

# REPORT FOR: **CABINET**

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<b>Date of Meeting:</b>	15 January 2014
<b>Subject:</b>	Senior Management Structure
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Director of Legal and Governance Services
<b>Portfolio Holder:</b>	Councillor Susan Hall, Leader of the Council
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Enclosures:</b>	Appendix 1 – Senior Management Structure agreed by Cabinet 2011 Appendix 2 – Proposed Senior Management Structure

## Summary and Recommendations

This report explains the recent consultation on the deletion of the post of Chief Executive and revised membership of the Corporate Strategy Board, updates Cabinet on discussions with the Chief Executive, and seeks a decision about a new senior management structure.

**Cabinet is asked to determine whether to:**

Delete the post of Chief Executive from the Council's management structure with effect from 1<sup>st</sup> March 2014; and/or

Make any changes to the senior management structure.

**Reason:**

To make clear the Council's senior management arrangements and budget position.

## **Background**

The current senior management structure agreed by Cabinet in December 2011 is at appendix 1, the proposed new one at appendix 2. When the current structure was approved, it was agreed that it would be reviewed 18 months after implementation.

On 23<sup>rd</sup> October 2013 the Leader of the Council met with the Chief Executive to formally consult him on a proposal to delete his post and to introduce a new senior management structure. The consultation document was shared with trade unions, the Corporate Board and with the Leaders of all political groups.

Following consideration of the proposal, the Chief Executive asked the Leader that he be allowed to retire at the end of February 2014, and to receive his pension together with £30,000 for loss of office.

The Pension Committee agreed the payment of the pension on 6<sup>th</sup> November 2013.

The consultation with the Chief Executive closed on 22<sup>nd</sup> November 2013, by which time written responses were received from the Chief Executive, Unison and the Leader of the Labour Group.

The Chief Officers' Employment Panel agreed the Chief Executive's severance package on 26<sup>th</sup> November 2013.

Councillors, staff and stakeholders were advised of the Chief Executive's decision to retire on 27<sup>th</sup> November 2013.

The Overview & Scrutiny Committee held a challenge panel to understand the proposals on 4<sup>th</sup> December 2013, and their reflections will be considered by Cabinet in due course.

The Chief Executive has delegated his responsibilities to Paul Najsarek to act as Head of Paid Service in his absence until the end of February. On 27<sup>th</sup> February 2014 Council will be asked to approve the appointment of Paul Najsarek as interim Head of Paid Service until after the local government elections in May 2014, at which point a decision will be taken on the permanent arrangements.

## **Options considered**

The senior management structure of the Council is a matter for Cabinet to determine, so it could leave it unchanged, albeit with a vacancy in the post of chief executive, agree to the proposed new structure, or suggest another one.

## **Why a change is needed**

The proposal set out in the consultation document was developed following discussions within the Cabinet about the cost of the Council's senior management structure. The proposed deletion of the post of Chief Executive will recognise savings of approximately £240,000 per annum. The Leader emphasised that her proposals were based on the need to deliver cost

savings and were in no way a reflection on the current Chief Executive, whose contribution to Harrow over the past 6 years has been both significant and of immense value.

Recognising the local elections in May 2014, the Leader proposed that any arrangements to discharge the Head of Paid Service role be temporary, to allow the Administration who will then run the Council the most flexibility to have a structure which best supports it.

The Council is required to appoint a Head of Paid Service, a function currently included in the Chief Executive's role. The Leader proposed that this function be undertaken by one of the Corporate Directors until June 2014. The role of Returning Officer is also currently part of the Chief Executive's role, and it is proposed that this returns to the Monitoring Officer.

One of Harrow's former Chief Executives, Sir Tony Redmond, was also the Council's Director of Finance, and many other Councils have made changes to their most senior officer's role, including sharing the role between Councils and incorporating other responsibilities including public health, regeneration and corporate services.

