

Report to: **Council**
Date: **12 February 2019**
Title: **Review of the Staffing Establishment**
Portfolio Area: **The Leader**

Wards Affected: **All**

Relevant Scrutiny Committee: Overview and Scrutiny Committee

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: **N/A**
(e.g. referral on of recommendation or implementation of substantive decision)

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Recommendations:

That the Council:

- 1. Notes the impact of the T18 Transformation programme on the Establishment.**
- 2. AGREES that the Roles identified at paragraph 3.13 are added to the Establishment with effect from 21 February 2019.**
- 3. AGREES to the appointment of the current Executive Director for Service Delivery and Head of Paid Service in to the role of Chief Executive with effect from 21 February 2019.**
- 4. AGREES to extend the interim senior management arrangements and for a Report to be brought to Council recommending a new structure within 6 months of the 2019 Council elections.**

5. Notes the current approach to staff appraisals and the outcome of the recent steadier state review of roles and salaries.

6. Approves the new pay and grading structure in line with new national pay spines

1. Executive summary

- 1.1. There are a number of reasons for bringing this report to Members:
- 1.1.1. To highlight the significant changes in the Council's staffing Establishment since the T18 Transformation programme.
 - 1.1.2. To ask Council to approve an increase to the Establishment in a number of cases where the funding stream for the activities is secure and the creation of a permanent role will increase the Councils' ability to appoint and/or retain the employees with the right level of skills, experience and behaviours.
 - 1.1.3. To request the Council to approve the appointment of the current Executive Director for Service Delivery and Head of Paid Service into the role of Chief Executive and an extension to the current interim Senior Management arrangements.
 - 1.1.4. To provide a brief summary of the 'steadier state review' that was undertaken in autumn of 2018 to ensure that the Council has the right number of roles in the right activity areas and that employees are paid at the right level.
 - 1.1.5. To highlight the current approach to staff appraisals to support all employees to make a positive impact.
 - 1.1.6. To request the Council to approve the new pay and grading structure due to be implemented in April 2019 as a result of national pay bargaining.

2. Background

- 2.1. Under the provisions of section 4.2 of the Local Government and Housing Act 1989, the Council's Head of Paid Service has a duty (where s/he considers it appropriate to do so) to prepare a report setting out proposals for the organisational structure, number and grades of staff required by the authority for the discharge of their functions.
- 2.2. Following the formal closure of the T18 Transformation programme in July 2018, it is appropriate to report to Council on the current staffing structure and to consider changes to the

Council's Establishment to support the effective delivery of services to our customers and communities.

3. Outcomes/outputs

The impact of the T18 Transformation Programme on the Council's staffing Establishment

3.1. The following table shows the number of employees employed by South Hams District Council and West Devon Borough Council by full-time equivalent roles (FTE) and by the total number of roles on the budgeted Establishment at the following three periods:

- In July 2014 before the start of the T18 Transformation programme
- In June 2016 after the conclusion of the main Phase 2 of T18
- In December 2018 to reflect the current position

| | FTE Budget | FTE Actual |
|---------|-------------------|-------------------|
| July 14 | 553.8 | 496.97 |
| June 16 | 455.4 | 425.62 |
| Dec 18 | 451.7 | 443.56 |

3.2. The table shows that the budgeted shared Establishment reduced by 102.1 FTE posts between the start and finish of T18.

3.3. The current difference between the FTE Budget and FTE Actual is attributable to use of temporary agency workers use to fill vacant posts pending recruitment and roles held vacant pending the commencement of the Waste contract.

3.4. The table below 1 shows the current distribution of employees by Grade/Level.

| Combined | FTE Budget | Head count | FTE Actual |
|-----------------|-------------------|-------------------|-------------------|
| Level 1 | 2 | 1 | 1 |
| Level 2 | 4 | 4 | 4 |
| Level 3 | 19 | 19 | 18.73 |
| Level 4 | 32.6 | 36 | 33.21 |
| Level 5 | 60.5 | 65 | 61.02 |
| Level 6 | 69.6 | 72 | 67.21 |
| Level 7 | 56.9 | 72 | 62.56 |
| Level 8 | 151.3 | 152 | 139.25 |
| Level 9 | 55.8 | 62 | 56.58 |
| | 451.7 | 483 | 443.56 |

3.5. The high concentration of employees within Level 9 is because of the significant majority of the Commercial Services workforce (in South Hams) are paid a spot salary within the Level 9 pay range.

