

CABINET

Agenda Item: 9

Ward: All

Portfolio: All

Report Author(s): Leader of the Council and Chief Executive
Meeting Date: 23rd May 2016

SUBJECT: A Council Structure for the Future

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Report Sign off	Seen by:	Name	Date
	Legal	Lesley Dolan	11/5/16
	Finance	Paul Deal	11/5/16
	Procurement	N/A	N/A
	Corporate Manager	N/A	N/A
	Portfolio Holder	Cllr Harvey Siggs	11/5/16
	Ward Member(s)	N/A	N/A
Summary:	<p>This Report recognises that there have been, and will continue to be, a number of 'drivers' that necessitate a change to the way that the Council operates and therefore, by implication, the Council's management structure. These range from the Government's housing and economic growth agenda, to the more local impact of recent Council decisions made in respect of the shared procurement of services, and evolving shared services arrangements in a number of areas. It is equally recognised that these 'drivers' must also be balanced with the need for the Council to continually drive performance and maintain services that achieve high levels of customer satisfaction.</p> <p>The Report recommends a new management structure for the Council that will enable the Council to best address the above 'drivers', whilst at the same time achieve financial savings. This will enable the Council to be both fit for the future and be supported by a financially sustainable management structure.</p>		
Recommendation:	<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> 1. Approves the revised Management Structure provided at Appendix A with a view to the structure being in place by September 2016. 2. Delegates authority to the Chief Executive and Leader of the Council to agree the process for appointing the two Deputy Chief Executives to ensure compliance with policy 		

	<ol style="list-style-type: none"> 3. Delegates authority to the Chief Executive, Leader of the Council and Leader of the Opposition to agree the process to appoint the six Group Managers to ensure compliance with policy 4. Delegates authority to the Leader of the Council and the Leader of the Opposition to agree the 'spot salaries' for the Management Structure recommended at Appendix A, their removal from the Job Evaluation Scheme, along with revisions to the approved grading structure to accommodate these changes. These 'spot salaries' to be reviewed every three years against the South West District Council median salary, and consideration given as to whether any adjustment should take place, in consultation with Unison and with consideration to the Council's financial position 5. Delegates authority to the Leader of Council and Leader of the Opposition to agree any additional payment that should be made to reflect the enhanced role of any statutory officer below Chief Executive or Deputy Chief Executive such as the Monitoring Officer 6. Delegates authority to the Chief Executive to determine a budgetary provision for each appointed Group Manager to enable an 'Assistant' to be appointed on an annual basis so as to provide both resilience and a developmental opportunity. Such appointments to be remunerated via an annual honorarium. 7. Approves the recommended changes to the Portfolio Holder arrangements as set out in Appendix C, and delegates authority to the Chief Executive and Monitoring Officer to make the necessary amendments to the Council's Constitution, and for this to be ratified by Council in due course
<p>Direct and/or indirect impact on service delivery to our customers and communities:</p>	<p>The proposal outlined in this Report seeks to protect and enhance service delivery, whilst at the same time releasing important capacity to work on the many and varied strategic 'challenges' that are currently facing the Council, and Local Government generally.</p>
<p>Legal Implications:</p>	<p>The recommendations contained in this report comply with relevant employment legislation and the Council's own policies</p>
<p>Financial Implications:</p>	<p>Whilst not the main driver for this restructure, financial efficiencies must be considered due to the financial constraints placed upon the council. The proposals will provide on-going budget savings of between £150k to £200k depending on the options approved. In addition, there will be one-off costs involved which will be met through one-off resources.</p>

Value for Money:	The recommended management structure for the Council will enable the Council to be both fit for the future and financially sustainable
Equalities Implications:	The recommendations contained in this report comply with relevant equalities legislation and the Council's own policies
Risk Assessment and Adverse Impact on Corporate Actions:	The principal risk is essentially the risk of doing nothing. That is, the reputational risk of the Council not being able to satisfactorily respond to the Government's 'growth' agenda, or to deliver value for money services to Mendip residents, and the consequent negative impact on our local communities and businesses.
Scrutiny Recommendation (if any)	The Report is due to be considered by the Scrutiny Board on 16 th May 2016

INTRODUCTION

This report recommends a proposed Management Structure that is considered to be appropriate given recent changes within the organisation, coupled with the emerging picture for local government (and indeed public services generally) which is indeed becoming increasingly more complex.

