

WEST DUNBARTONSHIRE COUNCIL

Report by the Chief Executive

Council: 27 June 2007

Subject: West Dunbartonshire Council – Review of Management Structures

1. Purpose

1.1 This report presents the results of the recent external study of the Council's management arrangements, and proposes a revised structure for consideration.

2. Background

2.1 The Audit Scotland Review of Best Value & Community Planning noted a number of issues concerning the management structures in the Council. These included:-

- Frequent structural changes have created an unstable management framework and staff morale is not strong
- The (previous) restructuring was not based on a robust and strategic appraisal of the options and the resultant structures do not complement the existing political structures
- Management capacity to operate on a strategic level and deliver continuous improvement requires review
- The Council should review political and managerial structures to ensure that they operate effectively and are complementary

2.2 At a special meeting in January 2007, Council agreed to accept the recommendations of the Accounts Commission which followed the Audit Scotland report, and agreed an Improvement Plan which aimed to address the issues raised. This meeting also agreed to set up a cross party member officer working group to develop the Plan and monitor progress, and to delegate authority to the Chief Executive to engage appropriate external assistance as required.

2.3 Among other things, the Improvement Plan reflected the Accounts Commission view that the Council should engage external assistance to review its decision making and management structures. Following a tendering exercise, this work was awarded to Brodies Consultants.

2.4 The team from Brodies has been working with elected members and senior staff over recent months, and has produced a report setting out its findings and recommendations. (This is attached as appendix 1). The senior consultants from Brodies will also be in attendance at the Council meeting to respond to members' questions on the report.

3. Main Issues

3.1 The general management structure issues which are addressed in the Brodies report are:-

- Developing the capacity to maintain and improve service delivery and take forward cross cutting agendas, (such as Transforming Public Services and Efficient Government) and to focus on strategic outcomes
- Developing effective working relationships between the Corporate Management Team and Elected members
- Developing the capacity for joint / partnership working, within the Community Planning Partnership and in other arenas
- Building on the positives, such as the Corporate Planning system, ICT developments, and service inspection outcomes such as the Social Work Inspection Agency (SWIA), and Her Majesty's Inspectorate for Education, (HMIE)

3.2 The report suggests there are 4 general models for a revised management structure. These are:-

- Service focussed - (where Directors would take responsibility for a specific service area – such as Social work or Education)
- Synergistic – (where Directors would be responsible for groups of services which have clear links with each other – such as 'Regulatory Services' or 'Community Services')
- Citizen-segmented – (where Directors would have responsibility for a particular group in the population, such as Children, Adults or Neighbourhoods)
- Corporate strategic – (where Directors would be responsible for progressing particular outcome or themes – such as Learning or Continuous Improvement)

The Brodies report clearly advises that the form of the management structure should reflect the outcomes which the Council aims to deliver, and should acknowledge that, although service delivery is crucial, the 'local governance' remit is much wider.

3.3 The report then identifies 4 specific approaches, based on these general models, which might be appropriate in West Dunbartonshire:-

- The status quo (3 Directorates plus Chief Executive with responsibility for Corporate Services)
- Alternative 1 (Service synergy model – 5 Directorates plus Chief Executive)
- Alternative 2 (Corporate & service development model – 4 Directorates plus Chief Executive)
- Alternative 3 (Corporate strategic model – (3 Directorates plus Chief Executive – but without the Chief Executive having direct responsibility for Corporate Services)

The details of these structures, along with the possible advantages and disadvantages, are set out in paragraphs 6.12 – 6.20 of the report).

3.4 The report assesses the 4 models using a set of criteria, such as Effectiveness, Affordability, Sustainability, (see paragraphs 6.9 and 6.21 for full details), to identify which might best suit the needs of West Dunbartonshire. The recommendation is for Alternative 2. The main reasoning for the recommendation is that this will allow the capacity at an Executive Director level to take forward the strategic corporate goals and cross cutting agendas – while producing sufficient additional capacity during the transition process associated with the Best Value Improvement Plan. The consultants believe that this structure will also be flexible enough to accommodate future needs, but may need some refinement once the Best Value Improvement Plan has been delivered, or as other issues develop (such as the Council's social landlord function, or its continued in-house delivery of direct services or demonstrable benefits from pursuing national policies on service integration and shared services such as Better Integration of Children's Services and Joint Future arrangements with the Community Health Partnership for Adult Community Care and Health Services).

