

EXTRAORDINARY GENERAL PURPOSES COMMITTEE

Friday, 13 November 2020 at 2.00 p.m.

Online 'Virtual' Meeting - Microsoft Teams

Note – as the substantive items on the agenda are restricted, no public webcast will be available for this meeting.

Members:

Chair: Councillor Helal Uddin

Vice-Chair: Councillor Kevin Brady

Councillor Faroque Ahmed, Councillor Asma Islam, Councillor Peter Golds, Councillor Amina Ali, Councillor Denise Jones, Councillor Rajib Ahmed and Councillor Shad Chowdhury

Deputies:

Councillor Andrew Wood, Councillor Asma Begum, Councillor Danny Hassell and Councillor Motin Uz-Zaman

[The quorum for this body is 3 Members]

Contact for further enquiries:

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APOLOGIES FOR ABSENCE

1. DECLARATIONS OF INTERESTS

1 - 2

Members are reminded to consider the categories of interest in the Code of Conduct for Members to determine whether they have an interest in any agenda item and any action they should take. For further details, please see the attached note from the Monitoring Officer.

Members are reminded to declare the nature of the interest and the agenda item it relates to. Please note that ultimately it's the Members' responsibility to declare any interests and to update their register of interest form as required by the Code.

If in doubt as to the nature of your interest, you are advised to seek advice prior to the meeting by contacting the Monitoring Officer or Democratic Services

2. EXCLUSION OF THE PRESS AND PUBLIC

In view of the contents of the remaining items on the agenda the Committee is recommended to adopt the following motion:

“That, under the provisions of Section 100A of the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985, the press and public be excluded from the remainder of the meeting for the consideration of the Section Two business on the grounds that it contains information defined as Exempt in Part 1 of Schedule 12A to the Local Government Act, 1972.”

EXEMPT SECTION (Pink Papers)

The exempt committee papers in the agenda will contain information, which is commercially, legally or personally sensitive and should not be divulged to third parties. If you do not wish to retain these papers after the meeting, please hand them to the Committee Officer present.

3. EXEMPT/CONFIDENTIAL REPORTS FOR CONSIDERATION

3.1 Senior Review

3 - 42

To consider the report of the Divisional Director, Human Resources and Organisational Development, in respect of a senior review.

Special Circumstances Justifying Urgent Consideration:

This report was not available for publication 5 clear days' before publication due to limitations of availability of members of the committee. The report is coming forward for consideration outside of the next scheduled GPC in December due to both the imperative and urgency for the organisation to continue to meet and deliver the requirements of the MTFS and this report outlines proposals being brought forward by the Head of Paid Services to enact changes to the senior leadership roles and functions to reduce costs in year and full year savings for the coming financial year, leaving this until the next scheduled GPC compromises the ability to consult and implement changes in year.

Next Meeting of the Committee:

Tuesday, 8 December 2020 at 6.30 p.m. in Online 'Virtual' Meeting - <https://towerhamlets.public-i.tv/core/portal/home>

Agenda Item 1

DECLARATIONS OF INTERESTS AT MEETINGS– NOTE FROM THE MONITORING OFFICER

This note is for guidance only. For further details please consult the Code of Conduct for Members at Part C, Section 31 of the Council's Constitution

(i) Disclosable Pecuniary Interests (DPI)

You have a DPI in any item of business on the agenda where it relates to the categories listed in **Appendix A** to this guidance. Please note that a DPI includes: (i) Your own relevant interests; (ii) Those of your spouse or civil partner; (iii) A person with whom the Member is living as husband/wife/civil partners. Other individuals, e.g. Children, siblings and flatmates do not need to be considered. Failure to disclose or register a DPI (within 28 days) is a criminal offence.

Members with a DPI, (unless granted a dispensation) must not seek to improperly influence the decision, must declare the nature of the interest and leave the meeting room (including the public gallery) during the consideration and decision on the item – unless exercising their right to address the Committee.

DPI Dispensations and Sensitive Interests. In certain circumstances, Members may make a request to the Monitoring Officer for a dispensation or for an interest to be treated as sensitive.

(ii) Non - DPI Interests that the Council has decided should be registered – (Non - DPIs)

You will have 'Non DPI Interest' in any item on the agenda, where it relates to (i) the offer of gifts or hospitality, (with an estimated value of at least £25) (ii) Council Appointments or nominations to bodies (iii) Membership of any body exercising a function of a public nature, a charitable purpose or aimed at influencing public opinion.

Members must declare the nature of the interest, but may stay in the meeting room and participate in the consideration of the matter and vote on it **unless:**

- A reasonable person would think that your interest is so significant that it would be likely to impair your judgement of the public interest. **If so, you must withdraw and take no part in the consideration or discussion of the matter.**

(iii) Declarations of Interests not included in the Register of Members' Interest.

Occasions may arise where a matter under consideration would, or would be likely to, **affect the wellbeing of you, your family, or close associate(s) more than it would anyone else living in the local area** but which is not required to be included in the Register of Members' Interests. In such matters, Members must consider the information set out in paragraph (ii) above regarding Non DPI - interests and apply the test, set out in this paragraph.

Guidance on Predetermination and Bias

Member's attention is drawn to the guidance on predetermination and bias, particularly the need to consider the merits of the case with an open mind, as set out in the Planning and Licensing Codes of Conduct, (Part C, Section 34 and 35 of the Constitution). For further advice on the possibility of bias or predetermination, you are advised to seek advice prior to the meeting.

Section 106 of the Local Government Finance Act, 1992 - Declarations which restrict Members in Council Tax arrears, for at least a two months from voting


In such circumstances the member may not vote on any reports and motions with respect to the matter.

Further Advice contact: Asmat Hussain, Corporate Director, Governance and Monitoring Officer,
Tel: 0207 364 4800.

APPENDIX A: Definition of a Disclosable Pecuniary Interest

(Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012, Reg 2 and Schedule)

| Subject | Prescribed description |
|---|--|
| Employment, office, trade, profession or vacation | Any employment, office, trade, profession or vocation carried on for profit or gain. |
| Sponsorship | Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by the Member in carrying out duties as a member, or towards the election expenses of the Member. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992. |
| Contracts | Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority— (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged. |
| Land | Any beneficial interest in land which is within the area of the relevant authority. |
| Licences | Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer. |
| Corporate tenancies | Any tenancy where (to the Member's knowledge)— (a) the landlord is the relevant authority; and (b) the tenant is a body in which the relevant person has a beneficial interest. |
| Securities | Any beneficial interest in securities of a body where— (a) that body (to the Member's knowledge) has a place of business or land in the area of the relevant authority; and (b) either— (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class. |

| | |
|---|---|
| <p>Non-Executive Report of the:</p> <p style="text-align: center;">General Purposes Committee</p> <p style="text-align: center;">November 2020</p> |  <p style="text-align: center;">TOWER HAMLETS</p> |
| <p>Report of: Chief Executive</p> | <p>Classification: Exempt</p> |
| <p>Senior Review</p> | |

| | |
|-----------------------|-----------|
| Wards affected | All wards |
|-----------------------|-----------|

NOT FOR PUBLICATION

Pursuant to section 100A of the Local Government Act 1972, the Committee may by resolution exclude the public from a meeting during an item of business whenever it is likely, in view of the nature of the business to be transacted, that if members of the public were present during that item there would be disclosure of exempt information.

Exempt information is defined in section 100I and, Part 1 of Schedule 12A to the Local Government Act 1972 (“the 1972 Act”). To be exempt, information must fall within one of the categories listed in paragraphs 1 to 7 of Schedule 12A, must not fall within one of the excluded categories in paragraphs 8 and 9 and the public interest in maintaining the exemption must outweigh the public interest in disclosing the information.

