

Senior Leadership Review

October 2020



Our Ambition and Future



- To be the best Local Authority by 2023
- Deliver our strategic priorities to create:
 1. **People who are aspirational, independent and have equal access to opportunities**
 2. **A borough that our residents are proud of and love to live in**
 3. **A dynamic outcomes-based Council using digital innovation and partnership working to respond to the changing needs of our borough**
- Creating an open, inclusive and diverse place to work, one that cares about its people, place and community
- Learning to deliver services in different ways using technology and face to face contact to ensure our community is connected to us



Context and Background



- The previous organisational review (2016) reduced the number of directorates and roles at a senior level.
 - The Directorate composition was amended, with fewer, wider remits.
 - The structure reflected the direction of travel set out in the target operating model, with some centralisation of core functions and greater clarity around the responsibility of directorates in relation to service delivery, support services and maintaining democracy.
- Covid has accelerated much change for the better and we can capitalise on this to improve how we operate and run our council



Context and Background



- Covid has brought financial challenges:
 - As part of 2020/21 budget discussions at both CLT and SLT the prospect of a review of senior management has been aired
 - A range of new savings proposals were brought forward for consideration resulting in a saving in year of £12.64m. This was to ensure we remain in budget despite unforeseen pressures from Covid that has added further budgetary challenges
 - The Chief Executive has held preliminary discussions with CLT members and asked for delivery of an estimated saving target of at least £400k arising from the review into the MTFs and to come specifically from SLT (CD and DD areas).



Facts & Figures - Senior Leadership Team (CLT and DD's)



- Total LBTH annual resource spend is around £176m
- SLT approx. cost is £4.1m*
- There is a 5153 headcount (3734.06 fte) in LBTH**
 - A ratio of
 - 1:1030 Corporate Directors to staff headcount and
 - 1:245 DD's to staff headcount
- Total SLT salaries are 2% of the total workforce bill
 - 5 CD posts cost £950k***
 - 20 DD posts costing £2.8m***

