

**Appendices 2 and 4 - NOT FOR PUBLICATION**

By virtue of paragraph(s) 2 and 4 of Part 1 Schedule 1 of the Local Government Act 1972.

**Corporate Policy Committee**

**21 August 2024**

**Proposed New Senior Management Structure**

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**Report of: Rob Polkinghorne, Chief Executive**

**Report Reference No: CP/04/24025**

**Ward(s) Affected: All**

**Purpose of Report**

- 1 The report sets out the proposals together with timescales to review the senior management structure in light of the recommendations from the Local Government Association (LGA) Decision Making Accountability (DMA) review and the Corporate Peer Challenge. This will help ensure there is sufficient capacity and skills to respond to the recommendations within the peer challenge and meet the requirements to achieve financial stability, deliver the Children's Services Improvement Plan and the Council's transformation programme.
- 2 In addition, the report provides an overview of the interim and temporary arrangements that have been put in place whilst the proposals are finalised and to allow the time for formal consultation to take place. These interim arrangements will need to continue to ensure the Council delivers its responsibilities until the implementation of, and recruitment to, the new senior management structure, subject to formal consultation and final approval.
- 3 The report contributes to the strategic aim of being an open and enabling organisation within the Council's Corporate Plan 2021-25 and supports the objectives.
- 4 The confidential Appendices 2 and 4 to this report are within Part 2 and are exempt from publication in accordance with Chapter 3, Part 2.
  - (i) Paragraph 2 as the appendices contain information which is likely to reveal the identity of an individual as it relates

to proposed changes to the senior management structure of the Council, and

- (ii) Paragraph 4 as the appendices provide information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or officer-holders under the authority.
- 5 Paragraphs 2 and 4 apply because the structure is for consultation and the information provided as to posts, can be connected to identifiable individuals. Through negotiation and consultation the proposed structure may be subject to potential change before it is finalised. At the point at which the final structure is concluded, this will be included in a public report. The public interest in maintaining the exemptions outweigh the public interest in disclosure, for the reasons stated and that it would not be appropriate to identify those individuals at this stage by way of a committee report and to do so may prejudice the negotiations and consultation.

## **Executive Summary**

- 6 The report provides the context and activity undertaken to inform and develop the proposal for the new senior management structure, including the LGA DMA review and the Corporate Peer Challenge.
- 7 It also outlines the challenges the Council faces in relation to the financial position, the Children's Services Improvement Plan and the required transformation programme.
- 8 It proposes a two phase approach to the senior management restructure to minimise disruption to the organisation particularly in those service areas currently undergoing significant transformational activity.
- 9 Phase 1 will focus on the posts of Executive Directors and Directors (tier 2 and 3) across the organisation to provide stability and capacity at the most senior level.
- 10 Phase 1 will also include the appropriate structure to Head of Service (tier 4) within Corporate Services to ensure an enabling structure is in place to drive the transformation programme, support Children's services improvement, deliver the Corporate Peer Challenge action plan and to achieve financial sustainability over the medium term.

- 11 Phase 2 will focus on the management structure at Head of Service level for the remaining three directorates with professional input from the newly appointed or designate Executive Directors and Directors.
- 12 The report outlines the current interim and temporary arrangements which will continue until the implementation of and appointment to the new structure, subject to formal consultation and final approval by Full Council.

## RECOMMENDATIONS

The Corporate Policy Committee is recommended to:

1. Approve the proposed senior management structure produced by the Chief Executive subject to consultation and agree that the Chief Executive commences formal consultation with affected employees and recognised trade unions on the proposed changes to the senior management restructure.
2. Note the overall implementation timeline for a new senior management structure.
3. Note that, following formal consultation, the outcome of the senior management structure review will be considered by the Corporate Policy Committee and presented to full Council for approval, including approval of any new positions with salaries in excess of £100,000 per annum and statutory officers, prior to implementation.
4. Note the interim and temporary senior management arrangements across the organisation outlined in paragraphs 45 - 48 and that these will continue until implementation of and appointment to the new structure including any additional interim capacity to support the Chief Executive within the current financial envelope.

## **Background**

- 13 The current operating environment for local government in general, and for Cheshire East Council, in particular requires the Council to adapt to changing and challenging circumstances. The current fiscal pressure requires Cheshire East Council to change and adapt at pace.
- 14 As part of this process, the Local Government Association (LGA) has conducted an independent review of the current organisational

structure at Cheshire East Council. The review explored the senior organisational structure from Chief Executive (tier 1) to Heads of Service (tier 4).