CONTEXT

Like many other Councils across the country, Mendip has been challenged with severe reductions in Government funding over the last 5 years, totalling some £5m as of March 2016.

Referring back to 2010, the indications were that a 'worst case scenario' might be a reduction in Government Funding (mainly the Revenue Support Grant (RSG)) over 5 years of circa 40%. Six years on, the reality however is that we now know that the Revenue Support Grant will disappear by the end of 2019/20.

Despite the considerable fiscal challenge of the last 5 years, the Council has met this 'head on' and responded positively with a variety of service efficiencies, coupled with several innovative and cost saving initiatives, including:

- The Shape Mendip Partnership
- The Landscape Group Partnership
- The Fusion Leisure Partnership
- The 5 Councils Partnership
- The Somerset Building Control Partnership
- The Shape Legal Partnership
- Improvements to the Homelessness Service

Notwithstanding the above, the fiscal challenge will undoubtedly continue to impact on us as we strive towards achieving financial sustainability (ie independent of RSG) by 2020. The current projected budget gap over the next 4 years is circa £4m (Medium

Term Financial Strategy 2016/20). This will require the Council to consider further in-house efficiencies, whilst at the same time continue its now well regarded exploration and delivery of innovative and ground breaking initiatives.

Consistent with Government Policy, much of our journey towards financial sustainability will be dependent upon both Housing and Business growth within the district, and the resultant financial benefits that this will deliver through increased Council Tax, New Homes Bonus and Business Rates. Of equal significance, and inherent within the delivery of this agenda is the positive impact that this will have on the local economy and our local communities, in terms of providing more jobs and more houses.

Whilst fully recognising the financial challenges still faced by the Council over the next 3-4 years, of perhaps greater significance is the challenge of shaping a Council that is fit for the future, and continues to maintain performance across its services that meet with high levels of public satisfaction. It should be recognised however that this must also be achieved within the overall context of the seemingly changing world of Local Government and Public Services generally, and a longer term future that still lacks clarity.

An element of the changing world of Local Government is the Government's 'Devolution' agenda which is progressing at pace across the country, with the Heart of the South West (HOSW) Devolution Prospectus being submitted to the Department for Communities and Local Government in March of this year. The nature and content of the Devolution 'deals' that are currently being agreed across the country are varied, and it's not yet clear what the prospective HOSW deal might achieve. However, on the assumption that a 'deal' might be agreed, it's very important that we all work across traditional boundaries for the betterment of our respective communities. Mendip already has a reputation for working in this way, and this can only assist our position, whether this is part of a Devolution 'deal' or not.

Aside from the financial and Government pressures, the Council must also be cognisant of the increasing needs and demands of our communities, particularly within the context of what we know to be an aging demography that will inevitably place increased pressure on many public services, including our own.

In this context, the term 'needs' is often used to describe those things that individuals, families and communities would require if they are to be:

- Safe
- Healthy
- Educated
- Employed and
- Housed

Whilst some of the above service 'needs' will fall primarily to our partner agencies, we cannot lose sight of the fact that they are delivered to Mendip residents, and as such we may wish to influence some of this service delivery and / or to work in partnership to ensure effective delivery at the local level. This is clearly something that the Council has considerable experience in, having working with many partners, across all sectors, over many years.

To summarise, it is becoming increasingly apparent that in order to shape a Council that is both fit for the future and financially sustainable, then its management structure

must be such that it can not only continue to deliver local services effectively and efficiently, but at the same time can operate effectively at a strategic level, within the District, across the region and indeed nationally.

THE CATALYSTS FOR CHANGE

The current structure of the Council was established at a time when the world of Local Government was very different, and yet despite this it was clear that future change was becoming increasingly likely. The structure was therefore always viewed as one that would need to evolve over time, as indeed Government demands became clearer. That time has now arrived.

In itself, the aforementioned context provides a sufficient catalyst to prompt a change, but this is further supported by the Council's recent decision to jointly procure the Corporate Services Contract with Capita and Vinci, in partnership with 5 other Councils in Oxfordshire and Hampshire.

