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**SENIOR MANAGEMENT RESTRUCTURE**

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**Responsible Cabinet Member – Councillor Bill Dixon  
Leader of the Council**

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

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**SUMMARY REPORT**

**Purpose of the Report**

1. This report outlines a review of senior management structures as previously signalled in earlier reports and proposes changes that result in a revenue saving over the Medium Term Financial Plan (MTFP).

**Summary**

2. Since the advent of the Governments programme of austerity in public spending, there have been three major reviews of senior management structures, delivering ongoing annual savings of circa £2.2m. These have been achieved primarily through widening the span of responsibility of senior managers, flattening tiers of management, and in a few instances through alternative delivery vehicles.
3. The approach and timing of reviews has been shaped by the wider programme of change across the Council; at each major MTFP review ensuring that there is sufficient senior capacity to drive through implementation of programmes of service reduction and change.
4. At the last major review of the MTFP, in June 2016, it was noted that when the plan was more advanced in its delivery there would be a further opportunity to review structures. That point has arrived, and as the MTFP report notes, the Council has a more stable financial position and steady progress in hand for the remaining savings targets. The focus going forward is in maintaining strong operational performance of the agreed Core Offer whilst working to find ways to enhance it. The Council will also need to continue to explore innovative options to enhance growth and revenue returns to deliver funding to support the MTFP.
5. It is proposed therefore to make a further reduction, which in summary is to merge the positions of Chief Executive and Director of Neighbourhood Services and Resources. Beneath this role would be two Directors; one covering Place functions and one People. For the Director of Children and Adults Services there would be minimal change. The Director of Economic Growth would assume responsibility for neighbourhood group of services along with his existing portfolio. The Assistant

Director for Resources would assume responsibility for Section 151 Chief Financial Officer role along with corporate strategy, performance and communication functions and there would be some minor restructuring in her division to facilitate this.

6. To facilitate this change the Chief Executive expressed a willingness to retire from the Council on the 31 May 2018. The Director of Neighbourhood Services and Resources would be appointed to the combined role, which would be entitled Managing Director.
7. The changes proposed are estimated to offer the Council annual revenue saving of approximately £171,000 each year, allowing for the costs of implementation, with a saving of around £464,000 over the life of the MTFP.

### **Recommendation**

8. It is recommended that Cabinet:-
  - (a) Note the revenue savings that will be achieved by the proposed changes to senior management.
  - (b) Approve the early retirement of the Chief Executive on 31 May 2018, subject to Council agreeing the early release of the pension.
  - (c) Recommend to the Human Resources Committee the appointment of Paul Wildsmith to the newly created post of Managing Director and for Council to consider and approve the appointment.
  - (d) Recommend to Council that they approve the appointment of Elizabeth Davison as the Council's Statutory Chief Financial officer.
  - (e) Approve the structural and financial implication detailed within this report, subject to the above.

### **Reasons**

9. The recommendations are supported by the following reasons :-
  - (a) To further reduce the costs of senior management to facilitate the delivery of MTFP savings.
  - (b) To ensure that sufficient capacity exists in senior management to meet the financial and business challenges faced by the Council.
  - (c) To make statutory appointments.

**Ada Burns  
Chief Executive**

### **Background Papers**

No background papers were used in the preparation of this report

Ada Burns: Ext.5815

S17 Crime and Disorder	N/A
Health and Well Being	N/A
Carbon Impact	N/A
Diversity	N/A
Wards Affected	All wards are affected equally.
Groups Affected	All groups are affected equally.
Budget and Policy Framework	The report proposes efficiency savings which will be advantageous to the MTFP
Key Decision	This is not an Executive decision
Urgent Decision	This is not an Executive decision
One Darlington: Perfectly Placed	N/A
Efficiency	The report details a financial saving in senior management costs which will assist the MTFP.
Impact on Looked After Children and Care Leavers	The report does not impact on Looked After Children or Care Leavers

## MAIN REPORT

### Information and Analysis

10. Since the advent of the Governments programme of austerity in public spending, there have been three major reviews of senior management structures, delivering on-going annual savings of circa £2.2m. These have been achieved primarily through widening the span of responsibility of senior managers, flattening tiers of management, and in a few instances through alternative delivery vehicles.
11. The approach and timing of reviews has been shaped by the wider programme of change across the Council; at each major MTFP review ensuring that there is sufficient senior capacity to drive through programmes of service reduction and change.
12. At the last major review of the MTFP, in June 2016, it was noted that when the plan was more advanced in its delivery timetable there would be a further opportunity to review structures.
13. There are a number of factors at play that enable a targeted reduction in senior capacity.
14. The Council agreed in 2016 to move to a new model, one which invests almost all of its resources in delivering the Core Offer – in effect ensuring compliance with the legal duties that fall on local authorities, in a minimalist form and level. A relatively

small sum remains for investment in the Futures Fund, with a focus on non-statutory functions that enhance economic growth and support the most vulnerable in our community. As implementation of the plan has progressed the management structure is now geared to this new model and at Assistant Director and Head of Service level in particular there is little opportunity for further change at the present time, (although opportunities will continue to be sought).