All figures include on costs

* Taken from July 2020

establishment report

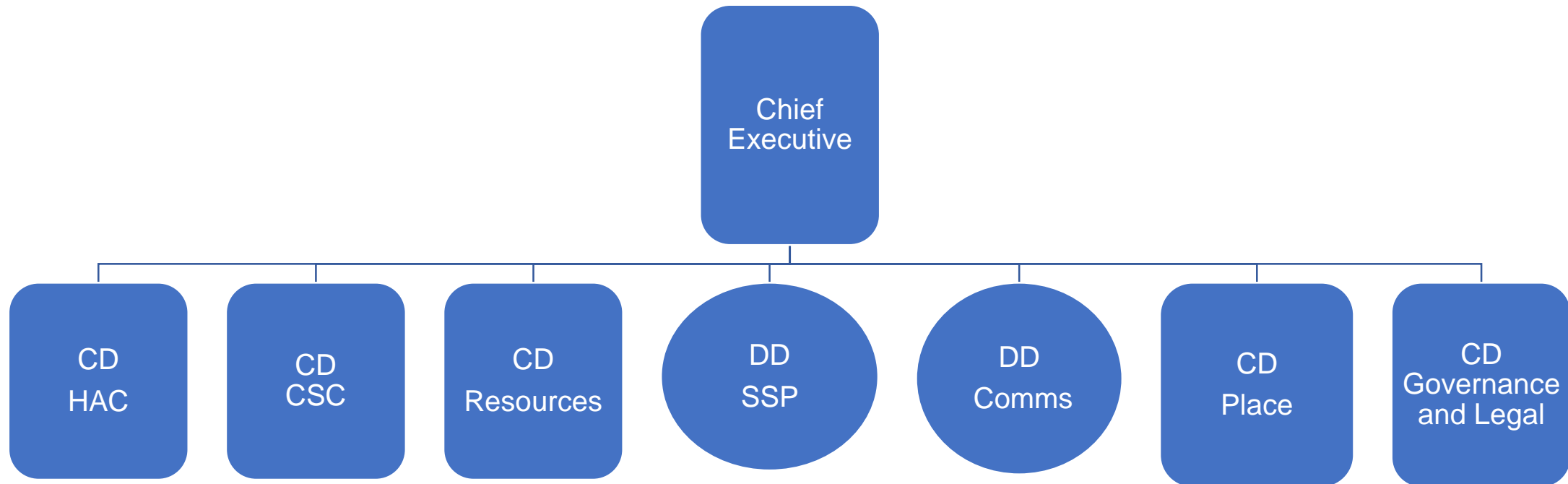
**at August 20th 2020 point in time

***Assumes top of scale

**** assumes top of scale



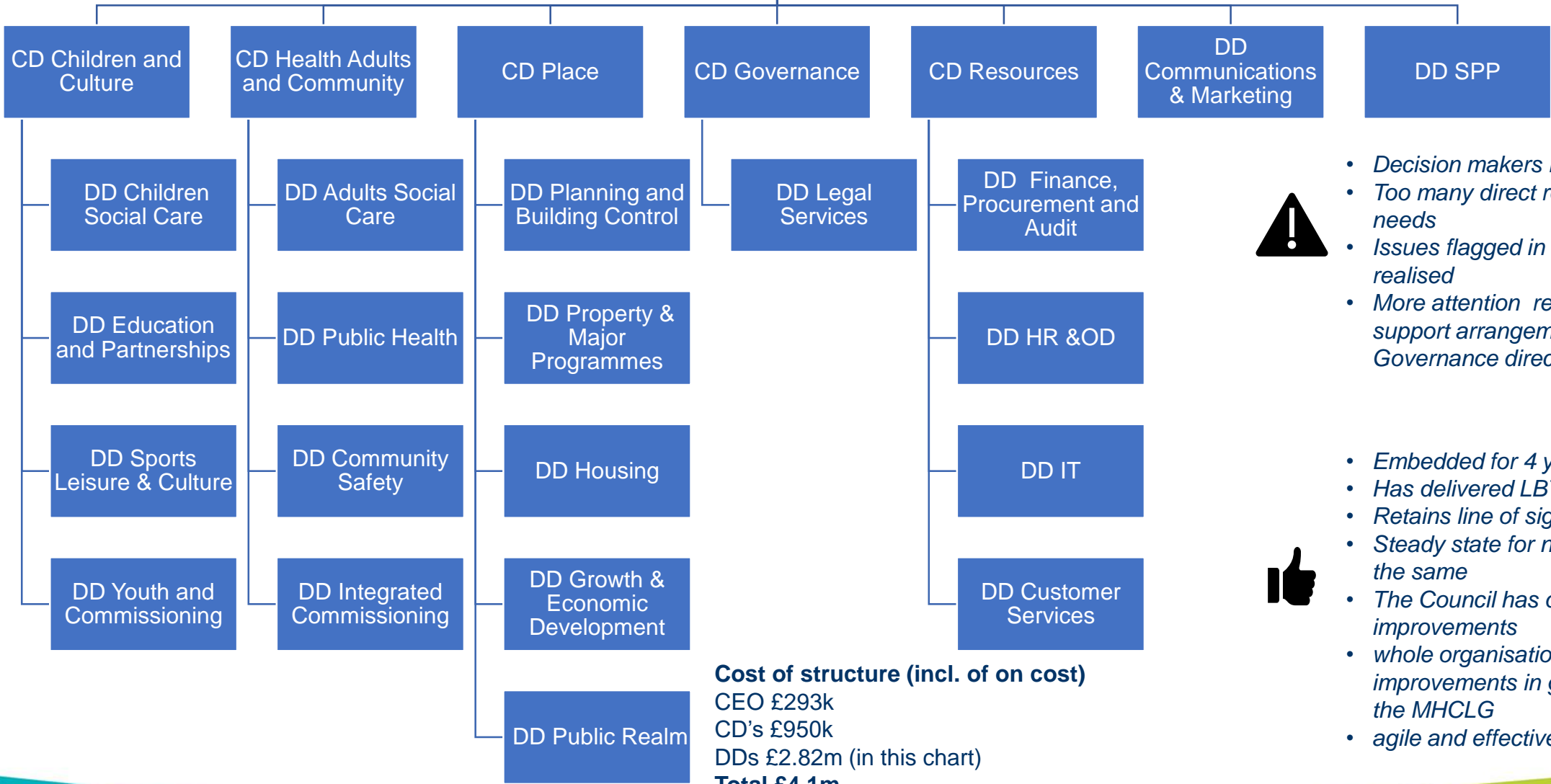
Current Reporting Lines to CE



Current SLT



Chief Executive



- Decision makers not always clear
- Too many direct reports to CEO for future needs
- Issues flagged in earlier review, not yet realised
- More attention required to considerate support arrangements in Resources and Governance directorates



- Embedded for 4 years
- Has delivered LBTH priorities well overall
- Retains line of sight to statutory roles
- Steady state for next two year if remains the same
- The Council has delivered significant improvements
- whole organisation has contributed to the improvements in governance evident to the MHCLG
- agile and effective response to Covid

Cost of structure (incl. of on cost)
 CEO £293k
 CD's £950k
 DDs £2.82m (in this chart)
Total £4.1m



Current functional structure

Chief Executive



What has been considered financially?

October 2020



Options to support achieving MTFS



All of the below are worthy of exploration and are not mutually exclusive, however, the only approach that will reliably deliver a significant and permanent reduction in continuing salary costs is likely to be a reduction in the number of roles at senior leadership levels

1. Voluntary Pay reduction for DD's, CD's and CEO
2. Pay freeze for 2020/2021 for senior roles (CEO/CD/DD)
3. Reduction in number of senior roles of 5-10%
4. VR
5. Early retirement
6. Reduction in hours for roles (e.g. all move to 4 day week)



Structure Proposed

October 2020



Why Review now?



- The structure was last reviewed four years ago and has been in place for more than three years
- The Council has moved on since and the shape of the management input required for the Council now is likely to be different