- 15 This identified opportunities to transform services, review acting up arrangements and vacant roles to achieve capacity and capability to provide recommendations for a stable and sustainable organisational structure.
- 16 The review focussed on analysing the appropriate layers and spans of management for the Senior Leadership Team. It examined how increased strategic and operational capacity could be established by identifying synergies, whilst ensuring the effective future strategic leadership of the council and the delivery of good outcomes for residents and communities within Cheshire East.
- 17 The review was undertaken using the DMA methodology which supports effective organisational design to identify efficient and cost-effective organisational structures which are fit for the future.
- 18 The findings and the proposal for a new management structure have been further informed through discussion with the Corporate Leadership Team to recognise our local context.
- 19 The council also invited the LGA to undertake a Corporate Peer Challenge in March 2024 with the resultant report setting out recommendations to establish financial stability, organisational capacity, transformation and improvement. The draft action plan alongside the council's draft transformation plan will be finalised by the end of August 2024. These plans will ensure the organisation is fit to tackle the challenges it faces and shape our transformation and improvement journey.
- 20 The Ofsted inspection of children's services in February/March 2024, found support to care leavers was inadequate; this resulted in an overall judgement of inadequate. The Council has agreed an improvement plan to ensure that the necessary improvements are delivered.
- 21 The Council's transformation programme will support the council to address the 4-year funding gap of £100m as outlined in the MTF5. There will be investment in digital technologies to enable services to adopt technology for various activities and processes, thus enabling the council to fully leverage technological opportunities to accelerate its processes. The programme will also develop an

organisational workforce that is flexible, ensuring all staff have the necessary skills to work effectively within a transformed council.

- 22 It is essential that the senior management team has the capacity to deliver transformational change and improvement activity at the same time as continuing to deliver services.

### Current Structure

- 23 The DMA review and the Corporate Peer Challenge have identified a need to increase capacity and stability within the senior management team including filling currently vacant roles. Currently, there are a number of senior manager roles which are vacant or have interim/ acting up arrangements in place in the senior management team. This has created both instability and a lack of capacity at senior leadership level.
- 24 The external review identified that the unsustainable level of vacancies and acting-up arrangements are impacting on the ability for the Council to respond to the challenges it faces. It also identified that there appears to be an overlap between Director and Head of Service roles in some areas.
- 25 The current structure does not promote cross functional working which means that there is a significant amount of silo working. These findings and the proposal for a new management structure have been further informed through discussion with the Corporate Leadership Team to identify where it is possible to make changes in the structure to help break down silos.
- 26 The proposed structure therefore needs to ensure there is additional capacity and stability within the senior management structure to meet the challenges in respect of developing financial sustainability, addressing the recommendations from the LGA Corporate Peer Challenge and the transformation plan, as well as the improvement plan for Children's Services.
- 27 The current structure can be found in Appendix 1.

### Proposed Structure

- 28 It is essential for the Council to achieve stability within the senior leadership team to provide strategic leadership, strong direction and vision which is required to drive performance and a One Council approach. The top structure will need to be both visible and involved to support the Chief Executive to achieve this.

- 29 The proposed structure will enable Directors and Heads of Service to manage more than one team to reduce silos, integration and improved team-working. By providing greater clarity, depth and strength of roles and job titles, staff will feel part of delivering the overall vision and strategic ambitions and help bring teams together and adopt a One Council approach.
- 30 The proposed structure is designed to support clearer decision-making processes and will enable senior managers to provide clarity of risk tolerance and more strategic 'whole Council' thinking. A clear and strategic Council Plan of work for the next four years with clear and affordable priorities and clear accountabilities help to embed these processes during the transformation programme and beyond. A new Cheshire East Plan for 2025 and beyond will be developed in the coming months as previously agreed by Corporate Policy Committee.
- 31 The new senior leadership structure will be undertaken in two phases.
- 32 The proposed new structure for Phase 1 can be found in (confidential) Appendix 2.
- 33 Phase 1 will focus on establishing:
- a) a new structure for the posts of Executive Directors and Directors (tier 2 and 3) across the organisation to provide stability and capacity at the most senior level and will enable these professional post-holders to inform the management structure at Head of Service level, and
  - b) in Corporate Services, the appropriate structure down to Heads of Service (tier 4) to ensure the enabling structure is in place to drive the transformation programme, Childrens' improvement, the Corporate Peer Challenge action plan and to support the overall achievement of financial savings, working collaboratively and in conjunction with all directorates.
- 34 Within Children's Services, there have been temporary arrangements in place at director level since the Director of Education and 14-19 Skills post became vacant in June 2023. These temporary arrangements were not intended to be in place for a prolonged period. It is vital that this is addressed in Phase 1 of the new senior management structure, including formalising the structure.
- 35 Phase 2 will focus on the Heads of Service structure in Children's Services, Adults, Health and Integration and Place. It will

commence as quickly as possible after Phase 1 as the more senior appointments are made.

