

Agenda Item No:

Report to: Cabinet

Date of Meeting: 23 July 2009

Report Title: Review of Senior Management Structure

Report By: Roy Mawford
Chief Executive

Purpose of Report

To describe the outcome of the Review of Senior Management Structure, and to propose changes arising from that Review.

Recommendation(s)

- 1. Cabinet be asked to approve changes to the Council's Senior Management Structure as described in the Progressive Restructure option.**
- 2. Cabinet is also asked to delegate to the Chief Executive, in consultation with the Council Leader, authority to meet the one-off costs of implementing these changes, subject to a retrospective report back to Cabinet on the financial implications.**

Reasons for Recommendations

The Review has identified worthwhile organisational changes, given the current economic outlook for Hastings and the financial outlook for the Council. These changes lead to ongoing cost savings, to achieve which one-off costs of implementation need to be incurred.

Background

1. The Council agreed its budget and Corporate Plan for the current financial year in February 2009. As part of the process, a commitment was made to review our senior management structure. That commitment was made in the context of a wider on-going programme of reviewing efficiency, use of resources and value for money, as described in the Plan.
2. The review has now completed its preparatory stages and final proposals have been formulated. Initial findings were shared in mid-May with the Council's Senior Management Team (SMT), comprising the corporate directors, heads of service and other senior managers. SMT members were invited to comment on a consultation document, and 18 responses were received.
3. SMT members are the people most directly affected by the review, but any changes finally agreed will impact as well on many other members of staff. I have used my monthly HBC Intranet Blogs to make sure all staff are aware of the review, and to keep everybody updated as it progresses.
4. I have also formally consulted each recognised trade union, and received their written comments. I have as well raised this matter with staff side representatives at meetings of the Council's Staff & Management Forum. In addition, I have written to key HBC external partners and stakeholders, to inform them about this review.
5. I have considered carefully the responses to the consultation document, and modified my draft proposals in the light of them. My conclusions from the review and final proposals are set out in Appendix A to this report. The proposals are also summarised below.
6. Appendix B summarises the responses received, and how I have addressed them. In particular:
 - (a) I have taken note of concerns expressed about draft proposals to bring together the Council's corporate policy, planning policy and housing strategy & development functions. I have not included this change in my final proposals, but I intend to undertake as soon as practical a further and specific piece of review work to determine the best way forward.
 - (b) I have not put forward in the final proposals one option (Incremental Restructure), included in the consultation document.

Summary of Final Proposals

7. Appendix A describes two options: Progressive Restructure (see Figure 2) and Radical Restructure (see Figure 3).
8. The preferred option is Progressive Restructure (on the basis set out in paragraph 3.18 of Appendix A). It would reduce the number of corporate directors from four to three, and the number of service heads from 16 to 11. It would reduce senior management costs by between £350,000 and £400,000 per annum, depending on subsequent changes to staff structures reporting to service heads.

9. The alternative option is Radical Restructure. It would move from four corporate directors (one of whom is the Deputy Chief Executive) to two deputy chief executives, and from 16 to 10 heads of service. It would reduce senior management costs by between £475,000 and £525,000 per annum, again depending on subsequent changes to staff structures reporting to service heads.
10. The Radical option moves the organisation further in terms of the outcomes to be achieved, and would be preferable if a very pessimistic view is taken of the financial outlook for HBC. It would probably be more disruptive than the Progressive option to implement, however.
11. Hence, given both the level of uncertainty about the financial outlook, and concerns expressed about the extent to which managerial capacity would be lost with the Radical option, I believe the balance of advantage in the current circumstances lies with the Progressive option.

Next Steps

12. This report is published on 15th July, for consideration by Cabinet at its 23rd July meeting. It will also be considered at the 22nd July Staff and Management Forum meeting, and I will brief Cabinet members on 23rd July on this discussion.
13. If changes to the Council's senior management structure are agreed, the Council's Employment Committee takes forward selection issues relating to chief officers (that is, the corporate directors). It is hoped these can be decided by mid-August and implemented by end-October.
14. Selection issues relating to heads of service are dealt with by the Chief Executive and corporate directors. It is hoped these can be decided by end-September and implemented by end-October.
15. Issues relating to other senior managers will be taken forward by corporate directors and heads of service, starting in September.
16. As soon as the selection process for chief officers has been agreed by the Employment Committee, all staff directly affected by these changes will be formally advised in writing about their individual positions. I shall continue to use the HBC Intranet to keep staff informed of developments. I shall also write again to our key external partners and stakeholders, to update them on decisions made.

Financial Implications

17. Both options involve a loss of posts and, therefore, as well as achieving on-going savings, may also lead to one-off redundancy costs. Until the results of the selection process outlined above are known, it is not possible to calculate these costs. It will be possible to meet some costs in the current financial year from part-year savings arising from the restructure, but it is possible as well that additional funds may be needed during the year to cover part of these one-off costs.

Other Policy Implications

18. Implementing the proposed changes has clear organisational consequences, which are discussed elsewhere in this report and its appendices. These include issues relating to risk.
19. There is a risk arising from the organisational disruption involved in implementing either the Progressive or Radical restructure option. There is also a risk arising from the reduction in managerial capacity. Both these risks would increase if the Radical option were to be chosen. Careful preparatory planning of an implementation process is already underway, to mitigate these risks.
20. Conversely, there is a risk that a deteriorating financial outlook might require further changes to the senior management. This risk is higher for the Progressive option. However, it must be set against a higher risk associated with the Radical option, that changes made might need to be reversed if the financial outlook improves significantly.
21. There could also be equalities implications of implementing either option (possibly relating to gender, race and/or disability). An Equalities Impact Assessment is being undertaken (supervised by the Head of People & Organisational Development), to ensure these implications are understood and, where necessary, appropriately mitigated.

