



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Council

1 October 2020

Report of: Councillor Kelham Cooke
The Leader of the Council



Corporate Restructure

This report seeks approval of Council to implement the proposed corporate restructure for South Kesteven District Council.

Report Author

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| Corporate Priority: | Decision type: | Wards: |
|---------------------|-----------------------------|-----------|
| Administrative | Budget and Policy Framework | All Wards |

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|-----------------------|----------------------------------------------------|-------------------|
| Reviewed by: | Elaine Pepper, Head of Organisational Development | 28 September 2020 |
| Approved by: | Shahin Ismail, Director of Law & Governance | 28 September 2020 |
| Signed off by: | Councillor Kelham Cooke, the Leader of the Council | 28 September 2020 |

Recommendation (s) to the decision maker (s)

That Employment Committee recommends to Council to approve the following:

1. That the proposed corporate restructure and amended salary scales as contained in this report and supporting appendices are approved.
2. That Richard Wyles, as the Interim Director of Finance, continues with the statutory responsibility as Section 151 Officer until the full implementation of the corporate restructure whereby the responsibility would transfer with Richard Wyles when he returns to his substantive post of Assistant Director of Finance.
3. That Shahin Ismail, the Director of Law and Governance, continues with the statutory responsibility as the Council's Monitoring Officer until full implementation

of the corporate restructure whereby the responsibility would transfer with Shahin Ismail to the Assistant Director of Democratic and Legal Services.

- 4. That the Council's Pay Protection Policy is extended to apply to the Interim Director of Finance and the Director of Law and Governance when the restructure is applied, and they move to the roles of Assistant Directors with continuing statutory responsibilities. However, for these two years they do not receive the Statutory Officer responsibility pay award.**
- 5. That the local priorities reserve is utilised to fund the exit costs associated with the implementation of the corporate restructure.**

1 The Background to the Report

- 1.1 To reaffirm that at the Council's Budget setting meeting on the 2nd March 2020, the approved budget for 2020/2021 contained an action on the Chief Executive to review the corporate management structure of the Council and to identify a minimum saving level of £300,000 per annum.
- 1.2 On the 29th July 2020, the Chief Executive presented a report to Employment Committee to seek support and approval to consult the trade unions and the affected staff on the proposed corporate restructure. The meeting concluded with unanimous support for the outline proposals presented to the meeting.
- 1.3 After the meeting of the Employment Committee, on the 29th July, a process of consultation commenced, which was personally led by the Chief Executive supported by a Senior Human Resources Officer.
- 1.4 At the meeting of the Employment Committee on the 23rd September 2020, the Chief Executive gave a further presentation on the proposed amendments to the original corporate restructure following consideration of the staff and trade union feedback.
- 1.5 Attached as background papers to this report is the full report to Employment Committee on the 23rd September including the appendices that captured the feedback from the consultation process. As these papers contain individual responses and you are able to identify individual officers, these are restricted papers, therefore confidential.
- 1.6 At the meeting of the Employment Committee on the 23rd September 2020, members of the committee made a unanimous decision to recommend the amended corporate restructure to Council for final approval.
- 1.7 Attached to this report as Appendix 1 is the proposed corporate restructure as presented on 23rd September 2020.
- 1.8 Attached as Appendix 2 is the financial impact summary over the next 3 financial years of the corporate restructure.
- 1.9 Attached as Appendix 3 is a summary of the impact on posts and officers of the Council, this appendix is restricted as it contains information that can identify individual officers of the Council.
- 1.10 Attached as Appendix 4 is the proposed pay scales to be implemented as part of this corporate restructure. Please note that if there is a negative impact to an officer then the Council's Pay Protection Policy, which is 100% protection for a period of two years, would be triggered.

2 Consultation and Feedback Received, Including Overview and Scrutiny

- 2.1 As detailed in the reports to Employment Committee on the 29th July and the 23rd September 2020, there has been an extensive process of individual consultations with affected staff and the trade unions.
- 2.2 The feedback from these consultations has been considered and a revised proposed corporate restructure formed part of the report to the Employment Committee on the 23rd September 2020.
- 2.3 If the amended proposed restructure is approved by Council a number of further meetings at the beginning of October 2020 would be arranged to commence the implementation to confirm changes in positions, reporting lines and amendments to terms and conditions.
- 2.4 It is considered appropriate that the implementation timeline will be over the next 6 months to take account of recruitment into a number of key posts within the structure. To assist members to contact the right officers, regular communications will be shared when changes have been implemented.

3 Available Options Considered

- 3.1 A number of options were considered in developing the original corporate restructure proposals and the further options have been considered utilising the feedback from the consultation which informed the amended proposals that were reported to the Employment Committee on the 23rd September 2020.
- 3.2 There is still the option not to make any changes to the current structure however this would result in the required budgetary savings not being achieved.

4 Preferred Option

- 4.1 The preferred amended corporate restructure proposals are attached as Appendix 1 and contained in the restructure report presented to Employment Committee on the 23rd September 2020.
- 4.2 It is considered that these proposals align with the future challenges of the Council at this time and will support the delivery of the Corporate Plan actions.

5 Reasons for the Recommendation (s)

- 5.1 To meet the required savings as agreed by Council at its budget setting meeting that took place on the 2nd March 2020.
- 5.2 To ensure statutory officers are appointed for the Council.
- 5.3 To ensure the corporate staffing structure for the Council is robust and focused on continuing to deliver, improve services and governance of the Council.

