

FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER:

REPORT TO: SPECIAL MEETING OF THE FLINTSHIRE COUNTY COUNCIL

DATE : 19 FEBRUARY 2008

REPORT BY: CHIEF EXECUTIVE

SUBJECT : SENIOR MANAGEMENT STRUCTURE

1.00 PURPOSE OF REPORT

1.01 To seek the approval of Council for the finalised proposals for Phase One of the consolidation of the senior management structure of the Council.

2.00 BACKGROUND

2.01 The Council at the special meeting held on 5th December, 2007, endorsed the proposals of the Chief Executive for structural change for detailed development and for collective and individual consultation.

2.02 The detailed development of the job design for the new posts of directors is nearing completion with sufficient design work on role and job descriptions and person specifications completed for recommendation. The posts have also been evaluated for competitive and affordable market salary rates to be proposed. This work has been completed with the expert advice and guidance of Hay Consultancy. Hay have been retained with the assistance of a capacity building grant from the Welsh Local Government Association.

2.03 An intensive consultation process has been completed on the initial structure proposals. Consultations have been held "face to face" with the internal consultees listed in the presentation to the previous special meeting. Consultations have been held in writing with the listed external consultees.

3.00 CONSIDERATIONS

Outcomes of the Consultations

3.01 An extensive consultation exercise has been completed on the initial proposals for structural change since the special meeting of the Council held on 5th December at which those proposals were endorsed. The consultees are listed in appendix 2 to the report. The report and

presentation slides from the earlier special meeting are attached and include in full the business case for change as appendices 3 & 4 to the report.

- 3.02 The internal 'face to face' consultees have included the Executive and individual Executive members, individual Scrutiny Committee Chairs, the political groups, directorate management teams, selected operational management teams, second tier officers as a collective, individual second tier and other officers and the trades unions. The external consultees who were consulted by letter include the Welsh Assembly, the statutory regulators, Price Waterhouse Coopers as the council's external auditors, the Welsh Local Government Association, North Wales Police and North Wales Fire as statutory partners and neighbouring authorities with whom the Council collaborates.
- 3.03 The consultation exercise has demonstrated overwhelming support for the business case for structural change and the overarching management structure of a chief executive and a lesser number of directors. Equally, the consultation exercise has demonstrated overwhelming support for the proposed role definition for directors and heads of service. The consultation exercise has provided insightful feedback on important aspects of organisational design and functioning, for example the extent of devolution of support services such as human resources and finance for public services to the communities of Flintshire to perform to their optimum.

Proposed Senior Management Structure

- 3.04 It is proposed that the current senior management structure of seven directorates is reduced to four directorates. The number of posts of director will be reduced from seven to four accordingly. The four proposed directorates are:-
- Chief Executive's
 - Community Services
 - Environment
 - Life Long learning
- 3.05 The initial proposals suggested principal service groupings under two possible models as follows:-

Community Services

- . • Adult Services
- . • Children's Services*
- . • Housing Services
- . • Regeneration*

Environment

- . • Highways
- . • Street Scene
- . • Planning Services
- . • Public Protection
- . • Property, Land and Facilities Management
- . • Regeneration*
- . • Technical Services
- . • Waste Management

Life Long Learning

- . • Schools Services
- . • Schools Development and Resources
- . • Children's Services*
- . • Youth Services
- . • Leisure Services
- . • Libraries and Cultural Services

**Children's Services and Regeneration were depicted in alternative directorates in the initial two models.*

- 3.06 The illustrative diagrams which are attached as appendix 1 show the proposed new directorates and the existing second tier posts which would report to the new directors on service strategy, management and performance. The second tier posts and their titles and gradings and salary levels will be subject to review under phase two of the structural review.
- 3.07 The illustrative diagrams do not depict the corporate functions of policy and performance, corporate health and safety, emergency planning and occupational health, or Theatr Clwyd. Management and line reporting arrangements for these functions will need to be resolved and temporary management arrangements will be made as the Directorate of Corporate Strategy ceases to exist as a single entity through the transition.
- 3.08 The consultation exercise demonstrated widespread support for three public service directorates with the service groupings as outlined in the initial proposals. On the optional locations for Children's Services and Regeneration in the initial proposals the consultees were in the majority in support of the location of Children's Services in the Directorate of Community Services and were unanimously in support of the location of Regeneration in the Directorate of Environment.

