

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

PERSONNEL COMMITTEE

15 JANUARY 2018

REPORT OF THE CHIEF EXECUTIVE

MATTER FOR DECISION

SENIOR MANAGEMENT ARRANGEMENTS

WARDS AFFECTED: ALL

SECTION A

Purpose of Report

1. Recommendations on proposed changes to senior management arrangements/structures to respond to changing Council priorities, budgetary pressures and other factors.

Background/Context

2. On 28 September 2017, Council adopted the Corporate Plan 2017-22 reflecting the priorities of the administration which took office following the local government elections in May 2017. To recap, the Plan is based upon three Well-being objectives as follows:
 - To improve the well-being of children and young people *“giving all of our children and young people the best start in life and helping them to be the best they can be”*;
 - To improve the well-being of all adults who live in the county borough: *“living a good life and ageing well”*; and
 - To develop the local economy and environment so that the well-being of people can be improved: *“Neath, Port Talbot and Pontardawe will be a vibrant and healthy place to live, work and spend our recreational time”*.
3. The financial challenges faced by the authority over this Council term have been well documented in a series of reports to Council, Cabinet,

Scrutiny Committees and Member seminars over the last six months or so¹. Essentially – and based upon on current estimates – we will need to find an extra c.£55 million of savings between 1 April 2019 and 2022 on top of the circa £87 million of cuts already delivered since 2010 and planned for 2018/19. As things stand at the time of writing, we frankly do not know where we are going to find £55m.

4. Thus going forward we need “big ticket” savings and the management structures to deliver them. On this theme, senior officers are preparing a report for Members on the future direction of the Council and models of service delivery. That will be tabled in the spring; but the picture is stark. If we don’t deliver these savings we will inevitably be looking at significant cuts to front line services including social care and schools as well as compulsory redundancies as the end of the Workforce Agreement on 31 March 2018 and national pay demands add new budgetary pressures. For example, at the time of writing, the national pay offer tabled by the Local Government Association (LGA) last month seems likely to increase the cost to this Council by circa £1m for 2018/19 alone.

5. Separately, the Wales Audit Office and the Workforce Partnership Council are pressing local authorities for what they describe as Workforce Strategies including succession planning – and some senior officers will be retiring in the next two years or so. This work is well advanced and will be put before Members shortly (see recommendation 3 below).

6. The question therefore arises as to how best the Council should adapt and re-align its senior management structures to meet these requirements. In terms of context, there are a number of key drivers of change going forward. These include:
 - A transformational shift to digital public services: Technology is radically changing the way public services are delivered. Digital services are what the citizen increasingly expects; it is a journey upon which the Council has already embarked but there is much more to do as local authorities automate processes, move transactions and services online and migrate Council systems to different formats. The next stage of our Digital Strategy will also be

¹ Notably, the Cabinet report of 8 November 2017 seeking authority to consult on draft Budget proposals for 2018/19

put to Members shortly with the aim of delivering substantial savings over time as well as improving services.

- Integrated Services: increasingly, we must escape silos and work across boundaries (internal and external) to deliver improving services and better outcomes. Early Intervention and Prevention programmes are a good example spanning Social Services, Education, Community Safety and other services including those delivered by wider partnerships. Also, the Welsh Government has set out its approach to local government reform underpinned by ‘*systematic and mandatory regional working*’ through greater collaboration. The fine detail is yet to be determined in advance of legislation; but it will be necessary to make an investment (people and money) to respond if the agenda proves to have real substance. As currently configured, the Council is not best equipped or organised to resource this burgeoning agenda. The pressures are already clear in terms of the activity flowing from recent legislation including the Social Services & Well-Being (Wales) Act 2014 (specifically the Population Assessment); the Well-being of Future Generations (Wales) Act 2015 and the imposition of the Welsh Language Standards. This has placed an extra and heavy workload on the corporate strategy/services functions in particular.
- Whilst basically positive, the Wales Audit Office’s most recent Annual Improvement Report (AIR) (reported to Council on 18 October 2017) identified some areas where the Council needed to focus improvement, including inconsistent evaluation of the impact of service changes; the further development of our strategic approach to income generation and the delivery timescales for some savings plans which were not judged to be entirely realistic.

