



Meeting: Council
Wards Affected: All Wards

Date: 26 February 2015

Report Title: Senior Management Team Restructure

Is the decision a key decision? Yes

When does the decision need to be implemented? Implementation will be subject to due process.

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1. Purpose and Introduction

- 1.1 The purpose of this report is to set out proposals for the restructure of the Senior Leadership Team, in order to reduce the size of the team to make budgetary savings and re-align services within the organisation to meet future demands.

2. Proposed Decision

- 2.1 That the proposal to introduce a new Senior Leadership structure focussed on two teams, namely a Joint Commissioning Team and Joint Operations Team, reducing the number of Executive Heads and re-aligning services be noted.
- 2.2 That the Executive Director of Operations and Finance be authorised to progress the proposed deletion of the post of Director of Place and Planning from the structure, subject to the outcome of further consultation.
- 2.3 That in reducing the number of Executive Heads, the Executive Director of Operations and Finance be authorised to progress the proposed deletion of the post of Executive Head of Finance, a post that currently fulfils the role of Section 151 Officer, subject to the outcome of further consultation.

3. Reason for Decision

- 3.1 The current Senior Leadership Team structure has been reducing in size over the last five years. Changes that took place in 2012 saw a reduction in Directors hours and in 2013, the Council took the decision to reduce the Head of Paid Service to 0.8FTE. At Executive Head level, the structure has also reduced in Spatial Planning and Business

Services. Despite the gradual reduction in the number of Directors and Executive Heads, the Council as a whole faces the need for further budgetary reductions. As such, the Senior Leadership Team is no exception.

- 3.2 The proposed structure will see a reduction in the number of senior leadership posts and generate savings of approximately £200,000 pa (15.41%). The proposals will prepare for further radical changes in how the Council will need to operate in the future based on current fiscal projections.
- 3.3 This report seeks authority for the Executive Director to progress the proposals. If such authority is given, the proposal will be subject to the outcome of further consultation. The decision is drafted to be permissive and therefore the Executive Director can decide not to proceed with the proposals should, as a result of consultation, he considers that it is not appropriate to do so.
- 3.4 The proposals, if progressed, will involve processes for appointment to remaining posts, which the Executive Director, as Head of Paid Service, will undertake.

Supporting Information

4. Position

- 4.1 The Council has been making budget reductions year on year which have seen significant reductions in staffing and budget. Over recent financial years 120 staff were lost in 2013 (9.25%) and a further 103 in 2014 (9.12%). Current and future budget reductions for 2014/15 and 2015/16 alone amount to a further £24m (19%). The forecast budget shortfall in 2016/17 is estimated to be in the region of £13.8m with further government cuts expected over the following two years also.
- 4.2 For the most part the recent reductions have been achieved through 'salami slicing' existing budgets and services rather than efficiency savings, which are becoming increasingly harder to find. It is obvious that this approach is not sustainable. As a result, the Senior Leadership Team has identified that the Council will need to radically develop its partnership arrangements with other providers and authorities moving forwards. Such arrangements are likely to include combined authority agreements for specific services, shared services, outsourcing and in some cases the complete cessation of activity. Working with the third sector will likely become the norm.
- 4.3 The medium term solution requires a new and radical nationwide approach to how local public services are organised and funded or a significant increase in local taxation. This report does not seek to set out such options but contains a number of proposals which can be implemented locally and with immediate effect to achieve savings improve service delivery, flexibility and resilience.
- 4.4 Across the organisation, it is proposed to create a flatter and simplified management structure that both reduces bureaucracy and empowers employees to make decisions.

In addition the Council must embrace the available technological advances which are affordable and allow for full integration and cooperation.

4.5 It is proposed to position two joint teams namely the Joint Commissioning Team and Joint Operational Team below the Executive Director as a structure that will create opportunities for true efficiency savings to be made.

4.6 **Joint Commissioning Team**

It is proposed that this team will comprise of the three Directors of Children's, Adults and the newly agreed joint appointment of Director of Public Health, who will report to the Executive Director. The primary purpose of this team will be to further advance partnership working across statutory functions and achieve a single joint commissioning plan across the respective services, investing in prevention, avoiding 'cost shunts' and optimising value for money through innovative best practise and partnership working.

From a strategic positioning perspective deeper integration within Torbay Council will improve our joined up approach and make it possible to further integrate externally with the Clinical Commissioning Group and/or others and the new Integrated Care Organisation.

4.7 **Joint Operations Team**

All other services will be provided by the Joint Operations Team.

It is proposed that the Executive Director will have two reports on this side of the structure, an Assistant Director of Customer Services and Community Safety, and an Assistant Director of Corporate and Commercial Services. Three existing Executive Heads will report to the Assistant Directors and be accountable for performance and delivery.