- 3.09 The questions of the location of **Children's Services** and how to further integrate services to children with adult, education, youth, youth justice and other council services has been a major discussion throughout the consultation on the initial proposals for the structure. The Council was a forerunner local authority in the United Kingdom to co-locate in a management structure children's services with education services. In England it is now a statutory requirement to have a designated statutory lead officer for children's services and the introduction of this duty has led to councils reviewing their management arrangements to integrate children's services under the principles of corporate parenting with which elected members will be familiar. This statutory duty does not apply to Wales. A number of Welsh councils have structurally integrated children's service with education whereas a larger number have retained children's services with adult and other social services.
- 3.10 Structure in itself will only provide a framework for the integration and effective performance of services. This is a truism for any group of services including children's services. The consultation exercise has demonstrated that Flintshire has not fully capitalised on its ambitious decision to co-locate children's services with education ahead of other local authorities. The professionals consulted have specified areas of professional strategy, professional co-operation and professional practice where joint working across disciplines should be further advanced and improved. The professionals agree that these improvements will be best achieved through strategic planning, effective leadership and management, improved awareness of complementary working amongst managers who work in services on which children are dependent, protocols, and case management. It should be stressed that children's services need to be integrated equally with adult and other social services, and services such as housing. The professional opinion is heavily in favour in co-location of children's services with adult services and other social services within the structure. The views expressed in favour of co-location of children's services with education, when examined, are based on a desire to protect and improve operational integration irrespective of structure.
- 3.11 The Welsh Assembly Government in their written consultation response advise protection of the statutory role of a 'director of social services' and therefore favour co-location of statutory social services, including children's services, within a management structure. Estyn, the regulatory body for education, offers no preference.
- 3.12 Given the outcomes of the consultation it is proposed that Children's Services are located in the new Community Services Directorate. This will enable the council to have three equally balanced public service directorates. The consultation exercise has been beneficial in raising the successes and the limitations of the integration of Children's Services within the authority. The issues of further integration need to be addressed irrespective of the structural reform proposals in this

paper. The strategic and operational integration of Children's Services will be given priority in phase two of the structural change as listed in 3.49.

- 3.13 It is proposed that **Regeneration** is located in the new Environment Directorate.
- 3.14 A number of consultees questioned how the federated **corporate functions** would be led and managed, whether the Chief Executive would have the capacity to line manage three directors and also the heads of corporate function, and whether the addition of a post of director of resources was desirable. The finalised proposed arrangements for the management and supervision of senior officers including the corporate functions are set out below.
- 3.15 The Chief Executive will have line management responsibility for the three directors, and the directors will have line management responsibility for chief officers (second tier) in a traditional management hierarchy. The roles proposed for the new posts of director are modernised and redefined. The second tier posts will be reviewed and re-titled with consistent titles, roles and gradings as part of phase two of the structural change. The redefined roles of directors are summarised in 3.29.
- 3.16 The new structure will combine the post of Chief Executive and three public service directors. A director of resources is not proposed. The Chief Executive will assume line management responsibility for the heads of corporate function under a federated corporate management structure. The heads of corporate function will have autonomy, responsibility and accountability for the management of the support services they provide (i.e. finance, human resources, legal and democratic and information technology) and will stand alone from the service directorates. These posts, to be set in phase two of the structure, will be graded at an appropriate level of seniority.
- 3.17 The corporate management team will take full and collective responsibility for the development and oversight of finance, human resources and information technology and management strategies and will be advised by the specialist corporate heads of function in their respective fields. The corporate management team will show a far greater level of collectivity and leadership to advise and support the council. Each of these three strategies will be led by one of the new directors, with the Chief Executive taking overall leadership for the governance and management of the council under the direction of the elected membership.
- 3.18 The effective management of the corporate functions will be assured through:-
 - role definition for and effective performance by the Chief Executive;

- the corporate management team supporting and advising the council and senior members in forward thinking and effective strategies for people, finance and information technology and management;
- the corporate management team taking collective responsibility for people, finance and information technology and management strategies;
- improved performance reporting to elected members;
- heads of service in the public service directorates having more autonomy, responsibility and accountability for their service areas to allow directors to have greater personal capacity for corporate management of the organisation;
- role definition and autonomy for, and effective management of and support for, the heads of corporate function; and
- a strong code of corporate governance for the council.

