



Derby City Council

COUNCIL CABINET
15 July 2015

Report of the Cabinet Member for Strategy and Policy

ITEM 21

Corporate Management Restructure

SUMMARY

- 1.1 This report proposes a Corporate Restructure which will be implemented by September 2015. The restructure addresses Cabinet's requirement to reduce the management structure of the Council and to deliver the agreed annual budget saving target of £600k for the financial year 2015/16.
- 1.2 The proposals outlined in this report will deliver management savings of £1,033,000. This consists of £325,000 in management reductions contained within the 2015/16 budget and a further £708,000 from senior management as part of this restructure.
- 1.3 It is envisaged that a further stage of restructuring will be required in 2016 to reflect the budget for 2016/17 and beyond although some of the steps being taken in this restructure are designed to provide the building blocks for any further restructuring process. The structure proposed represents the leanest senior management team when compared to similar authorities and is the smallest structure when compared to other unitary councils. It is therefore considered that at the most senior level this represents the smallest possible structure for an organisation with the requirements and responsibilities of Derby City Council.
- 1.4 The proposed structures outlined within this document have been developed by Chief Officer Group (COG) in consultation with the Leader of the Council. COG has used a variety of information to help inform their decision about the preferred option for each Directorate including:
 - the information provided through the various consultation and workshop exercises with Service Directors
 - a revised leadership competency framework – see Appendix 2
 - a set of Key Principles – See Appendix 3
 - Cabinet's priorities for 2015/16 following the May election
 - the current and future budget position of the Council
 - a review of management structures from other councils.

- 1.5 In bringing all of this work together the proposed option for Tiers 1 & 2 will see the Council move to a three Directorate model – People Services, Communities & Place and Organisation and Governance being led by the Chief Executive. This represents a reduction from four strategic directorates and a separate Chief Executive's Office i.e. five senior managers in the top team down to three posts all of which have significantly increased responsibilities and spans of control. Further reductions have also been made in the numbers of service directors and heads of service in order to achieve the savings target. Due to the significant changes in roles and responsibilities the remuneration for new posts will need to be reviewed to ensure that the Council can attract and retain staff in these important roles. It is therefore proposed to use the HAY Group to evaluate the new roles as this will mean that all roles in the Council will have been subjected to a common methodology thereby giving a transparent and fair basis for assessment. It is also proposed that any decisions regarding remuneration of the new posts will be taken and implemented along side the Pay and Reward Project for the remainder of the workforce.
- 1.6 The proposals outlined in this report will therefore mean that there is significantly less management capacity to support Members and manage services on a day-to-day basis. For the structure to work this will require the Council to focus its efforts on key priorities, statutory requirements and finding new delivery methods thereby ensuring the remaining capacity is targeted in an efficient and effective way. This will require discipline and a culture change on the part of both Members and officers in addition to a reduction in both the scale and scope of the Council, as there will not be management or the resources available that were there in the past. If the Council's requirements and expectations on senior officers do not change or there is a change in the future that means there is a requirement for further capacity then a further review of the structure may be required to ensure full and effective delivery.
- 1.7 A streamlined management structure will mean that the Chief Executive and Strategic Directors will be focussed on supporting Members with developing the vision, strategy, budget and governance for the Council in the future. Service Directors will be responsible for leading and developing their Departments and Members will need to work with Service Directors and Heads of Service on operational issues.
- 1.8 The current management structure is shown at Appendix 4.
- 1.9 These proposals have been subject to consultation with all staff at Tiers 1-3 in the Council. Feedback from the consultation process has been used to develop the final structure, which is shown in Appendix 5.

RECOMMENDATIONS

- 2.1 To note the need for the Council to restructure the Senior Management tiers of the organisation to deliver the £600,000 efficiencies approved by the Council as part of the 2015/16 budget setting process.
- 2.2 To note the rationale for the proposed changes to Directorate structures as outlined in paragraphs 4.6 – 4.48.
- 2.3 To note the staffing implications of the proposed changes as outlined in paragraphs 4.49 – 4.53.
- 2.4 To note the consultation with affected staff as outlined in paragraphs 4.54 – 4.56.
- 2.5 To approve the proposed structures as outlined in Appendix 5 and to note the context set out in points 1.1 – 1.9.
- 2.6 To agree that the remuneration for Tier 1 and 2 Officers should be reviewed using the Hay methodology in common with the remainder of the work force and any proposals be considered and implemented alongside the Pay and Reward project for the Council.

REASONS FOR RECOMMENDATIONS

- 3.1 The 2015/16 budget setting process included a £600,000 savings target against management savings. The proposals outlined in this report deliver the savings that will deliver this amount.
- 3.2 The proposals outlined in this report create a senior management structure for the Council that can deliver the significant budget challenges the organisation faces over the next two to three years.



SUPPORTING INFORMATION

- 4.1 Like most local authorities, Derby City Council is facing unprecedented financial challenges. The 2015/16 budget setting process was challenging and included a requirement by the Council's Cabinet to reduce the current management structure (Tiers 1- 3) to deliver at least £600k of annual savings. It is envisaged that further management savings will be required in the next 12 months as the Council starts to significantly reduce in size to meet the budget savings requirements forecast as a result of reductions in grants from central government and continuing pressures and demands on frontline services.
- 4.2 As the Council moves forward and there is clarity around which services are going to be delivered in the future (as part of the 2016/17 budget setting process) there needs to be an emphasis on:
- establishing an organisation fit for purpose
 - effective partnerships making the difference
 - high quality frontline practice where it matters
 - measuring only what counts
 - becoming an employer of choice.
- 4.3 Since 2010, there has been a growing trend to bring together the Adult and Children's Services roles. Given the challenges facing local authorities many are currently reviewing structures and moving towards "People" focussed arrangements. The changes have been prompted by a number of factors including the need to secure savings through structural change, proving a more integrated service, addressing the needs of families in a more holistic way, preventing duplication and providing better coordination with partner agencies. The proposed new structure will create the opportunity to improve the operational alignment of services to better safeguard vulnerable children and adults, improve outcomes and develop a more coherent approach to working with families and communities.
- 4.4 There is a need to put in place robust corporate governance arrangements to support the Council with the challenges it faces. The proposed structure reflects the need to maintain a strong corporate centre with the range of skills needed to deliver on key priorities including Finance, Governance, Organisational Development and Digital Services.
- 4.5 The risks of implementing the new structures must be managed to enable services to remain focused on delivering frontline services.

- 4.6 The following paragraphs contain information on why change is needed in each of the proposed Directorates.

