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**REVIEW OF SENIOR MANAGEMENT**

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**Responsible Cabinet Member - Councillor Bill Dixon, Leader**

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

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**SUMMARY REPORT**

**Purpose of the Report**

1. To review the management of the Council in light of the significant financial challenges and service demands.

**Summary**

2. This report proposes changes to senior management (Chief Officer) structures in response to the demands of falling revenue, and the need to manage service pressures. The proposals result in a net saving of £117,261 per annum. Members will be aware that other proposals within the Medium Term Financial Plan (MTFP) add £191,739 to the total reduction in senior management.

**Recommendation**

3. It is recommended that:
  - (a) Council approve the changes to the Chief Officers structure (**Appendix 2**) as set out in the report.
  - (b) Council agree the Early retirement/Voluntary Redundancy package as set out in **Appendix 3**.

**Reasons**

4. The recommendations are supported by the following reasons:
  - (a) The requirement to ensure sufficient management experience and capacity to meet the Council's obligations and to respond to service and inspectorate demands.
  - (b) The need to explore and exploit each and every opportunity to save money from the overall costs of managing Council business.

**Ada Burns  
Chief Executive**

**Background Papers**

No background papers were used in the preparation of this report

|                                  |   |
|----------------------------------|---|
| S17 Crime and Disorder           | Strengthening management within the adults and children's services group will support Council obligations for community safety                        |
| Health and Well Being            | It is intended that the Council will continue to work constructively with the NHS commissioners and providers to improve the health of the population |
| Carbon Impact                    | There are no direct implications  |
| Diversity                        | There are no direct implications  |
| Wards Affected                   | All   |
| Groups Affected                  | All   |
| Budget and Policy Framework      | No impact on the budget or policy framework   |
| Key Decision                     | No  |
| Urgent Decision                  | No  |
| One Darlington: Perfectly Placed | The Councils management structure and organisation of services is informed by its commitment to achieve the goals within OD:PP                        |
| Efficiency                       | This report note a financial saving in Senior Management costs.   |

**MAIN REPORT**

**Background**

5. Not surprisingly there has been significant movement in management structures over recent years to respond to the reduction in government funding of some £33.8m. Over the same period of time the Council has been required to assume significant new responsibilities, from Public Health including the commissioning of sexual health services and school nurses, to the operation of the crisis support fund and Council tax support scheme.
6. Overall, the direction of travel has been to flatten structures, remove tiers of management and build a culture of distributed leadership. Since 2010 over £2m has been saved from chief officer and senior management costs.
  - (a) Nine Director and Assistant Director posts have been deleted and roles amalgamated; roles have become less service specific with a greater focus on general leadership and management capabilities.
  - (b) Senior Management followed a similar approach including reducing tiers of management as well as merging into generic roles with over 30 posts being

deleted.

- (c) Sharing posts and delegating functions with other Councils has also been a feature, most notably with Xentrall.
7. Previous benchmarking has demonstrated that the senior management costs within Darlington Borough Council are already amongst the lowest of comparable local authorities, and currently comprise 1.4% of revenue budgets.
  8. The current Management structure is attached at **Appendix 1**.
  9. During the same period services that support managers such as ICT, Finance, Legal, Human Resources, performance monitoring/management and policy development have been significantly reduced. Chief Officers and Service Managers are required now to be more self-sufficient in these areas, and the Council inevitably carries greater risk of service problems or failure as capacity is stretched further.
  10. Despite the significant reductions and changes that have happened, particularly in the last five years, the Council has continued to deliver for Darlington. This has been possible due to a good cadre of Managers who work well together and a committed and effective workforce. However as has been apparent in recent months there are risks associated with placing higher workloads and broader portfolios with less support on a smaller number of senior managers. This current review of structures seeks once again to balance off the absolute need to reduce spending, with the need to ensure safe and effective services to the public.
  11. Members are advised that the lifespan of any management structure in the current environment cannot be considered reliable beyond a period of two years. This is for a number of reasons. Members will be aware of the financial challenges within the MTFP and the need to drive delivery of savings, and to downsize the Council in line with projected resources. The programme to be agreed within the MTFP in the summer will require an intensive period of work to implement and then be followed by consequent re-evaluation of the capacity required.
  12. In addition it is clear that the Government intends to delegate further new functions to local authorities alongside changes to the funding regime. But what those functions are and what expertise and resources will be required are as yet unknown. The pattern with previous delegations of responsibility, such as the Council Tax support scheme, and the social fund, is that the funding passed over with the new duty is less than that spent by central Government. The devolution of functions to city regions and the introduction of elected Mayors will again produce change, which remains uncertain.
  13. This report recognises the imperative of keeping management costs as low as possible whilst at the same time recognising the risks of having insufficient management and leadership capability to run core public services and plan for future needs and opportunities.

