

Council

17 July 2024

Proposed New Senior Management Structure

Report of: Rob Polkinghorne, Chief Executive Officer Report

Reference No: C/10/24-25

Ward(s) Affected: All wards

Purpose of Report

- 1 The report provides an update on the independent review of the current senior management organisational structure conducted by the Local Government Association as well as the next steps in the process to bring the necessary senior management capacity to deliver transformation over the next four years and thereafter.
- 2 The report requests approval for the delegation to the Chief Executive to progress the creation of a draft senior management structure and provides an update on the recruitment for the post of Executive Director Place.
- 3 This contributes to the Council's Corporate Plan 2021-25 and the strategic aim to be an open and enabling organisation.

Executive Summary

- 4 At the request of the Chief Executive, the Local Government Association has conducted an independent review of the current senior management organisational structure at Cheshire East Council, making recommendations to help to creating the right conditions for stability and sustainability to lead the organisation through necessary change.
- 5 This review, together with the feedback from the recent Corporate Peer Review, has informed further discussions with the Chief Executive and the Corporate Leadership Team about a proposed new senior management structure.

- 6 There are a significant number of vacant posts and acting up arrangements within the whole organisation but also within the current senior leadership team. Feedback from the independent review and the Corporate Peer Challenge is that this has created a lack of capacity and stability to enable the strategic and operational leadership to address the fiscal pressures and the need to transform to meet current and future challenges.
- 7 The report requests approval for the delegation to the Chief Executive for the next steps following the LGA independent review with an indicative timeline.

RECOMMENDATIONS

The Council is recommended to:

1. Note the update on the independent review of the current senior management organisational structure.
2. Delegate authority to the Chief Executive to
 - produce a draft new senior management structure,
 - undertake consultation with affected employees and trade unions on the draft, and
 - present a final structure to Corporate Policy Committee for recommendation to Full Council for approval, including approval of any new positions with salaries in excess of £100,000 per annum.
3. Note the update on the recruitment to the post of Executive Director Place.
4. Note the indicative timetable required to conclude the review.

Background

- 8 The current operating environment for local government in general, and for Cheshire East Council, in particular requires the Council to adapt to circumstances. The current fiscal pressure requires Cheshire East Council to change and adapt at pace.
- 9 As part of this process, the Local Government Association was invited by the Chief Executive to conduct an independent review of the current organisational structure at Cheshire East Council. Using decision making accountability methodology (Appendix 1), the review explored the senior organisational structure and to identify opportunities to transform services, review acting up arrangements and vacant roles to

achieve capacity and capability and provide recommendations for a stable and sustainable organisational structure.

- 10 This review, together with the feedback from the recent Corporate Peer Review, has informed further discussions with the Chief Executive and the Corporate Leadership Team about a proposed new senior management structure.
- 11 Currently there are a significant number of vacant posts and acting up arrangements within the whole organisation but also with the senior leadership team which has resulted in a lack of capacity and stability to enable the strategic and operational leadership to address the fiscal pressures and the need to transform to meet current and future challenges. The current senior management structure is shown in Appendix 2.
- 12 Further work is currently being undertaken to refine the proposed new senior management to ensure that it is linked to the transformation programme.
- 13 The final recommendations from the review will inform the Chief Executive in the development of the proposed draft senior management structure, which will be the subject of formal consultation with affected employees and trade unions.
- 14 This is a precursor to further transformational change and has a direct impact to the success of any transformation programme.
- 15 The initial feedback from the corporate peer challenge has acknowledged the urgent need to commence recruitment to permanent roles. The lack of capacity across the organisation at the senior level is hindering the Council ability to respond to the current fiscal situation.
- 16 Recommendation 2 ensures the Chief Executive is able to present a final structure to Corporate Policy Committee for recommendation to Full Council for approval, including obtaining approval for any new positions with salaries in excess of £100,000 per annum in October 2024.
- 17 As there is no Corporate Policy Committee meeting scheduled prior to the date of the next Council meeting, unless full Council wishes to have final member approval via committee (for example a potential date on 21 August 2024) of the proposed senior management structure, the Chief Executive requires this delegation to ensure that consultation is completed, and the final structure is presented to Corporate Policy Committee for recommendation to Full Council for approval as outlined above. It is also to ensure that we are able to commence timely recruitment.

