

COUNCIL
19 JULY 2017

***PART 1 – PUBLIC DOCUMENT**

AGENDA ITEM No.

12

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 Council of the proposed senior management arrangements for the organisation from 2017 onwards. To provide a summary of the key areas of change at a senior level within the organisation, and to outline measures to review services throughout the organisation which will be undertaken in 2017 in accordance with the provisions of the Constitution.

1.2 The proposed structure is guided by a number of factors including:

- The priorities of the Council
- The financial environment in the period 2017-2021
- The medium term financial strategy
- The delivery of statutory services
- Performance management
- The programme of projects.

2. RECOMMENDATIONS

2.1 That Council note the proposed senior management arrangements as set out in the report and the proposed timetable for the implementation of these arrangements.

2.2 To meet its statutory responsibilities the Council appoint Ian Couper, Head of Finance, Performance and Asset Management as the Council's Chief Finance Officer (Section 151 Officer), effective from 4th September 2017.

2.3 That Council supports the approach taken over many years of seeking to avoid compulsory redundancies wherever possible as advocated in the agreed Reorganisation Policy. In the event that redundancies (either voluntary or compulsory) are required then the costs of such redundancies will be met from a reduction in the General Fund balance which will be reported through the quarterly budget monitoring process.

3. REASONS FOR RECOMMENDATIONS

- 3.1 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)).
- 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 The concept of a senior management restructure was raised some months ago with Heads of Service and as Members of the Council will recall there was a period for Heads of Service/Corporate Managers/Strategic Directors to provide expressions of interest in voluntary redundancy proposals. This process has also been used to seek views informally about the future shape and structure of the organisation at a senior level and such informal consultation has been taken into consideration in relation to the overall configuration of the proposed structure. Further informal consultation will be carried out regarding the grouping of services and an update will be provided along with the presentation of this report at Full Council.
- 5.3 No consultation is required in relation to the designation of the post of Deputy Chief Executive as there are no existing post holders directly affected. Formal consultation will be 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's current senior management arrangements are set out in an organisational chart at Appendix 1 to this report. 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.
- 7.2 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.
- 7.3 It should be noted that the report deals solely with the overall senior management arrangements at the Council and once the new Deputy Chief Executive is in post the specific alignment of Services to the new Service Directors posts will be undertaken with services reorganised where appropriate to reflect more detailed requirements for each area.

8. ISSUES

- 8.1 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. Following the provisional settlement announcement and revisions to New Homes Bonus the Council needs to find efficiencies/use of reserves totalling £8.1m in the period to 2020/21.
- 8.2 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 excellent 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.
- 8.3 Appendix 1 sets out the current 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 it is proposed that the roles of Strategic Director as a separate management layer no longer exist and that the two vacant posts of Strategic Director (Strategic Director Customer Services and Strategic Director Planning, Housing and Enterprise) are deleted.
- 8.4 Following Mrs Atlay's decision to retire from the Authority the Strategic Director of Finance, Policy and Governance post will shortly become vacant. In order to provide resilience at the most senior level it is proposed that a new post of Deputy Chief

Executive is created and the Strategic Director of Finance, Policy and Governance post is subsequently deleted. In the existing structure and constitution that post undertakes the role of Deputy to the Chief Executive and that has worked very well. The proposed arrangements will ensure that there is an effective senior management tier and a clear focus for the strategic management of the Council. The internal management arrangements are set out in a later section of this report.

- 8.5 The current structure as set out in Appendix 1 has a mixture of services reporting to the Strategic Director, Heads of Service, Corporate Managers and to the Chief Executive. This has reflected a number of specific circumstances in the past that has led to a relatively complex set of management arrangements which can be improved in terms of operational efficiency. It is proposed in the structure going forward that, because of the reductions at a senior strategic level in staffing, all service areas will fall within the responsibility of the newly created role 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 sub-delegations.
- 8.6 The proposed 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 and additionally there will be a limited number of direct Reports to the Chief Executive and Deputy Chief Executive. The composition of the Service Directorates will be finalised following the appointment of the Deputy Chief Executive. The Council's reorganisation policy will be applied in to which roles may be a "significant match" to existing roles and 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 It is proposed to implement the senior management arrangements (with any adjustments following the consultation period) at the earliest opportunity. It is anticipated that this first phase of implementation would be complete by early 2018 at the latest so that the new Service Directors can conclude their service plans for the financial year 2018/19.
- 8.9 Furthermore it is proposed that there is a review within each of the service areas which would need to be undertaken within six months following the appointment of the Service Directors and therefore this work should be complete in mid 2018.
- 8.10 The revised structural arrangements will enable further streamlining of internal management arrangements which have been revised over the last 3-4 years. Internal management arrangements are the responsibility of the Head of Paid Service and it is important for Council to note that the internal arrangements in place until 2013 were:-

- Directorate Management Teams
- Senior Management Team
- Corporate Management Team
- Challenge Board.

In 2013 it was slimmed down to:

- Senior Management Team
- Corporate Board.

It is proposed that, going forward, there is a single Corporate Board that meets to deal with all internal management arrangements and the Corporate Board comprises the Chief Executive, Deputy Chief Executive and each of the Service Directors.

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. With the retirement of Mrs Atlay in early September 2017 it is necessary to appoint an interim Chief Finance Officer to be effective from the 4th September. It is proposed that Ian Couper Head of Finance, Performance and Asset Management be appointed to that role given his role, qualifications and experience. The Council is legally required to have a nominated Chief Finance Officer, whose responsibilities are set out in section 12.4 of the Council's Constitution. It is 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 2017/18 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 updated MTFs due to be considered by Cabinet on 25th July 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 Financial modelling undertaken for the MTFs and Corporate Business Planning Process for 2018/19 and beyond projects that the overall budget gap for the 4 year period 2017/18-2020/21 is £4m. This is on the assumption that Council Tax will be increased by 2% or £5 whichever yields the greater amount each year and a managed use of reserves. It would be necessary to use approximately £3.7m of reserves to bridge the budget gap over the period of the MTFs which would mean the total sum needed to enable the Council to reach a balanced budget in each of these years would be in excess of £8.1m.
- 10.3 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.
- 10.4 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.
- 10.5 The Service Director posts will be 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 risk management update which was considered at Cabinet on 20th December 2016 identifies managing the Council's finances as a high risk and workforce planning as a medium risk. 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 post of Deputy Chief Executive and Service Directors (once finalised) will be externally evaluated by Hay. Recruitment to the post of Deputy Chief Executive will commence in late July with the involvement of East of England Local Government Association. The post of Deputy Chief Executive will be advertised both externally and internally and will follow the Council's Reorganisation policy.
- 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 – Current management arrangements.
Appendix 2 – Proposed 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

Norma Atlay
Strategic Director Finance, Policy & Governance
norma.atlay@north-herts.gov.uk
Tel No 01462 474279

Anthony Roche
Corporate Legal Manager and Monitoring Officer
anthony.roche@north-herts.gov.uk
Tel No 01462 474588

17. BACKGROUND PAPERS

- Corporate Plan 2017-2022.
- Medium Term Financial Strategy – July 2016.
- Corporate Business Planning – report to Cabinet January 2017.