

Item No. 7.	Classification: Open	Date: 15 May 2012	Meeting Name: Cabinet
Report title:		Amendment to Strategic Management Arrangements	
Ward(s) or groups affected:		All	
From:		Acting Chief Executive	

FOREWORD - COUNCILLOR PETER JOHN, LEADER OF THE COUNCIL

In times of financial austerity and consequential reductions in services and staff numbers, there is naturally increased scrutiny of the value and efficacy of existing structures, especially at the top level. At the same time, the Council is pursuing an ambitious programme of service transformation, which requires strong and dynamic leadership to deliver cultural change both within the organisation and in the way we engage with our residents and stakeholders. To deliver the Council's vision of a fairer future for all in Southwark through this period of austerity and major change, elected members and senior officers will need to work in closer collaboration. This includes the need to work in a much more crossing cutting and collegiate way across portfolios and departments to be more than the sum of our parts and achieve more with less. This evolving dynamic and the refocusing of managerial demands, as well as broad opinion about top pay, helps to form the basis of how new arrangements will take shape which are affordable, focused and relevant to contemporary demands.

The new structure proposed is aimed at placing the Council in the best position to deal with the diversity of emerging challenges whilst releasing savings already earmarked under the budget decisions. We recognise that the severe financial constraints imposed on the Council require senior officers to take on those challenges and absorb more responsibilities, and we also recognise that the need for fewer posts means that we will be losing members of staff who have given long and valuable service to the Council.

RECOMMENDATIONS

1. As at 1 October 2012, the posts of Strategic Director, Health & Community Services, Strategic Director of Communities, Law and Governance and Deputy Chief Executive are deleted.
2. The existing posts of Strategic Director, Children's Services and Finance Director are renamed Strategic Director, Children's & Adults' Services and Strategic Director Corporate Services respectively. These posts (along with the Chief Executive) will subsume the majority of services from those departments in recommendation 1 and subsume the relevant statutory roles, other than the monitoring officer.
3. As at 1st October 2012, 2 x posts of Assistant Director of Finance are deleted and a new post of head of service for Resources is created.

4. The Appointments Committee is formed to make recommendations to Council Assembly on new appointments to Head of Paid Service and Monitoring Officer in accordance with the constitution. Council Assembly will be asked to approve the redesignation of the section 151 officer (Strategic Director Corporate Services) and monitoring officer (Head of Legal Services).
5. To note that all Chief Officer posts are contractually inter-changeable, therefore placement of function and post-holders otherwise is delegated to the Head of Paid Service in accordance with the Council's policy and procedures. Similarly, the statutory function of the Electoral Registration Officer will be subsumed within one of the Chief Officer posts, to be determined by the Head of Paid Service.

BACKGROUND INFORMATION

6. The budget setting report was agreed by Council on 29th February 2012. This included proposals to save £0.5M for 2012/13 (£1M over 2 years 2012/14) through a review of departmental and corporate management structures.
7. As a result the Leader instigated consultation on a broad review of the top structure of the Council, including the relationship with Cabinet, to cover the period 2012/15. A discussion paper was circulated in early January 2012, and consultation continued into March. This Cabinet report presents the proposed new structure taking into account the need for financial savings and the consultation feedback received by the acting Chief Executive.
8. Following a previous Cabinet report on rationalisation of Senior Management, the amalgamation of DCE and Regeneration departments has been implemented. As a result one Strategic Director and three senior management posts have been deleted, namely:
 - a. Strategic Director of Regeneration & Neighbourhoods
 - b. Head of Economic Development
 - c. Head of Strategy
 - d. Head of Transport Planning

The budget savings from these posts contribute significantly to the savings target for 2012/13, as outlined in paragraph 23 below.