People Services' Directorate

National Context

- 4.7 The Children's Act 2004 made it a statutory requirement for all upper tier local authorities to appoint a Director of Children's Services (DCS) and a Lead Member for Children's Services (LMCS). In the vast majority of local authorities this resulted in the creation of a Children's Services directorate, bringing education and social care together and the disaggregation of former Social Services Directorates.
- 4.8 Statutory guidance on the role of the Director of Adult Social Services (DASS) was published in May 2006 setting out the expectation that each council responsible for providing social services, created a post with "strategic responsibility and accountability for the planning, commissioning and delivery of social services for all adult client groups and with a leading role in delivering the wider vision for social care and combating social exclusion".
- 4.9 Since 2010, there has been a growing trend for local authorities to bring together the DASS and DCS roles. This was mainly a response of smaller unitary authorities initially but the change has become increasingly common in larger shire authorities. Over 60 top tier local authorities now have combined roles, most commonly described as a "Director of People" function. However, the responsibilities and functions attached to this role vary considerably between local authorities which have resulted in a variety of organisational arrangements. Given the challenges facing Local Authorities many are currently reviewing structures and moving more towards "People" focussed arrangements. However, there are also a number of authorities that have combined the role and then decided to separate it out again as a more appropriate (in their view) spread of risk and responsibility.
- 4.10 The changes have been prompted by a number of factors: the need to secure savings through structural change appears to be a common factor. Additionally, a view is often expressed that the integration of children's and adults services provides a more integrated service, addressing the needs of families in a more holistic way, preventing duplication and providing better coordination with partner agencies.
- 4.11 In her review of child protection arrangements in England, Professor Eileen Munro recommended that "that local authorities give due consideration to protecting the discrete roles and responsibilities of a Director of Children's Services and Lead Member for Children's Services before allocating any additional functions to individuals occupying such roles, asking whether alternative approaches allow sufficient focus and attention to be paid to the nation's most vulnerable children".

- 4.12 The subsequent revised DfE guidance recognises that it is legally permissible for the DCS role to be combined with other responsibilities but recommends that LAs give due consideration to protecting the discrete DCS role before deciding to add other responsibilities. The guidance recommends that LAs undertake a local assurance test to ensure that the focus on outcomes for children and young people is not weakened or diluted as a result of the DCS having additional responsibilities. The tests suggested by DfE are set out in Appendix 1. DfE has also stated that Ofsted will test the robustness of any joint arrangements as a part of their inspection of a local authority's child protection arrangements.
- 4.13 The level of interaction between Children's Social Care and Adult's Social Care has been explored nationally. Approximately 5% of children receiving a service from within Children's Social Care live with an adult receiving service from Adults Social Care and approximately 3% of adults receiving a service from Adults Social Care live with a child receiving a service from Children's Social Care. There is a need to ensure that the two services are properly planned and coordinated in such circumstances but the low prevalence of the overlap in the services suggest that it should not necessarily be a reason for structural integration. Past Social Services Directorates did not see a significant interaction between Children's and Adults Social Care. Both Adults and Children's services have a primary priority to safeguard and manage risk. In Adult's Social Care this is achieved through assessment and the provision of personalised services that promote recovery and independence whereas children's social care has a greater focus on direct risk management and prevention with a growing imperative for social workers to spend more time working directly with families.
- 4.14 Demand for services is best managed and costs controlled, through ensuring an effective range of services to families based on the principles of prevention and early intervention. This is secured through having both preventive and high need services aligned and within the one Directorate and developing integrated service pathways and demand management strategies. The Looked After Children Placements Strategy was developed to reduce what is a significant financial risk to the Council. The Strategy gives considerable focus to the role of non-social care services in identifying and addressing need at the earliest opportunity, including a shift of resources from Social Care to preventive services.
- 4.15 There is no one perfect structure that will address the conflicting and often contradictory demands placed on a local authority. Much will depend on the organisational context and the challenges faced.

- 4.16 The Health and Social Care Act 2012 gives a new focus for Public Health. The changes form part of national plans to reform health and social care putting the health and well-being of people to the fore. The NHS Future Forum Report (June 2011) stated that “The Government commitment to put the public’s health centre stage has been applauded by those we have heard from”... “At a local level, the move of public health services into local authorities is widely supported.”

People Services' Directorate - Drivers for Change

This section sets out the pros and cons for proposing a change to current structural arrangements.

- 4.17 It is not intended that any new structure will involve or necessitate radical changes in the way that services are delivered. Having a People Services Directorate creates the opportunity to improve the operational alignment of services to better safeguard vulnerable children and adults, improve outcomes and develop a more coherent approach to working with families and communities.
- 4.18 This does not in itself require structural change; in fact it is unlikely that any organisational structure could reflect the varied and complex needs of the individuals and families that services work with.
- 4.19 There is, for example, a need across both Directorates for a stronger and more responsive approach to the commissioning of services at a strategic level. This includes commissioning and coordinating resources to address the needs identified within the Joint Strategic Needs Assessment and tackling issues that cross a range of operational responsibilities such as the on-going increase in the numbers of children and disabled people and the impact of Eastern European migration.
- 4.20 There are areas of operational interface between CYPS and Adult Social Care – particularly for young disabled adults transitioning into adulthood. Bringing CYPS and Adult Social Care together provides an opportunity to develop a more coordinated response to working with partner organisations and potentially secure improved pathways for services. For example, the commissioning of mental health services is currently split between CYPS and Adult Social Care. Bringing the two functions together structurally provides a more coordinated approach to working with the Mental Health Foundation Trust. It also creates an opportunity to better respond to the impact that mental health has on the demand for the wider range of services that the Council provides.

