

Cabinet Report



Report of Chief Executive

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To: CABINET

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Review of Management Structure

Recommendation

That Cabinet:

1. approves the creation of a revised management structure for the Council comprising a chief executive, two strategic directors and an assistant chief executive
2. authorises the chief executive to appoint an external adviser to make recommendations on the appropriate salary levels for all posts at head of service level and higher in the new structure, with the findings of the consultant being brought back to Cabinet for consideration at a future meeting

Purpose of Report

1. This report sets out the rationale for a new management structure for the Council. It requires the approval of Cabinet because I consider that aspects of it represent a fundamental change to the organisation structure and, therefore, fall outside of my general delegated authority to deal with staffing matters.

Strategic Objectives

2. Having the optimum management structure in place is critical to the effective delivery of all our strategic objectives and key aims. If the management structure is not right then this will undoubtedly detract from both corporate working and service delivery.

Background

3. The Council last reviewed its management structure in late 2000. At that time it established the structure that we have today of strategic directors supported by heads of service. The number of strategic directors has remained constant since then at three, although the number of heads of service has reduced over time from the original twelve to the current ten (this includes the vacant head of corporate support post). We now share one of these heads of service with Vale of White Horse DC.
4. The structure has stood the Council in good stead over the intervening period but, six years on, it is timely to carry out a review. There are a number of reasons for this. Some of these are people based, others to do with changing circumstances:
 - the recent early retirement of the Head of Corporate Development and the likelihood of the Head of Public Amenities retiring in the new year
 - the desire of one strategic director for early retirement during 2007
 - rebalancing the portfolios of members of management team, which I think is necessary
 - creating the optimum number of service teams with the right mix of functions
 - ensuring that we have sufficient corporate capacity to continue our drive to become and remain an excellent Council

The structure must work in its own right. It must not revolve around individuals but create the framework within which a strong team can deliver excellence. This recognises that both the structure and people filling it must be right.

Consultation

5. I announced my intention to carry out a review to heads of service in August and invited them to submit ideas. All took the opportunity. At the same time, I was informally seeking the views of my strategic directors and discussing options with the Leader.
6. In October, I published my draft proposals for consultation. I have attached a copy of the paper as Appendix 1 and Cabinet should read this as I do not repeat the proposals in the main body of the report. The proposals went to all staff, staff forum and UNISON.
7. Earlier this month I prepared a paper summarising the feedback I received from the consultation, which I sent to my strategic directors and heads of service. This forms Appendix 2.

Key Issues

8. Cabinet will see from Appendix 2 that there is general support for much of what I propose. In particular:
 - the move to two strategic directors
 - the idea of centralising policy functions to improve corporate capacity
 - merging environmental health and public amenities to form a single team
 - combining ICT with performance management
 - creating a single pay grade for heads of service

Three particular issues require detailed comment:

Split of responsibilities between management team

9. A couple of ideas have come forward for an alternative distribution of functions between strategic directors, but I do not consider that these improve upon my original proposal that I, therefore, intend to stick with. There are mixed views on the best reporting line for the head of human resources and facilities. In the absence of any strong view to the contrary, I intend to maintain the current arrangement of direct reporting to me. This has served the Council well over the past six years.

Creation of a new post heading policy functions

10. My proposal to create a new post at a level between heads of service and strategic directors responsible for driving forward the Council's corporate agenda, with a seat on management team, has created more comment than any other has. It is obvious from the feedback in Appendix 2 that I have failed to convince many of the benefits of such a post.
11. In the light of these comments it would be very easy for me to accede to the majority view, that whilst there is support the creation of this post it should sit at head of service level, not higher. But I am not persuaded that this is wise. I was at a meeting with Paul Coen, the Chief Executive of the Local Government Association recently when in another context he said, "*the default position is always to go back to what is known and safe*". This struck a chord with me and reminded of a quote from Machiavelli's *The Prince*.... "*nothing is more difficult than to introduce a new order. Because the innovator has for enemies all those who have done well under the old conditions and lukewarm defenders in those who may do well under the new...*"
12. What I think most people have failed to grasp is the increasingly important link between a strong corporate centre and excellent performance. This is not just in the context of achieving CPA

recognition or top quartile performance targets, but more fundamentally in delivering high quality services to residents and acting as their community leader. We have seen a direct correlation between improved performance and a strengthening of corporate activities and I see the creation of this post, in the context of a reduction in the number of strategic directors from three to two, as fundamental for continuing success and further improvement.