This report contains information falling within paragraphs 1 and 3 of Part 1 of Schedule 12A to the 1972 Act, namely information relating to an individual and information relating to the financial and business affairs of any person (including the authority holding that information).

The public interest in withholding the information outweighs the public interest in disclosing it as disclosure would prejudice the employment relationship between the Council and the employee and could prejudice the employment relationships between the Council and all its employees.

1. Summary

1.1 The Purpose of this report is to:

- a. Set out the proposed changes to the senior structure for Tower Hamlets including the subsequent impacts and changes for divisional directors and different functions in the organisation.
- b. Outline the timetable for formal consultation with affected employees and stakeholders and confirm the date of implementation and how decisions to ratify the changes (or not) will be made.
- c. encourage all senior staff to engage and participate fully in the consultation process and make their views known and put forward ideas in the context

of delivering a 10% reduction in FTE and 10% reduction in cost of senior managers within the current financial year.

2. Recommendations:

2.1 The General Purposes Committee is recommended to:

- Approve the proposal to delete two Corporate Director posts on chief officer pay scales
 - Corporate Director of Resources (s151)
 - Corporate Director of Governance (MO)
- Approve the creation of a single Corporate Director for Resources and Governance
- Approve the creation of a Chief Financial Officer post to include S151 responsibilities
- Approve subsequent changes to affected Divisional Director posts from the above including reallocate the Monitoring Officer duties to the appropriate DD post
- Note this report focuses on phase 1 of the Senior review and phase 2 details and proposals will come forward later

2.2 Note the right of a chief officer to appeal against removal of their substantive post.

2.3 Note, and, approve that arising from this, the potential for exit strategies to be progressed and agreed with either or both the Corporate Directors involved. These would fall within the statutory £95k exit cap in place from November 4th, 2020.

3. REASONS FOR THE DECISIONS

3.1. The council is facing a challenging financial position. This is as a result of the COVID-19 emergency and a consequence of increased demand, particularly for its services for vulnerable adults, children and those in need of housing support together with delays or non-delivery of medium-term financial plan savings. The estimated budget gap for the MTFS period 2021 -2024 has been estimated in the region of £30m which together with shortfalls in the funding provided by the government for meeting the additional costs of COVID 19 in the current year constitute a significant financial challenge.

3.2. In July 2020 CLT and SLT came together to explore and develop additional measures that are needed to be taken to balance the budget position and reduce the need for reserves to be used in support of budget overspends.

3.3. Through a series of three workshops over fifty ideas were generated. Every idea has or is being further explored and developed into firm savings proposals or discarded as unviable where appropriate, all with the purpose of

supporting the objective of achieving a sustainable and current future financial position.

- 3.4. This proposal arises from ideas put forward during the workshops and further informal work undertaken has culminated in this proposed document for consultation.
- 3.5. In addition to the above, this review is required for the following reasons:
 - 3.5.1. The structure was last reviewed four years ago and has been in place for more than three years.
 - 3.5.2. The Council has moved on since then and the shape of the management input required for the Council now is likely to be different.
 - 3.5.3. A substantial proportion of the Council's budget is spent on people. In addressing the current and future spending challenge staffing levels will have to be reduced.
 - 3.5.4. The unit costs for senior staff are higher and it is right to examine this first as a precursor to wider reductions, delivering a saving and/or reduction of 10% at CD/DD levels.
 - 3.5.5. Covid19 pandemic has accelerated transformational change in how we operate, and services and structures now need to realign to reflect and sustain changes.
- 3.6. The Council is midway through the current political administration. Traditionally, the key driver for the period until 2022 would be delivery of the programmes and projects designed from 2018. At present, we are substantially dedicated to responding to the second wave of the Covid-pandemic while, concurrently seeking to resource recovery and a return to business as usual.
- 3.7. Consequently, while this review seeks to streamline the senior leadership structure, and retain a balance of spans of control, and has to be consistent with making a significant budget contribution and show the way for the rest of the organisation, it also needs to minimise disruption and any prospect of undermining plans for the next two years.
- 3.8. There will be a new administration in the spring of 2022. As is appropriate, it will be for the Mayor and councillors to be clear on the direction they would wish the Borough and Council to take then. The Chief Executive would then advise on an appropriate organisational structure to take this forward; this would be ideal timing for Phase 2 of the reorganisation.
- 3.9. There are several ways in which budget reductions can be achieved in relation to senior staffing. The options include:
 - A voluntary pay reduction
 - A pay freeze for 2020/21
 - Reduction in the number of roles
 - VR
 - Early retirement

- Reduction in the hours for roles (e.g. move to a four-day week)
- 3.10. All are worthy of exploration and are not mutually exclusive. However, the only approach that will reliably deliver a significant and permanent reduction in continuing salary costs, is likely to be a reduction in the number of roles at senior leadership levels.
- 3.11. This report specifically relates to the senior review undertaken by the Chief Executive. The proposed changes impact on several senior staff, specifically proposing to merge Governance and Resources directorates and create a single Corporate Director for the combined new directorate.
- 3.12. The approach to this review comes with a focus on supporting people through change in a virtual space, through continual engagement and encouragement of sharing their views and contributions to inform and shape the future of the organisation.

4. ALTERNATIVE OPTIONS

- 4.1 That it is not agreed to release the post holders, impacting on the decision-making process and consequently, the implementation of the new structure and could generate different compulsory redundancy situations arising.
- 4.2 As this review impacts two staff members on chief officer terms conditions and pay, there are certain provisions entailed within this. We believe there are suitable alternatives available for staff members to apply for, should the proposal be taken forward, however chief officers also have the ability to seek an exit strategy. It for this reason this is being flagged for approval by GPC.

5. DETAILS OF REPORT

5.1 The Council currently has a Chief Executive and 5 Corporate Director (CD) model for its Corporate Leadership. This is a common model within London. The Corporate Leadership Team (CLT) is supplemented by Head of Comms and Head of SPP, both of whom report directly to the CE and a wider Senior Leadership Team (SLT) comprising of Divisional Directors who report to the Corporate Directors.

5.2 There are two phases of the Senior Leadership Review, phase one focuses on immediate short term savings to be achieved and phase two will focus on wider changes and review including a senior pay review from Grade P, DD's and CD's as well as further functional structure changes which are yet to be fully developed and detailed.

5.3 Proposal Phase 1 2020/21

- 5.3.1** The Chief Executive has set a savings target to achieve and deliver a 10% reduction in fte and costs across both CD and DD levels.
- 5.3.2** The cost of the Corporate Leadership team with on-costs is approximately £1.24m. The Senior Leadership team includes direct reports into Chief Officers of which there are currently 20 with a full estimated resource cost of £2.82m. CLT and DD's represent 2% of the total cost of human resources (£1.76m) in the organisation.
- 5.3.3** There are a further 13 Head of Service roles who report into either a Divisional Director with an estimated gross cost of £1.36m. A number of these roles will be directly impacted by the review of CLT/DD posts and details of this are contained below.
- 5.3.4** This proposal sets out the intent to merge two directorates, that of Resources and Governance and in future these will be led by a single Corporate Director of Resources and Governance.
- 5.3.5** Within the current chief officer structure, the Monitoring officer and Section 151 officer responsibilities are currently held respectively by the Corporate Director of Governance and Corporate Director of Resources.
- 5.3.6** It is proposed in the future, that the statutory functions will be held within the new Chief Financial officer role (S151) and the monitoring officer duties within the Divisional Director, Legal role.
- 5.3.7** The two impacted chief officer posts and post holders have several choices arising and have suitable alternatives available within the proposal documents. However, should either post holder decides and request an exit strategy, this would be undertaken on a without prejudice basis and would need to be mutually agreed. In any situation the total cost of any exit package is not able to exceed the £95k cap.
- 5.3.8** The employees would as part of an exit package be entitled to payment of contractual benefits (i.e. accrued and untaken annual leave), in accordance with their terms and conditions of employment, and potentially pay in lieu of notice, all within the £95k cap.
- 5.3.9 Corporate Director for Resources and Governance Directorate** would consist of 5 Divisional Directors and contain 15 service areas, each Divisional Director role ensures that statutory requirements are met and that accelerated and sustained improvements in performance against Council targets are achieved further each role is described as:
- 5.3.10 Chief Financial Officer**, this role would be accountable for corporate accounts, revenue, grants and capital funding budgets, audit and risk, procurement along with the S151 statutory responsibilities and this role

meets fortnightly with the chief executive to carry out that statutory function.

