

Member Report

Senior Management Structure



Public

To:	Borough Council	Date:	17 September 2019
From:	Corporate Director for Resources	Decision type:	Key - Significant impact
Portfolio:	Resources	Forward Plan reference:	RD0035
Priority:	Improving the way we work		
Ward(s):	N/A		

1.0 What is the recommendation?

- 1.1 The Council approved a report on 24 July 2019 which agreed the voluntary redundancy of the Chief Executive, with the intention that this post be formally deleted from the senior management structure in due course. The recommendations approved by the Council also included a commitment to the production of further proposals for consideration by elected members.
- 1.2 In line with those recommendations, this report now outlines proposals for dealing with changes which affect statutory officer roles, including arrangements for formalising, where appropriate, some of the interim measures as approved on 24 July 2019. Accordingly, it is recommended that Cabinet agree the proposals set out within this report and recommends to the Council that it also approves all of the proposals and that:
- The post of Corporate Director for Resources be re-designated as Managing Director (Head of Paid Service) and the current Interim Head of Paid Service, John Sampson, be appointed to that role on a permanent basis from 1 November 2019
 - The Head of Paid Service shall also be appointed as Returning Officer & Electoral Registration Officer with effect from 1 November 2019.
 - The post of Financial Services Manager be re-designated as Assistant Director – Finance (Section 151 Officer) and the current post-holder, Phil Winstanley be appointed as Section 151 Officer with effect from 1 November 2019;
 - With effect from 1 April 2019, the post of Assistant Director – Governance and Monitoring Officer be amended to incorporate all of the responsibilities currently carried out by the Assistant Director – Organisational Change and re-designated as Governance Director (Monitoring Officer), with the current post-holder Steve Newton, continuing in that capacity as the Council's Monitoring Officer.

- e) The Officer Employment Procedure Rules be suspended accordingly, for the purposes of this report only;
- f) The Monitoring Officer be authorised to make any consequential amendments to the constitution; and
- g) For the sake of clarity, the named appointments to the statutory roles covered by this report are confirmed as follows:
 - Head of Paid Service, Returning Officer & Electoral Registration Officer – John Sampson
 - Section 151 Officer – Phil Winstanley
 - Monitoring Officer – Steve Newton

2.0 Background

- 2.1 As outlined in the earlier report approved on 24th July 2019, the current administration of the Council made a commitment to streamlining management as a matter of priority.
- 2.2 A significant element of the administration's proposals in this regard is that the Council should move to a management model which does not include the role of Chief Executive. On that basis, the proposals within this report include arrangements which formalise removal of the Chief Executive role, further streamline senior management and make some limited financial savings which are additional to the annual savings of £220,000 detailed within the report approved by Council on 24 July 2019. It is intended that further savings will be achieved in reviewing other roles and proposals for these changes will be finalised in due course.
- 2.3 Appendix 1 to this report illustrates these changes in the form of a structure chart. The considerations in forming these proposals are set out in the following sections of this report.
- 2.4 **Appointment of a Managing Director (Head of Paid Service)**

Under Section 4 of the Local Government & Housing Act 1989, every local authority has the duty to designate one of their officers as its Head of Paid Service. It is also a requirement to appoint a Monitoring Officer and a Section 151 Officer.
- 2.5 The current interim arrangements for the Head of Paid Service approved in July were agreed pending this report. The requirement to have a Head of Paid Service applies notwithstanding any proposal to discontinue the role of Chief Executive.
- 2.6 In order to retain the savings to be achieved from deletion of the Chief Executive's post, the new role will, in practical terms, need to be created by adding the Head of Paid Service's remit to one of the current Corporate Director positions. It is proposed that we create a Managing Director role, which will also be the Head of Paid Service.
- 2.7 In effect, the Managing Director will have dual responsibilities and, given the nature of these responsibilities, it is considered appropriate that an increase in salary be agreed to recognise this position. This is usual where similar arrangements operate and reflects the fact that the new post will have specific statutory duties, which are additional to current responsibilities and do not apply to other director roles. In

general terms, these include responsibility for reporting on the manner in which the discharge of the Council's functions is co-ordinated, the number and grade of officers required for the discharge of functions and the organisation of officers.

2.8 In light of the current interim arrangements, external advice has been sought from the Local Government Association (LGA) and North East Regional Employers Organisation (NEREO) in developing these proposals and a report at Appendix 2 outlines their advice in this regard. This advice supports the view that a Managing Director model is the most appropriate option to be pursued in current circumstances and the rationale for the proposals is summarised below.

