

Democratic Services

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Council: Thursday, 22nd March, 2018

Attached is a redacted version of report 9, plus appendices, which are now made available for inspection, following a request from Members at the meeting.

Papers have been included for the following items:

9. **SENIOR MANAGEMENT AND WIDER SERVICE RE-STRUCTURE 2018-2020**
(Pages 3 - 18)

Jo Morrison
for Chief Executive

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**Senior Management and Wider Service Restructure 2018-20
Summarised report presented to Full Council 22 March 2018**

1 THE ISSUE

- 1.1 Council services and management are being re-structured to reflect the changing role of the Council and reductions in budget. The report provides information on the planned restructure which has already been agreed by the Restructuring Implementation Committee on 5 March 2018.

2 RECOMMENDATION

2.1 That the Council notes:

- (a) The reasons and rationale for the proposed changes to service structures.
- (b) That the Restructuring Implementation Committee has agreed delegated authority to the Chief Executive to take the steps necessary to implement the proposals.
- (c) That the costs of the restructure will be met from earmarked reserves as approved by full Council on 13 February 2018.
- (d) That a further report to Council on 10 May will be made to designate a Section 151 Officer.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 The resource implications are contained within the report and were outlined in the Budget Report agreed at Council on 13 February 2018.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 The Council has a statutory duty to set an Annual Budget and Council Tax. Having done so the Chief Executive as Head of Paid Service is required to implement the actions and changes to services and structures necessary to deliver the Annual Budget.
- 4.2 The Council must designate the statutory roles of Head of Paid Service, Section 151 Officer and Monitoring Officer. Within the constitution the Council delegates issues related to wider organisational change and restructuring to the Restructuring Implementation Committee (delegated by the terms of reference of the Employment Committee).
- 4.3 The Restructuring Implementation Committee agreed on 5 March 2018 to delegate authority to the Chief Executive to take steps necessary to implement the proposals made to restructure the management and service configuration of the Council. Any changes made will align with the budget and policy framework agreed by Council and will be made in accordance with the Council's Organisational Change policy.

5 THE REPORT

5.1 Introduction

5.1.1 The environment in which the Council operates has shifted significantly since 2010 and is continuing to shift due to changes driven by legislation/regulation, market developments and changed public perception and expectation.

The Council has until now adopted an incremental approach to these external events and has remained in a “steady state” position. This means that impacts of change have been handled at a service level as opposed to a corporate level. Whilst this has been sensibly pragmatic, it has led to a sense of no Council-wide strategy for change to our operations.

5.1.2 The Strategic review 2014-15 onwards began to bring savings plans and their impacts into a single programme. However this was predominantly financially related or driven with senior staff rightly focused upon savings delivery. Whilst many savings projects have worked across Directorates there has been no strategic vision for the Council as an organisation and its role to bring all plans and projects into full alignment.

5.1.3 The final two years of the MTRP (2016-20) when initially set identified a need to save £15M across 2018-19 and 2019-20. For reasons identified in budget reports this has risen to £28.7M.

The financial position of the Council as it moves forward has crystalised the organisational challenge now faced. Up until now there has been no challenge to “steady state”. This strategy has been very successful in the past, however, it will not sustain further reductions. To make the savings required the Council must begin to radically re-shape its operations and functions and therefore its management structures.

5.1.4 To deliver the 2018-20 budget the Council will have to reduce its workforce of roughly 2000 FTE by 300 FTE. The bulk of this reduction (230-240 FTE) will have to be made in 2018-19. This will require service cessation, reduction and re-structure and it will impact upon Council services and delivery to the public. Emphasis will be placed on maintaining key public-facing operations and a set of Organisational Design and Changes Principles have been established to secure this approach, (See Appendix 3). As service specific proposals are developed these will be subject to further discussions.

5.2 Background

5.2.1 The current structure of the Council was agreed in 2010 and was implemented from September 2011 (People & Communities Directorate Implemented) to summer 2012 (Place Directorate Implemented).

Since then some small redesigns and transfers have taken place eg Housing Services and Skills & Employment moving from P & C to Place, however, the broad structure has remained with most change contained within each Directorate.