5.3.11 *Divisional Director for IT* is accountable for all information technology platforms, IT Strategy, infrastructure delivery, IT Security, IT Strategic Partner Management, Client and Contract Management ensuring that statutory requirements are met and that accelerated and sustained improvements in performance against Council targets are achieved.

5.3.12 *Divisional Director of Legal* would be accountable for authoritative, high quality, consistent and creative legal services which support strong governance and democratic arrangements including contract, employment, company and litigation areas for the organisation. Additionally, this role will have accountability for democratic and electoral services and along with the monitoring statutory responsibilities, this role meets fortnightly with the chief executive to carry out that statutory function.

5.3.13 *Divisional Director for Customer Services* would be accountable for provision of leadership direction and advice on all matters relating to customer services, customer access, customer insight and customer engagement, outward facing services to the community including registrars, customer contact centre, ideas stores and libraries, complaints and information governance and revenues and benefits services.

5.3.14 *Divisional Director for HR, OD & Business Support Services* is accountable for the strategic direction, corporate leadership and advice on all matters relating to HR and transformation, industrial and staff relations, learning and development and change through organisational development and would be accountable for administration support services to the organisation (Business Support Services).

5.4 Enabling Review - The Council's Target Operating Model describes Enabling as, functions that do not directly deliver interventions but facilitate the council in meeting its outcomes. These functions will generally be corporate and include strategy and policy, performance and intelligence, commissioning, project and programmes.

5.5 The enabling function project (EFP) aims to deliver significant transformational change across the following functions. The project has been examining how some of our enabling functions can be streamlined to deliver more value for money whilst maintaining our focus on quality outcomes for our residents. The programme has a £1.5 m savings target for the financial year 2021/22.

5.6 Corporate Leadership Team (CLT Transformation) agreed the design of a model that seeks to align these functions and organise them in three parts; a central hub and two multifunctional and multidiscipline spokes. The aim of this approach is to create centres of excellence that allow for a clearer focus

on outcomes, a distinction between strategic outcomes and our tactical intervention and response. We envisage this will result in clearer prioritisation, coordination and mobilisation of activity and resources. Once the review is implemented this is likely to lead to further phase two opportunities for continuing to improve how we work.

5.7 In addition to the reduction overall of one Chief Officer post arising from the merger of Governance and Resources, the following wider staffing changes are proposed:

5.8 Place Directorate - A vacant role of Divisional Director for Property and Major Programmes, due to a resignation, will not be recruited to. It is proposed this division is examined with a view to build opportunities for stronger synergy and relationships with Growth and Economic Development and with Assets and Commercialisation functions within the Place Directorate. This could significantly expand one of the smaller Divisional Director portfolios and, supports addressing the economic and employment impact as one of the key benefits of the wider property, asset management and capital delivery functions.

5.9 Children and Culture and Health Adult and Communities – The role of Divisional Director for Children’s Commissioning and Youth was originally a joint role with the Divisional Director of Sports, Leisure and Culture. Over the past two years, both roles have been required as separate posts, however, the need to reduce our senior management costs, changes to a number of existing services, and opportunities to work more closely across directorates, all support the case to change from two DD roles to one. The Divisional Directors for Children’s Social Care and for Education & Learning each have a high number of direct reports, and there are some functions that are currently spread both across C&C Divisions and across Departments that could more effectively be integrated and brought together under a single line of management. Therefore, the exact responsibilities of a new Divisional Director post (provisionally titled DD Commissioning & Culture) are under review with the expectation that it will include a range of functions currently with other Divisional Director's. There are strong connections between the commissioning for both adults and children, and these elements provide the opportunity to consider further integration across the two directorates in the future.

6 COMMENTS OF THE CHIEF FINANCIAL OFFICER

6.1 This report sets out a range of proposed changes to the overall senior leadership team, which, if realised would deliver the following savings: The current cost of the Chief Executive and Corporate Directors total £1.24m and the cost of the current Divisional Directors is £2.82m, making overall senior leadership costs £4.06m, these costs are gross figures.

6.2 The proposals, if they remain as is following consultation, would deliver a reduction of two Corporate Directorate costs and three Divisional Director post

costs, with an additional cost of one newly created Corporate Director post and one Chief Financial Officer post.

- 6.3 The future costs, therefore, of these proposals would lead to overall costs for the Corporate Leadership team being £1.05m, plus a Chief Financial Officer cost of £166k, and 17 Divisional Director costs totalling £2.40m (gross) leading to an overall reduction in gross salary costs of £440k.
- 6.4 This saving equates to an 11% reduction in senior leadership costs.
- 6.5 Any redundancy costs that may be incurred as a result of these proposals will be contained within the Council's centrally held provision for such situations but only when they form part of a restructure as a result of proposals approved in the Council's MTFs.
- 6.6 These proposals will additionally be covered by the new exit cap legislation which precludes exit packages above £95,000 being entered into by local authorities.

7 LEGAL COMMENTS

- 7.1 By s.135 Employment Rights Act 1996 an employee is entitled to a redundancy payment if the employer dismissed the employee by reason of redundancy. Contractual payments may enhance the statutory entitlements and a failure to pay the employee their contractual entitlement would result in a breach of the employee's contract.
- 7.2 A member of the LGPS who is made redundant or released on the grounds of business efficiency who is aged 55 or over at the date of dismissal is entitled to immediate unreduced payment of their pension.
- 7.3 The exit payment cap of £95,000 will come into force on 4th November 2020 and will apply to any exit payment made after this date. Guidance and directions to accompany the exit payment regulations are still awaited. These will set out the discretionary waiver process and the position of exits agreed before 4th November and where the date of leaving is after the implementation date. This may have an impact on the expected payments for these employees and/or such contractual payments may be subject to a recovery process for payments made which exceed the cap.
- 7.4 Amendments to the LGPS will not be in place when the cap comes into force and therefore there is a risk of challenge to the authority in respect of those exit payments where the cost exceeds the £95,000 cap. Guidance is awaited in respect of this issue.
- 7.5 It should be noted that the draft directions regarding the relaxation of the cap require most decisions, even if passed by full council, to be subject to the consent of HM Treasury.
- 7.6 After the 4th November 2020 the council must ensure that any exit payment does not exceed the cap (unless permitted by the relaxation directions) and, where a non-compliant payment is made, must recover any overpayment
- 7.7 With regard to the proposals for restructuring involving chief or deputy chief officer posts, these must be compliant with the requirements of the Officer Employment Procedure Rules if the dismissal of any such officer is proposed

8. ONE TOWER HAMLETS CONSIDERATIONS

- 8.1 It is not considered that the proposal to accept the requests for redundancy gives rise to any particular equality issues. The formal consultation relating to the restructure was supported by an equality assessment in line with the Council's procedures.
- 8.2 An Equality Impact analysis is available which covers CD and DD's as they currently exist and a provisional impact assessment based on proposals within this document are available as part of the full consultation pack.
- 8.3 In summary this shows that across Corporate Directors and Divisional Directors; 60% of staff are White and 24% are BAME; 8% of staff are disabled while 76% are not disabled; 60% of staff are Female and 40% are Male; 76% of staff are Heterosexual and 4% are LGBTQ; 52% of staff have no religion, while 32% are Christian; 44% of staff are 45-54, while 48% are 55-64; and, there are no known pregnant staff or staff on maternity leave.
- 8.4 As this is a review of the senior leadership team, all staff affected are on the Council's higher pay scales.
- 8.5 With regards to the staff potentially affected by the proposed changes, the groups that could be potentially disproportionately affected are BAME staff, Christian staff, staff aged 55-64. The full impact will only be known once the review has taken place and the potential impact will be monitored as the review progresses. In line with Council policy, redeployment will be sought for any staff member who is displaced as a result of the review.

