

# CHESHIRE EAST COUNCIL

## Council

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**Date of Meeting:** 23<sup>rd</sup> July 2015  
**Report of:** Chief Executive  
**Subject/Title:** Review of the Senior Management structure.

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### 1.0 Report Summary

- 1.1 The Council has significant ambitions to put its residents first, and in order to continue to deliver quality, cost effective services, it needed to review its senior management structure.
- 1.2 Following a review of the commissioning functions across the Council I have concluded, in consultation with the Leader of the Council and Chair of Staffing Committee, that the scope and accountabilities of the Executive Director, Commissioning role is too broad. Given the growing significance of public sector transformation; the importance of the integrated health and wellbeing agenda within the wider economy; and the new Governments vision to create opportunities for greater regional collaboration - organisational changes are needed. The restructuring of the functions within the senior management team will allow the Council to achieve more, at a greater pace, and from a lower overall cost for senior leadership and management.
- 1.3 The recent Government announcements regarding sub regional collaboration within the public sector, and between the public and private sector adds significantly to the Council's existing ambitious programme for Economic Growth and Regeneration for Cheshire East residents. The Council continues to be at the forefront of public sector transformation with the creation of alternative service delivery vehicles and other arrangements such as its partnership with other Councils for its award winning Adoption Service. Delivering greater value as part of a resident first approach.
- 1.4 This report sets out proposals to further refine the Council's senior management structure as a result of a review and a need to better align responsibilities within the senior management structure to deliver the Council's priorities and all within a reduced funding envelope for senior management.
- 1.5 The Council has previously delivered over £5M of management savings and will continue to ensure that costs of supervision and management are lean and kept under constant review to deliver value for residents as part of the service and financial planning work. Seeking greater synergies and continued alignment of responsibilities to reduce cost, improve productivity and efficiency will be an ongoing requirement.

- 1.6 As discussed previously the Staffing Committee met on 11 June and unanimously agreed to the appointment of Ms Kath O'Dwyer, with a requirement for the Chief Executive to finalise the offer for full Council.

## **2.0 Recommendation**

- 2.1 Note the appointment of Ms Kath O'Dwyer, as the Director of Children's Services and to note her position as Deputy Chief Executive.
- 2.2 The Council is invited to agree the following recommendations, at a reduced net overall cost for senior leadership and management:
- 2.2.1 Delete the role Executive Director, Strategic Commissioning.
- 2.2.2 Transfer the client and strategic commissioning and other functions and posts from the Executive Director, Strategic Commissioning role to the Chief Operating Officer.
- 2.2.3 Note the reporting line for the roles of Director of Children's Services and Deputy Chief Executive, Director of Public Health, and Director of Adult Services and Independent Living will remain reporting directly to the Chief Executive.
- 2.2.4 Endorse the amendment of the remuneration of the Chief Operating Officer to an inclusive salary of £135,000 per annum in recognition of additional responsibilities with effect from July 2015.
- 2.2.5 Endorse the amendment of the remuneration of the Executive Director, Economic Growth and Prosperity to an inclusive salary of £120,000 per annum in recognition of additional responsibilities with effect from July 2015.
- 2.2.6 Endorse the amendment of the remuneration of the Head of Legal Services, and Monitoring Officer role to an inclusive salary of £90,000 per annum with effect from April 2015.
- 2.2.7 Endorse the amendment of the remuneration of the Director of Adult Services and Independent Living to an inclusive salary of £110,000 per annum with effect from July 2015.
- 2.2.8 Mandate the Chief Executive to review senior management pay including the performance related pay (PRP) elements in the contracts for senior managers currently in receipt of PRP, with the proviso that the overall pay bill for the most senior managers must decrease.
- 2.2.9 The Chief Executive, in consultation with the Leader of the Council and Chairman of Staffing Committee, be authorised to implement the changes detailed above in accordance with the Council's HR policies and procedures, and make the necessary amendments to the Pay Policy.

### **3.0 Reasons for Recommendations**

- 3.1 Since the implementation of the recommendations of the report to Council entitled “Becoming a Strategic Council” on the 4<sup>th</sup> February 2013, a number of significant changes have begun to impact upon the nature of the roles of the strategic leadership team within the Council. As a result it is important to consider future requirements to enable the continued delivery of the Council’s vision and priorities.
- 3.2 A restructure of the organisation of our commissioning approach across the Council is essential given the growing significance of public sector transformation, and the importance of the integrated health and wellbeing agenda within the wider economy. Redefining the scope and accountabilities of Executive Director roles within the current senior leadership team will allow the Council to achieve more and at a greater pace.
- 3.3 Following consideration of the senior management requirements a mutual agreement has been reached with the post holder in the role of Executive Director, Strategic Commissioning and the post deleted. This decision is not a reflection of the capability or commitment of the previous postholder.
- 3.4 The Director of Children’s Services is a critical role within the Council and national evidence suggests that success for children is linked to corporate leadership and joined up public sector partnership support to this agenda. This approach was outlined in the Council’s Giving the Best Start in Life – Every Child Matters Innovation led 0-25 Programme.
- 3.5 The national focus upon public sector transformation in Children’s Services with our partner agencies gives a new emphasis, and systemic improvement is critically important. Given the new appointee’s expertise in national children’s services inspection, she will be asked to directly support the Chief Executive in delivering this holistic Children’s transformation approach with our public sector partners and take on additional responsibilities acting on behalf of the Chief Executive. In recognition of this broader strategic role Ms O’ Dwyer will also be designated as the Deputy Chief Executive.
- 3.6 The statutory functions of Director of Children’s Services & Deputy Chief Executive, Director of Public Health, and Director of Adult Services and Independent Living will report directly for all matters to the Chief Executive.
- 3.7 The client functions in relation to the Council’s ASDVs and major contracts such as Highways, Communities, Libraries, Customer Services, Revenues and Benefits will transfer to the Chief Operating Officer (COO) to allow synergies with other functions within COO e.g. procurement, stewardship and governance. This will also allow further synergies with the large scale digital customer services programme which falls under the responsibility of the Chief Operating Officer, and better alignment with finance and treasury functions.

