

Hastings Borough Council

REVIEW OF SENIOR MANAGEMENT STRUCTURE – STAGE TWO

1. INTRODUCTION

- 1.1 Towards the end of last calendar year, and in consultation with the Council Leader, the Chief Executive undertook a review of the Council's Senior Management Structure. Arising from that review, he formulated proposals to change that structure. He also formulated a timetable and two-stage process, including consultation arrangements, for taking forward these proposals.
- 1.2 The first stage of that process is proceeding towards completion. The Cabinet, at its 8th February meeting, approved the proposed framework, process and timetable (with one amendment to the framework).
- 1.3 Appointments have been made to the new Corporate Director posts agreed. The new Chief Officers Leadership Team (COLT) comprises:
- | | |
|------------------|---|
| Roy Mawford | Chief Executive |
| Neil Dart | Deputy Chief Executive & Corporate Director |
| Richard Homewood | Corporate Director |
| Simon Hubbard | Corporate Director |
| Richard Peters | Corporate Director |
- 1.4 This document:
- Addresses the question of why change is needed
 - Describes the agreed framework for the new senior management structure
 - Sets out the agreed timetable and two-stage process
 - Describes the second stage proposals for consultation
 - Comments on matters relating to implementation

2. WHY CHANGE IS NEEDED

- 2.1 The Council is faced with many changes taking place in Local Government nationwide, and new demands to be even more cost effective and performance driven. There are also rising expectations about quality and choice among the users of Local Government services. An example of these pressures is the recent paper for HM Treasury by Sir David Varney, which seeks better services and a better deal for tax-payers, and criticises as inefficient models of 'silo working' often adopted in the public sector.
- 2.2 In response to these pressures, we are seeing continuing reviews in public sector bodies at national, regional and local levels. The

outcomes of these reviews tend to be defined by more streamlined and less hierarchical organisations, and a much greater emphasis on collaborative and partnership arrangements.

- 2.3 Locally, the elections last May resulted in a change in political leadership, leading to changing priorities for the Council. The 2007/08 budget, agreed by the Council on 22nd February, also reflects a much harsher financial climate moving forward than we have experienced for several years.
- 2.4 All these factors demonstrate the need for the Council to have a more adaptive organisation, whose size and shape reflect current and expected future realities.
- 2.5 Observation of changes elsewhere indicates that, more and more, management structures are being made slimmer but stronger, linked to geographical and local community settings, with a smaller group of top managers providing corporate leadership. The overriding considerations are the development of good quality services, and the need to utilise resources as effectively as possible.
- 2.6 Hence, another very important factor driving change now is further organisational development, to enable us to be (and to continue to be) 'fit for purpose'.

3. AGREED FRAMEWORK FOR NEW SENIOR MANAGEMENT STRUCTURE

- 3.1 The current senior management structure (**Attachment A**) comprises:
 - Chief Executive (1st Tier)
 - 6 Directors (2nd Tier), all with fixed line management responsibilities
 - Deputy Chief Executive
 - 5 Executive Directors
 - 31 functional managers reporting to Directors (3rd Tier)
 - Executive Manager (Financial Services)
 - 11 General Managers
 - 19 other managers (mostly at senior grades, but a few at more junior grades)
- 3.2 The new framework is intended to streamline senior management, to have fewer but more empowered and stronger posts, and to enable further delegation of decision-making.
- 3.3 The framework is in two parts. Part one relates primarily to Directors, but also affects their Personal Assistants. Part two relates to the 3rd Tier managers who report to Directors, but also considers the consequential impact on 4th Tier, secretarial and administrative support arrangements.