9. BEST VALUE (BV) IMPLICATIONS

- 9.1 The Council is a best value authority within the meaning of Part 1 of the Local Government Act 1999. As a best value authority, the Council has an obligation under section 3 of the Local Government Act 1999 to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness" (the best value duty).
- 9.2 The report provides a proposal to accept compulsory redundancy requests from four actual or potentially displaced staff as a result of the Finance, Procurement and Audit restructure. This restructure directly impacts the Council's duty to continuously improve the way in which its functions are exercised and contributes a saving to the MTFs.

10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 10.1 There are no implications arising from the report in relation to sustainable action for a greener environment.

11. RISK MANAGEMENT IMPLICATIONS

- 11.1 Formal consultation with employees on new structures always runs a risk of complications arising and potentially delaying the process which will have

financial and operational implications. Securing exits on compulsory or voluntary redundancy from employees who don't have a guaranteed job in the future, supports the Chief Executive to manage this risk.

12. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 12.1 There are no implications arising from the report in relation to crime and disorder reduction.

RESTRICTED

Senior Leadership Review

October 2020



Our Ambition and Future



- To be the best Local Authority by 2023
- Deliver our strategic priorities to create:
 1. **People who are aspirational, independent and have equal access to opportunities**
 2. **A borough that our residents are proud of and love to live in**
 3. **A dynamic outcomes-based Council using digital innovation and partnership working to respond to the changing needs of our borough**
- Creating an open, inclusive and diverse place to work, one that cares about its people, place and community
- Learning to deliver services in different ways using technology and face to face contact to ensure our community is connected to us



Context and Background



- The previous organisational review (2016) reduced the number of directorates and roles at a senior level.
 - The Directorate composition was amended, with fewer, wider remits.
 - The structure reflected the direction of travel set out in the target operating model, with some centralisation of core functions and greater clarity around the responsibility of directorates in relation to service delivery, support services and maintaining democracy.
- Covid has accelerated much change for the better and we can capitalise on this to improve how we operate and run our council



Context and Background



- Covid has brought financial challenges:
 - As part of 2020/21 budget discussions at both CLT and SLT the prospect of a review of senior management has been aired
 - A range of new savings proposals were brought forward for consideration resulting in a saving in year of £12.64m. This was to ensure we remain in budget despite unforeseen pressures from Covid that has added further budgetary challenges
 - The Chief Executive has held preliminary discussions with CLT members and asked for delivery of an estimated saving target of at least £400k arising from the review into the MTFs and to come specifically from SLT (CD and DD areas).



Facts & Figures - Senior Leadership Team (CLT and DD's)



All figures include on costs

* Taken from July 2020

establishment report

**at August 20th 2020 point in

time

*** Assumes top of scale

*** assumes top of scale

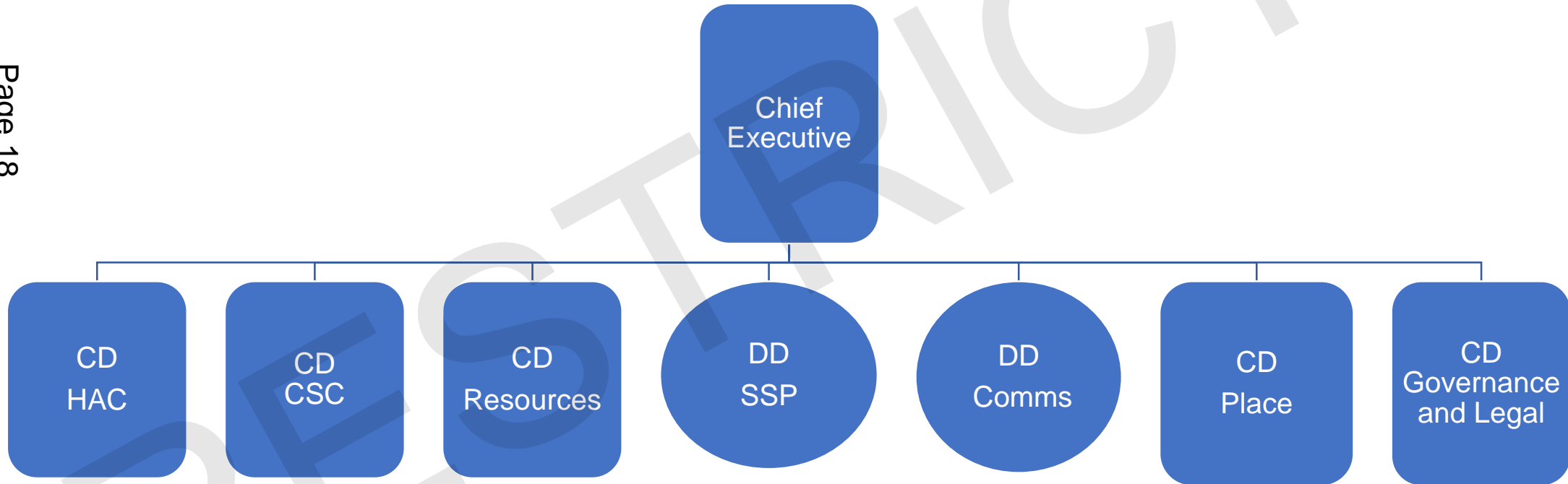
- Total LBTH annual resource spend is around £176m
- SLT approx. cost is £4.1m*
- There is a 5153 headcount (3734.06 fte) in LBTH**
 - A ratio of
 - 1:1030 Corporate Directors to staff headcount and
 - 1:245 DD's to staff headcount
- Total SLT salaries are 2% of the total workforce bill
 - 5 CD posts cost £950k***
 - 20 DD posts costing £2.8m***



