

REPORT FOR: **CABINET**

Date of Meeting:	17 June 2015
Subject:	Senior Management Restructure
Key Decision:	Yes
Responsible Officer:	Michael Lockwood, Chief Executive
Portfolio Holder:	Councillor David Perry, Leader of the Council
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	Annexe 1: Consultation Pack including: Current Senior Management and Proposed Senior Management Structure Annexe 2: Responses to consultation Annexe 3: Local Test of Assurance Review (To Follow)

Section 1 – Summary and Recommendations

This report sets out the outcome of the consultation on changes to the Council's senior management structure and proposes a revised structure.

Recommendations:

Cabinet is requested to approve the proposed senior management structure as set out in the Consultation Pack attached at Annexe 1.

Reason: (For recommendation)

To enable implementation of a more cost effective senior management structure which will enable the organisation to better meet the significant challenges we face whilst also maximising the opportunities that are available to the Council.

Section 2 – Report

Introduction

On 15th April 2015 I commenced formal consultation on my proposals for a revised senior management structure for the Council.

A formal Consultation Pack (Annexe 1) was issued to those impacted, including PA's to Corporate Directors, in which I explained my rationale for the changes and the proposed new senior management structure. The Consultation Pack was sent to all Councillors and the trade unions who were invited to respond. It was also made available to all staff via the intranet.

At its meeting on 23rd April 2015, Cabinet received an information report in which I set out the background to my proposals and to which was attached a copy of the formal Consultation Pack.

On 29th April 2015 I held a meeting for senior managers to discuss my proposals and I have met with individual members of staff at all levels when requested. I have also met with Unison and GMB and I am grateful for the contributions and advice of all I met.

Formal consultation concluded on the 20th May 2015 and having reviewed all the comments received, I met with the senior management team on 27th May 2015 to feedback on the results of the consultation and the final proposals I would be submitting in this report.

Options considered

In developing my proposals, a range of options for changes to the management structure were considered. The proposal put forward in the Consultation Pack was considered the most appropriate option for Harrow at this time. As a result of the consultation I have provided further clarification on

some aspects of my proposals. These are set out in more detail later in the report and the responses to the consultation are at Annexe 2.

Why a change is needed

As you know the Administration asked me to review the Council's senior management structure and my proposed changes are designed to enable the organisation to better meet the significant challenges we face whilst also maximising the opportunities that are available to the Council. Given our funding gap these proposals will also achieve a significant reduction in senior management revenue costs but more importantly will also deliver service benefits to our residents. I will also be expecting Corporate Directors once in place to review the structures below them to ensure these benefits are realised.

My proposals are set out in the Consultation Pack but the highlights include:

- I am recommending a **coordinated commissioning** arrangement across the council through a new commissioning network, to support the Corporate Management Team.
- I am placing more emphasis on the development and exploitation of **commercial/business opportunities** across the organisation. Simply reducing costs will not be sufficient to meet these challenges and would miss the opportunity that the Council has to earn additional income. This may involve the provision of services to other public/private bodies, investing in asset opportunities or identifying areas where the council can provide new services to residents/businesses.
- There is also I believe a great opportunity to bring significant external investment into the Borough to contribute to the **physical, social and economic regeneration of Harrow**. This will result in the building of much needed new housing, businesses to provide important new job opportunities and new social and community infrastructure. Putting us in a position to further our ambitions and provide momentum to these ideas is a fundamental aim of these restructuring proposals.
- I am promoting a step change in how we engage with and involve local people in what we do. The **Council's reputation** with its Residents must be improved and will be the ultimate test of our success in the years ahead.

Importantly my proposals go beyond structural changes but are also supported by two other things;

- I will work with staff to build some **new cultural values** that will underpin everything that we do but will also reflect the times and new challenges we now face. There is a need to embed a culture that encourages innovation, creativity and calculated risk taking and for us to become a more **entrepreneurial and 'business-like' Council** to reflect our greater emphasis on commercialisation.

