

## **Report of the Chief Executive**

- 1. New structure for the Council's senior leadership team.**
- 2. The dismissal of the Service Director Legal, Governance & Democratic Services (Monitoring Officer) by reason of redundancy as part of the implementation of the Council's senior leadership team restructure and as recommended by the Special Members Panel held on 8 August 2024.**
- 3. Interim arrangements for the statutory role of Monitoring Officer.**
- 4. Somerset Council Redundancies Requiring Full Council Approval under the Localism Act Arising from**
  - (i) the Voluntary Redundancy Scheme and**
  - (ii) Implementation of the restructuring in Strategic Asset Management as part of Local Government Reorganisation (LGR).**

Executive Member: Councillor Bill Revans, Leader of the Council

Local Member and Division: n/a

Lead Officer: Duncan Sharkey, Chief Executive and Head of Paid Service

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### **1. Summary**

#### **1.1 The purpose of this report is to**

1. Provide information on the new structure for the Council's senior leadership team.
2. Approve the dismissal by reason of redundancy of the Service Director Legal, Governance & Democratic Services (Monitoring Officer) as per the recommendation of the Special Members Panel.
3. Approve interim arrangements for the statutory role of Monitoring Officer.
4. Provide details for the approval of the costs of proposed dismissals by reason of redundancy in relation to (i) the Voluntary Redundancy Scheme and (ii) Local Government Reorganisation (costs detailed in Appendix B).

It provides recommendations on the role of Full Council in relation to the dismissals and requests the necessary delegation to the Head of Paid Service to finalise details of the leaving date and payments associated with the redundancies, in line with appropriate legislation and policies.

## **2. Recommendations**

- 2.1** Note the new structure for the Council's senior leadership team as set out in Appendix A.
- 2.2** Approve the dismissal by reason of redundancy of the Service Director Legal, Governance & Democratic Services (Monitoring Officer) as per the recommendation of the Special Members Panel and delegate authority to the Chief Executive to agree the final date of dismissal and the final redundancy payment (in line with contractual entitlements).
- 2.3** With effect from the date of dismissal by reason of redundancy of the Service Director Legal, Governance & Democratic Services (Monitoring Officer), Council appoints and designates Alyn Jones, Executive Director – Resources, Strategy and Transformation as the Council's Monitoring Officer on an interim basis until the appointment of a permanent Monitoring Officer.
- 2.4** Approve the redundancy costs for the posts as set out in Appendix B, as Full Council approval is required for costs that exceed £100,000 and delegate authority to the Chief Executive to agree the final date of dismissal and the final redundancy packages, noting that such settlements will not exceed contractual redundancy pay or the payment required under statute to the Local Government Pension Scheme.

## **3. Background**

### **3.1 Council's Senior Leadership Team Structure**

- 3.1.1** As part of the Improvement and Transformation Programme, the restructuring of the Senior Leadership Team is the first stage of restructuring the whole organisation.
- 3.1.2** Following consultation with trade unions and impacted staff, the Chief Executive agreed the new structure for the Senior Leadership Team at Somerset Council on 18 July 2024. The new senior leadership structure can be seen at Appendix A.
- 3.1.3** 10 posts have been deleted from the senior leadership structure. Following collective and individual consultation, recruitment and selection processes and consideration of alternative employment, five individuals remain at risk of compulsory redundancy.
- 3.1.4** The Special Members Panel met on 8 August 2024 to consider the redundancy of the five staff at Executive and Service Director level who had not secured alternative employment by that date. The Panel's recommendation to Full Council is to make the post of Service Director Legal, Governance & Democratic Services (Monitoring Officer) redundant. The dismissal of this role can only be agreed by Full Council.
- 3.1.5** The Monitoring Officer designation is proposed to transfer to a Head of Service postholder by 1st April 2025 which is a level lower than Service Director. The Monitoring Officer post will remain a member of the Executive

Leadership Team, reporting into an Executive Director, with a dotted reporting line to the Chief Executive.

### **3.2 Interim Arrangements for the role of Monitoring Officer**

**3.2.1** Consultation on the next phase of restructuring is due to start in the Autumn of this year and will require a 45-day consultation period. The Head of Service role where it is proposed to designate the statutory role of Monitoring Officer will form part of this consultation. It is the intention that internal appointments to roles in the new structure will be confirmed by the end of March 2025. Any posts that remain unfilled internally, will then be advertised externally.

