

South Ayrshire Council

**Report by Chief Executive
to South Ayrshire Council
of 5 March 2020**

Subject: Review of Management Structure

1. Purpose

- 1.1 The purpose of this report is to outline proposals to further refine and rationalise structural arrangements of the roles and remits of the 3 support service Heads of Service (Employee and Customer Services, Finance and ICT, and Regulatory Services required by Council at a meeting on 14 December 2017.

2. Recommendation

2.1 It is recommended that the Panel:

- 2.1.1 **approves the revised structural arrangements as summarised in 4.6 and detailed in [Appendix 1](#);**
- 2.1.2 **transfers responsibility for the Emergency Response Team (ERT) activities and resources based in John Pollock Centre to the Health and Social Care Partnership (HSCP);**
- 2.1.3 **agrees that the Head of Finance and ICT undertakes a review to assess the feasibility and benefits of formally linking the Information and Advice Hub with the Benefits service and rolling-out information and advice capacity within other community based facilities and report findings and recommendations to Leadership Panel by June 2021;**
- 2.1.4 **agrees that the Head of Legal, HR and Regulatory Services undertakes a review to determine where the Trading Standards and Environmental Health Service should sit within the Council structure, relative to other front-line services, and report findings and recommendations to Leadership Panel by June 2021;**
- 2.1.5 **request that the Chief Executive provide a report to Service and Performance Panel, first on an interim basis by September 2020 and then second, a full report by March 2021 in relation to setting out the impact on the services affected by the revised structural arrangements set out in the recommendations to this report.**

3. Background

- 3.1 At its meeting on 4 December 2017, the Council approved changes to the Chief Officer structure below Chief Executive level, excluding the Health and Social Care Partnership (HSCP). 7 new posts were created (1FTE Deputy Chief Executive and Director – People; 1FTE Director – Place; 4FTE Executive Managers and 1FTE Head of Regulatory Services) and 2FTE posts (Head of Finance and ICT and Head of Employee and Customer Services) were unchanged.
- 3.2 The decision to leave the Heads of Finance and ICT and Employee and Customer Services unchanged reflected the particular and immediate challenges the Council faced, in particular the need to make significant strategic budgetary and workforce changes; including a comprehensive review of all third and fourth tier structural arrangements, which reduced staffing costs at those levels by £747,272. However, reflecting the concerns expressed by some Elected members that retaining 3 support services Heads of Service, was disproportionately high, relative to 4 Executive Managers within the 2 operational Directorates, the report noted that arrangements in this respect should not be interpreted as an intention to retain the current arrangements indefinitely and recognised the importance of ensuring proportionate support services that reflect operational service delivery, and highlighted the potential to further integrate activities and refine and rationalise arrangements.
- 3.3 Accordingly, it was agreed that a further review of the role and remits of the 3 support Heads of Service (Finance and ICT; Employee and Customer Services and Regulatory Services) should be undertaken after 2 years, by December 2019.
- 3.4 The minute of that meeting reflected this position, agreeing that ‘a further review of the role and remits of the support service Heads of Service (Employee and Customer Services, Finance and ICT, and Regulatory Services) should be undertaken by December 2019 to identify opportunities to further refine and rationalise arrangements’.
- 3.5 The 3 support Heads of Service each currently have responsibility for a range of activities, summarised below. The Heads of Finance and ICT and Regulatory Services also hold the statutory officer roles of Chief Financial Officer (more commonly referred to as the Section 95 Officer) and Monitoring Officer respectively.

<i>Head of Finance and ICT</i>	<i>Head of Employee and Customer Services</i>	<i>Head of Regulatory Services</i>
<ul style="list-style-type: none"> Chief Finance Officer – Statutory Role 	<ul style="list-style-type: none"> Customer Services (including the Information and Advice Hub and the Emergency Response Team) 	<ul style="list-style-type: none"> Monitoring Officer – Statutory Role
<ul style="list-style-type: none"> Corporate Accounting 	<ul style="list-style-type: none"> Employability and Skills 	<ul style="list-style-type: none"> Democratic and Governance

<i>Head of Finance and ICT</i>	<i>Head of Employee and Customer Services</i>	<i>Head of Regulatory Services</i>
<ul style="list-style-type: none"> • ICT – Enterprise Architecture 	<ul style="list-style-type: none"> • Organisational Development 	<ul style="list-style-type: none"> • Legal Services
<ul style="list-style-type: none"> • ICT – Operations 	<ul style="list-style-type: none"> • Human Resources 	<ul style="list-style-type: none"> • Risk and Safety
<ul style="list-style-type: none"> • Revenue and Benefits 	<ul style="list-style-type: none"> • Employee Services (including payroll) 	<ul style="list-style-type: none"> • Trading Standards and Environmental Health

