

Business Case for Organisational Changes to the Senior Management Function of Leicester City Council (phase 2) in accordance with the new Review Policy

Prepared by Andy Keeling

21th October 2011

V.1. Consultation Draft

Forward

Leicester City Council is at a juncture which is both very challenging and breaking new ground. Challenging because of the financial situation the Government have put us due to the unprecedented cuts imposed on us and the huge financial risk transfers that are proposed through subsidy arrangements for local government. Breaking new ground because of our new system of governance and the ambitious programme we have set for ourselves, part manifested in the 100 days programme and part in the longer term planning we are beginning to undertake. It is really important if we are to move forward together at the right pace that Leicester City Council has the right senior managers doing the right jobs, organised in the right way.

The proposals in this business case, give us a starting point to begin a consultation to enable a more effective and accountable senior management team and structure that along with the political executive will be able to confidently lead both the Council and the City in the future. My emphasis is on creating a new structure that is cost effective, has clear responsibilities and accountabilities and is fit for purpose now and into the future.

The position of the Chief Operating Officer has thrown up a quandary as I fully appreciate that Andy cannot both lead this review and be included in the review. I have decided to personally return to his role when we have an agreed new structure. I appreciate that this is not ideal but I acknowledge that our situation is unprecedented. The Business Case refers to 'The Head of Paid Service', the fact that I will need one of these going forward is the only assumption I will make at this point in time.

I also want to thank you all for your patience. I understand that it has been unsettling for you all for quite a long period of time. I hope this review; by its conclusion will enable us all to go forward with certainty and confidence.

Peter Soulsby
City Mayor

Executive Summary

1. Key Purpose of the Review

This Business Case deals with the 2nd Phase of a review of Senior Management at Leicester City Council. In the first phase the Council reviewed the post of Chief Executive and on the 4th August a Council Meeting took the decision to confirm a decision to delete that post.

This second phase will focus on the roles of Strategic and Divisional Directors. The purposes of reviewing these roles are twofold: firstly to deliver further savings; and secondly to deliver a senior management structure that takes account of our new Mayoral model of governance, the decisions taken at the first phase and the desire for a more coherent management structure with clear lines of accountability.

The City Mayor will review the role of Head of Paid Service and determine what role is needed at this level at the end of this review.

A third phase will be conducted that looks at Heads of Service and the other direct reports of Divisional Directors once the 2nd stage has been completed. The scope of that review will be given in its own business case.

2. Main Proposals

The biggest change will be to organise the Council into a new departmental structure whilst maintaining cross cutting work through programmes and operations boards. Each department will have a single head that will be responsible and accountable for all of the services and functions discharged from within that department. Each new departmental head will also be named as being responsible and accountable for some cross cutting and corporate issues. Sitting underneath the new departmental head will be a number of Divisions with their own Divisional Head.

3. Process to be followed

A full timetable is included in this business case, this will be kept under review. It is anticipated that after a preliminary meeting with the Trade Unions there will be three consultation meetings with the Staff affected, a first one to present the proposals, a second one to take feedback and listen to alternative proposals that maybe put from the group and a final one to present the final proposals, final report and slotting in list. The final report will need to be signed off by the City Mayor. The final report will include details of the slotting in arrangements and the process for selection for new or changed posts that are created in the review. It should be remembered that all of those posts in the scope of this 2nd phase are City Mayor and Member appointments and any selection process will involve final interviews and decision making by the City Mayor and/or Members.

The review will be managed by the Chief Operating Officer, receiving HR and Finance Advice from within the Council but not from anyone scoped into the review and some project support to be provided by the CPMO unit. The Chief Operating Officer will report into the City Mayor, Deputy City Mayor and Cabinet.

4. Planned/Expected Outcomes

Subject to consultation it is anticipated that there will be 4 main departmental streams as depicted in the structure chart in this business case. There will also be a smaller number of divisional leads reporting into those departmental leads. The functional groupings will reflect the priorities of the City Mayor and his Executive.

