

APPENDIX 5

Minutes of the Overview and Scrutiny Management Board

Monday, 8th September, 2014 at 6.00 p.m.
at the Council House, Priory Road, Dudley

Present:

Councillor Tyler (Chair);
Councillor A Finch (Vice-Chair);
Councillors D Blood, I Cooper, C Hale, M Hanif, R James, L Jones,
M Mottram, K Turner and M Wood.

Officers:

R Sims, Assistant Director (Housing Strategy and Private Sector - Lead Officer to the Board) – For Minute Nos. 9 to 15 below.

J Polychronakis (Chief Executive), C Williams (Director – West Midlands Employers) and S Griffiths (Democratic Services Manager - Directorate of Corporate Resources)

9 **Apology for Absence**

An apology for absence from the meeting was submitted on behalf of Councillor C Elcock.

10 **Appointment of Substitute Member**

It was reported that Councillor M Wood had been appointed as a substitute for Councillor C Elcock for this meeting of the Board.

11 **Declaration of Interests**

No Members declared interests, in accordance with the Members' Code of Conduct, in respect of any of the items to be discussed at this meeting.

12 **Minutes**

Resolved:

That the minutes of the meeting held on 11th June, 2014, be approved as a correct record and signed.

13 **Change in Order of Business**

Resolved:

That the remaining items of business be considered in the order shown in the minutes below.

14 **Amendment to the Annual Scrutiny Programme 2014/15**

Further to Minute No. 7 of the meeting held on 11th June, 2014, the Director of Corporate Resources reported on a proposed amendment to the Annual Scrutiny Programme for 2014/15.

At its meeting on 16th July, 2014, the Health Scrutiny Committee had resolved to recommend the Board to consider a proposal to change the Health Scrutiny Committee's area for review to be the Dudley Physical Activity and Sport Strategy. This would replace the original item on Elements of Patient Experience in Acute Care.

A view was expressed that the proposed amendment undermined the validity of the process whereby the Board set the Annual Scrutiny Programme at the start of the municipal year. A Working Group had already been established to begin consideration of the Dudley Physical Activity and Sport Strategy.

The Chair of the Health Scrutiny Committee responded to the above points. It was noted that the proposed amendment was a recommendation from the Health Scrutiny Committee, however, the final decision rested with the Overview and Scrutiny Management Board.

Resolved:

That the recommendation of the Health Scrutiny Committee to amend the Annual Scrutiny Programme for 2014/15 by the inclusion of the Dudley Physical Activity and Sport Strategy, in place of the item on Elements of Patient Experience in Acute Care, be approved.

15 **Forward Plan of Key Decisions**

The Board received the Forward Plan of Key Decisions for the four month period commencing 1st September, 2014.

Reference was made to the item in the Forward Plan concerning consultation on School Place Planning and it was noted that this was within the remit of the Children's Services Scrutiny Committee.

With regard to the localised Council Tax Reduction Scheme the Board noted that consultation would only be required if the scheme was amended from that agreed by the Council in December, 2013.

Resolved:

That the Forward Plan of Key Decisions be noted.

16

Review of Senior Management and Organisational Structure

The Board considered a report of the Chief Executive on proposals for the Council's senior management restructure. Following an introduction from John Polychronakis, Chief Executive, the Board received a presentation from Colin Williams (Director – West Midlands Employers) on the proposed senior management and organisational structure, together with proposals for the appointment of a new Chief Executive. The Cabinet had endorsed proposals at its meeting on 3rd July, 2014 to form the basis of formal consultation in line with an agreed procedure and timetable.