Current Reporting Lines to CE



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NOT FOR PUBLICATION

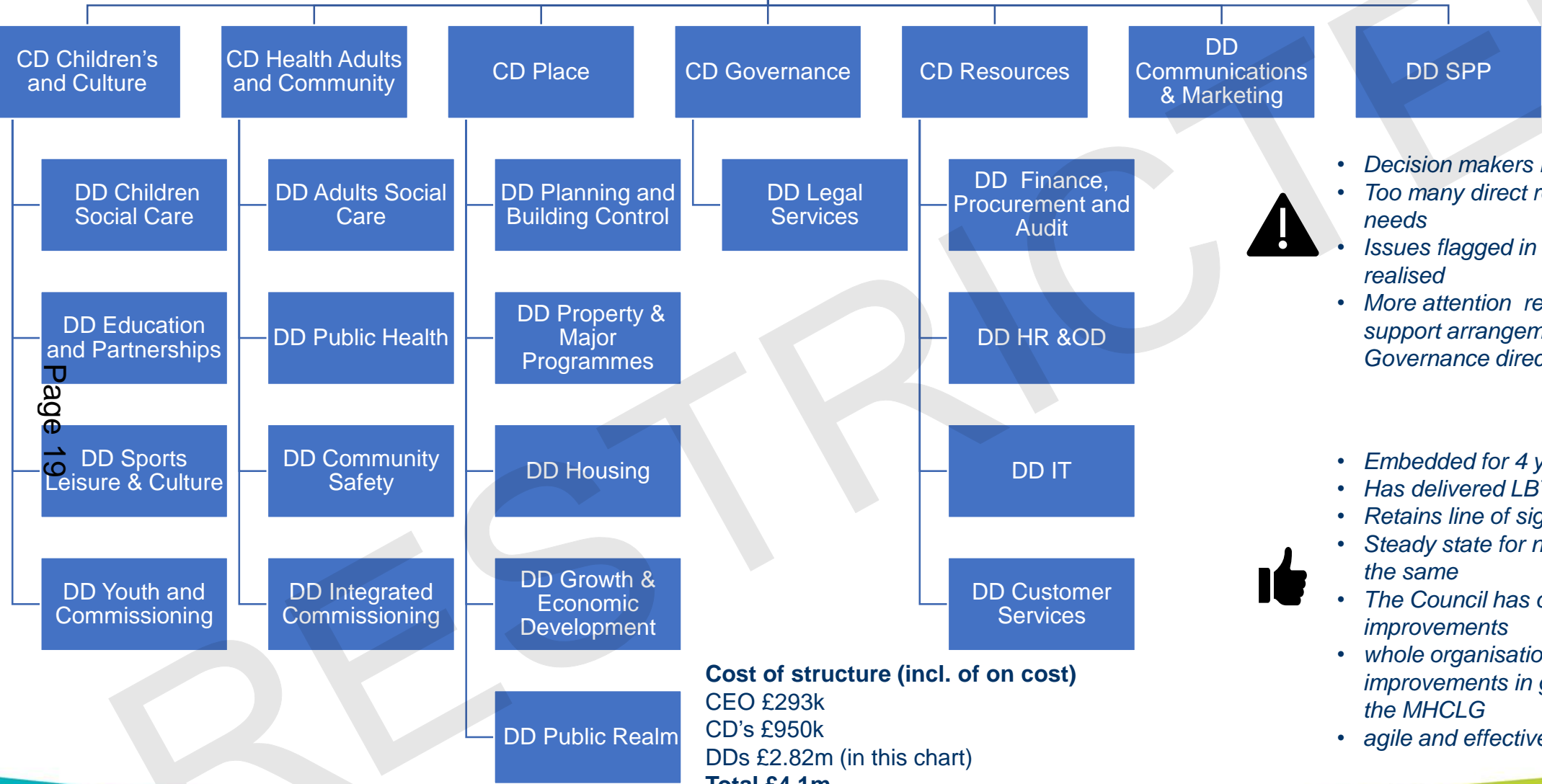


Current SLT



NOT FOR PUBLICATION

Chief Executive



- Decision makers not always clear
- Too many direct reports to CEO for future needs
- Issues flagged in earlier review, not yet realised
- More attention required to considerate support arrangements in Resources and Governance directorates



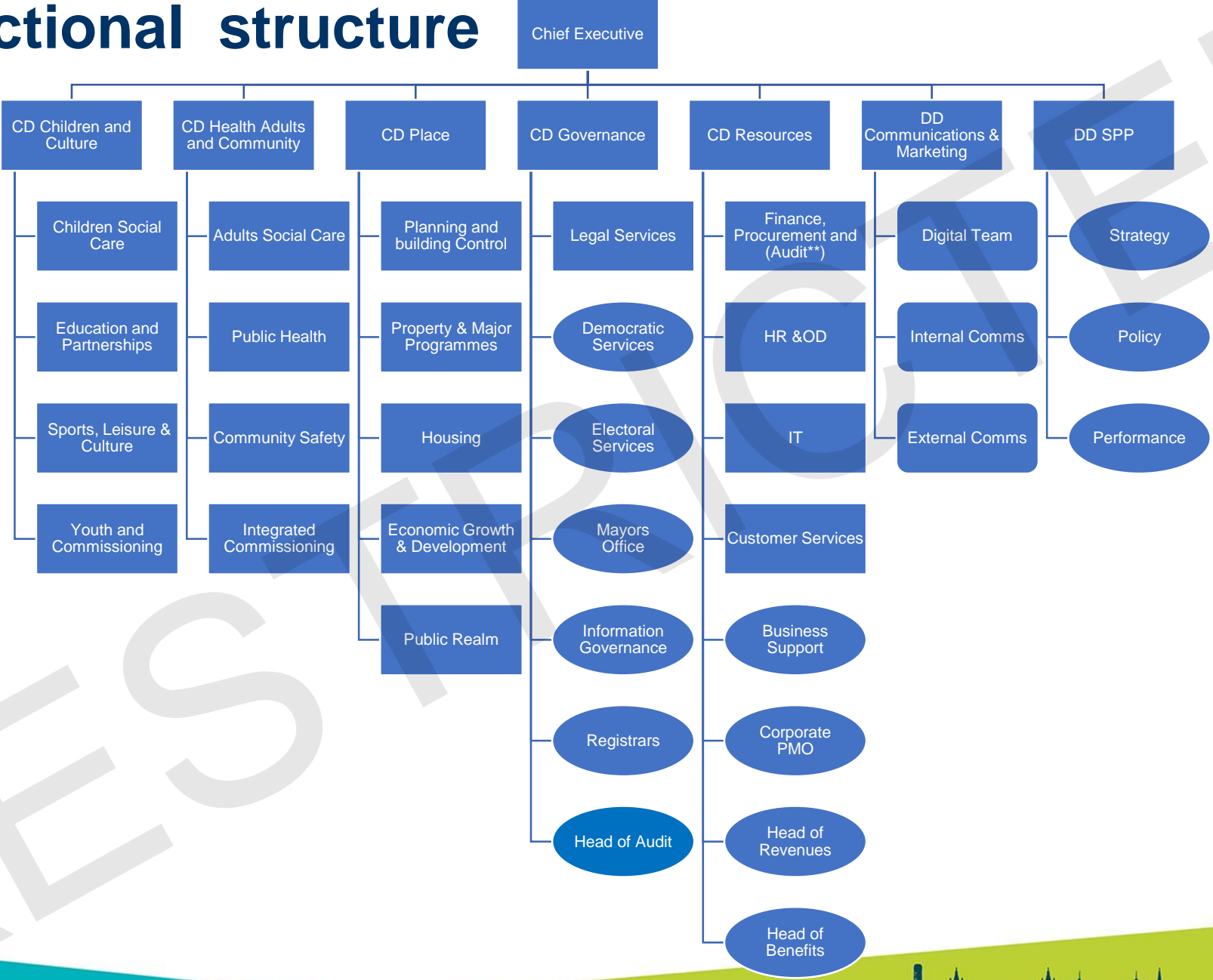
- Embedded for 4 years
- Has delivered LBTH priorities well overall
- Retains line of sight to statutory roles
- Steady state for next two year if remains the same
- The Council has delivered significant improvements
- whole organisation has contributed to the improvements in governance evident to the MHCLG
- agile and effective response to Covid

Cost of structure (incl. of on cost)
 CEO £293k
 CD's £950k
 DDs £2.82m (in this chart)
Total £4.1m

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Current functional structure



What has been considered financially?

October 2020



Options to support achieving MTFS



All of the below are worthy of exploration and are not mutually exclusive, however, the only approach that will reliably deliver a significant and permanent reduction in continuing salary costs is likely to be a reduction in the number of roles at senior leadership levels

1. Voluntary Pay reduction for DD's, CD's and CEO
2. Pay freeze for 2020/2021 for senior roles (CEO/CD/DD)
3. Reduction in number of senior roles of 5-10%
4. VR
5. Early retirement
6. Reduction in hours for roles (e.g. all move to 4 day week)



Structure Proposed

October 2020

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Why Review now?



