

FINAL REPORT SERVICE DIRECTOR REVIEW 2008 – FEBRUARY 2008

1. Context for the Review

- 1.1 The new organisational structure introduces a key new leadership role, the Strategic Director, and the new structure requires the adoption of a matrix management approach.
- 1.2 This is new territory for Leicester City Council and I appreciate when we move into the implementation phase the new inter relationships will need to be worked through according to the roles and responsibilities described as a result of this review.
- 1.3 Cabinet have already agreed the most senior level within the Council namely: the Chief Executive, also directly responsible for the priority talking up Leicester, The Chief Operations Officer (and Deputy) also responsible for Service Excellence across the Council, a Strategic Director for the priority Invest in Communities (also the statutory Director of Adult Social Care), a Strategic Director for three priorities of Plan for People Not Cars, Reduce Carbon, Skills and Enterprise, Strategic Director for the priority Invest in Children (also the statutory Director for Children Services) and the Strategic Director for the Health and Well Being priority. Also a Service Director for Change and Programme Management and a Service Director for HR (replacing the post of Service Director for Business Improvement) have been agreed. Cabinet have also delegated to the Chief Executive this review of Service Directors.

2. The Brief

- 2.1 This review focuses on the next tier (Service Directors) and as described in the terms of reference is looking at changing a limited number of existing posts and the reporting relationships required to meet the new target operating model for the Council as described in appendix 1 of the Cabinet report on Delivering Excellence.
- 2.2 Inevitably further reviews will need to occur in due course to enable Service Portfolios to change reflecting the new operating model and senior structure.
- 2.3 My brief from the Chief Executive includes the expectation that Communications, Corporate Finance, Organisational Assurance and Change and Programme Management will in future report directly into the Chief Executive and that Support Services, Property and HR will report into the Chief Operating Officer. The rationale for this is that those activities we do that ensure the organisation overall is compliant (e.g. Statutory Monitoring role, Legal, Audit etc) and financially sound should report into the Chief Executive thereby reflecting their importance to the organisation overall and that Support and HR are key components of service delivery and effectiveness and need to have a much more direct relationship with the Council's operational services.

3. Key Issues During the Review Process

- 3.1 At Corporate Directors Board on the 25th November 2008 a report was agreed to look at how we improve communications and citizen engagement, an implication of this could be the creation of a further Service Director but this is still subject to further discussion. The reason for this is the growing evidence (MORI, Customer,

and Employee, Partnership and Business feedback) that we need to significantly improve in this field. A budget of £200k (over two years) was set aside some time ago for improvement to Communications.

- 3.2 CYPS have asked for additional capacity in the form of a Deputy Strategic Director, the trade unions questioned the need for this citing significant additional capacity at both Service Director and Head of Service level in the last couple of years, along with significant capacity from consultants. However the current CYPS Directorate have challenged the view of the Trade Unions in correspondence appended to this report citing the loss of a Service Director several years ago and a reduction in Service Heads in 2007.
- 3.3 Both CYPS and Adults Services raised concerns about the statutory DCS role and the DAS role in the new structure and reporting relationships and the professional support of Service Directors to maintain proper accountability.
- 3.4 Adult Services have raised a further concern about losing the connectivity of the support division within Adults and Housing within my new structure.
- 3.5 The outstanding pay review of Service Directors has also been raised. Quite a lot of strength of feeling about this, including the views that promises were broken two years ago, the growing pay gap between Service Directors and Corporate/Strategic Directors and the narrowing pay gap between Heads of Service and Service Directors.
- 3.6 The role of the Statutory Monitoring Officer vis a vis the proposed structure and Audit Commission recommendations.
- 3.7 Clarification on the numbers of enhanced Service Directors and what determines the enhanced status.
- 3.8 The budget pressures and 2009/10 revenue strategy proposals made by some departments. In particular proposals to reduce the number of Service Directors in the former Resources Department and in the Adults and Housing Department.