5.2.2 This approach has been successful since 2010. The Council has delivered required savings and has reduced its workforce by approximately 450 FTE including transfers “out” and “in” related to TUPE obligations. The Divisions within each Directorate have remained broadly unchanged since 2011 and under the Strategic Review there were no plans to fundamentally review or revisit this position.

Given the changed budgetary position for 2018-20, work was commissioned with Ernst-Young to carry out a budget prioritisation exercise. Detailed reviews into demographic and demand pressures were also carried out. Existing Strategic Review savings plans were also reviewed. All of this activity still left a “gap” of £8M. This led to the need to reduce headcount (FTE) by 300.

5.2.3 Korn Ferry (formerly HAY) were engaged in November 2017 to review the senior management structure of the Council. This included all posts from Chief Executive to Group Manager/Head of Service level. This work was agreed with the Change Group (which comprises the Leader, Cabinet Members for Finance & Efficiency, Transformation and Community Regeneration and SMT) so that any staffing reductions were appropriately distributed across all levels of staffing.

Korn Ferry worked with Strategic and Divisional Directors and ran workshops with Group Managers and Heads of Service. They compared our current management structures with similar unitary authorities and proposed management model structures to reflect our changing role, reduced funding and to recognise the skills, capabilities and behaviours required to lead and manage a complex and democratically accountable organisation.

5.2.4 Any organisational redesign by nature is an iterative process. The Korn Ferry proposals were considered by the Head of HR & OD and Chief Executive on 22 December 2017 and were slightly amended to separate out some proposed roles to reflect our local context. Each Directorate fed in the view of each respective management team and these were considered. SMT considered the proposed structure on 2 January 2018 and agreed that it reflects our changing role and financial position whilst positioning the Council to function successfully and effectively into the future.

5.2.5 Running alongside this work is a separate but dependent piece of work about further integration with the B&NES Clinical Commissioning Group (CCG). This work is also gathering pace and reflects the commitment of both Council and CCG to maximise service integration to benefit residents. There are some specific requirements placed upon CCGs by NHS England and the DoH which have to be recognised and addressed. This will take time and it is envisaged that a proposed fully integrated structure could be put in place from 1 April 2019. This timescale would allow sufficient time for all democratic, governance and due diligence issues to be identified and addressed for both Council and CCG. The proposed new structure is mindful of the CCG/Council integration work ahead.

5.3 Proposed Senior Structure –April 2018

5.3.1 The current structure is set out in Appendix 1 and the proposed new structure is set out diagrammatically in Appendix 2. It is important to note that this format will be used in future and is not some form of “window dressing”. The new format illustrates that each service area relates to others within the Council and that there are no “islands”. This message re-enforces our “#oneCouncil” corporate approach and will be backed up with new approaches to organisational development, training and development and communications and a fast-moving and effective digital transformation strategy.

5.3.2 The changes to the senior management structure are summarised in the table below:

Role	Commentary
Chief Executive	Remains in place until 31 May 2020 and enables decision in Autumn 2019 about future role.
Corporate Directors (2)	Replaces current Strategic Director roles and reduces by one post. It is envisaged that these posts will be appointed to by late April 2018.
Finance Director (and S151 Officer)	Replaces Divisional Director – Business Support. Line manages: <ul style="list-style-type: none"> (i) Procurement + Commissioning (ii) Pensions & Financial Administration (iii) Management Accounts (iv) Corporate Finance (this service will include Income and Revenue Services). Line Managed by Chief Executive.
Director – Legal and Democratic Services (and Monitoring Officer)	Remains in place with current 3 reports. Line managed by Chief Executive.
Director – Commercial Activities	New post. Oversees ADL, ACL, BTP, One West and Thermae Spa contract. Line managed by Chief Executive