- The structure was last reviewed four years ago and has been in place for more than three years
- The Council has moved on since and the shape of the management input required for the Council now is likely to be different
- A substantial proportion of the Council's budget is spent on people. In addressing the current and future spending challenge staffing levels will have to be reduced
- The unit costs for senior staff are higher and it is right to examine this first as a precursor to wider reductions delivering a saving and/or reduction of 5- 10% at CD/DD levels.
- Challenges in recruiting and retaining senior level posts over the last two years
- Covid19 pandemic has accelerated transformational change in how we operate and services and structures now need to realign to reflect and sustain changes
- Challenges around appointment of a DD of Finance, Procurement and Audit
- Review of TOM
- Opportunity to review spans and control
- Savings around SLT initially, taking account of opportunities for further savings in management levels below through to 2022/23



Approach to senior review

- Two phases to align with MTFS proposals
- Phase 1 – 2021 - 2022:
 - Merges Governance and Resources to create a Corporate Director of Resources and Governance - results in a reduction of 1 x CD
 - Reduces 3 x DD across Resources, CSC, HAC and Place by 2022
 - Creation of a Chief Financial Officer (S151)
- Phase 2 – beyond 2022:
 - Realise other potential SLT savings
 - Review of senior pay framework
 - A wider review of the organisation's functional leadership structure



Approach to senior review



- We will approach this with a focus on supporting people through change in a virtual space
 - Preliminary conversations and engagement will continue to take place - preparing people for it
 - We have an updated change policy to support managing change and more guidance to help manage change in the virtual space
 - We continue to equip managers to have compassionate conversations and throughout this review we will promote self-care and self-compassion appreciating that the impact of such changes on people's own mental health and wellbeing is critical



What's included in this review?



Included for consideration

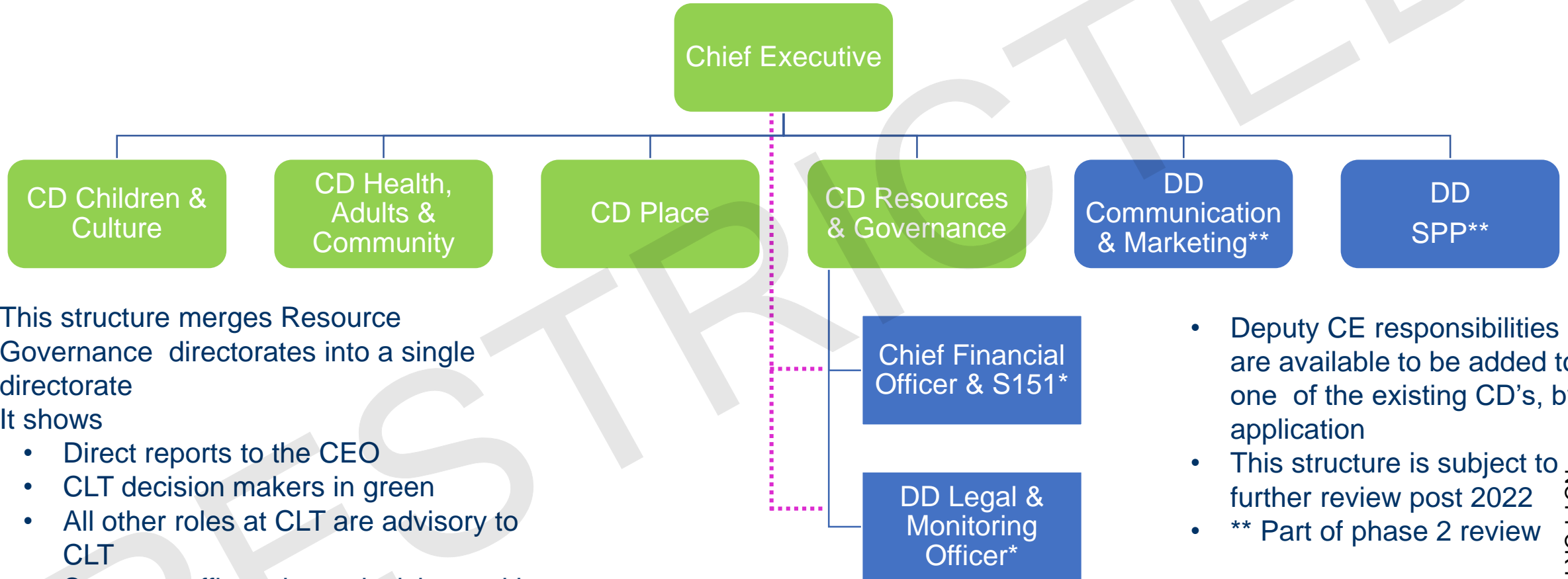
- Reduction of DD roles through:
 - Opportunity and redesign of functions and merging of service areas
- Reduction of a CD through merger and redistribution of some services

Risks and issues to consider

- MCHLG – statutory functions and where these sit in hierarchy – line of sight
- Spans of control leading to overburden in roles
- Roles at CLT decision makers or advisers
- Maintaining equitable number of reports into senior roles



Proposed reporting Lines to CE



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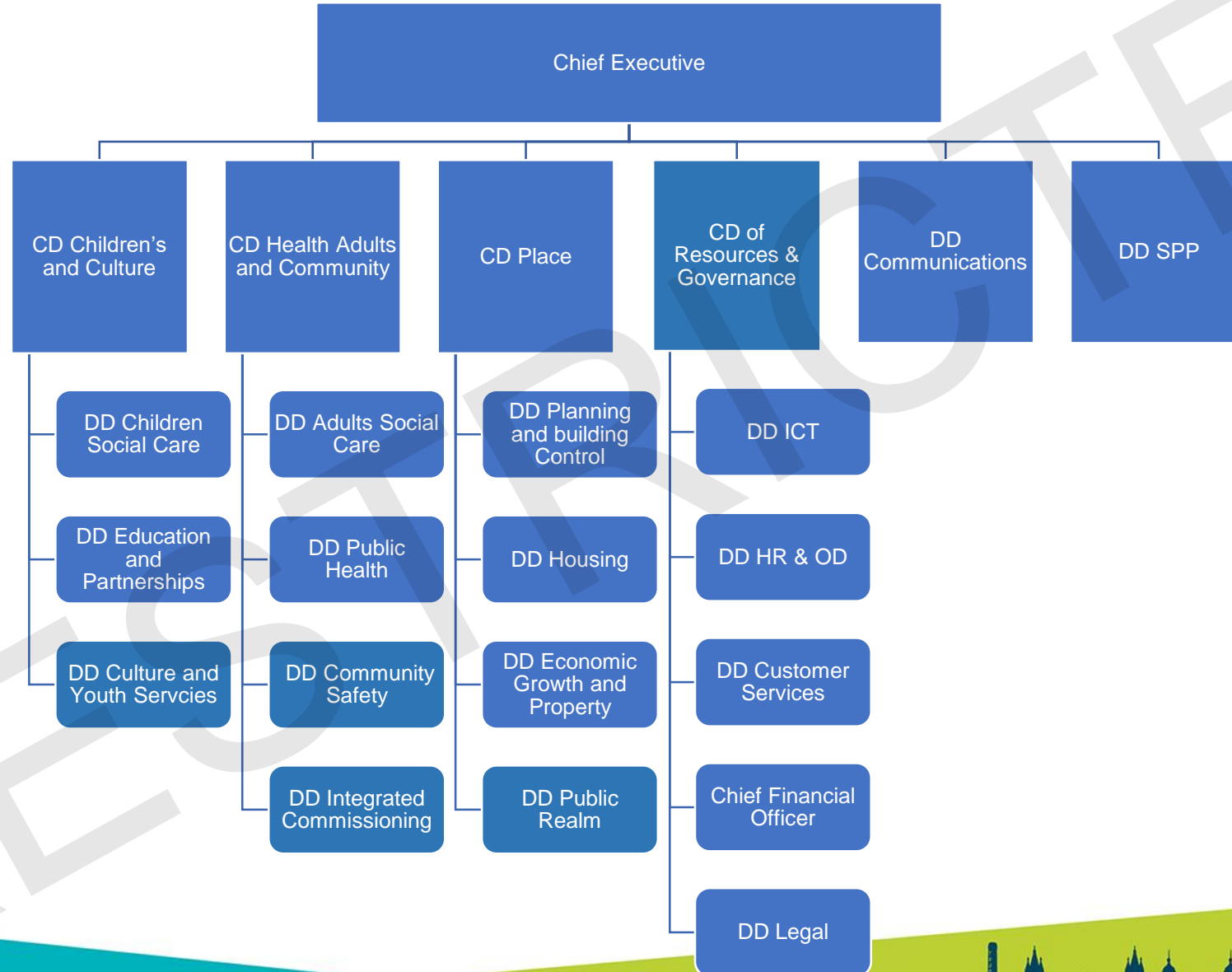
- This structure merges Resource Governance directorates into a single directorate
- It shows
 - Direct reports to the CEO
 - CLT decision makers in green
 - All other roles at CLT are advisory to CLT
 - Statutory officers have decision making ability and direct access to CEO

