

REVIEW OF THE CORPORATE LEADERSHIP TEAM

POLITICAL LEADS: Mike Starkie, Mayor of Copeland

REPORT AUTHOR: Mike Starkie

Why has this report come to the Council?

To seek endorsement to the proposal to delete the post of Chief Executive and seek approval from full Council for the designation of the post of Director of Economic Growth as the Authority's statutory Head of Paid Service.

Recommendation:

The Council is recommended to:

1. Agree to the proposed deletion of the post of Chief Executive and note the full year financial saving of £142,287, being the direct budgeted costs of the existing Chief Executive post;
2. In line with the Council's Pay Policy Statement, approve the severance package for the current postholder as set out in the exempt appendix to the report;
3. Appoint the Director of Economic Growth as the Head of Paid Service;
4. Note that the Director of Economic Growth, in consultation with the Director of Customer and Community, the Director of Resources & Strategic Commissioning, the Elected Mayor and Executive Members has been requested by the Executive to consider service realignments in light of the individual Portfolios held by each Executive Member and the Mayor;
5. Note that the Executive has agreed to review the scope of the existing three Director job descriptions in light of Recommendation 1 in this report; and
6. Note that, following due consultation periods, any final recommendations will be presented to an extraordinary meeting of full Council in November 2015.

1. Review of the Corporate Leadership Team

1.1 The Elected Mayor has been in office for almost five months and has taken the time to review the corporate management and governance arrangements that are in place within the Council, in light of the continued finance pressures that the Council is facing and will continue to face as part of the next Spending Review round from central government.

1.2 This report recommends changes to the Corporate Leadership structure of the Council. The intention is that the proposed changes would be effective from as soon as possible, following necessary consultation and Council decisions.

1.3 The proposed changes will reduce the overall costs of the Corporate Leadership Team and ensure a more streamlined governance and management structure to take the Council forward. The new proposed structure is aimed at delivering the Mayor's priorities and a new Corporate Plan and Financial Strategy for 2016-2020.

1.4 The purpose of this report is to present a proposal to the Council for a revised Corporate Leadership Team structure. The law requires the full Council to appoint or dismiss the Head of Paid Service and to designate one of the Council's officers as the Head of Paid Service. The law does not however require full Council to decide on the structure of the organisation. In the spirit of transparency, the Mayor wants full Council to be informed of the proposed new structure and so this report is presented here. The authority will follow its existing policies in relation to these structural changes.

1.5 In summary, the proposals would see the deletion of the post of Chief Executive, and the redesignation of the statutory Head of Paid Service role to one of the existing Director posts. Services that report directly to the Chief Executive post will be realigned and the Executive agreed, at its meeting on 22 September 2015, to delegate to the Director of Economic Growth, in consultation with the Director of Customer and Community, the Director of Resources & Strategic Commissioning, the Elected Mayor and Executive Members to consider those realignments in light of the individual Portfolios held by each Executive Member and the Mayor.

1.6 The deletion of the post of Chief Executive would generate financial savings of **£142,287 in a full year**. Initial work has commenced to look at how the duties and responsibilities can be realigned to other Directors and/or Senior Managers. Whilst the costs of this will only be known once evaluated, it is still anticipated that there will be a significant financial saving to the Council's budget in a full year.

2. MEDIUM TERM FINANCIAL STRATEGY

2.1 The Mayor and his Executive are currently preparing a new Corporate Plan and Financial Strategy for the next four years, 2016-2020. The continued demands on local government services and the need to look for new and different ways of working are well known. The Chancellor's 2014 Autumn Statement suggested that there will be significant additional savings required from 2016/17, and that the next three years would see savings required of the same order of those achieved between 2010 and 2015.

2.2 The current Medium Term Financial Strategy forecast savings in the order of £3 million over the next three years, this is on top of the significant savings made since 2010. This Financial Strategy is currently being reviewed and will be updated in light of any announcements from central government about its new Spending Review in November 2015.

