

24 August 2023

ITEM: 5

General Services Committee

Employment Matter - Senior Management Arrangements

Wards and communities affected:

All

Key Decision:

No

Report of: Dave Smith – Chief Executive

Accountable Assistant Director: NA

Accountable Director: NA

This report is Public. Appendix 3 exempt.

If the report, or a part of this, has been classified as being either confidential or exempt by reference to the descriptions in Schedule 12A of the Local Government Act 1972, it is hereby marked as being not for publication. The press and public are likely to be excluded from the meeting during consideration of any confidential or exempt items of business to which the report relates.

Executive Summary

On 2 September 2022 the Secretary of State for Levelling Up, Housing and Communities (DLUHC) exercised powers to intervene in Thurrock Council to address concerns over investments and external borrowing. Essex County Council were appointed as Financial Commissioners. Additionally, a Best Value Inspection (BVI) commenced to review the governance, risk and audit functions and the leadership and culture of the council.

To support the intervention, the BVI and provide capacity for key roles interim senior management arrangements were agreed by General Services Committee on 29th September 2022.

Following the first Commissioner report in December 2022 additional Directions were issued on 16 March 2023, expanding the scope of the Intervention and providing Commissioners with powers over governance and staffing functions.

The Directions also appointed a Managing Director Commissioner to fulfil the role of Chief Executive, one of the priorities being to put in place a senior management structure that responds to the Directions, supports the corporate operation of the council, provides the capacity and capability to deliver improvement and change at pace and is consistent with the Council's emerging operating model.

On the 5 July 2023, a report was presented to General Services Committee (GSC) with a proposed revised Senior Management structure that met the requirements of the Directions. GSC supported the proposed structure enabling formal consultation to commence. Consultation took place between 6 July 2023 and 5 August 2023. This report sets out the outcome of consultation, presenting the final Senior Management structure and the process and timescale for implementation.

1. Recommendations:

General Services Committee are asked:

- 1.1 To approve the final Senior Management Structure**
- 1.2 To approve the voluntary redundancy request from the Director of Public Realm as set out at Appendix 3.**
- 1.3 To note and approve the dismissals of the Director of HR, OD & Transformation and the Director of Strategy, Engagement & Growth through compulsory redundancy as set out in Appendix 3.**
- 1.4 To note the recruitment and selection timetable for the new senior positions set out in section 6.**
- 1.5 To recommend to Commissioners the appointment of Steve Mair as S151 Officer pending the permanent appointment of the new Chief Finance Officer (Section 151).**

2. Introduction and Background

- 2.1** On 2 September 2022 the then Secretary of State (SOS) for Levelling Up, Housing and Communities (DHUHC) exercised powers to intervene in Thurrock Council following concerns around Thurrock's investment activity and external borrowing. This is a novel intervention with Essex County Council (ECC) being appointed as a Financial Commissioner and the intervention preceding a Best Value Inspection (BVI).
- 2.2** As a result of the Government Intervention a temporary senior leadership structure was stood up to stabilise the organisation following the departure of two statutory officers in September 2022 and to provide the capacity to respond to the Intervention.
- 2.3** In December 2022 ECC issued its first report to the SOS together with a draft BVI report which provided an update on the progress of the financial intervention as set out in the Directions issued in September 2022. The Commissioner report set out the unprecedented scale and complexity of the financial challenge facing Thurrock Council. Whilst it acknowledged the progress and willingness of both Members and Officers to improve and recover it made clear a number of weaknesses which led to an expansion of Intervention and directions issued on 16 March 2023.

- 2.4 The Directions issued on 16 March 2023 replaced those issued in September 2022 and expanded the scope of the Intervention, they provided Commissioners with additional powers over the Council's governance and staffing functions and to take additional actions to support its improvement. In addition, it appointed a Managing Director Commissioner who will fulfil the role of a Chief Executive for the Council and will be responsible for the day-to-day operations of the Council.
- 2.5 The current senior management structure is set out at **Appendix 1**. This reflects the structure of Chief Officers and Deputy Chief Officers, covering Corporate Directors, Directors and Assistant Directors.