- 4.21 Both Directorates have commissioning functions and it is possible that additional value could be derived through bringing these functions together, creating an economy of scale and allowing for the development of more specialist expertise. However both these functions have already been subject to staffing reductions and further reductions are proposed so the possibility for any further savings will be modest as sufficient capacity has to be maintained to adequately discharge this function. These posts will be key in providing sufficient strategic capacity, along with the Strategic Director, at a time of considerable service change. An additional or alternative strategy would be to explore the integration of the commissioning function with the CCG.
- 4.22 It is recognised that care needs to be taken when considering the potential for the integration of functions across the two Directorates. For example, both CYPs and ASC have significant safeguarding responsibilities with the lead roles in the Council's arrangements for safeguarding vulnerable children and adults. The legislative and operational arrangements for adult and children's safeguarding are very different and it is considered that there would be little gain from any integration of the two functions and a risk of dilution of capacity. However, the two functions need to work well together and share learning, which an integrated Directorate structure will promote. It is important that any new Directorate promotes opportunities for better working across organisational boundaries.
- 4.23 The Council has a changing role in education. With the changing governance arrangements for schools, the Council's responsibilities increasingly focus on the oversight of educational attainment and quality in Derby City, with a reduced direct operational role, and ensuring a sufficient supply of good quality school places.
- 4.24 The Council faces significant and on-going financial challenges. Whilst it is imperative that there is sufficient managerial capacity to respond to these changes it is also recognised that opportunities for savings have to be explored. The proposed arrangements would result in the deletion of two Strategic Director posts and the creation of a single new post.
- 4.25 The restructuring provides the opportunity to consider the impact of recent and future legislative changes such as the Children and Families Act 2014 (SEN). Responsibilities for Special Educational Needs (SEN) and disability policy and delivery are currently held across a number of Service Directorates and could be better defined. Similarly, the Care Act 2014 will require us to consider the future role of social work within Adult Social Care and the Health and Social Care Act 2012 has created significant changes in the structures of the NHS and our joint working arrangements.

- 4.26 The Council assumed responsibility for a range of Public Health functions from 1 April 2013. The Government's focus is on improving the Nations' health and at a national level this will be through Public Health England which will be established as an executive agency of the Department of Health. At a local level, this will involve putting local authorities in charge of driving health improvement, pulling together the work done by the NHS, social care, housing, environmental health, leisure and transport. The work of the public health team is varied and includes work under the broad headings of health protection, health improvement and health services. The proposals reflect the need for good joint working between services and public health and over time we will need to consider how structures best promote this joint working.
- 4.27 A key consideration of the benefits or not of creating a People Directorate is to also consider the national policy direction for adult social care and the increasing interest by all political parties in the integration of health and adult social care. There is currently a far greater sharing of customers between adult social care and health than there is adult social care and children's.
- 4.28 Andy Burnham MP, the Shadow Health Secretary said at the Labour Party Conference on 24 September 2014 that an incoming Labour Government would ask hospital trusts and other NHS bodies to evolve into NHS integrated care organisations, working from home to hospital to coordinate physical, mental and social care. He stated his intention to "complete Nye Bevan's vision and bring social care into the NHS.". He also recently repeated his intention to integrate health and social care in his response to Simon Stevens' recent report on the long term future of the NHS. It may be worth waiting to see the outcome of general election before making any final decision on structure.
- 4.29 Any proposed structures will have to be adaptable to changing circumstances. Additionally, opportunities for better integration of services will be identified over time and may necessitate further change.
- 4.30 It will be important that sufficient time is given to the development of common values and ethos across the proposed Directorate which underpin the Council's vision and values. Structural change will help this process but it will not deliver it. A corresponding programme of organisational development will be necessary.
- 4.31 A significant part of the work that is already underway in CYP is focused on improving outcomes for families and through this, outcomes for children and young people. It is considered that there are opportunities to progress this work further and better integrate services and/or the commissioning of services in order to improve outcomes.

People Services' Directorate - Issues and/or Options

- 4.32 The Council already has a range of checks and balances in place that provide assurance on the safeguarding of children and young people...
- The LSCB annual report on safeguarding in Derby.
 - The annual report of the Independent Reviewing Officer (IRO) Service.
 - The scrutiny of safeguarding through Children's Overview and Scrutiny.
 - The inclusion of critical activity indicators in the corporate scorecard.
 - An annual accountability conversation between DCS, independent chair of LSCB, Chief Executive, Leader of the Council and LMCS.
- 4.33 The Council has appointed to the role of Principal Social Worker role as set out in the Munro review of child protection - this will provide an additional layer of assurance.
- 4.34 Situations can deteriorate quickly, annual examination will not be sufficient to pick up any change in service quality or well being and Haringey is a compelling illustration of the dangers of over-reliance on KPI data as a sufficient measure of service well being.
- 4.35 Set out below are the proposed additional safeguards that should be introduced to provide assurance that the statutory responsibilities of the DCS are not compromised in any move to a new role of Director of People Services in Derby...
- The portfolio of responsibilities of the Director of People Services should be reviewed annually, in May by the Chief Executive and Leader of the Council.
 - In the event of a change of Director, the portfolio of responsibilities should be reviewed.
 - The portfolio holder's and scrutiny chair's reports to Full Council should explicitly address the questions discussed in this report.
 - The Principal Social Worker, the Head of the Independent Reviewing Officer Service and the Independent Chair of the LSCB should attend Chief Officer Group biannually and report on critical issues; thresholds, caseloads (numbers and type), workforce (including stability, use of agency, sickness/stress absence, incidents of violence and complaints). This will give Chief Officers a clear line of sight on the frontline of the service and on partners' perceptions of the Council's capacity to provide strong and effective leadership of safeguarding across the system.

- 4.36 It is not anticipated that any additional safeguards are required to provide assurance that the statutory responsibilities of the DASS will be compromised by any move to a Director of People in a revised senior management structure. The key issue is one of having sufficient senior management capacity below the post in order to be able to fulfil the role.
- 4.37 Safeguarding Adults Boards become statutory bodies in April 2015 following enactment of the Care Act 2014. Currently SABs operate within the framework promoted by 'No Secrets' which was published by the Department for Health and the Home Office in March 2000 and by 'Safeguarding Adults' which was published by the then Association of Directors of Social Services in October 2005.
- 4.38 The focus of the work of Safeguarding Adults Boards (SAB) is adults at risk. The forms of abuse which the Board aims to prevent and address are: physical abuse, sexual abuse, psychological abuse, financial or material abuse, neglect or acts of omission, discriminatory abuse, hate crime.
- 4.39 The role of the SAB is to ensure effective safeguarding arrangements are in place in both the commissioning and provision of services to adults at risk by individual agencies and to ensure the effective interagency working in this respect.
- 4.40 The board regularly reviews published enquiries into the circumstances within which abuse of adults has taken place and not been recognised or acted on in time to prevent harm. These include those examining the circumstances of deaths of adults in their own homes and the abuse and neglect of people living in care settings. Each enquiry contains the theme that greater information-sharing and multi-agency working together may have placed organisations in a position to safeguard the adults concerned.
- 4.41 The Council takes very seriously its responsibilities for all children and vulnerable adults in Derby and specifically for vulnerable children. The arrangements proposed in this report assure the Council that sufficient additional safeguards are in place to ensure the continued delivery of the Council's overarching responsibilities for all children and vulnerable adults and its specific responsibilities for vulnerable children are not compromised by the breadth of the role of the Director of People Services.