3.6 Section 95 of the Local Government (Scotland) Act 1973 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a Chief Finance Officer (CFO) to have responsibility for those arrangements. CIPFA’s Statement on ‘The Role of the Chief Financial Officer’ states that the CFO should be professionally qualified, report directly to the Chief Executive and be a member of the leadership team, with a status at least equivalent to other members. The importance and profile of this Statement has been increased in CIPFA’s recently issued Financial Management Code which requires authorities to demonstrate compliance with the Statement on a ‘shadow year’ basis from this April.

3.7 Section 5 of the Local Government and Housing Act 1989 established the role of Monitoring Officer to ensure that the Council observes its constitution and operates legally, including reporting on the legality of matters, mal-administration and the conduct of Councillors and officers. Audit Scotland recommends that the Monitoring Officer holds a position of sufficient seniority within the Council to enable them to carry out their statutory responsibilities effectively.

3.8 It has been suggested that one or more of the Statutory Officer roles could be transferred to the People and Place Directorates. Advice was sought from Audit Scotland in relation to this suggestion. Audit Scotland has confirmed the position outlined at 3.6 and 3.7 above and therefore, it is proposed that these 2 statutory roles continue to report directly to the Chief Executive.

4. Proposals

Support Heads of Service

4.1 *Head of Finance and ICT*

4.1.1 There are currently 4 Service Leads reporting to Head of Finance and ICT:

- Corporate Accounting;
- ICT – Enterprise Architecture;
- ICT – Operations; and
- Revenues and Benefits

4.1.2 A comprehensive review of ICT was agreed by Leadership Panel in November 2018 and the extensive structural changes it contained have

now been implemented and the benefits of the steady but significant infrastructure and system changes are being realised. An earlier, equally comprehensive, review of Revenues and Corporate Accounting was agreed by Leadership Panel in September 2018 and the resulting changes are now in place and a further review of the structure within Benefits will be undertaken as the roll out of Universal Credit progresses. No further changes to Corporate Accounting, ICT or Revenue and Benefits structures are proposed at this time.

- 4.1.3 As noted at 4.2.4 below, a review will be undertaken by the Head of Finance and ICT to explore additional opportunities to utilise emerging spare capacity within the Benefits service and roll-out information and advice capacity within other community based facilities, with a report outlining findings and recommendations reported to Leadership Panel by June 2021.

4.2 ***Head of Employee and Customer Services***

- 4.2.1 There are currently 3 Service Leads reporting to the Head of Employee and Customer Services:

- Organisational Development (OD) and Customer Services;
- Employee Services; and
- Human Resources (HR) Policy and Operations.

- 4.2.2 Organisational Development and Customer Services currently includes:

- Emergency Response Team (ERT);
- Information and Advice Hub (IAAH);
- Customer Service Centres
- Employability and Skills; and
- Organisational Development.

- 4.2.3 The Emergency Response Team (ERT), primarily, responds to HSCP community alarm activations and also undertakes a range of other activities including out of hours emergency housing repairs; key holding for some Council buildings; and CCTV coordination because it is the only 24/7 Council service. However, the key activity relates to community alarms. It is proposed to transfer the ERT activities and resources based in the John Pollock Centre to the HSCP reflecting the current work ongoing within the HSCP regarding telehealth and telecare. Proposals in respect of CCTV coordination will be the subject of a further report by Director – Place as the operation is transferred to McCalls Avenue.

- 4.2.4 Customer Services currently includes the Information and Advice Hub (IAAH). While it is not proposed that this arrangement is changed at this stage, it is recognised that there should be equally strong, or perhaps even stronger, links between the IAAH and the benefits team as there are between the IAAH and the 5 Customer Service Centres and these links are likely to strengthen as universal credit is fully rolled out and the

Benefits service evolves to reflect emerging priorities. That roll out will also reduce the work of the Council's benefits team and free up capacity to explore additional opportunities to roll-out information and advice capacity within other community based facilities. Accordingly, it is proposed that the Head of Finance and ICT, in conjunction with relevant Service Leads, carries out a review to explore options in this respect over the next 12 to 18 months with a report outlining findings and recommendations reported to Leadership Panel by June 2021; while it is recognised that the final position in relation to Universal Credit roll-out and wider Welfare Reform may not be known at that point, sufficient intelligence should be available by then to make an informed longer-term decision.

