

SENIOR MANAGEMENT ARRANGEMENTS

**FINANCE, MODERNISATION AND PERFORMANCE
(COUNCILLOR CHRIS WEAVER)**

AGENDA ITEM: 6

CHIEF EXECUTIVE

Reason for this Report

1. To seek Cabinet approval for an amended senior management structure in line with the new Administration's statement of priorities – Capital Ambition - and the pending retirement of the Director of Social Services. The amended senior management model involves the deletion of various posts, which are outlined in the report, to support the creation of new roles, on a cost-neutral basis, to reflect the Council's emerging agenda.

Background

2. In July 2017 the Cabinet published its Capital Ambition which set out the Cabinet's commitments for Cardiff. The programme is wide-ranging with "commitments for Cardiff" covering the spectrum of Council services. In particular, the Administration outlines a number of proposals that involve changing and/or improving the way in which the Council delivers services to citizens and communities.
3. These include:
 - Adopting a Digital First approach to council services: "making the best use of new technologies to deliver our services, and providing digital access indistinguishable from that available to citizens in every other aspect of their lives";
 - Joining-up Frontline Services: "staff from across the Council, and across our public services, will work increasingly across departmental and organisational silos, with a focus on delivering the best for citizens, communities and the city";
 - "Keeping our streets and neighbourhoods clean and well-maintained"; and

- “Breaking down barriers and joining up services at the community level by placing social care at the heart of the Council’s emerging localities approach”.
4. To ensure that the areas of focus identified above are managed in a coherent way, along with the retirement of the current Director of Social Services during the first half of 2018, there is a need to review and realign senior management arrangements to ensure delivery of the Capital Ambition agenda.
 5. The purpose of this report is to put forward for consultation specific proposals relating to the shape and structure of the senior management team and to identify the specific requirements for filling new posts, as required. These proposals, if agreed by Cabinet, would then be consulted on with the employees and trade unions concerned.
 6. Cabinet agreed the Council’s Budget Strategy Report in July 2017 which set out the financial challenges that the Council faces over the short and medium term. Any review of the senior management structure will need to be contained within the existing budget allocated for senior management.

Context

7. Capital Ambition reinforces the need for the Council to respond to several critical challenges that impact on the ability to deliver high quality services in a financially constrained environment.
 - A Shift to Digital First Public Services: Technology is serving to transform the context of local public services. Increasingly, local authorities are seeking to automate processes, shift customer transactions and services into online channels of communication, and migrate Council systems into cloud-based solutions. The aim is the delivery of substantial savings and concurrent improvements in customer services. In addition, digital councils are increasingly seeking to shape the technology environment of the local areas. Cardiff has one of the best developed fibre networks in the UK yet its profile as a ‘Smart City’ – one that uses technology to solve complex problems – is limited, with only rudimentary steps taken to draw on the expertise of the city-region’s technology cluster.
 - Collaboration in Shared Services – In January 2017 the Cabinet Secretary for Finance and Local Government published the White Paper on Local Government Reform which set out proposed arrangements for enhanced regional working. This was followed by an Oral Statement on 18 July 2017, setting out an approach to local government reform underpinned by ‘*systematic and mandatory regional working to ensure [local authorities] are resilient, both financially and in terms of the services they provide.*’ Central to this agenda will be the delivery of economies of scale

through greater collaboration – at a regional or national level - around shared services, including: technology platforms, to offer greater consistency as well as cost savings; specialist services where expert knowledge or skills can sometimes be in high demand and short supply; and joint or shared transactional services where processes are consistent.