2.9 It is common for the Head of Paid Service to also take on ultimate responsibility for delivery of elections. Accordingly, it is proposed that the roles of Returning Officer & Electoral Registration Officer are also placed within the remit of that post with effect from 1 November 2019.

2.10 **Other Considerations**

When forming proposals, it is essential that any revision to senior management arrangements be considered in the context of the main challenges currently facing the Council and, also, with a view to using existing internal resource to maximise the potential for any savings. Accordingly, in terms of allocating responsibility for the Head of Paid Service functions, the following considerations are relevant.

2.10 The Council currently employs four Corporate Directors. One director is about to leave the Council's employment at the end of September (Corporate Director for Children & Families), with a new Corporate Director commencing 30 September 2019.

2.11 It is considered inappropriate to allocate additional responsibilities to this new director for the following reasons:

- This is a new appointment and the first Corporate Director post held by the individual commencing their employment;
- The directorate has significant financial and other challenges that will need full-time attention from the Corporate Director;
- At the Council meeting held on 24th July 2019 there was a specific request from the former Cabinet Member for Children and Families that no additional responsibilities be given to this Corporate Director. The Leader agreed with that position, which is supported by the current administration given the nature of this particular director's role.

2.12 The current Corporate Director for Growth Enterprise and Environment is also a relatively new director appointed in February 2019 to her first director role. Additional responsibilities would be onerous and difficult to undertake given the circumstances and the need to focus on specific economic priorities, such as the development of the former SSI site. It is also felt that, for this director to undertake more responsibilities, there would be a need for back-filling arrangements which would incur a significant cost, thus reducing the potential savings.

2.13 The Corporate Director for Adult and Communities has more experience as a director but, at this current time, is focused on the health transformation agenda which requires his full attention. This directorate has a history of large overspends which the current director has successfully turned around. Given the financial challenges faced by the Council, it is critical that spending in this directorate is kept within budget. Accordingly, it is felt inappropriate to add significant additional responsibility to this post. However, it is proposed that this Director be the named

Deputy Head of Paid Services in order to provide cover in the event that the Head of Paid Service is absent for short periods due to annual leave etc. This would allow some resilience within the senior team and provide for an element of potential succession planning. There would be no changes to current pay or conditions of the director in taking on this role.

- 2.14 The Corporate Director for Resources is our most experienced Director with some four years plus experience as Corporate Director and more than 10 years as Section 151 officer. He has a clear view of the Council's challenges, both in terms of financial challenge and service delivery. He has held a Corporate role with the Council for over 10 years and it is considered possible and appropriate to merge his current responsibilities without the need for significant back-filling arrangements. Given this position, it is proposed that the post of Corporate Director for Resources be re-designated as Managing Director (Head of Paid Service). This would help to maximise proposed savings, as existing duties would be retained. It is proposed that this element of the proposals be implemented with effect from 1 November 2019 with the Chief Executive's role being formally deleted from this point. All directors have been consulted on these arrangements and support this proposal.
- 2.15 As indicated in the previous report, in other circumstances the appointment of the Head of Paid Service is to be made by full Council on the basis of a recommendation by the Appointments Panel. This requirement is specified in the Officer Employment Procedure Rules but, clearly, envisages a situation whereby the Council has undertaken a recruitment exercise for a new Chief Executive. Accordingly, these rules may be suspended under the terms of Article 16.01 of the constitution to cater for other scenarios. Given that the proposals within this report are intended to utilise internal resource, avoid potential redundancy costs where possible and, also, to avoid issues in terms of continuity in the Head of Paid Service role, it is recommended that suspension of the rules is approved on this occasion and that a permanent appointment be made to the Head of Paid Service as detailed above.

2.16 Governance

In seeking to further streamline management, it is proposed that the post of Assistant Director - Organisational Change be deleted and that, to avoid the need for backfilling arrangements and generate savings, these duties are added to those of the current Assistant Director of Governance and Monitoring Officer, with that role being re-designated as Governance Director (Monitoring Officer). The role will continue to include the Monitoring Officer function. Following job evaluation of the duties the remuneration for this has been assessed at the level of Director 3 in the Council pay-scales. This recognises the significant additional responsibilities the post-holder will carry in addition to existing duties, including the statutory role of Monitoring Officer.