The savings will surpass the budget target of £0.8 million as included in the 2011/12 Budget Strategy. A further budget target will be set for the third and final stage of the senior management review. A number of Heads of Service will report into a different divisional lead as a result of this review but changes to the roles, scope and number of Service Heads will be reviewed in their own right in phase 3. Changes in those reporting arrangements at this phase are being treated as being exempt from the Review policy as described in 4.3 of the policy.

1. Background and Scope

1.1 Background

In the Summer of 2010 the Chief Executive announced her intention to carry out a review of Senior management with the sole intention of making savings and ensuring that senior management bear their share of the cuts facing the Council as a result of the budget reductions being imposed on the Council from Central Government.

An organisational review was announced in the winter of 2010 that included an examination of all posts at Strategic Director level including the Chief Operating Officer, all Divisional Directors including the Chief Finance Officer and all Heads of Service. The Chief Operating Officer and Deputy Chief Executive in the absence of the Chief Executive initiated the formal consultation process, the Chief Executive continued that review for a short period in February 2011. After further continued absence the Chief Executive announced through Sam Maher, the independent HR Advisor appointed by the Chief Executive that the review was being halted and would start again as a completely new review after the Mayoral elections in May 2011. The Chief Executive recognising that the review would not be completed prior to the elections wanted to make sure sufficient flexibility was maintained acknowledging that the new City Mayor would want to be involved and decide upon a new management structure for the Council.

Soon after taking office Sir Peter Soulsby, the City Mayor announced his intention to review the post of Chief Executive as a first phase in reviewing senior management. On the 4th August a meeting of Full Council confirmed the decision taken by a previous Employees Committee to make this post redundant. The Chief Executive has now left the Council. The Business Case for this first phase detailed the financial savings that would accrue to the Council circa £1 million over 4 years and also the similarity between many of the responsibilities of this post and of the newly elected City Mayor.

The previous review of senior management started in 2007 created new roles of a Chief Operating Officer, several Strategic Directors some with management responsibilities, some without or with lessor management responsibilities than the scope of their roles in more traditional structures would have demanded. Divisional Director roles were strengthened and they assumed direct budgetary accountability for their service areas. Basically that structure saw the breaking up of some departments as an attempt to prevent silo working and create a strategic tier at the top of the organisation that were not bogged down with a lot of line management, operational and direct budget responsibilities (but maintaining responsibility for developing the financial strategy). It was assumed the Chief Operating Officer would assume operational responsibility for most of the Council's services.

1.2 The Scope of the Review

The scope of this review is all Strategic and Divisional Directors, 26 posts in total involving 20 permanent post holders. When this review is implemented some Heads of Service will have to change their reporting arrangements to facilitate the changes made.

The new Departmental and Divisional Leads will then review their teams of service heads and other direct reports in a separate review described in this document as the phase three review.

2. Summary of the Existing Situation

The senior management of the Council was reviewed in 2007/8 as a result of some consultancy work commissioned from Deloitte. The idea behind the new structure at that time was to create a distinction between strategic and operational management in the Council using a matrix management technique to enable operational input into strategic decisions and vice versa. By not having departments it was the intention to stop the Council operating as several distinct business units, often in conflict with each other and have a much more joined up approach to the big issues facing the Council.

The structure we have had for the last couple of years put more management capacity in at the Divisional Director level with new or changed roles being created, particularly in some areas of corporate support. Both the Chief Executive and the Chief Operating Officer took on more direct line management responsibilities as a result of the changes. The current structure chart is included at appendix two.

The new structure was supported by new planning and governance arrangements. These included a series of Priority Boards themed around the Council's priorities as defined in the One Leicester Strategy. These Priority Boards produced annual commissioning statements for their priority area including managing programmes of work intended to deliver against each priority. In addition to the Priority Boards were three other Boards: Strategic Management Board, designed to ensure join up between the Priority Boards and problem solve in the organisation whilst leading on the political interface with the Executive. Operations Board, which was concerned with the operational delivery and performance of the Council including how support services and our policies and procedures are best used to support this; and finally the Organisational Development and Improvement Board that was concerned primarily with managing programmes of change and improvement work in the organisation, the emphasis of this board changed to concentrating on efficiency at about the mid-point of 2009/10.

