorities." Cabinet at its meeting on 14 March 2023 approved the use of £140k for additional Service Director capacity to deliver existing Council priorities. It was agreed to create an additional fixed-term role (around 18 months) at the Service Director level in Regulatory, to allow the current Service Director to focus on strategic Planning issues.

Temporary seventh Service Director post

- 7.4. Following an external recruitment process (which followed the same process as our permanent recruitment process for a Service Director, including Employment Committee interview), a Service Director Housing and Environmental Health was appointed as a secondee from Hertfordshire County Council (HCC) from 14 August 2023 for an initial period of 18 months, to 13 February 2025. This was recently extended to 31 March 2025, in order to provide more time to consider permanent alternatives to the Leadership Team structure.
- 7.5. The key tasks set for the Service Director Housing and Environmental Health on appointment were to address the staffing challenges within the Environmental Health team and to work with partners to seek solutions to the temporary housing difficulties the Council faces. During their employment the additional Service Director has facilitated secure temporary accommodation (86 units) at Anderson House for homeless people working initially with Helping Herts Homeless and Homes England to secure a £3.75M capital contribution and £1.2M revenue over 3 years. They have also worked with HCC to provide a Homeless Women's temporary accommodation in North Herts (6 units). The Environmental Health team has been restructured, with a 'grow your own' model adopted and options identified to strengthen the team (subject to Full Council decisions on budgets). Since taking on responsibility for licensing and community safety, has worked with the team to resolve the issues with the Cat Survival Trust, working in partnership with the Police, and various Zoos to rehome 28 wild cats who might otherwise have been destroyed. Additionally, the Service Director was on the working groups for the staff survey and to prepare for the Corporate Peer Challenge, whilst also being a member of the Digital Transformation Oversight Group and acting as one of the Company Directors of the Council's holding company.

Corporate Peer Challenge recommendation

- 7.6. The recent Corporate Peer Challenge was asked to consider the capacity of the officer leadership team. Peers agree that the service directors are stretched, and current arrangements are allowing insufficient time for strategic leadership as they are regularly drawn into operational activities. Indeed the peers identified that even with seven directors overall capacity remains stretched. However a higher budget bid (over and above that in recommendation 2.1) was not considered realistic at this time in the context of the Council's overall financial position.

Comparisons to Other Councils

- 7.7. In order to inform the considerations on potential structures, the approach taken by the Hertfordshire districts and boroughs and other neighbouring Councils was considered. There is no consistent approach, as structures necessarily reflect the services delivered and the priorities of the individual councils. To give just one example, Stevenage Borough Council retain their housing stock and operate a number of services in house (most notably waste) which we outsource. Their senior structure is therefore different and larger to reflect that.
- 7.8. Research showed that the senior structures of South Cambs, Broxbourne, Hertsmere, East Herts, Dacorum and Stevenage were all bigger and more costly than the current North Herts structure. In some cases, the costs were significantly more than the current costs of the North Herts Leadership Team, for similar sized authorities.

Options considered

- 7.9. Engagement has been undertaken with the Leadership Team across the last twelve months, in order to explore different options and test assumptions, acknowledging that these discussions were without prejudice to individual's rights in the consultation that subsequently followed.
- 7.10. Four options were identified for consideration
- A. Continue with the current approved structure of Managing Director and six Service Directors
 - B. Make permanent the current temporary structure of Managing Director and seven Service Directors, reviewing the areas of responsibility of each director to ensure (as best as possible) even distribution of responsibilities
 - C. Reinstate the Deputy position, alongside option A
 - D. Revert to a structure akin to the pre-2018 position of Managing Director, Strategic Directors and Heads of Service
- 7.11. Factors considered in balancing the pros and cons of the above four options include cost, disruption to services, and addressing the capacity issues.
- 7.12. The only option without a cost implication was option A, however that was discounted as it would not address the long-standing capacity issues of the Leadership Team and the ability to deliver on the Council's ambitions.
- 7.13. Option D was discounted on cost grounds. The previous Strategic Directors were grade 15 and therefore would cost more than the current grade 14 Service Directors and although the Heads of Service were grade 13, any Service Director demoted would maintain salary protection for 3 years (on a sliding scale, with the first year being full protection). Broadly speaking for the same budget as Option B (1x grade 16, 7x grade 14), the Council would be able to afford under Option D 1x grade 16, 2x grade 15 and 4x grade 13. This would leave a structure with one less officer than Option B and therefore fail to address the long-standing capacity issues. It should be noted that the reason a flatter structure was adopted in 2017/18 was to save money, therefore it is not surprising that to reverse that approach would cost considerably more.
- 7.14. In comparing options B and C, it was considered that the issues with Leadership Team capacity would best be addressed through an extra Director, rather than the Deputy

position. This is also the cheaper option as Option C costs more than Option B. The experience of the Managing Director (who was previously Deputy Chief Executive 2017-2020) was that the Deputy role would be of greatest benefit to the Managing Director, rather than relieving pressure on the Service Directors, where the capacity issues are most felt.