- 4.2.5 The December 2017 report highlighted the fact that elements of the Head of Employee and Customer Services, specifically, the Employability and Skills and Customer Services activities (which are front-line operational, as opposed to support, services) should be integrated and aligned with other services within the People Directorate. Over the last 12 to 18 months, positive and progressive work has been undertaken to transfer Employability and Skills and Customer Services to the People Directorate and it is proposed that these services are now permanently transferred to the People Directorate.
- 4.2.6 The Organisational Development element of the Service Lead – OD and Customer Services, could be integrated with HR and Payroll activities and remain within the Chief Executive's support services. However, the integration of Customer Service and Organisational Development has resulted in a strategic and structured approach to improving the way we interact with customers and, crucially, enabling the organisation to respond to these new ways of working in terms of internal processes and workforce capacity. The recent interim arrangement which expanded this portfolio to include the Communications team, which substantively sits within the People Directorate, provided additional opportunities to standardise and improve communications with customers – both internal (workforce) and external (citizens), and more effectively highlight the reasons our workforce and communities should be proud of their work and of South Ayrshire. As the Council embarks on the next, and more ambitious and rapid, phase of change with increased digital access, property rationalisation and new ways of working, it will become increasingly important to expand and embed the synergies between customer services, OD and communications with operational services and communities. Accordingly, it is proposed to permanently amend the remit of the Service Lead – Organisational Development and Customer Service to include Public Relations and transfer it to the People Directorate.
- 4.2.7 The Employability and Skills team plays a critical role in the delivery of a number of corporate priority objectives. Reflecting this potential, although substantively within the remit of the Service Lead – OD and Customer Services, the team has been part of the ongoing Thematic Review of community based services (along with Community Learning and Development, Community Engagement, and Health and Wellbeing and Sport and Leisure), led by one of the People Executive Managers, which, among other things, has developed the Team around the School approach.

- 4.2.8 The above changes will leave only Employee Services (which includes payroll) and HR within Employee and Customer Services. Since the implementation of the Oracle Payroll system in November 2016 some progress has been made to integrate these 2 teams in order to further streamline processes and standardise procedures. However, the fact that the teams still operate separately under 2 different Service Leads with different structural arrangements appears to have impeded full integration. While in some respects the functional activities and professional training and skills differ between the 2 teams, strategically, they need to be more effectively aligned with holistic processes and proficiency. It is, therefore, proposed that Service Leads - Employee Services and HR Policy and Operations, merge to form a new integrated service, led by a single Service Lead – HR and Payroll. The Council is currently reviewing the ICT systems for HR, Payroll and Finance and it is anticipated that HR and Payroll may be a potential area for joint working with neighbouring authorities

The officers who currently occupy these posts have significant knowledge and experience of these key services and it is key that the officer appointed to the new role has the opportunity to have a handover period of at least three months. If approved, the new post would be advertised with immediate effect and existing posts would be deleted from the structure after the handover period. If approved the 1FTE HR Policy and Operations and 0.6FTE Employee Services and associated staff will transfer to the Head of Legal, HR and Regulatory Services.

4.3 ***Head of Regulatory Services***

- 4.3.1 As noted above, the proposed new integrated HR and Payroll team will include many activities which will continue to have strong links with, and reliance on employment law advice from the legal service team. Reflecting this, as noted at 4.2.8 above, it is proposed to transfer responsibility for the new post of 1FTE Service Lead – HR and Payroll (and associated staff) to the Head of Regulatory Services. The remit of the Head of Regulatory Services will be varied to this effect and re-titled Head of Legal, HR and Regulatory Services.
- 4.3.2 Although Trading Standards and Environmental Health can be described as 'Regulatory' services, in as much as they enforce relevant legislation, they are not internal support services in the same way as the other elements, such as health and safety, member and committee services and legal services. Equally, there are other operational services within the People and Place Directorate, for example Planning and Building Control which include elements of regulatory control. While it is not proposed to change structural arrangements in this respect at this stage, it is proposed that as other transformational changes (for example Placemaking) are rolled out over the next 18 months or so, consideration is given as to where Trading Standards and Environmental Health ultimately sit within the structure with a report back to Leadership Panel with findings and recommendations by June 2021.