KEY ISSUES FOR CONSIDERATION

9. Rationalising senior management structures is a key element to any efficiency programme; this will include reducing staff numbers and drawing functions together targeted to Council aims. This process needs to be dynamic and responsive to changing needs and circumstances and therefore structures and reporting lines need to be similarly fluid. The current financial climate provides an important backdrop where money is tight and protection of the front line is a key priority. As indicated in paragraph 8 above the Deputy Chief Executive's department has already been rationalised to absorb the previous regeneration department and contribute significant savings towards the corporate target. A feature of the consultation paper presented in February was the principle that the Chief Executive should have some departmental responsibilities alongside the Head of Paid Service role. This report proposes the deletion of the Deputy Chief

Executive post and that the departmental responsibilities of that post should be subsumed within the post of Chief Executive.

10. As a consequence of the changes in the Health Service the Council has had to review the management arrangements for adult social care, the resultant costs and therefore the sustainability of a separate department (with senior management and support infrastructure). The conclusion is that the services and functions would be best served by reporting to a single Strategic Director of Children's and Adults' and incorporation with the Children's Services Department. The period up to 1st October 2012 will allow proper planning and transition and maximise opportunities for efficient organisation of common functions.
11. As a result the statutory role of Director of Adult Services (DAS) needs to be formally re-assigned; the options being to subsume within the Chief Officer functions or assign to the 2nd tier. This has become an issue for a number of Local Authorities who have similarly linked up these services. This report proposes that the Strategic Director of Children's & Adults' Services should take on both statutory roles as at 1st October 2012 as this offers the best solution in terms of surety of competence and least risk.
12. In looking to combine the role of the Director of Children's Services (DCS) with other functions across the Council, local authorities are required to undertake a local test of assurance. Children's Services has shown a good track record of outcomes, compliance and management processes as demonstrated through inspection and regulation, performance and financial management. A robust governance infrastructure exists including policies and procedures, self assessment and planning, quality assurance and partnership working arrangements and an independently chaired Local Safeguarding Board.
13. A local test of assurance has concluded that sufficient safeguards are in place in order that outcomes for children and young people are not at risk of being weakened or diluted by the statutory Director of Children's Services acquiring additional responsibilities. The test confirms that children's services has sufficient organisational and structural arrangements in place, alongside robust systems for testing their compliance and effectiveness. The proposal does not impact on the key requirement of guidance to ensure a single line of accountability for children in the borough and the ability to deliver the transformation required by the Munro review. The structure in Southwark is further reinforced by a very senior second tier position specialising in the delivery of children protection services and a recently designated principal social worker post which together hold responsibility for comprehensively developing the social work workforce and ensuring good recruitment and retention. The assurance test reviewed that changes will enable statutory functions of Director of Adult Social Services to be carried out effectively and the joining of the departments has potential to add value to responsibilities of both roles. Following the merger a senior management and service delivery structure with clear lines of accountability will remain, with a direct reporting line for DCS and DAS functions into the Chief Executive. Lead Member responsibilities for adults' and children will remain distinct to support challenge and accountability of respective functions.
14. The combining of departments offers additional benefits including opportunities for joint working and commissioning around vulnerable families and common interest areas such as personalisation and transition of young people to adult

services. Other opportunities include efficiencies of back office functions, streamlining of area such as needs assessment, workforce planning, equalities and community engagement; and a single point of contact for health and other agencies. Once new arrangements are in place, a regular process of review through business planning will ensure these arrangements continue to be effective and provide the right safeguards to the discharge of statutory functions.

15. A further element of consolidation concerns the Finance and Resources and CLG departments and the aim to create a single Corporate Services department with a single chief officer. Already reorganisations of services are underway, in both departments, to achieve approved departmental budget reductions, and one consequence is to reduce the senior management level in Finance and Resources and refocus of responsibilities.