Directors

- 3.4 4 new 'Corporate Directors' replace the current 6 posts. One of these new directors is also the Deputy Chief Executive. The Corporate Directors will be:
- More corporately focused
 - More focused on strategic issues, and
 - Less involved in operational management (more delegation to the managers reporting to them)
- 3.5 As part of their increased corporate focus, each Corporate Director will act as 'Area Champion' for one of the four Hastings 'quarters' created by our Area Co-ordination arrangements. In this role, they will cover the whole of the Council's activities.
- 3.6 Each Corporate Director will also have a clearly defined and publicised line management role, for which they will be accountable. Decision-making will be delegated to the appropriate level of management, but Corporate Directors will retain overall responsibility for these services.
- 3.7 The 'portfolio' of services to be managed will not be permanently fixed, however. It will be agreed initially with the Chief Executive, in consultation with the Council Leader, but could then be redefined from time to time. Changes might occur:
- Either to reflect changing service needs, workloads and priorities
 - And/or by rotation with colleague directors, as a means of broadening experience and personal development
- 3.8 Within the changeable 'portfolio management' arrangements outlined above, the intention is to achieve a similar balance within each portfolio between externally focused ('front of house') and internally focused ('support') services. This will help to ensure that all Corporate Directors share in the corporate management of both front of house and support services.
- 3.9 The number of Personal Assistants to Directors will reduce from 6 to 4, in line with the changes proposed above.

3rd Tier Managers

- 3.10 The Chief Executive proposed that the number of posts at this level should be reduced to around 16 'Principal Managers'. These posts would include the most senior officers in nearly all of the larger specialist/professional disciplines represented among the Council's staff. They would also include managers designated as deputies to the Corporate Directors.

- 3.11 The Cabinet approved this proposal, with the proviso that the number of posts should be the appropriate figure, and not necessarily around 16.
- 3.12 Current 3rd Tier manager posts have a relatively wide range of grades. One is at 'executive manager' grade, some are at 'general manager' grades, some at the top 'Hay' grades used by the Council (grades 1 and 2), and some at lower 'Hay' grades. (General Managers and Hay grade staff are all on National Joint Council (NJC) terms and conditions of service for staff other than chief officers.)
- 3.13 These posts will be rationalised, in a way that reduces this range to include only executive/general manager and top Hay grades. The resulting post-holders will be the Principal Managers, and will all be employed on NJC terms and conditions.
- 3.14 The effect of this rationalisation will be fewer separate functions at this tier of management (the new service groups will, on average, be larger than the current divisions), but more empowered and stronger Principal Managers. Some posts and some current service divisions will be unaffected, but:
- (a) Some other currently separate functions will be brought together into larger service groups under a single Principal Manager post
 - (b) Managers of other currently separate functions will no longer report directly to a director (but instead will become 4th Tier post holders, reporting to a Principal Manager)
- 3.15 These changes will affect the 4th Tier in some parts of the organisation. In one or two cases, there may be a loss of posts at this level. There may also be 'knock on' effects on secretarial and administrative support arrangements.

4. AGREED PROCESS AND TIMETABLE

Process

- 4.1 The process has two overlapping stages. Stage One comprises:
- Consultation on proposals (a) for the overall framework for the new Senior Management Structure, (b) to replace the current 6 director posts with 4 Corporate Directors (one of whom would also be the Deputy Chief Executive), and (c) to reduce the number of Personal Assistants to Directors from 6 to 4 (completed)
 - Decisions taken on these matters by the Cabinet (completed)
 - Appointments made by the Chief Officers Employment Committee to the new Corporate Director posts (completed)
 - Appointments made by the new Corporate Directors to the Personal Assistant posts

- Following appropriate periods of notice, the new 2nd Tier structure is fully implemented
- 4.2 In Stage Two (which began as soon as new Corporate Directors were appointed):
- Proposals formulated by the Chief Executive and new Corporate Directors (taking into account earlier consultation and Cabinet resolutions) for the revised 3rd Tier management structure (completed)
 - Consultation takes place with all those affected by these proposals
 - Decisions are taken on these matters by the Chief Executive and Corporate Directors, in consultation with the Council Leader
 - Appointments are made to the new Principal Managers posts by the Chief Executive and Corporate Directors
 - Following appropriate periods of notice, the new 3rd Tier structure is fully implemented

