

CABINET

27 OCTOBER 2015

CONSULTATION ON CHANGES TO THE SENIOR MANAGEMENT STRUCTURE

Portfolio Holder: Councillor Alan Jarrett, Leader

Report from: Neil Davies, Chief Executive

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Summary

This report proposes a change to the senior management of the Council and requests Cabinet approval to commence staff consultation.

1. Budget and Policy Framework

1.1 The approval to commence staff consultation on the proposals from the Chief Executive to change the senior management structure is a matter for Cabinet.

2. Background

2.1 The Council is facing unprecedented financial challenges over the next few years. At the meeting in September, Cabinet discussed the medium term financial plan that reported a funding gap for 2016/17 of some £13.85m. The appointment of a new Director of Regeneration, Community and Culture has given the Council the opportunity to review the senior management structure both within that directorate but also more broadly across the Council.

2.2 This report proposes a slimmer senior management structure that is considered more effective and fit for purpose, reflecting the priorities and shape of the organisation today but, more importantly, the demands of the future. It again places a priority on delivering efficient front line services, reducing senior management in the business support department. There is clearly an imperative to achieve cost savings to address the financial challenges ahead, with the recommended proposal for consultation estimating an annual revenue cost saving of approximately £300,000.

3. Principles for the review

3.1 The last review of the Council's senior management structure was approximately six years ago when the Council moved to a two directorate 'people and place' model as well as combining the roles of some assistant directors. Given the rapid changes that have occurred in the sector in recent years, this is perhaps a long period without review

3.2 Any senior structural change options should be developed first and foremost to reinforce the achievement of Members' priorities but in so doing they should reflect certain guiding principles, with a revised structure that:

- maintains our commitment to front line services, ensuring delivery is to a high standard and valued by our residents;
- delivers savings and efficiencies, with a reduced corporate centre, including only statutory prescribed senior management posts;
- is fit for purpose, reflecting the priorities and shape of the organisation today but, more importantly, that required for the future;
- supports a culture that is agile and enables pace and flexible working;
- offers increased opportunities, succession planning and career development for enthusiastic and ambitious middle managers;
- is innovative in its thinking, offering a platform for further change and development, including shared services and greater local authority partnership working, increases the scope for trading, and devolution opportunities;
- gives momentum to move to a more commissioning organisation; and
- reiterating the principles above, it must support the Council's priorities, particularly ensuring a focus on the delivery of our ambitious regeneration programme, enhancing the public realm and providing homes for Medway residents.

3.3 Responding to the financial challenges confronting the Council is a key driver in proposing a reduced senior management structure. It is one important and necessary measure to assist with addressing the funding gap outlined above.

4. Options

4.1 Option 1 - Status quo

4.1.1 One option is to maintain the existing structure. Having appointed a new Director of Regeneration, Community and Culture services, the Council could simply appoint to the current, vacant deputy director role including the same configuration of responsibilities and services.

4.1.2 This is not considered appropriate as it misses an opportunity to review senior structures and deliver much needed savings. As Members will be aware, the deputy director role was a broad role with matrix management responsibilities spanning both the regeneration, community and culture directorate and business support.

4.2 Option 2 - Lean corporate centre

4.2.1 There are two options relating to this approach which, essentially, present a minimalist corporate centre:

- (i) to delete from the structure both non statutory central assistant director posts, namely: communications, performance and partnerships; and organisational services, allocating their responsibilities elsewhere; and
- (ii) to delete both posts as outlined above, but to create a new assistant director role, absorbing the bulk of the services previously managed by the two assistant directors. This does not need to be located in the business support department, reiterating the guiding principles outlined earlier in the report.

4.2.2 For both these options it will be necessary to redistribute certain functions and responsibilities to other members of the corporate management team. For example, Elections and Members' Services and Democratic Services can be logically transferred to Legal and Corporate Services, which is a model prevalent elsewhere. Without pre-empting the outcome of the consultation, it is proposed that this move be implemented earlier on an interim basis, to allow a more balanced spread of responsibilities across the Council.

