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| TO: | POLICY COUNCIL |
| FROM: | CHIEF EXECUTIVE / HEAD OF PAID SERVICE |
| DATE: | 3 DECEMBER 2020 |

The Council's Organisational and Departmental Structure

1. PURPOSE

To outline recommendations from the Chief Executive, the statutory Head of Paid Service, for a realignment and consolidation of the Council's organisational structure to reduce the number of separate and distinct Departments, to coordinate complementary services with clear synergies, to enable effective delivery of the Council's key priorities as well as the continuing response to, and planning for recovery from, the Covid-19 pandemic. This will be coupled with a corresponding realignment of responsibilities of the current Chief Officer team within a revised Senior Leadership structure which ensures resilience and maintains senior level capacity to support elected members, and to lead and deliver our key strategic priorities, against the backdrop of the Covid pandemic, in the short and medium to longer term. The report together with independent HR and employment legal advice has been considered by the Chief Officer Employment Committee who are responsible for Chief Officer appointments.

2. RECOMMENDATIONS

That Council:

- a) Approves the organisational and departmental structure recommended by the Chief Executive/Head of Paid Services as outlined in the report (Appendix B refers)
- b) Notes that there is no increase in senior leadership posts or overall management costs
- c) Approves the revised, consolidated Chief Officer grades and posts as outlined in the report
- d) Agrees that the Chief Officer Employment Committee confirm appointments to the Strategic Director and Director posts

3. BACKGROUND

In December 2018, Council agreed to reduce its most senior leadership officer posts from two to one, deleting the Deputy Chief Executive role and delivering an annual saving of £130,000 after the first year. That meant that, for a unitary authority of our size, the Council then had a very flat organisational structure with eight Departments each led by a Director, together with the Chief Executive who is also responsible for the Growth Programme, Communications & Engagement, and Policy & Performance.

In 2020, throughout the ongoing response to the Covid-19 pandemic, Chief Officers have all adapted their roles and responsibilities to ensure an effective response across the whole Council and the Borough, working with key partners in the health sector and the Lancashire Local Resilience Forum (LRF). Despite funding from government to support the response to the pandemic and to compensate the Council for a proportion of the loss of income this year, ongoing budget challenges remain this year and into the medium term, along with the uncertainty of a further one year Spending Review and financial settlement expected in December.

The impact of the virus is ongoing and our response will need to continue over the medium to longer term, flexing according to the needs of our residents and businesses, the incidence and rate of spread of the virus and the success of the introduction of control measures, including potential vaccines.

Therefore it is appropriate at this time to review and realign organisational structures and senior officer responsibilities to ensure the Council is in a position to effectively coordinate and deliver on its broader key priorities and statutory responsibilities whilst also ensuring there is capacity and, importantly, resilience across and within our Chief Officer team.

A meeting of the Chief Officer Employment Committee was arranged on 23 November to consider the recommendation from the Chief Executive/Head of Paid Service to reduce and consolidate the number of separate Council departments and to consider the proposals for the corresponding realignment of Chief Officer roles and consolidation of grades, including consideration of the HR and employment implications of the proposals, and to provide assurance to Council on the proposals.

4. RATIONALE

Departmental responsibilities and alignment of key services are regularly reviewed and updated to reflect synergies and priorities. The current senior leadership structure was agreed two years ago, at Policy Council in December 2018. The new Chief Executive, the Council's statutory Head of Paid Service, commenced in post on 1st May 2019, and, although impacted and delayed by the demands of the initial response to Covid, has now reviewed the current organisational structure, senior leadership strategic capacity and resilience in view of the Council's priorities, the budget challenge and the ongoing response to and planning for recovery from the Covid-19 pandemic.

The recommendations facilitate a leaner departmental structure with an experienced and resilient senior leadership team, both across the Council and within a reduced number of departments, focused on the Council's key strategic priorities for the longer term, whilst also managing the ongoing response to Covid-19, and ensuring the retention of key skills, knowledge and experience, avoiding potentially expensive redundancies, within a cost neutral proposal and no overall increase in management posts.

5. KEY ISSUES

This report presents proposals for the continued effective management of the Council against a backdrop of Covid-19, reflecting the resources available, the current priorities and the medium to longer-term objectives of the Council.

