

Review of the senior management structure at City of York Council

Introduction

City of York council is in the process of considering changes to its senior managements structure. In this context the LGA has been asked to set out options used elsewhere in local government and highlight pros and cons of each option for the council's consideration.

When reviewing the senior management team at a local authority it is important not just to replicate the status quo but to consider the need for and the design of all current posts.

It is also important to consider the context for the re organisation. For example, if the Council is subject to external factors that will significantly impact on the shape and size of the organisation, e.g. local government reorganisation or devolution then now is probably not the best time for a radical overhaul of its management team. While there is never a static state in local government a significant reorganisation of staff at any level is best undertaken when external uncertainty is at a relative minimum.

Organisations are built around people and this is specifically true at the senior management level. If the Council wishes to minimise the disruption to people and consequently reduce costs associated with recruitment and redundancy while showing loyalty to existing staff. It should ensure that roles are created that can be matched to the competencies of existing staff, and where there are skills gaps appropriate development opportunities are provided.

The process of reorganisation must start at the very top. Most local authorities employ a chief executive as their most senior manager, lead adviser to members and their head of paid service. However, in an effort to make savings and cut indirect costs a significant number of local authorities have explored alternatives to the traditional management model of a team of directors led by a stand-alone full-time chief executive. It is important to note that there is no statutory requirement for a local authority to employ a chief executive. There is a requirement, under 1 Section 4 of the Local Government & Housing Act 1989, that every local authority has the duty to designate one of their officers as its Head of Paid Service (HOPS). This is a statutory requirement, but the specification of this role is only briefly prescribed as follows;

It is the duty of the Head of Paid Service where he or she considers it appropriate to do so, to prepare a report to the authority setting out their proposals as to:

- *the manner in which the discharge by the authority of their different functions is co-ordinated;*
- *the number and grades of staff required by the authority for the discharge of their functions;*
- *the organisation of the authority's staff;*
- *the appointment and proper management of the authority's staff.*

Regulations made under the Local Government Act 2000 reinforced these duties by making the appointment of staff below chief officer level the exclusive function of the Head of Paid Service or someone nominated by him or her.

As the post is responsible for the organisation of the authority's staff a chief executive always carries this statutory designation in addition to the other accountabilities as specified by the employing authority. However, the legislation does not require a local authority to create a post of chief executive to exercise this function; as long as an officer is formally designated as HoPS they are meeting the requirements of the act.

This decision will have significant implications for the role of directors and elected members. For example, if the Council chooses to design a structure without a standalone chief executive it is likely that senior members will have to be involved to a greater degree in the strategic management of the organisation. I have set out below some alternative models with pros and cons for the Council's consideration. All of these are operated to a varying extent by other Councils in England and Wales.

Head of paid service model

Typically, in this model the post of chief executive is deleted and a 'primus inter pares' arrangement put in place, e.g. one of the existing directors is designated as the Head of paid service in addition to their existing role. This usually requires all the directors to take a greater role in strategic and corporate management and typically the postholder undertaking the statutory role will receive a salary addition. This works best when one postholder is designated rather than operate a model where the designation is rotated amongst the first-tier managers.

If either the S151 officer or Monitoring Officer is asked to undertake the role of Head of Paid service, it is good practice to ensure their current statutory role is delegated to another officer. It is important that the Council vests these protected roles in different individuals to ensure proper checks and balances are in place, as envisaged by the initial legislation, LGHA 1989, that established the role of HoPS and Monitoring Officer.

The pros are

- Saving of the Chief executive's employment costs immediately realised

- Clear message to community and workforce that the Council is critically reviewing management costs and prepared to make savings wherever possible.
- Leader able to raise their profile as the voice and ambassador for the Council- it is a model often used by local authorities with an elected mayor.
- A collegiate approach to management and leadership of the council.
- The political leadership take on more of the ambassadorial functions thus raising their profile within the community and the wider sector.

Cons

- No clear and visible leader
- Do your existing directors have the necessary competence/experience required to take this step up?
- Reduction in strategic management capacity and support for leading members.

Redcar and Cleveland MBC

In 2019 Redcar and Cleveland reviewed their senior management structure. The prime motivation for this review was to improve efficiency and generate savings for the Council. A key change arising from this review was the decision to delete the stand-alone chief executive post and move to a flatter top management team with one of the executive directors designated at the head of paid service. The head of paid service has direct line management responsibility for the resources department and coordinating responsibility for the other service areas, acting as a 'primus inter pares' at management team meetings.

I have attached the current structure *at appendix 1* of this report.

The Council was immediately able to realise savings achieved by the deletion of the Chief executive post. The deletion of this post also sends a very powerful message to the community and organisation that the Council is committed to making savings and delivering efficiency at all levels.

The deletion of the chief executive post also creates a flatter structure designed to improve the two-way flow of information from members to officers. However, this is counter balanced with a loss of strategic capacity that will require the leader and other senior members to take a more hands on role in the strategic management of the council. In addition, one problem cited by councils that have abandoned this approach is the lack of a clear and obvious leader who is ultimately responsible for the co-ordination of all the Council's services. In this structure the directors will work even more closely with their portfolio holder and if left unchecked this can lead to silo working within the organisation with departments in competition with each other to secure funding. This can be at the expense of a balanced allocation of resources driven by the overall needs of the organisation and community. If this option is

considered strategies to ensure a coordinated approach to service delivery must be put in place.