6 Next Steps – Communication and Implementation of the Decision

- 6.1 If the Council supports the recommendations from the Employment Committee of the 23rd September 2020, then an implementation programme would commence.
- 6.2 Further individual consultation meetings would be undertaken to confirm the changes to positions, terms and conditions and reporting lines.
- 6.3 Members can be assured that in the implementation phase of the corporate restructure, staff will be fully utilised to support the delivery of key projects that are contained in the Corporate Plan.

7 Financial Implications

7.1 It is appropriate to make reference to the previous restructure of the senior management arrangements when considering this report. The previous restructure required a three-year payback and a summary of the financial position is provided below:

| | 2018/19 | 2019/20 | 2020/21 | Total/Notes |
|-----------------------------------------------------|----------------|----------------|----------------|--------------------|
| Senior Management Structure Budgeted costs | £2.255m | £1.958m | £1.963m | |
| Budgeted savings compared to 2018/19 | | £297k | £292k | £589k |
| Initial Outlay based on 3 year payback | £866k | n/a | n/a | |
| Remaining outlay of £277k to be recouped in 2021/22 | | | | |

The senior salary budget for 2018/19 was set at £2.255m. During this financial year a senior management restructure was approved, and the total exit costs incurred during the implementation of the new structure totalled £866k. This was incurred on a payback model of three financial years. For 2019/20 a reduced senior salary budget of £1.958m was approved which provided a saving of £297k. For 2020/21 a salary budget of £1.963m was approved. Therefore, the Council is currently in the second year of the three year payback has been achieved with a savings total of £589k. The proposed restructure detailed in this report utilises the reduced figure of £1.963m as its baseline and proposes further staffing budget reductions.

Therefore, the overall recoupment of the 2018/19 restructure is on target to be fully achieved by 2021/22. The proposed savings arising from the restructure proposals detailed in this report will deliver additional savings to those previously approved.

7.2 Appendix 2 is attached to this report which details the financial implications of the proposed corporate restructure. This appendix confirms that there will be a combined saving in the current financial year of £29k and the full year savings impact of the restructure is projected at £558k in 2021/22 and £663k in 2022/23 which includes the equalisation of the pay levels for the three executive assistants. Based on these projections, payback of the implementation outlay will be less than one year. The savings can be split between General Fund and HRA and this is shown in the table below:

| | 2020/21 £ | 2021/22 £ | 2022/23 £ | Total over the 3 financial years £ |
|--------------|---------------------|---------------------|---------------------|----------------------------------------------|
| General Fund | (46,431) | (503,654) | (558,776) | (1,108,861) |
| HRA | 17,623 | (55,063) | (103,969) | (141,409) |

7.3 The 2020/21 costs associated with the HRA restructure can be funded from the HRA Service Specific reserve which has an unallocated balance of £87k. As shown in the table above, the saving in year 1 is £46k and the projected savings in years 2 and 3 exceed the budgeted

saving of £300k. The reduced year 1 saving is primarily due to the diversion of resources that were required in order to respond to the COVID-19 crisis and this inevitably deferred the restructure timetable. The restructure is estimated to achieve an additional saving of £209k (over the budgeted saving level) for the General Fund which will contribute towards the 2021/22 and 2022/23 budget deficit.

- 7.4 There will be General Fund exit costs during 2020/21 to fully implement the restructure and it is proposed to fund costs, where existing budgets will not accommodate them from the local priorities reserve.

Financial Implications reviewed by: Richard Wyles, Interim Director of Finance

8 Legal and Governance Implications

- 8.1 The consultation process has resulted in some changes, indicating that it has been a meaningful process. The process is therefore compliant with employment law responsibilities.

Legal Implications reviewed by: Shahin Ismail, Director of Law and Governance

9 Equality and Safeguarding Implications

- 9.1 Consideration of the impacts and implications of this corporate restructure will be handled in line with the adopted policies of the Council.

10 Risk and Mitigation

- 10.1 As detailed in the Employment Committee reports of the 29th July and the 23rd September 2020.
- 10.2 No further risks have been identified.

11 Community Safety Implications

- 11.1 It is considered that there are no impacts due to the content and consideration of this report.

12 How will the recommendations support South Kesteven District Council's declaration of a climate emergency?

- 12.1 The proposed corporate restructure has aligned staffing resources with the draft Corporate Plan. A key priority for the Council is a future sustainable environment. Therefore, the strategic leadership for the environment is still included in the role of Director of Commercial and Operations.
- 12.2 The Council's Sustainability and Climate Change Officer post is retained and has been aligned with the post of Head of Public Protection.

13 Other Implications (where significant)

- 13.1 All contained in the background report appended to this report.

14 Background Papers

- 14.1 Attached to this report is the report to Employment Committee of the 23rd September 2020 with associated appendices.

15 Appendices

- 15.1 Appendix 1 – Proposed corporate restructure
- 15.2 Appendix 2 – Financial impact summary

15.3 Appendix 3 – Impact summary

15.4 Appendix 4 – Proposed pay scales

Appendices 3 and 4 to this report are exempt under paragraphs 1 and 2 of Schedule 12A of the Local Government Act 1972 (as amended) because they contain information relating to individuals or from which individuals could be identified.

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| Report Timeline: | Date of Publication on Forward Plan (if required) | N/A |
| | Previously Considered by: Employment Committee | 23 September 2020 |
| | Final Decision date | 1 October 2020 |