Documents that describe the existing senior management arrangements and the rationale for them are still available on In-site.

3. The Reason for the Proposed Changes

The reasons for the proposed changes in this business case are as follows:

- a) To save as much money as possible from the existing costs of senior management of Leicester City Council, currently £0.8 million is in the Budget Strategy as a savings target, the City and Deputy City Mayor believe a much greater contribution can be made.

- b) To create a senior management structure that fits with an executive mayor model of political governance.
- c) To create a senior management and organisational structure that the City Mayor, the Deputy City Mayor and the Cabinet can have confidence will deliver the priorities of the Council.
- d) To ensure that responsibilities and accountabilities are completely clear and flow through the organisation in a coherent way.

4. The Proposal in Detail and the Rationale for the Specific Proposals

4.1 Overview

The new structure takes account of the executive functions of the City Mayor and the deletion of the role of the post of Chief Executive. The new structure creates four new departments: Education and Children's Services; Adults Social Care, Health and Housing; City Development and Neighbourhoods and Corporate Resources and Support. Each Strategic Director and the Head of Paid Service will have strategic, operational, financial and managerial responsibility and accountability for a portfolio of services and council wide priorities, these are described later. The proposals assume the Head of Paid Service will have a line management and supervisory only responsibility for the three Strategic Directors. The City Mayor will hold the Strategic Directors and Head of Paid Service to account whilst with his Mayoral Team setting the strategic direction of the City and Council.

The new senior management structure will have a Head of Paid Service, whose specific role is yet to be determined, three Strategic Directors, 15 Divisional Directors and two roles at a new grade between Head of Service and Divisional Director but on the Chief Officer pay structure. This is a reduction of 5 posts on the existing establishment and designates two posts at a lower level (and includes one post part funded and one post wholly funded by Health).

These changes will inevitably change the reporting relationships of Heads of Service. No changes to the roles or numbers of Heads of Service are being made in this phase.

I propose streamlining and revising the grading structure for Directors, capping the pay of the most senior post at £128,000, some £47,000 less than in the previous structure. More details of this are covered in the financial implications.

4.2 Corporate Resources and Support

This department will have 4 Divisions each with its own Director and an enhanced Head of Service reporting into a new Head of Paid Service role. The key changes are that Housing Benefits will no longer be in the Finance Division. Change and Programme Management and Corporate Governance are combined but exclude Legal Services. A new Division of Delivery, Communications and Governance is proposed instead along with a legal service headed up by a new role of Head of Standards and City Solicitor, this post would also hold the Monitoring Officer role.

Community Languages and Marketing would also be managed elsewhere in the new structure. Information Management will exclude Customer Services but include Revenues and Benefits.

4.3 Education and Children's Services

This department retains its current portfolio of services and includes passenger transport, this move is designed to give control of the service to one of the two existing clients and to help Children's to directly manage its own provision as the personalisation agenda reduces demand from Adult Social Care.

The most significant change is to reduce the number of Divisional Directors from four to three by merging the Access, Inclusion and Participation Division with the Planning and Commissioning Division to create a Young Peoples Services Division.

4.4 Adult Social Care, Health and Housing

This is a new department that brings back together Adults and Housing. It will also have responsibility for the health services transferring back to Local Authority control. The Public Health team are shortly to be located in the City Council with their formal transfer, along with other health responsibilities happening in April 2012.