Wards Affected

Ashdown, Baird, Braybrooke, Castle, Central St. Leonards, Conquest, Gensing, Hollington, Maze Hill, Old Hastings, Ore, Silverhill, St. Helens, Tressell, West St. Leonards, Wishing Tree

Area(s) Affected

Central Hastings, East Hastings, North St. Leonards, South St. Leonards

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	Yes
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	No
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	Yes

Supporting Documents

Appendix A: Review of Senior Management Structure, Final Proposals
Appendix B: Responses to Consultation on Draft Proposals
Appendix C: Response from Trade Unions to Draft Proposals

Officer to Contact

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REVIEW OF SENIOR MANAGEMENT STRUCTURE
Final Proposals

1. BACKGROUND

Economic Outlook for Hastings

1.1 The recent Town Conference illustrated the difficult economic outlook for the UK overall and specifically for Hastings.

1.2 The speaker from Oxford Economics (Neil Gibson) reported that UK Gross Domestic Product had slipped into negative growth in Quarter 4 of 2008, and forecast that it would stay there for five quarter-years, not returning to positive growth until Quarter 2 of 2010. He also forecast that the recession will leave negative legacies: Changes in availability of, and attitudes to borrowing that will cause corporate and private spending levels to be changed 'forever'
Significant constraints on Government that will mean cuts and/or tax rises

1.3 He did have a few positive messages, though:
Some businesses will do well (job gains in supermarkets), and others will become stronger after painful rationalisation
'The versatility of skilled labour should not be discounted'
The cost of borrowing has fallen, and many better off people can afford debt and not be badly affected by the recession

1.4 But our problem is that the positive messages above, particularly the last two, probably apply less to people in Hastings than they do to people in more prosperous parts of the UK.

1.5 The speaker from Centre for Cities (Malcolm Cooper) demonstrated our relatively weak resident skills base, compared with both Great Britain as a whole and the SE Region (which is higher than the GB average). He also illustrated our relatively weak performance in terms of economic prosperity, social prosperity and built environment, compared with neighbouring 'cities' (Brighton, Chatham, Crawley and Worthing).

1.6 He argued that regeneration in urban areas like Hastings is now seriously threatened by our reliance on a public sector investment 'model' that is 'broken beyond repair'. We all lack real experience of innovating and leading economic development by other means.

1.7 He noted that land and other assets were getting progressively cheaper, and opportunities will arise 'out there' for the private sector to invest for capital growth and future income. So, we need to develop and/or procure new expertise, and to generate ideas that might appeal to these potential investors.

Government Budget Update

1.8 The Chancellor of the Exchequer's Budget on 22nd April increased the level of efficiency savings all councils are expected to achieve in 2010/11 from 3% to 4%, albeit it allowed these savings to be retained by councils. In 2011/12 and subsequent years, only small increases, if any, in grant funding to district councils can be expected.

Service Demand & Income Consequences for HBC

1.9 We expect demand for some services, like homelessness and benefits, to continue to grow. This will place increasing cost pressures on us.

1.10 We also expect demand for some other services from which we derive income, like land searches and factory rentals, to continue to fall. Our income will be further reduced by low interest rates affecting our investment earnings.

1.11 We hope that visitor and tourism related income will be helped by the depreciation of sterling against major foreign currencies but, overall, we have to accept the forecast is for very difficult times ahead.

Financial Outlook for HBC

1.12 The Budget approved by Full Council in February 2009 included a Revenue Budget Forward Plan. This indicated funding shortfalls in 2010/11 of £1.00 million, and in 2011/12 of an additional £0.24 million.

1.13 The 2011/12 shortfalls did not take into account the further impact of the current 3-year Area Based Grant funding programme, which ends in 2010/11. ABG spending in 2010/11 is projected as follows:

	£ million
HBC Internal Projects	0.86
Contribution to Central Costs	0.27
Sub-Total (HBC)	1.13
External Projects	3.27
TOTAL	4.40

1.14 Hence, the worst case scenario of no extension or replacement of ABG in 2011/12 would increase the HBC internal funding shortfall for that financial year by £1.13 million to £1.37 million. If external projects are also factored in, the shortfall rises to £4.64 million. While these figures may be unduly pessimistic, it would be equally imprudent and over optimistic now (in the light of recent Government Budget statements) to assume that the additional shortfall in 2011/12 will be only £0.24 million.

1.15 At the 13th July Cabinet meeting, Members were given an update on the Council's financial position for the current and subsequent years. An unusually high level of uncertainty still exists in the current economic climate, and Members were informed that projections for 2010/11 onwards are difficult to update. However, the balance of probability is that the financial position in future years will not be better than predicted in February.

Organisational Impact on HBC: Strengths and Weaknesses

1.16 The Council has many strengths. The overall 'good' Comprehensive Performance Assessment in 2003/04 has been maintained. We have continued to score well both in our Use of Resources, and in service performance against national indicators. Our most recent corporate health ranking was the 9th most improved of 388 councils.

1.17 We are organisationally well aligned with the Town's overarching priority of regeneration. We are also strong in relation to both partnership working and community engagement.

1.18 There are weaknesses as well, though. In autumn 2007, we commissioned the Institute of Public Finance (IPF) to undertake a Value for Money Review of the Council. Their report showed us to have the highest overall expenditure per resident of all non-metropolitan district councils. While this is not a bad thing in itself, it inevitably makes us more exposed to the national financial and economic pressures described above.

