

APPENDIX 2

A Review of the Senior Leadership Structure

By the Chief Executive

1. Introduction:

- 1.1 This is a consultation paper on my proposals to restructure the Council's Senior Leadership Team (SLT) and should be read together with my paper on the Vision & Strategic Direction for the Council.
- 1.2 The consultation is aimed at SLT who have until 20th February to put their views to me in writing.
- 1.3 Within the consultation period I also intend to make both papers available for their information to Cabinet (via Cabinet Briefing), the political groups within the Council (initially via Group Leaders) and Middle Managers.
- 1.4 Depending on the feedback to the consultation, I propose to take the review of the senior leadership structure to Council for a formal decision before the Pre-Election Period which commences on 18 March.

2. Existing Structure:

- 2.1 **Appendix 1** to this paper shows our existing SLT structure.
- 2.2 In brief SLT currently comprises 13 senior manages;
- 1 x CEO
 - 2 x Corporate Directors
 - 9 x Heads of Service (including S151 Officer and Monitoring Officer)
 - 1 x Managing Director of Denbighshire Leisure Ltd (DLL)
- 2.3 The 2 Corporate Directors, Head of Finance & Property (including S151 Officer) and Head of Legal, HR and Democratic Services (including Monitoring Officer) all report directly to the Chief Executive.
- 2.4 The Head of Education, Head of Children's Services, Head of Community Support Services and Head of Communications & Customers report to the Corporate Director Communities.
- 2.5 The Head of Planning, Public Protection & Countryside, Head of Highways & Environment and Head of Business Improvement & Modernisation report to the Corporate Director Economy & Public Realm.
- 2.6 The Managing Director for DLL is responsible to the DLL Board and links into the Council's management structure, being a member of SLT.

3. Issues with the existing structure:

- 3.1 Overtime the structure has been subjected to incremental changes. It is however some time since there was a holistic review/rationalisation of the whole structure. That is what is now required.
- 3.2 Both Corporate Directors and 2 Heads of Service report directly to the Chief Executive. The 2 Heads of Service have responsibility for a wide range of functions. It is not appropriate to have this mix of reporting lines to the Chief Executive.

3.3 The S151 Officer has specific strategic and corporate responsibilities. In the current structure the S151 Officer is also a Head of Service for a wide range of functions including finance, property and assets. This is too much operational responsibility for the S151 Officer given their corporate financial responsibilities and represents a corporate risk. This is also recognised and acknowledged by the S151 Officer.

3.4 The management of our corporate support functions are too dispersed, being spread between 4 Heads of Service, 2 of which report to the Chief Executive, 1 to the Corporate Director Communities and 1 to the Corporate Director Economy & Public Realm. This matrix management approach has grown through incremental change and means our corporate support functions are too fragmented.

3.5 Both Corporate Directors, in addition to their corporate responsibilities, have very diverse groupings of services for which they have strategic overview. Whilst not reducing the level of responsibility we should look for greater synergies in the service groupings.

3.6 The Heads of Service also have service units that cover very diverse functions. This makes them generally more difficult to manage effectively. Whilst not reducing the level of responsibility we should look for greater synergy of functions with services.

3.7 The diversity of responsibilities of the Corporate Directors and Heads of Service make it difficult to align corporate support to Lead Members.

3.8 Given the size of services all Heads of Service are now on the top pay grade for Heads of Service. One consequence of this is the size of the gap between Heads of Service and Middle Managers, which inhibits succession planning and career development.

3.9 We have 2 senior management groupings. The Chief Executive, 2 Corporate Directors, Section 151 Officer and Monitoring Officer meet as the Corporate Executive Team (CET). All 13 senior managers meet as the Senior Leadership Team (SLT). There needs to be clearer distinction between the role of CET and SLT.

3.10 Overtime Heads of Service have been required to become more corporate, this was particularly the case when the previous Chief Executive disbanded CET. There needs to be a clearer distinction between the role of Corporate Director and Head of Service.

3.11 The Corporate Risk Register (Risk No.30) identifies a risk that the senior leadership capacity to sustain service and corporate performance is not available. Due to a lack of capacity at SLT there are real strains and stresses on individuals and the structure as a whole, which has an effect on our ability to effectively manage and lead the organisation.

4. Opportunity to review the SLT Structure:

4.1 Whilst the current senior management structure has served us well overtime I am firmly of the view, for the reasons highlighted above, that it is no longer the right structure to provide for the Council. We need to ensure we have the appropriate leadership and senior management capacity to address the issues highlighted in my vision for our strategic direction.

