



Report to: Council

Subject: Management Re-structure of Gedling Borough Council

Date: 6 July 2011

Author: Chief Executive

1. PURPOSE OF THE REPORT

This report seeks approval to progress a proposal to change the Council's management arrangements.

2. BACKGROUND

Gedling Borough Council is performing well. Customer satisfaction, value for money and service specific performance indicators are generally well above the national average and have improved year on year over the past three years. Whilst this is extremely encouraging, especially given the challenging financial environment in which the Council has been operating, I believe that a small number of key changes to management arrangements would help to realise ambitions for further improvement and the aspiration to become one of the best Councils in the country.

Firstly, I consider that there are benefits to be gained from bringing together a number of functions that are currently located in separate parts of the organisation and which are led by different managers. Planning Policy and Development Control, for example, are in two different departments and led by two different Heads of Service. Community Safety Strategy is separate from Community Safety delivery and Housing Needs from Housing Strategy. Staff do, of course, work across departmental boundaries and bringing functions together is not, in itself, a guarantee for improved performance. There are, however, a number of opportunities to merge existing sections that would:-

- reduce management costs
- improve management accountability; and
- improve communication and linkages between staff

Secondly, the current senior management/departmental structure is organised around six Heads of Service and predominantly around their professional/technical backgrounds. Individual members of the Senior Management Team (SMT) lead on Council-wide strategies and projects but their corporate leadership roles tend to be secondary to running their departments and fulfilling the role of “most senior professional”. In practice, this often results in the Council’s most senior managers becoming pre-occupied with operational management instead of being more outward focused and driving change and performance across the organisation. To address this, I propose to slim down the size of the Senior Management Team, replacing the current 6 Heads of Service with 4 new posts of Director. These new Director posts will remain in touch with service delivery, indeed each Director would oversee a collection of services and be expected to intervene as and when required. However, accountability for service planning, performance and financial management would sit with the tier below, “freeing up” SMT members to get on with their leadership responsibilities.

Finally, the proposed new structure brings services together in a way that is geared up to respond to proposals set out within the Localism Bill, recognising, in particular, the increasing emphasis on community involvement in service planning and delivery. The new administration has also made it clear that it intends to strengthen the Council’s links with local communities and is considering the establishment of area forums as a means of engaging with local people. In order to support this and to strengthen the officer focus on geographic areas, I propose to allocate responsibility for specific parts of the Borough to senior and middle managers. The precise details will be worked up in due course.

3. PROPOSALS

Attached to this report are the current and proposed management structures. Key changes are:-

- a reduction in the number of managers at both senior and middle management tiers
- the creation of Director posts, with broader, more outward-looking and cross-cutting responsibilities

- the creation of Service Manager posts, responsible for a smaller number of larger service areas, achieved by merging a number of separate teams
- creating more of a “One Council” culture, in which staff are encouraged to work across the organisation, rather than on a departmental basis, in order to deliver the best outcomes for customers

Overall, the proposals result in 21 current jobs being removed from the Council’s establishment and 18 new jobs being created. Although the focus of the re-structure is on the top two tiers of management, the proposals also result in changes to a small number of jobs below these tiers. In addition, it should be noted that the potential impact for individuals may exceed the net figure of 3 fewer posts as displaced staff may not necessarily have the right skill set and experience to meet the criteria for recruitment to newly established posts.

In progressing the re-structure, a wide range of tasks will need to be undertaken, with the involvement of members, staff and union representatives. Specifically, I intend to take forward the re-structure as follows:-

- convening the Joint Consultative and Safety Committee (JCSC) to consider and express views on the draft structure, protocol for filling of posts and proposed changes to pay protection arrangements
- convening a newly established Appointments and Conditions of Service Committee to consider feedback from the JCSC, agree the final structure, pay and protocol for filling of posts; consider and make a decision on proposed changes to pay protection arrangements; approve pay and grading proposals
- convening a newly established Appeals and Retirements Committee to deal with and approve cases of voluntary redundancy and early re-retirement
- convening the Appointments and Conditions of Service Committee to deal with the recruitment of, and appointment to, Chief Officer positions

4. **FINANCIAL IMPLICATIONS – OBSERVATIONS OF THE COUNCIL’S SECTION 151 OFFICER**

A significant review of the Council’s management structure, as envisaged in this report, will undoubtedly lead to many posts being dis-established and therefore uncertainties as to which staff are successful in securing new roles in the revised structures.