3. Proposed Structure

- 3.1 To recap, the strategic objectives of the proposed structure were:
- reduce the size of the Council's senior leadership team, improve its strategic and corporate leadership capacity, concentrate senior management on the task of realising financial sustainability, fundamentally addressing the future delivery of services and the role of the Council through a renewed partnership with the Council's senior political leadership.
 - reduce the tiers of senior management and seek a more proportionate and consistent span of responsibility at senior management levels by integrating functions into a smaller number of directorates and increasing the capability and capacity in the Corporate Core.
 - bringing together and integrate a range of corporate functions within a single corporate directorate.
 - establishing a new function within the Chief Executive's Office for leading change, developing strategic partnerships, enhancing the corporate policy and performance functions of the Council, and developing corporate commissioning capacity.
 - prepare for substantial changes to what and how the Council discharges its responsibility to provide services and address need and opportunity within Thurrock.
 - prepare the ground for further management cost reductions as the means of operating changes.
 - provide a clear focus for change management across the council through a multi-disciplinary approach and a single line of sight on delivery of budget savings and operational change.

- remove Corporate Director, Director and Strategic Lead titles creating 3 levels of leadership: Executive Director, Assistant Director and Head of Service

3.2 The proposal establishes the following roles as the new Strategic Leadership Team:

- Chief Executive
- Executive Director of Children Services
- Executive Director of Adults, Housing and Health
- Executive Director of Place
- Executive Director of Corporate Services (Monitoring Officer)
- Chief Financial Officer (Section 151 Officer)

3.3 The proposal creates the role of **Assistant Chief Executive**. The creation of this role is intended to provide a focus to leading and driving change across the organisation and to have accountability for the delivery of corporate and cross cutting budget savings and change. The Assistant Chief Executive will act as the bridge between the agreed proposals of what must change (budget savings, organisational change, operating model changes) and an executable plan to make change happen. The Assistant Chief Executive will have the primary levers of change to develop and implement change plans, communicate, and engage internally and externally, engage strategically with partners on new forms of service delivery, organisational policy and performance and programme management.

Supporting the Assistant Chief Executive are three new Assistant Director roles:

- **Assistant Director of Strategy, Performance and Partnerships** – this role provides corporate capacity and expertise to ensure the council has a clear corporate plan, an effective performance framework, joined up business intelligence and effective strategic partnerships. This role will also deliver a single strategic commissioning function.
- **Assistant Director Communication and Engagement** – this role brings together all aspects of the Council’s communication, engagement, and consultation activity to support and align a cohesive plan that’s provides improved opportunities for resident engagement, clear organisational branding, messaging and narrative.
- **Assistant Director Change** – this will be a temporary role (up to two years) focussed purely on the delivery of change across the council. The role, and the other roles within the team, will be resourced through secondments and/or fixed term contracts and operate as the Council’s change team and Programme Management Office.

Although the Assistant Chief Executive unit creates new roles it provides the capacity and focus to ensure the council delivers savings and efficiencies

whilst strengthening key areas of weakness identified by the Commissioners and the BVI.

- 3.4 The proposal creates the new role of **Executive Director of Corporate Services**. The intention is the post will also be the Monitoring Officer, ensuring all three statutory roles are members of the Senior Leadership Team. Corporate Services will be responsible for the provision of Human Resources, Payroll, IT, Information Management, Legal, Fraud and Customer Services. It will also place a renewed focus on the democratic core to develop and maintain effective member services and excellent governance.
- 3.5 The creation of the Assistant Chief Executives unit and a Corporate Services Directorate replaces the roles of **Director of HR, OD & Transformation** and the **Director of Strategy, Engagement and Growth**.
- 3.6 The proposal amalgamates Public Realm and the current interim Place arrangements into a single **Place Directorate** with responsibility for all matters relating to place. The directorate will be led by an **Executive Director of Place** replacing the roles of **Director of Public Realm** and the **Interim Director of Place**.

The proposal also makes proposed changes to Assistant Director roles:

- The **Assistant Director of Planning, Transport and Public Protection role** will be deleted. The role of **Chief Planning Officer** will be created.
 - Strategic Transport will transfer to the **Assistant Director of Highways, Fleet and Logistics** who will be retitled Assistant Director of Highways and Transportation. This brings together all the highways' functions, transport development and logistics.
 - The **Assistant Director of Counter Fraud, Community Safety and Resilience** will move to Corporate Services and assume responsibility for Public Protection services.
 - The roles of **Assistant Director Regeneration and Place** and **Assistant Director of Economic Growth and Partnerships** will be deleted. The role of **Assistant Director of Regeneration and Economic Development** will be created.
- 3.7 The **Chief Financial Officer** will be the designated section 151 officer, replacing the current interim arrangements and creating a Finance Directorate. Although not part of the interim structure deletes the substantive role of the previous section 151 officer - **Corporate Director of Resources and Place Delivery**. The proposed structure of the finance function will be presented to GSC in a separate report.