- 18 The Chief Executive would undertake this delegation in consultation with the Head of Human Resources and, where needed, external verification and support.
- 19 It is also proposed that there will be an all member briefing on 21 August 2024 prior to commencing formal consultation with affected employees and trade unions.
- 20 The indicative timeline can be seen in Appendix 3.
- 21 In relation to the recruitment to the role of Executive Director Place, at the meeting on 29 April 2024, the Appointments Committee approved the appointment of a recruitment partner for the permanent recruitment of any Executive Director (and subsequent other vacant director or equivalent roles).
- 22 Penna Executive Search has been appointed as the recruitment partner for the recruitment of the Executive Director Place.
- 23 Recruitment for the post is underway with the closing date for applicants being 19 July 2024.
- 24 The Appointments Committee will meet to undertake long-listing of applicants who will then undertake a technical assessment with support from Penna, the executive search partner.
- 25 The Appointments Committee will then shortlist candidates to be invited for an assessment centre and final interviews in August 2024.

Consultation and Engagement

- 26 Following the conclusion of the LGA review, the subsequent new senior management structure will be subject to formal consultation with affected staff and the recognised trade unions.
- 27 After the close of consultation, consideration will be given to the feedback and the structure will be finalised, subject to CPC recommendation to Full Council for approval.

Reasons for Recommendations

- 28 The key reasons for the recommendations are linked to the Council's Corporate Plan 2021 – 25, strategic aims and objectives:
- An enabling organisation:
 - Ensure that there is transparency in all aspects of council decision making.

- Listen, learn and respond to our residents, promoting opportunities for a two-way conversation.
- Support a sustainable financial future for the council, through service development, improvement and transformation.
- Support and develop our workforce to be confident, motivated, innovative, resilient and empowered.

- 29 The decision-making and accountability report in relation to the independent review by the Local Government Association to Corporate Policy Committee 21 March 2024, stated the review would inform decisions on resourcing and capacity for transformation and the initial draft recommendations are being considered by the Chief Executive.
- 30 The initial feedback corporate peer challenge has acknowledged the urgent need to commence recruitment to permanent roles. The lack of capacity across the organisation at the senior level is hindering the Council ability to respond to the current fiscal situation. It has been suggested “the current management structure resembles Swiss cheese, by virtue of gaps appearing through people leaving the organisation and not being replaced rather than through any coherent design”.
- 31 The current structure shown in Appendix 2 identifies the senior management posts that are currently vacant or have been filled on a temporary basis.
- 32 The Chief Executive will develop a new senior management structure, subject to consultation with trade unions and affected staff, to reflect the need for capacity and cohesion as identified through the LGA independent review and the corporate peer challenge.
- 33 The risk of not being able to present the final senior management structure with recommendation from CPC for approval by Full Council in October 2024 would be that commencement of any subsequent recruitment would be January 2025 at the earliest. There will be on-going expenditure on interim arrangements as well as the council not being able to secure the capacity and stability it needs at a senior level.

Other Options Considered

- 34 There is a need to fill vacant posts and address temporary acting up arrangements to provide capacity and stability within the senior management structure.
- 35 The current senior management structure has evolved over time and is no longer considered fit for purpose.
- 36 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.
- 37 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 LGA review and corporate peer challenge, it is clear that the current structure does not provide the necessary capacity or focus for the programme that is required to identify opportunities to transform services and address the council's financial stability for an effective, stable and sustainable organisational structure.

