

COUNCIL, 22 October 2014

REPORT OF THE CHIEF EXECUTIVE

Revised Senior Management Arrangements

This report sets out revised arrangements for the Senior Management Structure within the Council following the changes to the management structure required following the first six months' operation of oneSource and the decision of one of the Council's Group Directors to leave.

RECOMMENDATION

Council is recommended:

1. to approve the new arrangements set out in this report and summarised in Appendix 1.
2. to approve the assimilation of the existing Group Director of Children, Adults & Housing and Group Director of Resources into these new roles.
3. to approve the pay scales for the new director posts
4. to agree to the Chief Executive consulting with relevant staff as required on the consequential management structural requirements

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Chief Executive

Background Papers

1. Background

The Council's Senior Management structure was last reviewed in March 2013. At that time a structure of Chief Executive and three Group Directors was established as follows:

Group Director Resources

- Finance
- HR
- Exchequer Services and Transactional Services
- Legal Services
- Asset Management
- ICT

Group Director Children Adults and Housing

- Children's Services
- Learning & Achievement
- Homes & Housing
- Adult Services
- Business & Performance

Group Director Culture, Community & Economic Development

- Streetcare
- Culture & Leisure
- Economic Development
- Regulatory Services
- Customer Services and Corporate Policy and Transformation
- Communications

A Director of Public Health was also appointed at that time although the post holder left the Council 9 months ago and interim arrangements under the Group Director of Culture, Community and Economic Development have been in place since then.

Several factors have come together to necessitate a reconsideration of the top management structure.

When oneSource was established, the Directors of Resources of Havering and Newham were made joint Managing Director for the first six months of the oneSource operation in recognition of the high workload needed to establish the Partnership. That first six months has now ended and so there was a need to fill the Managing Director post with one individual.

The Leader and Chief Executive had discussed the situation with regard to oneSource and both expressed the view that they would want Havering's Director of Resources to remain with the Council rather than potentially becoming, the Managing Director of oneSource. Both the Leader and Chief Executive felt that though the operational delivery of back office services, including Finance, will come from oneSource in future, Havering cannot afford to lose the expertise and experience of the Director of Resources to guide the Authority through the next few years

of challenging financial circumstances. The Director of Resources indicated that he would stay with Havering if required.

At present the cost of the Director of Resources post is 50% charged to oneSource and so his return to the Council will cost additional money.

This matter was under discussion and consideration when the Group Director of Culture, Community & Economic Development expressed her intention to resign as of December 2014, thus moving the Council to a position whereby the Chief Executive needed to review the management team structure for the future.

2. Overall Considerations

The Chief Executive has needed to take a conflicting set of considerations into account in thinking about what to recommend to the Council.

There is no doubt that this is a challenging time for the Council and therefore a time when strong, experienced leadership is needed from the Senior Team. Reducing the number in the team at this time is therefore challenging. However, it is also true that the Council has just embarked on a major budget reduction strategy that, while it will cause additional work in the short term, will result in an overall downsizing of the Council over the medium to long term. The Council may therefore need additional capacity in the short term, but to downsize its top team thereafter.

Management changes have already been made as a result of the Director of Resources losing direct management responsibility for back office functions with the consolidation of oneSource, though he remains responsible for their strategic direction and remains the Council's Section 151 officer. The Director now manages corporate policy and performance functions, transformation and regulatory services. However, it is considered that he does still have capacity to take on some additional roles. The final structural position in respect of public health is also still under consideration though it is reporting to this Director as a temporary measure.

Functions currently managed by the role of Director of Culture, Communities and Economic Development are:

- Street Care
- Culture & Leisure
- Economic Development
- Communications

3. Options Considered

Option1

Replace the Group Director Culture, Community & Economic Development on a like-for-like basis with some redistribution of responsibilities to the Director of Resources.

Advantages

- Provides significant management oversight of challenging areas that are undergoing change.

