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**SENIOR MANAGEMENT STRUCTURES**

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**Responsible Cabinet Member - Councillor Bill Dixon,  
Leader and all Cabinet Members**

**Responsible Director - Ada Burns, Chief Executive**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To seek Members approval to changes to the senior management structure of the Council to ensure a stronger alignment and focus on the proposed financial and business strategy for the medium term.

**Summary**

2. The Council is developing an approach to the on-going significant resource reductions that aims to create three underlying conditions in Darlington: Strong Communities; Every Public Pound Well Spent: and A Growing Economy. Plans to bring about these conditions have informed the Medium Term Financial Plan (MTFP) and are shaping the corporate plan.
3. In particular the MTFP has some very ambitious targets related to securing more income from economic growth, developing alternative models of service delivery, and completing projects to share services/collaborate with other public services and Councils. If agreed by Council and achieved these will give Darlington a two year balanced budget with further very substantial spending reductions likely to flow during the remainder of the decade. These programmes are challenging to deliver, particularly as in many instances the Council will have to exercise influence over other parties in order to bring about change.
4. This report proposes changes to the senior management structure in order to bring a sharp focus on delivery of these objectives, and to ensure that existing capacity and experience is best utilised across an ambitious and challenging medium term plan.
5. The Council to date has made significant reductions in senior management costs and numbers in order to maximise spending on operational activity of direct benefit to the public. The last significant senior restructure was in 2010 when Council approved a new organisational design that reduced the number of departments from 4 to 3 and Directors and Assistant Directors from 22 to 14 (a reduction of

36%).

6. These changes produced savings of over £1.2m in senior management costs. Management costs were addressed within the Money Talks events in the summer, with benchmarking presented to Members and the public from other Councils noting that Darlington continues to operate at the lowest end of costs for North East Councils. The average number of Chief Officers is 24, and Darlington has 15 (includes the Director of Public Health).
7. There will nevertheless be the need and opportunities to make further reductions in management in the coming years, as new models materialise and services are moved to other providers. However, this report is recommending that the current complement of chief officers is unchanged, with adjustments to roles and reporting lines made in order to sharpen the focus on delivery of the MTFP and conditions. This is recommended to ensure that the Council does not further weaken leadership and management capacity at a critical and risky period in the Council's transition. It responds to the recommendation of the Peer Challenge that the Council considers whether it has sufficient senior management capacity to achieve the scale of change required, not with additional staff but with sharpened focus in key areas.
8. In summary the report recommends deleting the role of Director of Place, and replacing this with a Director of Economic Growth, with other Place functions, housing, environmental services, and leisure moving to a re-named Resources and Neighbourhood Services Group which would also have oversight of collaboration and shared services projects. There are in addition changes within the economic structures at and beneath Assistant Director level which contribute to MTFP savings and support the direction of travel set out within this report. The chart at **Appendix A** shows the new shape of the senior management structure.
9. The current Director of Place, Richard Alty, has previously announced that in the Spring 2014 he will to leave the Council to pursue different interests and opportunities, and the report further recommends that recruitment commences to recruit to the new post on the existing Chief Officer grade. As a Chief Officer this will be a Member appointment and the Human Resources Chief Officer Appointments Panel will be convened to progress the recruitment.
10. Subject to Council's approval there are a number of pieces of work required to implement the new structures, including adjustments to the Council's Scheme of Delegation. It is proposed that the Chief Executive has delegated authority to implement the agreed structures, in consultation with the Leader of the Council.
11. There are no financial implications arising from the changes detailed within this report.

## **Recommendation**

12. It is recommended that:

- (a) Members agree a revised senior management structure for the Council as detailed in Appendix A.
- (b) Agree to commence recruitment for a Director of Economic Growth at Director 2, salary range £97,920 - £115,725.
- (c) Delegate to the Chief Executive a decision on the implementation date of the agreed new structures, in consultation with the Leader of the Council.