7. The proposals in this report are designed directly or indirectly to meet all of these challenges and others (at least in part).

SECTION B

Recent Developments & Proposals

8. The Council made permanent appointments to the role of Director of Social Services, Health & Housing – but in doing so, created another senior vacancy (see paragraph 9 below) - and to the Head of Legal Services (and Monitoring Officer) posts on 4 and 14 December 2017

respectively. This marked the start of a transition phase to new management arrangements and personnel.

9. As regards the Director of Social Services, Health & Housing post, the operational and financial challenges faced by social services across Wales remain acute and the new Director needs space to focus effort on this area to the exclusion of (arguably) more secondary duties. The former Director's Annual Report (submitted to Council on 18 October 2017) outlined strong foundations in both Children and Adult Services; but we cannot be complacent. These services are, by their nature, high risk and challenging – and recent events in a neighbouring authority provide a salutary lesson that things can go wrong quickly. Moreover, as the new Director is an internal promotion, the immediate priority is to secure a replacement as two Heads of Service in this Directorate represent an irreducible minimum in my view. This report seeks authority to do so.
10. It should also be noted that the market for quality senior staff in Social Services is a very competitive one in Wales and beyond. Thus it may prove necessary to pay a market supplement to attract the right candidate(s). This could have a bearing on the financial implications set out at paragraph 23 below. However, this contains a proposal to offset any additional costs (see footnote 3 specifically).
11. There may also be increasing synergies between the Council's residual housing functions and policy areas within the Environment Directorate. These include planning/land use, regeneration and street scene – including the relationship with Tai Tarian (NPT Homes as was). Thus it is proposed to transfer some of the housing functions to that Directorate on a basis to be determined.
12. Against the background outlined in Section A above, it is also proposed to create a new post of Assistant Chief Executive & Chief Digital Officer reporting to the Chief Executive. This post would be senior to a Head of Service; but junior to a Corporate Director. The salary scales and a full list of proposed responsibilities are at Appendix 1. As this proposal falls outside the scope of the Standing Orders (Wales) Amendment Regulations 2014 – see Section C below – it is proposed to advertise the post on an internal basis only with the working assumption that, if an appointment was made, the successful candidate's post would be deleted and other duties redistributed as necessary.

13. During the consultation process leading to the production of this report, the Head of ICT has confirmed his intention to retire by March 2019. Upon his retirement, it is proposed to delete this post and transfer most of the current responsibilities to the proposed new post of Assistant Chief Executive & Chief Digital Officer. The procurement function would transfer to Legal Services.
14. In addition to providing more of a focus on core responsibilities for the Director of Social Services & Health, these proposals do likewise for the Director of Finance & Corporate Services. The Director's first priority is obviously the financial position of the Council; but his Directorate is increasingly required to engage in complex negotiations and/or provide financial advice in respect of them across a range of Council services and functions. Recent examples include the City Deal, the renegotiation of the care homes contract with Pobl and future waste disposal arrangements. Thus transferring the line management responsibility for ICT elsewhere reduces that burden.
15. The Head of Financial Services is also due to retire in 2018. However, in my judgement this post is essential in terms of discharging our statutory duties around Audit, Scrutiny and, particularly, the preparation of the Council's Annual Accounts. In other words, the present incumbent needs to be replaced and this report seeks authority to advertise the post later this year.
16. There are also three other aspects to these proposals:
 - First, in the past the Welsh Government has promoted the notion of shared posts between Councils – Chief Executives and other senior officers. Such ideas never found favour with Members here (or elsewhere in Wales for the most part) and are not practical in my view. Where they have been tried in England and Wales, they have almost always failed in short order in authorities of any size or scale (e.g. the Tri-Borough arrangements in London). Similarly in Wales, there have been limited attempts to share posts with Local Health Boards e.g. the previous Head of Adult Services was employed one day a week by ABMU; but the benefits proved very marginal. It is possible that these ideas will re-surface as part of local government reform; but they have been discarded in this analysis. The bottom line is that it is neither realistic nor fair to expect people to do one and a half or two jobs effectively.