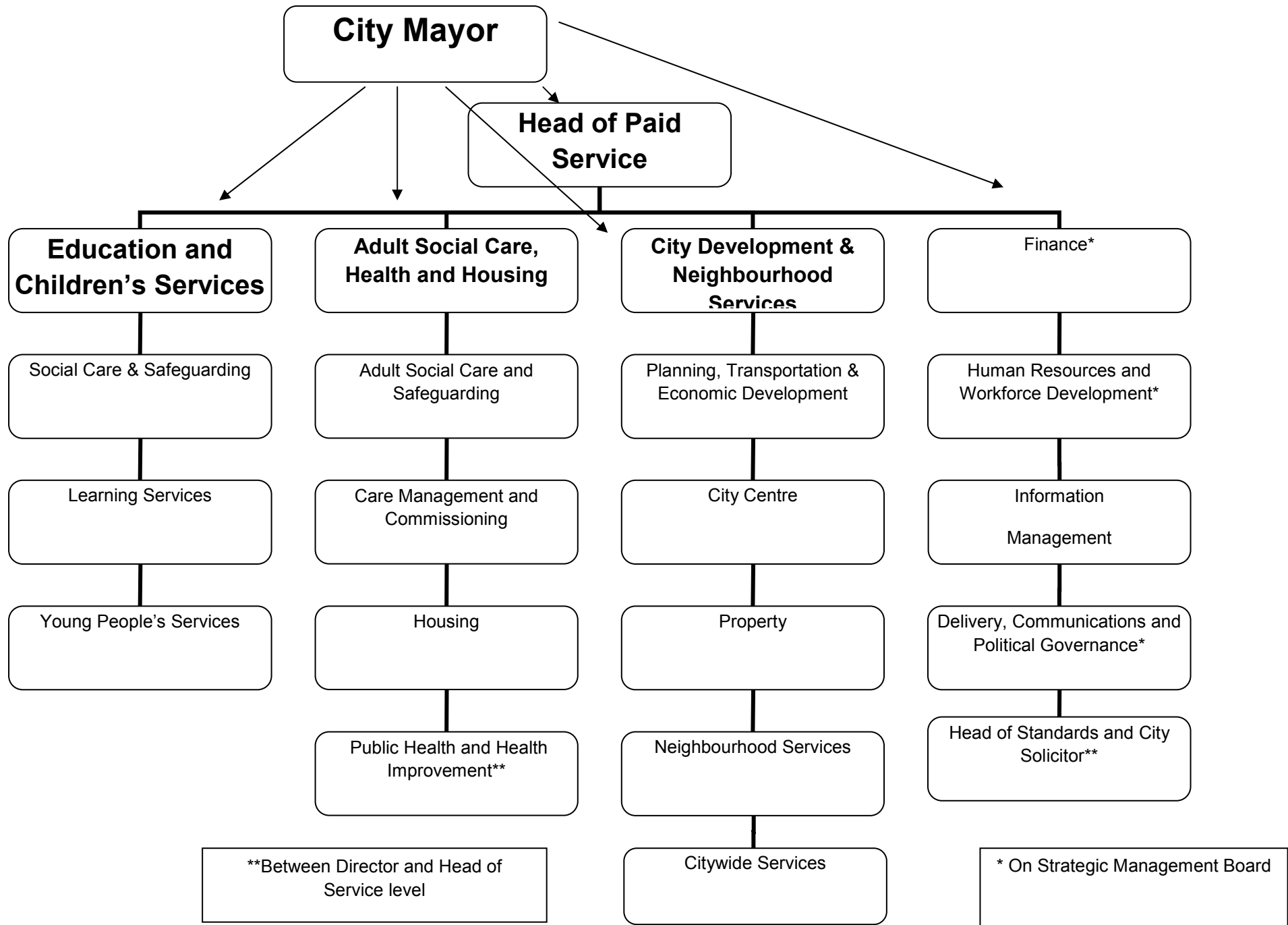
The Strategic Director post will hold the statutory designations of the Director of Adult Social Services (DASS) and the Director of Public Health (DPH) it is anticipated that this post will be part funded by Health until March 2013.

This department will have three Divisional Directors and an enhanced Head of Service (similar to the new Head of Standards and City Solicitor role). The Divisional Director posts will be: Adult Social Care and Safeguarding; Care Services and Commissioning and Housing Services, a new alignment of Heads of Service will be required. The temporary ASC Divisional Director role recently recruited to, will continue for six months as planned. The new role will be the City Public Health and Health Improvement Officer funded by Health initially (until March 2013) and then by health funding transferring into the Local Authority. In Adult Social Care two new divisions are created out of the three existing roles. For Housing two existing divisions previously split between general fund and housing revenue account services are brought together into a single Housing Division. This is a reduction of two Director posts.

