

Wiltshire Council

Cabinet

6 October 2011

Subject: Proposal for Senior Management Restructure

Cabinet member: Councillor Jane Scott, Leader of the Council

Key decision: No

Executive Summary

To consider proposals to make changes to the senior management of the Council following consultation with the relevant staff. If approved, this would result in the removal of the posts of Chief Executive and one Corporate Director.

Proposals

That Cabinet:

- (a) Approve the proposed new senior management structure attached in Appendix 1 at corporate director level on the understanding that the alignment of services below that level will be determined by the Head of Paid Service following discussion by the corporate directors and in consultation with the leader and cabinet in accordance with paragraph 4.7 of the report;
- (b) Subject to (a) above:
 - (i) recommend Council to designate the statutory function of Head of Paid Service to the Service Director, Human Resources and Organisational Development;
 - (ii) note that the appointment of the Returning Officer, the arrangements for the support of the lieutenancy and any consequential changes to the constitution, including the scheme of delegation to officers will be the subject of a separate report to Council and
 - (iii) to adopt formal individual external appraisals for corporate directors.

Reason for Proposals

Since the formation of Wiltshire Council in April 2009 we have made radical and positive changes saving more than £14 million in the first year.

A four year Business Plan has been produced setting out actions to deliver the vision. The plan is bold, ambitious and realistic. It reflects the impact of the general election in May

2010, and how this has changed the way in which the council needs to be organised to manage the financial challenges it faces. However the financial pressures cannot be underestimated.

Over 4 years (2010-2015) the council has to absorb a cut of 28.4 per cent of grant funding from the government.

Next year 2012/13 the council will need to find savings of £36 million.

Given the financial pressures the Council is faced with, to achieve savings on the senior management costs of the Council in order to minimise the reduction of resources on front line services and to continue to deliver the Business Plan.

Jane Scott
Leader of the Council

Subject: Proposal for Senior Management Restructure

Cabinet member: Councillor Jane Scott, Leader of the Council

Key decision: No

1. Purpose of Report

- 1.1 To seek Cabinet's approval to make changes to the senior management of the Council, following consultation with relevant staff since 7 September 2011 on a proposal to remove the post of chief executive and a corporate director post.

2. Background

- 2.1 Since its formation in April 2009 Wiltshire Council has made radical and positive changes. The merger of five councils into a new unitary council was upheld nationally as exemplary and a role model for managing change and making significant efficiencies. More than £14 million was saved in our first year
- 2.2 We made significant progress focusing on the transition to one council and in the past two years we have been transforming the way we work and deliver services. We have a clear vision; to create stronger and more resilient communities. And, our vision is underpinned with three clear goals: Provide high quality, low cost, customer focused services; ensure local, open and honest decision making and to work with partners to support Wiltshire's communities.
- 2.3 We have published a four year business plan, which sets out our actions to ensure we deliver our vision. The plan is bold, ambitious and realistic. It reflects the impact of the general election in May 2010, and how this has changed the way in which we need to be organised to manage the financial challenges we face.
- 2.4 Over 4 years (2010-2015) the council has to absorb a cut of 28.4 per cent of grant funding from the government.
- 2.5 We also know that there will be fundamental changes in the growth of the number of older people and younger people needing council services in the next few years. The business plan sets out how the council will meet these challenges, how we will allocate our resources, and how we will deliver the savings required. Becoming a unitary has allowed us to be

ambitious and to do more than other local authorities. Over the next few years it will invest over £85 million into frontline services, protect the most vulnerable in local communities and save over £100 million.