- A substantial proportion of the Council's budget is spent on people. In addressing the current and future spending challenge staffing levels will have to be reduced
- The unit costs for senior staff are higher and it is right to examine this first as a precursor to wider reductions delivering a saving and/or reduction of 5- 10% at CD/DD levels.
- Challenges in recruiting and retaining senior level posts over the last two years
- Covid19 pandemic has accelerated transformational change in how we operate and services and structures now need to realign to reflect and sustain changes
- Challenges around appointment of a DD of Finance, Procurement and Audit
- Review of TOM
- Opportunity to review spans and control
- Savings around SLT initially, taking account of opportunities for further savings in management levels below through to 2022/23



Approach to senior review



- Two phases to align with MTFS proposals
- Phase 1 – 2021 - 2022:
 - Merges Governance and Resources to create a Corporate Director of Resources and Governance - results in a reduction of 1 x CD
 - Reduces 3 x DD across Resources, CSC, HAC and Place by 2022
 - Creation of a Chief Financial Officer (S151)
- Phase 2 – beyond 2022:
 - Realise other potential SLT savings
 - Review of senior pay framework
 - A wider review of the organisation's functional leadership structure



Approach to senior review



- We will approach this with a focus on supporting people through change in a virtual space
 - Preliminary conversations and engagement will continue to take place - preparing people for it
 - We have an updated change policy to support managing change and more guidance to help manage change in the virtual space
 - We continue to equip managers to have compassionate conversations and throughout this review we will promote self-care and self-compassion appreciating that the impact of such changes on people's own mental health and wellbeing is critical



What's included in this review?