3.19 Proven management theory demonstrates that an individual manager (i.e. the Chief Executive) can effectively manage a number of line reports (i.e. directors and heads of corporate function and heads of corporate function who will report directly to the Chief Executive) in single figures. This is the case in these proposals where there will be up to seven senior line reports to the Chief Executive.

3.20 The principal roles of the Chief Executive can be summarised as:-

1. council governance;
2. political advice;
3. acting as the statutory head of paid service;
4. internal leadership and management;
5. external leadership of partnerships and relationships; and
6. civic representation.

3.21 As Chief Executive I advise the council that I have confidence in the workability of the arrangements being proposed without any of my principal roles being compromised. The budget preparatory process for 2008-09 is a successful example of this new method of corporate working in practice in the absence of a corporate director of resources.

3.22 In summary the proposals for the structure balance the needs of the council for:-

- collective corporate management and team working;
- responsive and reliable advice and support to the council, the executive, and scrutiny and other committees;
- effective organisational strategies for people, finance, information

- technology and information management; and
 - responsible and accountable autonomous management of the finance, human resources, legal and democratic and information technology and management corporate support functions.
- 3.23 The core **corporate management team** will combine the Chief Executive and the three service directors. The extended corporate management team will include the corporate heads of function. The statutory Section 151 and Monitoring Officers will have unfettered rights of reporting and access to the corporate management team, the Chief Executive, the political leadership, the Executive, the Audit Committee, the Scrutiny Committees and the full Council.
- 3.24 The finalised service groupings and line management and reporting arrangements for the new posts of director are illustrated in the attached structure diagrams at appendix 1.

Statutory Roles of Officers

3.25 The statutory functions will be discharged as follows:-

Statutory Role	Assigned Office
Head of Paid Service	Chief Executive
Section 151 Officer	Head of Finance
Monitoring Officer	Head of Democracy and Legal
Director of Education	Director of Lifelong Learning
Director of Social Services Services	Director of Community

- 3.26 The Head of Finance will have line management responsibility for the Head of Internal Audit. The Head of Internal Audit will have unfettered rights of reporting and access to the corporate management team, the Chief Executive, and the Audit Committee.
- 3.27 The proposals for statutory officers are consistent with the comments of consultees, most notably the protection of the statutory role of director of social services in a single post at director level.

The New Roles of Director and Salary Evaluation

- 3.28 The final job design of the new posts of director is being completed. The posts are being designed and evaluated with the advice and guidance of Hay Consultancy who are experts in the job design and recruitment field and have access to current pay data across the public and private sectors. Job design produces a job description (role definition) and a person specification (postholder requirements) for each post.
- 3.29 The principal roles and accountabilities for each job description for the

new posts of director are:-

1. corporate organisational management;
2. directorate performance management;
3. leadership and development of directorate workforce;
4. project and programme management;
5. partnership working;
6. relationships with elected members.

- 3.30 The person specifications for the posts of director will combine knowledge/skills/experience (e.g. qualifications) with behavioural competencies (e.g. political awareness and personal leadership).
- 3.31 The new posts of director have been evaluated at a comparative market 'Know-How Level' score of 528, indicating a high level of required knowledge, skill and experience. At this level, the range of pay found in our Public Sector (excluding London) reveals a competitive maximum salary level in the region of £95,000. This salary level is recommended, with all three posts of director being graded equally, as an appropriate, competitive and affordable salary range for the council. The uplift in salaries (including on-costs) from the current posts of directors would be offset by the efficiencies to be gained from the implementation of phase one as set out in sections 3.33 to 3.35. The proposed salary level represents an increase of 9.5% on the average budgeted amounts for the existing director posts.