3. **Proposal**

- 3.1 The financial pressures cannot be underestimated. Next year - 2012/13 – we will need to find savings of £36 million.
- 3.2 Whilst the areas for making these savings are set out in the business plan the corporate leadership team and cabinet met in July to review these areas. A proposal from the chief executive and corporate leadership team was presented to cabinet to further reduce management costs by £500,000. This proposal was in addition to the £8 million that has already been saved as a result of reducing the number of managers by 220.
- 3.3 As the leader, I gave this proposal serious and extensive consideration and worked with the deputy leader to evolve the proposed senior management model. The proposal is a reflection of the strong position that we are currently in, and the strategic plan that we have sets out how we intend to manage the challenges over the next few years. Our key priority is to make sure that we focus on delivering the plan.
- 3.4 It is in this context that the senior management model is proposed. It is critical that we continue to deliver our front line services and to minimise the reduction of resource in these services.
- 3.5 The proposal reflects on the need to focus on delivery. It reduces the strategic capacity by deleting two posts; the chief executive and one corporate director, reducing the number of corporate directors from four to three. The proposed senior management structure is attached in Appendix 1.
- 3.6 Whilst the proposal may be considered radical, it is based on delivering what I believe is best for the people of Wiltshire at this time and over the next few years. It reduces resources from senior strategic posts in order to minimise the impact on front line service delivery. I am aware that different models of leadership are being reviewed, applied and tested across local authorities nationwide. It is, however, difficult to make any direct comparisons, as each local authority will decide what is best for their community. I fundamentally believe that the proposal that we are considering is the best for Wiltshire communities.
- 3.7 We need to consider the proposal in the context of the new style leader and cabinet executive model of governance which Wiltshire Council has adopted in its Constitution since 2009. Under this model the leader decides how executive functions are to be exercised within the council's budget and policy framework, except where these are specifically reserved to the cabinet e.g. proposing the budget to council or proposing new policies (or amendments to existing policies) within the policy framework.

In practice, in the interests of openness and transparency, the leader chooses to take significant policy matters to cabinet, but has also agreed arrangements for delegation of executive functions to cabinet committees, individual cabinet members, area boards and officers. The proposal envisages that the existing decision making arrangements will, broadly, remain the same, subject to any necessary changes to the officer scheme of delegation to reflect the removal of the chief executive post. Advice and recommendations on decisions to be made will continue to be put forward to cabinet by the corporate leadership team, and the leader and cabinet will provide the strategic direction of the council within the overall budget and policy framework set by the council.

- 3.8 It is envisaged that all corporate management decisions will be made by the three corporate directors, supported and advised by appropriate senior officers, where necessary. Corporate leadership team meetings will be chaired by one of the corporate directors on a rotating basis.
- 3.9 In addition, the council will continue to have in place the jointly funded post of director of public health and protection and an extended leadership team consisting of twenty service directors. This team has the knowledge, capacity and capability to continue to deliver excellent services and new initiatives for the people of Wiltshire in line with the business plan priorities.
- 3.10 I invited feedback on the proposal as part of the consultation process. A joint response was received from the current four corporate directors, affected by the proposal and the joint director of public health. This is attached in Appendix 2.
- 3.11 The response states their joint commitment to the proposal, and their view that the proposal reflects the changing role of local authorities which will require new models of leadership to be developed and tested.
- 3.12 They have outlined how they view the role of the corporate directors and how the proposed new senior management structure could work to deliver the business plan, manage the budget and financial pressures that we face and embed a culture that places our customers first, focuses on communities and working locally, and adopts a can-do approach in everything we do.
- 3.13 The priorities of the corporate director's role will change. There will be less focus on departmental performance and operations and more emphasis on corporate business planning, policy development with cabinet, and overseeing the direction of cross cutting, transformational change and improvement programmes. Whilst this is already reflected in the current generic corporate director job description, it will be refreshed to ensure these priorities are clear.
- 3.14 It is envisaged that the corporate directors will work with members to promote and lead the culture, values and success of Wiltshire Council. The selection criteria for the appointments process will include an

assessment of the ability to remove silo thinking and working and developing one culture supporting our values.

- 3.15 I have already indicated that the corporate director posts will focus on corporate management as highlighted in 3.12 – 3.14. The detail of which service functions that will be aligned under each of the three corporate directors will be considered by the newly appointed corporate directors working closely with cabinet. The decision will take into account the feedback received during the consultation process. The final arrangements and sign off by the head of paid service through his/her delegated power.
- 3.16 The joint response in Appendix 2 also proposes that we adopt formal individual external appraisals for corporate directors. This replicates good practice and still enables elected members to be involved in the process. It is in the interests of the corporate directors, and the council, that robust appraisal processes are in place and an externally facilitated appraisal arrangement will contribute to both clarity and transparency.
- 3.17 The proposed senior management re-structure will reduce annual management costs by approximately £200,000 in 2011/12 and this will deliver full year savings in 2012/13 of £400,000. That is a saving of £1.4 million over the period of the current business plan 2011-2015.
- 3.18 The council has a statutory duty under Section 4 Local Government and Housing Act 1989 to designate one of its officers as the head of its paid service. The Council's Constitution currently designates the chief executive as the head of paid service. It can, however, be discharged by any officer, other than the monitoring officer.
- 3.19 The head of paid service has a duty, where they consider it appropriate to do so, to prepare a report to the council setting out their proposals in respect of the following matters:
- the manner in which the discharge of the different functions of the council is co-ordinated
 - the number and grades of staff required by the council for the discharge of its functions
 - the organisation of the council's staff; and
 - the appointment and proper management of the council's staff.