Director – Partnership & Corporate Services.	<p>Replaces Divisional Director – Strategy & Performance and Divisional Director- Customer Services.</p> <p>Line manages the following functions:</p> <ul style="list-style-type: none"> (i) HR & OD (ii) Digital & Customer Services (iii) Strategy, Engagement & Marketing (iv) Business Support, Programmes & Performance <p>Service configuration subject to consultation.</p>
Director – Environmental Services *	<p>Remains in place. Line manages:</p> <ul style="list-style-type: none"> (i) Neighbourhoods (ii) Public Protection (iii) Highways & Traffic (iv) Transport & Parking
Director – Development*	<p>Remains in place. Line manages:</p> <ul style="list-style-type: none"> (i) Development Control (ii) Building Control (iii) Planning Policy
Director – Economy & Growth *	<p>Replaces Divisional Director – Community Regeneration. Line manages:</p> <ul style="list-style-type: none"> (i) Enterprise Zones (ii) Housing (iii) Economy & Culture (iv) Heritage (v) Estates (vi) Project Delivery <p>Service configuration subject to consultation.</p> <p>*Environment, Development and Economy & Growth will be subject to further review by 2020 to reflect the possibly of sharing services with WECA and OLAs and further commercialisation.</p>
Director – Integrated Commissioning	<p>Will replace Divisional Director – Health & Care Commissioning. Line manages:</p> <ul style="list-style-type: none"> (i) Better Care Fund (ii) Mental Health & Substances

	<ul style="list-style-type: none"> (iii) Learning Disability (iv) Children's (v) Business Partner (vi) Transformation (YCYW). <p>This service area links to CCG integration and these portfolios will change as part of integration from April 2019 at the latest.</p>
Director – Education Transformation	<p>Remains (Head of Education Transformation). Line Manages:</p> <ul style="list-style-type: none"> (i) Virtual School (LAC) (ii) Education (iii) School Improvement (iv) Music service <p>Post ends September – December 2019. Links to reduction in schools role for LA. Services (iii) and (iv) end July 2020 at the latest. Music-exploring OLA options. Virtual School and residual Education Services moves to CYP services September-December 2019</p>
Director – Children & Young People Services	<p>Remains in place.</p> <p>Continue to line manage:</p> <ul style="list-style-type: none"> (i) Safeguarding Outcomes (ii) Care Outcomes (iii) Prevention (iv) Inclusion (v) Principal Social Worker. <p>Virtual School and Education Services move to this group in Autumn 2019. This service area links to CCG integration.</p>
Director – QA & Safeguarding	<p>Remains in place.</p> <p>Continues to line manage:</p> <ul style="list-style-type: none"> (i) off-line safeguarding – CYP (ii) off-line safeguarding Adults (iii) SS complaints (iv) Principal Social Worker – Mental Health (v) Service Development. <p>This service area links to CCG integration and will change from April 2019.</p>

Director – Public Health	<p>Remains in place with current 3 reports.</p> <p>Intention to explore opportunity to share function with another LA.</p> <p>Public Health commissioning functions will move to Integrated Commissioning service from April 2019.</p> <p>This service area links to CCG integration.</p>
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In effect this removes:

- 1 Strategic Director post
- 2 Divisional Director posts

5.3.3 The majority of Divisional Directors and all Strategic Directors have been placed “at risk” of redundancy.

5.3.4 Subject to a straightforward consultation period, it is envisaged that the majority of Corporate Director and Director roles will be appointed by 1 April 2018. The re-structuring of Group Manager/Head of Service roles will be completed by 1 July 2018.

Job Descriptions and Person Specifications for Corporate Directors, Directors and Heads of Service/Group Managers have been revised and shared with staff as part of the consultation process and will be used as the basis of the appointment process through the restructure.

5.3.5 The current Strategic Director – Resources presently holds the designation of Section 151 Officer to cover secondment of the Divisional Director – Business Support who is substantive Section 151 Officer. This secondment to the West of England Combined Authority ends on 1 July 2018 and a report will be brought to full Council on 10 May 2018 to seek confirmation of Section 151 Officer arrangements from 18 May 2018.

5.3.6 The configuration of services beneath the Director level continues to be worked upon. Because of the work on Council/Clinical Commissioning Group integration the 24 Heads of Service/Group Manager and similar level posts within People & Communities will not be reviewed and consulted upon until late summer/early autumn 2018 in line with the integration project timetable. A further 18 Heads of Service/Group Managers have been ‘slotted’ as there is no substantive change to their role. 14 Heads of Service/Group Managers have been placed ‘at risk of redundancy’. These posts are in service areas which are subject to the most significant change within the ‘Partnership & Corporate Services’ and ‘Economy & Growth’ portfolios.