Included for consideration

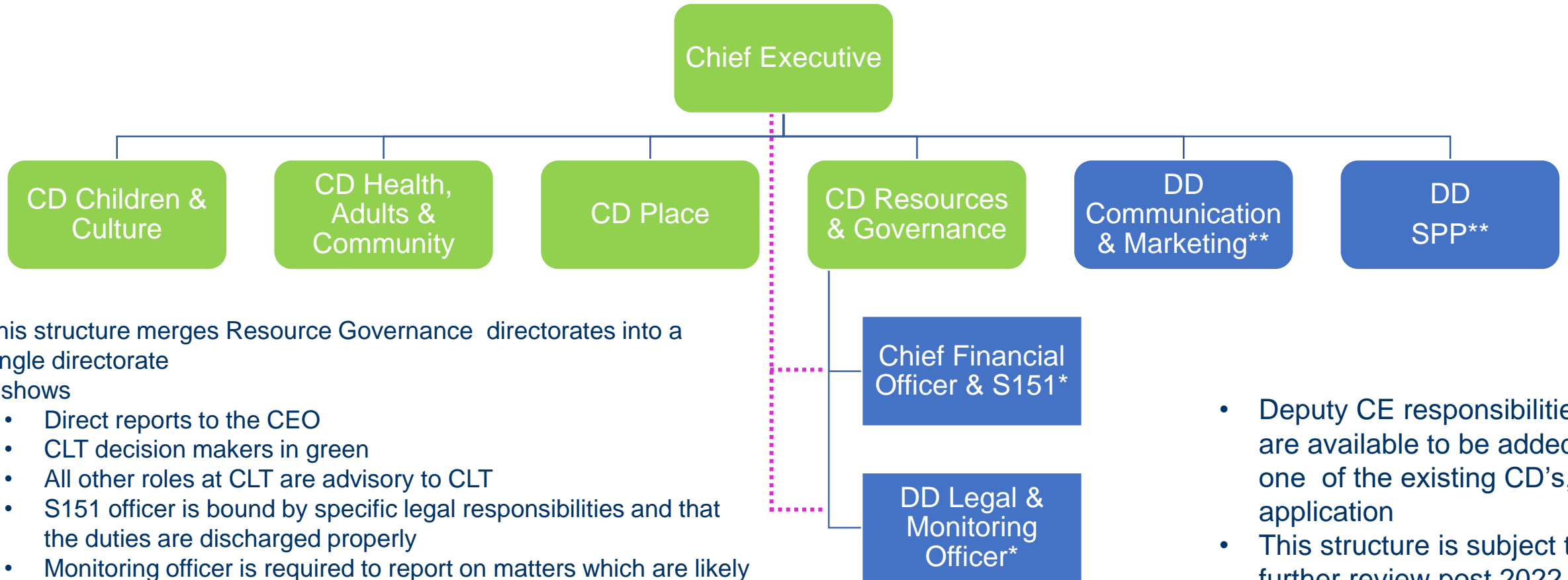
- Reduction of DD roles through:
 - Opportunity and redesign of functions and merging of service areas
- Reduction of a CD through merger and redistribution of some services

Risks and issues to consider

- MCHLG – statutory functions and where these sit in hierarchy – line of sight
- Spans of control leading to overburden in roles
- Roles at CLT decision makers or advisers
- Maintaining equitable number of reports into senior roles