Three distinct service delivery teams are envisaged:

- Customer Services
- Resident and Visitor Services
- Corporate and Commercial Services

It is proposed that the Section 151 Chief Financial Officer statutory duties will be assigned to a suitably qualified accountant rather than an Executive Head. The Section 151 Officer will report to the Assistant Director Corporate and Commercial Services but also have direct access to the Executive Director and the Mayor.

5. Possibilities and Options

- 5.1 As set out above the proposed structure will see a reduction in the number of senior leadership posts and generate savings of approximately £200,000 pa (15.41%). The proposals will prepare for further radical changes in how the Council will need to operate in the future based on current fiscal projections.
- 5.2 The status quo could be maintained but the Council as a whole faces the need for further budgetary reductions which ultimately means a loss of staff. The Senior Leadership Team is no exception in this respect. There will be changes in the way the Council operates in the future, which the proposals support and foresee. For these reasons the status quo option is not recommended.

6. Fair Decision Making

- 6.1 This report seeks authority for the Executive Director to progress the proposals. Some consultation has occurred as set out below. If authority is given to the Executive Director, the proposal will be subject to the outcome of further consultation.
- 6.2 If the Executive Director is given authority to progress the proposals, the decision is drafted to be permissive and therefore the Executive Director can decide not to proceed with the proposals should, as a result of consultation, he considers that it is not appropriate to do so.

6.3 Consultation Timescale

The consultation in respect of the proposal has been as follows:

- Launched with the Senior Leadership team on 20th January 2015 until 13th February 2015 (asked to maintain confidentiality for one week).
- Expanded to Tier 4 Managers and external partners confidentially on the 27th January 2015.
- Further expanded to include all staff on 11th February 2015 with an invitation to comment.
- The initial phase of the consultation period has been extended.

6.4 External Partner Consultation

Consultation feedback was requested from the following external partners:

- Chief Constable - Devon and Cornwall Police
- Police & Crime Commissioner
- Lead Fire Officer - Devon and Somerset Fire and Rescue
- Grant Thornton (external auditors)
- Devon Audit Partnership
- Lead – Torbay Community Development Trust
- Chief Clinical Officer - South Devon & Torbay Clinical Commissioning Group

- Chief Executive Officer - Torbay & Southern Devon Health and Care NHS Trust
- Chief Executive Officer - South Devon Healthcare NHS Foundation Trust
- Director of Commissioning – NHS South Devon and Torbay CCG
- Co-Medical Director Devon Partnership NHS Trust
- Chief Executive – Plymouth City Council
- Chief Executive – Devon County Council

6.5 Key Findings and Recommendations

6.5.1 Senior Leadership Team

All feedback received acknowledged and accepted the need for change. Feedback from the Senior Leadership team between 20th and 27th January was positive (with two exceptions) and supported the notion of a Joint Commissioning Team and Joint Operations Team. A number of consultees asked for further details as to the rationale and there were some queries and suggestions as to where some services should sit e.g. whether services were seen as more Commercially focused than Customer focussed. Following this initial useful feedback and reflection time, the initial proposal document was updated to incorporate further clarification. At this stage, the document was sent to External partners and Tier 4 Managers.

6.5.2 External Partners

Of the partners contacted, feedback was received from partners in the Police, Fire & Rescue Service and from the Council's internal and external auditors. Other partners acknowledged the opportunity to comment.

Grant Thornton – External Auditors

The Council's external auditors Grant Thornton clarified that their role was not to give a view on policy decisions or changes, but noted that the proposal to remove the Executive Head of Finance post and subsequent change to the Section 151 Officer would impact most on their role as the Council's auditor. They set out the CIPFA five principals defining the core activities of the Chief Financial Officer and asked the Council the following questions:

1. *Is the Council satisfied that the requirements of the CIPFA statement have been considered, and are addressed in the proposed SLT restructure?*
2. *Will a Section 151 officer without Director or Executive Head status have sufficient status within the organisation to be actively involved in, and bring influence to bear on all material business decisions?*
3. *Will the proposed Section 151 officer have the capacity to delegate some of their more detailed responsibilities, thereby enabling them to transition into a role requiring them to adopt a more strategic approach?*

4. *Has/Will the proposed restructure followed due process? For example, are decisions clear and transparent and made in line with the Council's Constitution/other requirements?*

Devon Police and Crime Commissioner

“The PCC welcomes joint commissioning arrangements where they lead to truly shared service delivery. The current and future pressures facing service providers from societal change, budget reductions and increases in demand will require all providers to radically rethink delivery mechanisms and supporting structures. The PCC would support the proposals you have shared.”