## **Responses to the Consultation**

### Process

Criticism is made that the above process did not follow the Council's policy and procedures and that on previous occasions consultation had been wider involving other members, staff and stakeholders.

The process followed was in accordance with all relevant statutory and contractual requirements. It is recognised that in previous consultation exercises there may have been wider engagement, however this is not a requirement and it was important to progress the changes proposed in a timely way.

### Timing

Respondents urged that the process be delayed until after the local government elections. In seeking to save money from the Council's budget, the Leader was keen to ensure the full year effect of the savings could be realised for the 2014/15 financial year. This would not be possible if the decision is delayed until after the May election.

### Stability

It was argued that the role of Chief Executive provides important stability during a period of unusual political change. It was noted that the Chief Executive last restructured the senior management team in December 2011 and built a strong and stable senior management team. However given the continuing financial challenges, the Leader adjudged that it was right that two years later it should be reviewed. The potentially destabilising impact was recognised by the suggested strengthening of the Corporate Board with the addition of the Section 151 and Monitoring Officers. Additionally the Leader assured the Corporate Board that she had no intention of making further changes ahead of the May 2014 local government elections.

### Capacity

It was observed that given the financial challenges ahead the Council cannot afford to lose senior management capacity. At the time of his 2011 restructure the Chief Executive also committed to reduce senior management numbers from '30 to 20'. He was of the view that the organisation could achieve its objectives with a less 'top heavy' management structure, a view shared by the Leader. The Leader recognises that to achieve his commitment the Chief Executive would be unlikely to propose deleting his own role, however in terms of capacity the Leader is confident that the strengthened Corporate Board will be no less capable of delivering the council's objectives through to the election and beyond.

### Conflict of interest

The proposal that a Corporate Director also undertake the Head of Paid Service role was criticised as having an inherent conflict of interest as the post holder would be unable to balance service and corporate interests.

By way of background the Corporate Director role was established in order to provide the Corporate Board with more strategic and corporate leadership. Any member of the Board should therefore be able to balance their directorate and corporate interests. In addition, the suggestion to make the Section 151 and Monitoring Officers permanent members of the Corporate Board will both provide strengthened governance and address any potential conflict should it emerge.

### **Equalities impact**

The Council recognises its responsibilities to comply with the requirements of the Equality Act 2010 including its responsibilities as an employer and its general equality duty as a public authority under Section 149 of the Equality Act 2010. It has carried out an equalities impact analysis of the proposals and has concluded that there are no specific equalities implications relating either to service delivery or to employment issues arising out of this report. The Council will continue to take full account of its equalities responsibilities through the implementation of any proposals.

### **Legal Implications**

The decision rests with Cabinet as to whether it deletes the non statutory Chief Executive post from the complement and approves changes to the duties of Chief Officers.

The power to appoint a new Head of Paid Service after 28 February 2014 rests with Council.

Functions of the local authority can only be delegated to member committees, cabinet members or officers. The Corporate Strategic Board does not have delegated functions and its composition is ultimately determined by the Head of Paid Service.

## **Financial Implications**

The total cost of additional payments made to the Chief Executive on leaving is £30k. In addition the interim Corporate Director and Head of Paid Service will receive an allowance of £10k p.a. in addition to their normal salary (£13k with employers on costs).

Savings of £280k per annum are included in the draft 2014/15 budget that was taken to Cabinet in December.

The saving is entitled "To delete the post of Chief Executive and associated Business Support".

The Saving is a permanent reduction in the base budget.

## **Performance Issues**

The position of Chief Executive oversees the performance of the Council and is the accountable officer for overall performance. The proposed restructure places this responsibility on the Acting Head of Paid Service, who will make the necessary arrangements to ensure that robust performance of the Council is maintained.

From the perspective of performance indicators that the Council monitors, this restructuring will have positive impacts on the total number of senior managers and also on the difference between the top paid Council Officer(s) and the lowest paid, which supports the Administration's priority of Fairness.