Proposed reporting Lines to CE

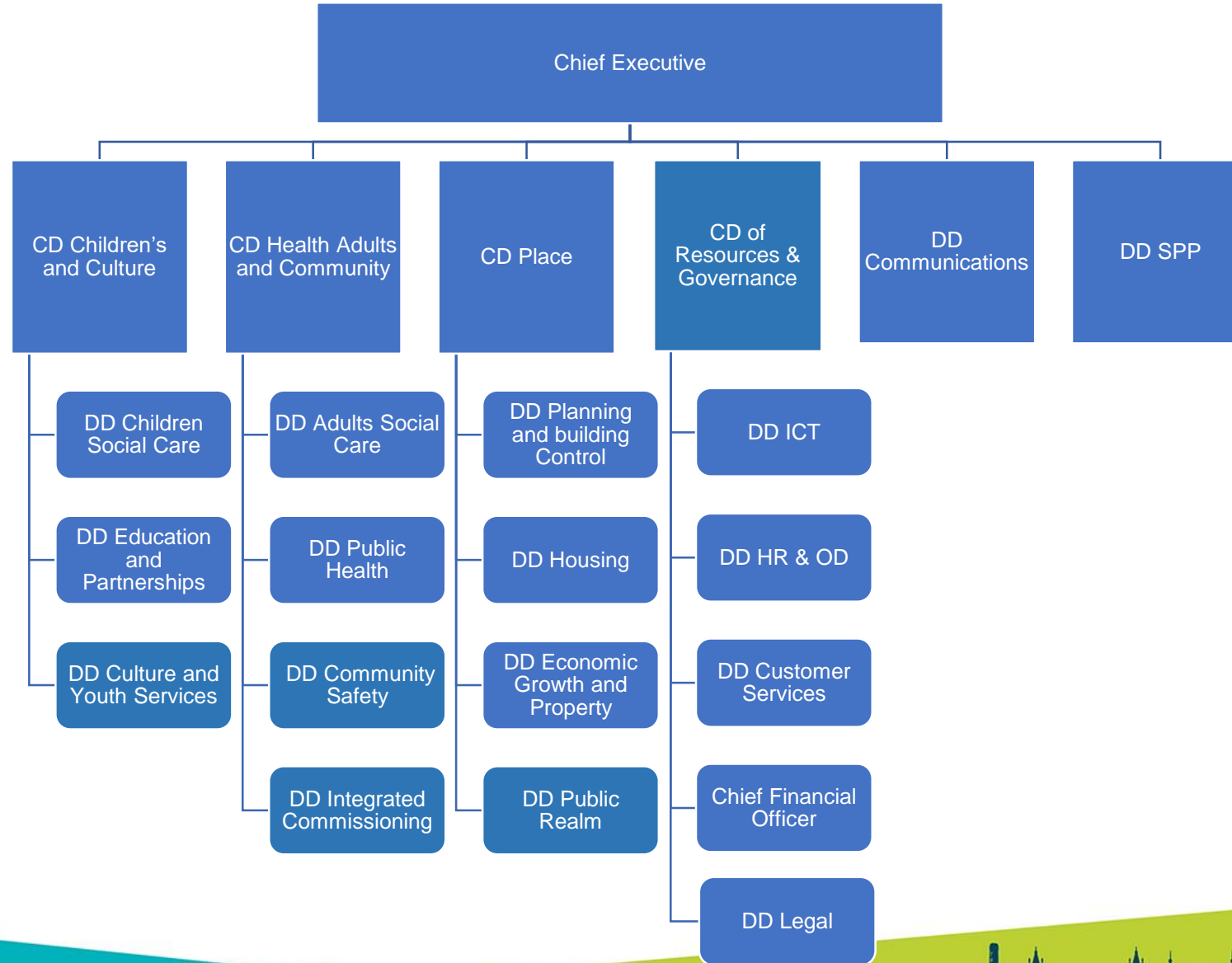


- This structure merges Resource Governance directorates into a single directorate
- It shows
 - Direct reports to the CEO
 - CLT decision makers in green
 - All other roles at CLT are advisory to CLT
 - S151 officer is bound by specific legal responsibilities and that the duties are discharged properly
 - Monitoring officer is required to report on matters which are likely to be, illegal or amount to maladministration; is responsible for matters relating to the conduct of councillors and officers; and, for the operation of the council's constitution

- Deputy CE responsibilities are available to be added to one of the existing CD's, by application
- This structure is subject to further review post 2022
- ** Part of phase 2 review



Proposed Future SLT Structure



Estimated Gross cost of entire SLT structure (assumes top of scale and is based incl. of on costs)
 CLT/CEO x 5 = £1.01m
 DD's x 18 = £2.59m
Total £3.6m