- Service Integration in Social Care, Health and Housing - As stated in 'Capital Ambition,' there is a need for the Council to work '*across the public services in order to deliver lasting solutions to complex problems.*' In no area is the need for greater integration across public services than at the interface between social care, health and housing, particularly in relation to supporting older people. The number of citizens in Cardiff between 65 and 84 is projected to rise by 45% over the next 20 years, and the number over 85 years old, is expected to nearly double. The demand pressures and costs associated with an aging population are significant and projected to increase. Finding solutions to these long-term challenges will mean adopting a whole-system approach across social care, health and housing to help older people stay as safe, healthy and independent as possible, and to lead lives that have value, meaning and purpose in their own homes, and in their communities.
- Increases in Looked After Children: The Council continues to experience growing pressures in the area of children's services with a sharp increase in the numbers of Looked After Children in the last eighteen months, despite the implementation of important preventative measures, like the Multi-Agency Safeguarding Hub, and the introduction of the Signs of Safety approach to child protection. The complexity and severity of cases continues to increase, with the courts reinforcing the need for the Council to take action to protect vulnerable children.
- Waste management and street cleansing: Keeping Cardiff's streets and neighbourhoods clean and well maintained is identified as a priority in Capital Ambition with a commitment to integrate Council services at a neighbourhood level as part of a 'Total Street' approach. Furthermore, while Cardiff is Britain's leading major city for recycling, the city must meet challenging statutory recycling targets of 64% by 2020 and 70% by 2025 if substantial fines are to be avoided.
- The Council's Role as Corporate Landlord: Property represents one of the Council's most significant assets and areas of spend, representing the second largest call on the Council's budget after staff costs - circa £60m per annum with over 500 operational properties. As the landlord for these assets the Council has an obligation to ensure that they are managed and maintained to the highest standards, including compliance with statutory obligations and health and safety requirements. The responsibility for the management of the Council's non-domestic buildings, and the

associated budgets, is at present spread across a number of Service Areas and Directorates. As a result, there is no consistent approach to the management of the assets. The creation of one cohesive operating model in the organisation leading on all non-domestic property matters is a key requirement, including: the centralisation of non-domestic property services; strengthening of the health and safety compliance function; procurement of the second generation of Building Services Frameworks; and the design, procurement and implementation of new technology to support the new Corporate Landlord function.

- Ensuring Continuity of Leadership and Management: In September 2014, the findings of a Wales Audit Office Corporate Assessment provided a critical assessment of the Council's performance. In summary, it concluded that: *"Fragmented leadership and management have meant that weak performance in key service areas has not improved"*. It was on this basis that the senior management structure was reviewed and revised in 2015. In 2016 the Wales Audit Office 'Follow On' report recognised that the Council has put in place better arrangements to support improvement and to address longstanding issues, but was now at a critical point in embedding them if it is to achieve a step change in delivering improved outcomes.

Current Position

8. The existing senior management structure (**Appendix 1**) is made up of:

- Director Communities, Housing and Customer Services
 - Assistant Director Housing & Communities
 - Assistant Director Customer Services & Communities
- Director Economic Development
 - Assistant Director Commercial Services
- Director Education and Lifelong Learning
 - Assistant Director Education & Lifelong Learning
- Director Social Services
 - Assistant Director Children's Services
 - Assistant Director Adult Services
- Director City Operations
- Corporate Director Resources
 - Director Governance & Legal Services
 - Head of Service Finance
 - Chief HR Officer
 - Head of Performance & Partnerships

9. The Hay Group Structure Benchmarking report is attached as Appendix 4. This report was undertaken in June 2017 and was a follow-on report from one undertaken in 2015. It compares Cardiff Council with other councils, including the Core Cities, at Tiers 1 & 2 and shows that:
- The average number of officers at Tier 1 is 5. This is fewer than Cardiff, who have 7 officers at Tier 1, though the disparity is smaller than in January 2015.
 - The average number of officers at Tier 2 is 18. This is significantly more than Cardiff, as with 9 Tier 2 officers Cardiff has the fewest in the sample.
 - The average total number of management roles is 22. With a total of 16 Tier 1 and 2 roles, Cardiff has one of the lowest total management roles in the sample, due to the lower number of Tier 2 officers.

Proposed Senior Team Model

10. An overview of the proposed new senior management arrangements is attached as Appendix 2. More detailed directorate responsibilities are outlined in Appendix 3. The changes to the model are as follows:
- Corporate Director People and Communities (new post)
 - Chief Digital Officer (new post)
 - Assistant Director Corporate Landlord (new post)
 - Director Planning, Transport & Environment (previously City Operations)
 - Assistant Director Street Scene (new post)
 - Head of Democratic Services (new post)
11. The new role of Corporate Director People and Communities will oversee the integration of housing, social care and health strategies to promote and maintain the independence and health of the city's most vulnerable citizens. This is a senior level role designed to address the urgent service delivery and financial challenges posed by growing demands on the city's social and housing services. It will seek to promote the further development of preventative measures, building on recent developments such as the Multi-Agency Safeguarding Hub and the Independent Living Service. Delivery of bespoke accommodation for people in need would be a key area of focus. As part of the delivery of these arrangements, the current post of Director of Communities, Housing and Customer Services will be deleted. Following the appointment of the Corporate Director People and Communities there will also be a review of the operational management arrangements across Housing and Social Services to ensure effective delivery of key priorities within existing resources.
12. The Director of Social Services will directly manage Children's Services, alleviating the need for an Assistant Director for Children's Services, which has previously been the subject of five unsuccessful recruitment processes. The existing post of Assistant Director Children's Services will