The resulting changes in detail are:

- The post of Strategic Director Communities, Law and Governance will be deleted and the Finance Director post will be renamed Strategic Director, Corporate Services
 - The creation of a new Head of Resources post and the consequential reduction of 2 Assistant Finance Director posts during 2012/13, resulting in the net reduction of one post.
 - The Legal Services Division will transfer under the authority of the Strategic Director, Corporate Services.
 - Community engagement and democratic services will be split. The former will transfer to the Strategic Director of Housing, enabling consolidation of tenant, resident and community engagement. The latter, including the scrutiny function, will transfer to the Chief Executive's department under the auspices of the director of corporate strategy.
 - Responsibility for registrars, coroners, electoral & registration services will be allocated to Chief Officers by the Head of Paid Service based on best fit and capacity.
16. A particular issue of concern arising from the consultation process related to the corporate governance responsibilities and the monitoring officer role. The proposal is to retain the Monitoring Officer role within Legal Services and recommending that the Head of Legal Services has this responsibility added, becoming the service director of legal services. This step means a marginal reduction of savings in order to recognise those additional duties appropriately.
 17. Appendix A includes the current structure chart and the structure chart which would arise as a result of the implementation of these proposals. At present the post of Director of Public Health is shown as reporting directly to the Chief Executive, this will be subject to a further report as the advice from government departments becomes clearer.

Policy implications

18. Southwark's Constitution (Part 3c 4) includes amongst those matters reserved for Cabinet:
 - Decisions regarding the strategic management of the council including decisions on major reorganisations and major reallocations of functions between departments or chief officers.

19. This report details the proposed major re-allocations of functions between departments. Any more minor operational or structural decisions as a consequence of these additional functions will be the subject of delegated decision making of either the Head of Paid Service or the relevant Strategic Director as appropriate.
20. Further reports, for example on the position of the Director of Public Health, will be reported back to Cabinet as necessary.
21. The designation of the statutory roles within the Council as a result of the proposals above is as follows:

Chief Executive	Head of Paid Service <i>A new appointment to this role needs to be approved by Council Assembly on recommendation of the Appointments Committee</i>
Strategic Director of Corporate Services	Section 151 Officer <i>New designation of this role needs to be approved by Council Assembly</i>
Head of Legal Services	Monitoring Officer <i>A new appointment to this role needs to be approved by the Appointments Committee</i> <i>New designation of this role need to be approved by Council Assembly</i>
To be determined by Head of Paid Service	Electoral Registration Officer
Strategic Director of Children's & Adults' Services	Director of Children's Services and Director of Adult Services

The test of assurance for the DCS and DAS statutory roles is explained in paragraphs 12 to 14.

Community impact statement

22. This rationalisation of management structures is designed to improve efficiency and simplify how our communities deal with us. As an example, bringing together the currently separate functions of tenant / resident involvement and community engagement. What is important is that in implementing these changes, front line services are protected whilst ensuring the necessary business of running the Council remains effective and efficient. Proposals are specifically geared to improvements in service delivery through better alignment of function and encouragement of integration of activity whilst achieving necessary savings through efficiency in management and support functions.

Resource implications

23. The budget for 2012/13 includes target savings of £500k for this review, with further £500k savings earmarked for 2013/14. As outlined in paragraph 8 above, savings have already been achieved from the amalgamation of DCE and Regeneration departments as indicated in Table 1.

Table 1

	2012/13 £000	2013/14 Full year £000
Strategic Director of Regeneration & Neighbourhoods	180	180
Head of Economic Development	90	90
Head of Strategy	60	60
Head of Transport Planning	80	80
Total	410	410

The additional savings arising from this report result in the financial impact outlined in Table 2.

Table 2

	2012/13 £000	2013/14 Full year £000
3 x Chief Officers and associated costs (PA etc) (net) wef 1 st October 2012	230	510
1x Head of Service Finance (net) wef 1 st October 2012	50	100
Total	280	610

24. The full year savings total £1.02M, therefore the two year 2012/2014 target would be exceeded. One-off costs of implementation are unquantifiable at present, but will be met from short-term savings arising from early implementation or via the contingency set up for this purpose.

