
Meeting:	Transport for the North Board
Subject:	Organisational Design Update & Governance
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Sponsor:	Dawn Madin, Business Capabilities Director
Meeting Date:	Thursday 29 September 2022

1. Purpose of the Report:

- 1.1 To provide an overview of TfN's revised Senior Management Structure and required Director level recruitment as a result of this organisational change.
- 1.2 To establish a new Appointments Sub-Committee of the General Purposes Committee and explain the background and need for this.
- 1.3 To seek approval to delegate responsibility for annual objective setting, for TfN's Chief Executive, to the General Purposes Committee.

2. Recommendations:

- 2.1 That the Board:
 - **Notes** TfN's revised Senior Management Structure (Director Level) as attached at Appendix 1;
 - **Notes** the current status of Director level recruitment as a result of the revised senior management structure;
 - **Approves** the establishment of an Appointments Sub-Committee of the General Purposes Committee with the membership and Terms of Reference as set out in the report at Appendix 2; and
 - **Approves** to delegate authority for annual objective setting for TfN's Chief Executive to the General Purposes Committee.

3. Main Issues:

- 3.1 Aligned to the Business Planning Process for FY2022/23, as previously reported to the Board, TfN's Chief Executive (Head of Paid Service) ("CEO") has undertaken a review and re-design of TfN's Senior Management Structure to ensure this best meets the future needs of the business.
- 3.2 The need for the review and re-design of the Senior Management Structure and indeed TfN's wider establishment was necessitated by the significant reduction in budget (circa 29%) and associated recent changes to TfN's organisational role and remit, including the move to co-sponsorship of the Northern Powerhouse Rail ("NPR") programme (TUPE transfer of the NPR Management Team to the DfT) and formation of the Analytical "Host Service" to the DfT.
- 3.3 Following the completion of consultation with both UNISON and employees directly impacted; the revised Senior Management Structure (Director Level) has now been finalised and is detailed at **Appendix 1**.
- 3.4 Recruitment to the roles of Finance Director (S151 Officer), Rail & Roads Director & Strategy, Policy & Communications Director commenced on 5 September 2022 (closing date for applications is 29 September 2022) and it is anticipated that appointments to all these roles will be completed by early November 2022.

- 3.5 In the case of the Finance Director as a Statutory Officer role, this appointment will be subject to TfN Board approval with responsibility for completing the required recruitment process having been previously delegated by the Board to the General Purposes Committee ("GPC").
- 3.6 The GPC has been established by Board, and on 30 June 2022, Board considered a further report, noting that GPC could consider setting up a smaller sub-committee of itself for the purpose of the selection process for Statutory Officers. Membership of GPC was also confirmed, and remaining authorities have now confirmed their nominees.
- 3.7 On 26 July 2022 a Chief Executive Consultation Call of GPC was held with some members attending virtually, whilst others were contacted and consulted by the Chief Executive following the Consultation Call, in compliance with the CEO's delegated authority set out in paragraph 18.8 of the Constitution.
- 3.8 A report was considered, which explained the proposed process and timescale for the recruitment to the vacancy for the Finance Director (S151 Officer). The Consultation Call considered recommending to this Board that an Appointments Sub-Committee of GPC be established, to deal with this role, and any future Statutory Officer roles as and when that may be required. It was noted that this would replace the previous ad-hoc panels and confirmed that whilst the proposed Appointments Sub-Committee would deal with the recruitment process up to the stage of recommending a candidate, the final approval of a recommended candidate would remain a decision for full Board to make.
- 3.9 The Consultation Call on 26 July 2022 noted the proposed Role Profile as approved by the Chief Executive as Head of Paid Service, and the proposed Terms of Reference for the proposed Sub-Committee. The Terms of Reference are now appended at **Appendix 2** of this report. Following the Consultation Call the Chief Executive contacted other GPC members who had been unable to attend the Call to inform them of the outcome of the Call and invite any other comments; no substantive comments other than to support the outcome of the Consultation Call were made. Accordingly, Board is now invited to approve the establishment of an Appointments Sub-Committee of the General Purposes Committee with the membership and Terms of Reference as set out in the report at **Appendix 2**. In line with the proposed role of the Appointments Sub-Committee, Members are also invited to consider including the recruitment of any future Chair of TfN (whenever that may be required) within the Terms of Reference of the proposed Appointments Sub-Committee noting again that the final approval of a recommend candidate would be made by full Board. If Members support this approach, the additional words in square brackets in **Appendix 2** will need to be included.
- 3.10 It should be noted that whilst not themselves Statutory Officer appointments, the Selection Panels for the two other Director-level vacancies, will include TfN Board Member representation.
- 3.11 Alongside the changes to the Senior Management Structure detailed above, in order to achieve the necessary level of budget reduction for FY2022/23, TfN has also completed a reshaping of its wider establishment at team-level which has resulted in an overall reduction in the establishment from 137 posts to 103 posts (circa 31% reduction over the last 12 months).
- 3.12 In reshaping and reducing the establishment, the Chief Executive has aimed to ensure that TfN is both capable of delivering its priority areas of activity and is affordable in the medium-term. A guiding principle throughout has been a focus on retaining (and in some instances increasing) the technical capacity and

