

## **HAMPSHIRE COUNTY COUNCIL**

### **Report**

<b>Decision Maker:</b>	Employment in Hampshire County Council Committee
<b>Date:</b>	8 November 2022
<b>Title:</b>	Organisational Restructure – Chief Executive’s Update
<b>Report from:</b>	Chief Executive

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### **Purpose of this Report**

1. The purpose of this report is to provide the Employment in Hampshire County Council (EHCC) Committee with an update on the planned organisational and Senior Leadership team changes (Chief Officers and Deputy Chief Officers), since the last management Senior Management update in November 2021, and the report prior to this in July 2021, which outlined a number of Senior Management adjustments following appointment of the current Chief Executive.

### **Recommendations**

It is recommended that EHCC Committee:

2. Note the principles underpinning the redesign of the Organisation structure and Senior Leadership (Chief Officer and Deputy Chief Officer) roles, as outlined in paragraph 16.
3. Note the changes to the current organisational structure (directorates and service reporting lines), as outlined in paragraphs 17 to 20 and Appendix 3, as summarised below:
  - a) The Economy, Transport and Environment (ETE) and the Culture, Communities and Business Services (CCBS) departments will be disbanded.
  - b) A new directorate will be created (Universal Services) which will bring together those services which are universally available to all residents of Hampshire.

- c) A new directorate (Hampshire 2050) will be created which will place a clear focus on the PLACE that is Hampshire, and our ambitions for the County as described in the Hampshire 2050 Vision.
  - d) The renaming of the HR, OD, Communications and Engagement department to the People and Organisation directorate, and which will incorporate Law and Governance corporate functions.
4. Note the various changes to the Senior Leadership team (Chief Officer and Deputy Chief Officer) roles and the selection and appointment process for these, as outlined in paragraphs 21 to 29, and Exempt Appendix 4.
  5. Agree the proposed new salary framework for Chief Officers and Deputy Chief Officers, as noted in paragraphs 30 to 32 and detailed in Appendix 5. The salary framework formalises existing pay arrangements and does not represent an increase in Chief Officer or Deputy Chief Officer remuneration.
  6. Provide delegated authority to the Chief Executive to agree the remuneration of Chief Officers and Deputy Chief Officers as part of this restructure, and for future recruitment of Chief Officer and Deputy Chief Officer roles, including the spot-salaries of appointed officers, providing these are aligned to and within the parameters of the proposed salary framework as detailed within paragraph 33, except for two existing contractual arrangements noted in paragraph 35.
  7. Confirm that the delegated authority in recommendation 6 includes a delegation to approve severance payments to Deputy Chief Officers and Chief Officers, including Special Severance Payments below £100,000. As noted in paragraph 34, before exercising such delegation in respect of Special Severance Payments of £20,000 or more, but below £100,000, the Chief Executive will consult with the Chair of EHCC Committee.
  8. Note the estimated financial savings of £740,000 that will be delivered by these proposals, as noted in paragraph 36.

## **Executive Summary**

9. Further to the report to EHCC in November 2021, this paper outlines further changes to the County Council's organisational structure, and Chief Officer and Deputy Chief Officer roles.
10. It also outlines the proposed introduction of a new pay framework for Chief Officer and Deputy Chief Officer roles, intended to provide greater transparency and consistency to the salaries these roles can be appointed to.
11. The changes outlined within this report will result in a reduction of 5.8 FTE Chief Officer and Deputy Chief Officer roles (combined) and deliver financial savings of approximately £740,000.

## Background and context

12. In July and November last year, a report was presented to the EHCC Committee outlining a number of changes that were being made in relation to organisational and senior management roles.
13. Since those changes were introduced, further consideration has been given to how the most senior leadership of the County Council (Chief Officers and Deputy Chief Officers) and service directorates, could be organised differently to better respond to and deliver the future ambitions and priorities of the County Council.
14. To support this review, corporate management team documented the current 'AS IS' organisation model for the County Council – i.e., how we organise the work of the County Council into departments and services. The high-level organisation model is shown below in figure 1, with further detail of the main department service groupings within this model detailed in Appendix 1.