Timetable

- 4.3 Any process of organisational restructure is complicated, and proper provision needs to be made for consultation. It is also important, though, to complete the process once it has started without unnecessary delay.
- 4.4 The agreed timetable (**Attachment B**) seeks to balance these potentially conflicting requirements. It began on 15th January, includes a consultation period for each of the two stages, and will be completed towards the end of July.
- 4.5 The timetable also satisfies two aspirations, agreed with the Council Leader:
- To implement fully the new 2nd Tier structure changes (Corporate Directors and Personal Assistants) by the start of the 2007/08 municipal year
 - To agree and make appointments to the new 3rd Tier structure (Principal Managers) by the start of the 2007/08 municipal year, and to implement fully these changes as soon as possible thereafter
- 4.6 There has been slight slippage in the timetable. Revisions are indicated in italics. In particular, **publication of this document has been slightly delayed, and the end of the consultation period on the proposals it contains has been put back to 16th April.**

5. STAGE TWO PROPOSALS FOR CONSULTATION

- 5.1 The new Chief Officers Leadership Team (COLT) met on three occasions last week (week commencing 12th March), to develop these

proposals. We are looking to build on what is good in the Council, and to improve areas of organisational weakness.

- 5.2 We want an organisation that will deliver the goals set out in our recently agreed Corporate Plan, relating to:
- Front-line Service Delivery
 - Economic Regeneration and Inclusion
 - Physical Regeneration
 - Social Regeneration and Quality of Life
 - Organisational Development
 - Efficiency, Effectiveness and Sustainability
- 5.3 In particular, we want the Council to be:
- Making a full contribution towards delivering the key targets and wider vision set out in the Hastings Community Strategy
 - Making a full contribution towards delivering the current East Sussex Local Area Agreement (LAA), and influencing and delivering future LAAs
 - Focused externally on our customers and delivering consistently good services
 - Focused internally on good and improving performance, and making good use of our resources
- 5.4 We believe strongly in the need for cross-directorate working, to address the many cross-cutting issues faced by the Council. We want an organisation that is:
- Flexible, responsive and able to adapt as circumstances change
 - More streamlined and less hierarchical
 - Geared internally towards multi-disciplinary and project working, and externally towards to collaborative and partnership arrangements
- 5.5 Our proposals relate to:
- The 4 service portfolios, for each of which one of the Corporate Directors will take overall responsibility (to replace the current 6 directorates)
 - The new 3rd Tier service groups (to replace the current 31 service divisions)
 - The key cross-cutting issues, for which special arrangements will be made for their leadership and management
- 5.6 Our proposals are outlined diagrammatically in **Attachment C**.

Portfolios and Service Groups

- 5.7 The proposed portfolios each comprise 4 or 5 service groups. Each contains some externally and some internally focused services (as indicated in paragraph 3.8 above).

5.8 17 service groups are proposed, each to be led by a Principal Manager. These posts will be graded appropriately at 'executive manager', 'general manager' or top 'Hay' grades, and post-holders will be employed on NJC terms and conditions (as indicated in paragraphs 3.12 and 3.13 above).

5.9 The proposed portfolios are:

Portfolio A

- A1 Environmental Health
- A2 Environmental Services
- A3 Highways & Warden Services
- A4 Information Technology

Portfolio B

- B1 Community Services
- B2 Housing Services
- B3 Leisure Services
- B4 Personnel & Organisational Development

Portfolio C

- C1 Economic Regeneration
- C2 Planning Services
- C3 Projects & Procurement
- C4 Social Regeneration

Portfolio D

- D1 Financial Services
- D2 Internal Audit & Investigations
- D3 Legal & Democratic Services
- D4 Marketing & Attractions
- D5 Policy & Performance

