

Senior Management Arrangements – Final Proposals

1. Introduction and Background

- 1.1 It will soon be two years since the 2016 Senior Management Review was implemented. When the final report was approved by the Executive on 22nd December 2016 one of the recommendations was to review the remuneration of senior managers (Heads of Service and above) given that salary levels were found to be relatively low compared with other similar authorities. For clarity, this paper often refers to tiers of senior managers. To ensure consistency they are defined as follows in the context of this Report:

Tier 1 – Chief Executive

Tier 2 – Corporate Director/Executive Director

Tier 3 – Heads of Service/Service Directors

Tier 4 – Senior Managers (those reporting to a Head of Service/Service Director)

- 1.2 It was subsequently agreed with the Leader that an independent review would be commissioned to look at the issue in more detail and make recommendations on remuneration policy. South East Employers (SEE) was appointed to undertake the work.
- 1.3 During the summer of 2017 discussions took place with SEE and the Executive to frame the terms of reference for the work. These discussions also surfaced the current context within which the Council was working including the need for effective succession planning (the Council has a high proportion of senior managers aged over 55). Other relevant issues included the emergence of a new Council Strategy for 2019-2023, and the changing way in which we are having to operate which seems set to continue into the future. Whilst there was no immediate appetite for a further senior management review the Executive did feel it was opportune to review potential structural options in light of the above and the already agreed need to consider remuneration.
- 1.4 The departure of the previous Corporate Director (Communities) brought the issue of remuneration to a head. It was initially decided that a post of Executive Director (People) should be advertised with the additional designation of Deputy Chief Executive. The remuneration package was enhanced. The recruitment campaign was not successful and the post has recently been re advertised using the assistance of an executive search company. The designation of Deputy Chief Executive has been removed. The post was successfully recruited to in January this year.
- 1.5 SEE has now concluded its work. Since the draft report was presented various meetings have taken place with the Executive, the Chief Executive and Head of HR. As a result of these meetings some small changes have been made to the SEE report.

- 1.6 The initial proposals have also been the subject of internal consultation. A number of small changes and suggestions are being made as a result of the comments received. These are outlined later.
- 1.7 The purpose of this report is to present the SEE findings, set out what is now being proposed regarding a future management structure following internal consultation, and the process by which it would be implemented.

2. Supporting Information

The Proposals in Summary

- 2.1 The SEE report is attached at Appendix D for information. It is self-contained report which hopefully provides the background to this review.
- 2.2 Since the report was published internal meetings have taken place involving the Executive, Head of Paid Service and the Head of HR. The following were agreed as the basis for internal consultation which took place in January and February this year:
 - (1) the underlying structure based on 'People, Place and Resources' should be retained;
 - (2) the current twin hatted Chief Executive / Corporate Director (Resources) should be separated;
 - (3) Corporate Director posts should be replaced with Executive Director posts. The three Executive Director posts would not necessarily attract the same remuneration;
 - (4) the current 13 Head of Service posts would be replaced by Service Director posts and reduced in number. Service Director posts would be remunerated at the same level with additional payments for specific statutory roles where these were allocated to the post;
 - (5) there would be a need to review Tier 4 posts although this has not been considered as part of this Review (this is commented on later);
 - (6) remuneration should be brought into line with other similar authorities to ensure that the Council can recruit into and retain these key posts. The new senior management structure should not cost more than the existing one;
 - (7) implementation should be evolutionary with changes generally being made as current staff leave / retire. This is to avoid disruption and additional cost. The downside is that the new structure would potentially not be fully realised for some time;
 - (8) In terms of Service Director structure the SEE report proposed eight posts. In summary it was however proposed that the seven Service Director posts were created as follows:

- (a) Service Director (Customer Services) – this would incorporate the following Service Units – Finance and Property, ICT and Customer Services and Commissioning;
- (b) Service Director (Strategy and Governance) – this would include the current Legal, Strategic Support and HR Service Units;
- (c) Service Director (Children and Young People) – this would include the current Children and Family Services and Education Service Units;
- (d) Service Director (Adult Social Care) – this would encompass the current Adult Social Care Service;
- (e) Service Director (Public Health and Wellbeing) – this would include the current Public Health and Wellbeing Service but also Leisure and Cultural Services from within the current Public Protection and Culture Service; it could also include the Building Communities Together team;
- (f) Service Director (Development and Regulation) – this would incorporate Development and Planning and the Public Protection element of the Public Protection and Culture Service;
- (g) Service Director (Environment) – this would encompass the current Transport and Countryside Service;
- (h) It was being proposed that greater flexibility is introduced in the designation of the statutory roles where this is appropriate;
- (i) In terms of internal officer governance the Chief Executive, Executive Directors and Service Directors would all form part of a reconstituted Corporate Board.

