

EMPLOYMENT COMMITTEE

11 MAY 2018

***PART 1 – PUBLIC DOCUMENT**

AGENDA ITEM No.

5

TITLE OF REPORT: SENIOR MANAGEMENT ARRANGEMENTS

REPORT OF THE HEAD OF PAID SERVICE
EXECUTIVE MEMBER – COUNCILLOR LYNDA NEEDHAM

1. EXECUTIVE SUMMARY

- 1.1 To advise Employment Committee of the future senior management arrangements for the organisation from 2018 onwards as background to the Part 2 items. To note the posts which have been determined a significant match to existing roles.

2. RECOMMENDATIONS

- 2.1 That the Committee notes the new senior management arrangements as set out in the report.

3. REASONS FOR RECOMMENDATIONS

- 3.1 Following the report to Full Council in July 2017 the review of the Senior Management arrangements have been undertaken. The Constitution makes provision for staffing matters to be determined by the Head of Paid Service (section 14.6.5(a)(i)) and matters which relate to the senior management arrangements should be reported to Council (section 4.4.1(o)). A number of appointments require approval by the Employment Committee or Council as detailed in this Part 1 report.
- 3.2 The adjustments to the senior management arrangements of the authority will enable the Council to meet the significant financial and service delivery challenges which it faces over the next 3-5 years.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 A number of different options for senior management arrangements have been considered over the past 12-18 months. Informal consultation with Executive Members has been undertaken (see section 5 below) and a number of options in relation to shared service delivery have been pursued informally.
- 4.2 It is considered that, within the financial environment which the Council finds itself in and having regard to limited options for other senior management arrangements with other Councils the proposed arrangements as set out in this report ensure that the priorities of the Council can be dealt with in a cost effective manner and that the detailed arrangements will reflect the current/emerging areas of pressure.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 Informal consultation has taken place with the Leader of the Council and other Executive Members and with the Leaders of the opposition groups.
- 5.2 Formal consultation has been undertaken with those staff directly affected by the proposals (i.e. Heads of Service/Corporate Managers) in accordance with the Council's reorganisation policy.

6. FORWARD PLAN

- 6.1 This report does not contain any key decision of the Council and is thus not included within the Council's Forward Plan.

7. BACKGROUND

- 7.1 The Council has set its priorities for the period up to 2020 in its Corporate Plan. This is the overarching document which together with the medium term financial strategy sets the basis for business planning for the next 4-5 years. It is clear that the financial pressures upon the Council, as with other similar size authorities, will endure for the next 5 years at least. In the past year significant efficiencies have been achieved and these need to be delivered. There are still considerable uncertainties over the future of New Homes Bonus and Business Rate retention that could create further financial impacts.
- 7.2 It is within this context that the proposed structure has been developed with an eye to providing effective service delivery on the one hand whilst acknowledging that the level of senior management resource must be further reduced because of financial pressures. Consequently the shape of the organisation needs to flex to both reduce cost and increase income opportunities. In terms of overall service delivery the Council has excellent arrangements in place for running its day to day services. Performance against agreed indicators is very good and there are good levels of customer satisfaction. It is necessary to ensure that we maintain a focus on daily service delivery with particular regard to those services the Council is required to deliver.

8. ISSUES

- 8.1 The Council's current senior management arrangements are set out in an organisational chart at Appendix 1 to this note. These arrangements have been in place since 2012 and were an adjustment to the arrangements that were previously agreed by Council in 2010. The existing structure of the Council has served us well in terms of service delivery within a period of austerity and a significant programme of capital investment. However, it is evident that there needs to be adjustments to the senior management arrangements to reflect future predicted pressures whilst respecting the constraints that the continued period of austerity is bringing.
- 8.2 The future structure also needs to accommodate those areas where it is clear that there will be change in terms of service delivery arrangements, e.g. in relation to the new shared waste service with East Hertfordshire. It also needs to reflect the overall financial envelope that the Council has to operate within and provides proportionate resourcing to the relevant service areas.

