

READING BOROUGH COUNCIL
REPORT BY CHIEF EXECUTIVE

TO:	PERSONNEL COMMITTEE		
DATE:	8 NOVEMBER 2018	AGENDA ITEM:	3
TITLE:	SENIOR MANAGEMENT STRUCTURE PROPOSAL		
LEAD COUNCILLOR:	COUNCILLOR LOVELOCK	PORTFOLIO:	LEADER OF THE COUNCIL
SERVICE:	CHIEF EXECUTIVE	WARDS:	BOROUGHWIDE
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 To agree next steps in developing senior management capacity in light of two upcoming retirements and the changing needs of the Council.

Appendix 1: Current senior management structure
Appendix 2: Proposed senior management structure
Appendix 3: Draft role profiles

2. RECOMMENDED ACTION

- 2.1 That the senior management structure set out at Appendix 2 be approved in principle, subject to the outcome of consultation with the staff affected by the proposals and the Trade Unions.
- 2.2 That pending the outcome of the consultation exercise, the Chief Executive, in consultation with the Leader of the Council and Leader of the Opposition, be delegated authority to oversee its implementation.

3. BACKGROUND

- 3.1 This report details a senior management restructure proposal which seeks to continue to support the Council's good track record of delivery of front line customer facing services, but also increase capacity to deliver a range of projects to support the continued growth and development of Reading, alongside balancing the Council's budget. The proposed new structure will enable delivery of the Council's ambitious agenda through additional investment in a number of key areas, together with enhanced accountability

arrangements through executive line management through Executive Directors to the Chief Executive.

- 3.2 In order to deliver the Corporate Plan and Medium Term Financial Plan there is a need to strengthen capacity, ensuring that there is an appropriate balance of skilled in-house resources to deliver directly and effectively and intelligently client external partner organisations. There has been an over-reliance on interim and agency staff in key management posts and the aim is to end this.
- 3.3 The Council's current top team structure is outlined in Appendix 1. It includes a Chief Executive Officer, 3 Directors and 12 Heads of Service.
- 3.4 In the last year we have successfully recruited strong and experienced Directors for Adult Social Care, Resources and Children's Services after a period of depending on short term interim solutions. We have also recruited Heads of Finance, Procurement and Contracts, and HR and Organisational Development, strengthening the corporate capacity of the authority.
- 3.5 The Council asked the Local Government Association (LGA) 18 months ago to undertake a study on current management arrangements and their key findings were:
 - The Council has approximately 2253 posts;
 - The review identified between 6 and 8 layers of hierarchy in some areas which is excessive in an organisation of this size;
 - Spans of control are high at senior management level and are often low below Head of Service level. In specialist areas this may be appropriate but it may also be a sign of poor role design and role overlap;
 - There is a keen appetite for change from the bottom of the organisation upwards; and
 - There appears to have been a lack of prioritisation and performance management which may be due to the current structure which is unbalanced.
- 3.6 The Council instructed the Chief Executive in February 2018, as part of its budget report to undertake a root and branch review of structures to reduce costs through de-tiering and wider spans of control.
- 3.7 The first step in this process is to agree a refreshed Director and Service Head structure. Factors in designing the proposed structure include:
 - Two long standing members of the Senior Management Team are retiring in the next 9 months - the Director of Environment and Neighbourhood Services and the Head of Customer Care and Transformation;

- Children's Services is moving to an arm's length company;
- The number of arm's length wholly Council owned companies which need proper governance and policy oversight is growing and may grow further;
- The need to have more specialist leadership of ICT at Service Head level, in light of growing dependence on technology and the ending of the Northgate ICT service contract; coupled with the increasing importance of technology as an enabler of change;
- The opportunity to increase future income from New Homes Bonus, Council Tax and Business Rates by investing more senior level input into driving housing and economic development; enabling the Council to be more financially sustainable in the longer run;
- The recent investment property purchases, meaning that the Asset Management function is growing in importance at a time of an existing post holder's retirement;
- The need to bring strategic planning and transport together as part of building capacity around regeneration;
- Increased focus on and importance of regulating the private rented sector and promoting health and wellbeing in Reading more widely;
- The desire to have a dedicated Public Health function;
- Ensuring that there is Corporate capacity at the heart of the organisation; and
- The need to continue to drive and embed a Team Reading approach.