15. The advent of the Combined Authority which superseded TVU has brought its own staffing and resources, with the Chief Executive and Directors advising the Leader in respect of investment strategy and programmes in particular but needing to play a less active role in day to day management of the sub regional delivery organisation.
16. The changed infrastructure of Central Government and the preoccupation of negotiating Brexit, has resulted in some reductions in the workload associated with representing the Council on a regional and national scale. Primarily the interface relates to local government finance or the professional functions of the Director of Children and Adults Service, and Director of Economic Growth.
17. Darlington, at senior level has a stable team with a broad range of professional expertise and a culture of collaborative working.
18. These factors, alongside the on-going need to reduce spending, have created an opportunity to examine the capacity required at the most senior level of the Council.

## **Proposals**

19. There have been some changes to the top roles across the country in response to the challenges of austerity. In the main hitherto there have been two models – shared chief executives and no chief executive. The model of a shared chief executive has survived primarily in two tier areas where there is a significant level of interdependence of the District and County Council interests, examples are joint Chief Executive roles in neighbouring small District Councils and joint appointments between a County and a District Council. In economically fragile areas such as the North East, where there is de facto a level of competition for inward investment between the Unitary Councils, this model brings major problems.
20. There are only a tiny number of Councils where there is no formal Chief Executive role, and in most cases this is where there is an elected Council Mayor. Given the on-going challenges that Darlington will face these models cannot be recommended. It is hugely important that Members can have clear lines of accountability for advice and for delivery of agreed strategies.
21. The approach being proposed for Darlington is starting to be utilised in a number of Councils, particularly given the overlapping financial and growth preoccupations of Resource Directors and Chief Executives since the austerity regime commenced.
22. It is therefore proposed that a single discrete role of Chief Executive is deleted. The responsibilities of the post, and in particular those of the statutory Head of Paid Service, would be combined with those of the other principle corporate role – that of Director of Neighbourhood Services and Resources.

23. The new combined role would have the responsibilities of the statutory post of Head of Paid Service in respect of the organisation of the functions of the Council and overall accountability for performance, advice to elected Members and representation in external arrangements such as the Combined Authority. The post would also retain responsibility for overall financial strategy and resource management and for supporting and advising the Cabinet on opportunities for securing inward investment and business growth alongside the Director.
24. It is proposed that the new post would be designated Managing Director, reflecting the different focus from the Chief Executive and Director of Neighbourhood Services and Resources roles as currently exist.
25. To facilitate this change, the model of two service directorates covering all operational functions related to people and to place would be re-established. Management responsibility for the neighbourhood group of services would move to the Director of Economic Growth. In addition the current Assistant Director of Finance and HR, who has responsibility for HR, Finance and IT systems, would assume responsibility for the Section 151 Chief Financial Officer role along with Corporate Strategy, Performance and Communications function, to enable this some slight restructuring in her division will be required. The role will be remunerated on the service director scale.

### **Financial and HR Implications**

26. The current Chief Executive has indicated a willingness to step down with effect from 31 May 2018. Whilst the proposals technically create a redundancy situation she has agreed to waive any rights to redundancy however her pension will be released early which is in line with national terms and conditions when redundancy occurs. Such terms apply to all Council employees. The cost to the Council of the early release of pension is £201,000.
27. The current Director of Neighbourhood Services and Resources would, subject to the approval of Council, be appointed to the new combined role at a salary of £145,000 which represents a reduction from the current Chief Executive salary. The annual saving from combining the two posts would be £168,700.
28. Sequential changes resulting from the proposal, which will be delivered under the officer delegation scheme and when added to the above would deliver a gross saving of £186,000, and net of early release costs the proposal will deliver total savings of £464,000 over the life of the MTFP with ongoing annual savings of circa £171,000.
29. All officers directly affected by the proposals have been made aware and have not raised any concerns.

## Legal Implications

30. Local authorities are not required to have a Chief Executive, but they are required by S.4 of the Local Government and Housing Act 1989 to appoint someone to be designated as the Head of Paid Service. The role of Head of Paid Service is normally discharged by the most senior officer in the local authority. It is open to the Council to designate this position as being part of the role of the Managing Director. The appointment to the position of Head of Paid Service is a decision for Council rather than for Cabinet to make. Under the Constitution, Council can make an appointment after considering the recommendation from the Human Resources Appointments Panel (a committee of Council).
31. Every Council is required to appoint an officer as the Chief Finance Officer. This is a statutory position under S.151 of the Local Government Act 1972. Under our Constitution (Officer Employment Procedure Rules) appointment to this role is not required to be considered by the Chief Officers Appointment Panel, where the appointment is to be made to an officer already employed by the Council. Structural and organisational changes at this level in the organisation do however need to be agreed by Council.