- Second, the Council may have need of time limited interim management support from time to time. Some will say that we should not be using “consultants”; but I would argue that this is to miss the point for several reasons. It is neither reasonable nor realistic to expect senior managers to take on additional pieces of work on top of the day job beyond a point we have now reached; in some cases the necessary experience/skill set may not exist within the Council and perhaps there is also a reluctance in some quarters within the Council to fully embrace the need for different models of service delivery and income generation (an external perspective can provide that momentum). In any event, we cannot afford to recruit permanent staff at this level, so if judiciously deployed this is a more efficient way of proceeding. What is certain is that if we do not deliver the “big ticket” savings alluded to above, we face significant cuts to services and job losses in future years. Thus this report seeks delegated authority, within the Council’s Contracts Procedure Rules, in consultation with Cabinet Members, to utilise external expertise up to a limit of £50,000 per annum.
- Third, linked to – but not directly impacting upon – these proposals is the case for a job evaluation exercise on senior management posts in the Council. Section 3.4.9 of the Financial Regulations section of the Constitution stipulates that the Head of Paid Service is responsible for providing overall management to staff and for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job. However, as all senior managers have a potential financial/pecuniary interest in such an exercise, a separate report is being commissioned from an officer who has no such interests. That advice will be submitted to Members entirely separately and, if agreed, the exercise will be conducted independently and reported to Members on that basis.

SECTION C

Legal Implications/Process for Change

17. The Council’s Constitution at paragraph 11.02(a) requires the Head of Paid Service (Chief Executive) to *“report to Council on the manner in which the discharge of the Council’s functions is co-ordinated, the number and grade of officers required for the discharge of functions and the organisation of officers”*. Annex D of the Constitution vests the decision making responsibilities in the Personnel Committee by virtue of section 112 of the Local

Government Act 1972 (incorporating also the Employment Procedure Rules of the Council). This report seeks to discharge that obligation.

18. There are several aspects to be considered in order to make changes to the current senior management structure. These are based in statute, most recently the Standing Orders (Wales) Amendment Regulations 2014. Essentially, a consultation process is required with the Trade Unions and individuals. Corporate Directors and others were consulted individually and collectively in formulating these proposals. The Trade Unions have been sent this report and offered a meeting to discuss the proposals. It will also be tabled at the Staff Council meeting on 22 January.
19. As regards the proposed Assistant Chief Executive and Chief Digital Officer post, the Personnel Committee is required to set the duties, terms and conditions of employment for a Chief Officer post (again, see Appendix 1). There is also a requirement to consult the Independent Remuneration Panel in Wales (IRP) under the Section 143A of the Local Government (Wales) Measure 2011 which sets out the functions of the IRP to make recommendations about any aspect of a Council's pay policy which relate to the salary of the Council's Head of Paid Service. However, the Local Government (Wales) Act 2015 temporarily extends the powers of the IRP to cover salaries payable to all Chief Officers. The IRP must therefore be consulted.
20. It should also be noted that the 2014 Regulations require posts over £100k salary to be publicly advertised. However, should Members agree to create the proposed Assistant Chief Executive and Chief Digital Officer post on the basis outlined in Appendix 1, then this aspect of the Regulations would not apply. The appointment to any new role would be made by the Special Appointments Committee and Council under the Council's Constitution (see paragraph 17 above).
21. For the avoidance of doubt, these proposals do not involve the redundancy or displacement of any officer. Thus the process for consultation in potential redundancy situations; the requirement of the JNC Terms and Conditions of Employment in this regard and, in this specific context also, the Local Authorities (Standing Orders) (Wales) Regulations 2006, as amended in 2014, do not apply. However, if agreed, these proposals would result in the number of heads of

service being reduced from 14 to 13 during the coming financial year and then to 12 early in the following financial year².