- 8.3 It should be noted that the proposed changes deal solely with the overall senior management arrangements at the Council. Once the new Service Directors are in post the services within their areas are to be examined and reorganised where appropriate to reflect more detailed requirements for each area as we already do in the organisation on an ongoing basis. The principles of the senior structure were agreed at Full Council in July 2017 and the Deputy Chief Executive post was recruited to in November 2017.
- 8.4 Appendix 1 sets out the previous management arrangements for the Council and it is evident that whilst these have worked well in the past given the financial constraints there needs to be consideration to creating a flatter structure and removing one “layer” of management. It is important to maintain direct levels of customer service delivery and for this reason the roles of Strategic Director as a separate management layer no longer exist.
- 8.5 The current structure as set out in Appendix 1 has a mixture of services being organised reporting to the Strategic Director, Heads of Service, Corporate Managers and to the Chief Executive. This has reflected a number of specific issues in the past that has led to a complex set of management arrangements which do not always provide for operational efficiency. It is proposed in the structure going forward that because of the reductions at a senior strategic level in staffing that all service areas (with the exception of Communications) will be the responsibility of the newly created roles of Service Director. The Service Director role will be an enhancement of the existing Head of Service/Corporate Manager role. The Service Director posts will, following the relevant changes to the Constitution to reflect the reconfiguration of service areas, have directly delegated responsibility from Council rather than the existing arrangement which has a series of cascade sub-delegations.
- 8.6 The new structure is set out in Appendix 2 to this report and includes all of the main service areas under each of the newly created Service Director roles. It should be noted that in a number of areas there is only limited change in terms of the grouping of services but in some areas there is more significant variation. The Council’s reorganisation policy has been applied to identify which roles may be a “significant match” to existing roles and to identify which do not fit within the significant match criteria. Where necessary a recruitment process will be undertaken.
- 8.7 In terms of the overall role and responsibility of the newly created Service Director positions these posts will have:
- Overall responsibility for policy development and operation in the service area.
 - Development and implementation of the service delivery plans in accordance with the Corporate Plan.
 - Directly delegated responsibility as set out in the Council’s Constitution for all areas of service delivery.
 - Long term service planning objectives and realisation of the efficiency targets in accordance with the medium term financial strategy.
- 8.8 This section provides a brief outline of the service areas and highlights the key points:

Service Director – Resources

This post would be the Council’s S151 Officer.

The Council’s resources are money, people and buildings and this is reflected in the proposed arrangements. The HR function would also be located within the Resources Service as it is the

Council's single largest revenue expenditure and is at the heart of the operation of the organisation. The Corporate HR Manager retains the current role within this area.

The main service areas are:

- Finance
- Building Services
- HR
- Performance, risk, audit & insurance

Service Director - Customers

This post covers many of the many of the high volume financial interactions in relation to revenues, benefits, Council tax and business rate billing/collection. This post covers many of the areas within the current service arrangement (including IT) however the service would additionally incorporate the Customer Service Centre (which has synergies to the activities of the MSU) and serves one of our highest volume Customer Service areas (ie Revenues & Benefits), Print (with the links to IT and its largest customer of Revenues and Benefits). Careline is located within the Customer Directorate due to its customer facing nature and potential synergies with the CSC and MSU.

The main service areas are:

- Revenues & Benefits
- IT
- Management Support Unit
- Customer Service Centre
- Print
- Careline

Service Director - Place

This scope of this service area is largely the former Leisure & Environment Service with the Car Parking function relocated into regulatory services and part of the existing Active Communities team added reflecting the links with leisure. A number of factors will have a bearing upon the operation of this service area in the future including:

- NHDC managing the client shared waste service with East Herts Council and our new waste contract
- Review of Leisure Service development opportunities
- Green Space Strategy

The service area comprises:

- Leisure Management
- Waste
- Grounds Maintenance
- Parks & Open Spaces
- Active Communities (excluding safeguarding and health elements of the existing team)
- Emergency Planning

Service Director - Commercialisation

This is an entirely new role created as a focus for the Council's increased appetite in commercially orientated opportunities and a lead for project governance and delivery. It is not intended that all of the Council's commercial activities are the responsibility of this area, as the other service directors will also have the requirement to identify and increase income within their areas of responsibility.

This new role will align with the strategic direction emerging from the Commercialisation Project Board and the Cabinet Shareholder Sub-Committee. The role will be focussed on delivering and developing a range of commercial opportunities initially centred on :

- Development of Commercial Operations
- Housing/Property Development Company
- Client lead –CCTV
- Council Director – Building Control
- Project support team
- Markets – review and development
- Estates & Asset Management
- North Hertfordshire Museum & Hitchin Town Hall

Service Director - Regulatory Services

This service area encompasses the Planning function, Environmental Health as a regulatory Service and Housing due to its links (from a housing development perspective) to the Planning function. The Car Parking function is consolidated in this Service Area linked to the current review of the Parking Strategy.

The Environmental Health team would be realigned to this service area as has become common practice in other Council's in recent years.

- Development Management
- Strategic Planning
- Building Control client
- Parking & Transport Strategy
- Environmental Health
- Housing
- Car Parking

Service Director - Legal & Community

This post would be the Monitoring Officer for the Council.

This area will encompass Community, Democratic and Legal Services. In addition to the legal team, Democratic Services will report to the Service Director (with direct reporting line to the Chief Executive for the purpose of Electoral Registration and Returning Officer functions). Given the links between Democratic Services, scrutiny support and community development these areas will be encompassed within this team too. Additionally, it is proposed that the Council's Licencing and Community Safety functions are within the Service area building on the close working relationship with the Legal team and in relation to safeguarding responsibilities. The Council's Policy development and safeguarding

functions would be incorporated within this service area.