- Deputy CE responsibilities are available to be added to one of the existing CD's, by application
- This structure is subject to further review post 2022
- ** Part of phase 2 review

NOT FOR PUBLICATION



Proposed Future SLT Structure



Estimated Gross cost of entire SLT structure (assumes top of scale and is based incl. of on costs)
 CLT/CEO x 5 = £1.01m
 DD's x 18 = £2.59m
Total £3.6m



Proposed Deputy Chief Executive- additional Responsibilities



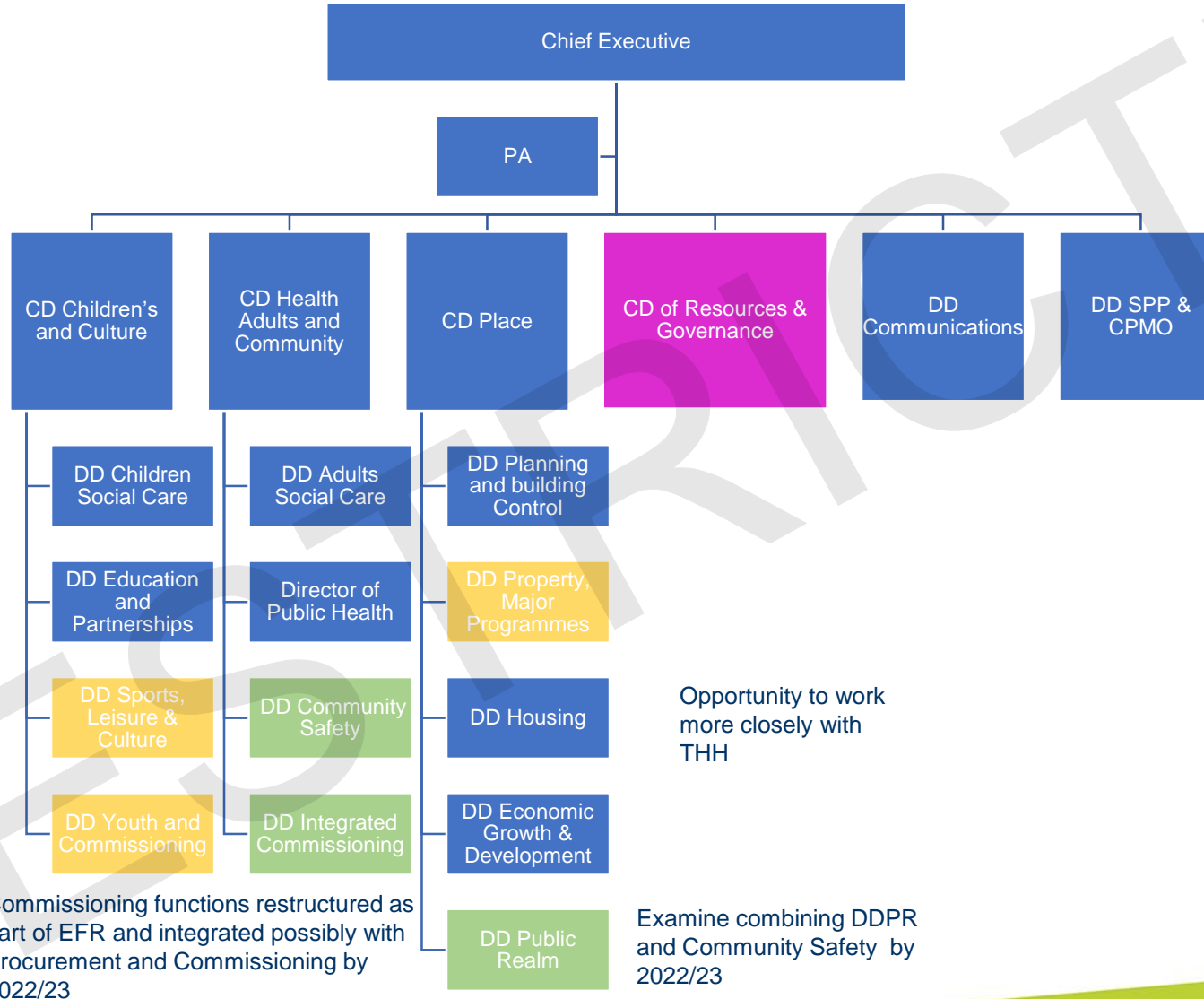
- Deputise for the Chief Executive at MAB, Cabinet, Boards, internal and external meetings as required
- Chair of CLT and other key internal meetings as required when CE unavailable
- Conduit for S151 and Monitoring Officer activities to be conducted and supported as required in absence of CE
- Decision maker for Chief Executive as agreed by CE



Proposed Future CLT Structure detail (1)



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This is a new function and role to be tested & explored through consultation

- Potential savings of 2 DD posts plus efficiencies from Commissioning integration as part of EFR.
- Some further rationalisation in posts below DD

