

BABERGH DISTRICT COUNCIL

From: Chief Executive	Report Number: S6
To: Annual Council	Date of meeting: 26 April 2016

FOCUSED MANAGEMENT REVIEW

1. Purpose of Report

- 1.1 To enable the Council to consider a report by their Head of Paid Service pursuant to s.4 of the Local Government and Housing Act 1989 setting out the arrangements for staffing of the two Councils.

2. Recommendations

- 2.1 To note the contents of this report.

3. Background

- 3.1 It is a statutory duty of all local authorities to provide the Head of Paid Service (the statutory designation of the role of Chief Executive) with such staff as are in his/her opinion sufficient to allow his/her duties to be performed.
- 3.2 In return, the Head of Paid Service must set out and provide details of how those resources are utilised to all Councillors. In other words, the Chief Executive has responsibility for assessing what staffing resources are required and organising them, and the Council allocates resources and holds the Chief Executive to account for delivery of their functions, and in our case, the priorities set out in the Councils' Joint Strategic Plan.
- 3.3 This statutory framework applies notwithstanding that in Babergh and Mid Suffolk the Chief Executive is shared between two Councils, and there is a single integrated workforce across two Councils. This fundamentally changes the relationship between the two bodies of Councillors and the workforce. Essentially, the Councils have the same duty to provide the Chief Executive with the resources required and must agree between them to share the costs of so doing. The Chief Executive must determine how best to organise the workforce to meet the needs of two councils and must set out and provide details of how the resources are utilised to both Councils. Both Councils must hold the Chief Executive to account jointly.
- 3.4 Over the past six months, the Chief Executive has undertaken and implemented a review focused on the resources utilised to discharge the managerial leadership (distinguished from political leadership) and management responsibilities of the two Councils – a focused management review. All Councillors were provided with details of the proposals both at consultation stage and at implementation stage.

4. Financial Implications

- 4.1 The Members agreed the parameters for the Chief Executive’s focused management review at the Strategy Committee on 9 July 2015. The detailed consultation proposals and outcomes for the two phases of the review are contained within the Appendices attached to this report and detailed in section 9.
- 4.2 Councillors agreed that subject to one-off transition costs that the review would be cost neutral or better, with one-off transition costs being met from the Transformation Fund and the transition costs covered by expected savings within no more than two years. Those parameters have been met and are outlined in the table below.

One-off transition costs (£)	626,219
Core Establishment Savings (£)	443,567
Payback period (years)	1.41

- 4.3 It should be noted that implementation is still progressing and the final figures have yet to be calculated but the Chief Executive is confident from the savings and costs so far that the final implementation will be within the financial parameters set.
- 4.4 The savings have not been “banked” as part of the budget process for the reasons outlined in section 7 of this report.

5. Legal Implications

- 5.1 The Local Government and Housing Act 1989 s.4 requires the Chief Executive where she considers it appropriate to do so to present a report to Council setting out her proposals discharging her duties as the Head of Paid Service.
- 5.2 During the course of the focused management review, external employment legal advice was sought and followed.

6. Implications for the Joint Strategic Plan

- 6.1 The staffing changes set out in this report continue to develop the capacity and skills within the Councils’ workforce to enable it to continue to deliver the priorities and outcomes set out in the refreshed Joint Strategic Plan.

7. The next phase of work

- 7.1 Both Councils have a huge agenda to deliver at pace, including the delivery of the Joint Strategic Plan, contribute to the Suffolk wide public services reform (TCA funded) programme and to play its full part and punch its weight in any new devolved arrangements agreed with Government, including if the process of devolution is implemented, its role as a member of a new Mayoral Combined Authority from May 2017.