4. The Final Proposal

- 4.1 The diagram on the following page represents my final proposal. It maintains the matrix management principles established in the Cabinet report on delivering excellence but also keeps the direct line accountability to the Strategic Directors for Children Services and Adult Social Care for certain Service Directors. I have agreed with the Chief Executive that the summary of accountabilities for both Child and Adult Protection, drafted in 2003 should be updated to reflect both the changing national and local context. Both Strategic Directors for Children Services and Adult Social Care will have responsibility in carrying out their duties to undertake the professional support and supervision of the service directors within children's and/or adult care responsibilities with regard to their professional duties, and to ensure these duties are exercised in accordance with professional standards, codes of conduct, policy and guidance. This includes undertaking the appraisal function. It is anticipated that the Chief Operating Officer will provide an additional performance challenge in relation to LAA and MAA performance targets.
- 4.2 For the time being the Adults and Housing Support Division will report directly into the Chief Operating Division. Support across the Council needs to be re-examined

in the context of this review and the Support Services Project to be commissioned under the Delivering Excellence programme. The interface between these and the Divisional specific review required for the Adults and Housing budget strategy will be important and I want to maintain oversight of that.

- 4.3 In the structure diagram I assume a broken line (but don't show one) from those operational divisions to the Chief Operating Officer where the strong line is shown to a new Strategic Director, resulting from 4.1 above, as discussed in this report, this is to add in a further performance challenge on LAA and MAA targets across the Council. However, I want more clarity and oversight regarding the scope of changes required to support services across the Council. To reinforce the point made at 4.2 but for the current CYPs Support Division I have included a broken line from the Chief Operating Division to that Division.
- 4.4 Maintaining the strong link between the Strategic Director for Investing in Children and the CYPs Service Directors has persuaded me to accept the Unions position on whether or not further capacity is required in that Directorate. I think that a Strategic Director and five Service Directors, particularly when you scan across the Council is sufficient and what is required is stability of personnel at the senior level after the changes and turnover over the last couple of years. However I am happy to leave this subject open for discussion with the new Strategic Director Invest in Children's when appointed as the post holder should be involved about the formation of a permanent Deputy.
- 4.5 I have been asked to make two changes to reflect proposals in Departmental revenue strategies, I was very explicit during the first meeting and through out this review so far that because of the timing of this review and the budget process that I would be happy to pick up issues in this way. The two changes are to delete the post of Service Director for Democratic Services and to delete a post in Adults and Housing (on the housing side) and to create a new Director for Housing Services. Both of these changes require other modifications if they are to work. For Democratic Services the new post of Director of Assurance and Democratic Services will in the first instance take responsibility for that batch of services. However as I have indicated through-out the review further changes are required across some of the former Resources Department to align services with the new structure, this will include a fresh look at some of the services within the Democratic Services portfolio. Within Housing several changes will be required through a subsequent review to make the new post work, I think these will need to include Revenues and Benefits transferring to the Chief Finance Officer, Energy Services transferring to the Director for Regeneration, Highways and Transportation and joining with the Environment Team. Finally further rebalancing between the remaining former Housing Department Directors will also be required the most significant of which is the Hostels Services moving into the new Housing Strategy and Options post.
- 4.6 The new post of Director of Housing Services will be appointed at the Enhanced Director level reflecting the operational size and budgetary responsibilities, some 1000 staff directly employed and in excess of £130 million p.a.
- 4.7 With regard to the former Resources Department and changes required to this part of the Council I propose the following:

- Human Resources will stay as it is as far as this review is concerned the only change is that the Director of HR will report into the Chief Operating Officer. Improvement to the HR Service has been identified as a key area for the Delivering Excellence programme and for the focus of the new HR Director, so will be delivered outside the context of this review.
- The Chief Finance Officer remit will remain and in future will report into the Chief Executive; I anticipate some subsequent changes to enable Revenues and Benefits to move as discussed above and to also take account of the new role of Director of Assurance and Democratic Services and the rebalancing of portfolios between the Director of Information and Support, Director of Assurance and Democratic Services, Chief Finance Officer, Director of Legal Services.
- The Director of Assurance and Democratic Services will be designated the Statutory Monitoring Officer and Proper Officer and according to good practice and audit commission guidelines should hold a suitable legal qualification. The Director of Legal Services will continue to act as the Council's senior legal Advisor to the Executive, Council and the Senior Board of the Council. The Director of Legal Services will be a direct report of the Director of Assurance and Democratic Services.
- The Director of Information and Support will lead on Information and Customer Services and is also likely to pick up some new services as a result of the rebalancing mentioned above and the Delivering Excellence Support Services Project.