2.3 The new Financial Strategy will focus on income generation and a new commercial direction for the Council, but will inevitably also require a level of efficiency savings to ensure delivery of its Delivering Differently Programme. A focus on Growth - 'growing the business' - and a new Customer Service Strategy are complimented by a business model that will provide more effective and proactive business support services so that we can deliver on the Mayor's priorities and corporate strategy for the next four years.

3. CORPORATE LEADERSHIP MODELS IN LOCAL GOVERNMENT

3.1 Local government continues to face unprecedented reductions to funding from central government. This will undoubtedly continue with indications that the impending Spending Review will continue to provide less in the way of direct funding support. The Elected Mayor's agenda of commercialisation and trading Council services to generate income is key to moving forward. Services need to be delivered to the residents of Copeland and the Elected Mayor's programme of independent service reviews is highlighting the many opportunities that are available to help the Council maintain and improve the services that residents need.

3.2 Copeland Borough Council is now one of seventeen local authorities that have a directly elected mayor. In common with other local authorities that have adopted this model of governance the Mayor now wishes to review the corporate leadership structure to assess whether the structure is still fit for purpose to deliver the Mayor's priorities for the residents of the Borough.

3.3 Other local authorities who have adopted this model of governance have explored alternatives to the traditional management model of a team of directors led by a stand-alone full time chief executive and a number have moved to alternative structures that do not include the post of chief executive.

Head of Paid Service

3.4 It is important to note that there is no statutory requirement for a local authority to employ a chief executive. There is a requirement, under Section 4 of the Local Government & Housing Act 1989, that every local authority has the duty to designate one of their officers as its Head of Paid Service (HoPS). This is a statutory requirement but the specification of this role is only briefly prescribed as follows:

"It is the duty of the Head of Paid Service where he or she considers it appropriate to do so, to prepare a report to the authority setting out their proposals as to:

- *the manner in which the discharge by the authority of their different functions is co-ordinated;*
- *the number and grades of staff required by the authority for the discharge of their functions;*
- *the organisation of the authority's staff;*
- *the appointment and proper management of the authority's staff."*

3.5 Regulations made under the Local Government Act 2000 reinforced these duties by making the appointment of staff below chief officer level the exclusive function of the HoPS or someone nominated by him or her.

3.6 As the post is responsible for the organisation of the authority's staff, a Chief Executive usually carries this statutory designation in addition to the other accountabilities as specified by the employing authority. However, the legislation does not require a local authority to

create a post of Chief Executive to exercise this function; as long as an officer is formally designated as HoPS they are meeting the requirements of the Act.

3.7 This part of the report sets out the two most commonly used alternative corporate leadership/management models for the Executive's consideration.

Lead Director/'First among equals'

3.8 In this model, the post of Chief Executive is deleted and a 'first among equals' arrangement is put in place, e.g. one of the existing directors is designated as the HoPS in addition to their existing responsibilities. This model requires all of the Directors to take a greater role in strategic and corporate management and typically the postholder undertaking the statutory role of HoPS will receive a salary addition. The majority of local authorities who move to this model of leadership/management allocate the statutory HoPS role to one postholder on a permanent basis.

3.9 The benefits of this model for Copeland include:

- Saving of the employment costs associated with the post of Chief Executive. These savings are immediately realised;
- Clear message to residents, businesses and the workforce that the Council is critically reviewing all costs and is prepared to make savings wherever possible;
- The Mayor is able to raise his profile and be the public voice and visible ambassador for the Council.

3.10 This model can lead to a perceived reduction in strategic management capacity and support for Members. This would need to be addressed in the review of the three Director roles. In addition, the Elected Mayor is satisfied that issues of capacity can be resolved by working with the wider leadership and managers of the Council to ensure decision making and service delivery are as close to the communities that we serve as possible.

3.11 There will be one-off redundancy costs associated with the deletion of the post of Chief Executive and this would need to be funded by the Transformation Fund, which was set aside, in part, to cover any redundancy costs of the Delivering Differently Programme. These costs are detailed under separate cover in a Part II report of the same matter.