5.3.7 As the wider reorganisation takes shape it is envisaged that there will be further changes at the Head of Service/Group Manager level within the council that will deliver additional savings.

5.4 Wider Structure

5.4.1 Plans are in development for the removal of 70+ posts across the council to happen early in 2018-19 financial year. This relates to projects already in hand as part of the MTRP and were planned to happen during the 2018-19 financial year. These plans are broadly grouped under the following headings:

a) Cessation and contracting out.

The Council will be reducing, ceasing or divesting of certain services/functions reflecting the changing environment in which it operates. Much of this is already underway including the removal of most traded services to schools, community meals service, and the reduction to Youth Connect. These changes are covered in the Operational Plan published in February 2018.

b) Corporately managed services.

The Council will be centralising some services into single cross-council, corporately managed functions which support all activities. For example, Communications, Engagement & Marketing activities, Business Support functions, Data Analysis and Business Intelligence and Learning & Development. Again, some of this is already underway but further work in this area will be accelerated and prioritised.

c) Partnerships

The Council will continue to explore the opportunities to share services with other local authorities including the WECA and these could provide opportunities to work more efficiently, build resilience and with reduced headcount. Such changes will require careful discussion and preparation to ensure that the interests of B&NES are appropriately protected and therefore this is not a “quick fix” option.

d) Digital transformation.

This will be a key part of our approach to staff reductions as we look to streamline service functions and minimise the need for face to face interactions to those where it is absolutely necessary. Digital solutions will be a key vehicle to deliver savings and sustain or improve customer experience.

5.4.2 At a wider level Divisional Directors and Group Managers/Heads of Service are identifying options for staffing reductions at 15 to 20%. Certain roles and qualifications have been exempted from this process (see Appendix 3) which reduces the pool from which the total reductions can be made. Proposals will be developed by mid-April 2018 and will be discussed with individual Cabinet Members and where appropriate the Restructuring Implementation Committee. The reductions including the senior management restructure, will be achieved by 30 September 2018 (circa 200 FTE) with the remaining staffing reduction (circa 100 FTE) being achieved by 1 April 2019.

5.4.3 Extensive work has been done to ensure a fair and transparent process to apportion and allocate staff savings targets to each Divisional Director.

5.4.4 The restructure of senior management (Grade F – Band 3) will deliver a £1m saving across 2018-19 and 2019-20. Further savings will be made at management level. Grade F and below as a contribution towards £8m staffing savings.

5.4.5 Support for staff at all levels will be provided during this period of considerable change including CV and interview skills, the Employee Assistance Programme and outplacement support. The Leading Together group is now well established and those in senior leadership and management roles are engaged with the change programme. Development pathways and programmes for all will be developed to equip leaders,

managers and all staff with the required skills and tools to undertake new roles and provide different types of services.

5.5 Commercial Activities

5.5.1 The Council has a growing portfolio of commercial enterprises which form a strategic part of our MTRP. Until now the senior leadership of the companies has been provided by existing senior staff of the Council. As the companies develop the “twin hat” approach is not sustainable and will be made less so by a reduced senior management cadre. The new Director – Commercial Activity post will add the required capacity and experience to support this commercial activity.

5.5.2 The Council will need sufficient executive “client” capacity to ensure that the Council as owner retains authoritative oversight on behalf of the Cabinet (as shareholder), this will be provided through the other relevant Director posts so that there is a clear separation between the day to day operation of the companies and interests of the Council as owner.

The Council has agreed a new company governance structure and to maximise ADL, ACL, One West, BTP and the Thermae Spa contract we will need to secure skilled senior capacity in both “spheres”. The current Divisional Director – Property and Project Management will be seconded and eventually transferred to ADL which will fund the post directly. “Client” capacity (Director – Commercial Activity) can also look at how to maximise the opportunities presented by our unique assets including our heritage and commercial estates. This capacity can be funded from within the income generated.

5.6 CCG Integration

5.6.1 It is envisaged that full integration will result in the merging of the role of CCG Chief Operating Officer and the relevant Corporate Director within the Council. This would need to be in place by April 2019 if that is the date by which full integration is to be achieved.

5.6.2 At the point at which integration occurs the Director and Head of Service levels reporting to the newly integrated post would be re-configured. Further work on these proposals is now in hand and will be reported to Cabinet, Restructuring Implementation Committee and CCG Board as well as being subject to scrutiny by the Health Select Committee.