Chief Fire Officer

Feedback from Devon and Somerset Fire & Rescue Service gave an understanding of the need to make difficult budgetary decisions, but centred on potential opportunities for closer and more efficient work particularly through shared services and leadership or outsourcing.

“Of specific interest is the chance to explore the potential benefits from collaborating with your proposed joint commissioning team to improve outcomes for the community. In particular, through the focus on prevention and the opportunity to optimise efficiency and effectiveness by way of developing innovative solutions, further partnership working and the mobilisation of the third / voluntary sector.”

Devon Audit Partnership

Devon Audit Partnership have provided a SWOT analysis which is detailed in Section 8 of this report.

6.5.3 Tier 4 Managers and Staff feedback

Feedback has been received from a number of Tier 4 Managers (those reporting directly to an Executive Head or Director where there is no Executive Head) and staff. The range of responses covered the following general points:

- The majority of responses understand the need for change and in many cases believe the proposals are logical and make business sense.
- Concerns have been raised within the Finance Business Unit about the removal of Executive Head Finance and how the Council will meet its CIPFA requirements of the Section 151 officer.
- Welcoming the need for further combined and amalgamated services.
- Challenges ahead in terms of income generation.
- Flatter structure that will be more productive and grouping of services is well aligned and justified.
- Clear structure that will break down silos, provide cohesion and opportunities to work together to avoid duplication.
- Concern as to how the structure aligns with the Place re-structure.
- Simplified structure providing a welcome and positive set of proposals.

- Concern as to the capacity of officers going forward.
- Some queries and comments about where services should sit were also provided e.g. Spatial Planning, aspects of Revenue & Benefits such as Income Section and Corporate Debt.
- Concern that proper and fair processes are followed.
- Concerns as the apparent removal of Section 151 Officer from SLT.
- Felt illogical to have Parking Services located within the role of Executive Head Harbour & Resort Services.
- Genuinely impressed by the proposals, but concerned about a lack of staffing and IT resources to be able to operate in a fully commercial way and bid for business.

6.6 Recommendations as a result of the Consultation

- 6.6.1 General consultation feedback has been silent on the proposal to delete the Director of Place and Planning, and of the feedback obtained from within this directorate, there was no concern expressed in relation to maintaining this post.
- 6.6.2 One of the key points raised elsewhere related to the Section 151 Officer going forward and in particular CIPFA requirements.

The five Principles within CIPFA state that the Chief Financial Officer:

- *is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest;*
- *must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the authority's financial strategy; and*
- *must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.*

To deliver these responsibilities, the officer:

- *must lead and direct a finance function that is resourced to be fit for purpose; and*
- *must be professionally qualified and suitably experienced.*

The above requirements have been carefully considered and there is no evidence to suggest that the proposed structure will prevent the Council from carrying out the statutory duties of the Chief Financial Officer. Indeed, in some Local Authorities, comparable to Torbay, the Section 151 Officer responsibilities have similarly been assigned to a suitably qualified senior accountant not at Executive Head level.

6.6.3 The CIPFA statement above has been thoroughly considered and the restructure proposals explicitly seek to adhere to these guidelines.

6.6.4 It is therefore recommended that Council accept the proposals as set out.

7. Public Services (Social Value) Act 2012

7.1 The Council is not procuring a service, these are restructure proposals, and therefore the Act does not apply.

8. Risks

8.1 As part of the consultation process, Devon Audit Partnership (the internal audit provider for Torbay Council) were requested to consider the proposed Senior management Restructure.

8.2 In particular, the Partnership was asked to consider (at an overview level) the Strengths, Weaknesses, Opportunities and Threats (known as a SWOT analysis) that would arise from the structure should it be adopted as proposed.

8.3 The Partnership was also asked to consider the risks, and the potential mitigating controls to manage such risks, which might arise from the proposals.

8.4 Both the SWOT and risk analysis (shown below) have been prepared on a “desk top” basis i.e. by referring to the restructure document and how it relates to the current business and operational objectives of the Council. If the proposals are progressed, SLT will revise both the SWOT and the risk analysis as appropriate.