3.6. The table below shows the current distribution of the shared workforce by activity area.

| Activity/ Area | FTE Budget | FTE Actual |
|--|-------------------|-------------------|
| Exec Director | 2 | 1 |
| AONB | 5.3 | 5.4 |
| Customer Contact | 25.9 | 20.82 |
| Support Desk | 6.5 | 3.54 |
| Localities | 16 | 16.46 |
| Customer First Specialists | 58.2 | 60.14 |
| Customer First Case Management | 73 | 77.98 |
| Commercial Services | 184.8 | 177.66 |
| Strategy & Commissioning Specialists | 11.7 | 12.26 |
| Strategy & Commissioning Case Management | 6.5 | 7.31 |
| Support Services Specialist | 37.8 | 37.63 |
| Support Services Case Management | 24 | 23.36 |
| | 451.7 | 443.56 |

3.7. Since the implementation of T18, there has been movement of employees between the different activity areas and senior officers keep the distribution of resources under review and are able to use the greater flexibility built into the new operating model and employee terms and conditions of employment to make sure resources are allocated appropriately.

3.8. The T18 Closedown Report approved by South Hams Council on 14 June and by West Devon Council on 5 June 2018 identified that the reduction was mainly achieved through a voluntary redundancy programme that was put in place to reduce the need to make compulsory redundancies.

3.9. In total, 137 employees left the Councils' employment. This compared to 110 anticipated at the start of the Transformation Programme. The Councils experienced some resourcing challenges as rationalisation meant that some key skills were no longer available or limited during implementation. This led to the engagement of some transitional resources and the appointment of new employees to certain key roles that remained vacant after the T18 selection process.

- 3.10. The T18 Closedown Report also identified that in 2014/15, South Hams achieved £290,000 of T18 salary savings. In 2015/16 the salary savings achieved were £1.2 million. By 2016/17, the T18 salary savings realised totalled £2.54 million. The £2.54 million is an annual salary saving from 16/17 onwards.
- 3.11. In 2014/15, West Devon achieved £160,000 of T18 salary savings. In 2015/16 the salary savings achieved were £700,000. By 2016/17, the T18 salary savings realised totalled £1.385 million. The £1.385 million is an annual salary saving from 16/17 onwards.
- 3.12. The current Establishment at South Hams will be significantly reduced following the TUPE transfer of employees on 1 April 2019 as a consequence of awarding the new Waste contract.

Approval for new posts on the Establishment

- 3.13. A number of roles are currently filled on a temporary basis and following review of those roles, Council is asked to approve the transfer of the following temporary roles onto the Councils' permanent Establishment:
- 3.14. Table A shows posts that were outside of the T18 programme
- 3.15. Table B shows posts that were part of the T18 programme
- 3.16. Table C show an additional post that has been included in the 19/20 budget proposals.

Table A

| Service Area / Role | Rationale | FTE |
|--|--|-------|
| Commercial Services – Grounds Maintenance (SH roles only, WD not affected) | <p>There are currently five temporary roles in Grounds Maintenance (ES636, ES637, ES614, ES615, and ES616). Two of the roles are seasonal gardeners to meet the increased demand in the summer season and the remaining three roles are apprenticeships.</p> <p>Historically these posts have been filled by agency workers however this is not a long-term solution and is a more expensive option.</p> <p>The two gardener roles will remain seasonal and we will continue to bring in apprentices as the incumbent apprentices complete their qualification</p> | 5 FTE |

| | | |
|--|---|----------------|
| | <p><u>Funding and Risk</u> This report requests that these posts are added to the establishment as there will be no increase in overall cost to the Councils (the agency budget would be reduced and the Salaries budget increased). Apprenticeships are short term and therefore they do not attract the same contractual rights as permanent employees.</p> | |
| | Total posts proposed to add to establishment | 5.0 FTE |

Table B

| Service Area / Role | Rationale | FTE |
|--|---|-------|
| Customer First – Case Management Export Licences (SH role only. WD not affected) | <p>This post is currently filled by an employee at Level 8 on a fixed term contract to administer the Export License service and other environmental health case management functions within the Environmental Health function.</p> <p><u>Funding and Risk</u> This post is funded by the revenue generated by charging customers for the export license. Members are asked to add the role to the permanent establishment. This will enable the Council to offer a permanent contract to the post holder and reduce the risk of losing their experience and skills to more secure employment.</p> <p>In the event of the funding ending, the post holder is entitled to the same contractual rights as permanent employees and therefore the financial risk to the Council is not increased.</p> | 1 FTE |
| Customer First – Assets | <p>Assets Specialist This temporary post is managing the re-negotiation of commercial leases for the Councils' property estate.</p> <p>The successful re-negotiation of leases has generated recurring additional income and further recurring income will be</p> | 1 FTE |