3.5 This recommendation includes:-

- **Chief Executive** – with responsibility for Policy & Performance, Public Relations & Marketing and Audit & Scrutiny
- **Directorate of Community & Environment** – with responsibility for Housing Operations & Homelessness, Regeneration, Planning, Land & Environment (Leisure, Halls, Environmental Services, Roads, Transport, Waste Services etc), Property & Technical Services, (including Asset Management, Architectural Services, Property Maintenance and Housing Maintenance)
- **Directorate of Corporate Resourcing** – with responsibility for Finance/ICT, Procurement, Human Resources, Legal, Administration, Regulatory Services
- **Directorate of Education, Culture & Lifelong Learning** – with responsibility for Primary & Secondary Schools, Early Childhood Development, Arts & Cultural Services, Libraries, Sports Development & Outdoor Education, Community Learning & Development
- **Directorate of Social Work & Health** – with responsibility for Adult Services, Community Care, Children's Services, Criminal Justice

3.6 Each Executive Director would be supported by 3 Service Heads, with the exception of the Chief Executive who would be supported by 1. These recommendations involve 2 new posts:-

- Director of Corporate Resourcing
- Head of Service Social Work - Adult Community Care and Health

- 3.7** The Head of Service in the Chief Executive's section reflects the recognition of current responsibilities for Community Planning (and the complexity associated with a wide range of partner organisations), Policy & Performance, and Public Relations & Marketing. These responsibilities will include the Business Change and Continuous Improvement agendas.
- 3.8** The report also looks at the resources required at Manager and Section Head levels, and makes a number of recommendations where it identifies additional capacity is required. (These are set out in paragraphs 6.31 – 6.34.)
- 3.9** A small number of additional posts have been identified to strengthen capacity in key priority areas as follows:-
- Manager for Public Relations & Marketing
 - Manager for Employee/Organisational Development
 - Manager of Personnel Operations
 - Temporary Manager for Pay Modernisation & Equal Pay
 - Section Head for Efficient Government
- 3.10** The report also notes that additional capacity at Manager & Section Head level may be required to meet new challenges and address the issues raised in the Audit Scotland report.
- 3.11** The tables below provide a comparison of posts at 1st, 2nd, 3rd and 4th tier level, under current arrangements.

Staffing Tables Showing 1st Four Tiers

Current Structure – June 2007					
	Chief Executive's	Housing, Regeneration & Environmental Services	Education & Cultural Services	Social Work Services	Total
Posts					
Chief Executive / Director	1	1 (2 officers currently split pro rata-acting role)	1	1	4
Head of Service	4	3	3	1	11
Manager	7	10	7	1	25
Section Head	18	25	7	12	62
Total	30	39	18 *	15	102

Overall total =102

* not including Education Support staff and Headteachers

Proposed Structure Based on Brodies Recommendations

	Chief Executive's	Corporate Resourcing	Community & Environment	Education, Culture and Lifelong Learning	Social Work & Health	Total
Posts						
Chief Executive/ Director	1	1	1	1	1	5
Head of Service	1	3	3	3	3	13
Manager	3	9	9	7	0	28
Section Head	1	21	22	7	12	63
Total	6	34	35	18	16	109

Overall total = 109

3.12 The recommendations for a revised management structure also include some transfers of responsibility for functions (paragraphs 6.27 - 6.36). These include:-

- Internal Audit to the Chief Executive
- ICT&BD combined with Finance
- Regulatory functions (Environmental Health and Trading Standards) to Legal
- Revenues and Benefits to Finance
- Estates to Technical Services
- Housing Operations & Homelessness to Regeneration

3.13 Subject to Council agreement of the overall structure, some additional work will be required to further develop these proposals. Each Director will be required to review the integrated services within their new remits and develop proposals which deploy resources efficiently. The changes proposed focus on improved service delivery rather than cost savings, nevertheless the changes proposed are on the basis of a 'spend to save' approach.

3.14 If the Council accepts the suggested changes to structures then officers will require to implement changes. This will require consultation between Directors on the transfer of staff and clear information to staff, their trade union and service users.

3.15 It will be important to make changes with minimal delay to limit uncertainty wherever possible to ensure the benefits of changes are realised as soon as possible, however, it is also important to consult and communicate changes. It is therefore suggested that the transfer of services between, or within, departments be implemented from 3 September 2007. This will give a clear message to staff and service users while allowing changes to occur without delay.