Disadvantages

- Time lapse to recruit appropriate person (6-9 months depending on notice period).
- Need for interim arrangements in the meantime.
- Additional cost as management team will need to absorb 50% costs of Director of Resources, which was previously paid by oneSource.
- Long term downsizing may require a reduction in Group Director headcount leading to associated redundancy costs

Option 2

Replace Group Director Culture, Community & Economic Development with a lower graded post, after redistributing some of the responsibilities to the Director of Resources.

Advantages

- Additional management capacity.

Disadvantages

- Recruitment time lag as above.
- Reduction in salary of new post could only be £20-30k as otherwise it would be equal to the Head of Service posts that report to it.
- Still additional cost because of need to absorb 50% of Director of Resources post.

Option 3

Divide the responsibilities of the Group Director Culture, Community & Economic Development between the remaining Directors moving to a two Senior Director structure with compensatory support during the period of intense change over in the next 18 months.

Advantages

- Continuity of senior leadership
- Makes full use of capacity available in Director of Resources and statutory Section 151 role
- Can be enacted immediately
- Overall management overhead saving achieved

- Can provide additional resources to support directors through interim arrangements and can reallocate planned resource changes.

Disadvantages

- Potential management stretch
- Risk of cover with only two senior directors
- Recognition that Directors could not cover all meetings and Heads of Service roles would need to cover some meetings (could also be seen as an advantage in management development terms to the Heads of Service)

4. Recommendation

Given the above, the Chief Executive recommends Option 3.

5. Names of Directors

Given the changes of responsibility, the Chief Executive proposes changes to the posts as follows:

Director of Children, Adults & Housing

Director of Communities and Resources

This recommendation comes with the caveat that sufficient resources are retained or provided to ensure the two Directors are supported in their heavy workload particularly in the short-term. The Group Director of Culture, Community and Economic Development will also be in situ until mid December to support the change.

This could be achieved in the following way:

1. Resources to support the Directors

Director of Communities and Resources

The Director has already inherited the proposal to merge Policy & Performance teams within the Council. It is proposed this new team is restructured to ensure there is sufficient support at a senior enough level to provide resilience and support for the Director.

In addition, the interim position of the Director of Corporate and Customer Transformation is retained within the Council to continue to deliver both the customer and wider transformation programme. The individual occupying this post is a skilled programme manager and can consequently be used more broadly to assist delivery of the Council's savings programme over the next 18 month period of change.

Budget for both of these two resources are already allowed for in the budget strategy proposals and so can be met without the need for additional expenditure.

During the period up to the Group Director of Culture, Community and Economic Development's leaving date she will continue to manage StreetCare, Economic Development, Culture and Leisure and Communications.

Director of Children, Adults and Housing

This Director already has a large and challenging portfolio. It is only intended to add the Public Health function to this portfolio as the function sits well alongside all of the other commissioning responsibilities this director already has. The Council will need to recruit a new Director of Public Health (though it is not proposed to recruit to this post as a direct report to the Chief Executive)

This Director will be losing her Policy & Performance team as part of the current budget restructuring proposal. It is proposed that a new post of Programme Support Manager is created in order to provide her with sufficient resources during this period of change.

The Director already has plans to augment her management capacity by employing a Senior Principal Social Worker. This post holder will provide a strong Quality Assurance role across Children's and Adults Safeguarding and support strong social work practice. This post is already allowed for within the Director's budget proposals.

2. Additional Changes

Irrespective of this change at Director level there were a number of on-going changes being discussed within some services, some aligned to budget proposals and others to facilitate co-ordinated action to particular client groups. For example, the realignment of all policy and performance staff has already been referred to above.

As part of this, consideration is being given to the future location of the community safety team. Much of their work is aligned to the early intervention work with younger people and with known offenders and their families. There are good reasons to explore whether a combination of community safety, the youth offending service, the residual targeted youth service and early intervention for 12 plus might be best combined within a single service.

Given the Council's plans to develop a housing company and better manage the market in the private rented sector it is also considered this may fit better if it is more closely linked with the regeneration and asset management functions of the Council.