Revisions to the Current Establishment and Efficiencies

- 3.32 The six posts of director on the current establishment will be deleted and replaced by the three posts of director set out in 3.05. The post of Assistant Director of Corporate Strategy (Policy, Performance and Partnerships) will also be deleted. The deletion of the latter post has been recommended in the budget process for 2008-09.
- 3.33 The gross financial efficiencies which will be realised year on year from the proposed post deletions on the establishment are £425,000 (calculated as 3 x posts of director at circa £115,000 and 1 x post of assistant director at circa £80,000; these figures are combined salary and on-costs). These efficiencies do not allow for the costs of the interim arrangements in the previous Directorate of Finance, Legal and Democratic Services which will continue into phase two of the structural reform pending finalisation of the management arrangements for corporate support functions. Assuming that the full additional costs of these finalised management arrangements do not exceed the equivalent cost of the former post of Director of Finance, Legal and Democratic Services, the net financial efficiency to the council will be a minimum of £310,000.
- 3.34 It is anticipated that as part of phase 2 of structural reform further financial efficiencies can be made in the streamlining of the management structure in the former Directorate of Finance, Legal and

Democratic Services. The final net year on year financial efficiencies are therefore forecast to be greater than the above figure of £310,000. These calculations shown are year on year financial efficiencies and do not and cannot at this stage take account of the shorter-term costs of redundancy or early retirement of any existing directors who might not be successful in the matching or competitive recruitment processes for the new posts of director. The risks to the council of such short-term costs are limited by virtue of the fact that one post of director on the current establishment is held vacant, one post of director is occupied with an external interim director with no contractual rights of employment with the council, and two further posts of director are occupied by heads of service in acting up arrangements.

- 3.35 The quoted year on year efficiency gain of £310,000 is calculated before taking into account any additional cost of the revised salary levels for the new posts of director compared with the existing posts of director. The additional costs of the recommended salary levels of director, as set out in 3.31 above, are £33,000. Having taken account of these cost implications the total net minimum year on year efficiency from phase one of the proposals is £277,000. The efficiencies to be realised in-year in 2008-09 will be a proportion of this sum depending on (1) the date of implementation and (2) the one-off costs of recruitment (e.g. post advertising) to be deducted for which there is no set budget provision.

The Appointments Process to the Posts of Director

- 3.36 Each new post of director will be advertised externally for competitive recruitment unless there is a successful internal application for 'matching' to the post.
- 3.37 The Council has an adopted assimilation policy for post holders who are at risk of redundancy as a consequence of structural change which involves a substantial change to or deletion of their current post. Under this policy post holders (e.g. a director) who are eligible to be 'matched' to a new post in the structure are required to demonstrate an 80% match between the job description and requirements and person specification of their current post with those of the new post to which they are seeking to be matched. Where a post holder is acting up they cannot rely on their temporary interim post and must match against their substantive or 'main' post.
- 3.38 Any current directors who are not assimilated will be at risk of redundancy. Any temporary directors who are acting up and therefore not eligible for assimilation will return to their substantive posts. All post holders in these categories have met individually with the Chief Executive and a Human Resources advisor on two occasions to be advised of the possible consequences of the structure proposals for them personally. The new posts of director for which no matching application is made, or for which unsuccessful matching applications

are made, will be advertised for external and competitive recruitment as set out in the appointments process and timetable in section 3.47.

- 3.39 The 'matching' process is not an interview process. The process is one of a full assessment of an existing post and its comparability to a new post. The process would be conducted by the Human Resources Division under the guidance of the Chief Executive with the independent advice and verification of retained consultants Hay Consultancy. The process would involve a full written application and assessment and a form of interview with the applicant to explore, in depth, post comparabilities.
- 3.40 The proposal for the competitive recruitment of any posts of director not filled through the 'matching' process is for a cost-effective recruitment process which makes maximum use of internal resources (e.g. interviewing panels, internally trained assessors and qualified psychometric assessors) and minimum use of external consultancy, and minimises the cost of recruitment advertising through website sign-posting advertising in selected journals and not full text spreadsheet adverts.