- 4.2.3 Since the Director of Public Health (DPH) is a joint appointment with Public Health England, no changes are proposed. However, it is important to continue to integrate public health services across the Council, building on the successes to date.
- 4.2.4 The deletion of corporate assistant director posts may also offer increased opportunities to our ambitious and capable service managers, permitting them to assume more enhanced, senior roles across new and reconfigured Council services.
- 4.2.5 It is possible that the lean model, with a minimalist corporate centre incorporating just the services supporting the statutory officer roles (DPH, legal/monitoring officer, and S.151/finance officer), will also ensure that funding is preserved for the place and people services to accord with Member priorities.

4.3. Option 3 - Reconfigured place directorate

- 4.3.1 This option considers a radical re-shape to the existing regeneration, community and culture directorate, with a strong emphasis on front line services, physical and cultural regeneration and public service transformation. Renamed as the regeneration, culture and transformation (RCT) directorate, it also offers a platform for greater commercialisation and trading for some services. The proposal involves restructuring the directorate more logically into three divisions, each headed by an assistant director. In headline terms, the three divisions incorporate: 'place' services (roads, environment, etc) with a focus on front line service delivery and strong public realm; a strategic planning, cultural and physical regeneration service (including both delivery and some regulatory functions); and a new transformation division, developing and leading the change programme across the council. The current deputy director role shall be deleted.
- 4.3.2 For two of the divisions, namely physical and cultural regeneration and transformation, the restructuring proposals are considered sufficiently different to warrant the assistant director roles heading these divisions to be regarded as new posts. This will require a Member recruitment exercise for each of these posts. A structure chart in the appendix offers more detail, but the physical and cultural regeneration division includes: festivals, arts, theatres and events; sport, leisure, tourism and heritage; planning and development management, including the local plan; a regeneration delivery team, including Local Enterprise Partnership (LEP) and other externally funded projects; strategic housing and housing management, including all housing revenue account responsibilities; and the South Thames Gateway Partnership.
- 4.3.3 There are some proposed changes at service manager level to ensure clearer delivery of our strategic ambitions. The current Head of Regeneration and Economic Development role and Local Growth Fund schemes role will be deleted and a new post of Head of Regeneration Delivery will be created, ensuring a clear focus is maintained on delivery, bringing together the management of a range of externally funded projects. The responsibilities of the current Head of Greenspaces, Heritage and Libraries role will be distributed across the directorate, most significantly combining Greenspaces with Safer Communities resulting in a new post. Heritage is proposed to be combined with Tourism, and Libraries combined with Customer Contact.
- 4.3.4 The transformation division represents an exciting change, creating a new division responsible for transformation and reform across the Council. Working with Children and Adults services and other parts of the Regeneration, Culture and Transformation directorate, this new division signals our ambition to grasp the digital transformation agenda, delivering change and new ways of working for our residents. Whilst it includes customer contact and libraries, the larger additions to this team include human resources and organisational change, ICT, communication and performance, all of which were previously part of the business support department. Medway Adult and Community

Learning Service (MACLS) will also be transferred to this division. With all of these services, the emphasis will be more on development and reform. The savings from these changes, as explained above, will enable the establishment of a new post of Head of Transformation, giving clear focus to the wide-ranging transformation programme that the Council will be embarking on.

- 4.3.5 As outlined earlier, the current deputy director role, that also includes certain business support services, will be deleted. These functions will be transferred and absorbed into other existing senior management roles. To reiterate and for clarity this means that:
- (i) democracy, elections and electoral registration, all being transferred to the legal and corporate services division, presided over by the monitoring officer
 - (ii) customer contact and community hubs can be absorbed into the new transformation division, along with libraries, emphasising the desire to digitally transform aspects of our customer services. Bereavement and registration services, along with greenspaces, can be incorporated into the existing front line services division, with an even greater focus on service delivery and performance
 - (iii) cultural and leisure services can transfer into the new physical and cultural regeneration division.
- 4.3.6 Relevant charts showing the old and new structures are contained in the appendices.

5. Advice and Analysis

5.1 Consequences of a reshaped RCC directorate.

5.1.1 The services contained in the front line division will be enlarged to enable a better 'place' alignment, but not of sufficient scale to result in the current incumbent having to re-apply for the assistant director role. In contrast, there will be a significant addition to the existing housing and planning division, augmented by all leisure and cultural services to more effectively integrate our physical, social and cultural regeneration aims. This means a deletion of the Assistant director Housing and Regeneration role and the creation of a new Assistant Director Physical and Cultural Regeneration post.