4. Consultation Process

- 4.1 Formal consultation was carried out in accordance with the Council's Change Management Policy and in adherence to employment legislation, commencing on the 6 July 2023 for a period of 30 days with consultation closing on the 5th August.

- 4.2 Extensive consultation was conducted using a range of methods to engage and communicate with as many people as possible. All those directly impacted by the proposal received individual letters and consultation meetings. All staff briefings were held, and full information was provided through the Intranet and Teams channels. A core message throughout the consultation was that this is the first phase of a change programme that will deliver a new operating model for the council.
- 4.3 There has been a positive response to the restructure proposal. There was no objection to the design and development of the new structure which had been determined by the need to provide organisational arrangements which support the delivery of the goals of Intervention and are consistent with the emerging new operating model for the Council. In addition, staff understood the rationale of reducing the size of the Council for budgetary reasons and to shape the organisation as a more strategic, enabling Council which can develop a policy and evidence base in its advice to Members, whilst being capable of engaging its local, regional and national partners for the benefit of Thurrock.

5. Outcome of Consultation

- 5.1 Following consultation the majority of the Senior Leadership proposed structure remains as originally presented to, and supported by, GSC on 5th July. There have been some minor changes which are outlined below:
- 5.2 To facilitate and support a wider review of the Finance function the existing and proposed arrangements, other than the Chief Finance officer, have been excluded from this process and report. The review of Finance is the focus of a separate report to GSC.
- 5.3 The Assistant Director of Highways and Transportation will be re-titled Assistant Director of Highways and Strategic Transportation.
- 5.4 The Assistant Director of Education and Learning will be re-titled Assistant Director Education and Skills.
- 5.5 The final structure is attached at **Appendix 2**.

6. Implementation of New Structure

- 6.1 As indicated in section 3 the new structure results in the deletion of the following positions:
- Director of HR, OD & Transformation
 - Director of Strategy, Engagement & Growth
 - Director of Public Realm
 - Corporate Director of Resources & Place Delivery
 - Assistant Director of Planning, Transport & Public Protection
 - Assistant Director of Regeneration & Place
 - Assistant Director of Economic Growth & Partnerships

6.2 As part of the consultation process the Council received two requests for voluntary redundancy. These were from the Director of Public Realm and the Assistant Director of Planning, Transport and Public Protection. The voluntary redundancy for the Assistant Director of Planning, Transport and Public Protection has been approved and implemented in accordance with the Constitution. General Services Committee are asked to approve the request from the Director of Public Realm.

6.3 Two of the deleted positions are currently vacant. Compulsory redundancy notice will be issued to:

- Director of HR, OD & Transformation
- Director of Strategy, Engagement & Growth
- Assistant Director of Regeneration & Place

General Services Committee are responsible for the recruitment and dismissal of Directors – in accordance with Chapter 10 of the Constitution GSC are asked to note and approve the dismissals.

6.4 The Council has engaged the services of Tile Hill to support the competitive search and selection for the following new roles:

- Executive Director Corporate Services (Monitoring Officer)
- Chief Financial Officer/S151
- Executive Director of Place
- Assistant Chief Executive

6.5 A competitive tender process was undertaken to select Tile Hill. The cost is estimated at £48,750 plus any additional advertising/ assessment costs. This will be funded via the one-off transformational fund.

6.6 Discussions are underway with Tile Hill to ensure the Council has an effective campaign to attract and recruit the best candidates to deliver the improvement and recovery ambitions at pace. GSC will be conducting the selection process over the course of September and October – an extraordinary Council will be held in October to confirm the statutory appointments. Subject to notice periods appointments will take effect in January at the latest.

6.7 The recruitment and selection of Assistant Directors will form phase two of the process and commence in October to run parallel but slightly behind phase 1, this will enable the senior officers appointed to engage in the appointments.

7. Costings

7.1 The FTE and costs of the current interim structure and the final structure (excluding Finance) are set out in Table 1 below. There are some specific points to consider:

- The Assistant Director of Change and the team supporting the activity is a fixed term arrangement focussed entirely on the delivery of savings and the Council’s new operating model. This will be resourced through secondments and will attract the use of Transformation funding and capitalisation.
- The organisation will be subject to ongoing review to deliver changes to service delivery arrangements and reduce costs over the next 5 years. The senior structure will also be subject to further change as the organisation changes.
- It is critical to demonstrate the Council’s response to the Directions and the BVI by reinvesting in the corporate core.