- 36 Phase 2 will provide a structure to increase capacity at the frontline and avoid more senior roles being drawn into operational issues. The proposed new structures will empower the Heads of Service roles reporting to the Director roles as well as a broadening spans of control so that each service has the capacity it needs to deliver both priorities, improvement, transformation and business as usual activity.

#### Executive Director Place

- 37 As there are no changes to the role of Executive Director Place. The Appointments Committee has undertaken a recruitment and selection process (early August 2024) for the permanent recruitment of the Executive Director Place.
- 38 Following formal interviews and assessment centre, an offer of employment has been made to the successful candidate, subject to normal pre-employment checks which are currently underway.

#### Executive Director Children's Services

- 39 The post of Director of Children's Services was created under Section 18 Children's Act 2004. The purpose was to ensure a coherent provision of services for children, such as education, safeguarding and social care. The obligations of the role can be found in government guidance. [DFE stat guidance template \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)
- 40 The Appointments Committee on 25 July 2024, agreed to delegate the appointment of an interim Executive Director Children's Services (and DCS) to the Chief Executive. The interim recruitment is underway.
- 41 Permanent recruitment to the post of Executive Director Children's Services is essential to ensure that the service has support in and strategic oversight of the delivery of the improvement plan in response to the recent Ofsted inspection. As there are no changes to the role of Executive Director Children's Service, the permanent recruitment to this post is not subject to the formal consultation outlined for the senior management structure review.
- 42 On 2 August 2024, the Appointments Committee agreed to delegate to the Chief Executive all necessary recruitment steps to ensure that Cheshire East Council has applications from suitably

qualified and experienced candidates for the post of Executive Director Children's Services.

- 43 This recruitment and selection process will commence as soon as the recruitment partner has been appropriately procured and appointed.

#### Interim and temporary arrangements

- 44 A number of interim senior management arrangements have been introduced to ensure that the Council continued to deliver its responsibilities and to provide time to develop a revised permanent structure for their senior management structures.
- 45 There are also a number of temporary acting up and additional responsibility arrangements in place for directly employed senior managers.
- 46 These arrangements will need to remain in place until the implementation of and recruitment to the posts which will include these areas of responsibility in the new structure.
- 47 In addition, it is proposed that additional interim capacity will be required to provide support for the Chief Executive until the implementation of, and the appointment to, a new senior management structure. This will be managed within existing financial resources and through use of currently vacant posts.

#### **Consultation**

- 48 The proposed new senior management structure will require consultation with the affected staff group and the recognised trade unions. This will be for a period of at least 30 days to give all parties the opportunity to provide feedback, seek clarification and to suggest alternatives to the proposed structure.
- 49 Prior to the start of the consultation, work will be undertaken to review and revise job descriptions. Job evaluation will be undertaken utilising the HAY evaluation scheme which is used for senior manager job roles.
- 50 Following the consultation, the Chief Executive will take account of the feedback to finalise the new senior management structure, together with job grades and salaries. The final new senior management structure will be reported back to Corporate Policy Committee for approval. Any new role evaluated where the salary will exceed £100,000, in accordance with the current pay policy



statement, as well as statutory officers, must be recommended by the Corporate Policy Committee to Full Council.

- 51 The procurement process for the appointment of a recruitment partner for any new or vacant posts has already been agreed by the Appointments Committee on 29 April 2024.
- 52 The timeline for the consultation and permanent recruitment is shown in Appendix 3.

## **Other Options Considered**

### Recruitment to the current senior management structure

- 53 There is a need to fill vacant posts and address temporary acting up arrangements to provide capacity and stability within the senior management structure.
- 54 The current senior management structure has evolved over time and is no longer considered fit for purpose.
- 55 There was a review of the senior management team in 2019 with further changes being made in 2021. However, since then temporary arrangements have been put in place and a number of posts are vacant. The existing structure no longer meets organisational needs, especially given the transformation work that needs to take place to ensure that the council becomes financially sustainable as well as responding to improvements required in Childrens' Services.
- 56 The option to recruit to the current structure would be a straightforward and time effective solution for the council. However, through the work of the DMA and Corporate Peer Challenge, it is clear that the current structure does not provide the necessary capacity or focus for the transformation programme that is required to identify opportunities to transform services, to address the council's funding gap as well as responding to the recommendations of the Corporate Peer Challenge and requirements of the Children's Services improvement plan.

## **Reasons for Recommendations**

- 57 The proposed new Senior Leadership structure will:
  - provide greater stability and strategic capacity.
  - focus on transforming services improving culture and financial management.