- 7.15. Therefore, for all the reasons above, plus the positive impact that having a seventh Director since August 2023 has had (see paragraph 7.5), means option B was the approach chosen as the basis for a revised structure.

8. RELEVANT CONSIDERATIONS

Design Principles

- 8.1 In reviewing the structure based on a seven Director model, the design principles adopted were:-

- to design roles where service areas logically sit together
- not to design roles around current incumbents (in order to future proof the structure as best as possible)
- spread responsibility for the major corporate projects
- to seek (where possible) to balance the demands of the roles
- not to make any redundancies as part of this restructure, as this would be counter productive to the aim of increasing capacity in the structure.

Proposed Structure

- 8.2 The proposed structure is attached at Appendix A, which shows changes to the existing structure in purple and key corporate projects in red. The proposed structure has changed during the staff consultation to reflect feedback received and what is presented to Full Council is the final proposed structure based upon that feedback. It is right to acknowledge that it has not been possible to act upon all the feedback received, but it has all been carefully considered. It is also important to acknowledge that there is no perfect structure, but it is believed by the Head of Paid Service that this proposal is the best balance that can be achieved at the current time. Also attached at Appendix B are the revised structure chart and at Appendix C the current structure chart.

Chief Executive

- 8.3 The proposal is to rename the Managing Director role to Chief Executive, to bring into line with standard practice in Local Government. As a comparison, Hertsmere renamed their Managing Director role to Chief Executive in May 2024. There are no other changes proposed to this role, which remains Head of Paid Service.

Following feedback during the consultation the Service Director job titles will be simplified to Director.

Director - Environment (30 hrs)

- 8.4 This role has *evolved from the current Place* directorate. Responsibility for communications is removed in order to reflect the capacity of the role (as it is 30 hours, rather than full time), as there is no other logical alternative service area to remove. In

recognition of the issues facing the district in the future, this role is designated as strategic flood lead (a new responsibility) due to the links to climate change and that our green spaces will play a role in mitigating flood risks. To be clear this is not intended to usurp any other agency's responsibilities in respect of flooding, but to provide a strategic co-ordinating role within the Council. Additionally, the Community Wellbeing team will report to the Leisure and Active Communities Manager, which was the arrangement pre-2018. The teams already work together and share an apprentice. The major project is the Public Sector Decarbonisation Scheme. It is renamed to better reflect the revised responsibilities.

Director – Place

- 8.5 This role has evolved *from the current Regulatory* directorate. It is broadly consistent with the temporary arrangements for that directorate, but removes the Safety Advisory Group responsibility as that better fits with other service areas. The major project is the Local Plan Review (as well as implementation of the current Local Plan). It is renamed to better reflect that the main focus of this role is now on place making. The alternative name considered was Growth, but there was a large amount of feedback from the planning team that this could be construed negatively, particularly when undertaking development control functions.

Director - Customers

- 8.6 This role keeps the same name as the existing directorate. Communications is moved into this directorate, as the most logical fit available. The major project for this area is the digital transformation project, which is key to our plans to modernise the Council and make us more efficient. Therefore, in order to create capacity to deliver that project, it is proposed to remove Revenues and Benefits.

Director – Regulatory

- 8.7 This is the additional role which has evolved from *the temporary Service Director Housing and Environmental Health*, which currently is responsible for Housing, Environmental Health, and more recently Licensing and Community Safety. The major project is the Anderson House temporary accommodation project. The responsibility for CCTV is moved to Community Safety. Finally, this Director would be lead for the Safety Advisory Group and Community Safety Partnerships, as best fit with the regulatory service areas, plus Strategic Lead for Health. This latter role is currently being informally covered by the Service Director Housing and Environmental Health, so it is intended to formalise that responsibility. The name reflects the nature of the service areas included.