| | | |
|--|--|---------|
| | <p>generated from the re-negotiation of further commercial contracts</p> <p>Assets Case Manager To support the work of the Assets Specialists, Two part-time Case Managers have also been providing temporary support (total 1.1FTE). Of this, 0.4 FTE budget is already available within post CF412, therefore 0.7 FTE is required to be funded from the additional income generated from re-negotiating commercial contracts.</p> <p><u>Funding and Risk</u> Transferring these posts to the permanent establishment will ensure that we have the right resources to ensure leases are regularly reviewed. As such the additional income received from the renegotiated leases will fund these posts in the future with no additional pressure on the budget.</p> | 0.7 FTE |
| Customer First – Case Management | <p><u>Disabled Facilities Grants</u> We currently employ 1.5 Level 7 FTE temporary resource to support Disabled Facilities Grants schemes.</p> <p>It is anticipated that this work will increase over the two next financial years and funding is available through the Better Care Fund.</p> <p><u>Funding and Risk</u> The funding for these posts would be from the Better Care Fund which is to continue in the future.</p> <p>In the event of the funding ending, these post holders are entitled to the same contractual rights as permanent employees and therefore the financial risk to the Council is not increased.</p> | 1.5 FTE |
| Customer First – Case Management (Housing) | <p><u>Devon Home Choice</u> We currently employ 0.8 FTE temporary resource at Level 8 to manage the Council housing responsibilities through Devon Home Choice. This is a statutory responsibility and there is therefore a</p> | 0.8 FTE |

| | | |
|--|---|----------------|
| | <p>continuing requirement that the Council will need to resource.</p> <p><u>Funding and Risk</u> The funding for these posts is from Young Person's funding.</p> <p>In the event of the funding ending, the post holder would already be entitled to the same contractual rights as permanent employees and therefore the financial risk to the Council is not increased.</p> | |
| | Total posts proposed to add to establishment | 5.0 FTE |

Table C

| Service Area / Role | Rationale | FTE |
|---|---|----------------|
| Customer First – Development Management | <p>As a result of a review into the team's capacity, the need for an additional L5 specialist has been identified to meet predicted work levels and improve customer satisfaction with the service.</p> <p><u>Funding and risk</u> The post will be funded by planning income and is included in the budget proposals presently under consideration by Council.</p> | 1.0FTE |
| | Total posts proposed to add to establishment | 1.0 FTE |

Interim Senior Leadership arrangements

3.17. Following the resignation of the former Executive Director in February 2018, Council approved interim senior management arrangements, including additional responsibilities for three members of ELT, until May 2019. The interim arrangements were reviewed on 1 November 2018 and were found to be fulfilling the responsibilities required.

3.18. The Review Panel, consisting of the Leaders of each Council and senior Members recommend that the previous structure incorporating two Executive Directors be replaced with a Chief Executive officer. The Panel further recommends that the

remaining incumbent Executive Director, Mrs Sophie Hosking, is appointed to the role of Chief Executive.

- 3.19. The Panel recommends that once in post, the Chief Executive brings forward a proposed new senior leadership structure that builds upon the recommendations of the Peer Review and will be along the lines of:
- i. Director of Customer Service and Delivery
 - ii. Director of Place and Enterprise
 - iii. Director of Governance
 - iv. Director of Strategic Finance
- 3.20. The proposed new senior leadership structure will be further developed in consultation with senior officers and Members to determine the allocation of responsibilities and delegated authority and a report brought to Council within 6 months of the Council elections due to be held in May 2019 and prior to the appointment of candidates to the new senior leadership team.
- 3.21. The Review Panel also recommends that the Group Manager for Customer First and Support Services be retitled Interim Deputy Chief Executive to reflect the additional responsibilities being undertaken.
- 3.22. The impact of any restructure will be almost entirely limited to the Senior and Extended Leadership Teams and to where particular functions are positioned within the organisation.
- 3.23. The Review Panel also agreed to accept an offer of fully funded consultancy time from the Local Government Association to support a review of a permanent new senior leadership structure, including remuneration, and to commission further external support as necessary. The review will be widened to consider the structure for ELT. Members of the current ELT have been asked for their views on a new leadership structure that will inform the review.

Steadier State Review

- 3.24. In October 2018, a review of the current staffing arrangements was undertaken in conjunction with the ELT. The purpose of the review was to examine how the staffing structure had evolved since T18 and to make sure we had the right number of roles in the right activity areas and paid at the right level.
- 3.25. The 'steadier state' review involved ELT and line managers presenting a business case to the HR Panel (consisting of the Head of Paid Service and two others members of SLT) to support any proposed changes. Individual employees were also afforded the opportunity to present a case for re-grading.