13. The post holder will play a key role working with heads of service collectively, and in smaller groups, to improve delivery on a range of corporate matters like the reports process, project management and risk management. This will help heads of service to develop their corporate contribution and role, something that they have said collectively that they want.
14. The Leader and I have discussed the position informally and she backs my judgement. I have, therefore, decided to propose creating a post of assistant chief executive (I have chosen to use this title because I cannot think of an alternative, and nobody has offered one, that would give equal clarity about the post holder's role and status), who will have a place on the management team. If, in due course, this proves to have been a poor judgement then Cabinet will hold me to account. I shall look to fill the post internally first, thereby giving an opportunity to a number of people to achieve promotion if they can demonstrate that they have the attributes to deliver what is needed.
15. To reassure my strategic directors, I want to make it clear that the assistant chief executive post is subordinate to theirs in the management hierarchy. I will do this through simple actions like giving them responsibility for acting as head of paid service when I am absent from the office for any prolonged period.

Open recruitment of the new Head of Environmental Services

16. My proposal to move straight to an open advertisement for the post of Head of Environmental Services has generated some dissent, both through the formal consultation and informal feedback. I need to explain the rationale and why I propose to maintain my position on this.
17. The prime consideration in deciding whether to assimilate an individual into a post is the extent to which they already have knowledge and experience across the whole range of their new role. In the past I have concluded sometimes that assimilation was appropriate, whilst on other occasions it was not.
18. A good example of the former was the assimilation of the then Head of Leisure into the post of Head of Leisure and Economic Development. The new functions he was asked to take on were not as significant as those he was already running – they principally consisted of the Council's estates function, which is in the process of being run down, and an economic development function focusing mainly of supporting the Didcot town centre redevelopment and the regeneration of our market towns. I took the view that assimilation was appropriate given the quantum of additional work the post holder would manage coupled

with his planning background, which gave him a good knowledge of the subject area.

19. An example of when I concluded that assimilation was not appropriate was the creation of the post of Head of Planning in my original restructure in 2000. At the time, there were six people managing different aspects of the planning function. I concluded that none of them had the necessary knowledge and experience across the breadth of the planning function to justify assimilation into the new post. I moved, therefore, straight to an open advert to which all could respond.
20. In this instance, I consider that the merger of environmental health and public amenities is a merger of two equivalent teams i.e. the latter is not subordinate to the former. I am also mindful of the major forthcoming work around reletting the contracts for waste collection and street cleansing and the potential benefit of having someone with experience in procuring major services. For these reasons, I intend to move straight to an open advertisement for the Head of Environmental Services.

Salary Review

21. In my original proposals I identified that I would ask Cabinet to approve the appointment of a consultant to advise on the appropriate salary levels for all posts at head of service level and higher in the new structure. I am now seeking that approval. When the new structure is in place, we will have reduced from three directors to two and twelve heads of service to eight since 2000, albeit with the addition of an assistant chief executive. I think it is timely to get an external view on whether the salary levels payable to senior staff remain appropriate and competitive given the passage of time and changed responsibilities. The consultant's findings will come back to Cabinet for consideration in the New Year.

Decisions Required

22. I have discussed with the Monitoring Officer what decisions Cabinet needs to make and which I can make under the powers delegated to me in the constitution. We agree that there are only two decisions for Cabinet – to reduce the number of strategic directors from three to two and create a new post of assistant chief executive; and to appoint a consultant to undertake the salary review. All others fall to me. However, I would value Cabinet's views on any wider issues before exercising my delegated authority. I have no wish to move in a direction that does not have Cabinet's support.