Interim and Transition Arrangements

- 3.41 It is critically important that the transition process and period is carefully managed to minimise disruption to service continuity and performance and prevent the morale of the organisation from being damaged.
- 3.42 Management strategies should therefore be continued as follows:-
- open and frequent communications with the workforce, management, the trade unions and elected members;
 - continuous interim management arrangements (a combination of internal 'acting up' and external interim appointment arrangements) until all posts affected are permanently appointed; and
 - full advice and support to those post holders at risk of redundancy to meet the council's responsibilities of duty of care as an employer.
- 3.43 Staged bulletins will be produced and briefings held by the Chief Executive and Human Resources to ensure communication is managed.
- 3.44 The council has made a number of interim management arrangements pending firstly the appointment of a new Chief Executive, and secondly the agreement and implementation of a revised senior management structure. These arrangements are notably in the professional management areas of education, community and housing, environment

and regeneration, legal and democratic services, finance and human resources. These arrangements are not sustainable in the longer-term. However, in the absence of alternative interim solutions and pending the full implementation of the proposed structure these arrangements must be continued to protect service continuity and organisational management. One significant change has been made to the set of interim arrangements installed prior to the appointment of the Chief Executive. The contract for the previous external interim Head of Housing has been ended and temporary arrangements combining internal management and external consultancy support from the reputable professional body the Chartered Institute of Housing are being made. There is budget provision to continue these interim arrangements whilst the revised management structure is implemented. In the absence of the Director of Corporate Strategy through illness the Chief Executive has ensured service continuity by overseeing the functions and senior personnel of the directorate. The Chief Executive has, since his appointment, assumed line management responsibility for the heads of function in the former Directorate of Finance, Legal and Democratic Services in the long-standing absence of a director.

3.45 A number of key head of service (second tier) posts are either the subject of interim appointments, stand vacant or will become vacant. Permanent appointments should be made to these posts without delay, once the revised management structure has been adopted by council, to protect service continuity. These posts are (with the status of the post shown in brackets):-

- . • Assistant Director of Life Long Learning (Development and Resources) (post holder has tendered her resignation)
- . • Chief Public Protection Officer (vacant)
- . • Head of Human Resources (external interim appointment)
- . • Head of Housing (vacant)

3.46 These posts will require re-titling in order that the council has a consistency of titles at second tier level and the job descriptions and person specifications will need to be reviewed and revised in line with the revisions to those of the posts of director. The posts would be advertised within the current salary bandings and salary maxima of the authority for second tier posts. Council is advised that these salary levels may not be sufficient to ensure the attraction of candidates of seniority and ability in a competitive recruitment market. In advance of phase two of the structural review it is therefore proposed that the posts be advertised subject to review.

3.47 The implementation timetable for the revisions to the structure will be as follows:

Action	Month	Responsibility
Communications Strategy	On-Going	Chief Executive
Continue Interim Arrangements	From February	Chief Executive
Finalise Director Posts Job Design	February	Human Resources Chief Executive Hay Consultancy
Matching Process for Posts of Director	March	Human Resources Chief Executive Hay Consultancy
Implement Recruitment Plan for Un-Matched Posts of Director	March	Human Resources
Implement Recruitment Plan for Vacant Posts of Heads of Service	March	Human Resources
Long listing of Applicants for Un-Matched and Advertised Posts of Director	April/May	Human Resources Chief Executive
Appointment of Candidates to Vacant Posts of Heads of Function	On-Going	Human Resources Chief Executive

Phase 2 of the Revised Management Structure

3.48 Phase Two of structural review and reform will follow phase one and would begin in full from the summer.

3.49 Council is invited to provide guidance to the Chief Executive on the priorities for attention in phase two. Priorities identified by the Chief Executive are as follows with the intention that further efficiencies will be achieved through them:-

- permanent management arrangements for finance, legal and democratic, human resources and information technology and management corporate functions at second tier and below;
- permanent management arrangements for the residual corporate functions as set out in 3.14 to 3.21;
- the housing management function in accordance with the terms of reference for the local strategic housing review and to achieve efficiencies as set out in the previous retention option for council housing;
- the leisure services management function as part of the evaluation of the potential and viability of a leisure trust;
- the management and liabilities for Theatr Clwyd and the

potential

- . and viability of a theatre trust model;
- .
- . • full implementation and evaluation of the previously approved structural changes for the planning development control function;
- . • the further operational integration of children's services;
- . • the location and management arrangements for the Youth Justice Team;
- . • an integrated and co-located Community Safety Team;
- . • the structure, competitiveness and performance of the council's direct services organisations;
- . • reducing dependency on agency staff through (1) the implementation of the Managed Agency Services Project (MASS Project) (2) the implementation of the Human Resources Management Information Services (HRMIS Project) to improve workforce establishment data and management (3) detailed review of areas of the structure where agency staff are in high use with the objective of wherever possible making permanent appointments or deleting posts from the establishment; and
- . • support services to the public service directorates including the cost and bureaucracy of internal charges.
- .