1.19 We are similarly highly reliant on (and, therefore, exposed by) time limited 'special' funding sources. The IPF comparisons showed that, while our 'formula grant' was 6th highest of all non-metropolitan district councils, the total grant we received (including time limited funding) was the highest of all. And, arguably, while our overarching priority is clear, we are not so good at prioritising services and resources below the overarching level.

Organisational Impact on HBC: Threats and Opportunities

1.20 The 'threats' facing HBC as an organisation have already been described. They are relatively straight-forward to state, but much more difficult to address:

Significantly reduced funding and income

Cost pressures arising from increased demand for some services

1.21 The list of 'opportunities' is longer, but taking advantage of them may be even more difficult:

We do have 12-24 months to address the funding shortfalls outlined earlier, which still means we need to move forward with a sense of urgency, but we are not in crisis

We have achieved impressive efficiency over several years, but still have clear opportunities to build on these achievements, and thereby to mitigate the funding shortfalls

There will be scope for cost savings where service demand reduces

Similarly, cost inflation pressures may be less than previously expected in some cases, creating the scope for further savings to be identified and made

We should also explore the scope for economic development taking advantage of private sector investment, to fill gaps likely to be created by funding restrictions in the public sector

Corporate Plan Commitments

1.22 In the Corporate Plan, agreed by Full Council at the same time as the Budget in February 2009, several clear commitments were made:

To continue without a significant break the PIER process started last summer, and carried forward through the autumn and winter
To report to Cabinet in July 2009
Specifically, to look across the organisation as well as within functions
To undertake a programme of Efficiency and Resilience Reviews
To explore options for shared/joint service opportunities
To review senior management structure

1.23 This document takes forward the last of those commitments. Parallel processes are being followed to take forward the other commitments.

2. CURRENT SENIOR MANAGEMENT STRUCTURE

Background

2.1 The senior management structure was last reviewed overall in 2007, when the number of directorates was reduced from six to four, each led by a corporate director. These directors have corporate, strategic and line management roles. Each became the Area Champion for one of the four areas into which we now disaggregate the town. One is also the Deputy Chief Executive.

2.2 Each corporate director has a clearly defined and publicising line management role, but the 'portfolio' of services to be managed is not permanently fixed. It was initially agreed in 2007 with the Chief Executive, in consultation with the Council Leader, but may be subsequently 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

2.3 Reporting lines to directors were realigned in 2007 to create 17 service groups, each led by a head of service (see paragraphs 2.8 to 2.13 below). (The subsequent merging of the Regeneration and Community Services reduced the number of service heads to 16.) If the economic outlook for Hastings and financial outlook for HBC had not altered in the ways described earlier, 2009 might have been a suitable time to review and possibly change these line management roles.

2.4 A much greater emphasis was also placed on organisationally cross-cutting issues, with several standing officer groups created to focus on these matters. Each new corporate director also became the Area Champion for one of the four areas into which we now disaggregate the town.

2.5 The financial outcome of these changes was a direct cost saving of £0.25 million, arising from the loss of two director and two personal assistant posts. Some indirect cost savings were also enabled, and taken forward through the annual PIER processes.

2.6 The organisational outcome was a shift in the balance of a director's role, placing more emphasis on corporate matters. This has resulted in a stronger and better integrated chief officer team.

2.7 That shift, together with the realignment of reporting lines, also had valuable knock-on effects at head of service level. An important incremental step was made in streamlining and making more corporate the management structure at this level.

Current Structure

2.8 Figure 1 (attached) describes the current management structure at the levels of:
Chief Officers (corporate directors)
Head of Service (all of whom report to a director)
Other Senior Managers (who report to service heads)

2.9 There are four Corporate Directors reporting to the Chief Executive, each of whom leads a directorate and is also an Area Champion. One of the directors is, in addition, the Deputy Chief Executive. A Personal Assistant reports to each director.

2.10 There are 16 Heads of Service, each of whom leads a service group. 36 other senior managers report directly to these heads of service. (A small number of secretarial and other support staff also report directly to service heads, but are not identified in Figure 1.)

2.11 Figure 1 includes information on the approximate number of staff (headcount, not full time equivalents) reporting to each director, service head and other senior manager.

2.12 Neil Dart, a corporate director and the Deputy Chief Executive, is also the Council's Chief Finance Officer (Section 151 Officer). Jayne Butters, a service head (Borough Solicitor) reporting to Neil Dart, is also the Council's Monitoring Officer.

2.13 The Chief Executive and corporate directors together comprise the Council's Management Leadership. They exercise this role through the Corporate Management Group (CMG), which also includes the Head of Financial Services, the Borough Solicitor and the Head of Human Resources. They are supported in this role by an Operational Board comprising the 16 service heads.

Comparative Information

2.14 Senior Management Structures of some other district councils were shared with directors, service heads and other senior managers at a Senior Management Team half-day workshop held on 10th March. In summary:

Swale BC has reporting to its Chief Executive three directors, to whom eight heads of service report. Two further heads of service report directly to the Chief Executive.

Great Yarmouth BC has reporting to its Managing Director three directors, to whom eight heads of service report.

Thanet DC has reporting to its Chief Executive two directors, to whom eight heads of service report.

Waveney BC has reporting to its Chief Executive two directors, to whom ten heads of service report. A further head of service reports directly to the Chief Executive.

Penwith DC has reporting to its Chief Executive six heads of service, one of whom is the Deputy Chief Executive

Eastbourne BC is in the process of changing its management structure:

Its current set up has reporting to the Chief Executive three directors, to whom nine assistant directors report.

Its new set up will have reporting to the Chief Executive three Senior Heads of Service and a Deputy Chief Executive, to whom one Senior and three other Heads of Service will report.