Under the Officer Employment Procedure Rules in the Constitution (incorporated as a statutory requirement) the function of appointment and dismissal of, and taking disciplinary action against, a member of staff of the council (other than specified senior officers) must be discharged, on behalf of the council, by the head of paid service or by an officer nominated by him. In the case of senior officers, including the head of paid service, corporate directors and service directors, responsibility for these functions rest with members.

- 3.20 The statutory role of the head of paid service most closely aligns with the responsibilities of the service director human resources and organisational development and it is proposed that the role is designated to this post, subject to council's approval. This has the advantage of providing appropriate checks and balances, together with the monitoring officer and Section 151 Officer, within the corporate leadership team. I recognise that the proposed designation of the head of paid service role to a post below the most senior level in the organisation, though lawful, could be seen to create a challenge for the postholder in discharging the role. However, in common with all of our other statutory posts that also sit at service director level, the role transcends the hierarchical organisational arrangements and the council will ensure direct and unfettered access to senior decision makers on any issues where the statutory role is being exercised. The joint response in Appendix 2 also supports this proposal, and I believe that this designation will work effectively within the context of the structure that is proposed.
- 3.21 It is proposed that the service director human resources and organisational development will continue to be a member of the corporate leadership team as head of paid service, as well as the director of public health and protection, solicitor to the council/monitoring officer, chief finance officer, service director communications and service director policy, performance and partnership.

4. Consultation responses

- 4.1 The consultation on the proposed senior management structure started on 7th September. Feedback and alternative proposals to deliver savings of £500,000 from senior management costs were invited from the four corporate directors and chief executive. Feedback and alternative proposals were also invited from staff as part of the consultation process.
- 4.2 The deadline for receipt of feedback and alternative proposals was 21st September. The feedback and comments received have been considered in the preparation of this report.
- 4.3 The four corporate directors and joint director for public health provided a joint response on the proposal, as outlined in paragraphs 3.10 to 3.12, 3.16 and 3.20 and in Appendix 2. No formal response has been received from the chief executive.
- 4.4 Feedback has been received from eighteen staff or groups of staff. In three cases there was support for the proposal. One questioned whether there would be a relative reduction in cabinet and portfolio responsibilities and eleven related to questions on the make up of the three director areas. These issues do not relate to the question of structure but rather relate to the implementation phase.
- 4.5 There are three cases where feedback has challenged the proposed deletion of the chief executive post. The feedback in those three cases

questions where the accountability for management will sit, how decisions will be made, who will take responsibility for the decisions made and who will provide the vision for the Council. These points have been addressed in paragraphs 3.7 to 3.9 above.

- 4.6 There have been no suggestions from staff that indicate a need to retain four corporate directors.
- 4.7 In all other cases the feedback is concerned with how services will be aligned in the three directorates proposed. Whilst the proposed senior management structure (Appendix 1) includes a proposal about how services could be aligned, it is suggested that this should be considered further by the new corporate directors, working closely with cabinet and taking into account the feedback and proposals from staff on how services should be aligned to deliver the councils objectives and 4 year business plan. This will then be signed off by the head of paid service. (see para 3.15).
- 4.8 It will be important to ensure that the council's statutory responsibilities for safeguarding are met. There is no statutory requirement to have a chief executive for safeguarding purposes. However, in the absence of this post it may be prudent to include some element of external review to assist the leader in overseeing the effectiveness of the council's safeguarding arrangements.
- 4.9 Consideration will also need to be given to the arrangements for support of the lieutenancy, which is currently provided through the chief executive.