4.5 City Development and Neighbourhoods

This is a new department responsible for the physical development and improvement of the City and the delivery of services to neighbourhoods, enabling a greater focus on neighbourhoods from a range of services.

This department will have five divisions each with its own Director: Planning, Transportation and Economic Development – this brings together two existing divisions but with some services migrating out into other divisions as described later; City Centre – including Arts and Museums, the Cultural Quarter, Marketing, Markets and Enterprise and City Centre



Management; Property, with a renewed emphasis on enabling regeneration; Neighbourhood Services which includes Sports, Libraries, Community Safety, Community Services, Customer Services and Adults Skills and Learning; City Wide Services, which includes the environmental health regulatory services, waste management, parks and open spaces, environment and energy services.

- 4.6 Each Strategic Director will be given responsibility for certain cross cutting issues to ensure clear accountability for these issues, these are detailed in the new job descriptions.
- 4.7 Aspects of our current arrangements will remain in place, the most notable being: the continued co-location of the Senior Management Board, albeit with a slightly reconfigured board reflecting changes made in this review. The Operational Board will continue, it will become more important as we return to a more departmental structure that Divisional Directors continue to meet together to take a whole Council view of issues, policy changes and our continued operational effectiveness. The Strategic Management Board and ODI Board will be merged to create a single Board. The Joint Board with the Police, Probation and NHS Leicester City will also continue. New high level arrangements for consultation with the Trade Unions will need to be worked through reflecting the new structure.
- 4.8 Other aspects will need to change to accommodate these changes, these include the abolition of priority boards and the use of commissioning statements, in their place we will establish cross cutting programme boards with their own programmes of work focused on delivery and departmental team meetings will be reintroduced.
- 4.9 The interaction between the new senior team and the City Mayor and his Cabinet on strategic planning issues will be developed whilst the phase three reviews are being planned.

5 The Workforce

As previously described the scope of this review is contained to Director level posts but the changes at Director level will involve some Heads of Service reporting into different Directors and different posts as a result of this phase of the senior management review. The new structure is shown on the previous page. The new reporting arrangements for all existing Heads of Service will be described once the structure is finalised. Draft new job descriptions for all the posts created in this review are shown at appendix three.

Currently there are 25 posts scoped into this review, this includes the Director of Public Health and Health Improvement which is a joint post in partnership with NHS Leicester City. There are currently 20 permanent post holders. These proposals have 18 Director level posts and two new roles on the Chief Officers pay range but below the proposed Director level pay ranges, one will be wholly funded by Health and could be filled by way of secondment from NHS Leicester City in the first instance.

6 Financial Implications

I propose four new pay ranges:

- Head of Paid Service: £123,231 - £127,485 (spinal point 19 – 20 UCOR/S)
- Strategic Director: £110,484 - £118,983 (spinal point 16 – 18 UCOR/S)
- Divisional Director £76,725 - £85,575 (spinal point 6 – 9 UCOC/T)
- City Officer £63,945 - £68,853 (spinal point 1 – 3 UCOC/T)

The enhanced divisional director rate is abolished. The new ceilings for all the new Director rates including the Head of Paid Service are between £5K and £15K less than the existing ceilings (including the £12K permanent enhancement the Chief Operating Officer receives for being the temporary Chief Executive in the Chief Executive's absence). Where this means an immediate drop in salary Directors will be asked on a voluntary basis to forgo their two years protection.

The new Structure will save £1.1 million in a full year.

The saving assumes a contribution from NHS Leicester City for half the salary of the new Strategic Director for Adult Social Care, Health and Housing. It also assumes the new role for Health underneath this Strategic Director will be wholly funded by NHS Leicester City as part of the transition in relation to the National Health Service Reforms.

There could be a couple of redundancies depending on the final slotting list, the results of any competitive or competency process or the results of appeals. I estimate this could cost up to £100K to be funded from the corporate redundancy pot.

Adding Phase 1 savings with the savings in this phase brings the total senior management savings to £1,325,000. Further savings will be achieved from phase 3 which will commence in the new calendar year.