2.15 Our current structure (Chief Executive and four directors, to whom 16 heads of service report) is larger than any of the above.

2.16 We also recently commissioned the accountancy organisation CIPFA to conduct cost comparisons of HBC with other local authorities. As well as comparing us in overall terms with all non-metropolitan district councils, the study looked in more detail at a 'peer group' of 16 district councils:

Barrow-in-Furness

Blyth Valley

Dover

Eastbourne

Gosport

Gravesham

Great Yarmouth

Lancaster

Penwith

Scarborough

Shepway

Thanet

Wansbeck

Weymouth & Portland

2.17 Our Corporate and Democratic Core costs (of which a substantial part is corporate management costs) were the highest in this peer group.

3. OPTIONS FOR CHANGE

Desired Outcomes

3.1 I suggest that four outcomes in particular should be achieved following implementation of changes to the senior management structure:

Better Integration of the Management Team – The team should be more cohesive and corporate in its thinking, and better able to co-ordinate current service provision (building upon the improvements made in the 2007 restructure, particularly at director level)

Better Able to Focus on Future Priorities – The team should be better able both to advise the Council's political leadership on prioritisation issues, and to respond positively to policy steers on priorities from the political leadership

Faster Decision Making – Where possible, management structures should be de-layered and flattened, decision making devolved and processes streamlined

Reduced Costs – Management costs should be reduced where possible, as an important contribution to the organisational response to the financial pressures we are facing

Why Make Any Changes?

3.2 While there is no absolute reason for changing the senior management structure, change is justified if: (a) the desired outcomes outlined above are achieved; and (b) the ongoing benefits are seen to be of greater value than the one-off disruption and transition costs of change.

3.3 Restructuring is worthwhile now. In addition to any contribution it generates towards addressing our financial pressures, it responds as well to issues of organisational balance and fairness:

It would be (and would be seen to be) unfair to 'protect' the senior management from the pressures faced by front line services and support functions

These pressures are likely to lead to a more streamlined organisation which, without comparable change within the senior management structure, would leave that structure top-heavy and out of balance with the rest of the Council

3.4 Restructuring senior management also creates a more legitimate and defensible position, from which to take forward the other difficult organisational changes required to address our financial pressures. It remains vitally important, though, that the Council retains sufficient senior managerial capacity to meet its organisational needs, particularly those relating to change management.

Why Make Changes Now?

3.5 The Council's response to the threats and opportunities it now faces could be taken forward in either of two ways:

Bottom Up – Intellectually, the priorities would be set and to services to be delivered determined first; then, the service management arrangements would be formulated; and, finally, the managerial oversight arrangements would be worked out (form following function)

Top Down – But an equally rationally approach would be to decide the broad framework within which services are to provided; appoint those who are to manage services within that framework; and task those appointed with fleshing out the details (direction setting and delegation)

3.6 The drawback of Top Down is the detail is not clear when the broad framework is being decided. It might not, with the benefit of hindsight when that detail is known, turn out to be the 'best' framework.

3.7 The drawback of Bottom Up is the contribution of managers best able to help shape that detail is hampered by the insecurity they are likely to feel about their own future roles. They may not feel able or willing to contribute, and/or their advice may be influenced by their own uncertainties. The burden of developing the detail passes to others, which may also lead to something less than the 'best' outcome.

3.8 I believe this is a situation where the 'best' can seriously be the enemy of the 'good'. I suggest that, on balance, the better way to proceed is Top Down and that means proceeding now. This will minimise the period of uncertainty for the Council's senior managers and, as the process proceeds, will enable them to make a fuller and more meaningful contribution to shaping its outcome.

Focus of Options

3.9 These options focus on the future structure at Chief Executive, director and head of service levels. The position of other senior managers reporting to these post-holders will be considered subsequently. Administrative staff and Personal Assistants to directors will also be considered separately.

3.10 Two options are put forward for final consideration:
Progressive Restructure
Radical Restructure

A third option (Incremental Restructure) was considered initially, but is not now being put forward. Please see Appendix B.

Progressive Restructure Option (Figure 2 attached)

3.12 This option moves from four to three directorates, and from 16 to 11 service groups. It includes the following changes:

Financial Services and Projects are merged into a single service group

Human Resources and IT are merged into a single service group

Environmental Health and Parking & Highways are merged into a single service group

Resort Services & Amenities, Waste & Recycling and Leisure Services are merged into a single service group

One service group reports directly to the Chief Executive, the Head of which also becomes the fourth Area Champion

3.13 The CMG retains its current size, but the number of corporate directors reduces to three, and the service head who reports directly to the Chief Executive joins the Group. As currently, one corporate director is also the Deputy Chief Executive. The Operations Board reduces in size from 16 to 11 members.

3.14 In terms of outcomes to be achieved from changes to the senior management structure:

Better Integration of the Management Team – The smaller team should be more cohesive and corporate in its thinking, and thereby better able to co-ordinate current service provision

Better Able to Focus on Future Priorities – The wider span of service head responsibilities should improve the ability of these team members to contribute to debate on future priorities

Faster Decision Making – The reduced number of service heads should improve speed of decision making at Operational Board level

Reduced Costs – Senior management costs reduce by between £350,000 and £400,000 per annum, depending on subsequent changes to staff structures reporting to service heads

Radical Restructure Option (Figure 3 attached)

3.15 This option moves from four to two directorates, and from 16 to 10 service groups. It includes the following further changes, in addition to those included in the Progressive option above:

Housing and Town Planning are merged into a single service group

Most front line services are brought together in one directorate, reporting to one deputy chief executive

One key front line service (Regeneration) and most support services are brought together in another directorate, reporting to the other deputy chief executive

Two support service groups report directly to the Chief Executive

The Area Champion roles pass to four of the 10 service heads

3.16 The CMG expands from eight to 13 members, to include the Chief Executive, both deputy chief executives and all 10 heads of service. The Operations Board ceases to exist. The Chief Finance Officer (Section 151 Officer) role passes to the Head of Financial Services.