3.8 All of these changes respond to the plan set out in the Council's Medium Term Financial Strategy:

- Forming the Children's Company;
- Driving down costs, whilst improving outcomes;
- Adult Social Care modernising its policies, strategies and operation to reduce costs radically, whilst protecting the vulnerable;
- Moving towards greater trading through a group of arm's length companies;
- Accelerating housing and business growth; increasing both the Council's Tax and Business Rates base;
- Significant market testing of services;
- More internal resources to drive change and projects and less reliance on contract staff and consultants; and
- The need to drive Council wide transformation to ensure we are fit for the future and financially sustainable.

3.9 The proposals in this report change the roles of senior managers with Directors designated Executive Directors, responsible to the Council for the

financial performance and service outcomes of their Directorate, with Directorate delivery units driving change across the services and ensuring major projects are monitored and delivered.

- 3.10 The Executive Directors will be the “Chief Officers” of the Council. The Executive Directors will be, along with the Chief Executive Officer, accountable to Members directly for performance and financial outcomes. Heads of Service, who report to the Executive Directors, will be designated Assistant Directors. The external recruitment specialist advice is that this designation helps with attracting high calibre candidates.
- 3.11 In Adult Social Care, advice from recruitment specialists is that to successfully attract senior leaders it will help to identify a Deputy Director role to attract an experienced manager who sees their next role as a Director.
- 3.12 In the key role of driving regeneration projects in Reading it is felt a dedicated Deputy Director would have the status and seniority to work across the department to co-ordinate the professional staff needed to make major projects happen. The designation as Deputy will also help attract a manager who is looking to step up to Director in their next role.
- 3.13 The role of Assistant Directors will be to deliver to a service specification and within an annual budget. There will be service level agreements between services, and between them and the arm’s length companies. Assistant Directors will be the lead professional in their field. With that lead professional designation comes responsibilities for policy development and accountability for the lawful and safe conduct of a service.
- 3.14 Support services, for example, will have similar service level agreements in place with direct service areas as with the Children’s Company. Assistant Directors will have more freedom over staff structures, budgets and working arrangements delegated to them within the corporate HR, Finance and Procurement Policy Frameworks.
- 3.15 Assistant and Deputy Directors will be accountable to Executive Directors for their budget and service area performance. This greater level of delegation is designed to create a more accountable framework, more appropriate oversight and less bureaucracy of operation.
- 3.16 As part of the structure review a refresh of job descriptions and management competencies will be undertaken.
- 3.17 Pay for Assistant Directors and the Corporate Management Team (CMT) will need to be independently reviewed to ensure Equal Pay and eliminate the use of market supplements. To attract and retain the best possible senior staff salaries should compete with West London unitaries.
- 3.18 All postholders, apart from those recently recruited and assessed by Solace as part of that exercise, or matched to the role where there is little change to

the job, will complete an expression of interest for the role and be assessed appropriately against the requirements of the role.

- 3.19 Once Executive Directors and Assistant Directors are in post a review of the Council's overall structure will be undertaken, aimed at ensuring service areas have no more than three further tiers of management and in general spans of control are between 5 and 8.
- 3.20 An extensive programme of leadership and management training will be commissioned following confirmed structures being implemented.