As well as continuing with the outsourcing of a number of services, the Council has added additional services into the newly procured partnership. This means that over the period of the next year or so, a number of staff will transfer across to the contractor, and this will impact on the structure and particularly the management reporting lines.

Added to this, the new partnership has agreed that in the interest of efficiency and efficacy the contract will be managed through a Joint Client, whereby Officers working within the Client Team will manage contract delivery across all partner Councils. Hence, whilst some of these Officers may remain employed by Mendip, they will work across all Councils and report directly to the jointly appointed Client Relationship Manager. They will therefore not be a part of Mendip's Officer structure. It must be recognised that some existing Mendip Managers may seek a role within the Joint Client Team, and this in turn will impact on the current management structure.

In addition, Mendip's proactive approach to shared services over a number of years has meant that 2 of our current third tier managers are now managing shared partnership teams in the areas of Legal Services and Building Control.

Hence, the overall impact of the aforementioned shared procurement, coupled with our commitment to shared services, is such that the management structure of the Council needs to evolve to accommodate this. Taken alongside the previously referred to contextual 'drivers', it is clear that a revised management structure is necessary to address these and to ensure that the Council is best placed to tackle the strategic issues, whilst still ensuring that the performance of services is maintained and enhanced.

PROPOSED MANAGEMENT STRUCTURE

The current management structure, which was always envisaged as an interim arrangement, has served the Council well for the last 5 years and comprises:

- 1 x Chief Executive
- 4 x Corporate Managers
- 11 x Team Managers

Taking into account the 'drivers' referred to above, ie:

- The need for a more 'mature' structure that can play its part in the wider world of public services, whilst maintaining and enhancing local services
- The need for a greater focus on the strategic agenda, locally, regionally and nationally
- The recent decision to outsource further services
- The establishment of a 'virtual' Client Team to manage the Corporate Services Contract
- The recent shared services partnerships
- The need to address continuing financial challenges

it is clear that the current management structure needs to evolve in order to:

- a) address the strategic agenda
- b) address the growth agenda (housing and business)
- c) address the growing partnership agenda
- d) ensure the continued delivery of value for money services that meet the needs of the customer, and
- e) be financially sustainable

In order to achieve this, the proposed management structure identified in **Appendix A** is recommended.

The basis of this recommendation, and the assumptions made within the proposal, are as follows:

- i. The reduction to two 2nd Tier Officers (ie Deputy Chief Executives) will realise an important saving to the Council, and is recommended.
- ii. The change in designation for the 2nd Tier Officers to 'Deputy Chief Executive', is a reflection of the need for this tier to be entirely flexible in its approach, being able to deal with any number of complex strategic issues including the current 'patchwork quilt' of partnerships across the public sector, voluntary sector and private sector.
- iii. The reduction to six 3rd Tier Officers will reduce the management cost to the Council and release savings that can be redirected to frontline services, and is recommended
- iv. The proposed 3rd tier Officers will have greater autonomy, and will be expected to manage the diverse range of services falling within their remit, thus releasing the capacity of the Deputy Chief Executives to focus on the strategic issues referred to above and elsewhere in this report. Aligned with this, the Job Descriptions for the 3rd tier Officers will include a revolving requirement to be prepared to 'act up' to a 2nd tier role and effectively be the 'first amongst equals' in the event that neither the Chief Executive or either of the Deputy Chief Executives being available to deal with specific issues as they arise. As well as providing added resilience to the Council, this also provides a development opportunity for those Officers and will enable some consideration for succession planning in the future. It is recognised that a fair, transparent and consistent framework is required to define how the role of 'first among equals' will work in

practice and this will be agreed in consultation with appointed Deputy Chief Executives and Group Managers.

- v. The financial assumptions made within this proposal are such that the reduced management structure will cost the Council less than the current structure. It is proposed that some of this is used to develop other important aspects of the Council's services.
- vi. To provide a greater degree of certainty regarding the financial cost of the Council's management structure, it is proposed that the Officers in the top 3 tiers of management should be appointed on so-called 'Spot Salaries' (the Chief Executive is already appointed on this basis).
- vii. In terms of setting the 'spot salaries' reference has been made to the South West District Council median values, as provided at **Appendix B**.