In this case an existing director picked up the additional HoPS responsibility and received an increase in salary for this addition to their duties. This postholder must have the competence and capacity to undertake this role and should be provided with any necessary development to ensure they can balance this new and expanded portfolio. This will probably require the posts reporting directly to them to manage their service areas with less managerial support and require the other executive directors to also contribute to a greater extent to the strategic management of the organisation.

Chief operating officer (COO)

This model creates a stand-alone senior role designated as HoPS and responsible for the line management of other senior managers and directors. Typically, the span of control for this post is quite wide relative to a typical chief executive. In this context the postholder has a greater focus on operational delivery and service coordination as opposed to strategic management or the ambassadorial role often undertaken by a chief executive.

This requires senior members to take more responsibility for these activities specifically the responsibility for representing the Council's interests at a local, regional and national level.

It is also important that when designing this role, the accountability and competence statements reflect the role required and do not just replicate the role profile used for a chief executive. This will help the Council to recruit an individual with the right skill set and importantly a clear understanding of what the job entails.

The advantage of a COO as opposed to the primus inter pares arrangement in the HoPS model is that there is a clear and visible manager of the Council providing a single point of accountability. The leadership and coordination provided by this post should avoid the potential for silo working identified in the HoPS model. There are also some savings as usually the COO is paid at a lower level than a stand-alone CE, greater savings are achieved if an existing directors post is also deleted.

Leicester City Council

I have attached the organisation chart, *appendix2*, for Leicester city Council who have applied this model for some years, last reviewing their structure in 2019. The structure is intended to compliment the role of the elected mayor, but it can work equally well with a traditional leader and cabinet model.

The COO, job description attached at *appendix 5*, at Leicester has 7 direct reports with two strategic directors, 3 service directors and two large head of service roles. This is a wider span than that of most traditional chief executives but is manageable due to the increased involvement by members and, in this case, the elected mayor in the strategic management of the Council.

At Leicester the post of director of resources and the CE were both deleted to create the single role of COO which was paid at a level somewhere between the two previous roles. Thus, saving a significant proportion of the previous Chief executive's employment costs.

Public health

- An interesting feature of the Leicester structure is the chief executive's direct line management responsibility for the director of public health role, DoPH. This arrangement was put in place before the global pandemic and the subsequent return to lockdown at Leicester city. However, it has undoubtedly assisted the management of this crisis with the DoPH having a direct line to the chief executive. Hopefully this will have assisted the Council's response to the crisis and given reassurance to the public that issues of public health are given the highest priority by the organisation. At the current time this seems an option worthy of consideration by all local authorities responsible for public health. It doesn't mean that the council must directly employ this postholder, they can share with another local authority, but the postholder should be a full member of the senior management team.

Traditional stand-alone chief executive

The current structure at City of York Council has the role of chief executive officer as the most senior manager and HoPS. This is the structure used by most Councils. It provides the Council with a clear point of leadership visible to both staff and members of the community served. This post holder acts as principle adviser to elected members and will typically work closely with leading members setting the strategic direction for the Council and representing the council on external bodies. The postholder will chair the senior management team and be responsible for the performance of other chief officers.

While a stand-alone chief executive is the most common starting point when councils design or review their management structure the shape of the management team reporting to this post varies considerably dependent upon the size and type of local authority.

I have set out below couple of examples representative of the spectrum of management structures found in local authorities. These range from an executive/strategic director model where a few, typically three, directors report to the chief executive. These postholders often have generic roles with the operational or service directors reporting to them. This creates a strong strategic centre able to

support elected members and ensure the delivery of fully coordinated and integrated services to the community. This model has worked well and added value in large all-purpose local authorities where service departments are very large and complex. The insertion of this layer of management ensures that strategic management and future planning get the necessary focus with challenging operational issues being resolved by service directors at the tier below.

However, it is a model that has been adopted then dropped by smaller councils as the executive director and service director responsibilities can become blurred with postholders operating in the same space creating frustration and inefficiency. It is important to note that research undertaken by Stanton Marris, leading to the Decision Making Accountability (DMA) methodology, suggests that a local authority the size of York City should have no more than six hierarchical layers from a front line operative up to the post of chief executive/COO. If there are more layers in the hierarchy at some point there will be overlap between the accountabilities of managers and their subordinates leading to inefficiency, duplication of effort, demotivation and poor communications.

Bristol City Council

The senior management team at Bristol city council comprises just three posts with responsibilities for service areas defined as shown below.

Chief Executive.

Responsible for the managerial leadership of the council and all services within the Resources directorate:

- Commercialisation, Citizens and Shareholder Liaison
- Digital Transformation
- Finance
- Legal and Democratic Services
- Policy, Strategy and Partnerships
- Workforce and Change

Executive Director of People.