## **Environmental Impact**

None

## **Priorities**

The Council has three priorities: 'Cleaner, Safer, Fairer'. The proposals to delete the post of Chief Executive will reduce the difference between the top paid staff and the lowest paid staff within the Council and makes management savings in order to protect front line services during this time where the Council has to consider significant savings in its budgets. On this basis this proposal positively contributes to the delivery of the Council's 'Fairer' priority.

## Statutory Officer Clearance

Name: Simon George  on behalf of the  
Chief Financial Officer

Date: 12 December 2013

Name: Linda Cohen  on behalf of the  
Monitoring Officer

Date: 10 December 2013

## Performance Officer Clearance

Name: Alex Dewsnap  Divisional Director  
Strategic

Date: 9 December 2013 Commissioning

## Environmental Impact Officer Clearance

Name: Andrew Baker  on behalf of the  
Corporate Director  
(Environment &  
Enterprise)

Date: 9 December 2013

## Contact Details and Background Papers

**Contact:** Hugh Peart, Director of Legal & Governance Services

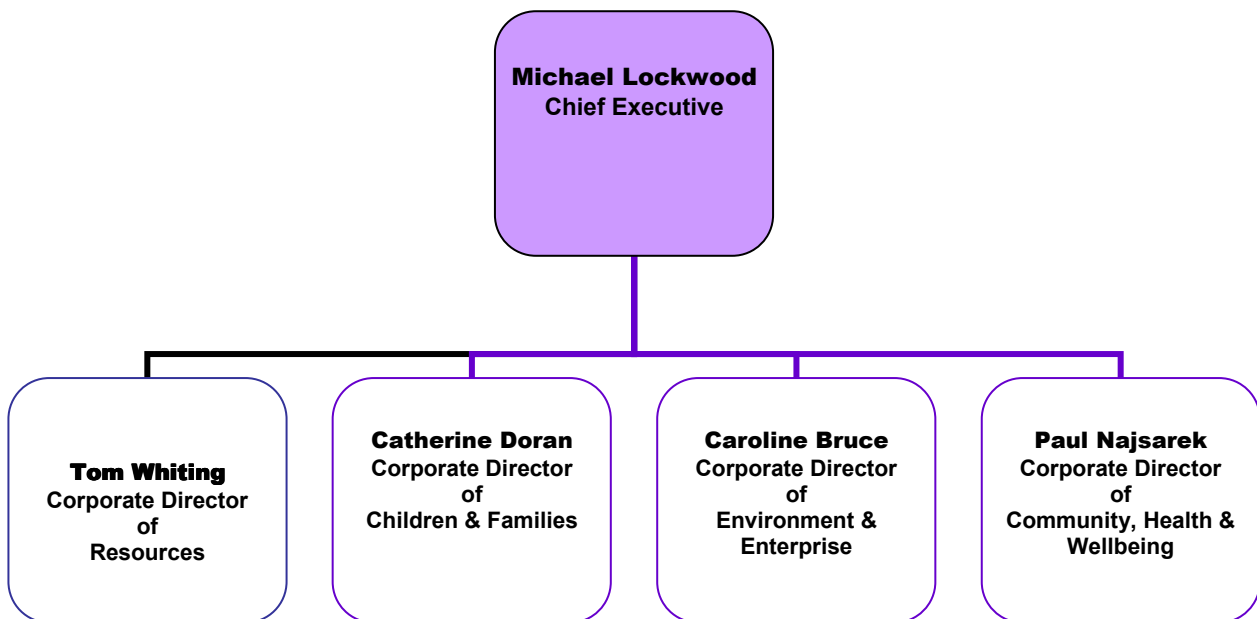
**Background Papers:** None

**Call-In Waived by the  
Chairman of Overview  
and Scrutiny  
Committee**

**NOT APPLICABLE**

*[Call-in applies]*

## Senior Management Team agreed by Cabinet 2011



## Proposed Senior Management Team