**3.2.2** If recommendation 2.2 is agreed, *“Approve the dismissal by reason of redundancy of the Service Director Legal, Governance & Democratic Services (Monitoring Officer) as per the recommendation of the Special Members Panel and delegate authority to the Chief Executive to agree the final date of dismissal and the final redundancy payment (in line with contractual entitlements), based on contractual notice”*, the current post holder’s dismissal would be effective from the end of December/early January. This is before the internal appointments to the new Head of Service role will have been confirmed.

**3.2.3** Under [Section 5 of the Local Government and Housing Act 1989](#) the Council has a statutory duty to designate one of its officers (to be known as “the monitoring officer”) as the officer responsible for performing the duties imposed by this section. The Monitoring Officer designation can be held by an alternative appropriately qualified, experienced, and competent person. There is currently no requirement for the Monitoring Officer to be a legally qualified person

**3.2.4** To enable the Council to meet its statutory requirements, it is proposed that when the current designated Monitoring Officer leaves the Council that interim arrangements are put in place until the new, substantive Head of Service with the Monitoring Officer delegation (subject to consultation) has been appointed to. It is recommended that, during this intervening period, that the designation of Monitoring Officer be aligned to the post of Executive Director Resources, Strategy & Transformation on an interim basis.

### **3.3 Voluntary Redundancy Scheme**

**3.3.1** The Executive endorsed a new vision for the Council, emphasising a leaner and more productive organisation with fewer staff and managers, including senior directors. This requires an approach to whole Council transformation which will bring together transformation and change programmes across the organisation to ensure whole council oversight and prioritisation of resources and investment.

**3.3.2** As part of the work to support the long-term financial stability of the Council, a report on the Transformation and Improvement Programme which includes a Workforce Programme has been developed and presented to the Executive and the Scrutiny Committee – Corporate and Resources. Part of the Workforce Programme is to reduce the size of the workforce which will not in itself reshape the Council. The other two programmes running in parallel to this activity; organisational design and innovation, and

partnerships and devolution, along with the original vision of the LGR strategy, will shape what a good council looks like.

**3.3.3** As part of the workforce reduction programme the Council committed to minimising compulsory redundancies by actively pursuing several lines of enquiry to reduce the pay bill, including reduction of agency, interims and consultants, removal of budgeted vacancies, voluntary reduction of contract hours and a review of fixed term contracts as well as a Voluntary Redundancy Scheme. Trade unions have been engaged throughout the consultation period on the Voluntary Redundancy Scheme.

**3.3.4** The Voluntary Redundancy Scheme was open to all staff including chief officers and deputy chief officers except those employed in posts on an exempt list agreed by the Executive Leadership Team.

**3.3.5** The voluntary redundancy scheme closed on 24 March 2024 and a total of 372 applications were received. All applications have been assessed using the following criteria.

- Can the post be removed from the establishment and not replaced? In other words, is this a genuine redundancy?
- If the post carries a designation/role that is required under statute, can this designation/role be transferred to another post?

A cost benefit analysis has also been completed to establish whether savings can be made within an agreed payback period. 201 applications have been endorsed by the Voluntary Redundancy Panel.

**3.3.6** Full Council approval is required for those applications for voluntary redundancy that have been provisionally approved by the VR Panel because the total overall cost exceeds £100,000. These are set out in Appendix A and are in addition to those previously approved by Full Council in July 2024.

## **3.4 Local Government Reorganisation**

**3.4.1** On 21 July 2021 the Secretary of State for Housing, Communities and Local Government announced his decision to implement a single unitary council covering the whole of the administrative county of Somerset. This decision enabled implementation of the One Somerset Business case submitted on 30 July 2020. On 18 March 2022 the Secretary of State made the Somerset (Structural Changes) Order 2022 (SCO). The SCO formalised the decision to implement the business case and set out the legal framework for implementation.

**3.4.2** Somerset Council was established on 1 April 2023, with the four District Councils abolished and their functions transferring to Somerset County Council, as the continuing authority. Upon the establishment of Somerset Council, staff at the four district councils employed immediately before the transfer became Somerset Council employees. This is confirmed in Regulation 3 of the Local Government (Structural and Boundary Changes) (Staffing) Regulations 2008.

**3.4.3** The One Somerset Business Case detailed proposed annual savings (£18.5m) from the implementation of local government reorganisation (LGR) in Somerset, once investment to deliver the new council has been recouped. The cost of redundancies linked to LGR will be funded from the LGR implementation budget.

**3.4.4** Consultation on the proposed structures in Strategic Asset Management took place in early 2024, followed by a number of recruitment processes. Full Council approval is required for those redundancies where the total overall cost exceeds £100,000. These are set out in Appendix B and are in addition to those previously approved by Full Council in July 2024.