be deleted on appointment of the new Director of Social Services and interim arrangements terminated. As a consequence, it is proposed that the post-holder should have senior level experience of successful management in a children's services environment. As part of the review of operational management arrangements, particular consideration will be given to ensuring capacity in the area of children's services.

13. This Director of Social Services will also continue to hold the associated statutory role of Director of Social Services, which includes the following accountabilities:
 - Clear Professional Leadership
 - Advice to Head of Paid Service and Councillors on Strategic Direction and Social Services Responsibilities
 - Strong Performance Management and Improvement Arrangements and Reporting
 - Sound Child and Adult Safeguarding Arrangements and Reporting
 - Workforce Planning and Professional Development
 - Partnership Working within and Outside the Local Authority.
14. The statutory role must have reliable systems and flows of information to monitor, influence, challenge and be accountable for performance, quality, risk and opportunity across the full range of Children's and Adults' commissioning, service provision and practice. Therefore, it is vitally important that reporting and accountability arrangements are clearly laid down and understood between this role and the Corporate Director People and Communities, and the Director Education and Lifelong Learning. The Director of Social Services will continue to play a pivotal role as a member of the Council's Senior Management Team.
15. In response to the need to change services through the roll out of new technologies and the digitisation of processes, it is proposed that the post of Chief Digital Officer should be established. This will ensure senior level leadership of the digital agenda, accelerating the shift to online 24/7 services. The post will also play an advocacy role for Cardiff as a smart city – working with partners on shared services and high-tech solutions to city problems. The cost of the post will be partly offset by deletion of an Enterprise Architecture Operational Manager post, which is currently vacant.
16. In response to Capital Ambition, it is proposed that the current Director of City Operations should be renamed to become Director of Planning, Transport & Environment with overall strategic management responsibility for a broad range of frontline services including planning, transport, highways, cleansing and in addition waste management. It is proposed that this should be supported by a new post of Assistant Director Street Scene with responsibility to integrate relevant services including highways, enforcement activities, waste management and cleansing and charged with delivering the Administration's commitment to "develop a 'total street' approach to keeping streets and public spaces clean that join up Council services". In supporting this approach and following the appointment of the Assistant Director Street Scene, a new

operational management structure will be developed with a risk that current managers may be displaced from the new establishment. The current post of Assistant Director Commercial Services will be deleted.

17. In the Economic Development directorate, it is proposed that a new post of Assistant Director Corporate Landlord will be established to ensure the development of the Council's property estate, including a sharp focus on the Council's legal and compliance obligations in this area. The Cardiff Harbour Authority and Parks will become the managerial responsibility of the Director of Economic Development – reflecting synergies between these areas and the Council's approach to property, events and wider economic development.
18. Finally, it is proposed that a new post should be established within existing resources at OM1 level dedicated to discharging the responsibilities of statutory Head of Democratic Services. This will report to the Director Governance and Legal Services and will include managerial responsibility for scrutiny and democratic services which will require a review of the current operational management structure. It will provide additional senior level support to, and advocacy on behalf of, elected members, in accordance with the commitment of the White Paper on Local Government Reform to reinforce the centrality of local members to the future of local government. The duties of Head of Democratic Services is currently covered by Geoff Shimell on an interim basis, and these arrangements will cease on the successful appointment to the new role.
19. The salaries of Tier 1 and 2 roles were independently benchmarked in the review which took place in 2012 and the current level of remuneration is broadly aligned to the Core Cities, London Boroughs and the public and not-for-profit sector medians. Therefore, it is not proposed, as part of this remodelling, to change the spot salaries of the roles of the Corporate Director, Director, Assistant Director, Chief Officer or Head of Service. However the new role of Chief Digital Officer has been evaluated by Hay Group and is proposed at a spot salary between Director and Assistant Director.
20. It is proposed that the new Corporate Director People and Communities; Chief Digital Officer; Assistant Director Streetscene; and, Assistant Director Corporate Landlord are advertised externally. This is a Welsh Government requirement for the Corporate Director role.

