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**Subject:** CHANGES TO THE CORPORATE MANAGEMENT STRUCTURE

**Meeting and Date:** Council – 19 May 2021

**Report of:** Nadeem Aziz, Chief Executive

**Classification:** UNRESTRICTED

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**Purpose of the report:** To seek approval for the creation of an additional Strategic Director post to join the current management team structure, and for the flexible retirement of the two existing Strategic Directors, together with the appointment of a Chief Officer Appointment Committee

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**Recommendation:** That Council:

1. Approve the creation of an additional Strategic Director post, to be designated as a Chief Officer in accordance with the Council's Constitution, and approve the revised distribution of Chief Officer functions
  2. Appoint an ad hoc Appointment Committee, to be made up of 5 Members (to be politically balanced), in accordance with s.102(1) Local Government Act 1972, and agree the terms of reference as seen at Appendix 2, in order to comply with the Prescribed Standing Orders as set out with the Council's Constitution, said Committee to be dissolved automatically following the appointment of the additional Strategic Director
  3. Delegate authority to the Appointment Committee to take such steps as are necessary to interview and appoint a new Strategic Director, in accordance with the Prescribed Standing Orders
  4. Authorise the Chief Executive to take such steps as are necessary to prepare the job profile, advertise the role and arrange shortlisting and interviews, in accordance with paragraph 1 (1-5) of the Prescribed Standing Orders
  5. Approve the flexible retirement of the Strategic Director (Corporate Resources) and the Strategic Director (Operations & Commercial) at a date to be determined by the Chief Executive in consultation with the Leader of the Council, pursuant to the Local Government Pension Scheme Regulations 2013, Reg. 30(6) and in accordance with the Council's Pension Discretion Policy Statement.
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## 1. Summary

- 1.1 This report identifies the need for a new Strategic Director post within the existing management team structure of the Council and seeks approval from the Council for the creation of this post. In addition, the report seeks approval for the flexible retirement of the two current Strategic Directors, pursuant to the Local Government Pension Scheme (LGPS) Regulations 2013, reg. 30(6) and in accordance with the Council's Pension Discretion Policy Statement.

- 1.2 Article 12 of the Council's Constitution identifies the Council's Chief Officers. Section 4 of Local Government and Housing Act 1989, (which defines the functions of the Head of Paid Service) is reflected in the Council's Constitution Article 12.02. This requires the Head of Paid Service to report to the full Council on the number and grade of staff required by the authority to discharge the Council's functions. Any change to the structure of the Corporate Management Team or the distribution of Chief Officer functions and responsibilities requires Council approval. Furthermore, Council is asked to appoint an ad hoc Committee of the Council in order to make the necessary arrangements and appointment to give effect to the addition of a Chief Officer.
- 1.3 In addition, the Council should note that the Strategic Director (Corporate Resources) is designated at the Council's s.151 Officer. This is a statutory role with functions as described in Article 12.04 of the Constitution and s.151 Local Government Act 1972.
- 1.4 Council should also note that changes to the Council's Constitution will need to be made in consequence of the outcome of this report and these will be brought forward to Governance Committee and then Council in due course.

## **2. Introduction and Background**

- 2.1 In February 2020, Council agreed an ambitious new Corporate Plan for the period 2020-2024, with corporate objectives around regeneration and tourism, housing and community, climate change, environment & assets – a cleaner sustainable environment, plus an internal focus on working smartly to deliver services.
- 2.2 In March 2020 the Covid pandemic changed our short-term priorities, with a need to focus on supporting our residents, communities and businesses through the challenges we all faced, whilst delivering our services in a different way. Through remote working and prioritising capacity and resources, a Community Hub was developed in an incredibly short space of time, followed by the Back to Business Hub.
- 2.3 In addition to our changing priorities and ways of working, a number of key projects continued, including bringing our housing management function back in house, consultation on a revised Local Plan and navigating our way through exiting the EU and the subsequent expansion of our Port Health Authority responsibilities.
- 2.4 The Council remains committed to the current Corporate Plan and it is, now, more important than ever to resume our priorities and add strategic capacity to deliver the growth and renewal agenda in this national recovery period.
- 2.5 A historic prudent approach to our budgets and budget setting, together with Government funding, has enabled us to weather the worst of the financial storm through the pandemic. External funding for recovery and growth continues and new initiatives and projects are in discussion to support our local businesses and high streets to look at new ways of moving forward, in a new and changing environment.
- 2.6 In order to facilitate the increased growth and renewal agenda, this report seeks approval to create an additional Strategic Director post, who will sit alongside the current Chief Executive, Strategic Director (Resources) and Strategic Director (Operations and Commercial) on the Council's Corporate Management Team (CMT). It is proposed that the new post will be Strategic Director (Place and Renewal), with a remit for driving forward the ambitious growth elements of the Corporate Plan.
- 2.7 Alongside this the two existing Strategic Directors are seeking flexible retirement, so it is envisaged that the creation of the third Strategic Director post will ensure capacity at senior management level to support the realisation of the Corporate Plan ambitions, whilst also enabling succession planning and continuity through what will no doubt be a challenging period of recovery.