## **4.0 Constitutional Requirements**

**4.1** The Local Authorities (Standing Orders) (England) Regulations 2001 state that the dismissal of a member of staff of the authority must be discharged by the Head of Paid Service. But this does not apply to the dismissal of the Head of Paid Service, statutory chief officer, non-statutory chief officer, or deputy chief officer.

**4.2** Somerset Council's Constitution sets out that the decision maker for dismissals on the grounds of redundancy for such officers is the Special Members Panel, subject to the executive objections process and the requirement for Full Council to approve any financial settlement exceeding £100,000. The Panel can only recommend the dismissal of the posts/postholders undertaking the statutory roles of Head of Paid Service, Section 151 Officer (also known as Chief Finance Officer) and Monitoring Officer (MO), with the actual decision taken by Full Council.

**4.3** The implications of the above 2 points are:  
Somerset Council staff are dismissed by:

- The Head of Paid Service
- Or where they hold a chief officer or deputy chief officer post, a Special Members' Panel.
- Or, if the Head of Paid Service, MO or S151 officer, a meeting of the Full Council.

**4.4** The relevant section of the Council's Constitution is set out in Appendix C.

## **5.0 Implications**

### **5.1 Financial Implications**

**5.1.1** At the Full Council meeting on 20 December 2023, the Council resolved to formally request a capitalisation direction from DLUHC in order to set the 2024/25 budget and avoid a Section 114 Notice. The application was made on 11 January 2024 for £76.9m, with £36.9m to balance the 2024/25 budget and £40m for the planned reduction in workforce.

**5.1.2** The proposals for restructuring of the Senior Leadership structure will result in a reduction of 7 to 4 Executive Director posts and 22 to 15 Service Director posts. The current structure currently costs c£4.5m and, based on the current proposals (excluding the Interim Chief Finance Officer role), the revised costs are expected to be c£3m, a reduction of c£1.5m (33.5%).

**5.1.3** Of the 201 VR applications endorsed by the VR panel, 195 have been finally accepted and confirmed with the individuals. These 195 total applications approved under the Voluntary Redundancy Scheme achieve an annual salary reduction of £9.106m, however of this only £7.893m is an annual saving to the General Fund as the remaining £1.213m equates to other

funding streams such as the HRA or Public Health. The total cost of all the approved voluntary redundancies is £12.608m, meaning with annual savings of £7.893m the costs will be paid back in less than two years. The £12.608m costs will come from the £40m budget for workforce reduction, leaving a balance of £27.392m unallocated.

**5.1.4** Appendix B, of the report also details posts within Strategic Asset Management that require Full Council approval. These posts are related to the original Local Government Reorganisation programme, and the restructuring of the services that have recently taken place. The cost associated with these redundancies will be funded from the original LGR Implementation Reserve.

**5.1.5** The cost of the redundancies set out in this report includes the following considerations:

- Statutory Redundancy Pay
- Contractual Redundancy Pay

Costs to the Local Government Pension Scheme if an individual is aged 55 or over at the point of redundancy (known as the 'pension strain').

**5.1.6** The five legacy organisations all had different arrangements for the calculation of redundancy payments. These redundancy schemes are contractual and, for staff employed by Mendip District Council, Sedgemoor District Council, Somerset West and Taunton District Council, and South Somerset District Council, protected under TUPE.

An extract from each former Council's policy is below, as impacts redundancy payments (which include the required statutory redundancy payment).

**5.1.7 Mendip District Council**

The council exercises discretion under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006, to make compensatory payments to employees being made compulsorily redundant based on a multiplier of three times the number of weeks an employee would be entitled to under the statutory redundancy formula, inclusive of any statutory redundancy payment, up to a maximum of 90 weeks' pay.

**5.1.7 Sedgemoor District Council**

The Council operates a discretionary enhanced redundancy payment scheme for compensation for loss of employment on redundancy grounds.

The Council will pay a lump sum using the statutory redundancy table and applying a multiplier of three times the statutory redundancy figure based on actual weeks' pay up to a maximum of 90 weeks.

**5.1.8 South Somerset District Council**

The Council exercises its discretion under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 to make compensatory redundancy payments to employees being made redundant using a multiplier of 2.5 times the number of weeks an

employee would be entitled to under the statutory redundancy formula in cases of compulsory and voluntary redundancy.

### **5.1.9 Somerset West and Taunton Council**

The Council exercises discretion under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 to make compensatory redundancy payments to employees being made redundant based on a multiplier of one and a half times the number of weeks an employee would be entitled to under the statutory redundancy formula, inclusive of any statutory payment, up to a maximum of 45 weeks' pay.

