
Subject:	CORPORATE MANAGEMENT STRUCTURE
Meeting and Date:	Council – 26 January 2022
Report of:	Nadeem Aziz, Chief Executive and Head of Paid Service
Classification:	Unrestricted

Purpose of the report: To update Members regarding the recruitment of the proposed additional Strategic Director post and the flexible retirement proposals relating to the two existing Strategic Directors

Recommendation: That Council:

1. Note the update regarding the appointment of an additional Strategic Director and the proposed flexible retirement of the two existing Strategic Directors
2. Dissolve the Ad hoc Appointment Committee previously established in accordance with s.102(1) Local Government Act 1972
3. Approve the flexible retirement of the Strategic Directors 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.
4. Note the current Senior Management Structure at Appendix 1

1. Summary

- 1.1 In May 2021, Council received a report which identified the need for a new Strategic Director post within the existing management team structure of the Council and sought approval from the Council for the creation of this post. In addition, the previous report sought approval for the flexible retirement of the two current Strategic Directors, pursuant to the Local Government Pension Scheme Regulations 2013, reg. 30(6) and in accordance with the Council's Pension Discretion Policy Statement.
- 1.2 The purpose of this report is to update Members regarding the recruitment of the additional Strategic Director and to dissolve the Chief Officer Appointments Committee. In addition, Council is asked to confirm the agreement to the flexible retirement of the Strategic Directors in light of the revised circumstances.
- 1.3 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.

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 order to facilitate this increased growth and renewal agenda, at their meeting in May 2021, Council gave authority to create an additional Strategic Director post, to join the existing Corporate Management Team (CMT).
- 2.3 Throughout June – September 2021, Senior Management, together with the Members of the Appointments Committee worked with appointed recruitment consultants to seek a suitable candidate and despite an extensive search, this process was not successful. It was, however, possible to appoint a Head of Inward Investment & Tourism who has now taken up post.
- 2.4 Also, in May 2021, approval was given by Council to allow the Chief Executive to agree the date for the flexible retirement of the two existing Strategic Directors. Council is asked to confirm this in line with the revised current senior management structure and it will be exercised by the Chief Executive if it can be achieved at no net cost to the Council and remains in the Council's interests to make this change.
- 2.5 Members can see the current senior management structure and allocation of functions at Appendix 1.

Additional Strategic Director

- 2.6 Following authority in May 2021, Management immediately arranged for the appointment of recruitment consultants. The initial procedure, to include preparation of a job profile and advertisement was undertaken by Management and then then the Appointments Committee met on 13 July and 29 July 2021 to undertake a shortlisting exercise. As a result of this, 4 candidates were shortlisted and offered interviews.
- 2.7 These interviews took place on 27 August 2021. Out of the four invited, only two attended, with two candidates withdrawing their application prior to interview.
- 2.8 Unfortunately, despite a robust interview process which included a presentation and psychometric testing, neither candidate was considered to be suitable to make an offer of employment.
- 2.9 The Appointments Committee met on 9 September 2021 and decided not to make an appointment. Appointments Committee further requested that the Chief Executive make further enquiries with the recruitment agency to explore the possibility of additional candidates. Unfortunately, this process did not bring any candidates forward and Council are now asked to dissolve the Appointments Committee set up specifically for this appointment.
- 2.10 Members are asked to note the current senior management structure in light of the failure to appoint at Appendix 1.

Succession Planning

- 2.11 The recruitment process, whilst unsuccessful, identified that there was a significant gap in the market for the role which was being sought and it is now recognised by

Management that it is necessary to take steps to plan for the future senior management structure within the organisation. With this in mind, the HR Manager was tasked with and has developed the attached document (Appendix 2), which sets out a programme for development of the current Head of Service level.

3. **Flexible Retirement**

- 3.1 Members are familiar with the concept of flexible retirement, having previously 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%, at a time in the future to be agreed with the Chief Executive, in consultation with the Leader of the Council.
- 3.2 As the circumstances of the Corporate Management Team will now be different, it is necessary for the Council to confirm their agreement to this request. Members are reminded of the 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
 - 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 It is proposed that both Strategic Director posts will reduce from 5 to 4 days a week. This will result in a 20% reduction in salary costs. Details of the financial implications can be seen below.
- 3.5 Members can be assured that although there will be a small reduction in the formal hours worked by CMT (from 2.8 FTE to 2.4 FTE) there will be no detrimental effect on service delivery, and they will retain the expertise and experience of the Strategic Directors whilst succession planning and the development of the next generation of CMT takes place.

Section 151 Officer

- 3.6 The Strategic Director (Corporate Resources) is also designated at 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 note the update regarding the appointment of an additional Strategic Director and the current management structure (appendix 1)
- To dissolve the ad hoc Appointments Committee
- To approve the flexible retirement of the Strategic Directors (at dates to be agreed by the Chief Executive in consultation with the Leader of the Council)

This is the recommended option as it aligns with the revised intentions and retains the appropriate senior management capacity to allow for a smooth transition and succession.

4.2 Option 2: To refuse the flexible retirement of the Strategic Directors and instruct the Head of Paid Service to continue with the search for an additional Strategic Director. This is not recommended as it has become clear the market for such a role is slim.

4.3 Option 3: To review the organisational structure as a whole. This is not recommended as the organisation remains fragile after the continuing difficulties caused by covid 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 any progress underway and planned.

5. **Resource Implications**

5.1 The reduction in hours of each Strategic Director will generate annual savings of c.£25k. There may be a small actuarial strain incurred (figures awaited from KCC pensions) but it is expected that this will be significantly lower than the annual saving and so delivering a net saving in the first full financial year of the change.

6. **Corporate Implications**

6.1 Comment from the Head of Finance & Investment: The Head of Finance & Investment has been consulted and has no further comment to make.

6.2 Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments 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 – Current Management Structure

Appendix 2 – Succession Planning Document

8. **Background Papers**

None

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