Responsible for all services within the People directorate:

- Adult Social Care
- Children and Families Services
- Educational and Skills

- Public Health

Executive Director of Growth and Regeneration.

Responsible for all services within the Growth and Regeneration directorate:

- Economy of Place
- Development of Place
- Management of Place
- Housing and Landlord Services

Reporting to the executive directors and chief executive are a team of service directors responsible for the operational management of key functions e.g. education, adult social care. In this context the executive directors and chief executive oversee and coordinate a range of services but do not get involved, on a regular basis, on issues relating to operational management. The statutory responsibilities, except HoPS, sit at the service director level reinforcing the separation between the strategic role of the executive directors and the operational role of the service directors. In this context the executive directors and chief executive do not require a professional background in any of the services within their portfolio.

While this creates another hierarchical layer, this model can work well in a large council. Specifically, by reducing the time spent on operational issues by the council's most senior managers allowing them to focus on strategic management and ambassadorial functions. It works less well when the number of executive directors goes beyond three and the executive directors retain either statutory roles or operational responsibilities for a specific service area. This leads to the problem of duplication caused by blurred lines of accountability discussed above.

Blackburn with Darwen BC

At Blackburn with Darwen, a smaller unitary council, they have opted for more traditionally based functional director model. In their structure the management team, full structure at *appendix 3*, is led by a stand-alone chief executive and head of paid service with 9 direct reports as follows.

- Director of Adults & Prevention (DASS)
- Director of CS & Education (DSC)
- Director of HR, Legal & Governance
- Director of Environment & Operations

- Director of Public Health & Well-being
- Director of Finance & Customer Services
- Director of Growth & Development
- Director of Digital & Business Change
- Head of comms and engagement

This creates the same flatter structure seen in the COO model described above and in practice the role of chief executive is unlikely to be very different to this role. This reduction in hierarchical levels can enhance communication thus making the Council more responsive to change and ensure the priorities of members are cascaded down to operational staff in a timely fashion. However, the number of direct reports is likely to result in the chief executive being drawn into operational matters on a regular basis thus limiting their capacity for strategic management and ability to represent the council on external bodies. This as with the COO role will require members to be more active in this context. It also creates a large senior management team with a group of directors managing portfolios of different sizes and impact. This can make it more difficult to coordinate a council wide approach to future planning and service delivery possibly leading to silo working with chief officers defending their own services rather than acting in the interests of the Council as a corporate body.

Communications

- Interestingly, the chief executive has also retained the head of communications as a direct report. This highlights the importance of this role to the council as a corporate body and the need for the chief executive and senior elected members to be able to get quick access to the postholder to ensure messages are communicated in a timely, efficient and accurate manner.

Shared Chief executive

This is becoming an increasingly popular model amongst authorities of all types and location. I have attached a map, *appendix 4*, which shows the Councils in sharing arrangements as at 2014. Councils are entering into a shared chief executive arrangement not because of a crisis but where there are opportunities for shared working and efficiencies.

Pros

- Savings realised by sharing employment costs
- Sharing of good practice
- Identify other opportunities for shared working

- If your Council is not the employer, you can simply terminate the arrangement if the Chief executive is not performing rather than needing to dismiss etc.
- There is an established national 'shared chief executive' network for local authorities who have implemented this management model to ensure all learn from best practice and avoid potential pitfalls.

Issues/potential cons

- Political understanding and ability of Cllrs from different local authorities to work together and respect differences while building on strengths.
- Geographical proximity helps
- Clear protocols for the chief executive and members to observe to ensure all Councils party to the arrangement receive the necessary level of support, e.g. Council meetings need to be co-ordinated.
- Musty not place unreasonable demands on the Chief executive.
- What is the salary for the shared job?
- What do you do if there are two or more postholders who want the shared job, recruitment, redundancy etc.
- Vulnerable to changes in political control

Nearly all shared chief executives start to see the possibility of shared management teams and consider the implications of shared officer structures. Several the local authorities on the map at Appendix 4 have progressed to a full integration arrangement.

It is important to recognise that once you have a shared CMT it is difficult to go back to each authority appointing separate teams as they will have utilised the resulting savings. Also, that a single CMT would result in reduced management capacity, making it more difficult to implement changes or prepare for major transformational change. However, the benefits reported in addition to salary savings are; greater synergy and cooperation between Councils; commitment to making the partnership work; opportunities for further shared arrangements are identified producing further efficiency savings.

City of York Council Proposals

A report was submitted to elected members on the 3.6.2020 which sets out proposals for restructuring the senior management team at the Council. Having reviewed these options, in the light of the example structures discussed above we believe the model led by a chief operating officer is the best option for the Council at this time.

The advantages of this approach are that in addition to delivering the required savings to the organisation it could be implemented with minimal impact on existing staff. It will create a flatter structure which should improve the flow of communications and create greater clarity of job purpose thus empowering staff and improving motivation and performance.

Looking at case studies within this report and other management structures elsewhere it is important to consider the following issues.

Role of members

Elected members will be required to play a greater role in the strategic management of the Council and should be offered appropriate development to ensure they understand this role and develop the necessary competences, the LGA can help support this process.