- 2.8 Members will recall that CMT was previously 4 FTE's, the Chief Executive and three Directors but was reduced to a nominal 2.8 FTE following the flexible retirement of the Chief Executive and the retirement of the then Director of Governance. This capacity was manageable pre pandemic and prior to the Housing service being brought back in house and the Port Health function increasing by circa 100 FTE, following Brexit, along with the appropriate Heads of Service being added to the organisation.
- 2.9 The Council's ambition to drive forward with a place-based growth and renewal agenda presents an opportunity to bring in a Strategic Director with property and place shaping experience and to regroup the services to enable the renewal and growth to be better co-ordinated and driven. This proposal would result in a CMT of 3.4 FTE, with a recognition that it will probably become 4 FTE when the Chief Executive and two Directors retire and are replaced. Members can see the proposed allocation of functions for each Strategic Director as detailed on Appendix 1.

### **Appointment of a Chief Officer**

- 2.10 The appointment of a Chief Officer post is a matter for Council and must be carried out in accordance with the Standing Orders relating to Staff within the Council's Constitution. These set out the various steps which must be taken when proposing to appoint a Chief Officer and identify who may take such steps. The initial procedure, to include preparation of a job profile, advertisement, shortlisting and interviewing can be delegated to a Committee or a Chief Officer of the Council. The appointment of a Chief Officer can only be made by either full Council or a Committee of the Council.
- 2.11 It is therefore proposed that Council appoint an ad hoc Appointment Committee, to be made up of 5 Members and politically balanced. This Committee would be responsible for interviewing and appointing the new Strategic Director and would then be automatically dissolved on completion of the task. Due to the limited duration of the Committee, it is not proposed that membership of the Committee will attract any special responsibility allowance under the Members' Allowance Scheme. Members can see the draft terms of reference for the committee at Appendix 3.
- 2.12 It is also proposed that Council authorise the Chief Executive to take such steps as are necessary to comply with the initial stages of the prescribed standing orders as set out in paragraph 2.10 above.
- 2.13 Finally, the Council's Pay Policy statement, in line with statutory guidance issued under the Localism Act 2011, states that the full Council will approve remuneration packages for new appointments in excess of £100k (incl. Salary, fees, allowances, benefits in kind etc.). In the event that the proposed salary package for the new Strategic Director exceeds £100,000, the Appointment Committee will need to make their recommendation to full Council for approval. This also aligns with Article 4.02(k) of the Council's Constitution, in which full Council approval for any salary package over £100,000 is required.

### **3. Flexible Retirement**

- 3.1 Members will no doubt be familiar with the concept of flexible retirement, having recently approved a similar request by the Solicitor to the Council. The intention of flexible retirement is to facilitate employers in retaining the skills of an existing employee (albeit that might be on a reduced hours basis) whilst upskilling other employees to build greater resilience. The LGPS rules permit flexible retirement where the scheme member reduces their hours of employment of the job they continue to hold. It is proposed that both Strategic Directors reduce their hours by 20%.

- 3.2 The requests made by both Strategic Directors are in accordance with the Council's Pension Discretion Policy Statement, which sets out criteria to be taken into account when considering the request. The Policy Statement requires that the Council will only approve requests where:
- It is in their interests to do so;
  - There will be no detrimental effect on the service; and
  - The costs are affordable or where there are likely to be costs savings achieved as a result of the proposal (see resources section below).
- 3.3 The Pension Discretion Statement also states that the request should typically involve a reduction of at least 20% in salary (either through reduced hours or responsibility). Employees can choose to draw all of their pension benefits or defer payment of all or part of the part of their fund which has accrued since 1 April 2008.
- 3.4 In this case, both Directors wish to reduce from 5 to 4 days a week, which will result in a 20% reduction in salary. There are no costs to the Council associated with this.
- 3.5 Members can be assured that the addition of a third Strategic Director post will go some way to ensuring that there will be no detrimental effect on service delivery whilst retaining the expertise and experience of the existing Strategic Directors to enable succession planning and the development of the next generation of CMT.