5.1.2 As explained above, creating a new transformation division offers increased capacity and opportunity to research, review and implement different ways of working across the Council. Including ICT services will enable transformation projects to be implemented end to end. Likewise, HR services will support organisational reform by driving cultural and behavioural change that is so crucial to ensure the new ways of working are embedded, sustained and successful. Placing the administration support team(s) in this new division will also support this aim. This division will operate differently, it shall be project based with a task/finish ethos to help shape the organisation for the future. Hence it shall be agile in character. Within the new structure, service managers will be encouraged to extend their role and assume additional responsibilities where capacity permits; reiterating the impressive skills and capabilities of many of our existing service managers.

5.2 Children and Adult services

5.2.1 At this stage, it is difficult to consider options for a different senior management structure in the Children and Adults directorate. Members have emphasised the importance of stability and continued improvement in children's social care, principally to secure a more favourable Ofsted outcome. In this context we await the formal judgement from the recent review.

5.2.2 Adult services is currently implementing a challenging array of new responsibilities arising from the Care Act. It is prudent to implement and embed these successfully, but it may warrant a further, more detailed review in the medium term.

- 5.2.3 The assistant director commissioning post is jointly funded with the Clinical Commissioning Group (CCG). We would not want to implement any change that precipitated a loss of health partnership funding.
- 5.2.4 Therefore, given the sizeable challenges confronting the children and adults directorate, it is premature to change senior management at this stage. However, there is scope to consider rearranging functions and reviewing the configuration of certain services, which should be considered at some future stage.
- 5.2.5 Overall it is appropriate to revisit, in the medium term, the senior management structure in this directorate. We will then have defined more clearly our commissioning intentions, and we will know the partnership opportunities available for some of these services.

6. Risk Management

- 6.1 There is really only one significant risk which relates to loss of assistant director capacity and expertise recognising that Medway's senior management team is already slim compared to most equivalent local authorities. There is some validity in this concern however the funding gap confronting the Council and the need to implement structures that are agile and fit for the future, necessitate this senior management review. The key mitigation, which accords with one of the guiding principles referred to earlier in the report, is that the restructuring proposal (particularly within the new transformation division), gives the opportunity for some of our more ambitious and capable service managers to assume an increased and more senior role. It is believed there is scope to allow this to occur and to create valuable spare capacity in implementing the new structure.

7. Financial implications

- 7.1 The cost of the existing corporate management structure is approximately £1.8m. A review of the senior management structure should give the Council the opportunity to reduce some of these costs.
- 7.2 Analysis of the options outlined earlier in the report would offer the following cost savings:

	£000s	£000s
Lean corporate centre		
- delete two corporate assistant director posts	237.4	
- less recompense to service managers to mitigate key risk	<u>(10.0)</u>	<u>227.4</u>
Or		
Lean corporate centre		
- delete two corporate assistant director posts	237.4	
- create new transformation assistant director in new regeneration, culture and transformation directorate	<u>(120.0)</u>	117.4
Reconfigured Place Directorate		
- delete deputy director role	127.5	
- less recompense for reallocation of responsibilities to others	<u>(10.0)</u>	117.5
- Deletion of Service Manager post		<u>65.0</u>
- Total savings		<u>299.9</u>

7.3 As discussed earlier, it is also proposed at this stage to consult on merging two service posts in the new RCT directorate to create a new post entitled head of regeneration delivery. If approved this would result in the deletion of one service manager post, yielding a further saving of approximately £65,000. This is reflected in the table above giving total revenue savings estimated at approximately £300,000 annually.

7.4 The figures illustrated above do not include further savings that could arise from team and service reviews that could naturally follow this restructuring. Also, staff reductions costs (eg redundancy) are not factored in, but should they arise these will be 'one off' and funded from central provision funds not impacting on the revenue account.