Implications and Comments

Monitoring Officer/Legal

- 38 The proposals within the report regarding the senior management structure particularly those as to consultation, are in line with the Council's policies regarding organisational change and restructures,.
- 39 It is noted that following consultation, the results and final draft structure will be reported back to Corporate Policy Committee for consideration and recommendation to full Council for final approval, including for any new positions with proposed salaries in excess of £100,000 per annum.
- 40 Any new posts with a proposed salary of £100,000 or more will need to be approved by Full Council, in accordance with the Constitution and the Council's Pay Policy Statement.
- 41 Recruitment must be undertaken in accordance with the Constitution, which requires recruitment to the roles of designated statutory officers, (DSO i.e. Head of the Paid Service, Monitoring Officer and Chief Finance Officer) statutory directors and Executive Directors to be undertaken by the Council's Appointments Committees with formal appointments to the DSO roles to be made by full Council. The recruitment must also comply with the Employment Procedure Rules as well as appropriate HR policies and Procedures.

- 42 All appointments as part of the senior management restructure must be in accordance with the budget and pay policy statement.

Section 151 Officer/Finance

- 43 The proposals within this report are contained within existing budgets.
- 44 By completing the restructure in a timely way, this will ensure that there is sufficient capacity to lead the change required to deliver financial sustainability within the organisation including identifying and delivering the reductions in budget required in the future years of the Medium Term Financial Strategy.

Policy

- 45 The restructure process and consultation will be undertaken in line with the Council's Organisational Change Policy and Procedure.
- 46 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.
- 47 The senior management positions are subject to the Hay job evaluation scheme to allocate them into the Cheshire East Senior Management pay bands.
- 48 The report supports the following priorities in the [Corporate Plan](#)

An open and enabling organisation	A council which empowers and cares about people	A thriving and sustainable place
<ul style="list-style-type: none">• Ensure that there is transparency in all aspects of council decision making.• Listen, learn and respond to our residents, promoting opportunities for a two-way conversation.• Support a sustainable financial future for the council, through service development, improvement and transformation.• Support and develop our workforce to be		

confident, motivated, innovative, resilient and empowered.		
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Equality, Diversity and Inclusion

- 49 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.
- 50 An Equality Impact Assessment will be conducted in as part of the preparation for the subsequent restructure consultation.

Human Resources

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

Risk Management

- 53 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

- 54 None

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

- 55 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

- 56 None

Climate Change

57 None

Access to Information	
Contact Officer:	Sara Barker, Head of Human Resources Sara.barker@cheshireeast.gov.uk
Appendices:	Appendix 1 – Decision-Making Accountability Methodology Appendix 2 – Current Senior Manager Structure Appendix 3 - Indicative Timeline for the DMA Review and the Senior Management Structure
Background Papers:	None

LGA Review: Decision Making Accountability



Cheshire East Council – Senior leadership

DMA Review – Approach and Methodology



Introduction

The Local Government Association was invited to assist with an independent review of the current organisational structure at Cheshire East Council. The brief was to explore the senior organisational structure with Directors and to identify opportunities to transform services, review acting up arrangements and vacant roles to achieve capacity and capability and provide recommendations for a stable and sustainable organisational structure.

The review focussed on analysing the appropriate layers and spans of management for the Senior Leadership Team. It looked at how greater strategic and operational capacity could be found 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.

It should be noted that the OFSTED inspection prevented us exploring Childrens Services in more detail, but we would recommend investing in capacity to drive improvement.