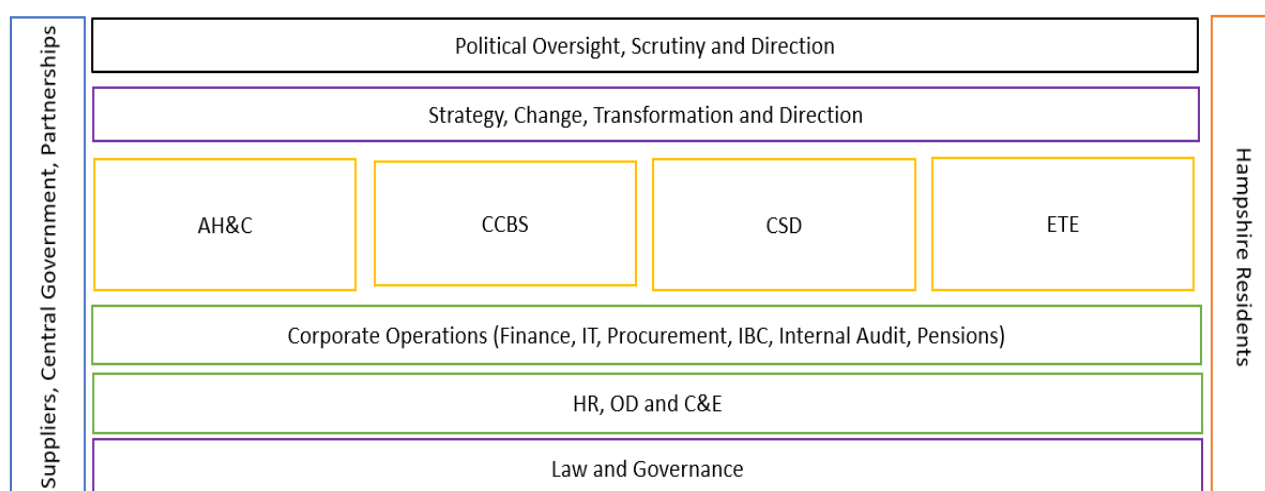


Figure 1 – 'AS IS' high-level organisation model

15. Details of the existing Chief Officer and Deputy Chief Officer roles and individuals in scope of this review, are set out within Exempt Appendix 2.

## Principles underpinning the changes

16. In approaching the latest phase of the Senior Leadership review, the following strategic principles have informed the thinking behind the proposed redesign of the organisation:
  - The concept of Corporate Directorship i.e., giving direction to HCC as one organisation, determining the strategic objectives and policies for HCC, jointly accountable for HCC activities to third parties and stakeholders, taking decisions on behalf of HCC.

- A desire to differentiate between our different cohorts of Service Users – i.e., Adults, Children and those services that are universally available to all the residents of Hampshire, led by three Service Director roles.
- A belief that collaboration across the organisation and our wider partners is essential to the effective delivery of our services, with key relationships being determined by the desire to achieve the best outcomes for our service users, irrespective of the directorate from which the work is led.
- A desire to ensure the County Council maintains a clear focus on the 'Place' that is Hampshire, and our ambitions for the County as described in our Hampshire 2050 vision.
- The notion that our enabling functions should be managed from the corporate centre to create maximum efficiency, effectiveness and consistency as well as reducing duplication – led by two Director roles who are essentially our Chief *Finance* Officer and Chief *People* Officer.
- The importance of making financial efficiencies at senior levels within the organisation, ahead of those that will need to follow more widely across the organisation as we approach the financial challenges expected in 2025.