There have been continuing significant reductions in the Council's senior management capacity over the last 10 years which has reflected the reducing budget of the Council and the need to make savings and protect front line services as much as possible. As a relatively small unitary authority with significant financial and demand challenges, statutory responsibilities, long term structural and health inequalities, as well as plans for continuing growth and development, it would not be prudent or effective to reduce the senior leadership team further at this time. Whilst we have managed well, Covid and our response has stretched our capacity and demonstrated the risks inherent in a relatively small team and the challenge of managing risk, ensuring resilience and cover at a senior level.

The current departmental and senior leadership / Chief Officer structure is included at Appendix A. Posts include the Chief Executive/Head of Paid Service role itself and the 3 statutory posts of:

- Director of Children's Services & Education (DCS),
- Director of Adults & Prevention (DASS) and
- Director of Public Health & Wellbeing (DPH).

Other Directors with statutory roles are:

- the Director of HR, Legal & Governance, designated as Monitoring Officer,
- the Director of Finance, designated as Section 151 (chief financial) officer,
- the Director of Digital & Customer Services, designated as SIRO (senior information risk owner),

together with:

- the Director of Environment & Operations, and
- the Director of Growth & Development.

The changes proposed reflect the need to respond flexibly to ongoing and emerging challenges. They build on knowledge of what works well and look to strengthen core strategic leadership roles and skills across a smaller number of departments aligning key services and functions.

It is important to note that the proposals are not looking to create additional posts at the most senior levels. The proposals realign responsibilities within a reduced number of larger departments bringing complementary services together, led by refocused roles for Strategic Directors supported by Directors and/or Deputy Directors, supporting a more resilient senior team.

The proposals seek to support the Council's strategic management capacity through a leadership team coordinating services across Departments, with broader corporate responsibility and roles focussed on portfolio priorities and also working with senior elected members on the vision, narrative and plan around the next stages of whole council transformation and development of the borough.

The current senior leadership team comprises experienced officers who all provide confidence that the Council can continue to be effective going forward. Nevertheless, care must be taken to plan effectively to assure both the short term and the longer term organisational stability.

In this context it would not be appropriate to seek further savings from senior management at this time, especially given that, alongside the ongoing Covid-19 response and recovery, the Council has an ambitious work programme and performance agenda.

This requires the Chief Executive to continue to be supported to manage multiple agendas by a senior leadership team which provides stable, successful leadership, building upon successes in recent years, especially with ongoing budget challenges, Covid response and recovery, demand management and other pressures.

The proposal realigns and consolidates services into four large, core Departments led and coordinated by Strategic Directors with experienced and knowledgeable Directors and/or Deputy Directors, and a 5th smaller Director-led Department supporting the Chief Executive on HR, communications and engagement, and governance roles including support for the Returning Officer and Electoral Registration Officer roles.

The proposal retains the core skills and experience of the current senior team, and enables a consolidation of current grades, removing the existing special responsibility and other allowances, contained within existing budgets and without the potential for significant costs which would likely arise from any proposals resulting in senior officer redundancies.

Given the level of the existing and proposed posts, Council approval is required. The proposed realignment of roles and alignment of key service areas within larger, service departments is shown at Appendix B. The proposed Chief Officer levels are shown at Appendix C.

There are no impacts on elected members or portfolios, although as happens periodically, the Leader of the Council may wish to review and realign Executive Member portfolios in due course and would then advise Council accordingly.

6. POLICY IMPLICATIONS

The establishment of or changes to posts with a pay grade in excess of £99,999 is a matter for Council consideration. The appointment to such posts is a matter for the Chief Executive / Chief Officer Employment Committee.

7. FINANCIAL IMPLICATIONS

The proposed realignment of responsibilities, revised senior management structure and subsequent review of wider management roles in the revised Departments will be contained within existing budgets and with no requirement for costly redundancies in the senior leadership team.

The proposed structure, Strategic Director and Director roles have been independently considered by North West Employers who have advised that they are at the lower end when benchmarked against other upper tier authorities.