Communities and Place Directorate

4.42 Principles / drivers behind the proposals submitted by the Neighbourhoods Directorate...

- Cost reduction/income generation.
 - Form follows function.
 - Capacity for strategic leadership, and responsive service delivery.
 - Health/ Social care integration (absolute priority for Adults and Public Health Directorate).
 - Development of strategic partnerships – Combined Authorities / LEP / Derby City Leadership Board.
 - Future of the City; expansion of housing, employment, planes / trains / automobiles.
 - Create a vibrant city to work, live and visit.
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- Development of expertise in Commissioning.
 - Reduce cost of service delivery by developing lean systems and increase income by developing a commercial focus/ business unit model.
 - Cultural Change – citizen first, service led rather than support service led.
 - Development of high performing staff and succession planning.
 - We need to get rid of continuing silo mentalities and blame culture.
 - We need to have an outcomes culture rather than a process culture, in which the Derby Plan needs to have more detail on outcomes.

Organisation and Governance Directorate

4.43 The key driver behind COG's decision about the proposed structure of the Organisation and Governance Directorate is to put in place robust corporate governance arrangements to support the Council with the challenges it faces in the coming months and years. The proposed four Service Director model provides the capacity needed to develop and deliver the corporate governance building blocks across the organisation.

4.44 The proposed Directorate structure is based on four service Directors...

1. Director of Finance (Section 151 Officer)
2. Director of Governance (Monitoring Officer)
3. Director of Strategic Services and Organisational Development
4. Director of Digital Services

4.45 The Director of Finance will assume responsibility for a number of additional areas including Revenues and Benefits, Council Tax and Welfare Reform. COG acknowledges the importance of the Welfare Reform agenda over the next 12 months as Universal Credit starts to be rolled-out across the city. In the next stage of the restructure process when considering Tier 3 posts, consideration needs to be given to this area of work and the support needed in the short-term to deliver this initiative. The Director of Finance will also hold the Statutory post of Section 151 Officer.

- 4.46 The Director of Governance will manage the HR Casework and Pay and Reward Project Team for Phases 1-3. It is proposed that Payroll Services are aligned with this team as there are a number of synergies between the two teams. Employee Relations will also sit within this Department although will be supported by the Director of Strategic Services and Organisational Development. The Director of Governance will also hold the Statutory post of Monitoring Officer.
- 4.47 The Director of Strategic Services and Organisational Development will be responsible for developing and delivering an Organisational Development Strategy for the Council. This will bring together...
- Performance Management and Improvement.
 - Communications and consultation.
 - Employee development and engagement and Consultation.

Corporate projects will continue to be managed by the Department. As the Council continues to change and contract, the way we use our main assets – particularly the Council House will change and evolve. As a result the Director will also be responsible for the Facilities Management Division which will continue to work closely with the other elements of Property Services under the Council's Corporate Landlord approach. Business Support will also be managed as part of this Department. The Lead on Equality and Diversity will be managed by the Director of Strategic Services and Organisational Development which better fits this corporate strategic role. The Director will also assist the Chief Executive in the day-to-day co-ordination of the Directorate.

- 4.48 COG is concerned about the forthcoming contract termination with Serco and the re-integration of IT services into the Council. The need to make sure that IT systems continue to operate correctly with the appropriate back-up systems and processes in place and that the transfer of responsibilities from Serco back to the Council runs as smoothly as possible means that there is a need to retain a 2nd tier level post. The proposed structure includes a Director of Digital Services post which will also have responsibility for some elements of customer management including Derby Direct. This post will also be the Council's nominated Senior Information Risk Owner (S.I.R.O).

Staffing Implications from the Proposed Changes

- 4.49 To achieve the £600k savings target, the proposed restructure will impact on a number of roles across the management structure. It is clear that the Council needs to develop an outcomes culture rather than a process culture and the Derby Plan should clearly articulate the outcomes we are trying to achieve. The Council needs to continue to develop its commercial acumen by focusing on reducing costs and increasing income as well as developing expertise in commissioning. We now need to be in the best position we can to continue to provide essential services for the Council, whilst preparing for the challenges that continue to remain for Local Government and for Derby City Council.
- 4.50 The proposed restructure shows the deletion of 13 FTE's and in order to minimise the number of potential compulsory redundancies we have taken the following action:
- effective management of vacancies in 2014/15
 - approval for requests for voluntary redundancy.
- 4.51 The following posts have or will be deleted from the current management structure:

Tier	Job Title
1	Strategic Director CYP Strategic Director Adults, Health & Housing Strategic Director Resources Strategic Director Neighbourhoods
2	Director of HR & Business Support Director of Customer Management Director of Planning & Property Services Director of Home First and Direct Services
3	Head of Corporate Finance Head of Transformation Head of Democratic Services Head of Policy, Research & Engagement Head of Leisure Centres Head of Community Safety Partnership and Neighbourhood Management Head of Prevent

4.52 The following new posts have been created...

Tier	Job Title
1	Strategic Director – Communities & Place & Deputy Chief Executive Strategic Director – People Services
3	Head of Community Safety and Integration

4.53 The following transfers are proposed:

Job Title	From Department	To Department
Head of Benefits & Exchequer Services	Customer Management	Finance
Head of Customer Management	Customer Management	Digital Services
Head of Facilities Management	Planning & Property Services	Strategic Services and Organisational Development
Head of Business Support	HR & Business Support	Strategic Services and Organisational Development

Consultation

- 4.54 The proposed restructure was developed in conjunction with Strategic Directors and Service Directors through a series of workshops.
- 4.55 The draft restructure proposals were launched at a Consultation Event for all Tier 1-3 employees (Strategic Directors, Service Directors and Heads of Service) on 1 June 2015. The consultation period ended on 25 June 2015 with a Question and Answer Session with the Acting Chief Executive.
- 4.56 Employees were given the opportunity to submit feedback on the proposals. This feedback has been used to develop the final Tier 1- 3 structure proposals outlined in Appendix 5.

