

SENIOR MANAGEMENT REVIEW

1. PURPOSE OF REPORT

- 1.1 To seek approval for a new senior management structure of the authority.

2. BACKGROUND

- 2.1 The Chief Executive has undertaken a review of the senior management team, including the roles of the Executive Management Team and Heads of Service, in light of future requirements. The relevant issues that have formed the basis of the review are:

- Ensuring service continuity and resilience following staffing changes in senior management.
- Establishing a structure which is coherent, with clear lines of accountability and that works cross-service to achieve a shared direction.
- Helping ensure the New Forest as a special “place” is reflected within the operations of the Council.
- Contributing towards the requirements of the Medium Term Financial Plan.
- Helping to improve capacity within the leadership team.
- Seeking to locate services in places where they can have the best effect and where existing synergies can be exploited.

3. CONSULTATION FEEDBACK FROM SENIOR MANAGERS AND CHIEF EXECUTIVE RESPONSE

- 3.1 Following meetings with the current Executive Director and all Heads of Service constructive feedback was received and I thank senior management for their contributions, which I have reflected upon.
- 3.2 Employee Side have also been consulted and their initial feedback was to ensure that a fair and proper process was used to bring about the changes within senior management. They were also concerned as to the impact these changes might have on frontline activities.
- 3.3 In general, the challenges ahead, particularly funding reductions and the need for change, were accepted and understood by the current senior management team. The reductions and savings that would be likely to come from the review would help support the more visible frontline services which are a Council priority.
- 3.4 Issues were raised around the core roles of the proposed new Executive Heads (although it was widely accepted by the existing senior management team that there was not a perfect structure solution), the potential impact on the Council’s knowledge base, arrangements for the role of the Deputy Chief Executive and support for change management.

- 3.5 The impact on the Council's knowledge base will always be changing and, with the pace of change within the organisation and also in partner organisations, is something that we have to adapt to and accept as the norm in these times. If there are shortfalls these will need to be addressed through other means, including greater collaboration.
- 3.6 The role of a Deputy Chief Executive, who would be selected from within the role of Executives Heads, would initially be on a temporary basis and reviewed within 12 months.
- 3.7 Steps will be taken to ensure that the process of change management, as it affects individuals and teams, is supported.

4. REVIEW PROCESS

- 4.1 During October, the Chief Executive had individual consultation meetings with the current Executive Director and all Heads of Service. The proposals were explained and a two week consultation period commenced. The Employee Side was briefed and provided with an early copy of this report. The matter will be considered by the Industrial Relations Committee on 30 November and their comments will be reported to the Cabinet's meeting on 2 December. The Employee Side's initial comments are set out in paragraph 11.

5. PROPOSED CHANGES

- 5.1 Currently, the Council's senior management consists of a two tier senior management team, with an Executive Management Team (2.6 FTE's, currently one vacancy) and Heads of Service (9 FTE's). The proposal is to maximise the accountability of senior management and to operate with one tier, based upon service responsibilities.
- 5.2 The current vacancy within the Executive Management Team will not be filled, and the 0.6 FTE post of Executive Director will be made redundant. This will save approximately £160,000 per annum.
- 5.3 It is proposed that the current Heads of Service structure be reviewed with a view to having 5 Executive Heads with broader service responsibilities that have synergy and will provide an opportunity to enable further efficiencies to be delivered over the medium term.
- 5.4 In terms of the detailed proposals, it is intended to recognise within the new structure the unique and special "place" which is the New Forest. The priority will be to meet the community's need for the delivery of visible outcomes that support everyday life. This will be reflected by the creation of 3 Executive Heads posts with responsibility for operating the Council's frontline services. In addition, there will be 2 Executive Heads ensuring that the business management arrangements of the Council are effective and efficient and that the statutory duties and responsibilities of the Council are delivered. The proposed structure chart is attached as Appendix 1.
- 5.5 A selection process will be used to recruit to these new roles to ensure the senior management team has the right skills and aptitudes. In the first instance, it is proposed that the opportunity to fill these Executive Head roles will be through an internal process. In line with Council policy, where there are natural successors they will be identified. Where there is no natural successor the posts will be ring-fenced in

the first instance to the other Heads of Service and the Executive Director. As part of this process those who are not natural successors may also volunteer for redundancy. If no successful appointment is made then an external recruitment process will follow.