Elected members will have to play a greater role representing the council not just publicly to the local community but on regional and national forums. Again, appropriate development should be provided to Councillors. Also, practical considerations such as the size and shape of the member support office should be reviewed

Role profiles

Careful thought should be given to the design of the roles within the new structure. For example, the COO is not a replacement chief executive. It is a different post operating at a different level requiring different competencies. In this context members and officers should work together, possibly supported by external consultants, to agree the new roles and the competencies required. In this context it should be noted that if current postholders can't demonstrate these competencies or undergo development to attain the necessary competencies there will be the costs and the employee relations impact associated with redundancies.

Recruitment to new roles

There should be a clear role profile and person specification developed for all of the new roles. This will ensure that any skills gaps are identified when/if existing postholders are slotted into new roles. It will also create an objective basis for assessment if there is competition for any new role in the structure. It should be noted that if the Council moves to this new structure there will be an impact on all senior managers even if the basic accountabilities of their role are unchanged.

Span of control

The proposed structure would require the COO to manage nine direct reports. This is at the maximum end of the recommended range for a senior manager. It can work effectively, but as recommended above the design of the new roles and the competence of postholders will be critical to its success. It will be important that all the reporting officers have significant management and technical competence in their area of responsibility ensuring the COO doesn't get regularly drawn down into operational issues at the expense of their coordinating role.

A desk top review of the proposed structure in relation to the current structure prompts the following questions.

- Has the Council considered creating another corporate director role responsible for a portfolio of internal resource functions? This could include the functions of the Director of Governance, Head of policy and partnerships and Head of HR and OD. This would reduce the number of direct reports to the COO while achieving efficiencies by grouping functions together where there is some natural synergy. There is a similar role at director level at Blackburn with Darwen.
- It is very unusual to have the manager of customer services reporting directly to the HoPS. As a large proportion of the transactional work undertaken by staff in this area will have some link to the finance function, e.g. revenues and benefits it is worth considering the creation of a role of Director of finance and customer services at a slightly higher level than the AD finance post currently proposed. There is a similar role at director level at Blackburn with Darwen.
- If the Council opts not to create another corporate director role, as suggested in the first bullet above, another option would be to broaden out the Governance role to incorporate the policy and partnerships function. The role of corporate policy and partnerships could then be graded at assistant director level. These functions often sit together in a wider corporate based department and staff in both areas should have complementary skills that could lead to greater efficiencies.

Public health

In the current climate this is a high-profile role with potential for a huge impact on the community. Most local authorities have placed this post at third tier reporting into a strategic director. However, there is a trend to change this reporting line, so the post reports direct to the HoPS, e.g. Leicester. In the long term the Council should investigate the potential to share this post with a neighbouring council thus saving costs but in the short term the Council should consider raising the profile of this role by placing it at second tier.

If this post were elevated to second tier, then amalgamation of other roles to keep the span of control at the same number or less than the nine currently proposed should be considered.

Communications

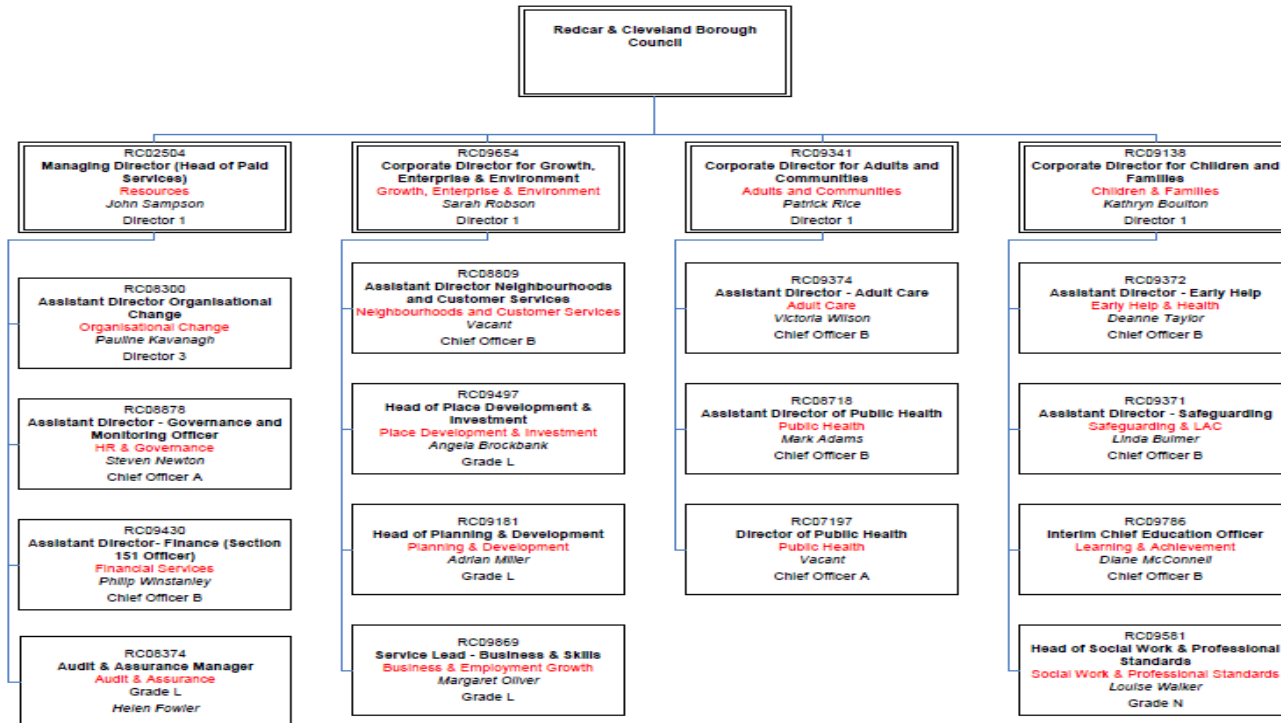
We considered recommending placing this role at third tier reporting to a corporate director or placed within a wider corporate service department to reduce the management span of the COO. However, the requirement for immediate access to this postholder, highlighted by the current health crisis, is vital for elected members and the COO. In this context we support the post remaining as Head of service at second tier within the structure.