Financial Implications

22. The starting point is that any review of the senior management structure should be contained within the existing budgets and produce savings over time. The table below sets out the financial implications of the proposals contained in this report. It is split into two elements: a transition phase which is essentially 2018/19 – but incorporating some savings already secured in the current financial year - and a full year impact (from 1 April 2019).

23. This analysis illustrates that the savings accruing from the proposed changes would be marginal during the transition phase³; but significant and recurring from 2019/20 onwards.

Financial Summary	Transition Period	Full Year Impact
	2018-19	2019-20
	£'000	£'000
Savings accruing from Director of Social Services permanent appointment	-44.3	-44.3
Savings from discontinuing Honorarium	-9.9	-9.9
Assistant Chief Executive & Digital Officer cost at scale maximum	131.1	131.1
Deletion of Other Head of Service Post	-109.0	-109.0
Deletion of Head of ICT Post	0.0	-109.0
Proposed Delegation for External Support	50.0	50.0
Savings re appointments at bottom of scale		
Director of Social Services @ Min	-11.3	
Assistant Chief Executive & Digital Officer @ Min	-12.0	
Assistant Chief Executive & Digital Officer appointed 1 July 2018	-2.5	
Total	-7.9	-91.1

² In purely financial terms, the figures could be regarded as 13 to 12 to 11 because the Head of the South Wales Trunk Road Agency (SWTRA) is funded under the arrangement with the Welsh Government.

³ But see paragraph 10 above. If a Market Supplement does prove necessary, there should be adequate provision in the Directorate's base budget to pay for it; but should the marginal savings for 2018/19 be wiped out, it is proposed to offset that cost by reducing expenditure on interim management capacity should Members agree that proposal – see the second bullet point of paragraph 16 above and recommendation 7 below.

24. An Equality Impact Assessment Screening Form has also been completed and the impact on protected characteristics (or specific groups) has been assessed as low.

Reasons for Recommendations

25. These proposals are designed to ensure that the Council's senior management team is resourced to deliver the objectives outlined in the Corporate Plan; to discharge the Council's statutory obligations and meet the financial and operational challenges which are ahead.

RECOMMENDATIONS

That Members, subject to the required consultation with Trade Unions and the IRP:

1. Agree in principle to the establishment of a new post of Assistant Chief Executive & Chief Digital Officer, including terms and conditions, and authorise the Chief Executive to advertise the post on an internal only basis as described in this report and at Appendix 1;
2. Agree in principle the deletion of the post of Head of ICT upon the retirement of the current post holder with his duties to be incorporated into the responsibilities of the proposed Assistant Chief Executive & Chief Digital Officer; and
3. Note the intention to invite Members to confirm these decisions at a subsequent meeting of the Personnel Committee should the consultation be successfully completed. It would also be the intention of officers to bring to that meeting the Council's new Workforce Strategy (see paragraph 5 above) for consideration/approval.

That Members also:

4. Authorise the Chief Executive to advertise a Head of Service post in the Social Services, Health & Housing Directorate immediately to replace the new Director to include an appropriate market supplement if necessary;