Director - Resources

- 8.8 This role retains the same name as the current role and remains the Council's s.151 officer. As it is one of the statutory officer roles, with the demands that brings, it does not have any major projects in this area (albeit the budget consultation and ongoing work to balance the budget is an important project in its own right). The biggest change for this directorate is the inclusion of Revenues and Benefits, which is often paired with finance in many councils, due to the emphasis on systems and processes. In order to create capacity for managing that area responsibility for Building Services, CCTV and Assets of Community Value are removed.

Director - Governance

- 8.9 This role has evolved from the *current Legal and Community* directorate and remains the Council's Monitoring Officer. As it is one of the statutory roles, with the demands that brings, it does not have any major projects in this area. Recognising the capacity issues with the existing directorate, the current temporary arrangement that sees Licensing and Community Safety managed elsewhere is made permanent. Additionally, the responsibility for Community Wellbeing is removed. Responsibility for Assets of Community Value will move to this directorate and sit with the Policy and Community Manager. The corporate lead responsibility for Safeguarding also sits within this directorate and supports all other directorates to discharge the relevant legislative duties. The Director role is renamed to better reflect the services that it will cover.

Director - Enterprise

- 8.10 This role retains the same name and is responsible for the Churchgate project. The only change is the addition of Building Services, which naturally fits with the other service areas in this directorate, namely Estates, but also the Museum and Town Hall (who often call upon the Building Services team).

Deputising for the Chief Executive

- 8.11 From 2020 to late 2022 one Service Director was the designated deputy for the Managing Director. However, the experience of this was that it had too big an impact on that role, alongside the regular duties. Since late 2022 the responsibility for deputising has been spread across four Service Directors, each required to deputise for approximately two weeks each year. This has the benefit of spreading the impact whilst providing opportunities for career development for the Service Directors. It is proposed to continue this approach, but that six of the seven Directors, with the exception of the Director Governance, would be available to deputise for the Chief Executive on an ad hoc basis. The Director Governance is excluded as, by law, an officer cannot be both Head of Paid Service and Monitoring Officer.

Filling the Director roles

- 8.12 As all six current permanent Service Directors are a significant match to one of the revised Director positions, each will be slotted into the role most closely linked to existing responsibilities. Members will be aware of the upcoming retirement of two of the Directors and the revised structure will provide more clearly defined roles (Director – Place and Director – Governance) which will hopefully prove attractive to candidates. It may be necessary to put interim arrangements in place whilst the recruitment process is carried out.
- 8.13 As noted in the paragraph above, six of the directors are able to be slotted into a revised role. The exception is the current Service Director Housing and Environmental Health, who is temporarily employed under a secondment agreement from Hertfordshire County Council and therefore is not eligible to be slotted into the revised Director - Regulatory role. Council is asked to rely upon the previous robust recruitment exercise (see paragraph 7.4) and the performance over the 18-month secondment to waive the usual constitutional requirements, including interview by the Employment Committee, and authorise the Head of Paid Service to offer the revised Director - Regulatory role to the Service Director Housing and Environmental Health.

Next Steps

- 8.14 Subject to Full Council's approval, the new structure will be implemented from 1 April 2025 at the start of the new financial year. This also allows continuity with the current temporary arrangements, which are due to finish on 31 March 2025, allows time for the Human Resources team to issue revised Job Profiles as required and allows time for the Council's Constitution and associated documents to be updated to reflect the changes in responsibilities. The consultation with staff has been closed, however the outcome cannot be confirmed until after the Full Council meeting, given the request for additional budget to facilitate the new structure.

9. LEGAL IMPLICATIONS

- 9.1. The Council's Constitution sets out at paragraph 14.6.5 the delegation of authority to the Managing Director which includes at section 14.6.5(a)(i) To carry out the duties of Head of Paid Service (section 4 of the Local Government and Housing Act 1989) which includes all necessary powers for (a) co-ordinating the discharge of all functions; (b) exercising all overall management responsibility for staff. This report is presented to the Council in accordance with paragraph 4.4.1(o) of the Constitution which gives Council responsibility for "receiving reports from the Head of Paid Service on senior management structures of the organisation."
- 9.2. It should be noted that the revisions to the senior management structure do not include any alterations to the appointment of individuals to the posts of Head of Paid Service, Chief Finance Officer or Monitoring Officer. By law these roles must be appointed by Full Council.
- 9.3. In respect of recommendation 2.3, the Councils constitution contains the following requirements, that this recommendation seeks to waive:
- 9.3.1 Mandatory Officer Employment Procedure Rules under the Local Government & Housing Act 1989 and consequential Regulations, as set out at section 12.8. These provide under section 12.8.3 "Recruitment of Chief Officers" the following
- 12.8.3.1 Where the Council proposes to appoint a Chief Officer and it is not proposed that the appointment be made exclusively from among their existing Officers, the Council will:*
- (a) draw up a statement including the following:*
- (i) the duties of the Officer concerned; and*
- (iii) any qualifications or qualities to be sought in the person to be appointed;*
- (b) make arrangements for the post to be advertised in such a way as is likely to bring it to the attention of persons who are qualified to apply for it; and*
- (c) make arrangements for a copy of the procedures mentioned in paragraph*
- 12.8.3(a) to be sent to any person on request.*
- 12.8.3.2 Where a post has been advertised as provided for in*
- 12.8.3.1, the Council shall–*
- (a) interview all qualified applicants for the post, or*

