

<b><u>MEETING</u></b> <b>GENERAL FUNCTIONS COMMITTEE</b>
<b><u>DATE AND TIME</u></b> <b>WEDNESDAY 3RD MAY, 2017</b> <b>AT 6.00 PM</b>
<b><u>VENUE</u></b> <b>HENDON TOWN HALL, THE BURROUGHS, LONDON NW4 4BG</b>

Dear Councillors,

Please find enclosed additional papers relating to the following items for the above mentioned meeting which were not available at the time of collation of the agenda.

Item No	Title of Report	Pages
1.	SENIOR MANAGEMENT RESTRUCTURE	3 - 18

Maria Lugangira 020 83592761 maria.lugangira@barnet.gov.uk

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## General Functions Committee

### 3 May 2017

<b>Title</b>	Senior Management Restructure
<b>Report of</b>	John Hooton – Chief Executive and Head of Paid Service
<b>Wards</b>	Not Applicable
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	No
<b>Enclosures</b>	Appendix A - Current and Proposed Structure Chart
<b>Officer Contact Details</b>	John Hooton <a href="mailto:John.Hooton@barnet.gov.uk">John.Hooton@barnet.gov.uk</a> 020 8359 7850

## Summary

This report proposes changes to the senior management structure affecting the commissioning group and delivery units. Details of the proposed changes are set out in the main body of the report.

The report is aiming to do the following:

- Build on the strengths of Barnet Council. Being a commissioning organisation is not about structures and bureaucracy; it is about focusing on outcomes for residents and businesses, and planning for the future. **The Council's primary aim is to deliver good quality public services for Barnet.** This needs to continue into the future, and this structure ensures that there is sufficient capacity in the organisation to continue to do this.
- Ensure that **capacity exists in the right places**. This includes ensuring sufficient focus on our growth and regeneration plans, as well as having sufficient capacity to deliver good services across Adults, Children's and Environment.
- Amend reporting lines so that **accountability is clear**. Accountability sits with me as Chief Executive, and then through Directors on the Strategic Commissioning Board. The previous structure separated out delivery and commissioning responsibilities, and this has meant that when issues arise, it is not always clear whose job it is to fix these issues. Clear lines of sight are fundamental for any organisation. It is important to ensure that the focus on commissioning remains. This means SCB are

accountable for both commissioning and delivery, and will discharge their responsibilities through clear reporting lines for both the delivery of services and commissioning of strategies and outcomes. This is exemplified in Appendix A.

- d) **Make an overall saving** by deleting posts that are no longer required.

The Chief Executive and Head of Paid Service undertook individual discussion with postholders during April 2017.

Although this restructure affects fewer than 20 employees, the seniority of the employees and the impact across lower levels of the organisation warrant consideration by the General Functions Committee.

Subject to the agreement by the General Functions Committee of the recommendations below, the Committee will also be asked to approve the pay and grading of the amended positions, in line with the Council's existing senior management pay scales.

## Recommendations

It is recommended that the General Functions Committee agree the following:

1. **The deletion of three posts from the Council's establishment, and the realignment of the senior management structure as set out in Section 6.5 of this report.**
2. **The implementation of the restructure in accordance with the 'Proposed Structure' chart at Appendix 1 of this report to with effect from 1st April 2017.**
3. **The implementation of the senior salaries review, pay progression arrangement and annual pay awards as outlined at paragraph 6.6 including the salaries for the posts in the proposed structure.**
4. **Recommend to Council that the Director of Finance in the new structure (formerly Director of Resources) is appointed as Chief Finance Officer and Section 151 Officer.**

**Reason for decision:** The reason for this decision is to formally alter the Council's establishment and that the Committee are satisfied that the proposals, rationale and consultation have been sufficient.

### 1. WHY THIS REPORT IS NEEDED

- 1.1 The report concerns the proposed changes to the establishment of the Council. The report is presented as due to the seniority of the posts being restructured, this is a matter for the General Functions Committee to decide.

### 2. REASONS FOR RECOMMENDATION

- 2.1 The recommendations in this report are designed to strengthen the Council's commissioning functions for the reasons set out in the Consultation.

### **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 3.1 These recommendations and the structure have been subject to consultation and amended as set out in the report, below.

Consideration to continue with the existing arrangements would result in the retention of the current structure, without the benefit of the savings indicated and improvements to the intention to strengthen the commissioning functions of the Council.

- 3.2 The development of the proposal included consultation with senior managers to explore alternative proposals.

### **4. POST DECISION IMPLEMENTATION**

- 4.1 Should the recommendation be approved, the Constitution Ethics and Probity Committee will be asked to make the consequential changes to the constitution.

### **5. IMPLICATIONS OF DECISION**

#### **5.1 Corporate Priorities and Performance**

- 5.1.1 The report concerns the senior management functions of the Council.

#### **5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

- 5.2.1 The proposals set out within this report can be contained within the relevant existing budgets of the Council, with savings in the overall cost of senior management and associated support costs. These changes make an overall saving of £300k compared to the existing structure. There is a pressure on the existing salary budget, meaning that the saving against budget is less significant. However, overall the new structure provides a more sustainable senior salary structure for the future, both in terms of cost saving, and in terms of recruitment and retention.