## Changes to the organisational structure

### ***Organisational directorate and Chief Officer/Deputy Chief Officer role changes***

17. The most fundamental change to the County Council's structure is the disbanding of the current Culture, Communities and Business Service's (CCBS) and Economy, Transport and Environment (ETE) public facing service departments. Two new directorates will be created:
  - **Hampshire 2050** – focused on the 'Place' that is Hampshire, and delivering our Hampshire 2050 vision
  - **Universal Services** – bringing together the delivery of public facing services universally available to all, as well as services which directly support all other public facing services (i.e., Adults' Health and Care, and Children's Services).
18. In addition, all remaining departments will become known as **directorates**, with HR, OD, Communications and Engagement being renamed to **People and Organisation**, and incorporating Law and Governance.
19. The new high-level organisation model is outlined in figure 2 below:

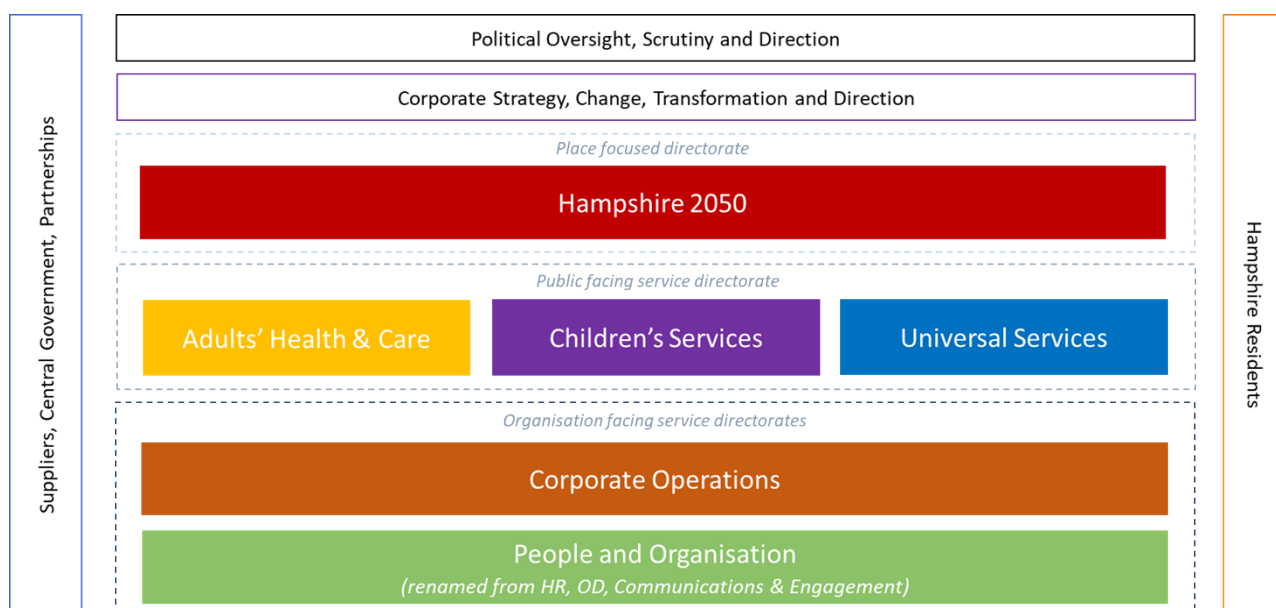


Figure 2 – proposed high-level organisation model

20. Service groupings have been reorganised in line with this new directorate model and are detailed in Appendix 3.
21. Chief Officer and Deputy Chief Officer roles, their responsibilities, accountabilities, expected core competencies and behaviours, have been redesigned in line with these new directorate structures and service groupings. These cover four categories of roles:
  - Chief Officer roles (i.e., Director) which are statutory.
  - Chief Officer roles (i.e., Director) which are not statutory.
  - Deputy Chief Officer roles which report to a Chief Officer, and either perform a Deputy function (i.e., Deputy Directors), or which have a significant statutory requirement to them (i.e., Director of Public Health).
  - Deputy Chief Officer roles which report to a Chief Officer and may also have a statutory element to them (i.e., Assistant Directors).
22. Details of the future roles within each directorate are set out within Exempt Appendix 4.
23. This new Senior Leadership structure reflects a number of existing roles which will be removed from the structure (9.8 FTEs), and a small number of new roles which have not been matched and therefore are currently vacant (4.0 FTEs) – an overall **net reduction of 5.8 FTEs**. These specific changes are summarised in table 1 below.