4. THE PROPOSALS

- 4.1 A proposed structure chart is attached at Appendix 2. It is proposed to move from 4 Directorates to 3, as a result of Children's Services moving to an arm's length company.
- 4.2 The Chief Executive to be responsible for clienting the Children's Company with the support of:
- The Director of Social Care and Health - who will be the Council's nominee on the Children's Company;
 - An independent Chair of the Children's Services Improvement Board;
 - The Social Care and Health Directorate Quality Assurance Team; and
 - The Council's corporate Procurement and Contract Management Team.
- 4.3 The current post of Director of Environment and Neighbourhood Services will be replaced by an Executive Director for Economic Growth and Neighbourhood Services, with a focus on the development and regeneration of Reading; speeding up the pace for investment in the transport, housing, employment and community infrastructure of the town and improving services and embracing commercialisation.
- 4.4 The current Director of Resources post will be re-designated as an Executive Director post.
- 4.5 The Director of Children's Services will report to the Chief Executive one day a week and the Chair of the Children's Company for four days a week on a secondment basis. The Director of Children's Services will attend CMT in an advisory capacity.
- 4.6 The Director for Adult Care and Health Services will be re-designated an Executive Director for Social Care and Health and will have a wider involvement with ensuring strategies to support vulnerable children and Education Policy are integrated with our approach to supporting vulnerable adults, so the Council has an integrated approach to supporting people in Reading.

4.7 These changes at Director level do not change the number of post holders but the pay review could potentially add a minimum of £30,000 to costs of which around half will be capital HRA spending.

4.8 Changes at a Directorate level

Resources

4.8.1 The Executive Director for Resources will have responsibility to oversee and report on the financial sustainability and general performance of the Council's arm's length companies. The day to day service relationships will be with service areas but this role will oversee and is to manage the Council's responsibilities and risks associated with being a parent in a group structure.

4.8.2 The post of Head of Customer Care and Transformation will be deleted from the date the current postholder retires at Christmas 2018.

4.8.3 An Assistant Director post for Digital Transformation and an Assistant Director for Customer Service and Corporate Improvement will be created.

4.8.4 The Communications function will report to the Chief Executive.

4.8.5 Dependant on the outcome of market testing, transfer the management of Revenues and Benefits to the Assistant Director for Finance.

4.8.6 The Head of the Corporate Delivery Unit would report directly to the Assistant Director for Customer Service and Corporate Improvement.

4.8.7 Overall the number of senior management posts in the Resources directorate is increased by one with a likely cost of over £100,000 a year.

Environment and Neighbourhood Services

4.8.8 The current Director has indicated they will retire in the Spring of 2019. This will enable the recruitment of a new Executive Director in advance and for there to be a smooth handover.

4.8.9 Create a Deputy Director for Regeneration and Assets to drive the Council's approach to developing Reading and increasing income to the Council.

4.8.10 Depending on the outcome of the market testing exercise, bring all Direct Services together to prepare for greater commercialisation.

4.8.11 Create a dedicated Housing and Communities service area reporting to an Assistant Director.

4.8.12 Bring all cultural services together in one service area reporting to an Assistant Director for Cultural Services.

4.8.13 Bring Transport and Planning together under one Assistant Director.

4.8.14 Overall there is an increase in establishment of one post and a likely cost of over £100,000 a year which should be self-financing in the medium term from business rates, new homes bonus and increased property income.

Adults

4.8.15 The current vacant Head of Service post for Adult Social Care be re-designated and advertised as a Deputy Director of Adult Social Care (recruitment for this post is already underway)

4.8.16 The Head of Transformation be designated as Assistant Director of Transformation and Performance.

4.8.17 The current Commissioning and Public Health post be split into a dedicated lead for Public Health who will be a Public Health consultant.

4.8.18 Create an Assistant Director for Strategic Commissioning, Wellbeing and Quality Assurance responsible for commissioning and managing contracted services (recruitment for this post is already underway).

4.8.19 The overall impact is one additional post. The Consultant in Public Health is wholly funded by grant and the additional post will cost over £100,000 which should be fundable from the improved focus on effective commissioning and contract management.

4.9 Summary of staffing implications

4.9.1 Three existing Directors are refocused as Executive Directors. The number of Directors remains the same.

4.9.2 Two new Deputy Director posts are created for the Directorate of Social Care and Health and the Directorate of Economic Growth and Neighbourhood Services.