## **Reasons**

13. The recommendations are supported by the following reasons:

- (a) To ensure that the Council has sufficient senior management capacity during a significant period in its transition and adaptation to the fall in resources.

**Ada Burns**  
**Chief Executive**

## **Background Papers**

No Background papers were used in the preparation of this report

Ada Burns : Extension 2011

S17 Crime and Disorder	There is no change to the current arrangements for senior management oversight of community safety functions.
Health and Well Being	There is no change to the current arrangements for senior management oversight of public health.
Carbon Impact	There are no carbon impact implications in this report
Diversity	There is no change to the current arrangements for senior management oversight of diversity
Wards Affected	All wards are affected equally.
Groups Affected	None
Budget and Policy Framework	This decision does not represent a change to the budget and policy framework.
Key Decision	This is not an Executive decision.
Urgent Decision	This is not an urgent decision
One Darlington: Perfectly Placed	The proposals are intended to sharpen focus on key areas of delivery with the Council's medium term strategy, including a strengthened capacity around economic growth.
Efficiency	The proposals will assist delivery of the draft medium term financial plan, with a clear focus on growing income from economic growth, supporting collaborations and efficiency programmes.

## MAIN REPORT

### Information and Analysis

14. There has been significant movement in management structures over recent years to respond to efficiency pressures and to new responsibilities. Overall, the direction of travel has been to flatten structures, remove tiers of management and build a culture of distributed leadership. As little as eight years ago Darlington had five Departments and a Chief Executives Office. In 2005 the two departments of Social Services and Education were deleted to create a Children's Services Department, and move Adult Social Care into Community Services. In 2007 the Department of Development and Environment was deleted with functions distributed across the remaining four Departments.
15. The last significant senior restructure was in 2010 when Council approved a new organisational design that was intended to respond to the Business Model and in particular to release savings.
16. This structure was implemented in 2011 and reduced the number of departments from 4 to 3 and Directors and Assistant Directors from 22 to 14 (a reduction of 36%).
17. The changes in 2011 produced savings of over £1.2m in management costs.
18. More recently further changes have been made to the senior management structure with a further reduction of 1 Assistant Director, and the transfer of the Director of Public Health into the Council. The current management structure is attached at **Appendix B**.
19. The Peer Challenge report in the Summer 2013 remarked on the challenges required to maintain on-going service delivery, and develop with Members proposals to enable the Council to survive and thrive with very much less money than currently. The relevant extract from the final report is as follows: "... we also think that you may need to consider what else is required (to deliver change). Particularly whether there is enough senior management capacity to deliver on this new approach. We recognise that in times of cuts to services it is hard to invest in management but we believe you need some additional, bespoke senior management capacity (not consultants) to help you over the next two years, particularly around the management of change, public sector reform and new delivery models".
20. One of the current year's MTFP proposals has created a new Organisational Planning Unit under the leadership of the Assistant Director Resources that in many ways responds to this need, although it also enabled staff savings in the region of £800k. The further proposals within this report, while they do not result in any increase in capacity, should assist with a tighter focus on strategic priorities
21. The key drivers for proposing changes at Group level relate to the emerging Council strategy for its medium term recovery from the income reductions.

22. Growing the Economy: the draft MTFP includes proposals for additional income resulting from economic development of £1.5m. This will come from further business development (Business Rates), new housing (New Homes Bonus, Council Tax) or a mixture of the two. There is an imperative to exploit growing confidence in the local economy, to maximise the opportunities from European and other funding, and to ensure that strategies for land use and local plans enable growth.
23. Spending Every Public Pound Well: there is an imperative to develop and conclude a range of projects and collaborations that can enable greater efficiency, build resilience and deliver savings. In particular there are projects underway and emerging with other Councils and with the NHS, Clinical Commissioning Group.
24. Building Strong Communities: there are savings targets within the draft MTFP associated with greater involvement from communities in the maintenance of open spaces within the Borough, Cockerton Library and the Head of Steam.
25. At present the Place Group holds responsibility for a very significant chunk of the leadership required across these new initiatives and approaches and this will prove challenging in terms of leadership focus and capacity. Given that the current Director of Place intends to leave the Council next Spring there is a further risk associated with a new post-holder picking up such a wide and challenging portfolio. It is proposed therefore that it would be more effective to distribute these functions differently across the senior management team, taking advantage of experience and skills across the piece.
26. It is also important to state that as the financial environment continues to evolve, none of our senior structures can be regarded as fixed for more than a couple of years at a time. Lead roles, whether on elements of economic growth, collaboration, or building social capital, will move around Directors and Assistant Directors as needs, capacity and specific skills require.