5.7 Political/Governance implications

5.7.1 The senior leadership and management capacity of the Council will be significantly reduced from July 2018. This has implications for the political and democratic governance of the Council and the working relationship with and expectations of senior staff by both Cabinet Members and other Councillors. There are also implications for the Cabinet Member role.

Two Corporate Director roles will have to absorb the work of three Strategic Directors’ roles. The new roles will be different and will have a less “functional” and “operational” focus.

5.7.2 The Director roles will require post holders to “step up” into a combined corporate and strategic implementation role so they will of necessity be less operationally engaged. Therefore the majority of operational decisions and issues will be made and addressed at a Group Manager/Head of Service level and it is at this level or below where the majority

of customer interactions will, of necessity, be dealt with. It is envisaged there will be a specific digital project looking at how Council Connect can be re-configured to better meet both public and councillor needs.

There will also be a need to further develop joint working between Cabinet and SMT around leadership portfolios, roles and behaviours.

5.7.3 During 2018-19 we will need to review scrutiny structures. Changes in advance of May 2019 will help in marshalling reducing capacity. However, full change could be implemented after the next election in May 2019 as part of wider preparation in anticipation of the change required as a result of the Local Government Boundary Commission for England Electoral Review of Bath and North East Somerset which takes effect at the time of the next elections.

6 EQUALITIES AND RISK MANAGEMENT

- 6.1 The Organisational Change Policy and associated procedures, for which the Redundancy Payments Scheme forms part, was the subject of full Risk Assessment at the time they were adopted by the Council. The proposals take account of equalities issues and comply with the requirements of the LGPS regulations.

7 CONSULTATION

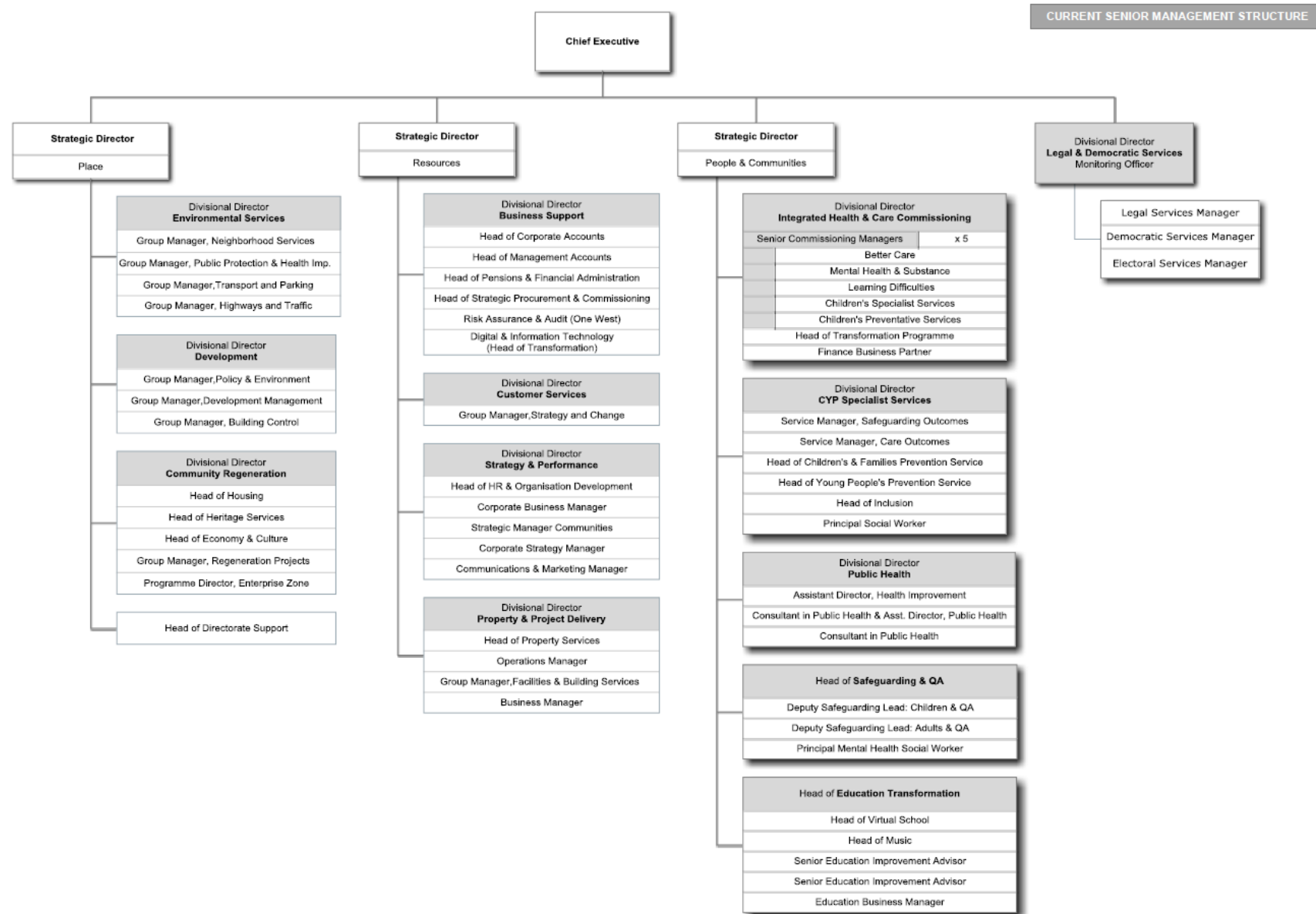
- 7.1 Formal consultation with affected staff and the relevant recognised trades unions began on 30 January 2018 (for Strategic and Divisional Directors) and again on 5 March 2018 (for Heads of Service/Group Managers) and has been constructive and positive. They will be consulted on future further restructuring proposals for the services as proposals are developed.