- break-down the silos within the organisation.
- create clarity of job title, role and levels of expectations.
- set clear accountability and responsibility.
- create a clear organisational customer focus, rather than a service focus.
- improve collaboration, reduce overlaps and bring teams closer together.

58 More detailed reasons for the recommendations can be found in the confidential Appendix 2.

Option	Impact	Risk
Option 1 – Proposed New Senior Management Structure	The proposal reflects the needs of the organisation to deliver against its requirements.	The risk of not undertaking a review of the senior management structure is that the Council will not be able to transform.
Option 2 – do nothing and recruit to the current senior management structure	The existing structure does not meet the needs of the organisation to deliver against its requirements.	The risk of recruiting to the current senior management is that the Council will not be able to transform.

## Implications and Comments

### *Monitoring Officer/Legal*

- 59 The Council will need to follow its normal restructure procedures and ensure full consultation takes place on the proposals with affected staff and recognised trade unions.
- 60 Compliance with the Council’s pay policy statement and approval processes under the Constitution will be necessary.

- 61 Any proposed changes to terms and conditions of employment arising out of the new structure will require consultation and agreement.
- 62 Consideration must be given to the effect of any of the final proposals upon those impacted by any changes and any consequential financial implications.
- 63 The Council's recruitment and selection policy must be followed and a transparent, objective and fair selection process should be adhered to for any new or vacant posts.
- 64 Ongoing legal advice and support will be required throughout the process and appointments to statutory officer and executive director roles must be undertaken via the Council's Appointments Committee with the former be formally appointed at Full Council.

#### *Section 151 Officer/Finance*

- 65 The costs associated with the proposals for Phase 1 of the review of the senior management structure are shown in confidential Appendix 4. These are indicative grades subject to any changes in the consultation which will reviewed before the final structure is approved.
- 66 The indicative costing assumes appointment at the salary points shown. However, if any candidate was appointed at a higher salary point, the relevant service would need to identify funding to maintain our financial resources.
- 67 There is a small difference between costs of the current structure versus the proposed structure, reflecting small variances in grading between temporary and permanent arrangement. These costs would need to be managed by the relevant services areas as would normally be case when appointing at a spot salary.

#### *Policy*

- 68 The restructure process and consultation with be undertaken in line with the Council's Organisational Change Policy and Procedure.
- 69 The appointments will be made with reference to the pay policy statement to provide transparency to the Council's approach to setting the pay of its senior managers.
- 70 The senior management positions are subject to the Hay job evaluation scheme to allocate them into the Cheshire East Senior Management pay bands.

- 71 The report supports all the priorities in the [Corporate Plan](#) given this is about ensuring that we have a properly resourced leadership to lead on our strategic priorities

#### *Equality, Diversity and Inclusion*

- 72 The recruitment and selection process will be open, fair and inclusive which reflect our vision, values and Employee Deal, ensuring objective recruitment decisions are made.
- 73 An Equality Impact Assessment will be conducted in as part of the preparation for the subsequent restructure consultation.

#### *Human Resources*

- 74 Actions will be undertaken in accordance with the Constitution and the Employment Procedure Rules as well as appropriate HR policies and Procedures.
- 75 Necessary consultation will take place with staff and the recognised trade unions.

#### *Risk Management*

- 76 As identified in the strategic risk register, the impact of restricted recruitment (and spending) has been identified as a significant risk in relation to both the Leadership Capacity and Ability to Achieve Organisational Change risks. This report assists in the mitigation of the strategic risk reported to Corporate Policy Committee on 21 March 2024, specifically SR07 and SR09.

#### *Rural Communities*

- 77 None

#### *Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)*

- 78 The new proposed structure for the overall council, in particular Children's Services, will enhance service delivery for all Cheshire East children and young people.

#### *Public Health*

- 79 This report and its recommendations/decisions here, by considering whether the proposals within are likely to have a positive overall impact on the health and wellbeing of Cheshire East residents

Climate Change

80 None

<b>Access to Information</b>	
Contact Officer:	Sara Barker, Head of Human Resources <a href="mailto:Sara.barker@cheshireeast.gov.uk">Sara.barker@cheshireeast.gov.uk</a>
Appendices:	Appendix 1: Current senior management structure  Appendix 2: Phase 1 - Proposed structure senior management structure with reasons for the recommendations ( <b>Confidential</b> )  Appendix 3: Timeline for the consultation and permanent recruitment  Appendix 4: Phase 1 – Financial cost for Phase1 of the proposed senior management structure ( <b>Confidential</b> )
Background Papers:	<a href="#">None</a>