3.17 In terms of outcomes to be achieved from changes to the senior management structure:

Better Integration of the Management Team – The greater reduction in team size enables the CMG and Operations Board effectively to merge, which should achieve a ‘step change’ improvement in team integration, speed of decision making, and ability to focus on both current service provision and future priorities

Better Able to Focus on Future Priorities – As above

Faster Decision Making – As above, provided the extent of devolution of decision making to senior managers who report to service heads is further increased, compared with the Progressive option

Reduced Costs – Senior management costs reduce by between £475,000 and £525,000 per annum (circa 33% more than the Progressive option), depending on subsequent changes to staff structures reporting to service heads

Preferred Option

3.18 I propose that the Progressive option is adopted. This is on the continuing basis that the proposed line management roles of each corporate director (including the Deputy Chief Executive) are not permanently fixed, but are agreed with (and may, from time to time, be subject to review and change by) the Chief Executive, in consultation with the Council Leader (see paragraph 2.2 above). Similarly, the line management arrangements of service heads are agreed, and may also be amended, by the Chief Executive over time.

3.19 The Radical option moves the organisation further in terms of the outcomes to be achieved, and would be preferable if a very pessimistic view is taken of the financial outlook for HBC. It would probably be more disruptive than the Progressive option to implement, however.

3.20 Hence, given both the level of uncertainty about the financial outlook, and concerns expressed about the extent to which managerial capacity would be lost with the Radical option, I believe the balance of advantage in the current circumstances lies with the Progressive option.

4. EMPLOYEE RELATIONS FRAMEWORK

Managing Organisational Change

4.1 If changes such as those considered above are to be implemented, an appropriate employee relations framework is required. The Council has well established policies and procedures to help manage organisational change and keep disruption to a minimum.

4.2 The procedures are used when an organisational structure results in the existing jobs in one or more sections or departments being deleted and new structures being created in their place. They are designed to achieve the movement of employees from the old to the new structure as effectively as possible through the quick and fair identification of job matches, slotting and ring-fence arrangements and the redeployment, where possible, of those employees who are at risk of redundancy.

4.3 A fully comprehensive document 'Restructuring, Redundancy and Redeployment Toolkit' is available to all HBC staff. A brief summary covering the main issues is set out below.

Job Matching and Ring Fencing

4.4 When new structures are agreed, the new or amended posts are compared with existing posts to ascertain if there are any 'job matches':
If a single existing post holder has a job match with a new or amended post (in terms of 60% or more of the new or amended job's duties and responsibilities), the appointment may be offered on the basis of an automatic slot-in (assimilation).
If more than one existing post holder has a job match with the same new or amended post, then appointment will be made through a recruitment procedure ring fenced to these post holders.

Redeployment

4.5 Holders of existing posts that are not retained in the new structure, and who do not have an automatic slot-in to a new or amended post, are placed on the redeployment register and issued with notice of redundancy. All such post holders have the opportunity to access the Council's redeployment service at this stage, in order to maximise their chances of redeployment (supported, where appropriate, by training/retraining).

4.6 Identification of suitable alternative employment are based on grade, current position and hours of work. For alternative employment to be considered suitable, the employee should meet a minimum of 60% of the Person Specification, and the post should be at the same grade or one grade lower.

4.7 If an employee unreasonably refuses an offer of suitable alternative employment, he or she may be made redundant and lose their right to a redundancy payment. As a means of facilitating redeployment, requests for voluntary redundancy, in appropriate situations, can be considered at the Council's discretion.

Voluntary Retirement

4.8 Voluntary early retirement is normally by mutual agreement between the employee and the Council. Voluntary retirement with employer's consent can be offered only to employees aged between 55-60 (age 50-60, for employees who joined Local Government Pension Scheme (LGPS) before 01/04/08 and leave before 01/04/10).

Flexible Retirement

4.9 Employees from the age of 50 (55 from 01/04/10) may request partial early retirement (that is, a reduction in their hours and/or grade), with members of the LGPS being able to claim all or part of their pension benefits from the age of 55 (or from age 50 for employees who joined the LGPS before 01/04/08 and retire before 01/04/10), subject to agreement.

Roy Mawford
CHIEF EXECUTIVE
15th July 2009

FIGURE 1: CURRENT SENIOR MANAGEMENT STRUCTURE

CHIEF EXECUTIVE

CORPORATE DIRECTOR, RESOURCES (133 staff) & DEPUTY CHIEF EXECUTIVE

Head of Financial Services (81 staff)
Chief Accountant (14 staff)
Estates Manager (5 staff)
Revenue Services Manager (60 staff)
Borough Solicitor (GM1, 18 staff)
Principal Solicitor (9 staff)
Scrutiny & Democratic Services Manager (8 staff)
Head of Information Technology (16 staff)
IT Senior Analyst/Programmer (3 staff)
IT Senior Analyst/Programmer (3 staff)
IT Infrastructure & Support Team Leader (7 staff)
Chief Auditor (9 staff)
Fraud Investigations Manager (3 staff)
Head of Corporate Policy, Partnerships & Performance (7 staff)

CORPORATE DIRECTOR, COMMUNITY WELLBEING (81 staff)