8. LEGAL IMPLICATIONS

Under the Constitution, the Chief Executive is the statutory Head of Paid Service and reports to Council on the officer structure of the Council and the discharge of the Council's functions. There are no legal implications and there are no proposed redundancies or significant detriment for the senior officers involved.

9. RESOURCE IMPLICATIONS

There are no additional resource implications, independent employment law and HR advice is provided to the Chief Officer Employment Committee on the proposed processes, revised structure and consolidated grades including benchmarking information in order that the Committee can provide assurances to Council in considering the report and recommendations.

10. EQUALITY IMPLICATIONS

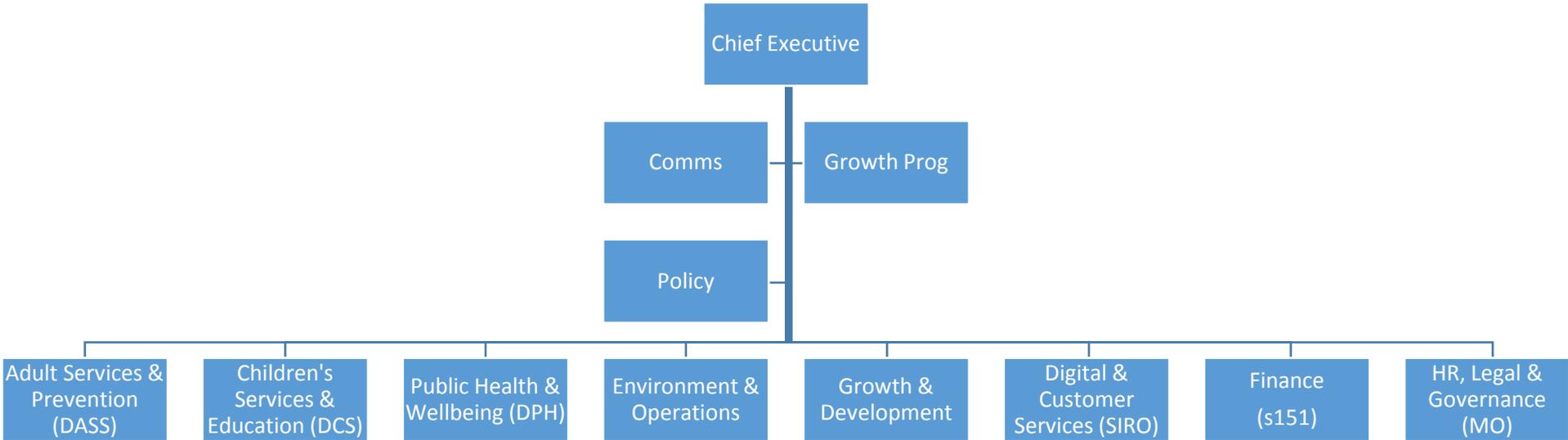
There are no equality implications arising from this report.