Process for Change

21. The Standing Orders (Wales) Amendment Regulations 2014 require posts over £100k salary to be publicly advertised. Therefore, this needs to be a consideration in the process for moving from the current structure to the proposed model. As a result of these rules an Authority cannot ring-fence any vacancies with salaries over £100k or above as 'suitable alternative employment' for redundant employees, but must advertise them externally.

22. Advice has been received which states that it is possible to divide up the duties of one deleted post between other existing post-holders without the need to advertise the receiving posts as there would be no vacancies to advertise. However, the extent to which this can be applied without turning the receiving posts into new posts is not detailed in the Regulations. This report has been prepared on the basis that, as long as any additions to current roles are only minor, then those roles are counted as not changing.
23. Subject to consultation with affected employees and their representatives, the following roles have been identified as having no, or only minor, changes and, therefore, there would be no change for the current incumbent, except for reporting lines if required:
- Corporate Director Resources
 - Head of Finance
 - Chief HR Officer
 - Head of Performance & Partnerships
 - Director Economic Development
 - Director Planning, Transport & Environment
 - Director Education and Lifelong Learning
 - Assistant Director Education & Lifelong Learning
 - Director Governance & Legal Services
 - Assistant Director Customer Services (change in reporting line)
 - Assistant Director Housing & Communities
 - Assistant Director Adult Services
24. The following roles are considered new roles and, therefore, will need to be advertised externally:
- Corporate Director People and Communities
 - Chief Digital Officer
 - Assistant Director Corporate Landlord
 - Assistant Director Street Scene
25. As previously stated above, the current Director Social Services has confirmed that he wishes to retire in the early part of 2018, therefore this role, with the emphasis on Children's Services, will also be advertised externally.
26. There are two employees under the proposed senior management model potentially displaced as part of this restructure and if they are displaced as part of the recruitment exercise either due to them not applying for a post or through being unsuccessful in the recruitment process, then they will be made redundant with the appropriate notice period. There is a requirement under the Welsh Government Guidance and Regulations affecting processes for Chief Officer pay in Local Government for any severance package over £100k to be agreed by Full Council. Any employees made redundant through this process would be paid severance in line with the Council's severance arrangements at that time. The £100k limit includes:

- Salary paid in lieu;
 - Lump sum severance payment; and
 - Cost to the Authority of any pension enhancements
27. Once Tier 1 and 2 remodelling has taken place, there will be a process by which tiers below this level will be reviewed to take account of the changes to the services within Directorates. In the short term existing arrangements will continue until realigned.

Process for Decision

28. There are a number of stages that will need to be completed in order to make changes to the current senior management structure, and these have been added to by the Standing Orders (Wales) Amendment Regulations 2014. The stages that are now required to be followed are:
- This report to Cabinet to agree to the consultation process being undertaken.
 - Consultation with individuals and Trade Unions by Chief Executive.
 - Final proposal to Cabinet by Chief Executive to include feedback from all consultations in November 2017.
 - Report to Employment Conditions Committee to set the salary; set the duties, qualifications, qualities, and terms and conditions of employment for the role of Chief Digital Officer (Deputy Director) and consider whether to fill the new roles; and authorise public advertisement.
 - The final proposal to Council on 30 November 2017.
29. Appointments to the new roles to be made by Appointments Committee, which must also make the decision to dismiss any redundant Directors.

Reasons for Recommendations

30. Proposals have been designed to ensure that the Council's senior management team is resourced to deliver the objectives as outlined, to integrate services and to reduce costs at this level of the organisation. The recommendations recognise the need to complete the detail of the new posts and to ensure that full consultation takes place ahead of any decision to proceed.

Legal Implications

31. It is the responsibility of the Cabinet to decide on employment strategy and policy in so far as this has not been further delegated. The Cabinet may therefore determine the broad Senior Management arrangements of the Council.
32. However this is subject to a number of specific requirements set out in the Local Authorities (Standing Orders) (Wales) Regulations 2006, as amended in 2014. These requirements are further set out in the

Employment Procedure Rules contained within the Council's Constitution.