The Proposals in Detail

2.3 The SEE report at Appendix D highlighted a number of issues that needed to be in place if there is to be a compelling business case for change. These have been considered by the Executive subsequent to the presentation of the SEE report and the following conclusions have been drawn;

- (1) there are no major concerns with the current structure. It has appeared to have operated well since it was established in 1998 noting that it has been subject to a significant reduction in size over the past 20 years. It is also seen to represent good value for money given senior management costs in comparable authorities;
- (2) the review is not being seen as a savings exercise;
- (3) the Authority does need to become more outward facing and delivering greater strategic capacity is seen as important. Freeing up the Chief Executive to enable this is seen as one important step;
- (4) that said, the imbalance between the size of the various Head of Service roles now needs addressing. This is most notable in the Resources Directorate. Going forward the expectation is that each

Service Director would have a broadly comparable portfolio and all would be remunerated at the same level. Service Director posts would have a more strategic role than the current Head of Service positions;

- (5) remuneration needs to be addressed at senior management level. This has been highlighted previously and the opportunity now needs to be taken to address the problem. The expectation is that a new management structure will not cost more than the current. During the period of transition costs are however likely to fluctuate;
- (6) whilst it is felt that there should be a generic management grade at Tier 3 (with additional payments for specified statutory roles where appropriate) there is an argument for individually evaluated posts at Tier 2.

- 2.4 Having taken the view that a business case does exist the above proposals were put forward for internal consultation.
- 2.5 The Council has operated with a ‘People, Place, and Resources’ based management structure for a number of years and this proposal does not change that. It does separate out the roles of Chief Executive and Executive Director (Resources) for the reasons set out above.
- 2.6 As can be seen from the SEE report other structures were investigated and considered but were eventually discounted. Overall, by far the most common structure within English unitary government remains the structure that is proposed here, or a variation of it.
- 2.7 Consideration was given to the creation of new Service Director posts based around more generic themes. These included commercialisation, commissioning, customer engagement, locality working etc. There were early discussions regarding a possible Service Director post of Digital Business Change which has not followed through into these final proposals. The general view taken was that given the Council’s relatively small size and desire to work corporately these themes were better taken forward through informal working driven and led by the Executive Directors. The creation of an additional Executive Director post was key to this decision, a decision that was also made with a view to enabling the Chief Executive (and Executive Directors) to become more externally focused.
- 2.8 It is important to state that the roles of Executive Director and Service Director differ from those of Corporate Director and Head of Service. Executive Directors whilst providing leadership and coordination for their Directorates, will focus more on strategic matters whether they be internally focused or outward looking. Members have been clear in wanting to provide additional capacity to make this happen.
- 2.9 Service Directors will generally have wider remits than existing Heads of Service. They will be expected to lead on corporate initiatives as well as being accountable for delivery, performance and resource management within their Departments. It is recognised that to make this new structure work it will be necessary to look at the Tier 4 structure. As a starting point there will be a general expectation of no more than 6 reports to each Service Director. It is recognised that this will lead to restructuring and a reduction of reports in most instances – in some cases there may be a case for an increase. Given Tier 4 will potentially be absorbing more of

the ‘operational strain’ within the new structure it is also felt that remuneration will need to be considered at this level too. There may well be a need to move beyond Grade M for some of the posts at Tier 4. It is not envisaged that there will be grade parity for all of the posts at this Tier as there would be for the Service Director level above. In some Departments Tier 4 posts may well become a ‘professional lead’, a role currently undertaken by some Heads of Service.