Remuneration

- 4.57 Remuneration for Tier 1 & 2 staff (Chief Executive, Strategic Directors and Service Directors) is not included in the current Pay and Reward Project. Tier 3 (Head of Service level) is included and the results of this evaluation will be known shortly and any changes to pay and grading for Tier 3 will be implemented on 1 January 2016.
- 4.58 As the management structure contracts, the management capacity of the organisation particularly at Tiers 1 and 2 will be significantly reduced. Those positions that are left in the structure will be expected to cover a significantly wider portfolio of activities and as a result manage a significantly higher level of risk. Over time there is a significant risk to the Council of the current postholders of these roles deciding to move to other councils where the levels of responsibility and risk are considerably lower and where salaries are in some cases higher. In addition Derby's current situation has seen four out of the five most senior managers leave the council within the last 6 months. This represents a major loss in organisational memory / history and experience and heightens the need to retain those that remain
- 4.59 As part of the work on the management restructure, Grant Thornton were asked for an opinion on the current salary levels when benchmarked against similar authorities. While Grant Thornton are not in a position to advise on the salary levels of senior officers, they do suggest...

'In determining appropriate salaries for senior officers, the Council will need to take account of the following...

- The need to attract and retain officers of a suitable calibre, taking account of the fact that recent events may potentially deter some candidates.
- The responsibilities attached to posts, given that the Strategic Directors would be assuming additional responsibilities to those councils which operate with four or five strategic directors, rather than the Council's proposed two.
- The net savings arising from the proposed management structure as a whole.'

- 4.60 Taking into consideration the risks to the Council of moving to the streamlined structures outlined in this report, and the heightened risk created by the vacation of a number of key roles over the last 7 months it is proposed to ensure the Council remains able to attract and retain staff by asking the Hay Group to evaluate the new roles and the level of remuneration for similar roles in the public sector.
- 4.61 In order to show a transparent and consistent process any decisions with regard to remuneration will be taken along side the Pay and Reward project for the rest of the work force.

- 4.62 The Council is in the final stages of Job Evaluation for all staff (excluding Tiers 1 & 2) and it is recommended that Members defer a final decision on the remuneration packages for Tiers 1 & 2 officers until the pay and reward position for the remainder of the workforce is known. A further report will be prepared for Members in due course.

OTHER OPTIONS CONSIDERED

- 5.1 The Council could retain the current management structure although this would mean that the £600,000 budget saving approved as part of the 2015/16 budget setting process would not be delivered.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	
For more information contact: Background papers: List of appendices:	Gordon Stirling 01332 643430 gordon.stirling@derby.gov.uk None Appendix 1 – Implications Appendix 2 – Competency Framework Appendix 3 – Key Principles Appendix 4 – Current Management Structure Appendix 5 – Proposed Management Structure

IMPLICATIONS

Financial and Value for Money

- 1.1 The revised management structures proposed in this report including reductions in Head of Service posts already delivered as part of the 2015/16 budget will deliver the following savings...

2 x Strategic Directors	£300,000
4 x Service Directors	£408,000
5 x Heads of Service	£325,000
Total Savings	£1,033,000

Legal

- 2.1 Consultation with staff affected by the proposed changes has taken place in line with the Council's policies and procedures for restructuring.

Personnel

- 3.1 As outlined within the report.

IT

- 4.1 None directly arising from this report.

Equalities Impact

- 5.1 The new People's Services Directorate will have a positive impact on disabled people using this service, both adults and children, as it will provide a more coordinated approach, creating a better service for users. In particular, young disabled people transitioning into adult services should find this new integrated Directorate more effective.
- 5.2 An equality impact assessment of the restructure has been prepared and is available on request.

Health and Safety

- 6.1 None directly arising from this report.

Environmental Sustainability

- 7.1 None directly arising from this report.

Property and Asset Management

- 8.1 None directly arising from this report.

Risk Management

- 9.1 The main body of the report outlines risks associated with the re-structure and these will be managed accordingly. The proposals outlined in this report strengthen the Council's approach to corporate governance.

Corporate objectives and priorities for change

- 10.1 These proposals support the delivery of the Derby Plan.