capability. At the same time, given that TfN moving forward is a smaller and less complex organisation, he has taken the opportunity to reduce support functions.

- 3.13 Following the completion of consultation with both UNISON and employees directly impacted all required changes at team-level have now been implemented and revised team-level structures were made effective from 1 September 2022. Recruitment to residual vacancies as result of all team-level changes is also now on-going.
- 3.14 As previously reported to the Board, aligned to the significant changes to TfN's role, remit and structure, an independent review of TfN's pay, grading and evaluation has been carried out by Korn Ferry Hay.
- 3.15 This review concluded that whilst there was a need to amend grades assigned to a small number of Senior Management roles as a result of the recent changes to the organisation's role and remit, that TfN had otherwise clearly maintained the necessary discipline with regards to the application of its Job Family Framework in terms of the design, grading and evaluation of roles and value for money. The findings from the review have been consulted with UNISON and employees affected and implemented in full.
- 3.16 Having now belatedly completed all required business planning and subsequent senior management and team level re-design, objective setting for the remainder of the financial year is now being completed at all levels across TfN.
- 3.17 In the case of objective setting for the TfN's Chief Executive ("CEO"), the recent decision taken by the Board to delegate authority to TfN's GPC all disciplinary (including capability) matters related to TfN's Statutory Officers has highlighted a point within TfN's Constitution which needs to be addressed.
- 3.18 As currently drafted, responsibility for setting annual objectives for the CEO continues to reside with the Board. With the establishment of the GPC, it would be appropriate for the Board to similarly delegate this requirement to TfN's GPC to enable it to manage the full performance framework for the CEO.
- 3.19 Should this be agreed, it is proposed that TfN's HR Team in consultation with the CEO produce a draft set of objectives on an annual basis, aligned to TfN's agreed Business Plan & Budget for consideration, finalisation and approval by the GPC. It is anticipated that this would be dealt with as a non-public item.
- 3.20 It should be noted that objective setting for TfN's remaining Statutory Officers (S151 Finance Officer and Monitoring Officer) is unaffected by this proposal and would continue to reside with TfN's CEO.
- 3,21 If agreed, both the Constitution and GPC's Terms of Reference will be updated, and a suitable process for the setting and monitoring of the CEO's annual objectives agreed at the next meeting of the GPC.

4. Corporate Considerations

Financial Implications

- 4.1 The financial implications have been considered and addressed within the report.

Resource Implications

- 4.2 The resource implications have been considered and addressed within the report.

Legal Implications

- 4.3 The legal implications have been considered and addressed within the report.

Risk Management and Key Issues

- 4.4 The risk management and key issues have been considered and addressed within the report.

Environmental Implications

- 4.5 No environmental impact.

Equality and Diversity

- 4.6 The equality and diversity implications have been considered and addressed within this report.

Consultations

- 4.7 There was no consultation required.

5. Background Papers

- 5.1 There are no background papers.