- I am also requiring our senior managers to be more **effective leaders** and this is reflected in the proposed changes to their job descriptions and are set out in para 2.9 of the Consultation Pack

As part of the move to a Peoples Directorate I also commissioned an external review of my proposals (Local Test of Assurance Review) by John Harris – Children’s Improvement Adviser, LGA, to assess whether the proposed structure fulfilled the following criteria:

- Met statutory duties effectively.
- Was transparent about accountabilities and responsibilities.
- Was supportive of effective interagency and partnership working.

The process involved a number of interviews and review of key documents. Its key messages were that:

- Elected Members and staff are positive about the proposals to establish a Peoples Directorate and recognise the key opportunities to improve outcomes and make savings.
- The proposed Corporate management and senior officer structure will ensure that the roles and responsibilities of the DCS, DASS and DPH continue to be exercised appropriately.
- There are good arrangements for ensuring that the Leader, Chief Executive and Lead Members are assured about the effectiveness of Safeguarding. These need to be maintained under the new corporate structures.
- There is a need for a Transition Plan (including risk register and mitigation) supported by designated change management capacity.

A full copy of the report (Annexe 3) will follow so that it can be considered as part of your decision making.

Current structure

The current senior management structure is included in the Consultation Pack at appendix 1.

Recommended structure

Following the consultation I am recommending the proposed Senior Management Structure as at appendix 2 of the Consultation Pack. The most significant changes are summarised below:

Corporate Director Posts

Deleted Posts

- The posts of **Corporate Director, Community Health & Wellbeing** and **Corporate Director, Children and Families** are currently vacant and will be deleted.

- The **Corporate Director, Environment & Enterprise** post is also deleted and the post holder is therefore potentially displaced and will be eligible to be considered for vacancies within the new structure.

New Posts

- **Corporate Director, People** - This post will lead a new directorate that brings together services from the existing Directorate of Children and Families with some of the Divisions in the existing Directorate of Community, Health and Wellbeing to create a new Directorate of People Services. I hope this Directorate amongst other things will improve the transition between Children and Adults, create a single lifelong disability service and provide the opportunities to extend the good work in Adults on personalisation to a wider range of residents.
- **Corporate Director, Community** - This post will lead a new Directorate that will bring together Environment, Housing and parts of Community & Cultural Services to form a new Directorate of Community Services. I hope this Directorate amongst other things will more efficiently join up our front line services that form the fabric of our Community eg public realm, housing, leisure services etc and will lead on the role of developing our relationship with residents to encourage greater citizenship and social responsibility.

The Resources Directorate will largely contain the current functions but the title of the Directorate has changed to **Resources and Commercial Directorate** to reflect the greater emphasis and importance that **commercialisation** must play in the future.

I am also taking the opportunity to revise the job descriptions for all Corporate Directors, so that they better reflect the broader leadership changes highlighted above and set out in the Consultation Pack.

Director, Divisional Director and Head of Service Changes

Deleted Posts

- **Divisional Director, Community and Culture** - As the scale of the Council's responsibilities for Community and Cultural Services are reduced I am proposing to delete this post and merge responsibilities for parts of these functions within those of Environmental Services (see later).
- **Head of Transformation Programme**- I am proposing that this post, which is currently filled through a secondment, be deleted and the Business Support Function which was reporting to this position on an interim basis will be transferred to the Resources & Commercial Directorate.
- **Head of Commissioning and Partnerships** – I am proposing that this vacant post be deleted and the responsibilities of the post be absorbed

within the single commissioning service which will be created for Adults, Children and Public Health Services.

- **Divisional Director, Early Intervention Services** and **Divisional Director, Targeted Services** - These posts have already been deleted and replaced by a single post of **Divisional Director Children and Young People**. The new post holder has been appointed and will start in July.
- **Divisional Director, Special Educational Needs (SEN)** and **Divisional Director, Education and Commissioning** – I am proposing to merge these roles into a single post (see below), which will deliver a seamless service, which better meets the needs of Harrow's children and young people ranging from those who are most vulnerable and in need of significant support to those who are more able and require challenge to realise their full potential.

New posts

- **Divisional Director, Education Services** - This post will bring together specialist services such as the educational psychology service, services for children with sensory impairment and the SEN assessment and review teams with more universal services such as Harrow's school improvement service (HSIP) and the strategic functions of school place planning, school admissions, early years and services for the 16-25 year group.