5. **Legal Advice**

- 5.1 It is open to the council within the context of the challenging financial situation it faces to reduce the number of senior officers in the manner proposed. Whilst the removal of the post of chief executive may be unusual for an organisation of this size, it is an option that the council may lawfully adopt. It is necessary to ensure that the governance arrangements underpinning the proposed new structure are sound and robust, particularly with regard to decision making and accountability, and the proposal has been developed with this in mind. Subject to cabinet's approval of this proposal, the council's scheme of delegation to officers will need to be revised to reflect the changes and ensure that decision making responsibilities are clearly defined. This would be a constitutional change requiring the approval of council.
- 5.2 There would be further constitutional changes requiring council approval, including designation of the statutory role of head of paid service, as referred to above, and the appointment of the returning officer. As already identified in paragraph 4.9, the arrangements for supporting the lieutenancy would need to be agreed and would be the subject of a separate report to council in the event that this proposal is agreed. Interim

arrangements could be put in place, if necessary, pending council's consideration of these matters.

- 5.3 The proposal involves the re-allocation of duties among fewer senior officers and creates a potential redundancy situation for the staff concerned. The council's policy and process for redundancy is being followed to ensure fairness and minimise the risk of legal challenge.
- 5.4 Implementation of this proposal, if approved, will be carried out by the senior officer's employment sub-committee and the officer appointments sub-committee. These bodies will decide on the non executive staffing related implementation issues arising from the new structure if cabinet approves these proposals. Any recommendation for the dismissal of the chief executive is subject to confirmation of the council.

6. **Financial Implications**

- 6.1 The proposed senior management re-structure will reduce annual management costs by approximately £200,000 in 2011/12 and this will deliver full year savings in 2012/13 of £400,000. That is a saving of £1.4 million over the period of the current business plan 2011-2015.
- 6.2 A review of administrative support services is currently underway and once completed it is anticipated that further savings will be found.
- 6.3 The cost of any redundancies is difficult to accurately quantify at this stage until the individuals have been identified but will be in line with the Council's policies. However a redundancy fund exists that would fund these one-off costs.

7. **Equalities and Diversity Implications**

- 7.1 The Council recognises its responsibilities to comply with the requirements of the Equality Act 2010 including its responsibilities as an employer and its general equality duty as a public authority under Section 149 of the Equality Act 2010. It has carried out an initial equalities assessment of the proposals and has concluded that there are no specific equalities implications relating either to service delivery or to employment issues arising out of this report. However there will be a full equalities impact assessment carried out prior to the cabinet meeting on the 6th October 2011. The Council will continue to take full account of its equalities responsibilities through the implementation of any proposals.

8. **Risks**

- 8.1 In proposing the senior management re-structure a number of risks have been considered, namely:

Legal issues and risks are covered at point 5 above.

The risk of legal challenge by any interested party is being managed by following proper processes and advice from relevant officers.

Financial implications - the risk is that the proposal does not achieve the anticipated savings.

The report sets out the anticipated savings, and these have been verified by the chief financial officer. Direct costs associated with this change mainly relate to redundancy. These will be met from the provision set aside for redundancies in the financial plan. This means that savings from the changes may be realised without the Council having to find additional budget for redundancy costs.

- **Short term impact on delivery:** The risk is that there will be a short term disruption to focus and activity due to uncertainty and anticipated reorganisation of services into new departments.

The proposal is based on Wiltshire Council being a strong local authority with a clear and robust business plan and financial plan. The existing controls and management arrangements remain in place in the interim period, and staff have been reassured about the focus on the delivery of services and are being kept informed. The period of uncertainty is short. All this should help to minimise any short term detrimental impact.

- **Capacity to deliver:** The risk is that senior management will not have sufficient capacity to deliver the business plan and financial plan, and the changes being made by government.

Wiltshire has a four year business plan and financial plan that sets a strong direction for the future. The roles of corporate directors will change to include responsibility for the performance of the council as a whole, and this will be reflected in the roles of the service directors. The corporate leadership team and Cabinet will work closely together. The scheme of delegation to officers will be reviewed to facilitate clear accountability and efficient decision making whilst ensuring that any significant policy decisions are made by members. It is proposed that we will engage an element of external review to assist the leader in overseeing the effectiveness of the council's safeguarding arrangements.

- **Reputation and confidence:** the risk is that the council's reputation may be damaged.

The proposal has raised interest, both locally and nationally. Communications activity has been put in place, both internally for staff and councillors and externally for the public, partners, the media, government and external auditors.

- 8.2 It is important to balance the need for local people to be informed with the need to ensure that the decision making process is fair and protects the interests of the council and of the individuals concerned.
- 8.3 Based on risks outlined above the overall risk is assessed as Medium, but will be kept under review.

Jane Scott
Leader of the Council