- 2.10 The proposed alignment of Departments mirrors closely the current alignment of Service Units; more often than not Departments being an amalgamation of the latter. There is no real sense of there being a need for a more comprehensive realignment following the Senior Management Review in 2016 although there is still some way to go with fully developing in the various priorities that were identified in the earlier review most notably:
- (1) Commissioning;
 - (2) Building Communities Together;
 - (3) Street based services.
- 2.11 A view has been taken that the Council should, where appropriate, be more flexible in the way it allocates statutory posts. The allocation of statutory roles is a function delegated to the Personnel Committee, therefore any changes will be proposed by the Head of Paid Service to the Personnel Committee for approval. The following possible proposals to the Personnel Committee are:
- (1) Head of Paid Service – Chief Executive.
 - (2) Monitoring Officer – Executive Director (Resources) or Service Director (Strategy and Governance) or possibly Tier 4.
 - (3) Section 151 Officer – Executive Director (Resources) or Service Director (Customer Services). The post holder must be a qualified accountant.
 - (4) Director of Children’s Services (“DCS”) – Executive Director (People) or Service Director (Children and Young People).
 - (5) Director of Adult Social Services (“DASS”) – Executive Director (People) or Service Director (Adult Social Care).
- 2.12 Where a statutory role is undertaken by a Service Director an additional payment would be made.
- 2.13 Remuneration was the driver behind the original decision to commission SEE. The 2016 Senior Management Review had already highlighted the fact that remuneration for senior staff was below that of comparable authorities and that the SEE Review has confirmed that. Recruitment to the new Executive Director (People) post has created a new benchmark that will now need to be reflected more widely across the senior management structure. This will be the subject of a further paper to be prepared by the Head of Human Resources in the next financial year. The paper will also consider remuneration and grading issues at Tier 4. This remuneration paper will be written with the proviso that the new senior management structure will need to cost no more than the current one, once fully implemented.

- 2.14 A smaller senior management structure will bring benefits in terms of coordination, communication and decision making. It is therefore proposed that Corporate Board is re designated to include the Chief Executive, Executive Directors and Service Directors. The timing of this change will be dependent on the speed with which the new management structure comes into place.

Implementation

- 2.15 This newly proposed structure could be implemented in one of two ways:
- (1) at a given date the new structure is implemented with existing Heads of Service competing for the reduced number of Service Director posts. Any resulting vacancies would be advertised externally;
 - (2) the new structure emerges over time with Service Director posts being recruited to as Heads of Service leave or retire.
- 2.16 There are pros and cons to both options. A single implementation point requires little transition but is going to be more costly and potentially quite disruptive. With a senior management team, many of whom are over 55, there would be a risk that few would apply for new Service Director roles preferring instead to take a redundancy package. This would add to the cost and potential transition risk. A gradual implementation is potentially less costly and disruptive but it is likely to create a hybrid structure which will look messy and potentially more difficult to manage for a time. In discussion with Members the view is that the second option is preferable and more appropriate given that effective succession planning is one of the drivers behind the review.
- 2.17 In practice it seems likely that the pace of the transition from Heads of Service to Service Directors will be driven, in the main, by the resignation or retirement of existing Heads of Service. In the Resources Directorate, where the greatest level of rationalisation will take place, it may be that this could be achieved in stages viz. an existing Head of Service may acquire an additional Service prior to any Service Director appointment being made.
- 2.18 In terms of moving the whole process forward from here it has been agreed with Members that approval of the new management structure should ideally have been achieved by March or April 2019 through the Executive. Implementation of any new structure will evolve from that point.
- 2.19 Members have also proposed that the Head of Paid Service should review progress with the implementation of the new structure annually. At some point it may become practical or inevitable for the final structure to be fully realised through a forced combination of existing Head of Service roles.

Results of Internal Consultation

- 2.20 Internal consultation on the proposals was undertaken during January and February 2019. The review was made available to all staff however only 20 responded. This included around 50% of Heads of Service and Corporate Directors.
- 2.21 Overall, the proposals were supported. In the case of senior management it was perhaps inevitable that concerns regarding their own personal positions were

reflected in some of the responses. I have chosen not to tabulate individual responses since it is unlikely that the source of the comment could be identified.