- 3.16** Paragraph 5.3 of the report identifies that the composition of the current Corporate Management Team (CMT) is likely to change, both in terms of the outcome of the review and planned retirements. This, in turn raises issues surrounding the recruitment of new officers. The Brodies report notes that current remuneration levels for senior management are low compared to similar councils.
- 3.17** Chief officers' salary structures were last reviewed by Council in 2003. At that time it was agreed that Director salaries should be set at a notional 80% relationship to the nationally agreed Chief Executive Salary scale, and Heads of Service should be set at a notional 75% relationship to the Director's salary scale. Since the last review, there have been significant changes in the accountabilities attached to these roles and, as highlighted by the Brodies report, there is increasing concern that salaries are lagging behind those in similar sized authorities, which is impacting on our ability to recruit. As Council is about to embark on a recruitment exercise for key Director posts, it is critical to address these concerns as a matter of priority, to ensure that we are in a position to attract candidates of the right calibre to take forward the Council's corporate agenda. Given the immediacy of this situation, it is recommended that Council approve an uplift in the notional relationship between the Directors and the Chief Executive payscale to a maximum of 84%, and a similar uplift to the notional relationship between Directors and Heads of Service, to a maximum of 76%. It is further proposed that agreement to this should be supported by a detailed paper on revised salary arrangements, and associated benchmarking data which would be submitted to the Recruitment Committee for final approval.

4. Personnel Issues

- 4.1** The Personnel issues relate to the arrangements necessary to populate a new structure, and to ensure that all relevant terms and conditions are met. Paragraph 6.42 of the report recommends the development of proposals in consultation with trade unions and relevant key stakeholders.
- 4.2** To enable the Council to comply with employment regulations, the Organisational Change Policy and Implementation Plan presented to the Corporate Services Committee on 27 June 2007 will be used in consultation with the trade unions. These arrangements build on those currently applied throughout the Council and are a recognised procedure for matching posts to new structures.

5. Financial Implications

- 5.1** The additional costs associated with the introduction of the 7 new posts on a full year basis at the current pay level amounts to £467,068. The part year costs for 2007/2008 amount to £194,611

- 5.2** The costs associated with the proposed pay increased for Directors and Heads of Service on a full year basis amounts to £33,550. The part year costs for 2007/2008 amount to £19,570.
- 5.3** The Corporate Management Team have agreed that any increased costs must be introduced on a spend to save basis with savings targeted through a drive for efficiencies and process improvements.

6. Risk Analysis

- 6.1** There is some risk that a management structure which suits the present needs may be difficult or expensive to amend as needs change. The Brodies report considers this issue, and suggests that the proposal recommended is sufficiently flexible to accommodate future needs.
- 6.2** The second main risk for the Council would be if it did not act on the review of the Management Structure, then it could be subject to further scrutiny by Audit Scotland and the Accounts Commission.
- 6.3** Without the improved management structure and pay levels, it may be more difficult to recruit and retain high performing senior staff for key services and support functions.

7. Conclusions

- 7.1** Based on a wide ranging review, the report and appendix sets out the case for Council adopting a revised management structure based on a Chief Executive and 4 Directorates. This would support the Council in both the provision of high quality services, and in addressing the wider strategic agendas which have been identified in the Best Value Audit.

8. Recommendations

- 8.1** Members are asked to agree to the recommendations of the Brodies report on Management Structures, (as described in paragraphs 6.27 – 6.42 and summarised in paragraph 2 of the report) and delegate authority to the Chief Executive to implement the proposals throughout the Council in consultation with the trade unions.
- 8.2** Members are asked to agree an uplift of the notional relationship between the Directors and the Chief Executive payscale to a maximum of 84%, and a similar uplift to the notional relationship between Directors and Heads of Service to a maximum of 76%.

8.3 Members are asked to delegate authority for final approval of the proposed changes to the salary structure to the Recruitment Committee.

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David McMillan
Chief Executive
Date: 21 June 2007

Person to Contact: David McMillan, Chief Executive
Garshake Road, Dumbarton
Tel: 01389 737667
Email: Kirsteen.murphy@west-dunbarton.gov.uk

Tricia O'Neill, Head of Personnel
Garshake Road, Dumbarton
Tel: 01389 737584
Email: tricia.o'neill@west-dunbarton.gov.uk

Liz Cochrane, Principal Policy Officer
Garshake Road, Dumbarton
Tel: 01389 737271
Email: liz.cochrane@west-dunbarton.gov.uk

Appendix: Brodies Report – Review of Management Structures

Background Papers: Audit Scotland Review of Best Value and Community Planning
Best Value Improvement Plan – Special Council
17 January 2007 and Update to Council 25 April 2007

Wards Affected: All