4.00 RECOMMENDATIONS

- 4.01 That the final proposals for phase one of the consolidation of the senior management structure be approved for implementation. The new revised management structure will comprise the post of Chief Executive, and three posts of director managing three consolidated public services directorates.
- 4.02 That the senior management structure as proposed be adopted with (1) Children's Services located within the new directorate of Community Services and (2) Regeneration within the new directorate of Environment.
- 4.03 That the post titles, role definitions and salary gradings for the new posts of director be adopted.
- 4.04 That the Chief Executive be delegated authority to finalise the detail of the job design of the three posts of director in consultation with the Leader of the Council and appropriate Executive members and with the advice of retained consultants Hay Consultancy.

- 4.05 That the Chief Executive be authorised to (1) proceed and conclude the 'matching' process for existing directors according to the assimilation policy of the council and with the advice of retained consultants Hay Consultancy and (2) begin the advertisement process for any posts not filled through the matching process to culminate in an elected member panel interview selection process in late May/early June 2008.
- 4.06 That the personnel implications of the proposals and the financial efficiencies to be realised be noted.
- 4.07 That the Chief Executive be authorised to review the head of service posts which are vacant or the subject of interim arrangements, as listed in section 3.45, for immediate recruitment in consultation with the Leader of the Council and appropriate Executive members and with the advice of retained consultants Hay Consultancy. This authority should extend to any further head of service posts which might fall vacant during the transition period.
- 4.08 That authority be given to continue existing interim management arrangements (combining 'acting up' and external interim appointment arrangements) until the posts affected are permanently appointed; and
- 4.09 That the initial proposals for phase two of the consolidation of the senior management structure be noted for further development and members offer guidance on further areas of the organisation to be given priority.

5.00 FINANCIAL IMPLICATIONS

- 5.01 The financial implications of the phase one of the changes to the management structure are explained in 3.32 to 3.35. Gross year on year efficiencies of £425,000 will be achieved from the deletion of four senior posts. Net of the costs of the interim arrangements in the former Directorate of Finance and Legal Services the financial efficiencies to the council will be a minimum of £310,000. The actual year on year efficiency saving will be £277,000 having deducted the costs of an uplift in director salaries. These calculations are year on year financial efficiencies and do not and cannot take account of the shorter-term costs of redundancy or early retirement of any existing directors who might not be successful in the matching or competitive recruitment processes for the new posts of director.

6.00 ANTI POVERTY IMPACT

- 6.01 None

7.00 ENVIRONMENTAL IMPACT

7.01 None

8.00 EQUALITIES IMPACT

8.01 None

9.00 PERSONNEL IMPLICATIONS

9.01 There are significant personnel implications within the proposals which are explained in full through the course of the report.

10.00 CONSULTATION REQUIRED

10.01 Further individual consultation with existing post holders at risk of redundancy as a consequence of not being matched to a new post of director in the revised management structure.

10.02 Ongoing consultation will continue with the Trades Unions through the FJTUC.

11.00 CONSULTATION UNDERTAKEN

11.01 Consultation has been undertaken according to the attached consultation plan.

12.00 APPENDICES

- Appendix 1 - Diagrammatic charts illustrating the revised senior management structure
- Appendix 2 - Consultation plan
- Appendix 3 - Report to the Special Meeting of the Council held on 5th December 2007
- Appendix 4 - Presentations Slides to the Special Meeting of the Council held on 5th December 2007

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 **BACKGROUND DOCUMENTS**

Report to the Special Meeting of the Council held on 5th December 2007.
Presentation Slides to the Special Meeting of the Council held on 5th December 2007.

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