Financial Implications

23. The financial implications of my proposals are set out in Appendix 3, which is confidential because it contains financial information that relates to individuals. For the purposes of this open part of the report, I can advise that the appendix shows that the changes will result in a

saving over five years of around £125,000 (this saving includes an allowance for an uplift in senior salaries if that is agreed – see above). The saving will be offset by one off costs of appointing external advisers to undertake the salary review, which may cost up to £20,000.

24. At this stage, I would prefer to retain the savings, rather than offer them back to the general fund, because I need to carry out a review of the salary structure at the top end of our managers' grade. This is coming under increasing pressure as salaries for key professional managers are rising in the market place and we need to make sure that ours remain competitive. This is quite distinct from the recent biennial review reported to Cabinet in October, which looked at salary levels across the board and recommended no increase.

Legal Implications

25. There are no legal implications arising from this review.

Conclusion

26. It is time for a change to the council's management structure. It has served us well over the past six years but there is now an opportunity to streamline it whilst at the same time improving its effectiveness. I have argued in this report that we should reduce the number of strategic directors from three to two. The two remaining directors will have an enhanced role leading all of the council's public facing services, as well as a range of support services, between them. I will complete the management team by the recruitment of an assistant chief executive who will drive the council forward on its excellence agenda.
27. Eight heads of service will support the management team, each with a critical role to play in delivering excellent services and contributing to corporate initiatives. Due to the increased expectations the structure places on all staff at head of service level and higher I consider it appropriate to invite a consultant to review salary levels for these posts and make recommendations in due course for Cabinet to consider.

Background Papers

None

Appendix 1

Review of Management Structure

Introduction

1. I announced my intention to carry out a review of the management structure in August. I invited input from strategic directors and heads of service at the outset to influence my thinking before I presented draft proposals. I am pleased to say that all took the opportunity to feed views to me either verbally or in writing.

2. I have set out my draft proposals in this paper. The draft proposals leave a number of questions unanswered and I highlight key ones in various places throughout the document. I see these proposals as stage one of a two stage process. At stage one I have identified the broad shape of the organisation I want to put in place. The second stage will be to define the detailed split of functions between service heads and the optimum reporting lines to each one. The stage one proposals will require cabinet approval under the terms of our constitution; I can deal with stage two through delegated powers. Consultation with staff will take place at both stages.

3. In developing my proposals I have tried to meet the following objectives:

- to create a management structure that supports effective delivery of our corporate plan
- to continue to strengthen our corporate capacity, which I consider is essential if we are to become an excellent council
- to provide an appropriate spread of responsibilities between different members of the management team
- to create a structure that provides career development opportunities for senior staff
- to put in place proposals that, subject to any unforeseen external pressure, are fit for purpose for the next five years
- to present a set of proposals that cabinet will find acceptable

4. I am grateful for the constructive input from colleagues. Unsurprisingly, the proposals set out in this paper do not meet everyone's aspirations but I think that they do take on board a number of the suggestions made. The more detailed second stage work will provide an opportunity to address others.

The drivers for change

5. I identified a number of drivers for change in my project brief. Key ones that have come to the fore during the course of my review are:

- **the potential to reduce the number of strategic directors to two. An increasing number of district councils are moving to a chief executive plus two director model; most of these have a larger workforce than us. I am confident that it will be possible to move to a two director structure during the course of 2007. Michael Jaques' early retirement will facilitate this. This will provide scope for heads of service to take on a more corporate role, something that many have asked for.**
- **a strengthening of the corporate centre. We have strengthened our corporate functions significantly in my time here but evidence from organisations like the Audit Commission and the IDeA is that councils achieve excellence through having a strong corporate focus that feeds through to service delivery. My new structure proposes further strengthening of the corporate centre by moving a number of functions under a new post that will report direct to me.**
- **achieving balance and clarity in management team responsibilities. I have resisted the temptation to artificially split functions that I think naturally sit together e.g. development control and planning policy. That has, however, meant that I have needed to redistribute portfolio responsibilities under the new structure to achieve an adequate balance of responsibility for each remaining strategic director. I have tried to create portfolios that balance the likely pressures we will face in different areas over the next two years with the personal interests and aspirations of each director.**
- **creating the optimum number of service teams. I have considered carefully the case for merging and de-merging current service teams and propose only one major change. This is to merge environmental health with most or all of public amenities to create a new environmental services team. This will reduce the number of service teams to eight and enable me to introduce a single scale for heads of service, something that a number have sought for some time.**