These matters will be taken forward as part of implementation of the Council's budget strategy and appropriate consultations will be undertaken with staff and will follow normal delegated powers of the Chief Executive.

6. Assimilation and slotting in arrangements

Under the Council's process for making appointments to posts falling within the purview of the Joint Negotiating Committee for Chief Officers in Local Government as a consequence of a senior management realignment, both remaining Directors have direct assimilation rights to these two new roles.

In the case of the Group Director of Children, Adults and Housing, her job is only marginally changed and she is carrying out a discrete but substantial 'function' that has been included in the new portfolio and therefore has a direct assimilation right to this role.

In the case of the existing Group Director of Resources, there are more substantial changes to his roles and responsibilities. However, Group Directors' job descriptions are 30% generic corporate management roles and, in addition, the Director will continue to be the Council's Section 151 Officer and take strategic direction for the back office functions covered by oneSource. In addition, the Director of Resources has previously managed at least one of the substantial services he would be inheriting. He too is carrying out a discrete but substantial 'function' that has been included in the new portfolio and in addition satisfies the statutory requirements necessary for appointment as the Council's Section 151 Officer. Accordingly, the Director has a direct assimilation to this role. ..

7. Grading, Pay and Remuneration for the top team

Currently Senior Management pay is evaluated using the HAY job evaluation scheme - although it is intended to review the evaluation system for Senior Managers as part of the Council's overall review of terms and conditions. At present the grading structure for the Chief Executive and Group Directors is:

Group Director Children, Adults & Housing	£126,875 - £145,000
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Group Directors of Resources and Culture, Community & Economic Development	£113,750 - £130,000
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The Group Director Children, Adults & Housing's grade is set at the level required to attract a high calibre individual to the post. Most London Boroughs still retain two directors to cover adults' and children's services (usually at a level of £130,000 each), so this represents good value for money for the Authority. The new role being taken on by the Director of Communities and Resources has been evaluated at the same grade as

the Director of Children, Adults & Housing . Given that this post holder will take responsibility for areas covered by two postholders in most other boroughs (again usually at a grade of around £130,000) and is the statutory Section 151 Officer, this is also considered very good value for money. Council is, therefore, asked to approve this pay scale for the new director posts.

The agenda for this Council meeting contains a separate report concerning the post of Chief Executive. In order for Members to have taken account of all relevant considerations in relation to the Senior Management restructure they should have taken cognisance of that report prior to making a determination in respect of this report.

8. Financial implications

The following senior management savings will be made through this proposal:

Loss of Director of Culture, Community & Economic Development and her PA	£196,000
Additional 50% Director of Resources Post currently charged to OneSource with on costs	£91,500
Total reductions on director's salaries	<u>£104,500</u>

There will also be potential further savings from the support office functions by reducing to two Group Directors. It is proposed that these will be used to augment the programme and support resources required by the Director of Children, Adults & Housing as discussed in paragraph 8 above.

9. Legal Implications

Section 112 of the Local Government Act 1972 provides that a local authority shall appoint such officers as it thinks necessary for the proper discharge of the authority's functions. An officer so appointed shall hold office on such terms and conditions as the appointing authority think fit subject to compliance with the authority's pay policy statement. The proposals in this report comply with the Pay Policy Statement 2014/15 approved by Full Council on 26 March 2014.

Under the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (as amended) the power to appoint staff and to determine the terms and conditions on which they hold office is a non-executive function.

The Local Authorities (Standing Orders) (England) Regulations 2001 provide that the appointment of a Chief Officer shall be made by Members, pursuant to the Council's own procedures.

The assimilation of current post holders into the new posts is in accordance with the Council's process for making appointments to posts falling within the purview of the Joint Negotiating Committee for Chief Officers in Local Government as a consequence of a senior management realignment.

10. Human Resources Implications

These proposals will have a knock on effect to support staff and consultations will be undertaken with these staff following the Council's normal processes.

Any further changes needed at Head of Service levels will be managed in line with delegated powers and statutory consultation will take place with relevant staff as required.