

LICHFIELD DISTRICT COUNCIL

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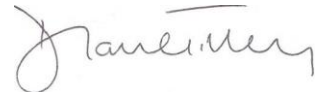
29 February 2016

To : Members of the Lichfield District Council

In accordance with Paragraph 4(2) of Part 1 of Schedule 12 to the Local Government Act 1972, you are hereby summoned to attend the special meeting of the Lichfield District Council which will be held in the Council Chamber, District Council House, Frog Lane, Lichfield, on **TUESDAY 8 MARCH 2016 at 6.00 pm.**

Prayers will be said by Reverend L. Collins.

Access to the Council Chamber is either via the Members' Entrance or the main door to the vestibule.



Chief Executive

A G E N D A

- 1 APOLOGIES FOR ABSENCE (if any).
- 2 DECLARATIONS OF INTEREST.
- 3 MANAGEMENT RESTRUCTURE

To agree that a process for consultation on the proposed new Senior Management Structure be undertaken (see report attached).

FIT FOR THE FUTURE: REVIEW OF SENIOR MANAGEMENT STRUCTURES

Report of the Leader of the Council and Chief Executive



Date:	23 rd February 2016
Agenda Item:	17
Contact Officer:	Diane Tilley, Chief Executive
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Key Decision?	YES
Local Ward Members	N/A

Council

1. Executive Summary

- 1.1 As part of the Council's 'Fit for the Future' Programme a review of senior management structures has been undertaken by West Midlands Employers (WME). The review forms part of the wider work being undertaken to create a 'corporate council' which also includes the development of a new Strategic Plan and a review of employee terms and conditions.
- 1.2 It is anticipated that re-organising the senior management structures will help ensure the Council has a management structure that is fit for the future, and management capacity that is better able to:
 - Facilitate, support, enable and promote transformation in how the council operates and delivers services to the community
 - Support a 'one council' ethos across the organisation, and reinforce strong corporate governance and performance management
 - Enable a more policy driven and evidence led approach to decision-making and service development
 - Work alongside elected members to provide stronger, proactive and forward looking strategic leadership to the authority and district
 - Create and support a tier of empowered and confident heads of service and technical professionals that manage day-to-day operations and service delivery
- 1.3 A new management structure is proposed as a result of the WME review. The Council now needs to consider if it wishes to undertake a formal consultation exercise on the proposed model, Appendix A, with a view to implementing the new structures during 2016. Appendix B gives additional detail on the Heads of Service areas of responsibility and Appendix C shows the current structure.
- 1.4 A further report will be presented to Cabinet, Employment Committee and Full Council following the consultation exercise.

2. Recommendation

- 2.1 That Council determines that a process for consultation on the proposed new senior management structure be undertaken.

3. Background and Rationale

Why do we need to review and re-organise senior management structures?

- 3.1 There has not been a fundamental review of the senior management structure for more than ten years. The current structure and arrangements have evolved as a result of events and changing circumstances rather than by design. This historical and ad hoc development of management roles and portfolios means the configuration of some parts of the current organisational structure are now neither logical nor productive.
- 3.2 The current structures do not support or promote cross council working, and as a result the organisation lacks a corporate 'one council' ethos - something the LGA Corporate Peer Challenge in September 2014 observed. Neither is the current structure designed to facilitate the strategic thinking and corporate leadership needed to lead the transformation required to enable the Council to respond to the current and likely future challenges facing local government.
- 3.3 The review provides an opportunity to address the current lack of corporate capacity and provide a greater focus on the organisational development, culture and values, and ways of working required to deliver the new Strategic Plan 2016-20. The proposed structure aligns with the emerging themes of the Strategic Plan but also has flexibility to adjust to future changes. Most importantly it is a chance to better develop and reward new talent, provide new opportunities for career progression and development, improve motivation and morale, and refresh the organisation so it is truly fit for the future.

Key findings from the review

- 3.4 The key findings of the review are:
- There are a number of cultural and organisational strengths within the council that are grounded in goodwill and personal commitment from staff at all levels
 - Tackling the structure of the council will help to address a number of areas for improvement identified such as silo working and a lack of corporate focus and especially in addressing transformation activity and organisational development but this will not have maximum impact unless consolidated with new ways of working
 - The Corporate and Strategic deficit needs to be addressed; this means that we need a different focus from leadership on transformational change of services and the organisation which develops a culture of innovation, and effective partnership working
 - There is a need to 'close the gap' between third and second tier officers and to ensure the new third tier Heads of Service are empowered and feel trusted.
 - There is strong consensus across the top three tiers that there is both a need and desire for structural change
 - There is a need for realism in terms of our capacity.
 - There is a desire for a structure with minimal layers of management, where each adds value.
- 3.5 The review proposes a new management structure that has been informed by engagement with Directors, managers and elected members. It is shaped by the emerging Strategic Plan for 2016-20 and the likely future context in which councils will be operating. The proposed structure also takes account of models and approaches in other authorities, and has been designed to be cost neutral (i.e. overall salary / running costs will be approximately the same as they are currently).

The proposed new management structure

3.6 The proposed new structure is attached at Appendix A including a broad outline of portfolio responsibilities at Appendix B. The current structure is attached at Appendix C for comparison.

3.7 The key design features and principles of the proposed model are:

- A different approach that recognises the need for new skills and different styles of leadership to address the transformation of services and organisational development with a strong customer focus and productive and innovative partnership working.
- A Chief Executive post to be retained (albeit proposals were considered for alternative options)
- 3 Directors
- 12 Head of Service
- Flexibility across and within the structure and over time.
- Overall cost neutral compared to the running costs of the current structure. This review seeks to realign capacity to business needs as opposed to removing capacity through a cost reduction exercise.