4.2 I want to make it absolutely clear at this point that there is no criticism of the individuals which make up SLT. The issues are structural and organisational in nature and are not about individual capabilities or performance. On the contrary I believe we have excellent senior managers and leaders at SLT.

4.3 We are carrying 2, soon to be 3 vacancies, out of the 13 senior managers who make up SLT. The time is therefore right to realign our leadership capacity to address the concerns highlighted above and to deliver on my vision for our strategic direction.

5. Options considered:

5.1 I have considered proposing a “flatter” senior management structure which did not include Corporate Directors, with Heads of Service reporting directly to the Chief Executive.

5.2 I was concerned that such a structure would have too many direct reports to the Chief Executive, with Heads of Service understandably focussing on their own service areas, leading to silo working (and thinking), an over emphasise on narrow operational matters and a clear lack of corporate and strategic capacity. Such a structure would lead to an inappropriate culture to address the challenges we face.

5.3 I also considered no change to our structure and to simply recruit to the 3 vacant posts. However, I have already concluded that the existing structure will not best serve myself as Chief Executive or the Council in terms of the strategic direction we need to take.

6. Broad principles for a new management structure:

6.1 I therefore concluded the following broad principles need to be addressed in any new senior management structure;

- There needs to be a level of Corporate Directors between the Chief Executive and Heads of Service.
- There needs to be increased capacity at Corporate Director and Head of Service level.
- The Corporate Directors and S151 Officer will report to the Chief Executive, with changes to existing responsibilities.
- Corporate Directors alongside the S151 Officer and Chief Executive will form the CET and take collective accountability and responsibility for delivering our strategic direction.
- S151 Officer to be given more capacity to focus on the important corporate responsibilities that come with the S151 role. This will be at Head of Service level, managing predominantly finance and associated functions.
- There will be clear roles and responsibilities between Corporate Directors and Heads of Service and between CET and SLT.
- The restructure process to be open and transparent involving SLT, Middle Managers, Cabinet, Remuneration Panel, Group Leaders and Council.
- There is no necessity for any redundancies as the restructure is in part is about providing additional capacity into the senior management structure.
- Any additional costs will be kept to a minimum, realigning the structure using existing resources as far as is reasonably possible, whilst accepting there needs to be some investment in our senior leadership/management structure.

7. The proposed new senior management structure

7.1 **Appendix 2** to this paper is the proposed CET structure comprising 3 Corporate Directors, I am proposing to create a 1 new Director post alongside the current 2 Director posts and the S151 Officer. It shows on an indicative basis how the existing service units could be grouped under each Corporate Director.

7.2 **Appendix 3** to this paper is the proposed CET structure and shows on an indicative basis how the various functions could be grouped under each Corporate Director.

7.3 All job titles, service and functions groupings below Corporate Directors are indicative for the purposes of this consultation and subject to change.

8. How the proposed structure will function:

8.1 There are still 4 direct reports to the Chief Executive; 3 Corporate Directors and the S151 Officer. These 4 Officers, with the Chief Executive comprise CET.

8.2 The CET structure that provides corporate leadership can be described as;

❖ Leader	Chief Executive
❖ Support	Corporate Director Support Services (including Monitoring Officer role)
❖ People	Corporate Director Social Services & Education
❖ Place	Corporate Director Economy, Environment & Community
❖ Finance	S151 Officer & Head of Finance

8.3 CET to have corporate and strategic responsibility for delivering the Council's overarching vision and strategic direction including leading on the necessary transformational changes, embed the 5 principles & 4 values of the organisation, ensure we deliver the Corporate Plan, oversee the Corporate Risk Register, monitor the budget, support Cabinet and Lead Members etc.

8.4 CET will therefore work with Cabinet to set the standards for strong corporate leadership, making difficult decisions and driving change throughout the organisation.

8.5 Corporate Directors will have a pivotal role in delivering these challenges. They will represent the Council at the strategic level in terms of regional/collaborative working with partners, whilst providing appropriate support and challenge to the Heads of Service.

8.6 Section 151 Officer will have Head of Service responsibilities for finance and any directly associated functions.

8.7 Each Corporate Director will be allocated to support one of the 3 Scrutiny Committees.

8.8 Heads of Service to focus on managing their services in all aspects including performance, budget, staffing etc in order to ensure the basics are right, improve customer relations and enhance the reputation of the Council within our communities. Heads of Service will be supported in this work by the relevant Corporate Director and S151 Officer.