Current Interim Structure	FTE	Cost with on-costs	New Structure	FTE	Cost with on-costs	Difference
		£'000			£'000	£'000
SLT	10	1,755	SLT	6	1,166	(589)
ADs	19	2,546	ADs	23	3,034	488
TOTAL	29	4,301	TOTAL	29	4,200	(101)

Table 1 – comparison of costs (excluding Finance Service)

7.2 The maximum redundancy costs, including pension strain where applicable, resulting from the restructure amount to £1,041,082.41. Salaries relating to the redundant positions, including on-costs, equate to £742,549.00. Redundancy costs will be paid from the transformation fund and capitalised where possible.

8. Reasons for Recommendation

8.1 It is essential the Council has the appropriate capacity, leadership, and accountability in place to deliver change, improvement, and the necessary financial savings at pace. The Senior Leadership Team is critical in leading the change and developing and delivering the new operating model for the council. Approval of and implementation of the structure provides the foundation to deliver sustainable change and improvement.

9. Consultation (including Overview and Scrutiny, if applicable)

9.1 Formal consultation was conducted in accordance with the Council’s Change Management Policy.

10. Impact on corporate policies, priorities, performance and community impact

The new senior structure for the council will impact across the whole organisation and determine and deliver strategies and the improvement plan designed to stabilise the Council and assure its future sustainability.

11. Implications

11.1 Financial

Implications verified by: **Steven Mair**
Chief Finance Officer

The costings for the new current interim structure and the new permanent structure are shown in table 1, section 7.

As can be seen the final structure offers a £101k cost reduction on the current interim structure, excluding the finance function, on a like for like basis i.e., costing the interim structure at the cost of permanently filled posts.

The redundancies will be financed from the transformational funding.

The executive search agency costs will be financed from the transformational fund.

The new structure will be fully allowed for in the budget for 2024/25.

11.2 Legal

Implications verified by: **Jayne Middleton-Albooye, Interim Head of Legal Services and Deputy Monitoring Officer**

- 11.2.1 This proposal recommends a senior management structure that is designed to lead the Council into the next phase of its new operating model, following periods of substantial change.
- 11.2.2 The restructure must be carried out in accordance with the Council's established employment procedures, and the law. The key policy containing the relevant detail on the restructure process, is the "Change Management policy". In line with this, meaningful consultation should be carried out and responses from staff along with recognised unions should be considered when establishing the final structure. Particular attention should be given to the impact on staff with disabilities and those who are pregnant, on maternity, adoption or shared parental leave.
- 11.2.3 Dismissal of any Chief Officers should be conducted in line with chapter 10 of the Constitution. The report requests approval for the voluntary redundancy request of one Chief Officer, and the dismissal by way of redundancy in respect of two Chief Officers. Pursuant to s.139 Employment Rights Act 1996, redundancy is a potentially fair means of dismissal provided it follows a transparent and fair process. The detail of the proposed voluntary and compulsory redundancies are set out in the business cases attached, and in the body of the report. In respect of any further recruitment, this should be supported by HR colleagues to mitigate the risk of any potential litigation.

11.2.4 It should be noted that staff on fixed term contracts with two years service, will have qualifying service for a claim of unfair dismissal and therefore termination of employment where required, should also follow a fair process.

11.3 Diversity and Equality

Implications verified by: **Tina Dempsey**
Strategic Lead HR & OD

11.3.1 All information regarding Community Equality Impact Assessments can be found here: <https://intranet.thurrock.gov.uk/services/diversity-and-equality/ceia/>. An equality impact assessment has been carried out as part of the process.

11.3.2 For all those at risk the Council's Change Management Policy will be applied with alternative roles explored where appropriate to minimise any redundancies.

11.3.3 There are no other direct diversity of equality implications arising from this report.

11.4 **Other implications** (where significant) – i.e., Staff, Health Inequalities, Sustainability, Crime and Disorder, and Impact on Looked After Children

None

12. Appendices to the report

Appendix 1 – Current Structure

Appendix 2 – Final Structure

Appendix 3 – Redundancy Business Cases - exempt

Report Author:

Dave Smith

Chief Executive and Managing Director Commissioner