The Chair indicated that no written questions had been submitted in advance of the meeting and invited Members of the Board to ask any questions on the report and presentation. The Board raised a range of issues as follows:

- The creation of a Strategic Director (Resources and Transformation) was noted. However, a Member questioned why Finance and Legal Services had been combined in the remit of one Chief Officer, with particular reference to the distinct governance roles of finance and legal services, including the statutory functions of the Section 151 Officer and the Monitoring Officer. The Board was advised that this was ultimately a matter for the Council to decide. However, the structure provided for all statutory officers to have direct channels of communication to the Chief Executive. Future job descriptions would clarify this and the statutory officers would be represented on the Council's senior management team. The recommendation was based on the number of Chief Officers overall and the need to reflect major corporate challenges associated with the transformation of services. The Chief Executive indicated that this issue had been raised during the consultation and would be reflected in the report to the Cabinet and Council in October, 2014.
- The structure was designed to be flexible to respond to any future decisions of the Council to outsource functions or to adopt different models of service delivery, without undermining the basis of the organisational structure.
- Members questioned whether the salaries of Chief Officers would be set at the same level or reflect different levels of responsibility. It was reported that posts had been evaluated and currently, two bands of 'job size' had been identified at Chief Officer level. An alternative was to consider market supplements for certain posts in appropriate circumstances.

- Arising from the above point, it was reported that the three proposed Strategic Director posts had also been subject to a job evaluation process, leading to potentially different salaries for these posts taking account of varying levels of responsibility.
- It was confirmed that teaching staff were not included in the restructuring proposals under consideration at this meeting.
- The financial implications were questioned in the context of the overall saving of £1m from senior management posts. Although the number of Directors and Chief Officers would be significantly reduced, the job evaluation of the senior posts would result in additional costs to be absorbed elsewhere in the structure. Assurances were sought that any increase in senior management salaries would not create unacceptable pressures on 4th tier posts and below. A key principle of the restructure was to devolve greater responsibility and decision making to lower tiers of management and it was considered important to ensure that the workloads of employees at fourth tier and below were not increased to levels that created unacceptable risks to services. A concern was also expressed that the structure did not contain sufficient flexibility to address these concerns at a later date if adverse service issues became apparent.
- The Chief Executive acknowledged that risks had been identified during the consultation process and all efforts would be made to minimise these risks moving forward. However, the principles associated with greater devolved decision making were fundamental to the change of culture and approach referred to in the report. The proposals aimed to establish a structure that was 'fit for purpose' and save £1m, taking account of reductions in senior management levels together with associated support and on costs.
- Reference was made to the allocation of responsibilities below Chief Officer level. It was noted that the proposed structure indicated a broad outline of functions for further consultation once the senior management positions were appointed. Job evaluations would be undertaken, but the restructuring would have to be implemented within the overall savings identified. Particular reference was made to the possibility of reconsidering the inclusion of ICT Services as a function under Finance and the possibility of combining relevant budgets to support the transition of young people from Children's Services to Adult Services.
- In relation to budget responsibilities, the Chief Executive indicated that the structure would provide for a corporate approach with significant input from the 3 strategic Directors and the Corporate Management Team. The structure recognised the significant corporate budgetary challenges faced by the Council in future years.
- The Board acknowledged the significant corporate challenges associated with service transformation and particular areas that would be affected with key developments such as the implementation of the Care Act.