The new structure explained

6. The text here explains the thinking behind the proposals and highlights some of the key issues yet to be resolved.

Chief Executive's portfolio

7. I propose creating a new post, which I have yet to name, who will report direct to me and be responsible for driving forward the corporate agenda of the Council. I anticipate a salary between that of a head of service and strategic director and expect this person to sit on the management team. I also expect to recruit to this post internally. The post holder will take responsibility for:

communications partnerships
grants policy

He or she will also take the lead on responding to new initiatives and work with the other members of the management team to position us as a leading edge council.

Questions:

Is the centralisation of policy functions in this way desirable? Is a post at a more senior level than a head of service justified and, if so, what is the appropriate job title? Should this person sit on the management team?

9. For now, I have the head of human resources and facilities reporting direct to me. I would welcome views on whether this is desirable or whether the head of service should now report to one of the strategic directors, as others providing central services do. Longer term I intend to review whether we should split the human resources and facilities functions. Whether that will be in the five-year period covered by these proposals is uncertain.

Questions:

Should the head of human resources and facilities continue to report direct to the chief executive?

Strategic director portfolios

10. The two strategic directors will have the following portfolios:

Strategic Director	Strategic Director
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Environmental Services	Housing
Finance	ICT and Performance Management
Leisure and Economic Development	Legal and Democratic Services
	Planning and Building Control

11. There are a number of explanations that need to go with the above proposals:

- **if the council's section 151 and monitoring officers are drawn from our heads of service, as currently, I want them to report to different strategic directors. The above takes account of this**
- **the role of the head of information technology will expand to include performance management**
- **the post of head of environmental services will be subject to a competitive process. The precise mix of functions that make up environmental services will be the subject of further discussion. This will depend upon a review of the functions currently undertaken in the public amenities team and how they are best dealt with in the future**
- **one grade to cover all head of service posts (except finance where different arrangements apply reflecting that it is a joint function with VoWH DC)**

Questions:

Have I achieved the right balance of responsibilities between the two strategic directors? What are the alternatives? Do you

support the introduction of a single pay grade for heads of service? Do you support the creation of an environmental services team along the lines proposed and adding performance management to ICT? Are there other opportunities to alter service team responsibilities?

The Next Steps

12. I have discussed these proposals with management team colleagues. They have provided me with feedback that I have taken on board in preparing this consultation draft.

13. I am now circulating the proposals to heads of service for comments on the general principles and any specific issues that they consider require clarification. The opportunity for prior comment is short, for which I apologise, but I cannot delay general consultation beyond the beginning of next week.

14. Once I have had an opportunity to consider comments from colleagues and make any changes that I think are needed, the proposals will be subject to full staff consultation as a prelude to a Cabinet report.

Timetable

Stage 1 Proposals

CE publishes proposals	27 September
Informal discussions with HofS	27-29 September
Formal consultation begins (MT/HofS/Staff Forum/UNISON)	2 October
Formal consultation ends (4 weeks)	30 October

Once consultation is complete, I will take my proposals to Cabinet for approval. I have not yet timetabled when this will happen. To fit in with possible call-in for scrutiny it is likely that I will need to arrange a special meeting in mid-November.

I will draw up an implementation plan once I have certainty over the new structure. This will be a phased process and will be driven largely by when Gina chooses to retire and the optimum time for Michael's departure. I do not expect the new arrangements to be fully in place before next summer.