14. Overall, the role of senior leadership within local authorities will require a high degree of focus on maintaining stability and continuity for the core service offer, whilst managing significant change across the breadth of activity, and reporting to Council progress and implications of this change.

## **Proposals**

15. The approach within the proposals that follow align to a number of key principles:
- (a) Ensuring that critical and high risk areas of the business have appropriate professional expertise in leadership.
  - (b) Making structures as “flat” as possible.
  - (c) Asking senior managers to adopt and deploy generic leadership and management skills over broad portfolios.
  - (d) Adopting a transitional approach to further reductions in senior management, managing risk over a two to three year period.

## **Chief Executive/Chief Officers**

16. It is proposed that group structures will remain as:-
- (a) Economic Growth
  - (b) Neighbourhood Services & Resources
  - (c) Children & Adults Services
17. The Chief Officers Executive will therefore consist of four, the Chief Executive and three Group Directors, as above. The role of Assistant Chief Executive is deleted, following the departure of the previous post holder, (with arrangements to fulfil her statutory functions detailed below).

Proposals and rationale relating to each of the Groups is detailed below. The current structure is attached at Appendix 1 and the proposals are shown at Appendix 2.

## **Economic Growth**

18. A key plank of the Council's financial strategy and business model is the need to grow the economy. Growth, in jobs, in new homes, in businesses, brings employment and income to residents, as well as revenue to support vital services. A review to contribute to the MTFP has identified the minimum staffing structure required to make sure the Council can identify and exploit opportunities for business growth, lever in external resources (including via the Combined Authority), and manage significant projects.

19. Currently the structure has four Assistant Directors as follows:
- Assistant Director Regeneration Projects
  - Assistant Director Regulatory Services
  - Assistant Director Highways & Capital Projects
  - Assistant Director Economic Initiatives
20. Consistent with the MTFP, it is believed that there is a viable model to reduce the senior management team by one with a structure consisting of a Director and three Assistant Director roles. The three Assistant Director roles would take responsibility for:
- (a) capital & regeneration projects, transport & highways planning
  - (b) statutory planning and economic initiatives
  - (c) regulatory services, and civil contingencies
21. It is proposed to delete the Assistant Director Regeneration Projects with immediate effect. The current post-holder has been temporarily seconded into Children and Adults Services to assist with a number of change programmes, including the development of the MTFP and the Children's Services Improvement Plan.
22. The current postholder has expressed a willingness to take voluntary redundancy to facilitate the new structures and savings and it is proposed that his termination date with the Council is 30 December 2016. Members are being asked to agree the financial costs of these changes.
23. It is important to stress that these changes do impact materially on the capacity of the Group to engage with business, develop and accelerate development projects and provide a highly professional public protection service. Nevertheless it is felt that the Council can still progress its ambitions for growth.
24. The grades of the remaining Assistant Director roles have been reviewed following the increased breadth of workload and it is recommended the Assistant Director Highways & Capital Projects and Assistant Director Economic Initiatives grade be increased to AD1 level.

### **Neighbourhood Services and Resources**

25. Currently the staffing structure for the Group includes the Director, three Assistant Directors noted below, the (shared with Stockton BC) Assistant Director for Xentrall, and, since September 2015 and the redundancy of the Assistant Chief Executive (ACE), the Head of Legal Services and the Head of Democratic and Customer Services. This was done on a temporary basis pending a review of structures.