The report highlights that a net reduction in the number of management posts is expected and, in these cases, absolute costing of savings (and the cost of change) are not possible. Therefore in examining the proposals a best case/worst case scenario has been evaluated and a range of likely outcomes calculated. Assumptions surrounding the following are the key drivers in these calculations.

- Maximum and minimum number of staff securing roles in the new structure
- Likely eligibility criteria for redundancy payments and early retirement
- Revised pay levels reflecting new responsibilities
- New pay and grading structures where appropriate

Taking these factors into account, it is estimated that the revised structures will deliver savings in the order of £160,000 to £225,000 per annum.

The redundancy and retirement costs associated with the revised structure range from £325,000 to £570,000 with a correlation between the higher the savings figure the higher the likely redundancy and retirement costs.

As a result of these calculations it is likely that the payback period for the changes will be in the range of 1.9 to 2.8 years and as such these proposals represent a sound business case for change.

5. **LEGAL IMPLICATIONS – OBSERVATIONS OF THE COUNCIL’S MONITORING OFFICER**

The Chief Executive, as Head of Paid Service, has the statutory power to decide the manner in which the discharge by the authority of its different functions is co-ordinated; the number and grades of staff required by the authority for the discharge of its functions; and the organisation of the authority’s staff. The proposals affect the employment of Heads of

Service. By virtue of the Local Authorities (Standing Orders) (England) Regulations 2001 which are included in Part 4 of the Constitution - Standing Orders relating to Staff, the function of appointment or dismissal of a Head of Service must be dealt with by an Appointments Panel, which must include one Executive Member. This would fall within the remit of the newly constituted Appointments and Conditions of Service Committee. The terms and conditions of any new Head of Service post would also need to be approved by this committee. Appointment and dismissal of any other member of staff falls within the remit of the Chief Executive or Head of Service.

6. **PERSONNEL IMPLICATIONS – OBSERVATIONS OF THE COUNCIL’S PERSONNEL MANAGER**

Any major re-structuring exercise will bring with it a complex variety of employee relations issues. This particular exercise proposes that the establishment is reduced in size by four posts. Consequently, it is inevitable that there is potential for redundancy, and possibly compulsory redundancy. This is not something that should be entered into lightly and consideration will be given both to the technical and human aspects of the proposal. In addition to the actions detailed elsewhere in this report, other key principles will be observed during implementation of the proposal including:

- **Consultation** - This will be open and genuine. The purpose of consultation is to invite employees and unions to suggest how dismissals might be avoided, how numbers of employees potentially liable for dismissal might be reduced and how the consequences of any dismissals might be mitigated. Additionally, consultation will also take place in respect to any proposed policy changes, for example, to Pay Protection Policy, for the suggested protocol that will determine how the recruitment and selection process is managed and for the proposed pay policy for Service Manager and Senior Management posts. The Council’s consultation forum (JCSC) will be used at appropriate times. The consultation period will last for a minimum of 30 days.
- **Notification** - Formal notification of potential redundancies to the Department of Business, Innovation and Skills may be necessary. (Where there are proposals for 20 or more potential redundancies within a 90 day period this notification is required).
- **Process: recruitment and selection** - The exact protocol to determine how posts might be filled will be the subject of consultation. The exercise will aim to ensure that the business needs of the Council are met whilst being transparent and fair to affected employees.

- **Support** - Appropriate and practical support may be necessary, on a case by case basis, for any or all employees who are displaced into lower-graded posts in the organisation or who cannot be placed. The nature of the support will vary and may involve external help and guidance.
- **Communication** - Throughout the process, regular and meaningful communication to all employees will be necessary.

7. **RECOMMENDATIONS**

Council is recommended to:-

- i) approve the proposed new management structure for consultation with staff and unions;
- ii) agree the proposed way forward for progressing the re-structure as outlined in Section 3 above.