Other changes

- **Divisional Director, Regeneration & Planning** - Given the scale of the opportunity that lies ahead for attracting inward investment, I am proposing that the areas of Regeneration and Planning will report directly to myself. I am also proposing the current post of Head of Economic Development will report to this post
- **Director of Finance & Assurance** - The current Director is leaving the Council and following a consultation I am proposing the post is filled from within existing staffing which will enable additional savings to be made. The new S151 Officer role will lead the Finance Division, with Internal Audit, Anti-Fraud and Emergency Planning being managed elsewhere within the Resources & Commercial Directorate.
- **Divisional Director, Environmental Services** – I am proposing that this post also take responsibility for managing the reduced Cultural Services and be re-titled **Divisional Director, Environment & Culture**
- **Director Legal & Governance** – This post is now only 0.6 FTE as the post is shared with Buckinghamshire County Council.
- **Director Customer Services & IT** - **This post** is now only 0.6 FTE, the post holder having reduced their hours through flexible retirement.

- **Construction Delivery Unit** – Work on the Construction Delivery Unit is progressing well and conversations are being had with those areas impacted. Whilst in principal the concept appears to have many potential benefits given our significant work in areas such as Schools Expansion, Housing Building and Regeneration. It is nevertheless important we get this right and fully understand the benefit/potential risks, the scope of areas it could cover and location of the unit if progressed etc. A paper is due to be presented to CSB in late June regarding next steps.

Process for appointing to the new structure

The appointment process will be in accordance with the Council's Protocol for Managing Organisational Change (PMOC). Appointments to Chief Officer posts will be made by the Chief Officer Employment Panel which will be convened as appropriate. Further details are set out within the Consultation pack at Annexe 1.

Conclusions from the Consultation

Overall, the responses to the consultation (See Annexe 2) have been very positive and supportive of the new structure. Respondents felt the restructure changes were the right ones to make, to help us tackle the significant challenges we face and make the most of the opportunities that are available to the Council.

Specifically, respondents were keen to emphasise the 'one council' approach and the need to further break down organisational silos. They also emphasised the support for refreshing our cultural values and to the Leadership values at para 2.9 of the consultation document.

Respondents were particularly keen to seize the Commercialisation and Regeneration opportunities and a number commented on the potential benefits provided by the proposed new Commissioning Network.

Other issues raised by respondents included:

- Seeking greater clarity about the council's strategic lead for the voluntary and community sector and for resident engagement and consultation. I propose that these are lead from the Strategic Commissioning Division.
- Clarification about the location and reporting lines for Corporate Estates. At this time these remain unchanged.
- Whether public health was best located within the People Directorate although recognising it needs to be a key player within the Commissioning Network? The People Directorate will be responsible for the care, health and wellbeing of all our residents and I believe my proposals will strengthen the relationships that public health has

already built and their pivotal preventative role in better managing demand for care services.

- Where the Construction Delivery Unit would be located, if progressed? This is yet to be determined - see above.
- Whether community safety and domestic and sexual violence may be better located within the People or Community Directorate and where the health policy lead lies? I am open to further discussion on this, in consultation with the relevant Corporate Directors
- The name of the Community Directorate and whether Environment and Community or Environment, Housing and Community could better reflect its roles? The new Directorate names are deliberately thematic rather than functional, reflecting my desire to break down Divisional silos so that we work in a cross-cutting and collaborative way seeing the links and synergies and putting the interests of the Council first.
- Whether the Divisional Director, Education Services should be retitled Divisional Director, Education and Additional Needs Services? This role supports our schools and delivery of education services and the title reflects this theme rather than the individual functions. I also want to create a single life-long service for children and adults with disability, which the suggested title would not reflect.

A number of respondents supported the proposal to move Business Support to the Resources and Commercial Directorate and also the need for a review of Business Support, as many felt it had not in all respects delivered what it had meant to but that any such review should build on the feedback already given in an earlier engagement event.

