

Meeting of the Council – 13th October, 2014

Report of the Chief Executive

Review of Senior Management and Organisational Structure

Purpose of Report

1. To consider the outcome of formal consultation on a proposed senior management and organisational restructure and to consider the recommendations of the Cabinet.

Background

2. At its meeting on 2nd July 2014 the Cabinet considered my report on the review of the senior management and organisational structure and resolved to endorse the proposed new structure for formal consultation. The proposed structure is set out in Appendix 1.
3. By way of summary this is the most radical restructuring proposal for the Council since its creation in 1974. It would mean that we continue to be fit for purpose for the formidable challenges that we face but it will require a reduction in our management capacity of 20% and it will create savings in management costs of around £1 million. The implementation of the proposed restructure would produce the leanest management structure of any Metropolitan District Council. It would place Dudley “ahead of the curve” but, to ensure that we remain fit for purpose and manage expectations, it will be necessary to define and invest in further transformation in order to realise the potential of key staff if we are to meet the rigorous challenges that lie ahead.
4. The formal consultation ran from 30th June to 8th September 2014 and included a series of individual meetings with all existing Directors and Assistant Directors, together with consultations with trade unions, the external auditor and NHS partners. A summary of the consultations with Directors and Assistant Directors is attached at Appendix 2. I also received a number of written representations from other employees and these will be taken into account during the next stage of formal consultation on the development of the fourth tier structure in each of the new directorates during December 2014 and January 2015.
5. I have also received a written submission from the Conservative Group which is attached at Appendix 3.

6. As Members will see from Appendix 2, the key issues arising from the formal consultation relate to the proposed salary bands for the 8 new Chief Officers posts and the portfolios for the 2 Chief Officer posts in the Resources and Transformation Directorate and I will deal with each of these issues in turn.

Chief Officers Salary Bands

7. The advice received from West Midlands Employers was that, following a job evaluation, the salary band for the statutory Chief Officers (i.e. Adult Social Care, Children's Services, Public Health and Section 151 or Monitoring Officer) should be £95,000 - £99,000 with two incremental steps. The salary band for the other 4 Chief Officer posts (i.e. Corporate and Customer Services, Planning and Economic Development, Environmental Services and Housing) has been evaluated at £85,000 - £90,000 with two incremental steps. Both salary bands may need a market forces supplement and a proposed policy for this is discussed later in this report.
8. The representations received in relation to these salary bands are that there should be one band for all Chief Officers. Some consultees felt that this would treat each post equally and be less divisive. However, this would be inconsistent with the job evaluation which recognises the additional responsibilities for statutory officers.
9. It has also been argued that instead of a salary band, there should be a spot salary for Chief Officers. This would avoid an annual increase in salary through incremental progression. However it would remove some flexibility in setting a starting salary and increments may have to be subject to annual performance appraisal.
10. On balance I have concluded that there is more merit in having a basic spot salary for all of the Chief Officer posts and my recommendation is that this should be £89,000. However, there should be a supplement for the 4 statutory posts of up to £10,000 (to be agreed by the Appointments Committee) to reflect job size, budget and responsibilities. In each case a Chief Officer post would be subject to a market forces supplement where necessary.
11. Members are recommended to take a similar approach to the proposed salaries for the Strategic Directors. Following job evaluation the salary band for the Strategic Director for People is £122,500 - £130,000 and for the other two Strategic Directors it is £114,000 - £120,000. A spot salary for these posts could be £127,000 and £117,000 respectively but, again, subject to a market forces supplement where necessary.

Chief Officers in the Resources and Transformation Directorate

12. The current proposal is that there should be a Chief Officer for Corporate and Customer Services and a Chief Officer for Finance and Legal Services. The need for a Corporate and Customer Services Division reflects the fact that there is a range of Corporate Services (including Benefits, Revenues, Dudley

Council Plus) which serve the public directly. On the other hand the Finance and Legal Services Division is largely internal and provides support services for the rest of the Council.

13. During the consultation it was suggested that under the proposed structure the Council would have to appoint either a Section 151 Officer or a Monitoring Officer as the Chief Officer for Finance and Legal Services and that whatever the outcome one of the statutory roles would have to be allocated to a fourth tier Head of Service post or, if appropriate, to the Strategic Director. An alternative structure was therefore put forward suggesting that the Chief Officer post should be for Legal and Property Services (including the Monitoring Officer) and Finance and Customer Services (including the Section 151 Officer). Whilst this has much to commend it, on balance I see greater merit in retaining from the original proposal a Chief Officer post that leads a coherent portfolio of customer and corporate service functions that can be improved and transformed for the benefit of service users and residents. This meets a key strategic priority for the Council. I do accept, however, that it is imperative to ensure that both of the statutory roles are placed at the right level within the new structure and this will be addressed when the new Strategic Director and Chief Officers have been appointed.