5. **New and Deleted Roles**

New roles are:

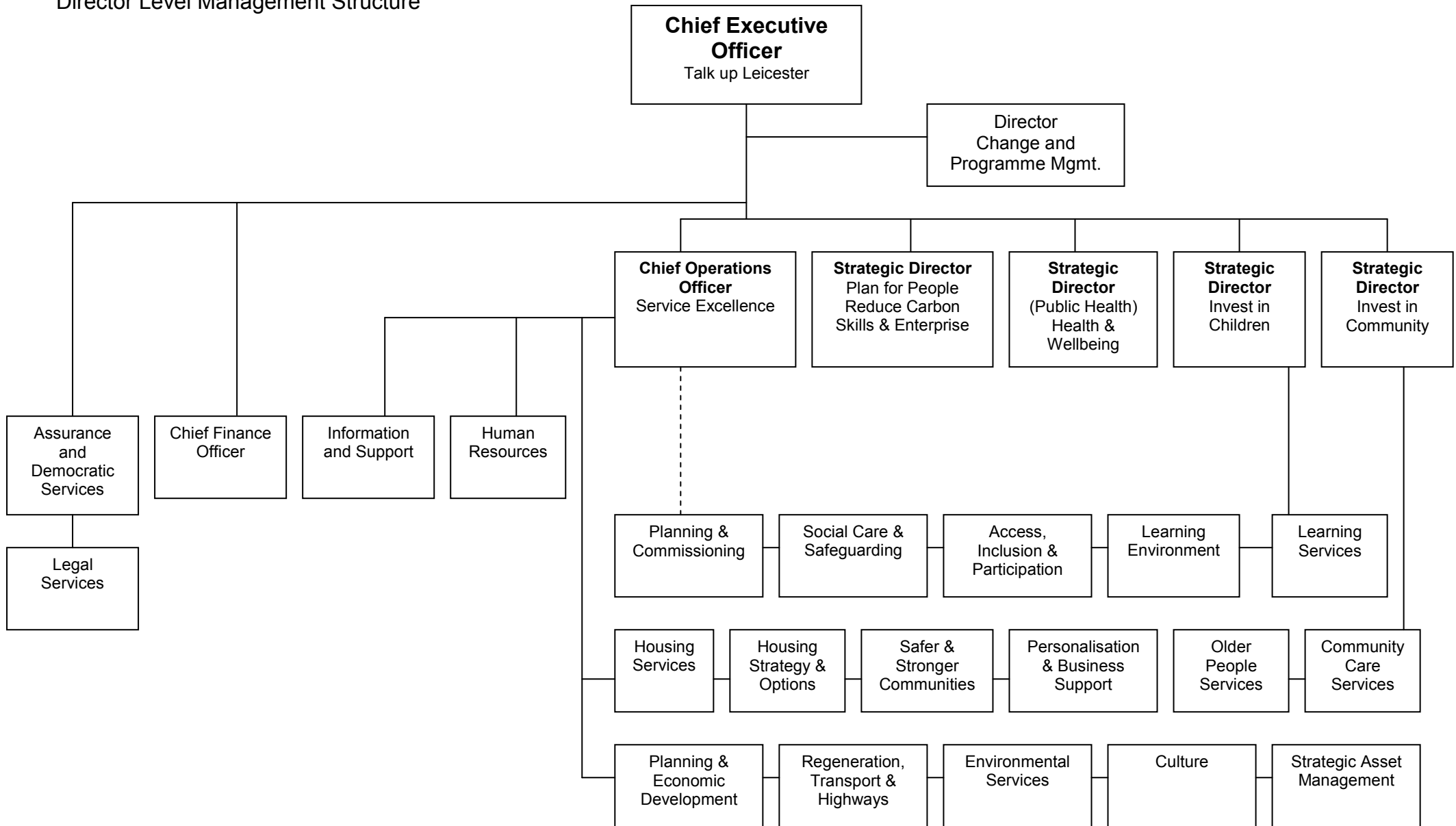
- **Director of Assurance and Democratic Services**
- **Director of Information and Support**
- **Director of Housing Services**
- **Director of Housing Strategy and Options**

All of the job descriptions for these roles are (will be) appended to this report

Deleted roles are:

- **Service Director Democratic Services**
- **Service Director Information**
- **Director of Partnership, Performance and Policy**
- **Service Director Housing Improvement and Repairs**
- **Service Director Housing Renewal, Options and Development**
- **Service Director Housing Accommodation and Tenancy Support**

Director Level Management Structure



6. Role Differentiation of Strategic Directors and Service Directors

6.1 One frustrating aspect of the previous senior management structure and working arrangements as expressed by both Service and Corporate Directors was the lack of clarity between the key tasks and differentiation between both types of Director. The list below was the result of a workshop facilitated by the Interim Corporate Director of Adults and Housing involving Service Directors. I have tweaked slightly to fit with other contributions made during the review process.