- 7.2 To enable the organisation to prepare for this, the development of our workforce strategy and plan is continuing. This next phase of organisational review work is now underway linked to the refreshed Joint Strategic Plan, the work programme that will deliver the plan and the Councils' Medium Term Financial Strategies, which require a re-alignment of the work force with the available resources.
- 7.3 Essentially, funding for staffing will become less and less reliant on core grant funding (as it is predicted to reduce to nil by 2020) and will need to be linked to programmes, projects and other sources of income as the Councils' funding base changes fundamentally.
- 7.4 At this point in time, however, the Chief Executive's opinion is that the Councils:
- will require some new skills and increased capacity to enable it to deliver what is required at pace;
 - given our track record, the Councils should be confident that we will develop the talent within our existing workforce and recruit and retain new talent to meet our needs;
 - The Council will continue to use interim resourcing to supplement its own employed workforce to provide specialist, expert, and highly experienced capacity to deliver its objectives;
 - Will use funding from both Councils' Transformation Reserve to fund the necessary capacity to complete the workforce strategy, align it with our Medium Term Financial Plan and our Joint Strategic Plan and increase the pace of delivery.
- 7.5 To do this will require sustained highly effective and high quality strategic and fully networked senior leadership, working alongside the political and community leadership provided by all Councillors. Our senior leadership is no longer about directing and managing service delivery, and following the reduction in management capacity as a result of integration of the two Councils, our work force has become less management dependent.
- 7.6 Instead, our senior leadership is about working to ensure strategy and policy, pan East Anglia, pan Suffolk and within our two districts really drive positive outcomes for communities and individuals at a local level.
- 7.7 With this need in mind, and given the immediate need to work with partners to pursue the opportunities of devolution with Government, the Chief Executive's opinion is that two further proposals should be implemented:
1. The creation of a new post of Deputy Chief Executive, who working with the Chief Executive will ensure that the two Councils have the top level capacity to drive the business of the two Councils in our districts, work with partners and punch our weight to secure the best deal for Suffolk and our two districts in the devolution negotiations. This post will be in addition to the two Strategic Director posts, and;
 2. The renaming of the posts of Head of Service as Assistant Directors to better reflect the high level networked role these posts fulfil and to reinforce the need for their focus to be on outcomes as well as providing direct managerial support and direction for Corporate Managers and their teams.

- 7.8 These two changes can be implemented within existing staffing resources and will be put in place quickly given the timetable for the creation of the Mayoral Combined Authority and elections in May 2017.
- 7.9 As the complexity of the Councils' work continues to grow, the Councils will require a different and higher order of professional expertise to ensure that it has the knowhow and experience to deliver on its objectives. The focused management review acknowledged this by the creation of a new type of post – the Professional Lead. The next phase of the workforce development strategy will be targeted at growing our Professional Lead roles.
- 7.10 As the Councils' role changes, and achieving positive outcomes for our communities depends more on how we work with partners and our communities, as well as being efficient and effective in everything we do, the Council workforce will need to have the capacity and skill to connect work across the whole public service system, lead project and programmes with teams drawn from across different organisations and who can influence well beyond their own team. In other words, we will need a workforce who are capable to being leaders wherever they work in the public service system.
- 7.11 The development of a workforce with these characteristics, as well as the leadership capacity we need at a senior level will take time. For that reason, and because our delivery programme at pace requires us to manage a complex portfolio of activities concurrently, the Councils will continue to need to use interim capacity. That capacity will increasingly be linked to specific projects and outcomes and will be used to provide experience and expertise that the Council needs and to transfer skill to the Councils' own workforce. The use of interims will be more focused and will diminish as the in-house capacity and skills are developed. However, an agile and flexible organisation that we aspire to be will continue to use interims in future because it provides a mechanism for resourcing the need skills and/or capacity for specific projects and in the short term, where the Council would not wish to recruit and incur the costs/liabilities associated with permanent employment arrangements.

8. Risk Management

- 8.1 The key risk is set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
Without the focused management review, the organisational capacity and capability to deliver its outcomes would be limited.	High	High	Undertake management review

9. Appendices

The appendices have been redacted to remove information of a personal and/or confidential nature to enable this report and all Appendices to be published and to remove exempt information under Schedule 12A of the Local Government Act 1972

Title	Location
(a) Building our leadership and management capacity report, July 2016 BDC	http://bdcdocuments.onesuffolk.net/assets/UploadCommittees/Committee-Reports/Reports-2015-16/R23.pdf
(b) Building our leadership and management capacity report, July 2016 MSDC	http://apps.midsuffolk.gov.uk/CMISWebPublic/Binary.ashx?Document=14129
(c) Appendix A - Review on Management Capacity – Phase 1	Attached.
(d) Appendix B – Message from the Chief Executive	Attached.
(e) Appendix C – Phase 2 Management Review Proposals	Attached.
(f) Appendix D – Outcome of Phase 2 Consultation of the Management Review	Attached.

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