Adam Barker

Senior adviser LGA

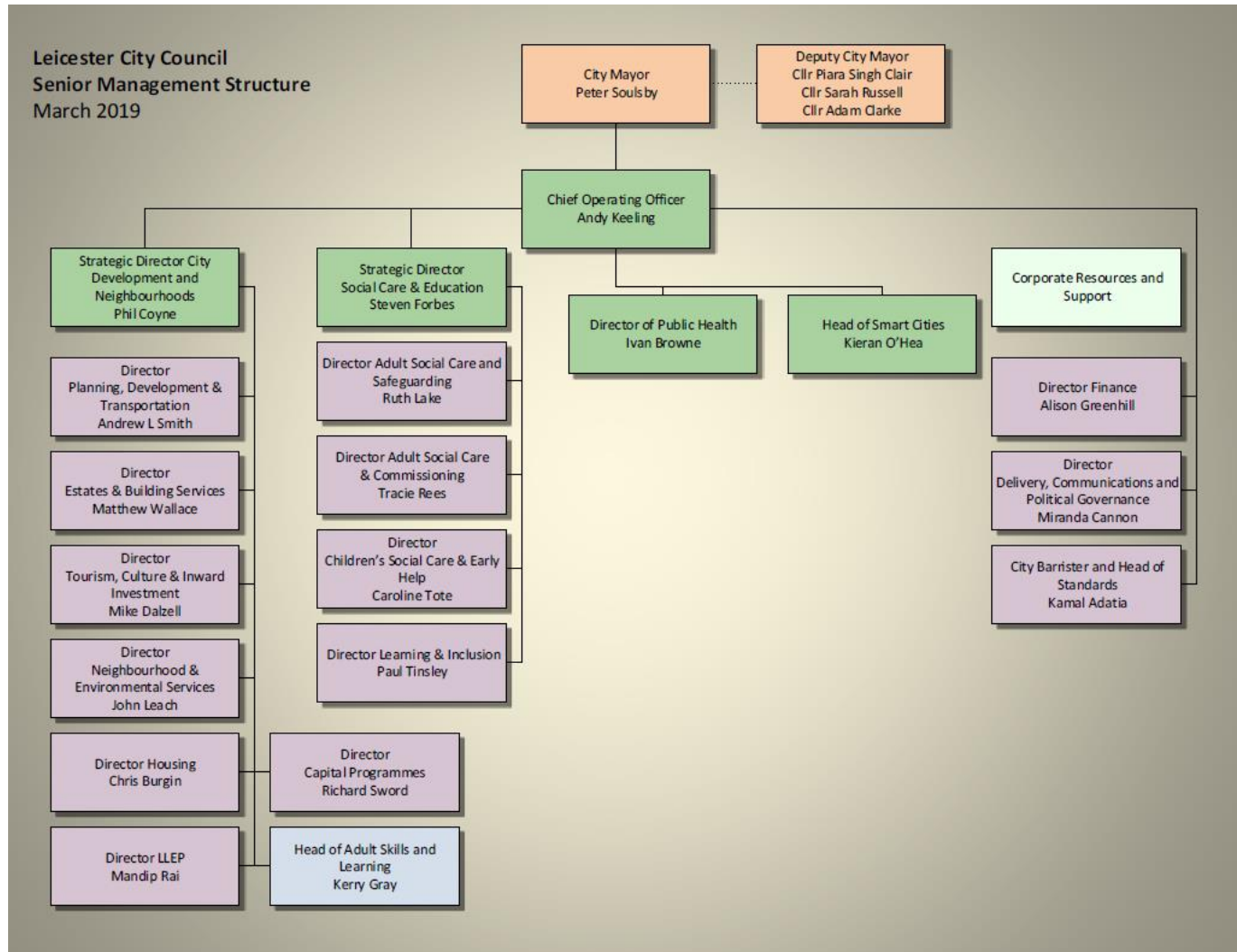
July 2020

Appendix 1



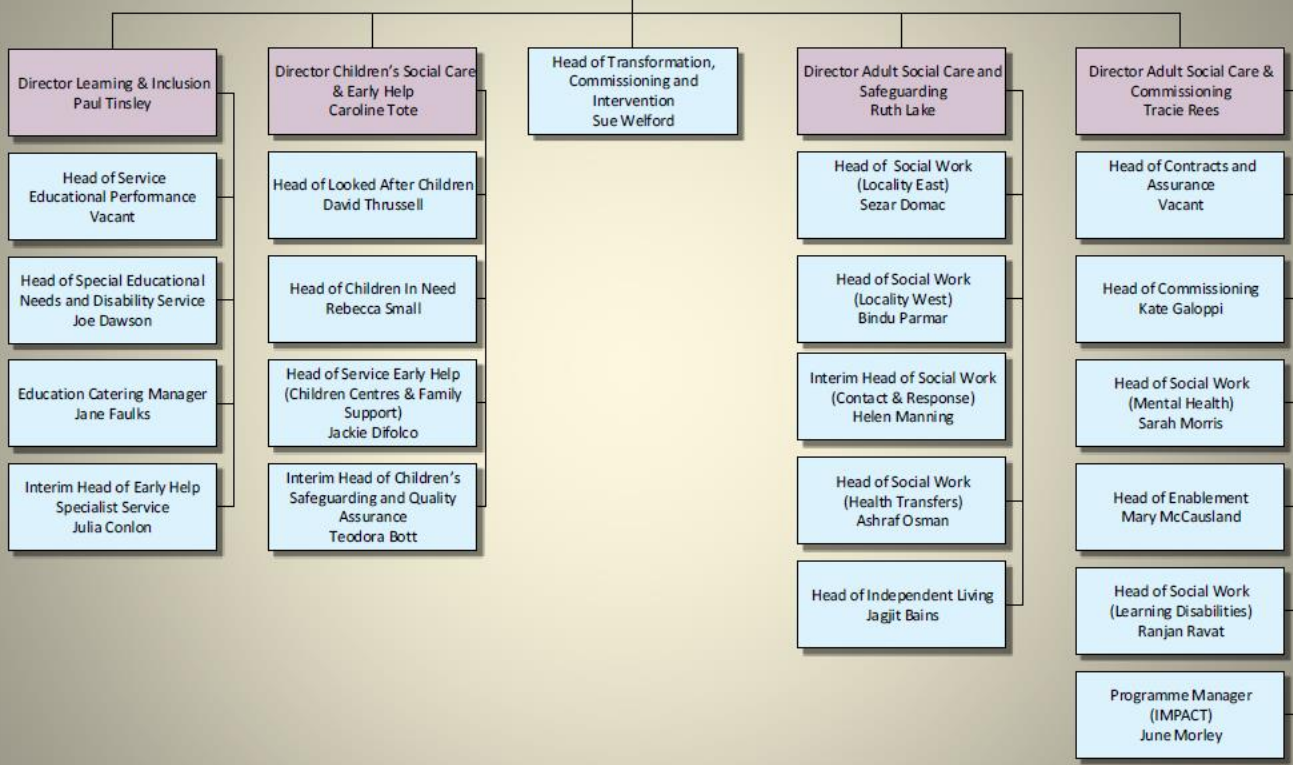
Grade	Pay band
Director 1	£ 120,000 - £ 124,999
Director 3	£ 100,000 - £ 104,999
Chief Officer A	£ 85,000 - £ 89,999
Chief Officer B	£ 80,000 - £ 84,999
Chief Officer C	£ 70,000 - £ 74,999
Grade N	£ 65,000 - £ 69,999
Grade L	£ 53,000 - £ 57,999