Key Tasks of Strategic Directors

- Lead strategic direction of city across the 7 themes of “One Leicester”
- Lead partnerships on behalf of LCC to commission services and deliver the strategic outcomes of “One Leicester”
- Develop strategic plan(s) for the relevant theme(s) of “One Leicester”
- Lead Programmes of Change and Policy development, to deliver against the Strategic Priorities of the City Council.
- Undertake cross cutting reviews of use of resources, recommending changes as necessary to better achieve outcomes (including the reallocation of resources between front line services).
- Be the ‘face’ of City Council/high level partnership working at city, sub regional, regional, national and international level.
- Developing new culture for the City Council.
- Strategic political interface (partnership with politicians).
- Holding Service Directors to account.
- Effective inter divisional communication.
- Driving performance and efficiency improvements.
- Agreeing and allocating resources to priorities.
- Resolving competing priorities within organisation and sticky issues.
- Work with members to deliver political ambition.
- Statutory roles of DCS and DASS.

Key Tasks of Directors

- Translating strategy into practice.
- Delivering performance and efficiency improvements and targets.
- Service delivery and business continuity.

- Resource management including staff and budgets.
- Service development and transformation including innovation and design.
- Embedding new culture within the City Council.
- Political interface on operational issues.
- Provide leadership internally and represent the Council on partnership work.
- Ensuring operational alignment of services.
- Ensure quality, corporate, audit and statutory assurance.
- Develop effective partnerships.
- Effective community engagement, consultation and communication.
- Effective intra divisional communication.

7. Key interrelationship between Strategic Directors (including the Chief Operating Officer) and Service Directors

7.1 The interrelationship between these key leadership positions can be described through referencing the 4 key role drivers below:

COO			
Governance	Finance	Resource Alignment	Performance Management
<p><i>Operations:</i> Leads the Service Directors (except for those that report to the CEO or direct to Strategic Directors exercising the DAS and DCS roles)</p> <p><i>Programmes:</i> Bridges strategic & operations input on programmes – be member of Programme Board on major programmes</p>	<p>Budget Owner for Service Directorates (except those linked to CEO and other Strategic Directors)</p> <p>Oversees and reviews Budget Holders spent</p>	<p>Approves operational Directorates resource requirements (except those linked to CEO and other Strategic Directors executing the DAS and DCS roles)</p> <p>Overviews Directorate resource alignment for Operational and Programme delivery</p>	<p><i>Operations:</i> Accountable directly for the performance management of service delivery of the Divisions that are direct reports.</p> <p>Provides additional performance rigour for those Divisions that report into the Chief Executive or other Strategic Directors executing the DAS and DCS roles.</p> <p><i>Individual:</i> Responsible for the performance management of Service Directors and other direct reports.</p> <p><i>Change Programmes:</i> Provides input into the performance management of change programmes.</p>

STRATEGIC DIRECTOR			
Governance	Finance	Resource Alignment	Performance Management
<p><i>Programmes:</i> Own strategic programmes, sponsor them & Head of Programme Board on major programmes</p> <p>DCS has direct line management responsibility for CYPS Service Directors. DAS has direct line management responsibility for Service Director Community Care Services and Service Director for Older Peoples Services.</p> <p><i>Partnerships:</i> Leads Council Representation and strategic commissioning across the Partnership</p>	<p>Budget Owner for Strategic Programmes</p> <p>Oversees and reviews Budget Holders spent</p>	<p>Supports Director of Change and Programme Management to appoint Programme Leads</p> <p>Supports Director of Change and Programme Management and Service Directors to staff programmes</p>	<p><i>Strategic:</i> Responsible for developing and delivering strategic programmes of activity to increase outcomes in priority areas.</p> <p><i>Operations:</i> Provides input into the performance management of service delivery of the Directorates and Divisions.</p> <p><i>Individual:</i> Provides input into the performance management of Service Directors and other direct reports.</p> <p><i>Change Programmes:</i> Responsible for the performance management of change programmes. Meeting benefit targets.</p>