8. Legal Implications

8.1 The Chief Executive as Head of Paid Service must share proposals such as these with all Members of the Council. A minimum of 30 days consultations with affected staff should take place. The Leader and Cabinet have ultimate executive responsibility and it is therefore appropriate that they, in consultation with the Chief Executive, commence the process. Cabinet then recommends proposals to Council having taken account of any consultation responses.

8.2 The proposed redundancies are being carried out in accordance with the Council's reorganisation procedure, and formal consultation with the trade unions and staff will take place.

8.3 The Council must ensure that the process for any proposed redundancies complies with the required statutory obligations to inform and consult employees both collectively and individually under Section 188 of The Trade Union and Labour Relations (Consolidation) Act 1992. The Council is also under a duty to inform the Secretary of State under Section 193 of the above Act about proposed redundancies, where the relevant threshold has been met.

8.4 The process adopted must be in accordance with the Council's Organisational Change Policy (including redundancy) and comply with the general principles of fairness to minimise the risk of successful Employment Tribunal claims.

8.5 The costs of redundancy and early retirement are continually being evaluated. Any redundancy costs which arise will be met from the central provision fund, as outlined earlier.

9. Recommendations

9.1 Cabinet approval is sought to commence consultation on:

9.1.1 The proposal to delete the following posts:

- Deputy Director Regeneration Community and Culture
- Assistant Director Customer Contact, Democracy and Governance
- Assistant Director Communications, Performance and Partnerships
- Assistant Director Organisational Services
- Assistant Director Housing and Regeneration
- Head of Greenspaces, Heritage and Libraries
- Head of Safer Communities

- Head of Regeneration and Economic Development
- Head of LGF Projects

9.1.2. The proposal to create a new regeneration, culture and transformation directorate which includes the creation of the following posts:

- Assistant Director Transformation
- Assistant Director Physical and Cultural Regeneration
- Head of Transformation
- Head of Regeneration Delivery
- Head of Safer Communities and Greenspaces

9.2 Cabinet is asked to note the transfer of the management responsibility for Elections and Members' Services and Democratic Services to the Monitoring Officer, as an interim proposal, as explained in paragraph 4.2.2.

10. Suggested reasons for decision(s)

10.1 To accord with our constitution and policies, where restructuring of this nature is proposed, it is necessary for Cabinet to approve commencement of the consultation process with a subsequent report back to Cabinet with the outcome of the consultation exercise and ultimately a report to Council for the final decision.