7 Implementation Plan

7.1 Timeline and Consultation

Stage	Date and Location	Purpose
1. Issue Business Case to TUs	15/10/11	Initiate consultation process
2. Meet with Trade Unions	21/10/11	Initial discussion and clarifications
3. Send out Business Case to Directors	24/10/11	Enable Directors to read prior to the first meeting
3. First meeting with Directors	28/10/11	Group consultation, receive feedback
4. Second meeting with Directors	15/11/11	Present finessed proposals, listen to further feedback
5. Final meeting and slotting list issued	2/12/11	Confirm final proposals and circulate slotting in list
6. Appeals process (against slotting)	9/12/11 15/12/11	Deadline for slotting in appeals Appeal hearings
7. Possible interviews (where competitive/competency situations arise)	20&21/12/11	Selection process
8. Launch new structure	2/1/12	

7.2 Resources

The review will be led by Andy Keeling, Chief Operating Officer. It will be supported by Baljit Bains - HR, Alison Greenhill - Finance and Andrew Shilliam - Project Support. No other resources are anticipated at this stage.

7.3 Equalities

The direct staffing equalities impact from the changes detailed in this business case are relatively neutral. The only potential impact will be on the gender profile of Directors with one or two posts possibly changing gender profile.

I anticipate these changes will improve accountability for the equality agenda in the Council ensuring a greater focus to be given to considering the equalities implications of policy changes and decision making as named senior people will be responsible for this work.

7.4 Risks, issues and dependencies

I don't consider there to be any significant risks to the delivery of this review.

The final report will be signed off by the City Mayor and his Cabinet.

The implementation of these proposals will be relatively straight forward, care will be needed concerning other savings to senior management from other decisions but they should be able to slot into these proposals fairly simply, this is the only review looking at Director level posts.

Phase three (Heads of Service and other Divisional Director direct reports) will complete this three stage senior management review. Phase three will be managed in four parts (four mini reviews) under the new departmental arrangements created by this review. I think that managerial changes at a service level should be decided as close to the service as possible, however it is likely that targets will be set and future changes will follow a direction set by the City Mayor, the Deputy City Mayor, their Cabinet and the Head of Paid Service.

8 Governance, Information and Communications

8.1 Governance arrangements

This review will be governed by the Chief Operating Officer reporting into the Deputy and City Mayor. The final report will be signed off by Cabinet.

8.2 Communications

As well as the consultation meetings communications will primarily be via e mail. The intranet will be used to post papers and questions and responses to those questions as raised by the participants of the review. Standard version control will be used on the business case (with this version being 1.0 Consultation Draft) and other papers.