- Assistant Director Housing & Building Services
- Assistant Director Community Services
- Assistant Director HR & Finance

26. Following the redundancy of the Assistant Chief Executive (ACE) Council agreed that the Head of Legal Services (previously the Deputy Monitoring Officer) should in the interim become the Monitoring Officer, the Council's chief legal advisor and take on the Proper Officer functions that were previously discharged by the ACE. An honorarium for discharging the additional responsibilities has been given in-line with established HR arrangements.
27. Following a period of transition, it is now appropriate to formalise arrangements. It is proposed that the Head of Legal Services becomes Assistant Director, Law and Governance and that the Head of Democratic and Customer Services reports to him. The reasoning for such a reporting line is that the Head of Legal Services is now responsible for the Proper Officer functions relating to Democratic and Electoral Services and it is therefore appropriate that the Head of Legal Services directs the resource to fulfil his statutory duties as was the case when the ACE held the same duties. The Head of Legal Services will also assume responsibility for overall management of Customer Services but the responsibility for the Customer Strategy will rest with the Director of Neighbourhood Services & Resources reflecting the corporate nature of such a strategy.
28. The appointment of the Head of Legal Services to the Assistant Director post and to the position of Monitoring Officer requires Council approval. The role has been reviewed using previous Hays evaluations at Assistant Director AD1.
29. Overall the deletion of the Assistant Chief Executive role and the establishment of the Assistant Director position in place of the Head of Legal Services post will reduce management costs by £75,000 a year.

### **Children and Adults Services**

30. Council received a report in June 2015 regarding the management structures within Children and Adult services. The report confirmed that the direction of travel for the collaboration with the DCCG remained a coming together of the commissioning functions for health, public health and social care, with the Council retaining sole responsibility for the "provider" elements of adults and children's services.
31. The Council agreed a senior structure consisting of a Director (Ms Suzanne Joyner, now in post) with, on the social care side, four Heads of Service and a review of the education function to be determined. Subsequent to that report there have been developments that have prompted a review of the structure beneath the Director post. Ofsted inspected the Council's Children's Services and gave the Council an Inadequate judgement, including leadership and management. The Council is now embarked upon a demanding improvement journey requiring support and focused leadership support to operational social work teams and an Interim Assistant Director for Children Services is in post and working with Heads of Service to drive necessary changes. Continued financial pressures on the NHS, and on the provider

market for residential and domiciliary care are driving accelerated changes within services for elderly and disabled residents. The Government has announced proposals for merging some social care functions across sub regions (Darlington is involved in pilot for adopting and fostering with the Tees Valley). At the same time the Council has hugely challenging targets for reducing spend in those areas of its business where demand has grown.

32. It appears clear that resourcing played a part in the decline in the performance of children's services, particularly with respect to operational supervision and performance management support.
33. As a consequence structures in this important area of business have been reviewed with the aim of achieving a structure with clear accountabilities and sufficient capacity to deliver on the children's services improvement plan. It is proposed to re-instate a structure, with two Assistant Directors responsible for Children and Adult Services respectively. It is also proposed to put in place a lead role for the Council's education functions, and recognising the weakness in performance management and data quality support identified by Ofsted arrangements are being made to align these functions with social care commissioning.
34. It is proposed that the Director of Public Health would report to the Director of Children and Adult Services, with a continuing "dotted line" link to the Chief Executive.
35. Changes proposed elsewhere within the management arrangements for these functions within the service and corporately will contribute towards the cost of this structure, and this is further detailed within the financial implications section.

### **Commissioning health, public health & social care – Collaboration with DCCG**

36. The Council has been working closely with the DCCG for two years, recognising the vital interface between health and social care services in protecting the most vulnerable and in pursuit of assurance that we are spending Every Public Pound Well.
37. The collaboration, built upon a temporary management arrangement with Mr Murray Rose fulfilling a shared role of Director of Commissioning, has demonstrated the value to be secured from integrating the commissioning function under shared leadership. By commissioning is meant functions including the assessment of population need, development of commissioning intentions and procurement plans, contract management and negotiations, within, wherever appropriate pooled budget arrangements. For example, the new joint health and care services designed to meet the needs of the frail and elderly patients at risk of hospital admission has led to a big and sustained reduction in the number of people attending accident and emergency and/or having an unplanned admission to hospital. The new service won a regional health award for innovation.
38. At the commencement of the current arrangement it was agreed that Murray Rose would retire in March 2016, allowing both bodies to review the success and

determine the right shape for bringing the functions together under joint management.