- 3.26. As a result of the Steadier State Review a small number of changes were agreed within the existing staffing budget.
- 3.27. SLT also took the opportunity to realign some service areas within the Councils' structure in light of the decision not to set up a wholly owned company. This led to the transfer of line management reporting responsibilities for Member Services, Elections and Communications to the Support Services Specialist Manager and the transfer of the supporting case management team into the Customer First structure.
- 3.28. The HR Panel continues to evaluate requests from managers to make changes within the budget to the staffing structures, such as the transfer of funding from one post to another or re-grade a particular role because of a change in responsibilities and/or duties.

New approach to staff appraisals

- 3.29. Following a review by iESE and in line with emerging best practice, the annual appraisal scheme was reviewed and is being replaced with a regular 1:1 discussion between employees and the appropriate manager.
- 3.30. This reflects the matrix management approach adopted since T18 and enables employees to have structured discussions with the right managers. For example, a Specialist will have discussions about professional issues with the Community of Practice Lead Specialist but will have discussions about career development with the Specialist Manager. The matrix management approach has been successful and has developed naturally as employees understand the management arrangements.
- 3.31. The new approach to staff performance management is known as 'Personal Continual Improvement (PCI)' and is designed to allow staff to raise issues about health and well-being, career progression, make suggestions for continual improvement in service delivery. The PCI is also the opportunity to discuss progress against targets and discuss and mitigate any barrier to meeting objectives and agreed delivery outcomes. The objective of the PCI discussions is to help employees make a positive impact.
- 3.32. The Head of Human Resources Practice will monitor the impact of PCI and make an initial report to SLT in April 2019.

New pay and grading scheme

- 3.33. The 2016/2017 national pay negotiations resulted in the adoption of a new National Joint Council pay spine. The new structure sought to address the impact of the increasing national living wage on the bottom points of the national pay spine and also consolidated some current pay points to new single point to

address inconsistencies in the financial progression between spinal column points. The national agreement also awarded a 2% pay increase across all pay points, with further 'bottom loading' to give additional increases to staff employed at the lower spinal pay points.

3.34. As a result, the Councils' have migrated its existing pay and grading structure to the new national pay spine. This has been achieved without adding significant costs to the overall budget and without adversely affecting any individual employee. The proposal has the support of the recognised trade unions. The new pay structure will come into effect from 1 April 2019.

3.35. The proposed new pay and grading structure is shown at Appendix 1.

4. Proposed Way Forward

4.1. Senior Officers will continue to keep the Establishment under review and make sure employees and resources are allocated flexibly and in response to Council priorities, fluctuations in demand and to deliver new commercial opportunities.

4.2. The new operating model implemented as part of T18 provide greater opportunity for the flexible deployment of employees and resources. This enables officers to mitigate risks to specific service areas during periods of heightened demand or system failure and to meet changes in Council priorities.

5. Implications

| Implications | Relevant to proposals Y/N | |
|------------------|------------------------------|--|
| Legal/Governance | | An increase in the Council's Establishment requires the approval of Council. The Report is brought before the Council under the provisions of the Local Government and Housing Act 1989 which requires the Head of Paid Service to bring a report to Council (where she considers to appropriate) to consider proposals on the number and grade of staff required by the Council to discharge its functions. |
| Financial | | The report identifies in paragraph 3.13 the source of funding for the additional roles to be added to the Establishment. |

| | | |
|--|--|---|
| | | The roles are funded from within existing funding sources and therefore do not impact negatively on the Councils MTFS |
| Risk | | <p>The transfer of the identified roles onto the Establishment will reduce the risk of being unable to attract and retain appropriate employees to deliver the services because the offer of a permanent role is more attractive to employees seeking security.</p> <p>Additionally it is important to note that when temporary employees complete 2 years' service with the Council, they are entitled to the same benefits around redundancy etc.</p> |
| Comprehensive Impact Assessment Implications | | |
| Equality and Diversity | | There are no Equality and Diversity implications. |
| Safeguarding | | There are no Safeguarding implications. |
| Community Safety, Crime and Disorder | | There is no potential positive or negative impact on crime and disorder reduction. |
| Health, Safety and Wellbeing | | There are no significant implications for Health, Safety and Wellbeing |
| Other implications | | There are no other implications |

Supporting Information

Appendices:

Appendix 1: New pay and structure

Background Papers:

Local Government and Housing Act 1989

T18 Closedown Report to Council – O & S.112/17c (South Hams), Hub HC8 (West Devon)