Table 1

	Current department / new directorate	Role title	FTE change
Proposed roles to be removed from the structure	Children's Services	Assistant Director Transformation	(1.0)
	CCBS	Director of CCBS	(1.0)
		Deputy Director CCBS	(1.0)
	ETE	Director of ETE	(1.0)
		Deputy Director Economy, Infrastructure and Spatial Planning	(1.0)
		Assistant Director Transformation & Business Services	(1.0)
	HR, OD, C&E	Head of HR & OD	(1.0)
	Law & Governance	Head of Law & Governance and Monitoring Officer	(0.8)
	N/A	Assistant Chief Executive	(1.0)
Sub-total of Chief Officer and Deputy Chief Officer roles to be removed from the structure			(9.8)
Proposed new roles to be created, where no direct match and slot (vacant)	Hampshire 2050	Director of Hampshire 2050 (and Assistant Chief Executive)	1.0
		Assistant Director Regeneration & Growth (Lead for Economy and Skills)	1.0
	Universal Services	Director of Universal Services	1.0
		Assistant Director Property, Business Development and Transformation	1.0
Sub-total of Chief Officer and Deputy Chief Officer roles not matched, and therefore vacant			4.0
Total (net) reduction in FTE Chief Officer and Deputy Chief Officer roles			(5.8)

### ***Selection and appointment process***

24. Selection and appointment to the roles within the new structure will be completed in accordance with the Council's managing change and recruitment policies and constitution.

25. In support of the transition into the new structure, an initial role matching exercise has been undertaken. Where a role is seen to match, and the number of posts available (FTE) in the new service **is equal to or more than the number of employees**, the individuals have been considered to 'slot' directly into the roles without the need for a competitive process.
26. Where the number of posts available (FTE) in the new service **is less than the number of employees** a ring-fenced appointment process of 'at risk' employees will take place because either:
- there is no comparable role in the new service (less than a 70% match) or,
  - there is a 'slot' between employees in the pool but there are more 'at risk' employees than roles available in the new structure.
27. The proposed roles detailed in Exempt Appendix 4 indicates which officers would be slotted into roles, together with the remaining four vacant roles that will be subject to an appointment process.
28. The appointment process has been agreed in advance with the Leader, the Chair of the EHCC Committee (prior to the commencement of their maternity leave) and the Leader of the Opposition and is in line with previous processes agreed by EHCC. This will include a Member Appointment Panel to review the proposed appointments to any remaining vacant roles.
29. Any further changes required below Deputy Chief Officers roles, will be pursued in accordance with normal HR practice.

### **Chief Officer and Deputy Chief Officer Salary Framework**

30. Alongside the new structure, a proposed Chief Officer and Deputy Chief Officer salary framework has been developed, intended to provide greater transparency and consistency to the salaries the County Council's most senior leadership roles will be appointed to. The salary framework formalises existing pay arrangements and does not represent an increase in Chief Officer or Deputy Chief Officer remuneration.
31. The framework is aligned to the four role levels outlined in paragraph 21. In future Chief Officers and Deputy Chief Officers will be appointed on to a spot-salary point, either to the value defined or within the salary range outlined in the framework, depending on the role. Appendix 5 details the proposed salary framework for EHCC's consideration.
32. The salary ranges proposed have been evaluated based on the accountabilities and responsibilities of the different level roles, along with the competencies and behaviours that will be expected in the future from Chief Officers and Deputy Chief Officers. The values included within the framework exclude the impact of any pay award that might be agreed and applied as

determined by EHCC for Chief Officers and Deputy Chief Officers in 2022/23, or in future years, and will be updated accordingly.