Methodology

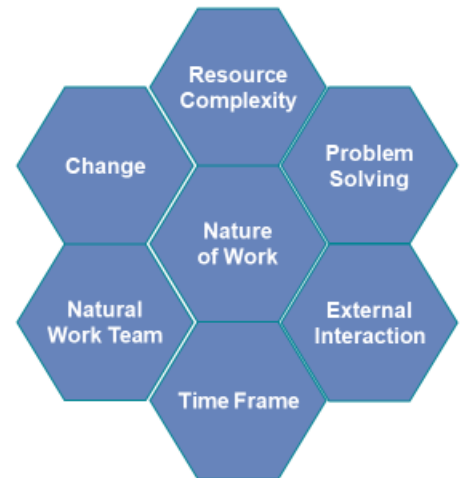
We spoke to the Chief Executive and members of the Senior Leadership Team individually about the current senior management structure, the service areas and the associated benefits and challenges. We also held a drop-in session for Heads of Service to have their say.

The structured conversations gathered evidence from the senior management team about their experience of working practice, future needs, and we have incorporated their suggestions regarding a new organisational structure within a shrinking budget envelope into this report.

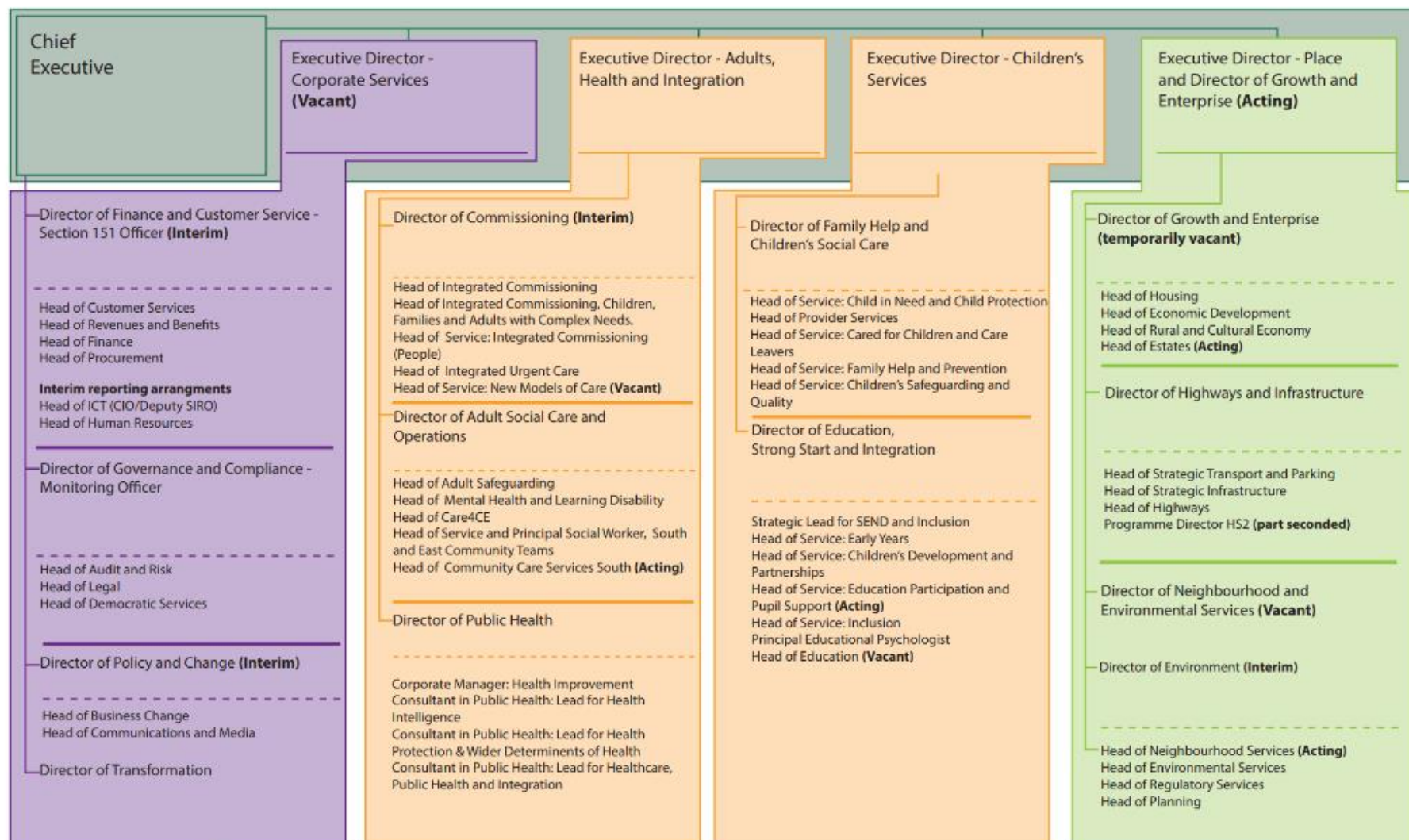
We very much appreciated the welcome we received, the openness and honesty with which everyone engaged in the process and the support provided in the lead up to and during the project.