Appendix 2



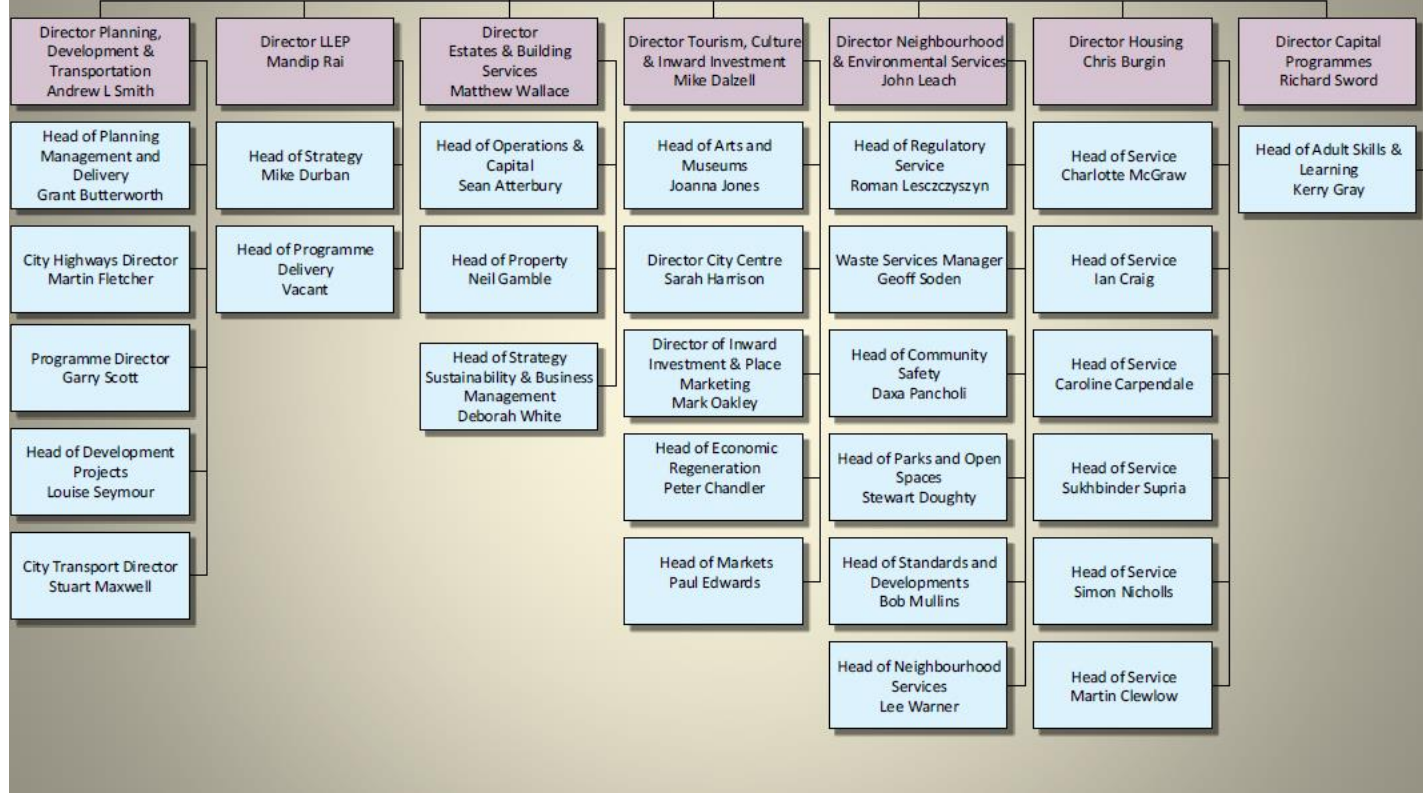
Social Care & Education
March 2019

Strategic Director
Social Care & Education
Steven Forbes

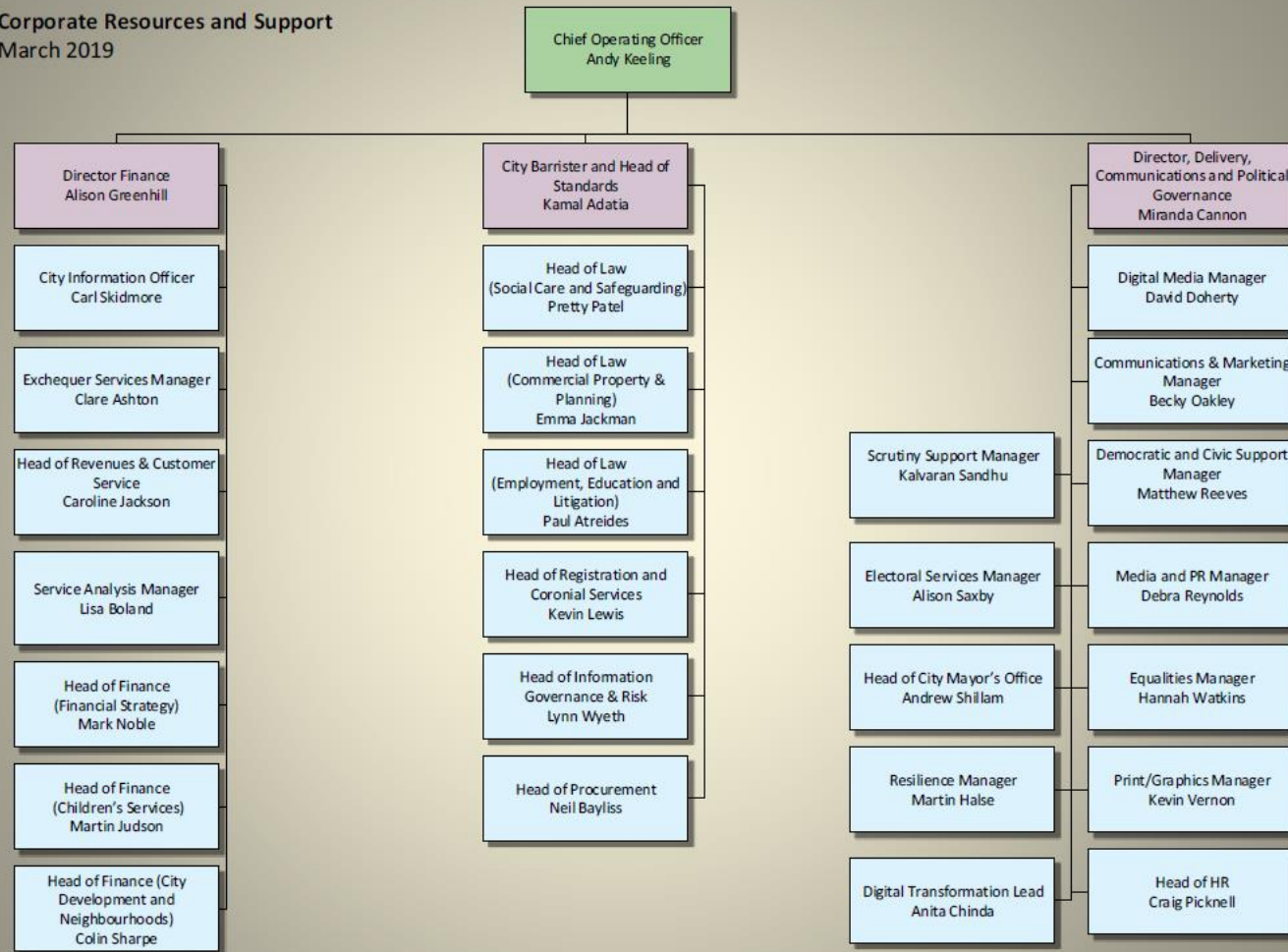


City Development and Neighbourhoods
March 2019

Strategic Director City Development and Neighbourhoods
Philip Coyne



Corporate Resources and Support
 March 2019



Public Health
March 2019

Director of Public Health
Ivan Browne

Consultant in Public Health
(Intelligence &
Commissioning)
Julie O'Boyle

Consultant in Public Health
Louise Lester

Consultant in Public Health
(Prevention)
Joanne Atkinson

Head of Sports
Andrew Beddow

Appendix 3

Tier	Name	Job Title	Local Authority Team	Salary in 5k Brackets
1	Denise Park	Chief Executive (BWDBC)	Chief Executives	145,000 - 149,999
2	Sayed Osman	Director of Adults & Prevention (DASS)	Adults, Communities and Prevention	110,000 - 114,999
2	Jayne Ivory	Director of CS & Education (DSC)	Children's Services & Education	110,000 - 114,999
2	David Fairclough	Director of HR, Legal & Governance	HR, Legal & Governance	95,000 - 99,999
2	Martin Eden	Director of Environment & Operations	Environment & Operations	95,000 - 99,999
2	Dominic Harrison	Director of Public Health & Well-being	Public Health & Wellbeing	95,000 - 99,999
2	Marie Louise Mattinson	Director of Finance & Customer Services	Finance	95,000 - 99,999
2	Martin Kelly	Director of Growth & Development	Growth & Development	95,000 - 99,999
2	Paul Fleming	Director of Digital & Business Change	Digital & Business Change	90,000 - 94,999
3	Simon Jones	Growth Programme Director	Growth & Development	85,000 - 89,999
3	Postholder	Consultant In Public Health (Medicine)	Public Health & Wellbeing	80,000 - 84,999
3	Postholder	HOS Leisure, Health & Wellbeing	Public Health & Wellbeing	65,000 - 69,999