8.9 Heads of Service will also support CET in delivering the wider strategic objectives.

8.10 Detailed Service Business Plans will be produced on an annual basis, the performance of which will be subject to formal challenge procedures involving CET and Members.

8.11 Heads of Service will also be required to work closely with relevant Lead Members on specific operational matters in their portfolio and the wider Council Membership on related community issues.

8.12 A Head of Service will be allocated to support each of the MAGs.

8.13 DLL is not directly affected by these proposals. Given the range of functions delivered by DLL on behalf of the Council and the fact that DLL is owned by the Council, they are included in the consultation process.

9. Benefits & outcomes of the proposed new structure:

9.1 The proposed structure will address the corporate risk regarding lack of senior leadership and management capacity

- ✓ There will be clarity between the roles of Corporate Directors and Heads of Service and between CET and SLT.
- ✓ Provide greater certainty in our ability to deliver transformational change.
- ✓ Provide greater certainty in delivery of the ambitions in the Corporate Plan.
- ✓ Provide the opportunity for Heads of Service to be more specialist which will in turn have benefits across the Council in terms of career development and succession planning.
- ✓ Provide more focus to ensure improvements in the day to day delivery of services to influence the reputation of the Council in our communities.
- ✓ It will help to deliver and embed the 5 principles and 4 values across the organisation.
- ✓ Provide more appropriate support to Cabinet, Lead Members, wider Council Membership and other elected politicians as local and national level.

10. The structure and process further explained:

10.1 With support from HR I have concluded that the proposed restructure will be in 2 phases.

Phase 1:

10.2 This Phase seeks agreement to create the new Director post alongside the existing 2 Directors posts, the S151 Head of Finance Services post and the membership of CET.

10.3 As described above, the 3 Corporate Directors have clear generic corporate responsibilities as members of CET and broad strategic responsibility for a significant portfolio of specialist functions/activities/service groupings with identifiable synergies.

10.4 The existing service groupings (Appendix 2) and the list of functions (Appendix 3) under each of the 3 Corporate Directors are only indicative at this stage, and are subject to potential changes as part of the Phase 2 consultation. Nevertheless, the main thrust and principle accountabilities for each Corporate Director is sufficiently clear to progress Phase 1.

10.5 For further clarity;

Corporate Director Support Services:

10.6 The service groupings will include all corporate support functions currently located in those service units that are predominantly corporate in nature. The exception will be S151 duties and functions that are finance related or with direct synergies with finance/S151 responsibilities.

10.7 This is not about seeking to remove support functions within front line services, unless there is a clear case to do so, in which case they may form part of the Phase 2 consultation.

Corporate Director Social Services & Education:

10.8 The service groupings will include all core functions currently located in Education Services, Children's Services, Community Support Services.

Corporate Director Economy, Environment & Communities:

10.9 These service groupings will include all core functions currently located in Highways & Environment Services, Planning, Public Protection & Countryside Services and Communities & Customers Service as well as Property services that are currently located within the Finance & Property Service.

S151 Officer and Head of Finance Services:

10.10 The corporate role of the S151 is significant and is well documented.

10.11 In addition to the S151 duties there will also be Head of Service responsibilities for all financial related activities, the details of which will be resolved during the Phase 2 consultation.

Nevertheless, the main thrust and principle accountabilities for the S151 and Head of Finance Services are sufficiently clear to progress Phase 1.

10.12 Just to confirm, the actual detail of what functions will be grouped within service units and what service units will be grouped under each of the 3 Corporate Directors will be considered under Phase 2 and will be the subject of a full and detailed consultation exercise. But the principle of the core groupings under each of the 3 Corporate Directors and S151 Head of Finance Service are sufficient to progress with Phase 1 and appoint to these posts.

10.13 Should the option to create a new Director post be pursued, there is a requirement that the post is assessed via the Council's Member Remuneration Panel. It is envisaged that the Remuneration Panel will meet ASAP. **Appendix 4** lists the Members on the Council's Remuneration Panel. It is the role of his panel the make pay recommendations of Chief Officer pay to Full Council. It is envisaged that the report to Full Council will be before the Pre-Election Period. There is a provisional Full Council date of 15th March.