## **Proposals**

27. It is proposed to replace the Director of Place with a Director of Economic Growth to give a clear focus on development, growth and place making. A newly appointed Director of Economic Growth would be responsible for economic planning, new initiatives, project and programme development, external funding, regeneration project management, transport, regulatory services, development management, capital project management and strategic asset management.
28. Beneath the Director there will be four Assistant Directors with a split created between the development of new economic initiatives and development proposals, and the management of the existing portfolio, such as the DfE building at Feethams.
29. The role of Head of Regulatory Services which has had additional strategic responsibility for Civil Contingencies and Emergency Planning will be re-designated back to Assistant Director – Regulatory Services.

30. To achieve this focus, it is proposed that the Director of Resources be re-designated as Director of Resources & Neighbourhood Services and would assume responsibility for the service delivery functions of Neighbourhood, Housing and Building Services. The Director would also assume project management for all significant shared services activity, and in particular, for collaborations with Tees Valley Councils on Place and Corporate Services (waste, streetscene, highways, corporate services) and development of models of integration with the CCG. This enables the learning and expertise for delivering collaborations to be cited in one place in the Council, and maximises the learning already secured from Xentrall.
31. The Director of People Services would continue leadership for adults and children's services, education, community safety, and relationships with the NHS. It is important to note that the role outlined for the Director of Resources & Neighbourhood Services relates to project management of work to develop and deliver an agreed model for integration. Professional links across health and social care will remain with the Director of People Services. The Director of Public Health, who will also lead on Community Safety, will continue to be line managed by the Director of People with a direct line and regular contact with the Chief Executive.
32. Reflecting the central role of the new organisational planning function in taking forward the conditions and Business Model the Assistant Director – Resources will be re-named Assistant Director (Chief Executive) and report direct to the Chief Executive.
33. A proposed senior management structure chart is attached at Appendix A.
34. There are further changes in the economic development area of Place that are currently out to consultation with staff as part of the current MTFP. They do not have an impact on the proposals within this report.

### **Financial Implications**

35. Whilst there is movement in responsibilities and reporting lines there are no financial implications of this proposal as the number of posts and gradings of those posts remain the same as the current structure.

## **Legal Implications**

36. The post of Director of Economic Growth is a Member appointment and the Human Resources Chief Officers Appointments Panel will be convened in order to progress the appointment.
37. Implementation of the new structure will require amendments to the Scheme of Delegation and subject to the agreement of Council to the changed structures this will be undertaken by the Assistant Director (Resources).

## **HR Implications**

38. Staff affected by this restructure have been consulted and comments received taken into account in the proposed structure. The roles within the Economic Growth Department have been evaluated by Hays, the Council's advisors on Chief Officer grading, who have advised the salary grades on newly designed roles should be as follows;
  - (a) Director of Economic Growth – Director 2
  - (b) Assistant Director – Regeneration Projects – AD2
  - (c) Assistant Director – Economic Initiative – AD2
  - (d) Assistant Director – Transport & Construction Projects – AD2
  - (e) Assistant Director – Regulatory – AD3
39. Within the proposal there are also smaller changes to other Chief Officer roles in respect of movement in responsibility and reporting lines however it is not proposed any grading changes to these posts will apply.

## **Equalities Considerations**

40. There are no specific equalities implications within this report.