11. CONSULTATIONS

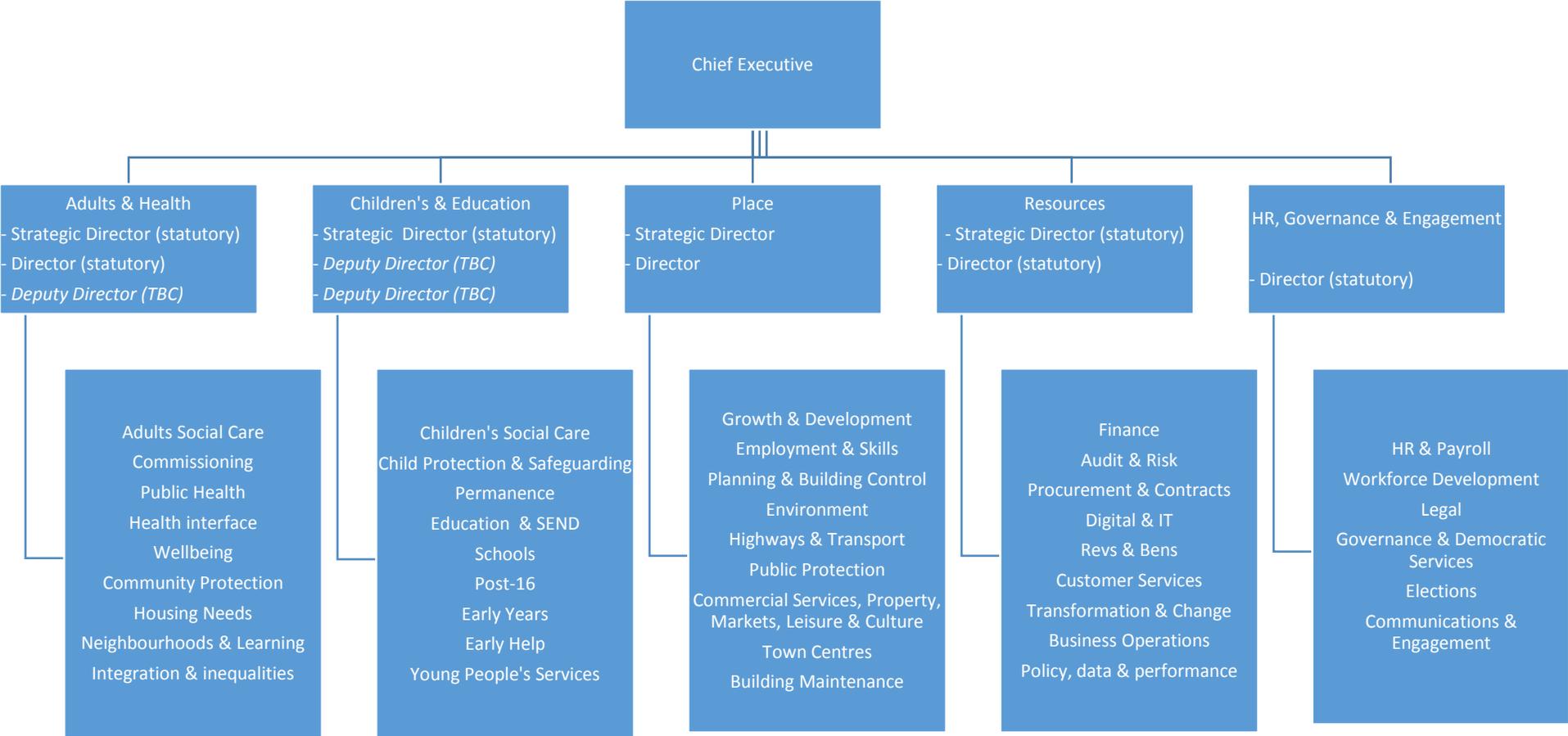
The Trades Unions have been informed of the proposal and any comments received will be provided to the Council meeting.

CONTACT OFFICER: Denise Park, Chief Executive (Head of Paid Service)
DATE: 3 December 2020

Current Departmental and Chief Officer structure at November 2020:



Proposed Departmental and Chief Officer structure for 2021:



Current and Proposed Chief Officer Grades and Posts

Chief Officer grades, special responsibility and any other allowances are reported in the Pay Policy Statement agreed at Finance Council each year.

Current Grades wef 1st April 2020:Proposed Grades, subject to approval:

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|------------------------|---------------------|----------------------|---------------------|
| Director 2 | £79,900 - £87,947 | Director 2 | £79,900 - £87,947 |
| Director 1 | £93,962 - £100,580 | Director 1 | £91,756 - £100,580 |
| Director 1 + SRA | £101,603 - £108,221 | Strategic Director 2 | £101,000 - £110,200 |
| Director 1 + 2 x SRA | £109,244 - £115,862 | | |
| Director 1 + SRA + R&R | £113,603 - £120,221 | Strategic Director 1 | £111,000 - £120,600 |

SRA - special responsibility allowance

R&R - recruitment and retention allowance

Proposed grading of posts, subject to confirmation:

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| Director 1 | Director in Adults & Health Director in Place Director in Resources Director, HR, Governance & Engagement |
| Strategic Director 2 | Strategic Director, Place Strategic Director, Resources |
| Strategic Director 1 | Strategic Director, Adults & Health Strategic Director, Children & Education |

Proposed 3 x Deputy Director roles shown in Appendix B, arising from revised or remodelled existing Head of Service roles, are to be confirmed in the next phase of management review.