3.12 In terms of corporate governance – of the workforce and Members – there may be increased workload pressures on the three statutory officers and the authority needs to ensure that the Monitoring Officer, Chief Finance Officer and Head of Paid Service functions continue to be properly resourced.

3.13 There are a number of examples of this model in place – Brentwood, Hastings, Kent, Leicester City, Shropshire, South Hams, Torridge, West Sussex, Barrow in Furness. Barrow in Furness, Bristol and Salford have Executive or City Directors rather than a Chief Executive.

Shared Chief Executive

3.15 Some Councils have entered into a shared Chief Executive arrangement where there are opportunities for shared working and efficiencies. Savings can be realised by sharing employment costs, good practice and considering arrangements for other shared services.

3.16 However, the unique placing of Copeland at the heart of the Nuclear Growth agenda and the new Elected Mayor model of governance make this sharing model less attractive to the Borough. In addition, the Council has had mixed experiences of working in shared arrangements over the past few years, so the risk of adopting any model of sharing a Chief Executive has been discounted.

4. KEY CONSULTATION DATES

4.1 The current Chief Executive has contractual and statutory rights to consultation, and notice periods. The Elected Mayor and Executive Members wish to record their full understanding of the position of the current postholder and wish the process to be as supportive as possible.

Table 1: Key Milestones

14 September 2015	Executive Report published (Public Report and Part II Report)
22 September 2015	Executive Meeting to consider contents of the reports
23 September 2015	Council Report published (Public Report and Part II Report)
1 October 2015	Council Meeting to consider Reports
2 October	30 days formal consultation starts on proposals
November 2015	Council Meeting to consider final proposals for Corporate Leadership Structure
Date – To Be Confirmed	New Structure in place

5. WHAT BENEFITS WILL THESE PROPOSALS BRING TO COPELAND RESIDENTS?

5.1 The Council's Medium Term Financial Strategy, approved by full Council in February 2015, sets down the key financial challenges that are facing Copeland Borough Council over the next three years. Current forecasts, before the announcement of the new Spending Review, indicate that somewhere in the region of £3 million of reduced spend/additional income will be required to continue to provide services to the residents and businesses of the Borough.

5.2 This proposal forms part of the ongoing independent review of all services within the Council to ascertain where this level of savings/growth in income can come from.

6. CONCLUSIONS

6.1 With the move to an Elected Mayor model of governance it is appropriate for the Council to review its current Corporate Leadership structure to ensure that it provides value for money and complements the Elected Mayor's new agenda and priorities upon which he was elected. The majority of local authorities who have adopted this model of governance have also taken the opportunity to carry out a review of this nature and a number have deleted the post of Chief Executive and allocated the HoPS responsibilities to one of the existing Directors.

6.2 It is therefore recommended that this structure appears to best complement the elected mayoral governance model and it is difficult to see a shared Chief Executive arrangement operating effectively in this context. The benefits are the immediate cost savings that are clearly visible to the community and importantly a corporate leadership structure that complements the new governance arrangements.

Consultees: Section 151 Officer; Monitoring Officer; Legal Implications; HR Implications

Monitoring Officer comments: Legally and within Copeland Borough Council's Constitution, all matters concerning the employment of the Head of Paid Service are reserved to full Council (Chapter 5– The Full Council - para vi Staffing refers).

S151 Officer comments: Any costs of redundancy will be met from the Transformation Fund which was, in part, established to support any redundancy requirements as part of the Delivering Differently Programme.

Legal Implications: Included within the report.

HR Comments: Policy Framework: The review will be undertaken in accordance with the Council's agreed Managing Change Policy.

EIA comments: The Council's Equality Scheme which sets out our aim to make Copeland a fairer place embeds our equality duty in all aspects of our business. All members and staff are essential to the success of this scheme and the Head of Paid Services role offers particular leadership to managers throughout the Council on equality and HR matters.

List of Appendices

Appendix A – Current Corporate Leadership Team Structure
Exempt Appendix B – NOT FOR PUBLICATION

List of Background Documents

Managing Change Policy and Procedures (2012)
Redundancy Policy and Procedures