Consultation

25. As noted above the Leader and acting Chief Executive have undertaken an extensive consultation process with key players, including OSC, Cabinet, officers and Trade Unions about the overall structural arrangements for top management of the Council. These recommendations reflect the result of that process.
26. Further consultation with the Trade Unions is necessary to progress the detail of the changed organisational structure insofar as it affects individuals, in accordance with the Council's reorganisation procedures.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

27. Under section 4 of the Local Government and Housing Act 1989 the authority has to designate one of its officers as head of paid service and provide that officer with sufficient staff, accommodation and resources to allow their duties to be performed. The head of paid service is responsible for reporting to the authority on, among other things, the number and grades of staff required by the authority and the organisation of the staff. The head of paid service has been designated under the constitution as the Chief Executive.

28. Under Part 3C of the constitution, the Cabinet is responsible for making any decisions regarding the strategic management of the council including decisions on major reorganisations and major reallocations of functions between departments of chief officers. The Cabinet also needs to approve the creation of posts at grade 17 and above. The recommendations in this report are therefore properly matters for the Cabinet to decide.
29. The Appointments Committee has a role in appointing chief officers and the monitoring officer and in making recommendations to council assembly on the appointment of the chief executive. As set out in the recommendations, to the extent that serving chief officers are allocated other chief officer duties, this is a matter for the Head of Paid Service. A new monitoring officer will however need to be appointed by the Appointments Committee.
30. Council Assembly has the role of appointing the chief executive and of designating the posts within the management structure which carry the functions of the four designated statutory officers. The proposal to change the designations of the monitoring officer and the chief finance officer will therefore require council assembly approval.
31. The recommendations affect officers whose roles are defined by statute. There are therefore some legal constraints which apply.
32. The Children Act 2004 requires every authority to appoint a Director of Children's Services. The statutory guidance relating to this role has just been reissued by the Department for Education. This is statutory guidance, which means that the authority must take it into account and have clear reasons if it departs from it. Under this guidance the Director of Children's Services should report directly to the Chief Executive, in order to provide a top line of accountability. The recommendations provide for the expanded role of the Director of Children's Services to remain at chief officer level, which is consistent with the statutory guidance.
33. The statutory guidance provides that it is legally permissible for the DCS role to be combined with other operational functions of the local authority, but says that local authorities should give due consideration to protecting the discrete role and responsibility of the DCS. In particular a local test of assurance should be undertaken to ensure that the focus on outcomes for children and young people will not be diluted as a result of adding other responsibilities. The report author has set out how this has been done within Southwark.
34. The report deletes the post which covers the current monitoring officer functions. These functions cannot be carried out by the section 151 officer, the scrutiny officer or the head of paid service. However, it is permissible for the monitoring officer to report to the section 151 officer and the proposed structure therefore fits with the legal position. There is no statutory guidance on the operational level within the authority at which the monitoring officer role has to be done.
35. The report also deletes the post which covers the current electoral registration officer function. The authority has an obligation to appoint an electoral registration officer who will have the personal responsibility for carrying out this function and the function of the returning officer, and the head of paid service will

therefore need to ensure that this statutory function is allocated to an officer before the deletion of the post.

Finance Director

36. The Finance Director concurs that the implementation of the proposals contained within this report will achieve the planned annual budget savings of £1million for 2012/14 arising from review of departmental and corporate structures.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Consultation documents	Human Resources 160 Tooley Street, London SE1 2QH	Bernard Nawrat 020 7525 7185

APPENDICES

No.	Title
Appendix A	Structure Charts

AUDIT TRAIL

Cabinet Member	Councillor Peter John, Leader of the Council		
Lead Officer	Eleanor Kelly, Acting Chief Executive		
Report Author	Eleanor Kelly, Acting Chief Executive		
Version	Final		
Dated	4 May 2012		
Key Decision?	Yes		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title	Comments Sought	Comments included	
Strategic Director of Communities, Law & Governance	Yes	Yes	
Finance Director	Yes	Yes	
HR Director	Yes	Yes	
Cabinet Member	Yes	Yes	
Date final report sent to Constitutional Team		4 May 2012	