- Legal Services
- Community Development
- Democratic Services
- Community Safety
- Licencing
- Scrutiny support
- Policy/safeguarding (inc health)

8.9 Applying the Council's Reorganisation Policy a number of roles are considered to be a "significant match" and the Committee is therefore asked to note the following:

Service Director – Resources (Ian Couper)
Service Director – Customers (Howard Crompton)
Service Director – Regulatory (Ian Fullstone)
Service Director – Place (Vaughan Watson)

9. LEGAL IMPLICATIONS

9.1 The Council's Constitution sets out at paragraph 14.6.5 the delegation of authority to the Chief Executive which includes at section 14.6.5(a)(i) To carry out the duties of Head of Paid Service (section 4 of the Local Government and Housing Act 1989) which includes all necessary powers for (a) co-ordinating the discharge of all functions; (b) exercising all overall management responsibility for staff. This report is presented to the Council in accordance with paragraph 4.4.1(o) of the Constitution which gives Council responsibility for "receiving reports from the Head of Paid Service on senior management structures of the organisation."

9.2 It should be noted that the revisions to the senior management structure do not include any alterations to the appointment of individuals to the post of Head of Paid Service, or Monitoring Officer. The appointment of the Monitoring Officer will be by Full Council acting on the recommendation of the Employment Committee. It is also a requirement that the Chief Finance Officer is appointed by Council and best practice guidance from CIPFA states the CFO should sit on the Corporate Management Team.

9.3 The report recognises the financial constraints that the Authority finds itself within and identifies the fact that the Council is required to undertake a significant number of statutory services and the resourcing of the organisation needs to facilitate this. Revisions to the senior management arrangements need to be undertaken in accordance with the Council's Constitution, employment law and the Council's agreed Reorganisation Policy.

9.4 As referred to in previous annual reviews of the Council Constitution, sections 12 and 14 of the Constitution will be reviewed and amended to reflect any new structures adopted.

10. FINANCIAL IMPLICATIONS

10.1 The Corporate Business Planning process for 2018/19 and the medium term financial strategy identify the key challenges that the Council faces in terms of delivering services over the next five years or so. The MTFs provides the financial background to the Corporate Business Planning Process for 2018/19 and beyond. In common with

recent years the report concludes that it may be necessary to revisit the MTFs on an annual basis.

- 10.2 Council set its budget in February 2017 and within the efficiency options are proposals to make savings from both the senior management structure and the remainder of the organisation – these are identified as efficiencies E14 and E15.
- 10.3 The structure set out in this report delivers the Senior Management Efficiency of £150,000 as set out in the budget as referenced in E14. These arrangements deliver that level of saving.
- 10.4 The Service Director posts have been subject to an external job evaluation exercise by Hay to determine the salary level for each post.

11. RISK IMPLICATIONS

- 11.1 The development of new senior management arrangements has been undertaken with regard to the Council's recently adopted risk and opportunities management strategy for the period 2016-2019. The risk and opportunities management policy statement has been endorsed by Cabinet and has been signed off by myself as Chief Executive and the Leader of the Council. The proposals contained within this report for future senior management arrangements of the Authority have regard to both of these factors in seeking to ensure that the Council manages its risks in an efficient and effective manner.

12. EQUALITIES IMPLICATIONS

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions have due regard to the need to eliminate discrimination, harassment, victimisation, to advance the equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 The Council's Reorganisation Policies are developed and consulted upon in a way which complies with the Equalities Act 2010.

13. SOCIAL VALUE IMPLICATIONS

- 13.1 As the recommendations made in this report do not constitute a public service contract, the measurement of social value as required by the Public Services (Social Value Act) 2012 need not be applied although equalities implications and opportunities are identified in the relevant section above. Social value measurement will be applied though to any projects proposed through the Corporate Business Planning process where a public service contract is required.

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 The Human Resource implications are detailed in section 8 of the report. The posts of Service Directors have been externally evaluated by Hay.
- 14.2 Interim management arrangements have been in place since October 2016 and these will remain in place and are operating effectively until permanent arrangements are concluded.

15. APPENDICES

Appendix 1 – Former management arrangements.
Appendix 2 – New senior management structure.

16. CONTACT OFFICERS

David Scholes
Chief Executive
david.scholes@north-herts.gov.uk
Tel No 01462 474300

Kerry Shorrocks
Corporate Manager Human Resources
kerry.shorrocks@north-herts.gov.uk
Tel No 01462 474224

Anthony Roche
Deputy Chief Executive
anthony.roche@north-herts.gov.uk
Tel No 01462 474588

17. BACKGROUND PAPERS

- Corporate Plan 2017-2022.
- Medium Term Financial Strategy – July 2017.