33. It is recommended to EHCC that (subject to the proposed salary framework at Appendix 5 being agreed), the Chief Executive be given delegated authority to determine Chief Officer and Deputy Chief Officer Remuneration and agree the spot-salary points all Chief Officers and Deputy Chief Officers are appointed to (both for this Senior Leadership review, for future appointments, or changes to these roles), providing these are aligned to and within the parameters of the proposed salary framework. "Remuneration" includes all aspects of pay, including severance payments.
34. At its meeting in July 2022, EHCC considered statutory guidance from Government in respect of "Special Severance Payments" and confirmed that previous delegations to the Chief Executive included the authority to approve Special Severance Payments below £100,000 for non-Chief Officers and Deputy Chief Officers. However, any Special Severance Payments above £100,000 still require EHCC approval. In light of the proposal to now delegate approval of Chief Officer and Deputy Chief Officer "remuneration" to the Chief Executive in accordance with the salary framework, EHCC are also asked to confirm this includes severance payments for such officers, including Special Severance Payments, below £100,000. For payments between £20,000 and below £100,000, the Chief Executive will consult with the chair of EHCC, in line with existing delegations. This will ensure that appropriate delegations are in place to ensure consistency throughout all grades, operational efficiency, and effectiveness. Any Special Severance payments above £100,000 (to any officer) will continue to require approval by EHCC Committee.
35. As far as is contractually possible all Chief Officer's and Deputy Chief Officers in scope of this review will be appointed to an appropriate spot-salary point aligned to the framework. For the majority of those officers who will slot into a role, their existing salary currently aligns to the relevant level of the framework. Where there are exceptions to this however, these anomalies will be addressed through the restructure process, with the exception of two Deputy Chief Officers whose existing contractual pay agreement is above that set out in the framework. These two particular contractual arrangements will therefore continue, albeit timebound for the period the current postholders remain within these roles.

## **Financial Savings**

36. As noted in paragraph 23, the proposed changes will result in a combined reduction of 5.8 FTE Chief Officer and Deputy Chief Officer roles. Taking in to account the proposed new salary framework, this reduction will deliver financial savings of approximately £740,000, contributing toward early delivery of savings ahead of April 2025.



## **Consultation and Equalities**

37. It is not envisaged that an equalities impact assessment will be required for any of the updates included in this paper.

## **Climate Change Impact Assessment**

38. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience impacts of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.

## **Climate Change Adaptation and Carbon Mitigation**

39. The carbon mitigation tool and climate change adaptation tools were not applicable on this occasion because the decision relates to a programme that is strategic/administrative in nature

## **Conclusions**

40. The purpose of this report is to ensure that the EHCC Committee is updated on changes to the County Council's organisational structure, the principles that underpin these changes, and the consequential impact on the Chief Officer and Deputy Chief Officer Senior Leadership team roles.
41. It also outlines the proposed introduction of a new Chief Officer and Deputy Chief Officer pay framework for consideration by the Committee.
42. The recommendations included within the report ask the Committee to note and agree these proposals where relevant, which seek to ensure that the County Council is organised to deliver against our future strategic priorities, and to ensure that we retain sufficient capacity and capability within our most senior leadership roles to drive forward further challenging organisational change in the coming years.
43. The paper also seeks to note the financial contribution the proposals will deliver toward future expected funding reductions.

## REQUIRED CORPORATE AND LEGAL INFORMATION:

### Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	Yes
People in Hampshire live safe, healthy and independent lives:	Yes
People in Hampshire enjoy a rich and diverse environment:	Yes
People in Hampshire enjoy being part of strong, inclusive communities:	Yes

### Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Senior Management Update	11 November 2021
Senior Management Adjustments	5 July 2021
Corporate Management Capacity	13 March 2019
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>
N/A	

### Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

## **EQUALITIES IMPACT ASSESSMENT:**

### **1. Equality Duty**

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

### **2. Equalities Impact Assessment:**

There are no changes proposed in this report. As such a further equalities impact assessment has not been undertaken.