It is proposed that for the Deputy Chief Executive posts this is a single 'spot salary' point as these post holders, or those ring fenced for these posts, are already operating within a senior management context.

In respect of the new Group Manager posts which will be ring fenced to current substantive Team Managers in the first instance, it is proposed that there should be an introductory 'spot salary' based on 95% of the South West Median until staff appointed have been assessed as operating effectively within the new, more enhanced management roles. This assessment will be made against the competencies for these posts.

In delegating authority for the 'spot salaries' to be agreed a further delegation should also be given to allow for consideration of any additional payment that should be made to reflect the enhanced role of any statutory officer below Chief Executive or Deputy Chief Executive such as the Monitoring Officer.

- viii. Within the financial modelling there is also an assumption that a small allowance should be made available to the appointed 3rd tier Officers (ie Group Managers) to enable them to identify a nominal and revolving 'Assistant' from within their teams to serve on an annual basis. It is not proposed that this is a new role, rather post-holders taking on duties in addition to their substantive role. Again, this provides added resilience when Managers are unavailable, and also important development opportunities to aspiring Officers, thus assisting the Council with longer term succession planning. Once appointed, Group Managers will be tasked with defining the framework for appointing and developing the Assistant role to ensure that a fair, consistent and transparent corporate process is in place.

THE PROCESS OF RESTRUCTURING

Assuming that Cabinet are minded to approve the proposed new Management Structure identified in **Appendix A** then there is clearly a process that will have to be embarked upon in order that the new structure can largely be in place by the suggested date of September 2016.

The new management structure creates new roles and should therefore be subject to an appropriate selection process to ensure that the appointments are robust and that

the post holders have demonstrated their ability to deliver against the job requirements and competencies set out by the Council. These posts would initially be ring fenced to the Corporate Managers and substantive Team Managers.

The Deputy Chief Executive posts are subject to a member appointment process and the report seeks delegation for the final arrangements to be agreed by the Chief Executive and Leader of the Council.

It is proposed that the Group Manager selection process takes place following the appointment of the Deputy Chief Executives. Although not a member appointment, the Leader or a nominated Portfolio Holder will also be involved with these key appointments.

It is likely that the selection process will include management scenario testing and a competency based interview. The final process will need to provide an objective assessment of whether existing ring fenced staff can demonstrate the ability to meet the job requirements and competencies.

It is clear that some of the ring fenced staff will not be selected to the new roles, but the Council will work with these staff to determine whether there is an appropriate professional / specialist role that is required. This will depend on the mix of skills and experience of staff appointed, but the Council will seek to minimise compulsory redundancies and will consult with affected colleagues and Unison as required to ensure that suitable alternative redeployment is sought following Mendip policy and practice.

DEVELOPING THE TEAM

The current speed of change within Local Government is such that once appointed, the new management structure will need to 'hit the ground running' if the Council is to continue to play its part on the key local, regional and national agendas, whilst at the same time continuing to provide key local services.

The new management team at an operational level (ie the Group Managers) will need to not only manage their teams, but to also work as a team in managing the day to day operations of the Council. Only in this way, will the capacity available at Deputy Chief Executive level be released to focus on the important strategic issues facing the Council.

It is therefore recommended that a bespoke 'Development Programme' is designed that will better enable the Group Managers to pick up this agenda, both individually and collectively. This will clearly necessitate the involvement of the Chief Executive and Deputy Chief Executives, but the focus will be on ensuring that the Group Managers are encouraged to be autonomous in their roles with their teams, but also very much work as a collective team in terms of managing the Council on a day to day basis.

CONSULTATION PROCESS

A formal collective consultation exercise commenced on 7th April with Unison and on 14th April with 'at risk' colleagues. Collective consultation, including receipt of expressions of interest, ended on 7th May.

Staff responses received to date have been positive with all affected colleagues recognising the strategic and operational requirement to restructure the management team for the reasons previously stated. No concerns have been expressed regarding the proposal to move to spot salaries and it has been recognised by colleagues that the increase in salaries is an appropriate reflection of the increased accountability and level of responsibility that appointed post-holders will attain. Overall the proposals have been well received.