Head of Housing Services (39 staff)
Housing Operations Manager (13 staff)
Housing Renewal Manager (15 staff)
Housing Strategy & Development Manager (4 staff)
Head of Leisure Services (26 staff)
Leisure Development Manager (19 staff)
Head of People & Organisational Development (23 staff)
Support Services Manager (11 staff)

CORPORATE DIRECTOR, ENVIRONMENTAL SERVICES (160 staff)

Head of Environmental Health (37 staff)
Principal EHO Health & Safety (3 staff)
Principal EHO Food Safety (4 staff)
Environmental Protection Manager (17 staff)
Licensing Manager (5 staff)
Head of Parking & Highways (64 staff)
Highways Manager (15 staff)
Parking Operations Manager (14 staff)
Parking Enforcement Manager (job share) (33 staff)
Head of Resort Services & Amenities (45 staff)
Amenities Manager (27 staff)
Resort Services Manager (11 staff)
Ecologist (2 staff)
Head of Waste & Recycling (12 staff)
Twin Bin Project Manager (6 staff)

CORPORATE DIRECTOR, REGENERATION & PLANNING (144 staff)

Head of Destination Management & Marketing (53 staff)
Marketing Manager (19 staff)

Information Centres Manager (14 staff)
Museums Curator (15 staff)
Borough Planning Officer (43 staff)
Development Control Manager (16 staff)
Building Control Manager (6 staff)
Land Charges Manager (5 staff)
Planning Policy Manager (7 staff)
Head of Regeneration & Community Services (39 staff)
Regeneration Programmes Manager (6 staff)
Economic Development & Community Services Manager (23 staff)
Community Safety Co-ordinator (job share) (6 staff)
Head of Projects (7 staff)
Projects Development Manager (4 staff)

FIGURE 2: PROGRESSIVE RESTRUCTURE OPTION

CHIEF EXECUTIVE

Corporate Policy, Partnerships & Performance

CORPORATE DIRECTOR (Central Services)*

Financial Services & Projects

Accountancy

Estates

Revenue Services

Projects

Legal, Scrutiny & Democratic Services

Legal Services

Scrutiny & Democratic Services

Destination Management & Marketing

Marketing

Information Centres

Museums

Corporate Development

People & Organisational Development

Information Technology

Internal Audit & Investigations

Fraud Investigations

CORPORATE DIRECTOR (Public Realm & Leisure)*

Environmental Health, Parking & Highways

Environmental Health

Parking & Highways

Amenities, Waste & Leisure Services

Resort Services & Amenities

Waste & Recycling

Leisure Services

CORPORATE DIRECTOR (Regeneration, Homes & Communities)*

Housing

Housing Operations

Housing Renewal

Housing Strategy & Development

Town Planning

Development Control & Conservation

Building Control

Land Charges

Planning Policy

Regeneration & Community Services

Regeneration Programmes

Economic Development & Community Services

Community Safety

* One of the Corporate Directors is also the Deputy Chief Executive

FIGURE 3: RADICAL RESTRUCTURE OPTION

CHIEF EXECUTIVE

Corporate Policy, Partnerships & Performance
Legal, Scrutiny & Democratic Services
Legal Services
Scrutiny & Democratic Services

DEPUTY CHIEF EXECUTIVE (Resources & Regeneration)

Financial Services & Projects
Accountancy
Estates
Revenue Services
Projects
Destination Management & Marketing
Marketing
Information Centres
Museums
Corporate Development
People & Organisational Development
Information Technology
Regeneration & Community Services
Regeneration Programmes
Economic Development & Community Services
Community Safety
Internal Audit & Investigations
Fraud Investigations

DEPUTY CHIEF EXECUTIVE (Public Realm, Homes & Communities)

Environmental Health, Parking & Highways
Environmental Health
Parking & Highways
Amenities, Waste & Leisure Services
Resort Services & Amenities
Waste & Recycling
Leisure Services
Housing & Town Planning
Town Planning
Housing Services

REVIEW OF SENIOR MANAGEMENT STRUCTURE
Responses to Consultation on Draft Proposals

1. BACKGROUND

1.1 The review of senior management structure has now completed its preparatory stages and final proposals have been formulated. Initial findings were shared in mid-May with the Council's Senior Management Team (SMT), comprising the corporate directors, heads of service and other senior managers. The 56 SMT members were invited to comment on a consultation document, and 18 written responses were received.

1.2 In addition, I have formally consulted each recognised trade union, and received their written comments. Please see Appendix C and paragraphs 3.9 through to 3.12 below. I also invited comments from the Council's external auditor, Robert Grant of PKF.

1.3 I have considered carefully the responses to the consultation document, and modified my draft proposals in the light of them. Summarised below are the responses received, and how I have addressed them.

2. DRAFT PROPOSALS

2.1 The draft proposals comprised three options:

Incremental Restructure
Progressive Restructure
Radical Restructure

Incremental Restructure (Figure 1 attached)

2.2 This option is not being put forward in the final proposals. It retained four directors, together with 10 service heads, and reduced senior management costs by circa £250,000. Only one of the consultation responses was in support of it.

2.3. Having reflected on this option and comments made on it in the consultation responses, I share the view expressed by some SMT colleagues that, although it retains valuable top management capacity:

(a) It is top heavy, in its balance between the number of director and number of service head posts; and

(b) It does not move the organisation sufficiently forward in addressing the financial and other organisational pressures currently faced by the Council.

Progressive Restructure

2.4 A modified form of this option is put forward as the preferred proposal. Modifications from the draft proposal are as follows:

(a) In the draft proposal, Internal Audit & Investigations was absorbed into Financial Services. This is no longer proposed, but it is now proposed that Projects is absorbed into Financial Services.