Review Phase 1 roles potentially impacted

Phase 2 considerations to explore

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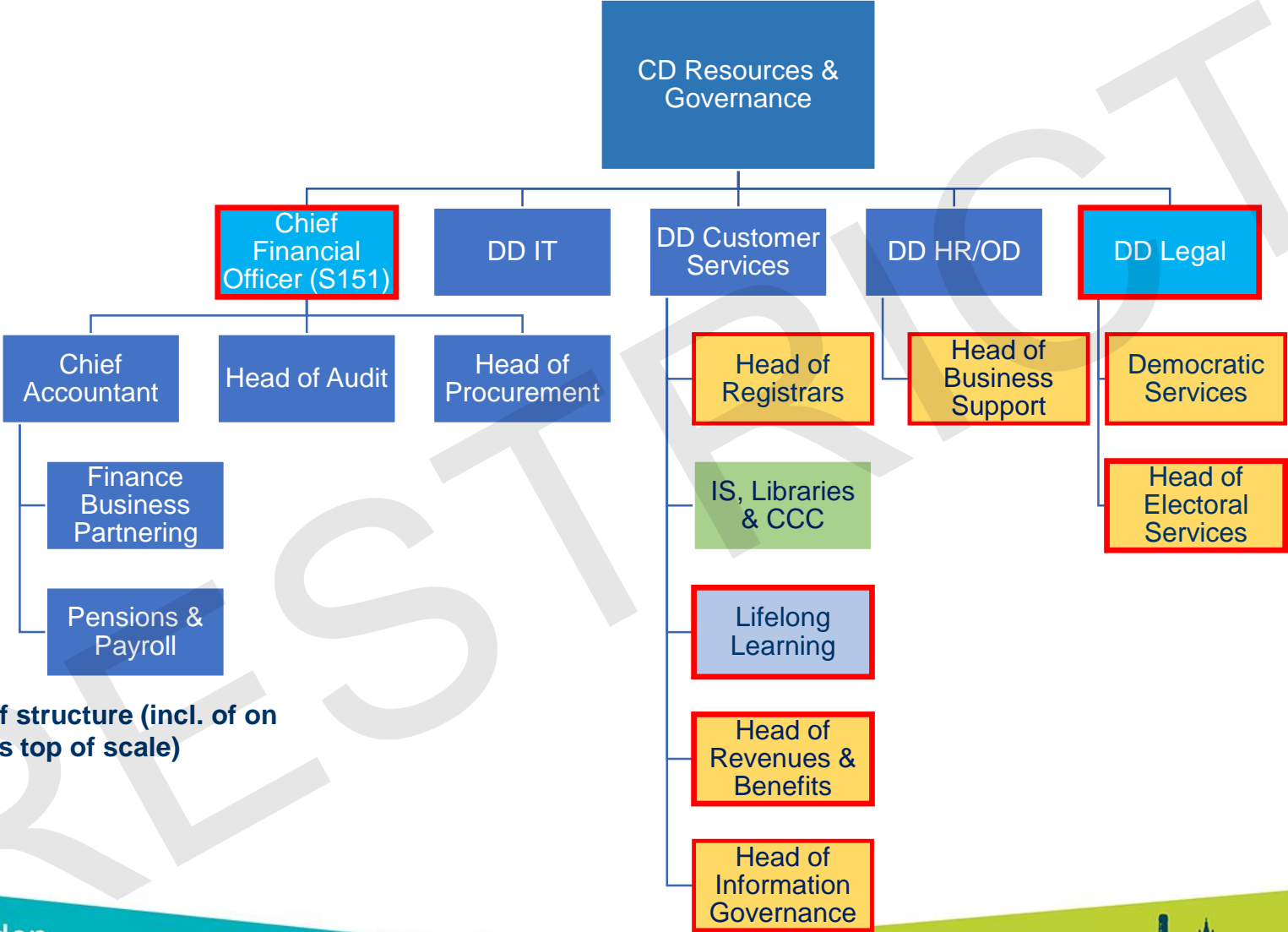
Commissioning functions restructured as part of EFR and integrated possibly with Procurement and Commissioning by 2022/23

Opportunity to work more closely with THH

Examine combining DDPR and Community Safety by 2022/23



Proposed - CD Resources & Governance



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Estimated Cost of structure (incl. of on cost and assumes top of scale)
 CD x 1 £186k
 DD's x 5 £750k
Total £920k

Phase 1 and line management change

Phase 2 Considerations

Direct access to CE and decision makers

Moves to report to Economic Development

NOT FOR PUBLICATION



Summary Potential Savings



Current Costs*

- CEO/CLT x 6fte £1.24m
- DD's x 20fte £2.82m

Total £4.06m

Future Costs*

- CEO/CLT x 5fte £1.05m
- DD's x 17fte £2.40m
- CFO x 1 £166k

Total £3.62m

Saving of £0.44m to be realised or 11%

* Includes of on costs

Cost contribution*to 2022

- -1 x CD £190k
- -3 x DD's £420k
- +1 x CFO £166k

Total realised £0.45m

Notes

- other savings are linked to this review that are not shown here and are accounted for separately as part of wider reviews

** Based on gross top of scale estimates for illustration*

Phase 2 Cost contributions:

As part of MTFS some savings are already identified a total of £ and these are underway

Further savings require labour group discussion and approval prior to 2021/22 budget sign off

Wider operating and senior review and cost reductions are to be developed in 2021, explored and proposals tested and shared as for delivery during 22/23



Next Steps and Timeline

October 2020

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Timeline (1)

| What | Why | By When |
|---|--|--|
| Preparation of all consultation paperwork for review this includes approach and consideration | To ensure transparency, equity and clarity ahead of formal process and to ensure engagement and contribution to inform options | End of October 2020 |
| Reports to various committees MAB/ Cabinet/ GPC committee | To ensure due process and approval and challenges on proposals take place | Nov 2020 – Jan/Feb 2021 |
| Engagement with TU's | Engagement and consultation with TU's | Nov 2020 |
| Provisional planning and arrangement timetable for appointment sub- committee to new CD role | To ensure selection processes are in place and booked to avoid uncertainty or avoidable delay to implement | November 2020 |
| Formal consultation launched Includes individual meetings, preparation and communication with wider teams. | To meet legal requirements where roles are at risk of redundancy and change Consultation will be for 30/45 days | November 16 th – December 15 th 2020 |

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Proposed Timeline – Nov start



- Informal discussions have taken place between October 23rd and November 6th 2020
- Formal consultation launches November 16th for 30 days to December 15th 2020
 - Individual meetings available to take place 23rd November - December 15th 2020
 - Expressions of interest window 16th – 30th November 2020
- Final structure is published late December 2020/early January 2021
- GPC report late December 2020
- Formal process and meetings commence from late December 2020/early January 2021
- Wider appointments and line management arrangements confirmed late December 2020/early January 2021
- Selection to new CD role and other structure vacant roles takes place Dec through to end January 2021**
- Appointment of CD Resources & Governance announced by early February 2021
- Transition to new structure and line management arrangements take place from mid February 2021 onwards

*** subject to appointment panel processes*



What else was considered?

October 2020



Alternative Potential Models for exploration (s/m/l term)



1. Develop a chief executive function - (S)
2. Develop a lead for safeguarding/people function (L)
3. Combine directorates to reduce direct reports (S)
 - Governance and Resources
4. Fundamentally rethink what we must, could, should deliver and stick to this (M-L)



LBTH Savings roadmap

CLT 22/9/20



Current Financial Backdrop



- MTFS outlines savings requirement of £23.04m to be achieved
 - In 2020/21 savings required are £12m
 - Further savings during the MTFS required are £11.5m
- Tranche 1 of approved savings is expected to deliver £7.1m full year effect by March 2022
- Tranche 2 and 3 ideas require members and Labour Group discussion and exploration and involve community consultation, and this may lead to slippage on MTFS required



Planning assumptions

- 3 tranches
 - ‘Green light’ savings start October 2020 (tranche 1)
 - ‘New ways of working’ opportunities needing political decision start November 2020 (tranche 2)
 - Others requiring further political discussion start February 2021 (tranche 3)
- Public consultation, service redesign and restructure activities are sequential
- Start to finish times:
 - Public Consultation- 3 months
 - Service redesign- 4 months
 - Restructure- 4.5 months (new org change process)
- ‘Other’ projects (i.e. none of the above needed) will take up to 3 months to implement
- **Caveat:** assumptions have been made based on the content of savings proposals and not yet validated with DDs



Summary

- If assumptions are correct, £3.04m savings will be banked from tranche 1 proposals before April 21
- All proposals will be delivered by January 2022 (if tranches 2 and 3 are agreed.)
- Potential slippage in 21-22 savings:

| Tranche | Total full year effect 21-22 £000 | Potential slippage 21-22 |
|---------|-----------------------------------|--------------------------|
| 1 | 7,175 | 943 |
| 2 | 1,389 | 372 |
| 3 | 4,090 | 2,182 |
| TOTAL | 12,654 | 3,488 |