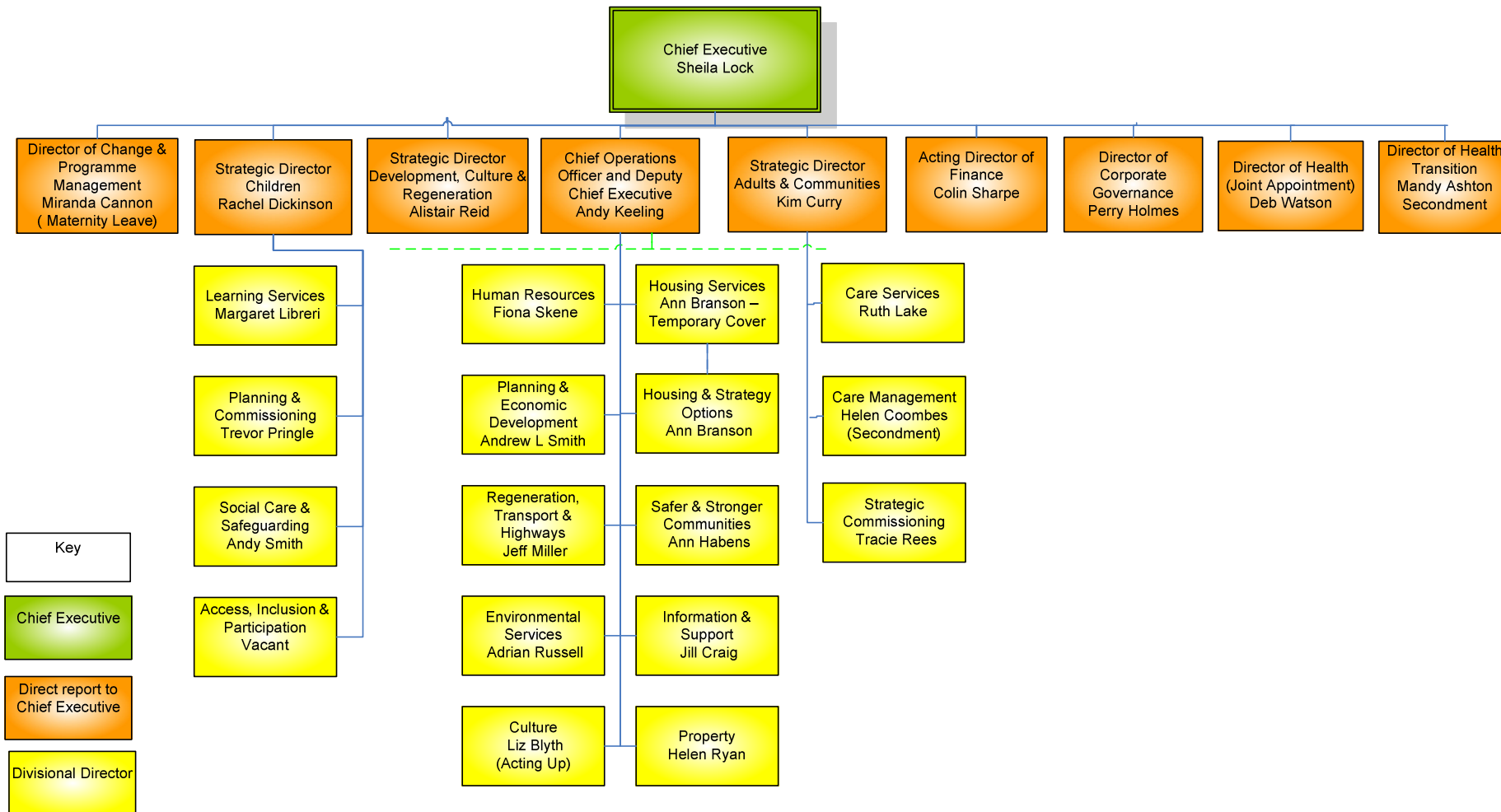
Appendix One

Director's scoped into the Review

Name	Post	Grade
1. Alistair Reid	Strategic Director Dev. Culture & Regen	UCOR/S
2. Deb Watson	Strategic Director Health & Health Improvement	Joint appointment on Health Service Terms and Conditions
3. Kim Curry	Strategic Director Adults & Communities	UCOR/S
4. Rachel Dickinson	Strategic Director Children	UCOR/S
5. Miranda Cannon	Director Change & Programme Mgt	UCOE
6. Perry Holmes	Director of Corporate Governance	UCOE
7. Fiona Skene	Director of Human Resources	UCOC/T
8. Andy Smith	Director of Social Care & Safeguarding	UCOC/T
9. Margaret Libreri	Director Learning Services	UCOC/T
10. Trevor Pringle	Director Planning & Commissioning	UCOC/T
11. Andrew Smith	Director Planning & Economic Devt	UCOC/T
12. Adrian Russell	Director Environmental Services	UCOC/T
13. Jeff Miller	Director Regen, Transport & Highways	UCOC/T
14. Ann Branson	Director Housing Strategy Options	UCOC/T
15. Ann Habens	Director Safer & Stronger Communities	UCOC/T
16. Jill Craig	Director Information & Support	UCOC/T
17. Helen Ryan	Director of Property	UCOC/T
18. Tracie Rees	Director of Commissioning	UCOC/T
19. Ruth Lake	Director of Care Services	UCOC/T
20. Sarah Harrison	City Centre Director	UCOC/T

As at September 2011

Leicester City Council
Senior Management Structure



The Director of Legal Services post (not shown) is also still on our establishment and Mandy Ashton's secondment has finished

All the new draft JDs are available in PDF format