8 ADVICE SOUGHT

- 8.1 The Chief Executive, Council's Monitoring Officer and Acting Divisional Director-Business Support (in Section 151 Officer role) have had the opportunity to input to this report and have cleared it for circulation.

Contact person	<i>Ashley Ayre, Chief Executive</i> <i>01225 477400</i>
Background papers	<i>Budget Report to full Council 13 February 2018.</i> https://democracy.bathnes.gov.uk/ieListDocuments.aspx?CId=272&MId=4637&Ver=4
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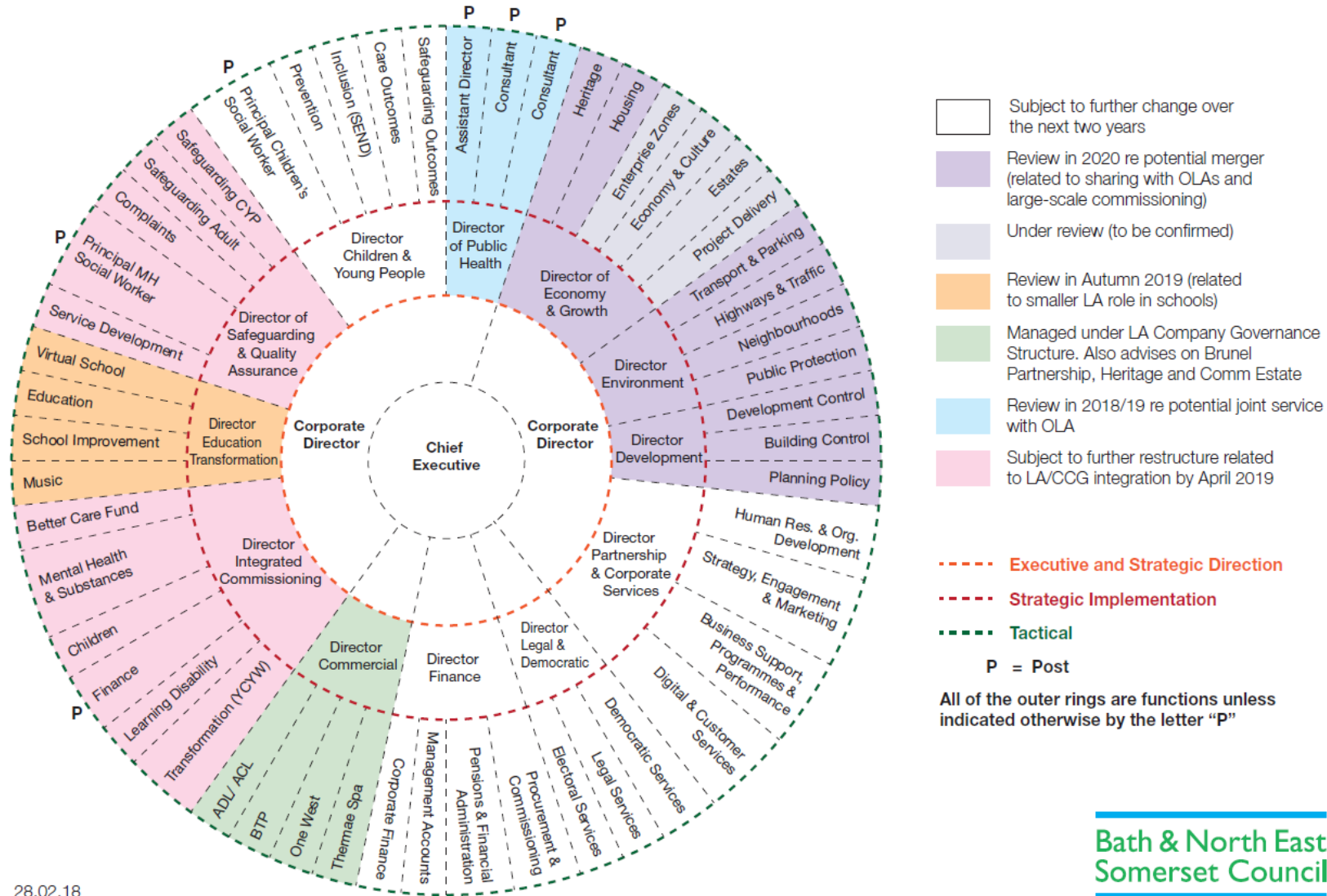
APPENDIX 1