### **5.1.10 Somerset County Council**

The compensation payments for those whose employment is terminated on the grounds of compulsory redundancy is up to the statutory maximum, calculated as follows:

Actual weekly salary up to the statutory maximum weekly pay multiplied by the number of weeks entitlement under the statutory redundancy formula.

For Voluntary Redundancies, the Authority has exercised its discretion to make payments on an actual week's salary, as opposed to the current statutory maximum.

### **5.1.11 Statutory Redundancy Payments**

Under the Employment Rights Act 1996, redundancy payments are made to those who have two or more years of service, according to the following scale:

1. 1½ week's pay for each year of employment during which the employee was aged 41+.
2. 1 week's pay for each year of employment during which the employee was aged 22-40 inclusive.
3. ½ week's pay for each year of employment in which the employee was aged under 22.

Reckonable service is limited to the last 20 years before redundancy. The payment is therefore subject to an overall maximum of 30 weeks' pay, depending upon the number of years worked after and including the age of 41

## **5.2 Legal Implications**

**5.2.1** The Local Authorities (Standing Orders) (England) Regulations 2001 state that the dismissal of a member of staff of the authority must be discharged by the Head of Paid Service. But this does not apply to the dismissal of the Head of Paid Service, statutory chief officer, non-statutory chief officer, or deputy chief officer.

**5.2.2** Somerset Council's Constitution sets out that the decision maker for dismissals on the grounds of redundancy for Chief Officers and Deputy Chief Officers is the Special Members Panel, subject to the executive objections process and the requirement for Full Council to approve any financial settlement exceeding £100,000. The Panel can only recommend the

dismissal of the Head of Paid Service, S151 and Monitoring Officer, with the actual decision taken by Full Council.

**5.2.3** Full consideration has been given to policy, governance and employment law considerations relating to the redundancy process and follows discussion with Somerset Council's legal advisors and HR, and Governance colleagues.

**5.2.4** An employee who is made redundant:

- Must be given notice of the termination of their employment and must be paid for their notice period.
- Must be paid a redundancy payment in line with statutory entitlement and any contractual entitlement; and
- Must be paid any accrued holiday pay due to them as at the termination date.

In addition, for employees whose roles are declared redundant who are age 55 or over, their LGPS pension becomes payable, and the Council is required to pay any pension strain so that the employee takes their pension free of any actuarial reduction.

**5.2.6** The statutory roles of Head of Paid Service, Section 151 Officer, and the Monitoring Officer are Full Council appointments and if there is a vacancy in any of these roles Full Council must appoint a replacement to undertake the statutory duties. [Section 5 of the Local Government and Housing Act 1989](#) deals with the designation of a Monitoring Officer (MO) and it provides:

*“s.5 (1) It shall be the duty of every relevant authority—*

- (a) to designate one of their officers (to be known as “the monitoring officer”) as the officer responsible for performing the duties imposed by this section...”*

## **6. Background Papers**

6.1 One Somerset Business Case - available at:

<https://newsomersetcouncil.org.uk/wp-content/uploads/2020/07/OneSomersetBusinessCase.pdf>

6.2 Somerset Council's Constitution – Part 15 Officer Employment Rules.

6.3 Reports to Executive (7 February 2024 and 8 April 2024) and Scrutiny Committee Corporate and Resources (7 March 2024) – Developing the approach to Transformation - Future Council.

6.4 Joint Consultation Forum – 8 May 2024 (launch of consultation with trade unions).

6.5 Joint Consultation Forum – 10 July 2024 (outcome of consultation shared with trade unions)

6.6 Chief Executive decision on 18 July 2024 – Senior Leadership Team structure

6.7 Appointments Committees on 30 July and 1 August 2024



- 6.8 Report to Special Members Panel (8 August 2024) – Redundancies Arising from the Implementation of the Senior Management Structure in Somerset Council
- 6.9 Minutes of the Special Members Panel held on 8 August 2024.
- 6.10 Somerset Council Constitution.
- 6.11 Somerset Council Redundancy Policy.

**Note** For sight of individual background papers please contact the report author.

Appendix A – Senior Leadership Team Structure

Appendix B – Redundant Posts and Severance Payments

Appendix C – Constitutional Requirements

### Report assurance

<b>Seen by:</b>	<b>Name</b>	<b>Date</b>
<b>Legal</b>	Steve Hellard	12/9/2024
<b>Governance</b>	Scott Wooldridge	12/9/2024
<b>Finance</b>	Nicola Hix	9/9/2024
<b>Human Resources</b>	Dawn Bettridge	10/9/2024
<b>Senior Manager</b>	Duncan Sharkey	17/09/2024
<b>Executive Member</b>	Councillor Bill Revans	11/9/2024