- 5.6 The role of Statutory Financial Officer (Section 151) will be reviewed again in six months' time. In the interim, the Chief Executive will continue with responsibility for this role, while day to day management responsibilities will be undertaken by the Executive Head with responsibility for Statutory Duties.
- 5.7 To help ensure that a shared approach to the Council's direction is maintained, it is proposed that the new senior management team will be co-located at Appletree Court.
- 5.8 To ensure continuity and resilience, it is proposed that one of the Executive Heads takes on a deputising role for the Chief Executive. This will be established following the appointment process on a temporary basis and reviewed within twelve months.
- 5.9 Although the portfolios of Cabinet members are always subject to review there is not seen to be a need to realign portfolio duties with the management structure at this time.
- 5.10 The changes proposed to the officer structure concentrate on the senior management team. Once the senior management structure is agreed and individuals appointed, further reviews by the new Executive Heads will take place.
- 5.11 It is proposed that an update report on the progress of the reviews is brought to members by the end of March 2016.

6. SENIOR MANAGEMENT PAY

(Note: This is a matter for the General Purposes & Licensing Committee)

- 6.1 An Independent Pay Consultant has undertaken a benchmarking exercise to establish the pay level for the new Executive Head roles based upon the broad structure set out in Appendix 1. It is proposed to encompass the current car allowance into the salaries for the posts. On that basis the benchmarking exercise shows the rates below to be the market median. The pay band proposed has three spine points and is as follows:

£71,817
£73,906
£76,076

- 6.2 It is also recommended that two additional spine points are available on an annual review basis to recognise exceptional performance. These will be:

£78,308
£80,604

- 6.3 A Deputy Chief Executive Allowance will be paid to one of the Executive Heads in recognition of the requirement to deputise for the Chief Executive in his absence. This arrangement may cease as part of any future review planned to take place within twelve months.

7. STAFFING IMPLICATIONS

7.1 If the proposed changes are agreed:

- (a) The Executive Director post (0.6 FTE) will be deleted by 28 February 2016. This will result in the post being made redundant.
- (b) The Head of Legal and Democratic Services will have natural successor rights to the Executive Head (Statutory Responsibilities) role.
- (c) The Head of Planning and Transportation will have natural successor rights to the Executive Head of Planning and Transportation role.

7.2 There will be a selection process on 10th and 11th December for the following roles:

Executive Head of Operations
Executive Head of Communities
Executive Head of Business Management

7.3 The above posts are initially ring-fenced for the following Heads of Service and an internal selection process.

Executive Director
Head of Communities and Employment
Head of Environment Services
Head of Housing and Customer Services
Head of Human Resources
Head of ICT
Head of Property Services
Head of Public Health and Community Safety

7.4 If there are internal appointments, the new posts will take effect from 1st January 2016. If there remains a vacancy then an external recruitment process will begin. Any displaced Heads of Service will be placed on the redeployment register, subject to further reviews by the new Executive Heads.

8. FINANCIAL IMPLICATIONS

8.1 It is expected that the proposed changes to the Senior Management structure will generate annual savings of over £300,000 with a payback period of approximately one year. Actual costs and savings cannot be fully assessed at this stage but when the new structure is in place actual savings, and any costs, will be reported within the next appropriate budget monitoring report.

9 DELEGATIONS TO THE CHIEF EXECUTIVE AND EXECUTIVE HEADS

9.1 It is proposed that all Executive Heads be delegated powers to undertake all of the functions currently delegated to the Executive Directors and Heads of Service (the Chief Executive already has such powers). This will help ensure that, in the light of the smaller senior management team, decision-making is not delayed.

10 ENVIRONMENTAL/CRIME AND DISORDER/EQUALITY AND DIVERSITY IMPLICATIONS

10.1 There are none directly arising from this report.

11 EMPLOYEE SIDE COMMENTS

11.1 Any comments received will be reported orally at the meeting.

12 INDUSTRIAL RELATIONS COMMITTEE'S COMMENTS

12.1 To follow

13 PORTFOLIO HOLDER'S COMMENTS

13.1 I am confident that we are making progress in introducing a strong management structure to meet our future challenges.

14 RECOMMENDATIONS (To the Council or General Purposes & Licensing Committee)

14.1 That the proposed new senior management structure, as set out in Appendix 1, including the deletion of the post of Executive Director and the review of Heads of Service, be approved;

14.2 That the proposed new salary bands for the posts of Executive Heads be supported **(This is a matter for the General Purposes & Licensing Committee)**;

14.3 That the proposals for recruitment to the posts of Executive Heads as set out in paragraph 5 be approved;

14.4 That the principle of designating one Executive Head to act as a deputy for the Chief Executive, subject to review within 12 months, be approved;

14.5 That all existing delegations of powers to Heads of Service and Executive Directors be delegated to the proposed new Executive Heads (regardless of their respective disciplines); and

14.6 That the Chief Executive be authorised to take all the necessary action and decisions to achieve the proposals set out in this paper, including arrangements for the selection process and transitional period.

For further information:

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Background papers:

None.