DIRECTORS			
Governance	Finance	Resource Alignment	Performance Management
<p><i>Programmes:</i> Member of Programme Board as appropriate</p> <p><i>Operations:</i> Lead of Division</p> <p>Reports to COO and/or a Strategic Director (as discussed throughout this report)</p>	<p>Budget Holder for Division</p> <p>Accountable to Chief Executive, Chief Operations Officer or Strategic Director (following the line management illustrated in the diagram above)</p>	<p>Supports Director of Change and Programme Management to appoint Programme team members</p> <p>Responsible for Divisional resources</p> <p>Reports to COO and CFO</p>	<p><i>Operations:</i> Responsible for the performance management of service delivery of their Divisions; Meeting performance and efficiency targets.</p> <p><i>Individual:</i> Responsible for the performance management of Heads of Service and other direct reports.</p> <p><i>Change Programmes:</i> Provides input into the performance management of change programmes.</p>

8. Service Director Pay

- 8.1 Service Director's are on grades 1 – 5 UCOC, £63,945 - £73,773, Enhanced Service Directors are on grades 6 – 10 UCOT, £76,725 - £88,527 (this is a single Service Director band but with a bar after point five) and Corporate Directors are on grades 11 – 20 UCOR/S, £92,076 - £127,485.
- 8.2 Service Directors have had a claim for a pay review submitted to the Chief Executive two years ago, after substantial post reductions were made in a former review, which to date has not acted been up on. Since then these posts have further drifted when compared regionally and recent Service Director appointments in the former Resources Department (1 post), CYPS (2 posts) and a new corporate post have been made at the enhanced level breaking the current grade structure and furthering the grievance felt by other Service Directors. Finally, with the exception of the former Corporate Director of Regeneration and Culture no permanent or interim Corporate Director appointed over the last three years has been started on a salary of less than £108K.
- 8.3 In addition the new arrangements to make this structure work will mean Divisional Directors will become the final line of accountability under the financial procedure rules of the Council and will have an enhanced responsibility for the delivery of performance indicators under the LAA and MAA.
- 8.4 In terms of the market, we have tested this directly ourselves in the last 12 months on 4 occasions, where we have advertised and recruited Service Directors under the old structure. All appointments have been made at over £80,000, breaking the bar at point five as mentioned above. Also pay information provided by LGEM, specifically requested for this review has demonstrated that our Director pay is approx £10 - £15,000 less than comparable authorities.
- 8.5 Using our local context and evidence from regional comparators for similar sized Unitary Authorities I propose the following on pay. In addition to my proposal the Council may wish to maintain some flexibility at the top of the Strategic Director pay scale reflecting regional comparators. My proposal is to remove the bar that exists within the Service Director pay range. An Additional shortened enhanced director level pay range will be made at grade 11 – 13, £92,076 - £99,150 (for the Chief Finance Officer, the Director of Housing Services and the Director of Assurance and Democratic Services). The Strategic Director Grade will run through grade 14 – 20, £102,695 - £127,485. A piece of work looking at linking incremental pay progression of staff (including Directors) with performance is to be carried out under the Council's improvement and development plan.
- 8.4 To fit with the consensus view of not having a first among equals within the old Directorates the role of Principle Service Director should be abolished. To also fit with views made by the majority of Service Directors a new post of Deputy Chief Operating Officer will be created and conferred on to an existing Service Director on a permanent basis, I suggest this post attracts an additional 10% of the base salary – only existing Service Directors reporting to the Chief Operating Officer will be invited to apply, this post is not additional to the establishment but will be conferred onto an existing Service Director in addition to their existing duties.

9. Practical working arrangements of the Key Leadership Groups

If this new structure is to work then we will require new working arrangements to enable the senior management team of the Council to work together to deliver the

One Leicester strategy, manage service transformation and improvement and to act as one council delivering performance excellence. I propose the following:

9.1 **CEO + Strategic Directors (inc. COO) + HR Director + Comms Lead + CFO + Director of Assurance and Democratic Services (formerly Corporate Board)**

- Purpose: Strategic Review and review of political business.
- Fortnightly Senior Leadership Team meeting on Performance & Strategy Alignment and commissioning new work and policies, impact and external risk assessment, use of resources.

9.2 **CEO + Strategic Directors (inc. COO) +HR Director + CFO**

- Purpose: In depth challenge on performance management.
- Quarterly.

9.3 **Strategic Directors + some Directors + Director CPM**

- Purpose: Review Strategic Programmes (Directors involved on the basis of their Service portfolio relevance to the strategic programme). All Strategic Directors to run their own strategic programmes.
- Fortnightly Leadership Team meetings on Programme Alignment; Programmes of Change, Communications.