3	Postholder	HOS Prevention, Adult Learning & N'Hoods	Adults, Communities and Prevention	65,000 - 69,999
3	Postholder	HOS S'guarding, Comm Protec & Spec Serv	Prevention	65,000 - 69,999
3	Postholder	HOS Legal Services/Council Solicitor	HR, Legal & Governance	65,000 - 69,999
3	Postholder	Consultant In Public Health	Public Health & Wellbeing	65,000 - 69,999
3	Postholder	Head of Integration Community & Strategy	Adults, Communities and Prevention	65,000 - 69,999
3	Postholder	Strategic Head of Social Care	Children's Services & Education	60,000 - 64,999
3	Postholder	Head of Property & Projects	Growth & Development	60,000 - 64,999
3	Postholder	Head of Permanence	Children's Services & Education	60,000 - 64,999
3	Postholder	Head of Environment	Environment & Operations	55,000 - 59,999
3	Postholder	Head Of Building Control	Growth & Development	55,000 - 59,999
3	Postholder	HOS Finance (Place & Corporate)	Finance	55,000 - 59,999

3	Postholder	HOS Finance (People)	Finance	55,000 - 59,999
3	Postholder	Head of Early Help & Support	Children's Services & Education	55,000 - 59,999
3	Postholder	Head of Adolescent Services	Children's Services & Education	55,000 - 59,999
3	Postholder	Head of Governance	HR, Legal & Governance	55,000 - 59,999
3	Postholder	HOS Audit & Assurance	Finance	55,000 - 59,999
3	Postholder	HOS Revenues Benefits & Customer Service	Finance	55,000 - 59,999
3	Postholder	Head of Strategic Commissioning	Adults, Communities and Prevention	55,000 - 59,999
3	Postholder	Head of Communications & Engagement	Chief Executives	55,000 - 59,999
3	Postholder	One Public Estate Programme Manager	Growth & Development	50,000 - 54,999
3	Postholder	Head of HR Services	HR, Legal & Governance	55,000 - 59,999
3	Postholder	Head of Org Dev & Workforce Strategy	HR, Legal & Governance	50,000 - 54,999

Appendix 4

Shared chief executives (England, May 2014)