4.9.3 Heads of Service are refocused as Assistant Directors and the number of posts stays the same (i.e. 12 posts).

4.9.5 New posts:

- Deputy Director of Regeneration and Assets
- Assistant Director of Digital Transformation
- Assistant Director of Customer Service and Corporate Improvement
- Assistant Director of Housing and Communities
- Assistant Director of Cultural Services
- Assistant Director of Planning and Transport
- Assistant Director of Transformation and Performance

Deleted posts:

- Head of Customer Care and Transformation
- Head of Transportation and Streetcare
- Head of Housing and Neighbourhood Services
- Head of Economic and Cultural Development
- Head of Planning, Development and Regulatory Services
- Head of Transformation

A draft role profile showing the generic responsibilities and competencies required for Executive Directors and Assistant Directors is attached at Appendix 3.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 These proposals are important to the achievement of all of the Council's Strategic Aims as set out in the Corporate Plan 2018-21, but in particular to the aim of remaining financially sustainable to deliver the service priorities set out in the plan.

6. COMMUNITY ENGAGEMENT AND INFORMATION

- 6.1 The proposals concern the internal senior management of the authority. It is neither appropriate nor required for them to be the subject of external consultation.
- 6.2 Informal consultation has already taken place with the Corporate Management Team and Heads of Service about the proposals. Following agreement of Personnel Committee in principle to proposed structure, formal consultation will commence with the staff directly affected by the proposals, the trades unions and with the next tier of managers who report directly to Heads of Service and Executive Directors.

7. EQUALITY IMPACT ASSESSMENT

- 7.1 At this stage it is not considered that an Equality Impact Assessment (EIA) is required.

8. LEGAL IMPLICATIONS

- 8.1 The authority's power to appoint staff and to determine their terms and conditions of employment is under Section 112 of the Local Government Act 1972. This power has been delegated by full Council to the Personnel Committee to exercise.
- 8.2 There are mandatory Standing Orders governing the recruitment, appointment and dismissal of senior management staff in a local authority, as set out in the Council's Officer Employment Procedure Rules in Part 4 of the Council Constitution. These derive from the Local Authorities (Standing Orders) (England) Regulations 2001, as amended by the Local Authorities

(Standing Orders) (England) (Amendment) Regulations 2015. They were and were adopted by full Council on 26 March 2002, and revised by full Council on 7 July 2015. They cover Director and Head of Service posts in the authority, where any external recruitment process is the responsibility of the Personnel Committee.

- 8.3 The Personnel Committee has delegated powers to appoint Corporate Directors, the Monitoring Officer, the Section 151 Officer, and posts covered by the Mandatory Standing Orders, which are posts falling within the definition of Deputy Chief Officer in Section 2(1) of the Local Government & Housing Act 1989. This includes the heads of service posts mentioned in this report.

9. FINANCIAL IMPLICATIONS

- 9.1 As illustrated in the following table the proposed senior management restructure will increase the number of posts from 15 to 19 and resultant Full Time Equivalent posts from 14.4 to 18.2. The full year effect, based on 2019/20 pay scales, would equate to £524,000. It is anticipated that savings will be made by a reduction in the use of agency/interim management and consultancy arrangements, as well as an increased capacity to drive efficiency programmes and increase income generation, which will help to offset this cost.

	Current Senior Management Structure		Proposed Senior Management Structure		Variance
FTE		14.4		18.2	
Annual Salary Estimate	£	1,419,000	£	1,808,000	£ 389,000
Annual On costs Estimate	£	494,000	£	629,000	£ 135,000
Total Salary	£	1,913,000	£	2,437,000	£ 524,000

- 9.2 Currently, 30% of the salary for Director of Environment and Neighbourhood Services and 80% of the salary for Head of Housing and Neighbourhood Services are recharged to the HRA and so these costs are not included in the above figures. This arrangement will continue in the new management structure.

10. BACKGROUND PAPERS

- 10.1 Local Government Association draft final report: Decision making accountability in Reading Borough Council - December 2016