- 3.8 The accountabilities of the COO have grown significantly over the last twelve months. Since the appointment to the role there has been growing market pressure on the salary range offered for similar roles within local government. An assessment of the current job market for this role type and job evaluation suggest that a revision within the existing grade to £125,000 plus a £10,000 market supplement per annum with effect from July 2015 is appropriate.
- 3.9 The reduction in the number of senior leaders at a strategic level requires greater involvement in corporate leadership and governance for the Executive Director, Economic Growth and Prosperity. It is appropriate to revise the salary within the current Executive Director grade to a inclusive salary of £120,000 per annum to reflect the additional accountability. The recent Government announcements regarding the encouragement of regional collaboration across a wide range of public services, and further significant growth prospects for local government have the potential to add substantial scope to the opportunities available to the Council. Such growth would impact the breadth and scope of this role. It is not proposed to address this at the present time however, it will be kept under review given the national decisions around HS2.
- 3.10 The remit of the Head of Legal Services, and in particular the significance of the Monitoring Officer role, has grown since the appointment of the current post holder. Under the current job evaluation scheme and Pay Policy the role was given a spot point at the bottom of the grade and salary range for 'director level' roles - £75,000 to £90,000. Given the major importance of this role within the Council in giving increasingly complex legal and constitutional advice to Cabinet, Elected Members, and senior managers, it is felt that a movement to an inclusive salary of £90,000 per annum with effect from April 2015 is appropriate.
- 3.11 Given the decision to delete the role of Executive Director, Strategic Commissioning it is necessary to reassign accountability for the leadership of the health and adult social care integration agenda, the Better Care Fund, and local authority leadership of the Cheshire Pioneer Programme to the role of the Director of Adult Services and Independent Living. The significance and profile of an aging population is growing in strategic importance and is extremely challenging. Given these factors it is recommended that the salary for this role increases from £95,000 to an inclusive salary of £100,000 plus a £10,000 market supplement per annum.
- 3.12 In 2013 the Council introduced a performance related pay scheme for first, second and third tier managers as a way of stimulating improved operational performance. It was agreed that a review would be undertaken to consider the impact of the scheme, and give consideration to rolling it out to the wider workforce at a future date. After two years in operation it has become clear that whilst the performance and development review scheme is demonstrating improvements in performance through increased numbers of employees engaged in the process, the link to pay is less quantifiable. After further consideration it is not intended to roll out the scheme further. Instead it is proposed to consider a comprehensive review of the scheme during this financial year. The scheme forms part of the contract of employment for the

employees currently covered by the scheme and a formal process will therefore need to be concluded including consultation with the recognised trade unions to review the scheme that enables the Council to continue to recruit and retain managers within the cohort covered by the scheme.

#### **4 Wards and Local Ward Members Affected**

4.1 None

#### **5.0 Policy Implications**

5.1 The revisions highlighted within this report will require an adjustment to the Council's current Pay Policy.

#### **6.0 Financial Implications**

6.1 The deletion of the Executive Director, Strategic Commissioning role will enable an ongoing saving to be made in overall senior leadership costs. The budgetary implications of the proposed revisions fall within the current financial plan for 2015/16. The deletion of the post with salary additions for other Tier 2 leadership and statutory posts identified in this report will result in a net overall saving of approximately £65,000 in a full year from 2016/17.

#### **7.0 Legal Implications**

7.1 The Council Meeting has a duty to consider and to disclose agreed variations to the remuneration of all roles earning above £100,000 per annum under Section 40 of the Localism Act 2011.

#### **8.0 Risk Management**

8.1 Actions have been undertaken in accordance with the appropriate policies, procedures and scheme of officer delegations.

#### **9.0 Background and Options**

9.1 The recruitment process for the Director of Children's Services has been managed by the Staffing Committee and is referred to elsewhere on this agenda.

#### **10.0 Access to Information**

The following background papers relating to this report can be inspected by contacting the report writer:

The report to Council on 4<sup>th</sup> February 2013 entitled Becoming a "Strategic Council" – Review of Management Roles and Responsibilities.

The Council's current Pay Policy Document.

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