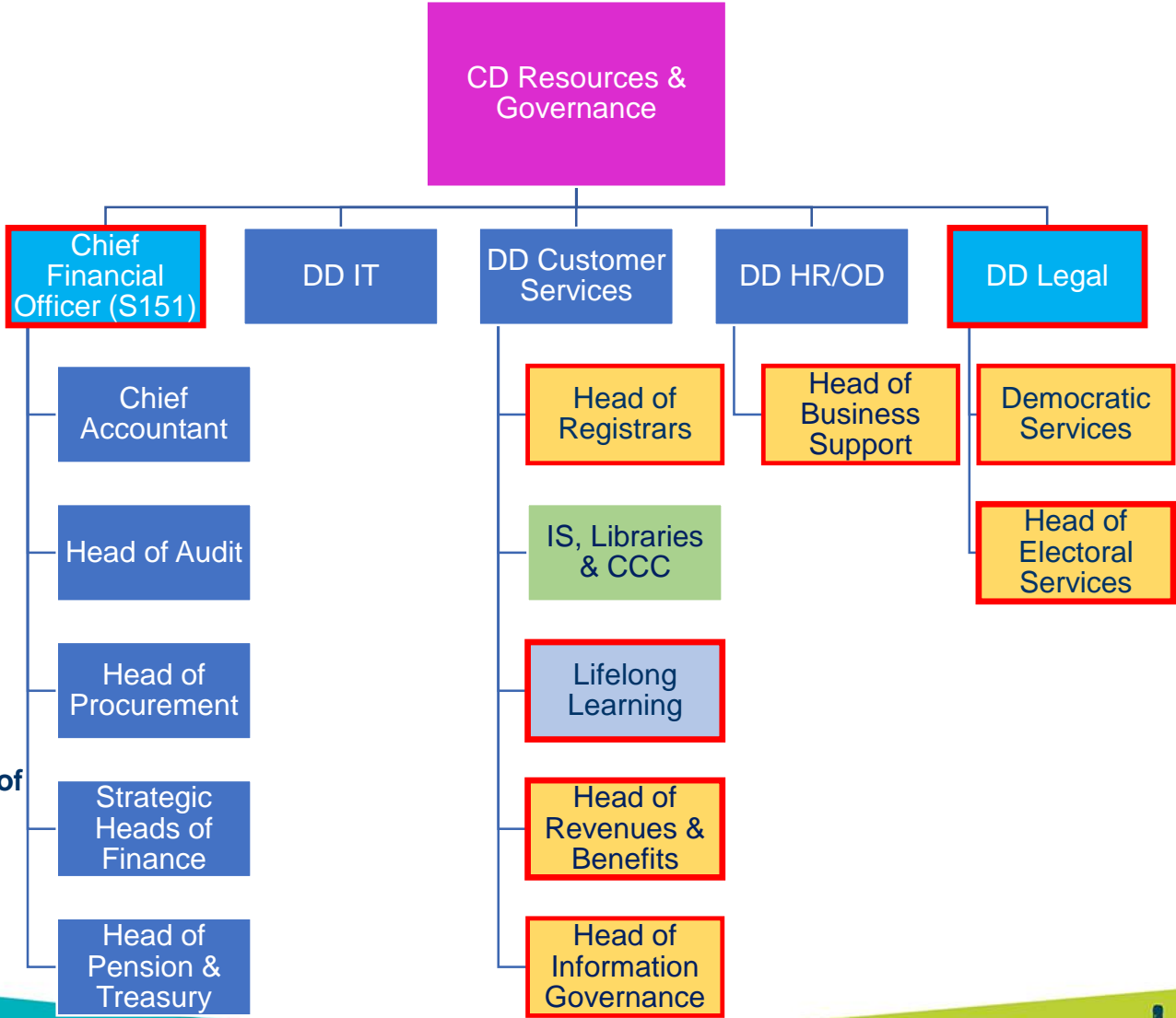
Proposed Deputy Chief Executive- additional Responsibilities



- Deputise for the Chief Executive at MAB, Cabinet, Boards, internal and external meetings as required
- Chair of CLT and other key internal meetings as required when CE unavailable
- Conduit for S151 and Monitoring Officer activities to be conducted and supported as required in absence of CE
- Decision maker for Chief Executive as agreed by CE



Proposed - Resources & Governance Directorate



Phase 1 and line management change

Phase 2 Considerations

Direct access to CE and decision makers

Moves to report to Economic Development

Estimated Cost of structure (incl. of on cost and assumes top of scale)
 CD x 1 £186k
 DD's x 5 £750k
Total £920k



Summary Potential Savings



Current Costs*

- CEO/CLT x 6fte £1.24m
- DD's x 20fte £2.82m

Total £4.06m

Future Costs*

- CEO/CLT x 5fte £1.05m
- DD's x 17fte £2.40m
- CFO x 1 £166k

Total £3.62m

Saving of £0.44m to be realised or 11%

* Includes of on costs

Cost contribution*to 2022

- -1 x CD £190k
- -3 x DD's £420k
- +1 x CFO £166k

Total realised £0.45m

Notes

- other savings are linked to this review that are not shown here and are accounted for separately as part of wider reviews