Other issues

15. I have not set out the financial implications yet as these will be subject to further consideration. There is, however, a significant sum of money available from the reduction in one strategic director post and two head of service posts to fund the changes. I intend to ask Cabinet for approval to appoint an external consultant to advise on the appropriate salary levels for all posts at head of service level and above in the new structure. Some posts below head of service level may require re-assessment under our job evaluation scheme due to changes in responsibilities.

16. Creating a smaller management core of 12 creates an opportunity to introduce a different approach to managing the council. I will be looking for contributions from colleagues as to how we achieve this in a way that enhances our performance.

17. I haven't addressed the issue of how we manage customer services in this structure as we still lack clarity over how we will do this in the future. I do not however expect the outcome of the current work on the proposed contact centre to have any material impact on the structure.

18. I want to start looking at reporting lines into each of the heads of service sooner rather than later. Whilst these might alter if the high level structure changes, I think we can get on with useful work now that will not be wasted.

Appendix 2

Feedback from staff on Management restructure proposals

In this paper I have grouped and summarised the feedback received from staff. In total, I received 17 separate responses. Some individuals were party to more than one response. Staff Forum provided a small number of comments; I received no formal response from Unison. Heads of service provided a collective response (in addition to many of them commenting individually). I have marked comments summarised from this collective response with an asterisk, as these should carry particular weight. None of the strategic directors responded formally.

The headings illustrate the broad area that the comments cover. The figures in brackets at the end of a particular comment indicate the number of responses that contained a statement to this effect.

Alternative models

All heads of service to report to one strategic director; the other to focus purely on strategic issues. Policy functions to be split amongst existing heads of service, hence no need to bring this together under someone reporting directly to the chief executive.

Propose the following as alternatives:

Strategic Director	Strategic Director	Chief Executive
<ul style="list-style-type: none">leisure and economic developmentplanning and building controlfinanceHR and facilities	<ul style="list-style-type: none">housingenvironmental servicesICT and performance managementlegal and democratic services	<ul style="list-style-type: none">corporate policy

or

Strategic Director	Strategic Director	Chief Executive
<ul style="list-style-type: none">HR, facilities, ICT and performance managementfinanceleisureplanning and building control	<ul style="list-style-type: none">legal and democratic serviceshousingenvironmental services	<ul style="list-style-type: none">corporate policy (including economic development)

Number of strategic directors

Support moving to two directors but unclear how seeking to meet their personal aspirations helps meet the needs of the organisation

Support retention of the mix of front line and support service functions for each director

Agree with a chief executive plus two-director model, allowing heads of service scope to be more corporate.

Portfolios of strategic directors

The current portfolio of legal, planning and economic development and leisure works well in view of the shared involvement in various projects and initiatives

Support bringing together Housing and Planning services into the same portfolio (2)*

Concern that the proposed portfolios may reflect strategic directors' personal interests and aspirations and are not necessarily the best for the organisation. This change could put strategic directors into their comfort zone, which will not be good or constructive for the organisation to move forward. Strategic directors should be working outside their comfort zone, which will help focus their skills on strategic direction and discourage them from getting involved in the detail

New policy team reporting to chief executive

Support the centralising of policy functions to improve corporate capacity (7)

Support the creation of a central policy team reporting to the chief executive but question whether this should include the grants function

Team should also include responsibility for economic development

Inclusion of major projects would strengthen the role of the corporate team

Performance management should remain as part of this team

It makes sense to have a central team to make sure policies don't contradict each other but it needs to have enough expertise to cover a huge range of functions

Creation of new post above head of service level reporting direct to chief executive with a place on management team

Support for creation of a post reporting direct to the chief executive taking responsibility for corporate functions but think the post should be at head of service level (4)

Support creation of new post but should perhaps advise rather than sit on management team

Lack of support from strategic directors and heads of service for this post may make it difficult to implement; explore again whether a post at head of service level is better

Postholder should be at either strategic director or head of service level, not somewhere in between. Personally favour the latter (2)