Next steps

3.8 It is proposed that Council consider whether they wish to formally consult on this new structure. This is in accordance with our usual process for decision making on such issues.

3.9 Subject to approval of by Council, a formal consultation period with staff and trade unions would then take place. Consultation responses will then be considered before a final proposal is put to Cabinet, Employment Committee and Council.

3.10 The report in May will outline in further detail the arrangements for the appointment of officers to the new structure including job descriptions. Members are asked to note that as the current Director posts would be deleted, and new Director and Heads of Service posts would be created all directly affected staff would be placed 'at risk' at the commencement of the formal consultation period.

3.11 It is proposed that West Midlands Employers will provide support and guidance throughout the process to implement a new structure to ensure appropriate expertise and independence.

Alternative Options

West Midlands Employers' considered a range of alternative options during the review. Remaining 'as is' would not allow the potential benefits as outlined in this report to be realised.

The formal consultation exercise (see below) will allow for changes and alterations to be made to the structure before final agreement in June 2016.

Consultation

The Cabinet considered this report on 28th January 2016. They recommended to the Employment Committee that the consultation be undertaken for the reasons stated in the report, to ensure that the council has the most appropriate structure in place for the future and to address the issues, first highlighted in the peer review, in respect of our capacity. They recognised that there was much uncertainty for staff affected by the review which could increase stress and anxiety and that the process should be completed as quickly as possible. It is important however to ensure that the process is completed properly and adequate time given for consultation and for staff to submit their views and for those views to be fully considered. It is also

necessary, should the decision be taken to implement a new structure to do so in two phases, with Directors appointed before Heads of Service posts are filled.

The Employment Committee considered this report on 11th February 2016. A number of issues were raised for clarification including cost neutrality of the model, the process for appointments, comparison with neighbouring councils and the inter-relationships between Head of Service posts. The Committee endorsed the recommendation, recognising from the Peer Review in 2014 and the West Midland Employers review the need to restructure to ensure the Council was well placed to meet the future challenges.

The views of Directors, Managers and elected members were sought as part of the West Midlands Employers Review and have informed the findings and recommendations.

All staff who will potentially be affected, and Unison, have been informally briefed on the West Midlands Employers report and the time line for the next steps has also been shared.

There will be a formal consultation period enabling views of staff and unions to be taken into consideration before a decision is made to implement a new management structure.

All staff whose posts are directly affected by the review will be placed 'At Risk' and it is proposed that the consultation on the proposed structure at second and third tier will be undertaken during a single phase. The consultation process will be carried out in accordance with the relevant contractual and council policies and procedures.

It is proposed that employees will be defined into two separate ring-fenced groups for this process and for the purposes of appointment to the new structure, recognising the existing second and third tier roles.

The second tier will be appointed to first and then at that point the process for appointment to the third tier will commence.

As a consequence of this review there will then need to be a third phase to the review, which will explore any capacity gaps at fourth tier and the support requirements of the second and third tier (incorporating existing PA support).

Financial Implications

The proposed new structure is intended to be cost neutral overall to the council (i.e. not significant increase or decrease of current costs).

However there will be one-off costs associated with the implementation of a new management structure. These will include support costs (West Midlands Employers) estimated to be approximately £20,000 (already budgeted for as part of the Fit for the Future programme).

Redundancy costs arising from the consolidation and downsizing of the number of posts at second and third tier are dependent on the age and length of service of the individuals being made redundant and therefore cannot be precisely calculated at this stage. These are estimated to range from a minimum of £150,000 up to a maximum of £500,000. The Council has an earmarked reserve of £240,000. So potentially an additional £260,000 may be needed. It is anticipated that this could be met from general reserves, but this would be a matter for Council to determine when making a decision on whether a new structure should be implemented.

	<p>Members will be aware of the emerging MTFs for 2016 – 2020 which indicates a reduced budget for the Council. Further efficiencies and transformation will be needed over the next four years to ensure that our position is financially sustainable. It is recognised that there are costs associated with this proposal, but there is flexibility in the proposed structure to ensure that senior management changes as the role of the council evolves. The skills and structures to address these transformation challenges will only be secured by taking forward this review.</p> <p>Consultation will bring forward suggestions and proposals that can be considered carefully before any decision on a new structure is taken. However members are reminded that once the process starts and staff are placed at risk we must be committed to its completion.</p>
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Contribution to the Delivery of the Strategic Plan	The new management structure will help better align leadership and deploy capacity to support the delivery of the new Strategic Plan 2016 -2020.
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Equality, Diversity and Human Rights Implications	A full equality impact assessment will be completed as part of the review.
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Crime & Safety Issues	None
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	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Reduction in staff morale which affects recruitment and retention	Ensuring that staff are kept advised on progress of the review and time scales for each phase of work. Ensuring all staff , and in particular those directly affected are able to make their views known through consultation	Material - yellow
B	Insufficient capacity to manage services if staff leave prior to restructure	Keep staff informed and manage their concerns. Manage requests for staff to leave on basis of business need, in accordance with our policy. Consider temporary cover where appropriate. Accept there could be impact on delivery in a review of this scale.	Material - yellow
C	Loss of knowledge and experience from the Council	Ensure appropriate re deployment and recruitment policies are adhered to	Material - yellow

Background documents Review of Leadership and Organisational Structures - West Midlands Employers. November 2015. CONFIDENTIAL
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Relevant web links