- In response to a question concerning the approach taken by other metropolitan authorities, an assurance was given that the structures of other Councils had been considered in submitting recommendations. However, the key issue was to propose a structure that was fit for purpose in Dudley and which met the financial brief to save £1m.
- In response to a question concerning feedback received to date, the Chief Executive reported that the restructuring was an inclusive process and the two main areas of feedback related to the Chief Officer for Finance and Legal Services and the salary grades of the Chief Officer posts. These issues would be reflected in the report to Cabinet and Council.
- Further comments were made concerning the potential for reductions in the number of posts at 4th tier level and the effect this might have on services, particularly in the event of the long term absence of any key post holders. It was considered that a key element of the restructuring was the ability of the Council to recruit and retain employees and in this regard, the Council should pay the market rate for key posts within the overall budget available.
- In response to a question concerning the inclusion of private sector housing alongside health and wellbeing functions, it was noted that all the functions at 4th tier were subject to review and there was a potential for functions to be moved during the next stage of consultation.
- The Chair indicated that since the existing Scrutiny Committees were based on Directorate structures, the restructuring would necessitate a review of Scrutiny Committees and associated support functions. This was a matter for Members to consider, but it was suggested that Scrutiny Committees should closely reflect the 8 Chief Officer (and Cabinet Member) portfolios in the future.
- Reference was made to the involvement of the Council's workforce in the consultation and the Chief Executive repeated his commitment that the process was being managed in an inclusive and consultative manner. Trade Unions had been involved in the first stage consultation and various responses had been received from individual members of staff following the publication of information on the Intranet. A further detailed consultation would take place during December/January, following the appointment of the Chief Executive, Directors and Chief Officers, in line with the timescales set out in the report.
- The Chair questioned the 'ring fencing' of posts at 2nd and 3rd tier levels, which might not achieve the required fundamental change in culture and approach as referred to in the report. The Chief Executive indicated that existing post holders would not be automatically appointed to any new posts under the revised structure. Existing post holders would be afforded the opportunity to be considered, but the decision on appointments was a matter for the Appointments Committee. Posts would be advertised externally if the Committee so decided.

- In relation to Black Country Joint Working and shared services, the Chief Executive emphasised the need for the Council to be engaged in more collaborative working with the Black Country and West Midlands authorities. The proposals were designed to achieve stability over the next three years and the proposed structure would not restrict any ongoing work.
- Reference was made to the potential for scrutiny support being included in a centralised policy support team. Such a team could also oversee corporate issues such as equality and the co-ordination of funding bids. It was recognised that the restructuring might provide the opportunity for services to be realigned or centralised from within existing teams. However, the creation of dedicated support functions would have to be viewed in the context of overall affordability and the potential for self-financing.
- Support was expressed for the combination of Planning and Economic Development functions within the Chief Officer portfolio.
- It was noted that in addition to the Leader and Deputy Leader, the 8 Chief Officer positions would mirror the future Cabinet portfolios. The view was repeated that Scrutiny Committees should be closely aligned to these portfolios to allow Members to undertake in depth scrutiny of specific topics.

Following the general discussion and final comments, the Board was invited to consider making any recommendations or observations to the Cabinet. The following points were noted in summary:

- The Council must consider and work within the overall financial ‘envelope’ with the aim of saving £1m from senior management. The pay structure at the top three tiers of management should not inhibit the proposals for the development of management at the 4th tier and the Council should be mindful of any potential risks to services as referred to at this meeting.
- Consideration should be given to combining Adult and Children’s Social Services budgets to take account of the need for seamless management of key budget issues in the future.
- Assurances were sought that the new structure would provide for flexibility and corporate working across all service areas.
- The restructuring should build in appropriate flexibility to ensure that any ongoing issues can be reviewed and dealt with in a timely way and that the overall proposals should be subject to full evaluation after 12/18 months.

- Subject to points noted above, general support was given to the proposal to review functions at the 4th tier level following the appointments to the top three tiers of senior management, in accordance with the agreed timescales. It was confirmed that the 4th tier consultation would be reported to the Board in due course.
- The changes to Directorate structures would necessitate a full review of Scrutiny Committees and this should be a Member-led process.

At the conclusion of the meeting, thanks were recorded to the Chair and Members for their contributions to the consultation process. The Chief Executive and the Director of West Midlands Employers were thanked for their attendance and responses to the issues raised at the meeting. A Member also recorded his thanks to C Williams for his past work on the implementation of the pay and grading review.

Resolved:

That the Chief Executive include a summary of the key issues raised by the Board, as set out above, in his report to the Cabinet on 1st October and the Council on 13th October, 2014 concerning the review of the senior management and organisational structure.

The meeting ended at 7.55 p.m.

CHAIR