I am grateful for all the responses received as they broadly support my proposals which therefore remain unchanged. Where appropriate I will provide personal feedback to those respondents who raised specific individual issues.

Implications of the Recommendation

Resources, costs

The proposals reduce the numbers of senior management posts with a consequent saving in revenue costs of some £4m over the next 4 years. The implementation costs will largely be the costs of redundancy and / or early retirement where there are post holders whose posts have been deleted.

Staffing/workforce

Individuals who are not appointed to posts in the new structure will be displaced and at risk of redundancy. The Council delegates authority for the appointment and dismissal of Chief Officers including dismissal on the grounds of redundancy, to the Chief Officers' Employment Panel (COEP).

The COEP also has delegated authority to determine any payments on termination of £100,000 or greater.

Performance Issues

The recommendation is intended to improve the council's performance by implementing a more cost effective senior management structure which will enable the organisation to better meet the significant challenges we face whilst also maximising the opportunities that are available to the Council.

Environmental Implications

There are no direct implications

Risk Management Implications

Operational risks – The recommendation reduces the numbers of senior managers, which will potentially reduce capacity. The structural and cultural changes set out in my consultation document are intended to mitigate this risk.

Change risks – The consultation document makes clear the leadership and cultural values that are required in order to meet the future challenges and maximise opportunities. The consultation responses support this view and the work that I will lead to support the development and embedding of our values to mitigate this risk.

The process to implement the new structure will be undertaken in accordance with the council's change policies and procedures and be designed to minimize any risk associated with the transition to the new structure.

Risk included on Directorate risk register? No

Separate risk register in place? No

Legal Implications

Any restructure of the senior management team will require the Council to comply with the Protocol for Managing Organisational Change in ensuring that a fair process is followed. The resulting restructure should ensure that the required 6 statutory officer posts remain and, in the case of the s151 Officer, the Monitoring Officer, Director Children's Services, Director of Adults' Services and Director of Public Health have direct access to the Head of Paid Service

Financial Implications

The net impact of posts deleted as a result of comparing the old senior management structure with that proposed is a saving in the region of £1m per annum (full year effect). This excludes the cost of implementation. Any potential redundancy and pension strain costs will have to be met from the MTFS Implementation Reserve.

A number of posts within the new structure assume either full or partial capitalisation. Any salary capitalisation will have to comply with the capital accounting regulations to prevent any impact on the general fund.

The revenue cost savings will be accounted for within the directorate they pertain to.

Equalities implications / Public Sector Equality Duty

An Equality Impact Assessment has been carried out. The Equalities Impact Assessment (EIA) has noted that there is an under representation of BAME and disabled staff in the senior management structure. As the Protocol for Managing Organisational Change will be used to implement the new structure, first consideration to either assimilation or ring-fencing is contractually required. The outcome of this exercise may result in no change to this under representation.

The EIA will be reviewed following Cabinet's decision and the implementation of a new structure. The Council will continue to monitor the representation of women, ethnic minorities and those with a disability in senior management through performance indicators.

Council Priorities

The Council's vision:

Working Together to Make a Difference for Harrow

Please identify how the report incorporates the administration's priorities.

- Making a difference for the vulnerable
- Making a difference for communities
- Making a difference for local businesses
- Making a difference for families

Section 3 - Statutory Officer Clearance



Name: Dawn Calvert	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 2 June 2015		
Name: Linda Cohen	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 29 May 2015		

Ward Councillors notified:	NO, as it impacts on all Wards
EqIA carried out:	YES
EqIA cleared by:	Alex Dewsnap, Chair DETG

Section 4 - Contact Details and Background Papers

Contact:

Michael Lockwood, Chief Executive
 DD: 020 8424 1001
 Email: michael.lockwood@harrow.gov.uk

Background Papers:

Information Report to Cabinet on Senior Management Restructure - 23 April 2015

<http://www.harrow.gov.uk/www2/documents/b19476/Supplemental%20Agenda%20Thursday%2023-Apr-2015%2018.30%20Cabinet.pdf?T=9>

Call-In Waived by the Chairman of Overview and Scrutiny Committee	NOT APPLICABLE <i>[Call-in applies]</i>
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