- 2.17 The merger of these two Assistant Director roles can be facilitated by the voluntary redundancy of the current Assistant Director of Organisational Change as of 31 March 2020, which, in consultation with the current administration, has been approved under existing arrangements given the imperative to secure savings with effect from that date, in time for the new financial year. This will avoid the need for a period of formal consultation and a potential compulsory redundancy situation.
- 2.20 A further saving relating to the Senior Management structure will be made as there are currently two Executive Assistant posts which exist, one of which is filled on a temporary basis. Given the various changes at a senior level, this can be reduced

to one post once a current need for absence cover has been resolved.

2.21 Financial Services

If it is agreed that the Corporate Director for Resources is appointed as Managing Director (Head of Paid Service) then, whilst legally possible, it is not generally viewed as good practice for that same individual to carry out the role of Section 151 Officer. The external report attached at Appendix 2 confirms this position. It is, therefore, proposed that the current Financial Services Manager be re-designated as Assistant Director – Finance (Deputy Section 151 officer) with duties being amended accordingly to take on this additional responsibility. After job evaluation to reflect the addition of these statutory duties, which include the requirement to challenge the Head of Paid Service in relation to financial issues if necessary, the appropriate salary has been assessed as Assistant Director Chief Officer 'Band B'.

2.35 Financial Impact

Deletion of the Chief Executive's role will secure annual savings of £220,000. In order to maintain that saving without creating additional posts, the duties associated with that role will need to be redistributed, as will the duties associated with the Section 151 officer and that of the Assistant Director of Organisational Change. Although the focus of this report is on implementing permanent arrangements in terms of statutory posts rather than identifying savings, taking into account consequential salary adjustments and the deletion of an Executive Assistant role, these changes will result in an additional saving from within the review of £50,000 per annum, above the £220,000 relating to the Chief Executive's post.

3.0 Who has been consulted and engaged?

- 3.1 In preparing this report discussions have taken place with the LGA and NEREO and joint report from both organisations is attached at Appendix 2.
- 3.2 These proposals have been discussed with all Corporate Directors, Assistant Directors & Cabinet. In line with constitutional requirements for some elements of the proposals, the report will need to be considered by Cabinet, Resources Scrutiny and Improvement Committee, Governance Committee and Full Council.

4.0 What are the risks and resource implications?

Type of Risk/ Implication	Details
Health and Safety	It is not envisaged that these proposed changes will have any impact on Health and Safety
Social Value:	N/A
Legal	<p>The legal considerations are set out within the body of this report. It is the duty of the Head of Paid Service where he or she considers it appropriate to do so, to prepare a report to the authority setting out their proposals as to:</p> <ul style="list-style-type: none"> the manner in which the discharge by the authority of their different functions is co-ordinated;

	<ul style="list-style-type: none"> the number and grades of staff required by the authority for the discharge of their functions; the organisation of the authority's staff; the appointment and proper management of the authority's staff. <p>In view of the current interim arrangements, external advice has been sought as set out in Appendix 2, in order to ensure an objective and independent view is used to inform proposals.</p> <p>There is a duty to appoint to the statutory posts set out within this report.</p>
Financial	This proposal provides for an additional annual saving as detailed above. The structure and salary details are included within the chart at Appendix 1.
Human Resources	The Chief Executive's role will be formally deleted with effect from 31 October 2019. There is an impact on some Assistant Directors. One reduction has been managed by means of a VR application. There will be some changes to duties and responsibilities for some of the other Assistant Director positions as outlined in this report. All proposed roles have been subject to job evaluation and a grade determined accordingly.
Equality and Diversity	There is no impact on equality and diversity. Any staffing implications will be managed in line with existing employment policies and legislation.
Carbon Footprint	N/A
Other (please specify)	Management capacity has already been significantly reduced over recent years. Given current levels of responsibility allocated to senior officers, it is becoming increasingly difficult to make additional savings without risk and these arrangements will be kept under review. The external report attached at Appendix 2 highlights this position.

Equality analyses for Cabinet decisions are published alongside the reports in the 'Cabinet and committee papers section' of our website at <https://www.redcar-cleveland.gov.uk/Democracy/DecisionMaking/MeetingCabinet/Pages/cabinet-and-committee-papers.aspx> and should be read in conjunction with the recommendations in the report.

5.0 Appendices and further information

Appendix 1 – Structure Diagram

Appendix 2 - Joint report from LGA/NEREO **(to follow)**

6.0 Background papers

No background papers other than published works were used in writing this report.