5.10 The proposed service groups are described, in relation to the current service divisions, in **Attachment D**.

5.11 **We are seeking views on:**

- **Whether or not the service groups are appropriate – if not, how many groups should there be at 3rd Tier level, and how should functions be arranged within these groups?**
- **Whether or not the portfolios are appropriate – if not, how should services be arranged into 4 portfolios?**
- **Should the portfolios have titles – if so, what should they be?**

Cross-Cutting Issues

5.12 We envisage that one member of the COLT will take the role of 'champion' or 'sponsor' for each key cross-cutting issue. Depending on the issue, there could be:

- A time-limited special project team, led by the COLT member, with full authority and responsibility to take the issue to a defined conclusion
- A standing group, chaired by the COLT member, to keep track of progress and make decisions about an on-going issue
- Other arrangements – for example, led or chaired by a Principal Manager, but reporting on this issue to a COLT member who may not be that officer's line-manager

5.13 In addition to being 'champion' or 'sponsor' for cross-cutting issues, the corporate directors will each be an 'Area Champion' (as indicated in paragraph 3.5 above). In all these roles, the COLT member will be acting on behalf of the whole Chief Officers Leadership Team, and with its full authority.

5.14 We are not attempting to put forward a comprehensive list of proposed key cross-cutting issues in this document, but possible subjects include:

- Co-ordination of Policy Development
- Customer Relations Management
- Service Quality Assurance
- Equalities
- Capital Programme Development & Delivery
- Cross-Portfolio Operational Issues
- Internal Communications (continuous improvement)
- Shared Services (taking forward opportunities)
- Central St Leonards Regeneration
- Hastings Town Centre Redevelopment
- Property Matters

5.15 **We are seeking views on:**

- **Whether or not our approach to cross-cutting issues is appropriate – if not, what should be our approach?**
- **What subjects should be on the list of key cross-cutting issues for 2007/08?**

6. IMPLEMENTATION ISSUES

General Procedural Matters

6.1 If proposals to change the 3rd Tier are agreed, some current posts are very likely to be made redundant. Some of the officers in these posts may be identified as 'slotting into' a new post, because of the extent of similarity between the posts. Other post-holders will be at risk of redundancy.

6.2 Applications for all new posts (except where slotting in applies) will initially be restricted ('ring fenced') to officers at risk of redundancy. The position of officers who do not secure a new post by this means

will be addressed using the Council's established procedures for managing organisational change.

- 6.3 In all cases, before a redundancy or early retirement is considered, redeployment into suitable alternative Council employment would be explored. If appropriate, this could involve pay protection for up to 3 years and retraining. Voluntary redundancy requests would also be considered, but the Council would continue to reserve its right to accept or refuse each such request.
- 6.4 The Council has an existing policy on the compensation offered to officers who leave its service either as a result of voluntary or compulsory redundancy, or in the interests of the efficiency of the service. This policy distinguishes between staff under and over 50 years of age.
- 6.5 As a result of Local Government Regulations that came into force from October 2006, made to reflect wider changes to outlaw age discrimination, the Council must adopt a new policy to apply from April 2007. A report on this matter is being taken to a meeting next week of the Chief Officers Employment Committee.

Financial Implications

- 6.6 The financial consequences of the restructure will not be fully apparent until both the 3rd Tier service grouping, and the resulting 4th Tier reporting structure has been finalised. The Stage Two proposals in this document are put forward, however, on the basis that they will be either cost neutral, or yield a financial saving.
- 6.7 The agreed Stage One proposals, which involve the deletion of two director and two Personal Assistant posts, will save approximately £250,000 in a full year.
- 6.8 There will be costs involved in implementing the restructure, which will not be known until later in the process. It would be prudent, therefore, to assume that savings will start to be realised from 2008/09, but not in 2007/08.

Roy Mawford, Chief Executive
Neil Dart, Deputy Chief Executive & Corporate Director
Richard Homewood, Corporate Director
Simon Hubbard, Corporate Director
Richard Peters, Corporate Director

21st March 2007