(b) select a short list of such qualified applicants and interview those included on the short list.

- 9.3.2 In respect to the interview requirements for a Chief Officer (who is not a statutory officer), the remit for undertaking this function rests with the Employment Committee, as per section 10.3.4 (b).
- 9.4 The Managing Director has sought external HR and legal advice on this issue and whether the requirements set out in 9.3 above can be waived in these circumstances. Confirmation has been received that they can.
- 9.5 The report recognises the financial constraints that the Authority finds itself within and identifies the fact that the Council is required to undertake a significant number of statutory services, and the resourcing of the organisation needs to facilitate this. Revisions to the senior management arrangements need to be undertaken in accordance with the Council's Constitution, employment law and the Council's agreed Reorganisation Policy.
- 9.6 Sections 12 and 14 of the Constitution will be reviewed and amended to reflect any new structures adopted. There will also need to be changes to the Contract Procurement rules (Section 20) and Financial Regulations (Section 19), although there will be a number of Policy and Procedural documents where the area and remit will have to be amended to reflect the new titles and remit and therefore such authority to make these consequential amendments is sought, to the extent required for administrative and operational reasons.

10. FINANCIAL IMPLICATIONS

- 10.1. The additional cost of the proposed structure is £112k per year. To be clear this is not the salary cost but is the 'on-cost' that also includes national insurance and pension costs. The proposal is entry R18 on Appendix B to the Budget 2025/26 (Revenue Budget and Investment Strategy) report later in the agenda of this Full Council meeting. This can in effect be part funded by the salary inflation provision for 2024/25 that was not all required (as noted in the Quarter 2 budget monitoring report to Cabinet).
- 10.2. The wider financial picture of the Council is set out in the Budget 2025/26 report and the Medium-Term Financial Strategy (MTFS) and are therefore not repeated in this report, suffice to say that savings need to be identified and achieved across the MTFS period. Additional capacity at Leadership Team level can help identify and deliver those savings, for example through being better positioned to deliver the digital transformation project.
- 10.3 The Service Director posts have previously been subject to an external job evaluation exercise by Hay to determine the salary level for each post. The additional Director post is consistent with the responsibilities of the other Director posts.

11. RISK IMPLICATIONS

- 11.1. Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.

- 11.2. Maintaining additional capacity helps to manage the corporate Resourcing risk. Ensuring that there is a spread of the Council's major corporate projects also helps to ensure that there is capacity to manage oversight of these projects, which will support delivery and risk management.

12. EQUALITIES IMPLICATIONS

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. The Council's Reorganisation Policies are developed and consulted upon in a way which complies with the Equalities Act 2010.

13. SOCIAL VALUE IMPLICATIONS

- 13.1. The Social Value Act and "go local" requirements do not apply to this report.

14. ENVIRONMENTAL IMPLICATIONS

- 14.1. There are no known Environmental impacts or requirements that apply to this report. However the ability of the Council to respond to its sustainability priority and its climate emergency declaration is compromised if there is insufficient officer resource to deliver on those ambitions.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 The Human Resource implications are covered within the report. The HR team has been providing support to the Head of Paid Service in advance of, and during, the consultation on the proposed changes to the structure. The consultation has been carried out in accordance with the Council's adopted policies.
- 15.2 If Full Council approves the recommendations in this report, revised Job Profiles will be issued to staff where relevant and the changes reflected in the payroll system.

16. APPENDICES

- 16.1 Appendix A – final proposal
- 16.2 Appendix B – revised structure chart
- 16.3 Appendix C – current structure chart

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18. BACKGROUND PAPERS

- 18.1 None.