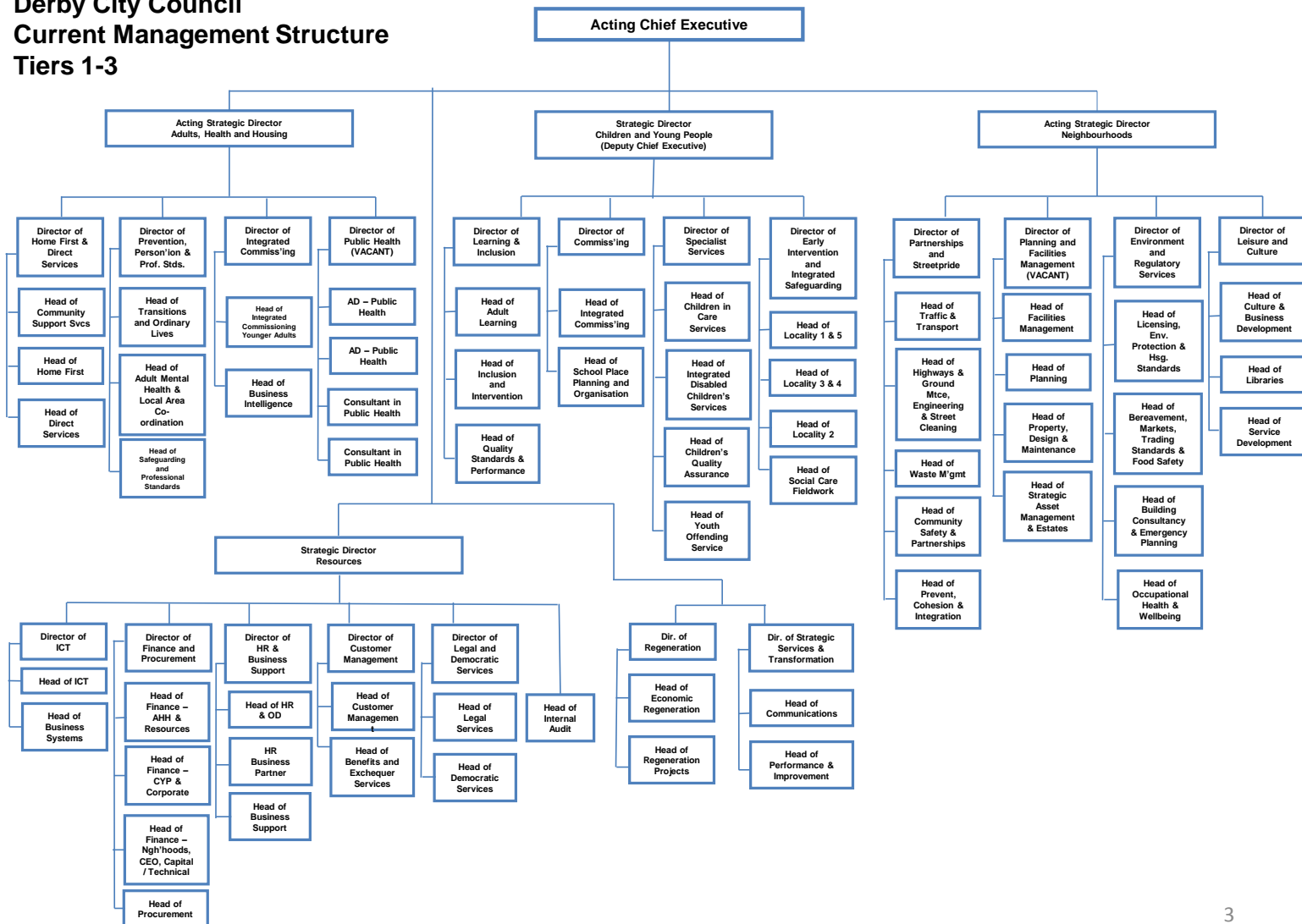
Competency Framework

		Strategic Director	Service Director	Head of Service	Team Managers
Maximises Achievement	Manages People	Is an inspirational role model to all	Builds trust and empowers others, promoting Equality and Diversity, leading by example	Motivates and engages the team, demonstrating respect and integrity	Adapts management style to meet individual team needs
	Drives Innovation	Anticipates the need for innovation, recognises and rewards creativity	Encourages innovation and creativity in others, thinks strategically to challenge the status quo	Supports and facilitates the delivery of innovative and creative solutions and improvements	Encourages others to find better ways of doing things
	Resilience	Presents a positive outlook to business challenges	Reinforces a positive climate during challenging circumstances	Supports and promotes a positive attitude within the team	Supports individuals in dealing with the impact of business challenges
Takes Responsibility	Manages Risk	Empowers managers / leaders to challenge	Creates a supportive culture to manage risk	Takes calculated risk to implement new ideas for greater organisational success	Considers new ideas to benefit the organisation
	Drives Performance	Promotes the Council's vision, drives engagement and governance	Sets challenges and targets to deliver outstanding results	Maximises team and individual strengths and skills, tackles underperformance	Manages performance by agreeing and monitoring SMART objectives
	Makes Decisions	Takes a measured approach to decision making	Prioritises and understands the critical success factors as well as the overall perspective	Assesses a range of possible options before making a decision	Makes informed and timely decisions
Communicates with Purpose	Works Collaboratively	Leads on networking and developing strategic partnerships	Establishes and develops a positive climate for partnership working	Works collaboratively with partners and customers to deliver quality services	Communicates with partners and customers to deliver quality services
	Focuses on Results	Is results orientated	Influences and challenges others to achieve results	Delivers on targets to the agreed standards	Manages targets realistically within the team
	Gives Vision and Direction	Role models and delivers the Council's vision and values	Engages and involves the team in the Council's vision	Ensures individuals and teams understand the role they play in delivering the Council's vision	Translates the vision into meaningful objectives
Embraces Opportunity	Leads & Manages Change	Promotes a culture of continuous improvement	Anticipates and drives positive change, challenges own and others' assumptions	Implements change and demonstrates flexibility	Provides a supportive environment for change
	Develops People	Creates a culture of continuous learning and development	Embraces coaching to build organisational capability	Creates and evaluates development plans for individuals and teams	Supports and evaluates personal development
	Drives for Success	Aligns vision and business plans to customer and community expectations	Demonstrates drive and self-motivation to improve people performance	Uses resources effectively to deliver expectations and make a real difference	Motivates the team to deliver success