(b) In the draft proposal, a new service group brought together:
Corporate Policy, Partnerships & Performance
Planning Policy
Housing Strategy & Development
This is not included in the final proposals, but see paragraph 3.4 below.

(c) Destination Management & Marketing (excluding Museums), Projects and IT were merged into a single service group. This is no longer proposed.

(d) It is now proposed that Human Resources and IT are merged into a single service group.

(e) Housing and Town Planning were merged into a single service group (excluding Planning Policy and Housing Strategy & Development). This is no longer proposed.

(f) A new service group brought together:
Leisure Services
Resort Services
Museums
This is no longer proposed.

(g) In the draft proposals, Resort Services & Amenities (excluding Resort Services) were merged with Waste & Recycling into a single service group. It is now proposed that Resort Services & Amenities, Waste & Recycling and Leisure Services merge into a single service group.

Radical Restructure

2.5 A modified form of this option is put forward as the alternative to the preferred proposal. Modifications from the draft proposal are the same as in sub-paragraphs (a) through to (d) of paragraph 2.4 above.

3. CONSULTATION RESPONSES

From SMT Members

3.1 These responses were mostly positive in tone, while often raising concerns about organisational capacity moving forward, particularly in the context of the Radical Restructure option. They included objections to specific proposals (see below), but these were accompanied by reasoned arguments and often by alternative suggestions. (They also included other comments not relating to the recommendations being made to the 23rd July Cabinet meeting.)

3.2 Some responses did not express a firm view for or against particular restructure options. Of those that did, only one response was in support of the Incremental option. The other responses were equally balanced between the Progressive and Radical options.

3.3 Several responses (including some from non-financial managers) argued that Internal Audit & Investigations should not be absorbed into Financial Services. This was on the grounds of independence, and I have accepted that argument.

3.4 Several responses expressed concerns about draft proposals to bring together the Council's corporate policy, planning policy and housing strategy & development functions. It was mostly argued that planning policy should remain in the Town Planning service group, and housing strategy & development should remain in the Housing service group. I have taken note of these concerns, and not included this change in my final proposals, but I intend to undertake as soon as practical a further and specific piece of review work to determine the best way forward.

3.5 Colleagues from both Housing and Town Planning argued that these two service groups should not merge. I have accepted this argument in the preferred (Progressive Restructure) proposal. I still feel, though, that such a merger remains a valid component of the alternative (Radical Restructure) option.

3.6 Several responses argued that, if Leisure Services is no longer to be a separate service group, it should be merged with Resort Service & Amenities, and not as set out in the draft Progressive Restructure option. This was on the grounds of the strong links between Leisure Services and Amenities, and I have accepted that argument.

3.7 Colleagues from Destination Management & Marketing argued that Museums should not be separated from the other sections of this service group. This was on the grounds of the integration already achieved and further efficiency improvements planned, and I have accepted that argument.

3.8 Colleagues from IT argued against merger, and that links with the other services in the proposed new service group were weak. I have accepted the second part, but not the first part, of these arguments.

From Trade Unions

3.9 A joint response from Unison and GMB recalled that the last restructure took place only two years ago and, in their view, did not meet its objectives. They feel there is a danger that reorganisation fatigue will be inflicted on the Council, and the latest restructure is a vehicle for job cuts. They reserve the right to comment further when a preferred option is identified.

3.10 The negative tone of this response was disappointing. I do not accept the 2007 restructure has been unsuccessful, although I would agree with the view that some of the changes did not take the organisation as far as we wanted to go.

3.11 The consultation document explained in some detail recent changes in the economic outlook for Hastings, and financial outlook for HBC. These changes, not anticipated in 2007, were key drivers for the current review of senior management

structure. It is regrettable but, in the circumstances, unavoidable that a restructure is being considered again after only two years.

3.12 I am sending to the trade unions a full written reply to the points made in their joint response.

From the Council's External Auditor

3.13 Robert Grant expressed similar concerns about the independence of Internal Audit to those reported in paragraph 3.3 above. He did not comment on other aspects of the draft proposals. I have acknowledged these concerns, and changes affecting Internal Audit are no longer proposed.

Roy Mawford
CHIEF EXECUTIVE
15th July 2009

FIGURE 1: DRAFT INCREMENTAL RESTRUCTURE OPTION

CHIEF EXECUTIVE

CORPORATE DIRECTOR (Resources) & DEPUTY CHIEF EXECUTIVE

Financial Services
Accountancy
Estates
Revenue Services
Internal Audit & Investigations
Legal, Scrutiny & Democratic Services
Legal Services
Scrutiny & Democratic Services
People & Organisational Development
Support Services
Policy, Partnerships & Performance
Corporate Policy, Partnerships & Performance
Planning Policy
Housing Strategy & Development

CORPORATE DIRECTOR (Community Wellbeing)

Housing & Town Planning
Housing Operations
Housing Renewal
Development Control & Conservation
Building Control
Land Charges
Leisure & Resort Services
Leisure Services
Resort Services
Museums

CORPORATE DIRECTOR (Environmental Services)

Environmental Health & Highways
Health & Safety
Food Safety
Licensing
Environmental Protection
Parking Operations
Parking Enforcement
Highways
Amenities & Waste
Amenities
Waste & Recycling
Ecology

CORPORATE DIRECTOR (Regeneration & Communications)

Regeneration & Community Services
Regeneration Programmes

Economic Development & Community Services
Community Safety
Communications, IT & Projects
Marketing
Information Centres
IT Systems Analysis & Programming
IT Infrastructure & Support Team
Projects



Copies to:
Chief Executive
Corporate Directors
Leaders of the Council

Review of the Senior Management Structure 15/6/09

Unison and the GMB welcome the opportunity to comment on the Senior Management Review, 2009.