33. Under the Regulations and the Employment Procedure Rules the appointment or dismissal of various officers, including Corporate Directors, Directors, Assistant Directors, and the Head of Democratic Services, must be made by the Council or by a Committee of members delegated by the Council to make the appointment or dismissal, which Committee must contain at least one Cabinet member, but not more than half of the members of that Committee shall be Cabinet members.
34. The dismissal of any of these officers for redundancy, and appointments to newly created posts, are within the terms of reference of the Appointments Committee.
35. Furthermore, the Council's Employment Procedure Rules, as required by the Local Authorities (Standing Orders) (Wales) Regulations 2006 (as amended in 2014) state under Rule 2 that:

Rule 2 Recruitment of Chief Officers

- (a) A vacancy for the post of Chief Officer must be reported to the Council or body delegated to do so which will consider whether the post should be filled, and if so, subject to Rule 2A, the terms and conditions of employment and method of appointment.*
- (b) Where the proposed remuneration of the Chief Officer post is £100,000 or more per annum, the Council will arrange for the following to be prepared:-*
 - (i) A statement of the duties of the officer concerned and the required qualifications or qualities to be sought in the person appointed, which is sent to any person on request; and*
 - (ii) Public advertisement of the post to bring it to the attention of people who are qualified to apply, unless the proposed appointment is for a period of 12 months or less.*
- (c) Following advertisement, the Council will arrange for either all qualified candidates to be interviewed; or a shortlist to be prepared of qualified applicants and those candidates interviewed. If no suitably qualified person has applied, or if the Council decides to re-advertise the appointment, the post will be re-advertised in accordance with paragraph (b) above.*

Rule 2A Remuneration of Chief Officers

Any decision to determine or vary the remuneration of Chief Officers (or those to be appointed as Chief Officers) must be made by full Council.

36. The terms of reference of the Employment Conditions Committee include policy and issues arising from the organisation, terms and conditions of

Directors and Assistant Directors (note that, as stated above, remuneration of Directors is subject to the decision of full Council).

37. All existing officers affected by the proposals are currently on JNC Terms and Conditions of employment. These set out a process for consultation in potential redundancy situations.
38. The first requirement of the JNC Conditions is to consult with any officer affected at the earliest possible stage when there is a suggestion that the officer's post might be proposed for deletion.
39. The JNC Conditions further provide that once proposals have been formulated to delete an officer's post there should be a consultation process lasting 28 days, with the right for individuals and trade union representatives to address the Committee or Council meeting concerned before a final decision is made.
40. Some officers will be displaced by the new structure. The JNC Terms and Conditions provide that those officers should be offered any suitable alternative employment that may be available, or which may become available, in consequence of the reorganisation. If no suitable alternative employment is available the Conditions require the Authority to explore the possibility of providing an alternative post.
41. This requirement has become difficult to satisfy since the Local Authorities (Standing Orders) (Wales) Regulations 2006 were amended in 2014. As has been pointed out in the text of the Report, the Regulations now require that posts with a salary over £100,000 should be publicly advertised. It is therefore not possible to ring fence any such new posts to redundant officers.

Financial Implications

42. This report sets out the arrangements for consultation of a revised Senior Management Structure. Financial implications will be confirmed when the consultation process is completed with the aim of being cost neutral.

HR Implications

43. The proposed model as set out in the report is designed to meet the Cabinet's Capital Ambition and the delivery of its commitments. The proposal is subject to consultation with affected employees and their representatives. It is proposed that the consultation take place during September/ October and an updated report presented to Cabinet/Council in November as set out in the process for decision.
44. An Equality Impact Assessment of the restructure has been completed and there are no adverse impact on any specific groups.

RECOMMENDATIONS

Cabinet is recommended to:

1. approve the proposed remodelling of the Senior Management Team on a provisional basis subject to the outcome of the consultation process.
2. approve a consultation period on the proposed model to commence immediately following cabinet approval.
3. receive a further report in November which will provide confirmation of the model proposed and the process for change taking account of issues raised during the consultation process.
4. delegate authority to the Head of Paid Service in consultation with the Leader and Cabinet Members to realign managers and support staff to the remodelled structure.

PAUL ORDERS

Chief Executive

15 September 2017

The following Appendices are attached

Appendix 1 – Existing Senior Management structure

Appendix 2 – Proposed Senior Management structure

Appendix 3 – Detail of proposed functions under each Directorate

Appendix 4 – Hay Group Benchmarking Report June 2017

The following Background Papers have been taken into account:

- Equality Impact Assessment
- Statutory Guidance on the Role and Accountabilities of the Director of Social Services