Market Forces Supplements – Policy and Procedure

14. A draft policy and procedure on market forces supplements is attached as Appendix 4. If approved, this will form part of the annual Pay Policy.

Appointments Committee

15. Dates have already been agreed for the Appointments Committee to interview internal candidates for the new Strategic Director and Chief Officer posts. It must be stressed, however, that the Appointments Committee reserves the right not to make an appointment in which case the post will be advertised in the usual way. The terms of reference of the Appointments Committee will need to be amended by the Council to include Chief Officer appointments.
16. The new Job Descriptions and Person Specifications for the new posts will be approved by the Appointments Committee.

Redundancies

17. In view of the fact that we are radically reducing the number of senior managers, there will be a number of voluntary and, possibly, compulsory redundancies. Five Officers have expressed an interest in voluntary redundancy. As is stated in paragraph 3.11 of the summary of consultations at Appendix 2, there may be a need to have some temporary capacity at a senior level to ensure that the transition from the current structure to the new structure is effectively undertaken in order to achieve a fit for purpose organisation committed to transformation. It may be necessary, therefore, to phase the departure of certain officers in order to achieve these overall objectives.

18. At present appeals against compulsory redundancy are delegated to the Director of Corporate Resources. This would not be appropriate for appeals by senior managers and I recommend that such appeals be delegated to the existing Appeals Committee.

Overview and Scrutiny Management Board

19. The proposed structure was considered by the Overview and Scrutiny Management Board on the 8th September 2014 and their comments are set out in Appendix 5.

Future Consultation

20. As was agreed by Cabinet in July, the next part of the process will be the detailed development of the 4th tier structure following the appointment of the Strategic Directors and Chief Officers. There will be another period of consultation on these proposals during December 2014 and January 2015 with a further report to Cabinet in February 2015.
21. The proposals in this report were considered by the Cabinet at its meeting on 1st October, 2014. The Cabinet resolved to recommend the Council to approve the recommendations below.

Finance

22. The proposed structure set out at Appendix 1 aims to realise ongoing savings in the region of £1 million. The exact level of savings will be subject to the level of any supplements (including any market forces supplements) that may be paid. It is also based on there being a fixed financial envelope for the fourth tier of the structure.
23. The precise impact on the Medium Term Financial Strategy will be calculated when the proposals (including any impact at Head of Service level) have been finalised. In calculating this impact, it will be necessary to adjust so as not to double count existing Directorate savings proposals at Assistant Director and/or Head of Service level and to account properly for the General Fund, Housing Revenue Account, Public Health budget and Dedicated Schools Grant.
24. Redundancy costs are dependent on the age and length of service of the individuals being made redundant and therefore cannot be precisely calculated at this stage. These are one-off costs that will be met, as with all redundancies, from provision within the Medium Term Financial Strategy.

Law

25. Section 111 of the Local Government Act 1972 enables the Council to do anything that is calculated to facilitate or is conducive or incidental to the discharge of its various functions. The restructure and consequent appointments process for the posts will be undertaken in accordance with the Council's employment policies and legislative framework.
26. Pursuant to Section 1 of the Localism Act 2011 the Council has the general power of competence to do anything that individuals may do.

Equality Impact

27. The Equality Impact Assessment which was attached to my July report is again attached at Appendix 6.

Recommendations

28. The Council is recommended to:-
 1. Note the outcome of the formal consultations summarised in Appendix 2 and the comments of the Conservative Group and Overview and Scrutiny Management Board set out in Appendices 3 and 5.
 2. Approve the new senior management structure set out in Appendix 1.
 3. Approve the spot salaries for the new Strategic Director and Chief Officer posts as set out in paragraphs 10 and 11 of this report.
 4. Approve the policy and procedure for market forces supplements set out at Appendix 4.
 5. Amend the terms of reference of the Appointments Committee and the Appeals Committee as set out in paragraphs 15 and 18 of this report.
 6. Authorise the Chief Executive to apply the approved policy on voluntary redundancies in accordance with paragraph 17 of this report.
 7. Note the next phase of consultation on the 4th tier structure referred to in paragraph 20 of this report.

John Polychronakis

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List of Background papers:

None