Agree that a head of policy/corporate development is required but have mixed views about the level of the post*

Welcome the creation of a new post with responsibility for communications, grants, partnerships and policy, and see that this post usefully reports to the chief executive. Question whether the role and associated responsibilities are significantly greater than that of a head of service, the level of autonomy that this postholder will have and performance expectations. Also questions whether sitting on MT and yet not being a strategic director may make them feel like a 'poor relation'

The new post proposed will not help to heal communication problems, and will probably exacerbate them. Staff generally are finding it hard to understand the rationale for a post at this level. Some will see it as a step back in time. If the centre needs the strength this could be achieved by appointing another head of service with some central policy experience

The proposed post might unsettle the "balance" of the management structure Is it worth it, rather than keeping it to a head of service level and keeping the status quo

Do not support this. We have a clear grading structure, why complicate things? If the person is worth more than the top of the head of service grade pays, why not expand the scale. It sounds divisive, and will annoy heads of service with large teams. The person will have no clear place to fit - neither head of service nor quite director

Merger of Environmental Health and Public Amenities

Support this (6)

Logical move providing customers with a single point of contact for environmental matters

Public amenities functions would merge into environmental health. The current environmental health management team have the appropriate and transferable skills to manage this effectively

A single environmental services team makes sense. A number of the functions in these two teams will move to the contact centre if we move ahead with it

Can see the logic in this. The two teams contain a wide variety of services some of which may sit better with other teams

Environmental health and public amenities should remain separate for the next three years, or at least until the direction of waste management partnership working is agreed

Open advert for new post of Head of Environmental Services

Because it is possible to merge many of the functions of public amenities into environmental health, we should assimilate the Head of Environmental Health into the new post

It does seem inconsistent that this post will be filled through external competition, but the proposed post heading up the policy team is to be filled internally (2)

Moving performance management to ICT

Understand that performance management has links to ICT but also has links to policy so more clarity needed about the reason for proposing to move it to ICT*

Arrangements for performance management are fundamental to creating excellence. Would rank it alongside the other responsibilities planned for the new post reporting to the chief executive. Surprised to see it linked to a head of service post rather than one that positioned between heads of service and strategic directors with a seat on management team

Securing integration of the broader functions of HR into the organisation might be best achieved by linking performance management to the HR and Facilities team

Performance management could sit nicely in ICT

Support the inclusion of performance management in ICT. The new team could become a champion and driver for excellence, and would benefit from a new name (2)

There is no real link to providing ICT services. Performance management relates better to policy.

Reporting line for Human Resources and Facilities team

The current arrangement of reporting direct to the chief executive has worked well and this should continue (3)

No strong view, but a preference for reporting to a strategic director in line with other central services

Don't think that it is important for HR to report to the Chief Executive, but no strong view

The head of HR and facilities could report to a strategic director

Have always felt it rather odd that this team reports to the chief executive and not to a strategic director

Single pay grade for heads of service

Support this (5)

Do not see the justification for a single scale for heads of service. The roles and profile are different between them, as demonstrated in the current job market

General

The new structure should result in more opportunities for heads of service to attend management team, given the reduction in the number of heads of strategic directors

The logic/rationale for some of the changes is not clear. It is important that the final proposals provide clarity so that the review is robust and everyone understands the reasons behind all the proposals*

Heads of service could be given more management team experience e.g. engaging heads of service more in MT meetings*

There needs to be consistency in the way we fill head of service posts when there are restructures. There seem to be three recent different approaches (merger of services with no competitive application, competitive application from internal candidates and competitive application open to external applicants) without reasons for the differences*

There needs to be close links between the management restructure and the team building work as the successful implementation of each is dependent on the other*

As an authority, we need to ensure that our enforcement practices are joined up; they should be looked at as part of the wider partnership agenda

Finally, a number of people made comments about very important issues that need resolving at the next stage in the process. In particular, these related to reporting lines and grades below heads of service, staffing issues arising from the merger or break up of current teams and changes resulting from the possible creation of a contact centre