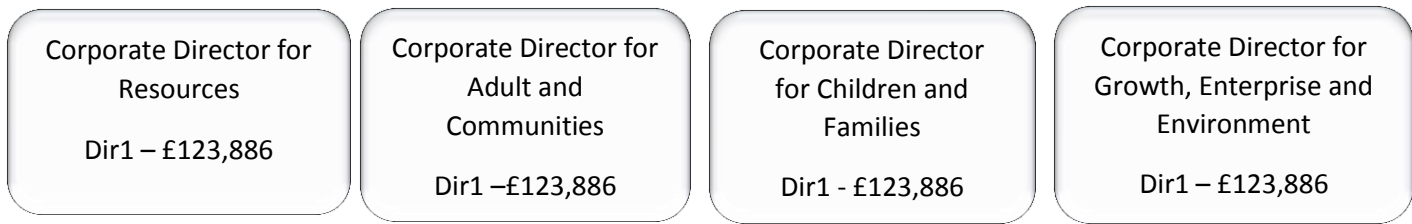
7.0 Contact Officer

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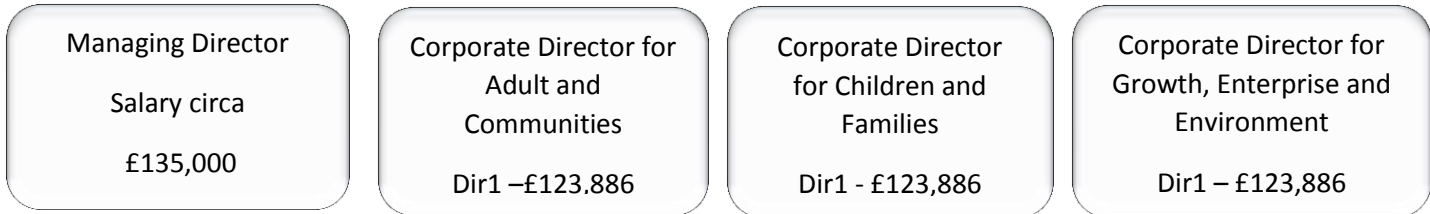
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Strategic Director Level – Senior Management Structure

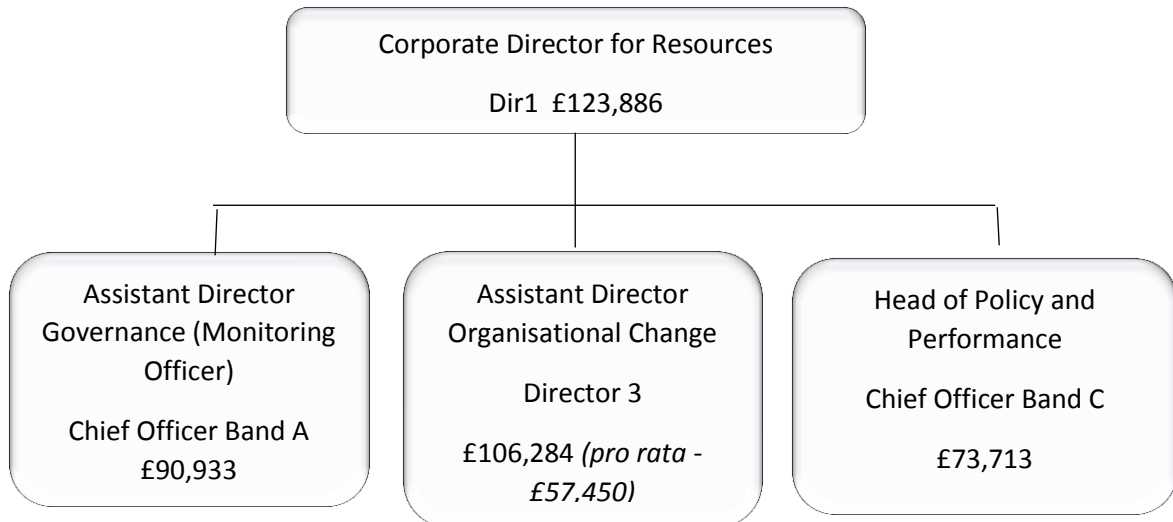
Current Director Level Structure



Proposed Director Level Structure



Current Resources Directorate Senior Level Structure



Proposed Senior Level Structure