39. The DCCG governing body has now decided that it does not believe that a joint commissioning management structure with Darlington Borough Council is the best vehicle for their organisation. It is proposed therefore that the ambition for joint working is retained wherever possible given that it represents the best outcome for Darlington residents and for the tax and Council tax payer. However the Council will now revert to its own commissioning arrangements, the Director of Commissioning post will be deleted on the forthcoming retirement of Murray Rose, and the Assistant Director will revert back to a reporting line to the Director of Children and Adults Services.

**Posts deleted:**

- AD Regeneration Projects from November 2015
- Assistant Chief Executive from September 2015
- Head of Legal Services
- Director of Commissioning

**Posts created:**

- AD Law & Governance
- AD Adults Services
- AD Children Services

**Existing posts expanded:**

- AD Capital Projects, Transport & Highways Planning
- AD Planning & Economic Initiatives

**HR Implications and Staff Consultation**

40. As noted above the changes continue a trend towards more generic leadership posts and the recipe for success will continue to be a strong corporate ethos, effective cross-Council collaboration, and effective leadership of diverse staff teams. Senior Leaders will be expected to take on areas of work outside of their core roles as required and share equally in the leadership of functions such as health and safety, ICT development, customer access plans etc. The immediate changes to Senior Management structures have been being consulted upon with those affected.
41. Consultation with the Children and Adults heads of service commenced in June 2015 when the original structure changes were proposed and discussions have taken place to update Heads of Service on the contents of this report. Any future changes to structures below chief officer posts will be subject to appropriate consultation which will include the Education structure.



## Financial Implications

42. The financial implications of the proposals within this report are concerned with Chief Officers roles in line with the Council's constitution and are estimated to be £117,261 as shown in the table below. There will however be significant changes required in the forthcoming MTFP which will further flatten and streamline senior management.

| <b><u>Senior Management Changes</u></b>         |                |                        |
|---|----------------|------------------------|
|   | £              | £                      |
| <b><u>Posts deleted</u></b>                     |                |                        |
| Director of Commissioning                       | -115,725       |                        |
| Assistant Chief Executive                       | -94,461        |                        |
| Assistant Director Regeneration projects        | -75,480        |                        |
| Head of Legal Services                          | <u>-50,108</u> | -335,774               |
| <b><u>Posts created</u></b>                     |                |                        |
| Assistant Director Adults *                     | 85,680         |                        |
| Assistant Director Children Services *          | 85,680         |                        |
| Assistant Director Law and Governance *         | <u>85,680</u>  | 257,040                |
| <b><u>Salary Changes</u></b>                    |                |                        |
| AD Highways & Capital projects uplift *         | 10,200         |                        |
| AD Planning and Economic initiatives uplift *   | 10,200         |                        |
| Education lead role – estimated additional cost | 11,092         |                        |
| Honorarium changes                              | <u>-44,368</u> | -12,876                |
| <b>Sub total</b>                                |                | <b>- 91,610</b>        |
| On costs  |                | - 25,651               |
| <b>Overall saving</b>                           |                | <b><u>-117,261</u></b> |

N.B. the posts denoted with an asterisk are in a scale range of £71,400 - £85,680 but the costs have been included at the top of the scale. Savings will therefore be larger than shown in early years.

43. Attached at Appendix 3 are details of the severance package for the Assistant Director Regeneration projects which under the council constitution need to be voted on by full council as it is in excess of £100,000.

### APPENDIX 3

| <b>Department / Service Area</b> | <b>Job title</b>                         | <b>Redundancy Cost</b> | <b>Pension Cost £</b> | <b>Total Cost £</b> | <b>Annual Salary (including NIC, Pension)</b> | <b>Payback Period (years)</b> | <b>Proposed Date of Leaving</b> |
|----------------------------------|--|------------------------|-----------------------|---------------------|---|-------------------------------|---------------------------------|
| Economic Growth                  | Assistant Director Regeneration Projects | 82,438                 | 40,032                | 122,470             | 109,670                                       | 1.12                          | 31.12.16                        |