Lead officer contact

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Appendices

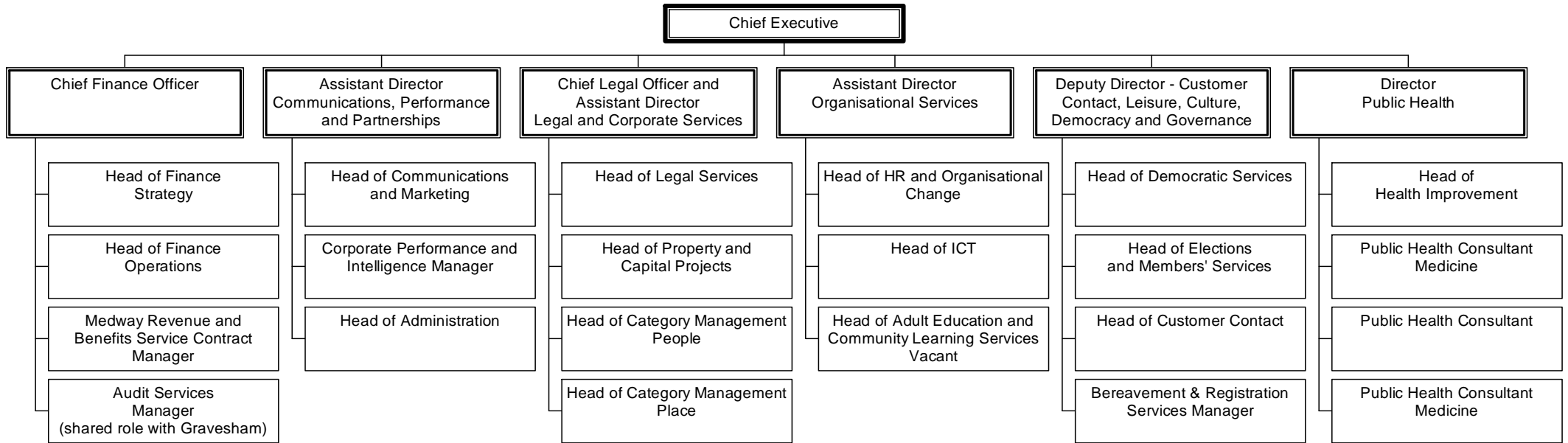
Existing and proposed structure charts

Background papers