5. Authorise the Chief Executive to advertise the post of Head of Financial Services in due course to ensure that the current post holder is replaced upon his retirement;
6. Authorise the Chief Executive to transfer, as necessary, some of the Council's residual housing responsibilities from the Social Services, Health and Housing Directorate to the Environment Directorate on a basis to be determined in consultation with the Leader of Council, the Cabinet Member for Corporate Services and Equality and the other Cabinet Members concerned. Any new arrangements to be subsequently notified to the Personnel Committee as soon as practicably possible following their implementation;
7. Agree a delegation to the Chief Executive, in consultation with the Leader of Council and the Cabinet Member for Corporate Services and Equality, to utilise external support where necessary up to a limit of £50,000 in any one financial year within the scope of the Council's Contracts Procedure Rules; and
8. Delegate to the Chief Executive, in consultation with the Leader of Council, the Cabinet Member for Corporate Services and Equality plus other relevant Cabinet Members (depending upon the functions at issue), authority to re-align responsibilities and line management reporting arrangements within and between Directorates as a consequence of these proposals. Any new arrangements to be subsequently notified to the Personnel Committee as soon as practicably possible following their implementation.

Appendices

Appendix 1 – Proposed Assistant Chief Executive & Chief Digital Officer (functions/responsibilities and terms & conditions)

Background Documents

Corporate Plan 2017-2022

Officer Contacts

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ASSISTANT CHIEF EXECUTIVE & CHIEF DIGITAL OFFICER

Job Description

Lead responsibility for the development, implementation and monitoring of the Council's:

- Corporate Plan;
- Performance Management System;
- Digital by Choice Strategy and co-ordinate the digitalisation of Council services across the authority including digital exclusion;
- Strategic Equality Plan (under the Equality Act 2010);
- Welsh Language Plan (Welsh Language Standards);
- response to the Well-being of Future Generations (Wales) Act 2015;
- Older Persons Strategy;
- Compliance with the Local Government (Wales) Measure 2009 including associated policies and programmes of work including the corporate relationship with the Wales Audit Office in relation to their performance audit functions;
- Statutory duties as set out in the Crime and Disorder Act 1998 as amended by the Police and Justice Act 2006;
- Statutory duties under the regional CONTEST Board set out in the Counter-Terrorism and Security Act 2015.
- Violence Against Women, Domestic Abuse and Sexual Violence Strategy and ensure the Council's statutory duties set out in the VAWDASV Act 2015.

In addition, lead responsibility for:

- Member support and associated systems, securing the efficient and effective operation of the Council's democratic processes; managing the interface between officers and Members, including the development and publication of Forward Work Programmes;
- Acting as the principal advisor to elected Members in relation to scrutiny functions and the Democratic Services Committee;
- Designing and delivering effective Member Development programmes;
- Ensuring the efficient and effective running of the democratic, mayoral and electoral services including acting as a Deputy Returning Officer;
- Ensuring compliance with the Independent Remuneration for Wales schemes for the remuneration of Elected Members;
- The Council's response to the Welsh Government's local government reform agenda and associated policies and strategies on collaboration and related matters. Deputising for the Chief Executive at regional and national forums as required;
- Developing the work of the Public Services Board in the context of the well-being assessment and well-being plan and lead the implementation of work programmes on behalf of the partnership;
- Managing the Council's interface with the Voluntary Sector, including management of the Compact;
- Supporting the Leader of Council in managing the interface with Town and Community councils;
- The co-ordination of the Council's Valleys Task & Finish Group;
- Representing the Council on the Area Planning Board and ensuring that the Council's duties related to substance misuse are discharged;

- Income Generation: developing the corporate framework for, and co-ordination of, cross cutting work in this area;
- Preparing the Corporate Governance Statement on an annual basis and overseeing the improvement work set out in that Statement, ensuring adherence to the CIPFA Code of Practice;
- The Capital Programme Steering Group to ensure the delivery of the agreed capital programme; and
- Leading projects, programme and change initiatives as identified by Members;
- Leading the ICT/Digital Service to enable efficient procurement of hardware/software; service delivery to staff and the public including the development of data strategies to assist with controlling cost/activity; collaborative relationships with Heads of Service and strong governance in relation to security, data management, network and systems and third party applications; and
- Line management and budgetary responsibilities for relevant service areas.

Assistant Chief Executive & Digital Officer Pay Scale 2018-19

Pay Point	Salary
1	£85,500
2	£87,638
3	£89,776
4	£91,913
5	£94,050