4.4 **General**

4.4.1 The above changes, as well as improving structural arrangements, provide an opportunity to delete the post of Head of Employee and Customer Services, thereby rationalising the number of support Heads of Service to 2. The Head of Employee and Customer Services currently advises the Council’s Chief Officers’ Appointments/ Appraisal Panel. If the proposals are approved, this will be incorporated into the new role of Service Lead – HR and Payroll. The new role will also advise the Council’s Appeals Panel, which is currently within the remit of the Service Lead – Human Resources and supported by the Service Lead – Legal and Licensing.

4.4.2 The remaining 2 support Heads of Service – Finance and ICT and Legal, HR and Regulatory Services, in addition to leading support services, will continue to each hold a statutory position – Chief Finance Officer (or Section 95 Officer) and Monitoring Officer respectively, with the following remits:

Head of Finance and ICT	Head of Legal, HR and Regulatory Services
<ul style="list-style-type: none"> • Chief Finance Officer – Statutory Role 	<ul style="list-style-type: none"> • Monitoring Officer – Statutory Role
<ul style="list-style-type: none"> • Corporate Accounting 	<ul style="list-style-type: none"> • HR and Payroll
<ul style="list-style-type: none"> • ICT – Enterprise Architecture 	<ul style="list-style-type: none"> • Democratic and Governance
<ul style="list-style-type: none"> • ICT – Operations 	<ul style="list-style-type: none"> • Legal Services
<ul style="list-style-type: none"> • Revenue and Benefits 	<ul style="list-style-type: none"> • Risk and Safety
	<ul style="list-style-type: none"> • Trading Standards and Environmental Health

4.4.3 These statutory posts will continue to require the postholders to be a qualified accountant (in the case of the Chief Finance Officer) and a qualified solicitor (in the case of the Monitoring Officer) They will also continue to report directly to the Chief Executive in line with the Audit Scotland/ CIPFA view articulated at 3.6 and 3.7.

4.5 **Chief Officer Administrative Support**

4.5.1 The December 2017 report also reviewed the Chief Officer Administrative Support arrangements, which had previously been devolved to Directorate level. The single team, which supports all Chief Officers, has removed duplication and created efficiencies. As a result, it has not been necessary to fill 2 FTE Clerical Assistant (Level 3) posts. It is proposed that these vacant posts are now deleted.

4.5.2 In addition, the above changes provide an opportunity to reduce the number of Personal Assistant posts to reflect the reducing Chief Officer structure. The table below summarises the proposed changes which

have been included within the revenue budget proposals considered elsewhere on this agenda:

Current	FTE	Level	Proposed	FTE	Level
Office Manager	1.00	9	Office Manager/Personal Assistant (Chief Executive)	1.00	9
Personal Assistant (Chief Executive)	1.00	9			
Personal Assistant (Directors)	1.00	7	Personal Assistant (Directors)	1.00	7
Administrative Assistant	3.00	5	Administrative Assistant	3.00	5
Clerical Assistant	4.00	3	Clerical Assistant	2.00	3
Total	10.00		Total	7.00	

4.6 **Summary of Proposals**

- 4.6.1 The Head of Finance and ICT will undertake a review to assess the feasibility and benefits of formally linking the Information and Advice Hub with the Benefits service and report findings and recommendations to Leadership Panel by June 2021.
- 4.6.2 Transfer responsibility for the Emergency Response Team (ERT) activities and resources based in the John Pollock Centre to the Health and Social Care Partnership (HSCP).
- 4.6.3 Transfer the post and remit of the Service Lead – OD and Customer Services to the People Directorate and amend the remit to formally include Communications and Public Affairs. There will be no change to grade.
- 4.6.4 Create the new post of 1FTE Service Lead – HR and Payroll (Level 16) reporting to the Head of Legal, HR and Regulatory Services and delete the posts of 1FTE Service Lead – Employee Services (Level 16) and 0.6FTE Service Lead – HR Policy and Operations (Level 16) after a handover period.
- 4.6.5 Amend job title and remit of Head of Regulatory Services to Head of Legal, HR and Regulatory Services.
- 4.6.6 The Head of Legal, HR and Regulatory Services will undertake a review to determine where the Trading Standards and Environmental Health Service should sit within the Council structure, relative to other front-line services, and report findings and recommendations to Leadership Panel by June 2021.
- 4.6.7 Delete the 1FTE post of Head of Employee and Customer Services.