Our first priority is to safeguard our members' interests and to preserve jobs. In so far as the Unions were not involved in early discussions relating to the proposed options for restructure, we will not be submitting a preference for any of the options. When the Council's Executive has agreed upon an option, we reserve the right to comment in detail.

The Unions note this is the second major senior management restructure in as many years. We further note the Chief Executive's justifications for restructure on both reports are broadly similar.

The view of the Unions is that, on the whole, the 2007 senior management restructure has failed to fulfill its objectives. We feel that;

- Delegation from the very top has not been effective in allowing Operational Boards to function properly;
- Executive Directors have not rotated portfolios, even once;
- Executive Directors remain involved in detailed operational matters;
- Cross cutting groups have failed to free up staff involved from their daily duties to undertake additional works within cross cutting groups;
- The organisation has ended up creating even larger, hierarchical, 'silos' than prior to the 2007;
- The Admin review is incomplete, over two years since it commenced.

The Unions are dismayed that the 4th tier of officer identified in the 2007 restructure (which we feel involves the majority of staff) has not been completed prior to embarking on another senior management restructure. Staff in the organisation are still awaiting decisions on grading and responsibilities relating to the failed implementation of the 2007 restructure. The Unions find this unacceptable for their members.

The Council Executive is in danger of inflicting restructure fatigue on the staff, with corresponding confusion, prolonged insecurity and low morale for no clear organisational gain.

The Unions are unclear as to whether the Executive feel the previous incomplete senior management restructure was a failure in design or simply implementation. We feel a restructure only two years after the last major review reflects unfavourably on the organisation and has an overall negative impact on staff. It is further noted with concern that the previous restructure created the number of Heads of Service the 2009 proposals seek to reduce!

The Unions are therefore expressing their concern that restructures within the authority are becoming more frequent and with little or no improvement in effectiveness, efficiency and staff conditions. We would like to express our concern that restructure is becoming a vehicle for job cuts rather than efficient delivery of services.

The Unions urge the Executive to ensure the restructure happens swiftly, effectively and efficiently. We would remind the Executive that the majority of staff affected are not Directors or Heads of Service and yet it is they who are left confused and insecure when restructures are left incomplete.

Given the clear similarities in objectives between the proposed senior management review 2009 and the senior management review 2007, we have little faith that the proposed restructure will be any more effective or successful in providing the council with the kind of structure that effectively and efficiently delivers services.

Yours sincerely

Irene O'Mara
Unions co-ordinator

On behalf of:
Unison Hastings LG Branch Executive
GMB Hastings Branch

Present: Councillors Beaver, Birch, Cooke, Finch, Kramer, Lock, Pragnell (in the Chair), Scott, Stevens and Tucker.

MATTERS FOR CABINET DECISION

19. DECLARATIONS OF INTEREST

The following councillors declared their interests in the minutes as follows:

Councillor	Minute	Interest
Kramer	20 – Review of Senior Management Structure	Personal – Member of the GMB Union
Stevens	20 – Review of Senior Management Structure	Personal – Member of the Unison Union

20. REVIEW OF SENIOR MANAGEMENT STRUCTURE

22. The Chief Executive presented his report on the outcome of the review of the senior management structure and the changes proposed arising from that review. In agreeing the budget and Corporate Plan for the current financial year, a commitment was made to review the Council's senior management structure. The review had now completed its preparatory stages and final proposals had been formulated.
23. The report outlined the consultations that had been undertaken, the responses, and how they had been addressed. Appended to the report were details of the two final options consisting of a Progressive Restructure and a Radical Restructure. The preferred option was Progressive Restructure. Another appendix summarised the responses received to the consultation undertaken and a further appendix consisted of a letter submitted by the Unions co-ordinator on behalf of Unison Hastings LG Branch Executive and GMB Hastings Branch.
24. The Review had identified worthwhile organisational changes, given the current economic outlook for Hastings and the financial outlook for the Council. These changes would lead to ongoing cost savings, to achieve which one-off costs of implementation needed to be incurred.
25. The report had been submitted to the Staff and Management Forum at its meeting held on 22 July. The Chief Executive orally reported that the Staff Side had stated that they had no further comments that they wished to submit at this time.
26. Councillor Pragnell moved approval of the recommendations to the report, which was seconded by Councillor Beaver. During discussion this was subsequently amended by the mover, with the agreement of the seconder, by the insertion of the words, "and opposition group leaders" after "in consultation with the Council Leader" in recommendation 2.
27. Councillor Birch proposed an amendment, seconded by Councillor Kramer, as set out below. The amendment was lost by 4 votes to 6.

28. "Cabinet to note the suggested changes to the Council's Senior Management Structure and agree to refer them to a working group comprising representatives of the different political groups on the Council and of staff members across different grades for their consideration along with other suggestions that they might make and for the group to report back to the Cabinet in the Autumn. The exact composition of this group to be determined by the three party leaders."
29. Councillor Stevens proposed an amendment, seconded by Councillor Scott, as set out below. The amendment was lost by 4 votes to 6.
30. "That the decision is deferred until such time as the Scrutiny Committee has the opportunity to consider the matter."

RESOLVED – that: -

- (1) changes to the Council's Senior Management Structure be approved as described in the Progressive Restructure option; and
(voting 6 for and 4 against)
- (2) the Chief Executive, in consultation with the Council Leader and opposition group leaders, be delegated authority to meet the one-off costs of implementing these changes, subject to a retrospective report back to Cabinet on the financial implications.
(Voting 7 for and 0 against with 3 abstentions)

(The Chair declared the meeting closed at 6.58 pm)