- 2.22 There was particularly strong support for the retention of the People, Place, Resources structure and for the creation of Service Director posts. Some expressed concern that there was still inequity in the scale of the new roles. There was particular concern at the merging of Children and Family Services and Education.
- 2.23 There was a suggestion that a more detailed assessment of budget, risk, establishment etc. should be used to determine whether equity exists. This was done by SEE hence the proposals set out in this report. There is a recognition that further consideration of the proposed Service Director (Children & Young People) post is needed but functional integrity is also important. Some functions will have more staff than others – some will embrace a wider set of disciplines – others involve a much greater level of partnership engagement etc. The view remains that the proposals do ‘even up’ roles at Tier 3 and that a degree of pragmatism needs to be taken as to how far this can practically be taken.
- 2.24 The need to review remuneration, including at Tier 4, was recognised and supported. The proposal to create a unified Corporate Board was also supported.
- 2.25 An evolutionary approach was also generally supported although a number of people commented that it may need to be concluded after an agreed set time.
- 2.26 Comments were also received regarding the location of the Building Communities Team. This is a multi-agency team which is currently line managed by Thames Valley Police. It is notionally located within the Chief Executive’s Office with a link directly to the Chief Executive. There was a drive to retain this arrangement. The proposal in the consultation draft was to move it to within Public Health and Wellbeing. There is no desire to change the current working arrangements which see the Team reporting directly to the Police. If the Chief Executive is to be given more capacity through releasing management commitments then it seems illogical to retain the notional link with the BCT team. In practice oversight and guidance can be provided through the Building Communities Together Partnership which the Chief Executive currently chairs.
- 2.27 With regard to the proposal to merge Children and Families and Education, SEE were asked to look in more detail at what other unitary authorities were doing. A number have moved to such an integrated model although it does appear the majority have not. My suggestion at this point is to retain this proposal as it is but to conduct a further assessment of its merits before it is implemented. The key consideration should be driven by consideration as to whether the Education function in West Berkshire can be held by a Service Director with additional responsibilities. The recommendation and associated structure chart have been amended to reflect this.
- 2.28 Comments were also received that proposed Payroll moving to Customer Services and Commissioning to Strategy and Governance within the Resources Directorate. No change is being proposed to either at this point since it would seem more appropriate for the Executive Director (Resources) to consider these issues. It will be noted that this Report is now recommending that this post is recruited to.

3. Options for Consideration

- 3.1 An independent review by SEE is set out at Appendix D. This highlights the structural options that have been explored as part of this Review. In practice there are not many to choose from. Further potential options are also briefly set out within this Paper. The retention of the status quo has not been actively considered given it is deemed necessary to review remuneration levels and if these increase then there is a need to contain the overall cost of the management structure. This can only be done through restructuring.

4. Proposals

- 4.1 The following recommendations are being made as part of this review:

- (1) That the proposed new management structure outlined in Appendix E2 as slightly amended following internal consultation is now approved;
- (2) The management structure is implemented on a phased basis from April 2019;
- (3) That an annual review of the progress with implementing the management structure is undertaken by the Head of Paid Service to determine whether the pace of change is sufficient;
- (4) That on the subsequent appointment of Service Director posts the Tier 4 management arrangements are reviewed and proposals brought forward jointly by the appropriate Service Director, Executive Director and Head of Paid Service;
- (5) That a paper specifying remuneration levels for the Chief Executive, Executive Director, and Service Director posts be brought forward after April 2019 and this also includes proposals regarding remuneration and grading at Tier 4.
- (6) Recruitment to the post of Executive Director (Resources) commences in accordance with the job description and person specification at Appendix F.

5. Conclusions

- 5.1 It was agreed in December 2016 that an independent review of senior management remuneration would be undertaken. This has been done by South East Employers. The Review was extended mid-term to embrace a wider review of the Council's senior management arrangements given the emergence of a new Council Strategy, the ongoing need to become ever more efficient, and the need to consider future succession planning.
- 5.2 It has been concluded that the Council's underlying 'People, Place, Resources' model should be retained but that the Chief Executive role should be free standing. 13 existing Heads of Service would be replaced by 7 enhanced roles of Service Director. The Review has also concluded that remuneration levels need to be enhanced and this will be the subject of a separate review once the new structure has been approved. The new remuneration level has already been reflected in the

job description of the newly created post of Executive Director (People) which has recently been recruited to

6. Consultation and Engagement

- 6.1 An earlier version of this report has already been subject to internal consultation. The results of this consultation and commenting on it are set out in paragraphs 2.20 to 2.28.