** Based on gross top of scale estimates for illustration*

Phase 2 Cost contributions:

As part of MTFS some savings are already identified a total of £ and these are underway

Further savings require labour group discussion and approval prior to 2021/22 budget sign off

Wider operating and senior review and cost reductions are to be developed in 2021, explored and proposals tested and shared as for delivery during 22/23



Next Steps and Timeline

October 2020



Timeline (1)



What	Why	By When
Preparation of all consultation paperwork for review this includes approach and consideration	To ensure transparency, equity and clarity ahead of formal process and to ensure engagement and contribution to inform options	End of October 2020
Reports to various committees MAB/ Cabinet/ GPC committee	To ensure due process and approval and challenges on proposals take place	Nov 2020 – Jan/Feb 2021
Engagement with TU's	Engagement and consultation with TU's	Nov 2020
Provisional planning and arrangement timetable for appointment sub- committee to new CD role	To ensure selection processes are in place and booked to avoid uncertainty or avoidable delay to implement	November 2020
Formal consultation launched Includes individual meetings, preparation and communication with wider teams.	To meet legal requirements where roles are at risk of redundancy and change Opportunity for formal feedback on proposals Consultation will be for 30 days	November 16 th – December 15 th 2020



Proposed Timeline – Nov start



- Informal discussions have taken place between October 23rd and November 6th 2020
- Formal consultation launches November 16th for 30 days to December 15th 2020
 - Individual meetings available to take place 23rd November - December 15th 2020
 - Expressions of interest window 16th – 30th November 2020
- Final structure is published late December 2020/early January 2021
- GPC report late December 2020
- Formal process and meetings commence from late December 2020/early January 2021
- Wider appointments and line management arrangements confirmed late December 2020/early January 2021
- Selection to new CD role and other structure vacant roles takes place Dec through to end January 2021**
- Appointment of CD Resources & Governance announced February 2021
- Transition to new structure and line management arrangements take place from mid February 2021 onwards

*** subject to appointment panel processes*



What else was considered?

October 2020



Alternative Potential Models for exploration (s/m/l term)



1. Develop a chief executive function - (S)
2. Develop a lead for safeguarding/people function (L)
3. Combine directorates to reduce direct reports (S)
 - Governance and Resources
4. Fundamentally rethink what we must, could, should deliver and stick to this (M-L)



LBTH Savings roadmap

CLT 22/9/20



Current Financial Backdrop



- MTFS outlines savings requirement of £23.04m to be achieved
 - In 2020/21 savings required are £12m
 - Further savings during the MTFS required are £11.5m
- Tranche 1 of approved savings is expected to deliver £7.1m full year effect by March 2022
- Tranche 2 and 3 ideas require members and Labour Group discussion and exploration and involve community consultation, and this may lead to slippage on MTFS required



Planning assumptions

- 3 tranches
 - ‘Green light’ savings start October 2020 (tranche 1)
 - ‘New ways of working’ opportunities needing political decision start November 2020 (tranche 2)
 - Others requiring further political discussion start February 2021 (tranche 3)
- Public consultation, service redesign and restructure activities are sequential
- Start to finish times:
 - Public Consultation- 3 months
 - Service redesign- 4 months
 - Restructure- 4.5 months (new org change process)
- ‘Other’ projects (i.e. none of the above needed) will take up to 3 months to implement
- **Caveat:** assumptions have been made based on the content of savings proposals and not yet validated with DDs



Summary



- If assumptions are correct, £3.04m savings will be banked from tranche 1 proposals before April 21
- All proposals will be delivered by January 2022 (if tranches 2 and 3 are agreed.)
- Potential slippage in 21-22 savings:

Tranche	Total full year effect 21-22 £000	Potential slippage 21-22
1	7,175	943
2	1,389	372
3	4,090	2,182
TOTAL	12,654	3,488