DMA Approach

- Decision Making Accountability (DMA) is a methodology which supports effective organisational design.
- Developed by Brian Dive in Unilever, DMA has successfully been applied across many private and public sector organisations (amongst others, Unilever and Tesco).
- Adopted as an Organisational Design tool by LGA, it is now used in numerous councils of all types to identify efficient and cost-effective organisational structures which are fit for the future.
- It is a robust, proven framework to help diagnose and design healthy management hierarchies.
- DMA determines the number of organisational levels based on decision-making accountability. The approach argues that only one layer of management is required for each DMA level.
- DMA analysis begins at the Frontline (whether internally or externally facing these are the roles at the 'bottom' of the hierarchy that do the core work of the organisation). Each management tier in the hierarchy should add clear value to the Frontline, or to the layer of managers below it – "is every management layer adding value for the residents and the work of others?"



Appendix 2



Indicative Timeline for the LGA Review and the proposed new Senior Management Structure

Potential Date / Timescales	Activity
17 July 2024	Council – report to update on LGA Review
Mid July – Mid August (1 month minimum)	HR / Chief Executive Preparation for the new proposed senior management structure and consultation To compile: <ul style="list-style-type: none"> a. Job Descriptions and Person Specifications and complete job evaluation b. Draft senior management structure and document for consultation
21 August 2024	Chief Executive Provides a member briefing on the new senior management structure and formal staff and trade union consultation
22 August – 20 September 2024 (30 days minimum)	Chief Executive Consultation with Directors and their direct reports
September 2024	HR / Chief Executive Procure an executive search partner for Senior Management Restructure (final number of jobs TBC)
23 – 24 September 2024	Chief Executive / HR Finalises new structure and proposed salaries for posts. (some job may need to be reviewed / re-evaluated)

25 September 2024	CPC papers need to be published
3 October 2024	Corporate Policy Committee – outcome of consultation and recommendations to Council
16 October 2024	Council – recommendations from CPC
21 October 2024 and w/c 28 October 2024	HR / Chief Executive / Recruitment partner (all jobs) To confirm: Project plan, design of campaign and exact timescales for recruitment processes c. Search strategy d. Advertising materials and media, microsite content Tailored search to begin after the meeting to produce initial search ID
November 2024	Executive Search Agency (all jobs) <ul style="list-style-type: none"> • Advert to go live in print (online) including Microsite • Search reports issued weekly with regular updates • Confidential conversations organised with key stakeholders and potential strong candidates that exec search partner have identified • Closing date (all jobs) • Search concluded

December 2024	Executive Search Agency Chief Executive / HR (and other officers) <ul style="list-style-type: none"> • Sift reports (“A, B, C”) produced for all applicants with comments and recommendations • Meetings organised to finalise candidates being taken forward to next process for each role • Successful candidates made aware and informed of further progress • Assessment Centre and Final Panel Interviews – appointment (dates in diary asap) • Post appointment support, negotiations and candidate care for all candidates.
Post recruitment processes - December 2024	Likely timescale for successful candidates take up posts to be confirmed subject to notice periods