SWOT analysis of proposed Senior Management Restructure

<p><u>Strengths</u></p> <p>Empowers IT specialists</p> <p>Will generate savings of £200k pa</p> <p>Provides clarity on lines of communication.</p> <p>Reduced direct line management responsibilities for Chief Exec will create capacity for Chief Exec to develop links within and outside of the Council.</p> <p>Joint Commissioning Team - will share budgets, staff and expertise / avoid costs shunts.</p> <p>Single customer portal will improve efficiency and provide resilience with the aim of improving the customer experience.</p> <p>Current (former) structure had potential to lead to self interest / inhibit sharing / distort prioritisation of resources – proposed structure aims to address these issues.</p>	<p><u>Weaknesses</u></p> <p>The revised structure provides only a small percentage of the overall £13.8m budget shortfall for 16/17. Further work at all levels is required to achieve savings.</p> <p>Reduced capacity at senior level for “business as usual”– unless tasks or work volume is reduced, then work may simply be “shifted down” the organisation.</p> <p>Reduced capacity at senior level – to develop services to meet wider change agenda.</p> <p>Potentially creates two “silos” – commissioning and operations – need to ensure that a “them and us” culture does not develop.</p>
<p><u>Opportunities</u></p> <p>ICT and the Customer at the forefront of service design.</p> <p>To develop partnership arrangements / shared services solutions with current and other partners</p> <p>To develop deeper integration with the CCG and draw on skills / experience / wider links.</p> <p>The development of “one and done” and</p>	<p><u>Threats</u></p> <p>Loss of experienced officers / knowledge / understanding.</p> <p>Loss of key officers at a time when stability is key.</p> <p>Loss of key officers to effectively deal with any changes in members / political leadership.</p> <p>Potential time lag in replacing deleted posts could result in key tasks being</p>

<p>self service will benefit customers</p> <p>Wider opportunity to consider how services are “managed” – partnership links with other not-for-profit organisations will be explored.</p> <p>Management given permission and empowered to seek radical solutions to service delivery and meet budget requirements.</p> <p>Staff opportunities to develop.</p>	<p>delayed.</p> <p>Officers with new roles will take time to settle in / make a difference</p> <p>Structure may not reflect similar organisational structures (e.g. other unitaries) – presenting a barrier to closer working</p>
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Risk and mitigating control analysis of Proposed Senior Management Restructure

Potential Risks	Possible Mitigation
<p>Have the risks of the new structure been assessed?</p> <p>Can the risks been suitably mitigated?</p> <p>Are there residual risks that the Exec Director / council need to “live with”?</p>	<p>A formal risk assessment should be prepared / owned by SLT once finalised.</p> <p>Mitigating controls should be suitably identified and put in place.</p> <p>As change takes place, it may be that the level of acceptable risk level will need to increase. If required, SLT will need to discuss and agree an appropriate (revised) risk appetite.</p>
<p><u>Local (and national) elections</u> – could result in change in administration / direction.</p>	<p>SLT will need to work with the new administration, and ensure that their requirements can be met.</p>
<p><u>Capacity</u> – reduced capacity due to reduced number of officers but with no reduction in workload</p> <p>Lost capacity to develop services?</p> <p>Possible business continuity issues?</p>	<p>Immediate term – Potential to make use of short term additional resources to ensure backlogs do not build up.</p> <p>Longer term – ensure tasks are prioritised, suitably allocated and completed effectively. Need to look at what tasks can be dispensed with.</p> <p>Short term – use of external resource to “kick start” projects / initiatives</p> <p>Longer term – ensure each section / team develops “business plans” stating what, who, when and how changes will be implemented.</p> <p>Development of partner arrangements / sharing of services will provide for better business continuity / absence of key staff.</p>
<p><u>Knowledge loss</u> – key officers leaving at critical time, possibly resulting in :</p> <ul style="list-style-type: none"> • A/c’s produced late and 	<p>Key tasks (such as closure of accounts) not reliant on one officer;</p> <p>Loss will be more acute in <i>presentation</i></p>

<ul style="list-style-type: none"> • Qualified by External Audit 	<p>of key documents rather than in the <i>production</i>.</p> <p>SLT to ensure where applicable officers taking on new roles receive suitable training (to include presentation should this be required)</p> <p>Liaise with key external bodies at an early stage to keep them informed on changes. Seek their views on expectations / requirements / potential risks and solutions.</p>
<p><u>Training</u></p> <p>Has a suitable training programme been developed for the new post holders?</p>	<p>Identify expected training needs at an early stage.</p> <p>Ensure training provided at right time to right people.</p>
<p><u>ICT</u></p> <p>Change in how ICT will drive business design and customer solutions raises expectations but limited by budget.</p>	<p>Ensure right resources are directed in the right way (customer focus).</p> <p>Detailed review of costs to trim those areas no longer required.</p> <p>Good costing to support business cases – with an invest to save emphasis and a suitable pay back period.</p>
<p><u>Staff Morale</u></p> <p>Drop in morale and therefore output due to uncertainty / individuals being personally affected.</p>	<p>Clear communication on agreed actions and timeframes.</p> <p>Adhere to timeframe and ensure no “confusion”.</p> <p>Need to deal sensitively with affected individuals / offer support / guidance as appropriate</p>

Appendices

Appendix 1 – Consultation Document

Additional Information

None