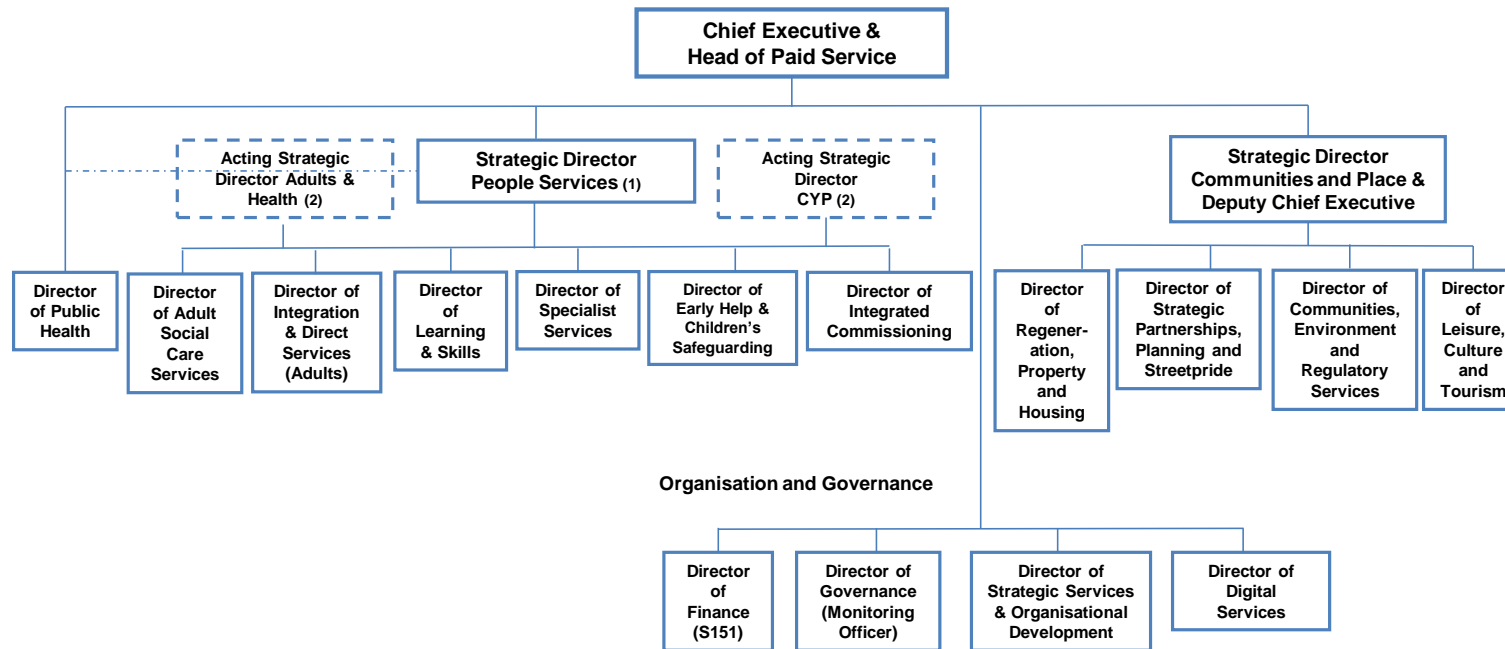
Key Principles

- We need to develop capacity for strategic leadership.
- The new structures need to be based on collaborative leadership.
- As the Council moves forward and clarity around which services are going to be delivered in the future (as part of Phase 2 of the restructure) there needs to be an emphasis on...
 - Establishing an organisation fit for purpose.
 - Effective partnerships making the difference.
 - High quality frontline practice where it matters.
 - Measuring only what counts.
 - Becoming an employer of choice.
- Organisational culture rather than structure will determine the success of the Council.
- There needs to be a strong 'governance hub' reporting directly to the Chief Executive.
- Phase 2 of the restructure should see the Council moving to a 'People' and 'Place' structure.
- Roles and responsibilities of each tier need to be clearly articulated and signed-up to by everybody including Members
- The new structures need to be implemented in a 'safe' manner with services remaining focused on delivering high quality frontline services.
- The Leadership behaviours / competencies framework should be retained.
- We need to develop an outcomes culture rather than a process culture – the Derby Plan needs to clearly articulate the outcomes we are trying to achieve.
- We need to become commercially focused – reducing costs and increasing income.
- We need to develop expertise in commissioning.

Derby City Council Current Management Structure Tiers 1-3



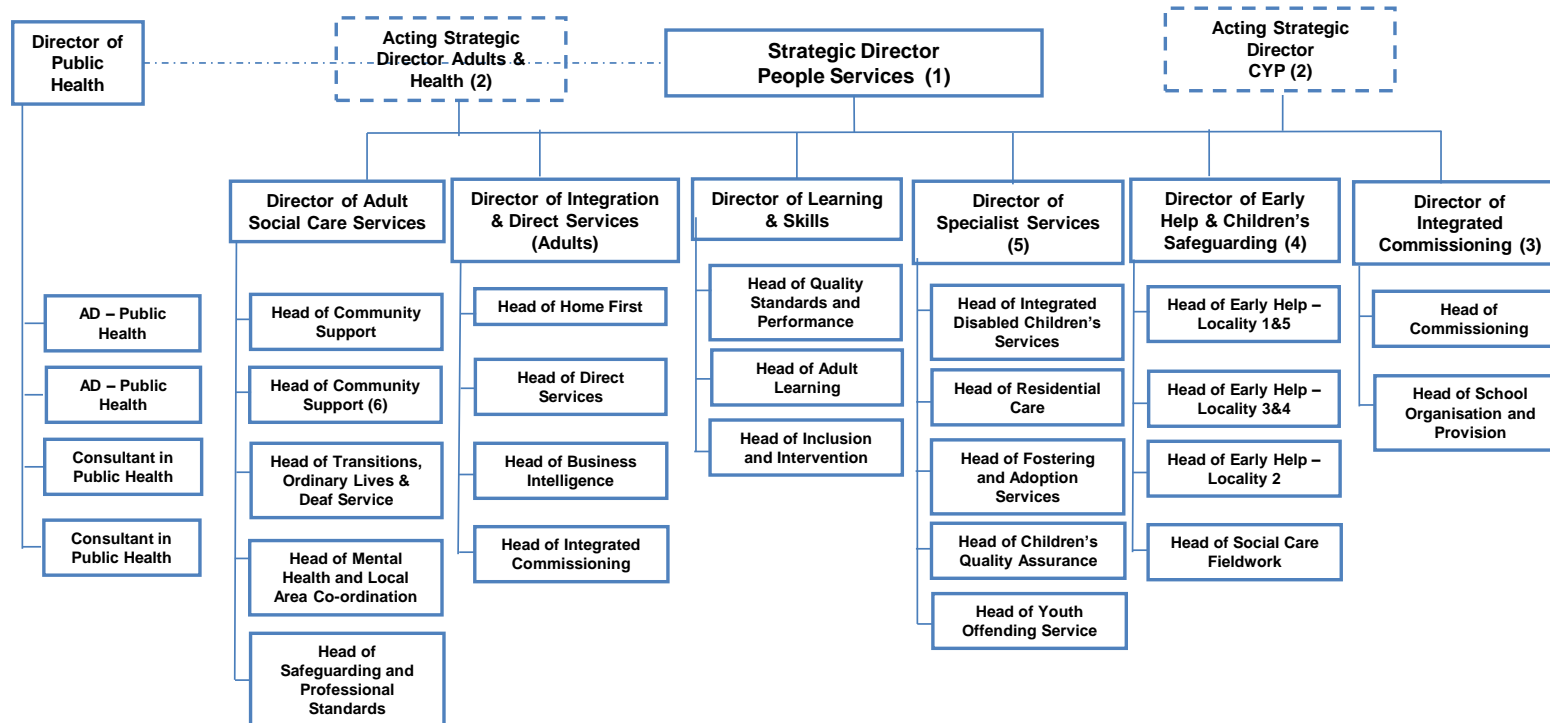
**Derby City Council
Final Management Structure
Tiers 1-2**



Notes:

1. Recruitment to the post of Strategic Director – People Services will start in early Summer 2015.
2. These posts will remain in place until after the Strategic Director for People Services has been appointed and has started in post.

