

AGENDA ITEM

REPORT TO CABINET

13 July 2023

REPORT OF THE CHIEF EXECUTIVE

CABINET DECISION

Portfolio Title - Lead Cabinet Member – Councillor Bob Cook

Powering our Future - Senior Management Capacity Review

SUMMARY

The purpose of this report is to bring forward a proposal for a restructuring of the senior management of the Council (Corporate Management Team) and includes the creation of a new directorate including the recruitment of a new Director post to optimise senior leadership capacity, ensure the delivery of our ambitious economic growth programme and the Powering our Future Programme provide capacity to deliver on the agreed ambitions of the Medium Term Financial Plan (MTFP)

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 proposal as the first step of implementation of the new structures and to enable the recruitment of the additional Director of Regeneration & Inclusive Growth post to commence.

RECOMMENDATIONS

Cabinet approve:

1. that the post of Director of Regeneration and Inclusive Growth be created with the responsibilities as set out in this report.
2. the modifications to the role of the Director Finance, Development and Regeneration and Deputy Chief Executive including a change in job title to Deputy Chief Executive & Director of Finance, Transformation & Performance with the responsibilities as set out in this report.
3. that the Chief Executive be delegated to make whatever arrangements are necessary to implement the new directorate structures, including any necessary changes to responsibilities at or below director level.

DETAIL

1. The Council and local government in general face increasing financial and demand challenges, whilst the Council was able to set a balanced budget for 2023/24, the financial position for Stockton-on-Tees Borough Council over the medium term therefore continues to be uncertain, particularly given the context of a one-year financial settlement for local government and the occurrence in the economy of high levels of inflation with uncertainty for how long those significant inflationary pressures will remain.

Current projections continue to indicate a budget gap in 2025, if left unaddressed the uncertainties of this could become more acute and challenging.

2. A critical part of meeting the budget and demand challenges will be a programme of transformation and public service reform. This will ensure that the council can continue to operate on a sustainable footing within its overall budgetary constraints but at the same time reforming and improving upon our services for residents. As described in the report Powering our Future - delivering for People, Place and Economy, the Council is about to commence this transformational programme. Alongside this, the Council continues to progress delivery of our major regeneration initiatives, including those being delivered in our town centres. It is also vitally important the council continue to promote inward investment, inclusive economic growth and lever in external funding opportunities to provide future resilience to our area. These programmes and future projects can only be delivered if there is strong and effective corporate management in place with sufficient capacity to deliver.

Current Senior Management Capacity

3. Whilst it is only relatively recently that Cabinet last reviewed the senior management structure (February 2022) the challenges faced by local government and this council in particular have increased significantly. Having considered the scale of the issues faced, not least the delivery of savings as part of the Medium-Term Financial Plan, it is now appropriate to revisit the Council's Senior Management structure
4. The Chief Executive has commissioned an external review of senior capacity. This has looked in particular at the organisation's ability to deliver against the financial, demand and transformational challenges faced whilst at the same time maintain the delivery at pace of the regeneration of our town centres and growing our local economy. The review has identified that without additional senior capacity to drive and deliver improved outcomes, it is unlikely that the council will be able to maintain a trajectory for success.
5. The independent review work has identified that the council has, in terms of its corporate management team, become an outlier compared to other comparable local authorities, with 9 out of 10 authorities which were looked at having a dedicated Regeneration/Business Growth/Economy/Place directorate.
6. The current Finance, Development and Regeneration Directorate whilst originally intended to be balanced with other directorate portfolios has with the increased financial pressures and the introduction of the transformation work become out of alignment, resulting in insufficient management time to deal with regeneration issues. Coupled with this there remain some key regeneration functions distributed across Council, such as the strategic transport function in community services, meaning that the function as a whole is not fully integrated within the council and therefore delivering to common objectives.

Directorate Proposals

7. In order to ensure effective senior leadership during this period of transformation and change and to ensure that council priorities are delivered, changes are now required to the Council's current senior management structure. This will see the creation of one additional director and a rebalancing of portfolios across the corporate management team. The proposed changes will provide additional strategic leadership and focus, in addition to providing support to members and the Chief Executive to lead and deliver the Council's transformation, regeneration and growth plans.

8. The proposals identify that separating out the regeneration and place making functions from the council's finance functions and transformation programme will increase capacity and focus enhance efficiency, effectiveness, and transparency resulting in overall better outcomes for our communities and the borough as a whole. The fundamental issue in bringing forward these proposals is that there is currently a lack of senior capacity and therefore our ability to deliver and continue delivering over the medium to longer term is at risk unless this is strengthened.
9. Services 'in scope' of the new Regeneration and Growth directorate include:-
 - Place development
 - Economic Development
 - Major Projects
 - Highways Design
 - Property/Assets/FM
 - Planning and Building Control
 - Learning and Skills
10. It is proposed that these services form the core of the new directorate. The review also considered that fairer Stockton on Tees and strategic housing could be better delivered if more closely aligned with the existing adults and health portfolio. As this change was only relatively minor, in terms of the number of employees affected, it has already been made under delegated powers by changing line management responsibilities.
11. Services 'in scope' of the revised Finance, Transformation and Performance directorate include:-
 - Finance
 - Revenues, Benefits and Welfare
 - Xentrall
 - Powering our Future Programme
 - Strategic Planning and Performance
12. In addition, the additional responsibilities also of the Deputy Chief Executive will remain.
13. The process to introduce a new director will take some time, usually at least 6 months (or more) for a senior level recruitment, therefore be necessary to put in place some interim arrangements whilst that process begins.
14. There is a recognition within this report that as the transformation programme delivers out, that the management capacity needed by the council will need to flex and change. This report therefore recognises that at the culmination of the transformation programme it is likely to be necessary to take a fresh look at senior capacity at that time.

COMMUNITY IMPACT IMPLICATIONS

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

CORPORATE PARENTING IMPLICATIONS

16. There are no direct Corporate Parenting Implications as a result of this report.

FINANCIAL IMPLICATIONS

17. The appointment of the additional Director will provide additional capacity in the organisation and allow other Senior Managers to focus on the Transformation agenda and as such this will be funded from the money earmarked in the 2023 MTFP report. Towards the conclusion of the transformation programme it will be necessary to review and if necessary make further changes to the Senior Management Structure to ensure that it is appropriate to meet the demands, challenges and opportunities for the Council in the medium to long term.

LEGAL IMPLICATIONS

18. The council has a wide discretion to create a senior management structure to reflect the current needs of the organisation, subject to ensuring that statutory responsibilities the council is required to allocate are provided for.

19. The proposed changes will be managed in accordance with the requirements of the council's HR policies and procedures.

20. In accordance with the constitution, Cabinet approval is required to create director posts reporting to the Chief Executive.

RISK ASSESSMENT

21. 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

22. The proposals do not have an impact on any specific wards.

BACKGROUND PAPERS

23. None

Name of Contact Officer: Mike Greene
Post Title: Chief Executive
Telephone No: 01642 527001
Email Address: mike.greene@stockton.gov.uk