9.4 **COO + Service Directors**

- Purpose: Monthly Leadership Meeting on Finance; Internal Customer care; External customer care; Communications; Blockages; Support & update on strategy alignment.

9.5 **COO + Service Directors**

- Purpose: Performance of Operational Divisions.
- Monthly Senior Management Meeting on Performance; Resources; New work; Progress of Programmes.

10. Corporate Governance Lead Officers

10.1 As we redefine the form and functions of the Council’s senior management team I have taken the opportunity to update our corporate governance lead officer arrangements in line with the new structure. The first two columns of the list below have been taken from Insite.

<u>Key Policies and Procedures</u>	<u>Current Lead Officer as described on Insite</u>	<u>Proposed New Lead Officer</u>
Corporate Governance Framework and Annual Review	Director of Legal Services	Director of Legal Services
Information Governance	Director of Legal Services	Director of Legal Services
Information Assurance	Director of Information	Director of Information and Support
Effective administration of Financial Affairs (Financial Procedure Rules and associated Guidance)	Chief Finance Officer	Chief Finance Officer
Effective Human Resource Policies	Assistant Director (Human Resources)	Director for Human Resources
Members Code of Conduct	Town Clerk	Director of Assurance and

and Political Conventions		Democratic Services
The Council Constitution	Head of Legal Services	Director for Legal Services
Whistle-Blowing	Assistant Director (Human Resources & Equalities)	Director for Human Resources
Anti-Fraud and Corruption	Chief Financial Officer	Chief Finance Officer
EMAS	Director of Environment, Regeneration & Development	Director for Regeneration, Highways and Transportation
Risk Management Strategy	Chief Finance Officer	Director of Assurance and Democratic Services
Project Management	Town Clerk	Director for Change and Programme Management
Communication Strategy	Assistant Chief Executive (Corporate Management)	To be determined
Partnership Policies	Assistant Chief Executive (Corporate Management)	Chief Executive
Sustainable Community Strategy	Assistant Chief Executive (Corporate Management)	Chief Executive
Performance Management	Assistant Chief Executive (Corporate Management)	Chief Operating Officer
Consultation Strategy	Assistant Chief Executive (Corporate Management)	To be determined
Member's Support framework	Assistant Town Clerk (Democratic Services)	Director of Assurance and Democratic Services
Code of Conduct (Officers)	Assistant Director (Human Resources & Equalities)	Director for Human Resources
Contract Procedure Rules	Head of Legal Services	Director of Legal Services
Health and Safety Policy	Assistant Director (Human Resources & Equalities)	Director for Human Resources

11. Finance

11.1 Approximately an additional £1 million for additional management capacity is included in the budget until the end of the financial year 2011/12. This reduces to £400K from 2012/13. This excludes the £200k one off to support improving the communications function. These proposals including those relating to pay are affordable within the cost envelope provided by the Chief Finance Officer, already circulated to the Review Team.

12. Equality Impact Assessment

12.1 As has been pointed out by Service Directors during the review process, in terms of the effect on post holders this review has either a positive or a negative impact on the current profile of Directors on race, gender and disability. However, in line with corporate targets I recognise that we need a far greater representation of black and minority ethnic and women staff at Director level if our structure is to more reflect our community. To assist this I recommend that all future appointments at Director level are to include targeted search as part of the

recruitment process to make sure we have balanced shortlists in the final stage of the appointment process.

13. Conclusion

- 13.1 It is important that the Directors review reflects the aspirations of the One Leicester strategy, the outcome of the Director and Service Head workshops and the aims and objectives of the Delivering Excellence report agreed by Cabinet in Autumn 2008. We are all agreed that to respond to future challenges we need to end the silo mentality and culture and to begin to plan and work on the basis of One Council. I appreciate that this review could have gone further with this but it is important that we remain a safe organisation as well.
- 13.2 Conceptually this review has been a bit difficult for some Directors who have wanted this review to go further and redefine Service Managers and Service Heads at the same time to gain a “whole portfolio” clarity but would have meant far more staff being scoped in and working to a completely different terms of reference. When this review has finished it will trigger further reviews to align our services to further embed the delivery of the One Leicester strategy across the Council, taking account of the Delivering Excellence programme.
- 13.3 Finally, to help understanding of our roles across the organisation and with partners in future we will use only two names for Directors, these will be Strategic Directors and Directors.