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APPENDIX 2

Proposed Management Structure from 01.07.18



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APPENDIX 3

Organisational Design and Restructuring

Principles to inform decisions on staffing levels.

The Council will:

1. Seek to protect critical operations
 - (a) Public service delivery examples
 - Care Acts
 - Mental Health Acts
 - Children's Acts
 - Health & Safety of Public (Environmental Health, Health protection, Public Health, Waste, Highways, Licensing, Planning)
 - (b) Council functioning and business continuity which support:
 - Sound corporate governance
 - Safe and transparent decision making
 - Efficiency and VFM/BV
 - Protect our people and core assets
2. Reduce and refocus “senior” capacity (i.e. Grade F and above) to reflect corporate priorities, build organisational cohesion and agility and promote authority to act and accountability.
3. Integrate and centralise cross-council functions to maximise efficiency and link capacity to corporate priorities. Examples: marketing, communications, I.T, Training, Health & Safety etc.
4. Integrate and streamline all business support functions – could be Department based or Cross-Council to reduce spend, standardise core processes and increase efficiency.

5. Rationalise and secure effective use of existing office accommodation so that use of key sites is maximised.
6. Actively Promote “Digital by Choice” to minimise F2F and transactional telephone calls to promote self-service, make savings and protect service areas where F2F is critical.
7. Adopt a strategic commissioning approach to deliver options to:
 - Commercialise
 - Divest
 - Share
 - Reduce
 - Stop

All non-critical services over 2018-20 financial years.

NB: (3) and (4) can include work with the clinical commissioning group

Exemptions from VR and savings targets

The following roles are excluded from expressing an interest in voluntary redundancy and have been excluded from savings targets calculations due to the front-line nature of the work and the difficulty or circumstances around recruiting to these positions:

- Social worker (to include Senior Practitioners, Approved Mental Health Practitioners, Best Interests Assessor, Child Protection Chair, Independent Reviewing Officer, LADO, Safeguarding and Quality Assurance Team Manager, Reviewing Officer) and Therapists.
- Waste Operatives/ Drivers (collection, recycling, recycling centres, trade crews)
- Avon Pension Fund staff
- Apprentices
- Cemetery operatives, crematorium attendants
- Security staff (eg CCTV operatives)
- Modern Libraries Review
- Traded services
- Heritage frontline staff