6. Appendices

- 6.1 Appendix 1 - TfN Senior Management (Director Level) Structure.
Appendix 2 - GPC Terms of Reference

Glossary of terms, abbreviations and acronyms used (*if applicable*)

Please include any technical abbreviations and acronyms used in the report in this section.

TfN – Transport for the North

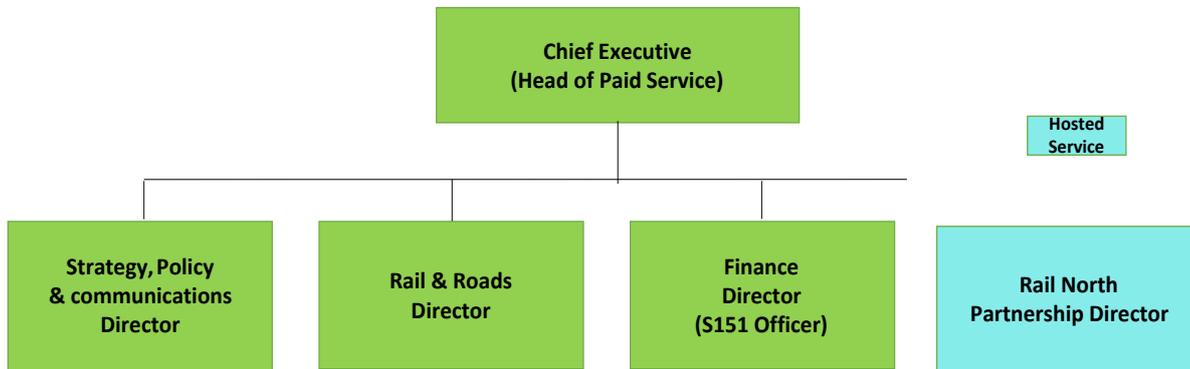
DfT – Department for Transport

GPC – General Purpose Committee

NPR – Northern Powerhouse Rail

CEO – Chief Executive

Appendix 1 - TfN Senior Management (Director Level) Structure



Appendix 2 – Draft Appointment Sub-Committee Terms of Reference

The Appointment Sub-Committee shall undertake the following functions:

- (i) Selecting a preferred candidate, for recommendation to TfN Board, to the role of any Statutory Officer, [or Chair of TfN Partnership Board/TfN Board] including considering applications, forming a longlist and a shortlist, and conducting interviews; and
- (ii) Recommending to TfN Board, before any offers of appointment are made by TfN, a preferred candidate for appointment to the role of any Statutory Officer [or Chair of Partnership Board/TfN Board].

Membership

The membership of this Appointment Sub-Committee shall consist of the following:

- TBC, TfN GPC Chair
- (To be appointed), TfN GPC Member (Labour Party Group Representative)
- (To be appointed), TfN GPC Member (Conservative Party Group Representative)
- (To be appointed), TfN GPC Member (Other Minority Party Group Representative)
- (To be appointed), TfN GPC Member (LEP Representative) - Observer Capacity
- Martin Tugwell, TfN Chief Executive – Observer Capacity

Each Member of the Appointment Sub-Committee in circumstances where they are unable to act, will be permitted allow their Authority's appointed General Purposes Committee Substitute Member to participate in the process, but where a Member or Substitute Member attends the interview of a candidate only that Member or Substitute Member may take any further part in the appointment process and after that point no Substitute Member may be substituted.

Chair

The Appointment Sub-Committee shall be chaired by the Chair of General Purposes Committee. If the Chair of General Purposes Committee is not present at any Appointments Sub-Committee meeting, and if no Vice Chair is present, the Members of the General Purposes Committee who are present shall elect a chair from amongst their number, each Member present having one vote. The Chair shall not have a casting vote.

Quorum

Any such meetings (and associated decisions) will only be considered quorate if a quorum of the General Purposes Committee (or their nominated substitute Member) is present.

Rules of Debate, Voting and Procedure

Except where incompatible with the above, and as applicable, TfN's procedure rules as contained in its Constitution and Recruitment & Selection Policy shall apply.

Any decision of the Appointment Sub-Committee to recommend a candidate to the TfN Board for appointment must be supported by a majority of the voting Members of the Appointment Sub-Committee.