#### Section 151 Officer

- 3.6 As identified above, the Strategic Director (Corporate Resources) is also designated as the Council's Section 151 Officer. This is the Officer who has responsibility for the proper administration of the Council's financial affairs. Every local authority is required to designate a s.151 Officer. There is no legal requirement for the Section 151 Officer to be employed on a full-time basis and the proposed reduction in the Director's hours will not result in any change to the discharge of his functions as s.151 Officer. Furthermore, although there is no formal mechanism for the appointment of a deputy s.151 Officer, the Council has a strong Head of Finance and Investment who operates in the capacity of a deputy where necessary. The Council can therefore have confidence that any matters arising whilst the Strategic Director is not available will be dealt with properly and promptly.

## **4. Identification and Evaluation of Options**

### **4.1 Option 1:**

- To create a third Strategic Director post;
- Appoint a Chief Officer Appointment Committee and delegate the relevant functions;
- Delegate authority to the Chief Executive to take initial steps under the prescribed standing orders and approve the existing Strategic Directors requests for flexible retirement; and

This is the recommended option as it aligns with the Council's ambitions, creates the appropriate senior management capacity and allows for a smooth transition and succession. Whilst regrouping functions it does not disrupt teams and services at Head of Service and below. This option allows for full compliance with the prescribed standing orders, which reflect the legal requirements.

Currently there is the potential for a bottle neck situation as more and more projects / income streams / funding are identified to deliver the growth and renewal agenda as we prepare to come out of the pandemic situation This bottle neck reflects the fact that current ambitions exceed the Council's capacity to deliver and poses the risk that good opportunities are lost. Rather than miss the opportunities currently being presented, it is proposed that the new Strategic Director post takes the lead in facilitating the renewal / recovery agenda.

- 4.2 Option 2: To continue with the current management team structure and refuse the requests for flexible retirement. This is not recommended as the need for additional capacity and focus on place and renewal is a corporate priority.
- 4.3 Option 3: To review the organisational structure as a whole. This is not recommended as the organisation remains fragile after an extremely difficult year and it is considered that the huge change involved would be damaging to the stability of the organisation. To consider a whole scale organisational review at such a crucial time in the national and local recovery process would be considered detrimental, both in terms of time and resources, and may hinder and delay progress underway and planned.

## 5. Resource Implications

- 5.1 The financial impact of the pandemic has been significant and challenging and there remains significant uncertainty over the future of significant Council funding streams including Business Rates and New Homes Bonus and the outcome of the awaited Fair Funding review. However, Council's historic prudent approach to our budgets and budget setting, together with Government funding, has enabled us to weather the worst of the financial storm. In March Council approved the 2021/22 budget with a forecast deficit of £500k, to be funded from the General Fund balances. The budget contained a wide range of uncertainty and hence included approval to utilise reserves to manage the volatility in year to avoid making undue service and staff reductions in year if required.
- 5.2 The reduction in hours of the two Strategic Directors and the Solicitor to the Council (already approved) will generate savings of c.£72k. The cost of introducing an additional director will be £120k - £136k (including all allowances and Council on-costs), depending on the grade scale point appointed to. This therefore results in an overall pressure to the Council's budget of £50k - £64k for a full year. The pressure for the 2021/22 financial year will be reduced as the new appointment will only be in post for part of the financial year. The full year impact of these changes will be incorporated into the budget for 2022/23 as part of the normal budget process.

## 6. Corporate Implications

- 6.1 Comment from the Head of Finance and Investment: Members are reminded that the Council's revenue and capital resources are under pressure and so they will wish to assure themselves that all proposals progress the Council's priorities, are the best option available and will deliver value for money.
- 6.2 Comment from the Head of Governance: The Head of Governance has been fully involved in the preparation of this report and has no further comment to make.
- 6.3 Comment from the Equalities Officer: This report does not specifically highlight any equality implications, however in discharging their duties members are required to

comply with the public sector equality duty as set out in Section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15/section/149>

7. **Appendices**

Appendix 1 – Proposed Management Structure

Appendix 2 – Draft terms of reference for the Chief Officer Appointment Committee

8. **Background Papers**

Dover District Council Constitution, Prescribed Standing Orders relating to Staff

Corporate Plan 2020-2024

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