10.14 If the Member Remuneration Panel and Full Council agree the pay of the new post, we can proceed to appoint to the 2 vacant Director posts in the structure. Normal HR processes will be applied. Due to the pay level of the Director posts, we are required to advertise the posts externally, followed by a member led shortlisting process, appointments will be made at Full Council via a recommendation from the Member Appointment Panel.

10.15 The requirement for any Member appointment in regards to Phase 1 will mean the appointment being delayed until the new Council is ready and able to make such a decision (e.g. June or July).

10.16 Whatever the requirement process for Phase 1, I am of the opinion that we will have a number of potential strong candidates for those positions.

Phase 2:

10.17 Phase 2 will be subject to a separate consultation process once we have implemented Phase 1.

10.18 Assuming we do proceed, Phase 2 will seek to review the functions within service units and review the service groupings under each Corporate Director.

10.19 Options regarding composition of services and service groupings will be influenced by how we appoint to the Corporate Director posts.

10.20 At this stage it is appropriate to only show on an indicative basis how the services units could be grouped together under Corporate Directors (Appendix 2) and how functions could be grouped under Corporate Directors (Appendix 3).

10.21 Clearly some existing service units will change as a result of the proposed core responsibilities for each of the Corporate Directors.

10.22 There could be further changes to the makeup of services depending on how the appointments of the 2 vacant Corporate Directors progress. Similarly, there could be changes to existing services by reviewing alternative synergies and moving functions within services. There will also be options around creating new services units.

10.23 Some of this discussion may also propose to allocate certain functions which are closely aligned to the S151 and Head of Finance Service to that service unit.

10.24 Whilst there is uncertainty for Phase 2, many issues are dependent on progressing Phase 1 and will therefore need to be the subject of a separate, detailed consultation at that stage.

11 Consultation:

11.1 This is the formal consultation document for SLT.

11.2 There is sufficient detail for SLT to comment on the proposal for Phase 1 i.e. the 3 Corporate Directors posts, the broad thrust of their areas of responsibility, the S151 Head of Finance Services post and membership of CET.

11.3 There is also sufficient detail for SLT to comment in advance of any Phase 2 consultation on the groupings of services and functions under the 3 Corporate Directors and the Section 151 Head of Finance Services posts. But as stated these will in any event be the subject of a further consultation exercise as part of Phase 2.

11.4 As part of this Phase 1 consultation process I also intend to provide updates to;

- Cabinet Briefing (meetings on 7th Feb and 7th March)
- Group Leaders (and possibly individual political groups)
- Middle Managers

12. Risks:

12.1 SLT are not supportive of the proposals.

12.2 That Cabinet Briefing, Remuneration Panel, Group Leaders, Political Groups, and Council are not supportive of the proposals.

12.3 The extent of the proposals and the length of time to implement them could cause understandable concerns for SLT, Middle Managers and all staff. This is understandable, but inevitable when embarking on a consultation of this kind. The alternative is to not pursue the restructure, however for the reasons articulated in this paper and my views on our future strategic direction I am firmly of the view this is not an option. I think this risk can be mitigated by good communications, and I commit to ensuring there is regular communications regarding the progress.

12.4 In addition, I emphasise:

- This is not about the capability or performance of individuals or Services; it is about addressing issues with the way the senior leadership team is currently structured/organised.
- It is about adding additional capacity to the senior leadership team, which will create potential opportunities for Heads of Service and Middle Managers.
- It will close the gap between Heads of Service and Middle Managers providing for better succession planning and career development opportunities.
- It is not about making savings.

13. Conclusion:

13.1 Please do not read this consultation paper in isolation. It needs to be read alongside my other paper, "Vision and Strategic Direction: A View from the Chief Executive".

13.2 I believe these proposals for the restructure of our senior leadership team will result in us having a senior leadership team that can proactively plan the transformational changes needed so we are on the "front foot" in meeting the many challenges ahead. We can do this while still delivering on our ambitious Corporate Plan and providing day to day services for our communities at an agreed level commensurate with budget allocations.

13.3 I am seeking the views of SLT on Phase I of the proposal i.e. the 3 Corporate Directors posts, the broad thrust of their areas of responsibility, the S151 Head of Finance Services post and membership of CET.

13.4 In addition, I'm interested in any general views SLT might have on Phase II, although please remember the detail of Phase II is yet to be established, and will in itself be subject to a separate detailed consultation exercise.

13.5 Any other comments on this proposal and my vision for our strategic direction are welcomed.

13.6 You have until 20th February to provide your comments in writing.

Thank you.

Graham H Boase

Chief Executive

1st February 2022.