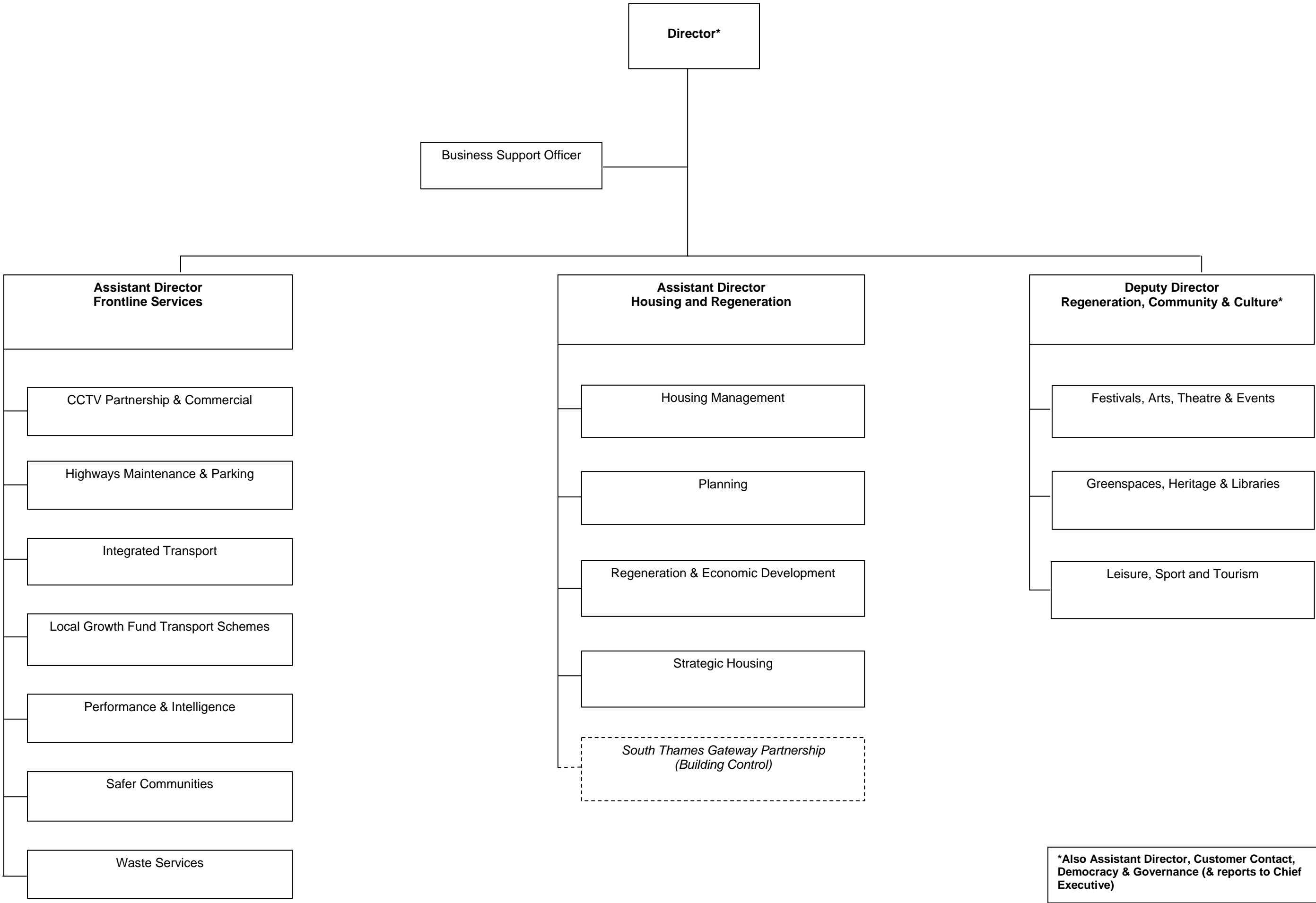
None

Appendix 1 – Existing CE and Business Support Department

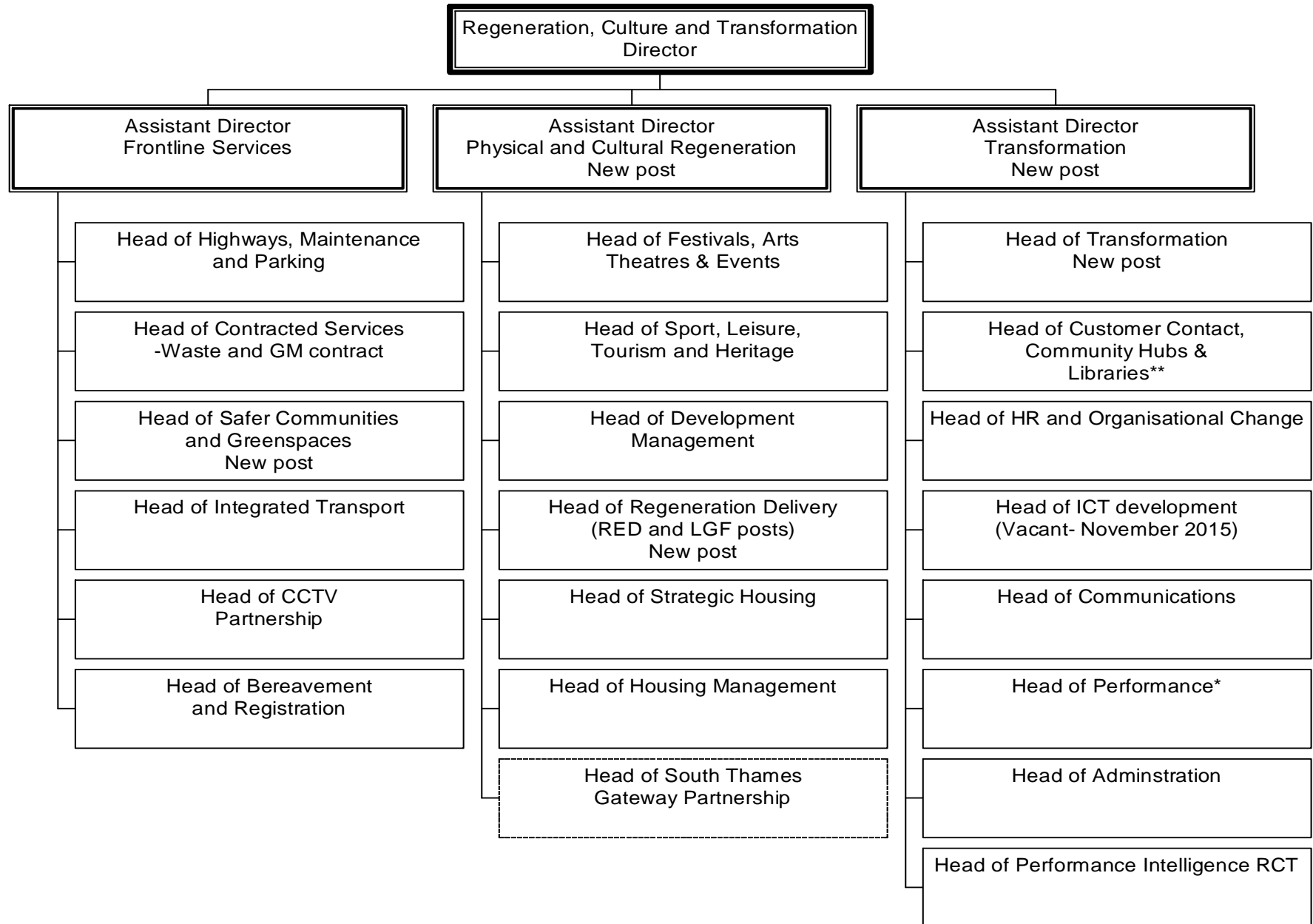
Chief Executive and Business Support Department