Unison have responded during the collective consultation period and Management have considered and responded to the points raised.

Subject to the recommendations within this Report being approved, recruitment and individual consultation to determine personal outcomes will commence on 24th May with an anticipated end date of 30th June.

ALIGNMENT WITH PORTFOLIO HOLDERS

One of the factors that has been key to the continuing improvement of the Council over recent years has been the relationship between the Cabinet and Corporate Management Team, and flowing from this, the relationship between Portfolio Holders and their respective Senior Managers.

If Cabinet is minded to accept and approve the proposal for a management restructure, then there is a need to correspondingly reconsider the Portfolio Holder arrangements in order to ensure continuing effective relationships and thereby ensure that continued improvement is maintained.

It is therefore recommended that the Portfolio Holder arrangements identified in **Appendix C** are approved. The principle of this has been noted by Council, at its meeting on 9th May 2016, but it is clearly subject to Cabinet's approval of the management restructure. Within the proposal is a recommendation to reduce the Cabinet to six Members, thereby using the nominal financial saving to fund the appointment of four Cabinet Assistants. In this way there is no additional cost to the Council, but further resilience is added to Cabinet whilst at the same time introducing an element of succession planning.

The Cabinet Assistants would each serve two 6 month periods with different Portfolio Holders in order to gain a wider understanding of the Council's services and the strategic and corporate issues. It is anticipated that the Assistants would initially provide a shadowing role, attending meetings / briefings, etc, but that over time they would take on liaison work between the Portfolio Holders and the respective Officers, as well as acting as information sources and points of contact for back benchers. Similarly, Assistants may be allocated specific project work by Portfolio Holders.

FINANCIAL IMPLICATIONS

The financial constraints placed upon the council are demonstrated throughout this report. Whilst not the main driver for this restructure, financial efficiencies must be considered. The proposals will provide on-going budget savings of between £150k to £200k depending on the options approved. In addition, there will be one-off costs involved which will be met through one-off resources.

LEGAL IMPLICATIONS

The recommendations contained within this report comply with relevant employment legislation and the Council's own policies in respect of the Pay Policy Statement, Recruitment Policy and its Constitution

EQUALITIES IMPLICATIONS

The recommendations contained in this report comply with relevant equalities legislation and the Council's own policies

RECOMMENDATIONS

It is recommended that Cabinet:

1. Approves the revised Management Structure provided at **Appendix A** with a view to the structure being in place by September 2016.
2. Delegates authority to the Chief Executive and Leader of the Council to agree the process for appointing the two Deputy Chief Executives to ensure compliance with policy
3. Delegates authority to the Chief Executive, Leader of the Council and Leader of the Opposition to agree the process, and to appoint the six Group Managers to ensure compliance with policy
4. Delegates authority to the Leader of the Council and Leader of the Opposition to agree the 'spot salaries' for the Management Structure recommended at **Appendix A**, their removal from the Job Evaluation Scheme, along with revisions to the approved grading structure to accommodate these changes. These 'spot salaries' to be reviewed every three years against the South West District Council median salary, and consideration given as to whether any adjustment should take place, in consultation with Unison and with consideration to the Council's financial position
5. Delegates authority to the Leader of Council and Leader of the Opposition to agree any additional payment that should be made to reflect the enhanced role of any statutory officer below Chief Executive or Deputy Chief Executive such as the Monitoring Officer
6. Delegates authority to the Chief Executive to determine a budgetary provision for each appointed Group Manager to enable an 'Assistant' to be appointed on an annual basis so as to provide both resilience and a developmental opportunity.
7. Approves the recommended changes to the Portfolio Holder arrangements as set out in **Appendix C**, and delegates authority to the Chief Executive and Monitoring Officer to make the necessary amendments to the Council's Constitution, and for this to be ratified by Council in due course

REASONS FOR RECOMMENDATIONS

The proposed Management Restructure addresses a number of key drivers that the Council needs to be able to respond to, as identified within the Report, whilst at the same time continuing to provide value for money and protecting front line services.

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List of background Papers: