

AGENDA ITEM

REPORT TO CABINET

17 February 2022

**REPORT OF SENIOR
MANAGEMENT TEAM**

CABINET DECISION

Leader of the Council - Lead Cabinet Member – Councillor Bob Cook

SENIOR MANAGEMENT - RESTRUCTURE

SUMMARY

This report sets out a proposed senior management restructure to provide managed transition and take advantage of a combination of opportunities and needs arising from the planned departure of a number of senior employees.

REASONS FOR RECOMMENDATION(S)/DECISION(S)

Cabinet is asked to approve the recommendation in the report in order to allow the start of a formal consultation with the employees affected by the review as the first step of implementation of the new structure.

RECOMMENDATIONS

1. Cabinet approves the senior management reorganisation proposals as set out in this report subject to the Council approval of the senior manager exit cost in excess of £100k as required by the Localism Act 2011 and in accordance with Secretary of State guidance regarding severance payments for senior local government employees.

DETAIL

1. In keeping with the Council's long history of managing smooth transition and change in the Officer structure, a senior management restructuring is proposed to deal with a combination of opportunities and needs arising from the planned departure of a number of senior employees.
2. The primary aim of the review is to ensure that we maintain high standards of performance and excellent customer service for residents whilst managing change. The succession planning arrangements can be implemented to ensure that upcoming retirements and changes do not have a detrimental impact on service delivery in the short and longer term and focus on delivery of key Council Plan priorities is retained.
3. The restructuring builds on the Council's long term commitment and investment in developing employees and growing talent across the organisation. The senior management team share a strong loyalty and commitment to the organisation and are enthusiastic

advocates of the culture of the organisation and the ongoing development of a people-focused, learning organisation. This review provides an opportunity to manage the departure of a number of the senior leadership team over the next year in a safe, positive way and at the same time providing new development opportunities.

4. The review also delivers additional savings in overall management costs which will feed into the MTFP, building on previous developments and savings programmes.
5. The last major review “Planning for the Future – Managing Transition” was implemented in 2 phases – the first on 1 January 2016 and the second from June 2018 when Council approved the current MD-led model. The current MD took over as Head of Paid Service in May 2019 following a period of transition with the previous Chief Executive. This review represents the next stage and the opportunity to manage the next phase of transition up to her planned retirement following the elections in May 2023.
6. The review will also incorporate developments to manage transition for the upcoming retirement of the Director HR, Legal and Communications, the Director of Adults and Health, the recent departure of the Director for Town Centre Development and the Assistant Directors responsible for Democratic Services, Licensing and Administration, HR, Legal and Communications and the Data Protection Officer.
7. The review builds in more resilience at the 2nd tier level to create additional development opportunities to grow future CMT members and to continue to support succession planning. By building broader Assistant Director roles we can create more opportunities for the rising talent in the organisation. This will reduce the risk of losing talented employees and allows our talented senior managers to continue their development and contribute even more to the organisation.
8. The development of broader Assistant Director roles also supports the transition to a smaller Corporate Management Team (CMT). The proposals deliver a smaller CMT with balanced portfolios and reduces the number of directors from eight to six. The streamlined, more cohesive senior management team incorporates a reduction from 32 CMT direct reports to 24. The proposed new senior management structure is attached at *Appendix 1*.
9. The developments also include a return to a single Deputy Managing Director rather than the current shared responsibility. The trial of a share deputy responsibility has worked through personal commitment and close team working but it is felt that the identification of one post as the permanent Deputy Managing Director provides more resilience and allows for the development of Corporate-wide experience and ongoing involvement in MD responsibilities. It is proposed that the Deputy post is allocated to the Director Finance, Development and Regeneration to ensure continuity and transition following the departure of a number of central corporate posts.
10. The proposals include the reintegration of the town centre development work into the core CMT-led structure. However it is proposed that the team retain their continued separation as one team. The team will be led by an assistant director with focus on the town centre development plans, reporting to the Director Finance, Development and Regeneration directorate. The work is now shifting into delivery phase and whilst benefitting from an ongoing dedicated focussed team can now be led from the CMT structure.
11. The proposals allow the opportunity to create a dedicated Service to deliver the ambitious Fairer Stockton on Tees Strategic Framework for reducing inequalities in the Borough. It is recognised that to realise the ambition outlined in the framework, we will require commitment from services from across the organisation and involvement of a wide range of partners across the Borough. However it is important that the work is led and co-ordinated by a dedicated team and the creation of a Fairer Stockton on Tees team, within a new area

Service encompassing Housing, Community Engagement and VCSE support will provide a momentum and drive to lead the strategy.

12. The proposals include the creation of a new combination of services with the combined aim of delivering on the Council Plan aim of making the Borough a place where safe and protected from harm. The new grouping of Community Safety, Environmental Health, Licensing, Trading Standards, One Call and Emergency Planning services will work together within the Adults and Health Directorate to combine a number of regulated services and provide a combined focus on protection for residents.
13. The proposed new structure showing the allocation of services by directorate is attached at *Appendix 2*.
14. It is proposed that, subject to Cabinet approval, the proposals are finalised and a formal 30-day consultation with affected employees is undertaken during March. The new structure will be implemented from 1 April with recruitment to the new Assistant Director and Senior Manager posts during April and May. Director appointments will take place over the coming months and will take longer to allow time for external search and selection processes. It is intended to complete the Director appointment process in a phased manner over coming months to allow time for handover and smooth transition. Agreement has been reached with all retiring employees to secure effective handover arrangements.

COMMUNITY IMPACT IMPLICATIONS

A Community Impact Assessment was not required to support the development of these proposals. The proposals concern the internal running of the Council.

CORPORATE PARENTING IMPLICATIONS

This report does not contain any corporate parenting implications.

FINANCIAL IMPLICATIONS

The proposals generate estimated annual savings of £200,000. The total one-off costs associated with the restructuring cannot be finalised until the staffing consultation is completed but are estimated to be approximately £550,000 in total over the next 2 financial years. The one-off costs will be paid back within 3 years

The review has been designed to minimise redundancies and take maximum advantage of natural retirements and departures. The review takes advantage of the departure of one director and deletes that position, however it has also been necessary to make another director and two senior management posts redundant to facilitate the design of the new SMT posts.

We have few options available to support the managed departure of employees other than redundancy and flexible and early retirement. It is proposed therefore that we accommodate the early retirements by offering a partial offset of pension reductions in return for agreeing leave dates to suit operational needs and transition arrangements. This is in line with our discretionary pension policy.

A summary of these changes is as follows:

| Post | Redundancy cost | Pension Strain | Reason |
|--|-----------------|----------------|-------------------------------------|
| Director of Community Services and Transport | £80k | £253k | Post redundant due to restructuring |

| | | | |
|---|--------------------|-------|--|
| Either Libraries and Information Services Manager or Events Manager and Media Manager or Marketing and Web Manager | £60-85k (estimate) | £0 | Two posts redundant due to restructuring |
| Director Adults and Health Assistant Director HR, Legal & Communications Assistant Director Admin, Democratic and Electoral Services DPO | £0 | £156k | Accept four early retirement plans but switch on RO85 in order to retain services to support the implementation of this review and allow for transition. |

A revised Chief Officer pay and grading structure will be implemented to support the new structure. This will reflect the new Deputy MD post and the broader remits of the director, assistant director and senior management posts.

The proposed pay and grading structure also incorporates an increase in the Managing Director salary to bring this in line with current market comparisons. A review of current rates in the North East and comparator authorities has been carried out by NEREO and tested with executive search firms, it is apparent that the salary has fallen behind market averages. The average salary for the 11 North East Authorities (excluding Stockton on Tees) is currently £175,380 and the average for the 14 CIPFA “near neighbour” authorities is £170,625. It is proposed that this should be corrected in order to ensure that the best candidates are attracted to the crucial post for the organisation. A copy of the proposed pay and grading structure is shown below (note all salary levels are currently subject to pending pay awards from April 2021):

Current Chief Officer pay and grading structure:

| | |
|------------------------------|----------|
| Managing Director | £153,611 |
| Director Level 1 | £122,680 |
| Director Level 2 | £111,231 |
| Director Level 3 | £100,326 |
| Assistant Director – Level 1 | £95,419 |
| Assistant Director – Level 2 | £89,966 |
| Assistant Director – Level 3 | £82,333 |

Proposed Chief Officer pay and grading structure:

| | |
|--|----------|
| Managing Director | £159,000 |
| Deputy Managing Director additional payment in addition to Director Salary | £10,000 |
| Director | £127,500 |
| Assistant Director – Level 1 | £95,419 |
| Assistant Director – Level 2 | £89,966 |

LEGAL IMPLICATIONS

The proposals in the report comply with relevant statutory requirements and Council policies and procedures.

RISK ASSESSMENT

The proposed senior management restructuring is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.”

WARDS AFFECTED AND CONSULTATION WITH WARD/COUNCILLORS

The proposals do not an impact on any specific wards.

BACKGROUND PAPERS

N/A

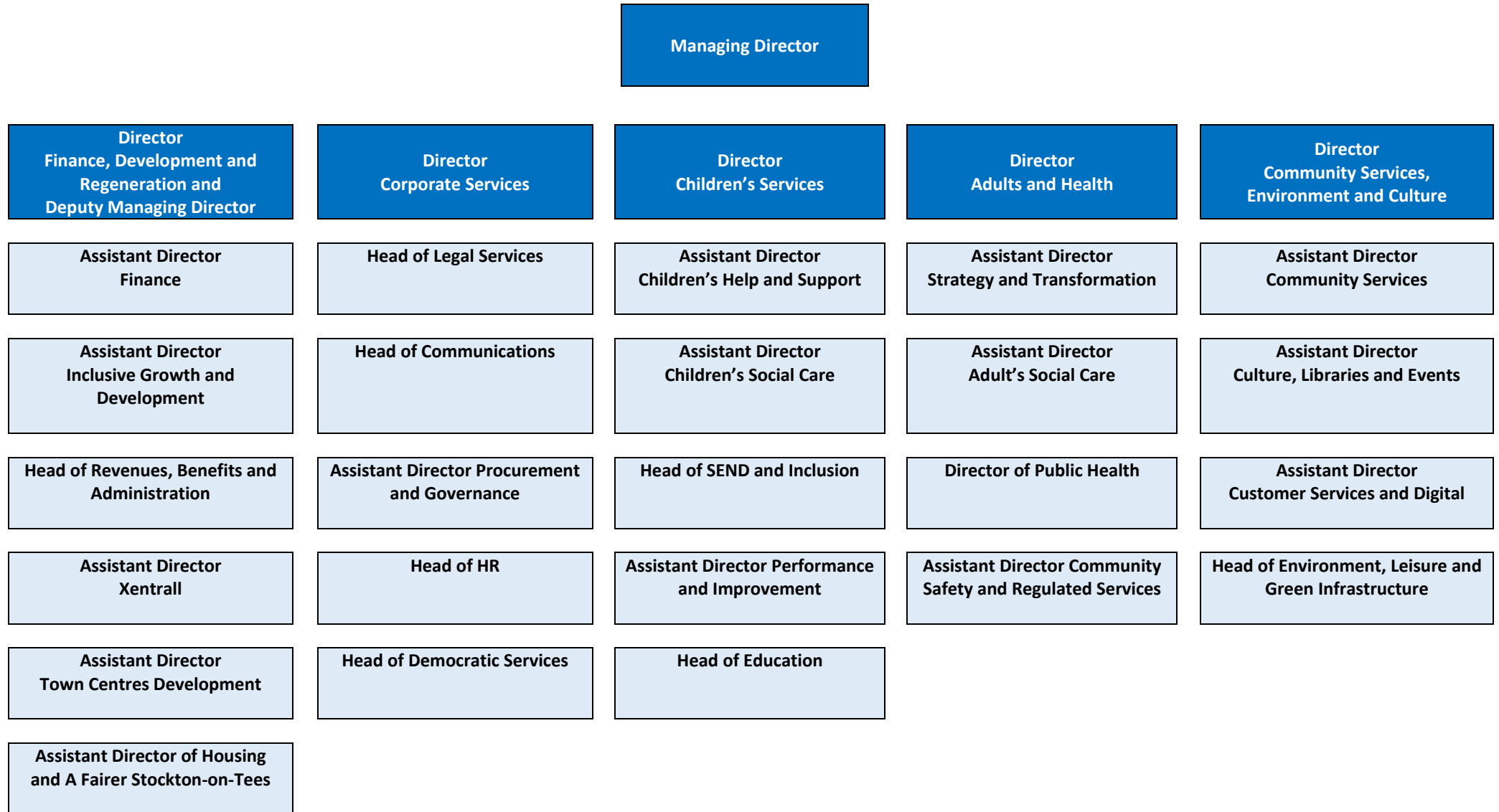
Name of Contact Officer: Julie Danks

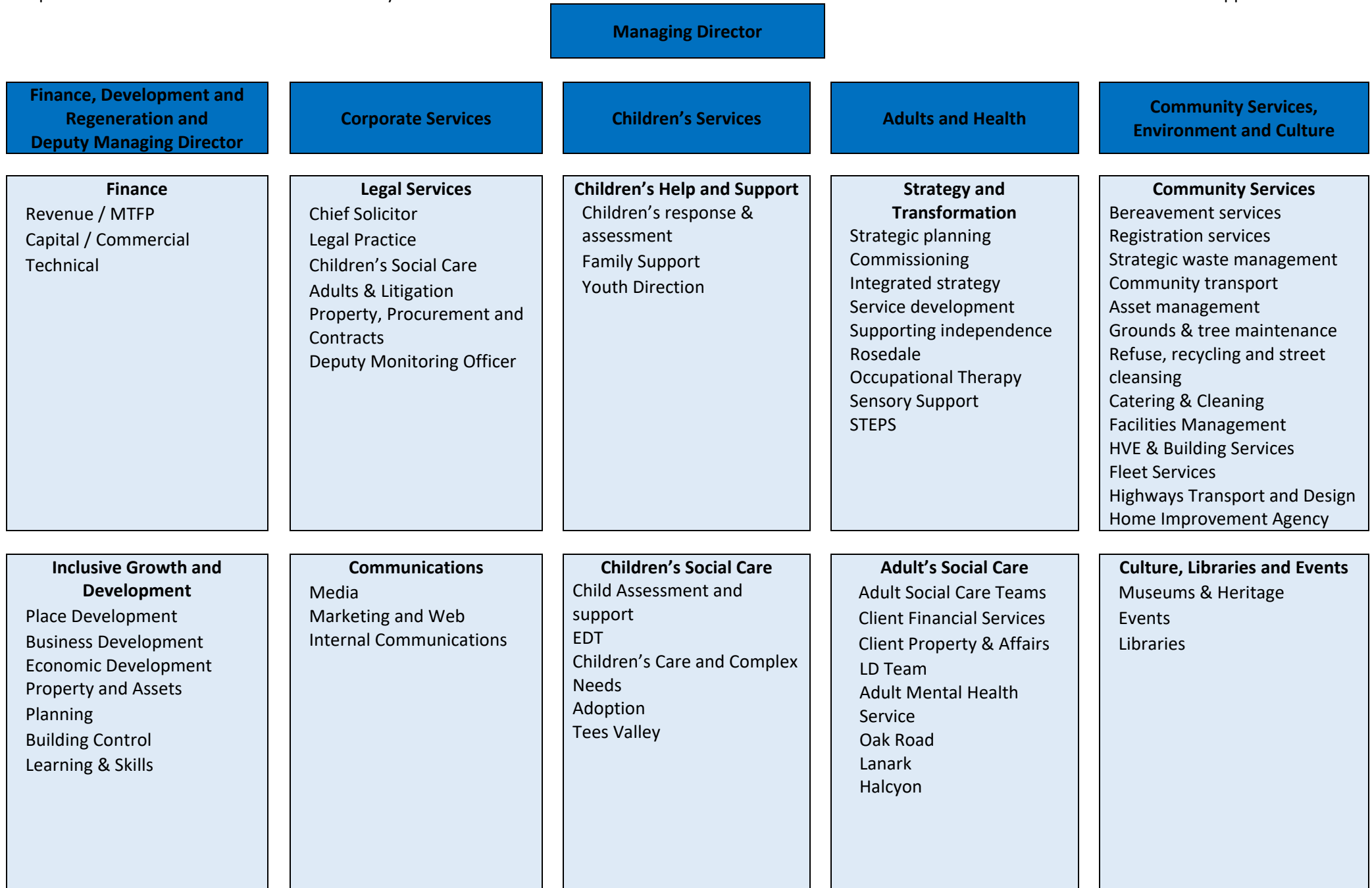
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Proposed senior management structure from 1 June 2022





Proposed structure from 1 June 2022 – summary of services

Appendix 2

Revenues, Benefits and Administration
 Revs and Bens
 Collections
 Administration
 Corporate Debt

Procurement and Governance
 Information Governance (incl. DPO)
 Health & Safety
 Procurement
 Insurance
 Internal Audit

SEND and Inclusion
 SEND Assessments and Review
 SEND Placements and Governance
 School
 Inclusion and Vulnerable Learners
 Virtual School

Public Health
 Health and wellbeing strategic planning
 Health inequalities and health improvements
 PH commissioning and oversight
 Health protection
 PH Advice and leadership

Customer Services and Digital
 Customer Services
 Digital & web development

Xentrall
 Shared services:
 ICT
 D&P
 Finance and HR Transactional services

HR
 HR services:
 Advisory
 Learning and Development
 Employee Health and Wellbeing
 Organisational Planning & Change
 Recruitment

Performance and Improvement
 Systems
 Information
 Improvement

Safety and Regulated Services
 Trading Standards
 Environmental Health
 One Call
 Community Protection incl. Security and surveillance centre
 Licensing
 Emergency Planning

Environment, Leisure and Green Infrastructure
 Environment Strategy
 Leisure and Green Infrastructure

Town Centres Development
 Dedicated team delivering town centre development plans

Democratic Services
 Democratic and electoral services

Education
 Education Advisory
 TVMS

Housing and A Fairer Stockton-on-Tees
 Housing Services
 A Fairer Stockton-on-Tees
 Community Engagement
 BMBF
 Consultation
 VCSE
 Asylum Seekers & Refugees