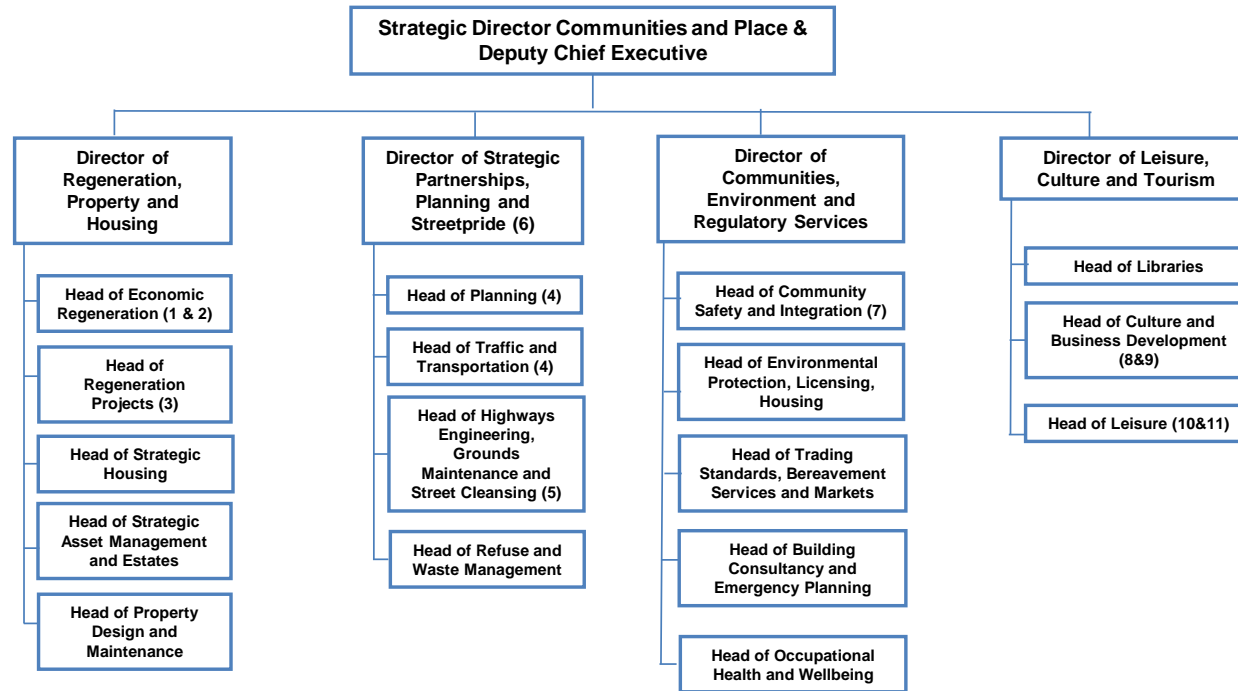
Derby City Council Proposed Management Structure People Services – Tiers 1-3



Notes:

1. Recruitment to the post of Strategic Director – People Services will start in early Summer 2015.
2. These posts will remain in place until after the Strategic Director for People Services has been appointed and has started in post.
3. CYP Joint Funded – SDCCG 50%
4. Role encompasses Professional Safeguarding Lead.
5. Statutory Adoption decision maker for the Council.
6. Fixed Term to 31 March 2016.

Derby City Council
Proposed Management Structure
Communities and Place Directorate – Tiers 1-3



Notes:

See over .../

Derby City Council

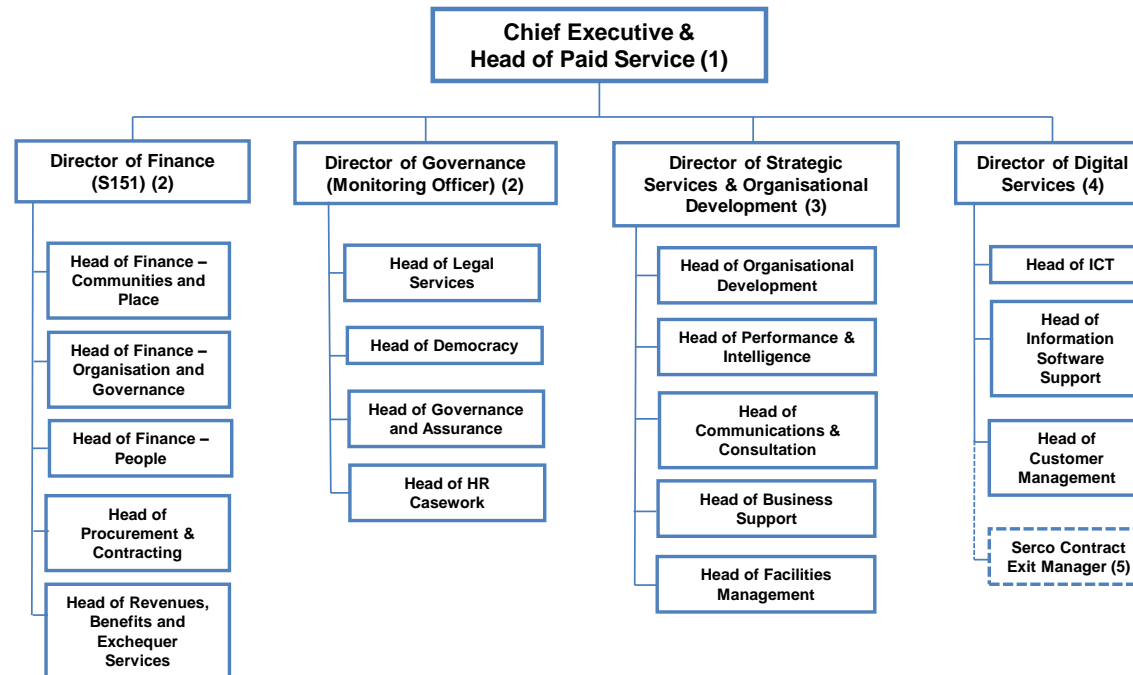
Proposed Management Structure

Communities and Place Directorate – Tiers 1-3

Notes:

1. External Funding to work more closely with the Director of Finance (Section 151 Officer).
2. All Visitor Management and Tourism activities to move to Culture and Business Development Division.
3. Co-ordination of City Centre operational activities to move to Culture and Business Development Division.
4. Transport Planning functions to move to Traffic and Transport Division.
5. Head of Service role to take on SRO role for 'Our City, Our River'.
6. A Strategic Partnership Manager (Tier 4) will report to the Director. Strategic Partnerships Management will retain Local Strategic Partnership co-ordination; role will extend to provide support across the Council to co-ordinate and develop our input into D2N2 LEP and the Derby and Derbyshire Combined Authority. Domestic Violence Team to move to People Directorate.
7. This is a new Head of Service post. The Head of Community Safety Partnership and Neighbourhood Management and the Head of Prevent posts to be deleted.
8. Visitor Management and Tourism services to move to Culture and Business Development Division – links to be maintained with Economic Regeneration to ensure development of tourism as an economic sector is progressed.
9. Co-ordination of city centre activities to be led from Culture and Business Development Division rather than Regeneration Projects.
10. Dependant on the Council's decisions over future Leisure and Culture projects and priorities, additional third tier capacity may be required in the future.
11. The client function for the management of the Derby Museums Trust is carried out by the Leisure and Culture Department.

Derby City Council
Proposed Management Structure
Organisation & Governance Directorate – Tier 3



Notes:

1. Head of Paid Service is a statutory role.
2. Statutory roles.
3. This role will assist the Chief Executive in the day to day co-ordination of the Directorate.
4. The Director of Digital Services will be appointed as the Council's Senior Information Risk Owner (S.I.R.O.)
5. The Serco Contract Exit Manager is a fixed-term contract role until 31 March 2016 – funded from the IS Review budget – not on the permanent structure.