- 4.6.8 Delete the 1FTE post of Personal Assistant (Chief Executive), Level 9, amend the role of Office Manager, Level 9, and delete 2FTE post of Clerical Assistant, Level 3. The savings from these structural changes have already been included as part of the Revenue Budget proposals

5. Legal and Procurement Implications

- 5.1 There are no legal implications arising from this report.
- 5.2 There are no procurement implications arising from this report.

6. Financial Implications

- 6.1 The proposals will realise full year savings of £245,929. £79,121 of these savings have already been included in the Revenue Budget 2020/21 considered earlier on this agenda.
- 6.2 The Scottish Government's non-legislative reform of public sector severance arrangements guidance, published in June 2019, recommends that any severance costs to be off-set by savings over a maximum 2-year payback period – this reflects the Council's established pay-back arrangements. While the actual severance costs of the changes proposed in this report are not yet known, (that will be dependent upon the outcome of the application of the Council's Framework for Managing Workforce Change), the maximum severance costs payable will ensure a pay-back period of 1.3 years. Accordingly, any severance costs will be met from the corporate fund set aside for that purpose.
- 6.3 The proposals in this report increase the earlier savings of £747,272 (generated from the review of Chief Officer arrangements in December 2017 and the subsequent reviews of third and fourth tier arrangements in March and June 2018 respectively) to £993,201.

7. Human Resources Implications

- 7.1 The proposed changes, as summarised in Appendix 1 will reduce the Chief Officer establishment by 1FTE; the Chief Executive's Directorate third tier Service Lead establishment by 0.6FTE; and the Chief Executive's Office administrative support team by 3FTE – an overall reduction of 4.6FTE.
- 7.2 The proposed changes, if approved, will be implemented in accordance with the Council's Framework for Managing Workforce Change.
- 7.3 Depending on the outcome of the Managing Workforce Change process, in particular the matching and redeployment process, affected employees could reasonably refuse available alternative employment and opt to leave the Council through voluntary severance. As outlined at 4.2.8 above it is proposed to phase the implementation of the changes to Service Leads to avoid any detrimental impact on service delivery.

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

8.1.1 There are risks arising from a reduction in Chief Officer and Service Lead capacity, but this can be mitigated by greater empowerment of managers and streamlining of processes.

8.2 *Risk Implications of Rejecting the Recommendations*

8.2.1 Rejection of the recommendations will impede delivery of the Council's priority objectives and require additional financial savings at lower salary grades within the organisation.

9. Equalities

9.1 The proposals in this report have been assessed through the Equality Impact Assessment Scoping process. There are no significant potential positive or negative equality impacts of agreeing the recommendations and therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached as [Appendix 2](#).

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

12.1 The matters referred to in this report contribute to the Council strategic objective of 'Effective Leadership that Promotes Fairness' and within that to the outcome 'Ensure the Council is structured to make the best use of resources'.

13. Results of Consultation

13.1 There has been no public consultation on the contents of this report.

13.2 Consultation has taken place with Councillor Douglas Campbell, Portfolio Holder for Corporate and Councillor Peter Henderson, Portfolio Holder for Resources and Performance, and the contents of this report reflect any feedback provided.

13.3 Consultation has taken place with officers whose remits are directly affected by the changes, and the proposals have also been shared with Trade Union representatives.

14. Next Steps for Decision Tracking Purposes

- 14.1 If the recommendations above are approved by Members, the Chief Executive will ensure that all necessary steps are taken to ensure full implementation of the decision within the following timescales, with the completion status reported to the Leadership Panel in the 'Council and Leadership Panel Decision Log' at each of its meetings until such time as the decision is fully implemented:

<i>Implementation</i>	<i>Due date</i>	<i>Managed by</i>
Implement the revised structural arrangements	By 30 June 2020	Chief Executive
Transfer responsibility for the Emergency Response Team (ERT) activities and resources based in John Pollock Centre to the Health and Social Care Partnership (HSCP)	30 June 2020	Chief Executive/ Director of Health and Social Care Partnership
Undertake a review to assess the feasibility and benefits of formally linking the Information and Advice Hub with the Benefits service	15 June 2021	Head of Finance and ICT
Undertake a review to determine where the Trading Standards and Environmental Health Service should sit within the Council structure, relative to other front-line	15 June 2021	Head of Legal, HR and Regulatory Services

Background Papers **[Report to South Ayrshire Council of 14 December 2017 – Review of Management Structure](#)**

[Framework for Managing Workforce Change](#)

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