REGENERATION, COMMUNITY AND CULTURE



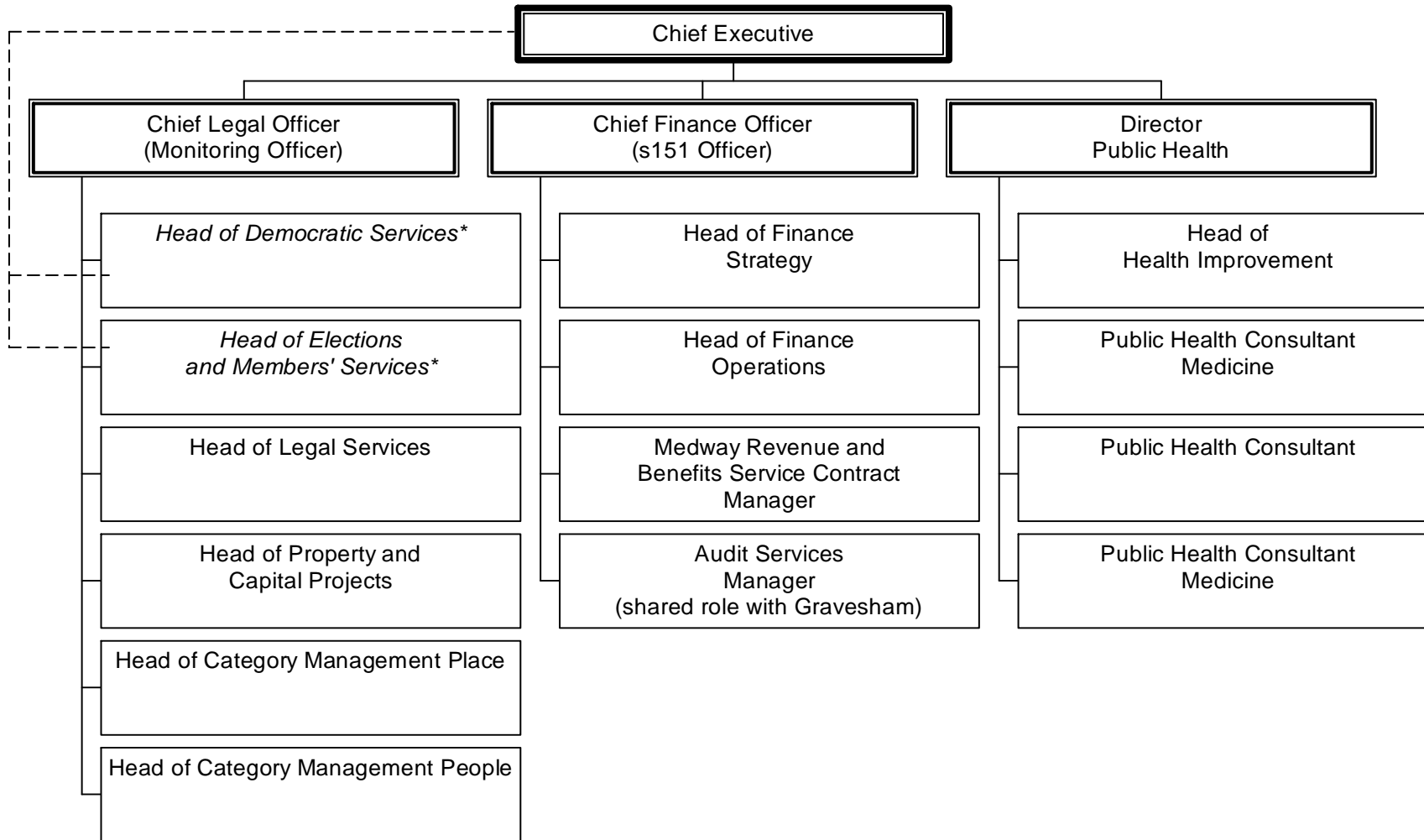
Appendix 3 – Proposed Regeneration, Culture and Transformation Directorate



*- direct links to the Chief Executive regarding the Council Plan

**- includes MACLS

Chief Executive and Business Support Department



*- new transferred services