#### **5.3 Social Value**

The implementation of the recommendations in this report will ensure that the Council can meet its objectives and deliver the corporate plan, of which social value is a component.

#### **5.4 Legal and Constitutional References**

- 5.4.1 The HR Regulations state that 'all new posts at Assistant Director level or above shall be created by committee decision (General Functions Committee, Policy and Resources Committee or Urgency Committee) and not by delegated powers'.
- 5.4.2 The functions of General Functions Committee include 'to decide on a. chief officer salary packages b. salary packages to be offered of £100,000 or more'.

5.4.3 In accordance with Appendix A to the Responsibility for Functions section of Barnet Council's Constitution the General Functions Committee has responsibility for staff matters (i.e. salaries and conditions of service) other than those within the remit of Chief Officer Appointment Panel. In accordance with the HR Regulations in the Constitution, where there is a proposed organisational restructure involving 20 staff being put at risk of redundancy or TUPE or there are changes to terms and conditions of employment, a report must be made to the General Functions Committee for approval.

5.4.4 This decision relates to the senior management structure. Separate decisions relating to individuals will be taken in accordance with the Council's scheme of delegation and HR policies, for example a decision to re-grade a post or assimilate an employee into a new post.

## **5.5 Risk Management**

5.5.1 The Council's functions are essential to the continuing transformation of services and delivery. To achieve this, the Council requires the right people with the set of skills to commission effective services for our residents.

## **5.6 Equalities and Diversity**

Legal, regulatory and best practice frameworks in respect of equalities and diversity will be following in the implementation of these proposals.

## **5.7 Consultation and Engagement**

5.7.1 Informal consultation of staff affected has been undertaken through, individual meetings with those directly affected. This engagement resulted in points of view that have been reflected in these final proposals. Formal 30 day consultation will start following General.

## **5.8 Insight**

Not applicable

## **6. DETAILED INFORMATION**

6.1 On 29th June 2016, the General Functions Committee agreed a report on the re-organisation of the Council and the appointments to senior positions within the structures of the Council.

6.2 The purpose of the reorganisation was to establish firm arrangements for commissioning services and enhance the focus of strategic managers to commission services based on outcomes and a stronger customer orientation.

In addition, the restructure released financial savings recognising the need to invest in strategic management capacity whilst delivering savings in management structures.

- 6.3 To inform the recommendations to this Committee, the Chief Executive and Head of Paid Service undertook informal consultation with affected staff both within the Commissioning Group and the wider senior management structure.

### **Roles & Responsibilities**

- 6.4 The proposed structure outlined in Appendix 1 outlines the organisational staffing structure for the Council. It is necessary to provide clarity in regard to the responsibilities for each role in the revised organisational structure. These key elements are as follows:

#### **Deputy Chief Executive:**

- Deputy Head of Paid Service
- Accountable for resources functions across the organisation, including finance, IT, estates and health and safety, as well as overall coordination of the business planning process.
- Accountable for the commercial, performance and programmes functions.
- Lead the management of, and deliver a broad policy portfolio to oversee outcomes relating to Growth, Development, Regeneration, Resources and the Commercial teams. Hold overall accountability for performance and budget for these functions.
- Lead the development of commissioning strategies for a broad and significant set of areas including infrastructure, development, regeneration and housing. Work collaboratively across a complex, multi-agency environment with a wide range of partners to ensure the Council achieves integrated outcomes for residents of Barnet.
- Provide strategic policy advice to Members and Partners, including on the relative priority of outcomes.
- Articulating the future vision for housing, regeneration and welfare services across public services in Barnet.

#### **Strategic Director for Children and Young People:**

- Statutory Director of Children's Services.
- Lead the management of, and deliver a broad policy portfolio to oversee the outcomes relating to, Children's services delivery and commissioning teams. Hold overall accountability for performance and budget for these functions.
- Overall lead for Safeguarding across Children's Services. Work collaboratively across a complex, multi-agency environment with a wide range of partners to ensure the Council achieves integrated outcomes for residents of Barnet.
- Provide strategic policy advice to Members and Partners, including on the relative priority of outcomes.
- Articulating the vision for children's services across Barnet in the future and moving towards the vision of a family friendly Barnet.
- Driving improvement towards being an outstanding for children's social care authority
- Driving forward the quality of education in Barnet and commissioning of education outcomes.

- Responsible for provision of an exceptional Libraries service.

#### **Strategic Director for Adults, Communities and Health:**

- Statutory Director of Adult Social Services.
- Lead the management of, and deliver a broad policy portfolio to oversee outcomes relating to adult social care, health and leisure commissioning and delivery.
- Hold overall accountability for adult social care across Barnet.
- Hold overall accountability for performance and budget for these functions.
- Lead on joined up commissioning of Social Care and Health care provision for Barnet.
- Overall lead for Safeguarding across adult services. Work collaboratively across a complex, multi-agency environment with a wide range of partners to ensure the Council achieves integrated outcomes for residents of Barnet.
- Provide strategic policy advice Members and Partners including on the relative priority of outcomes.
- Articulating the vision for health and social care services across Barnet in the future.
- Lead integration of health and social care services locally.
- Work collaboratively across a complex, multi-agency environment with a wide range of partners to ensure the Council achieves integrated outcomes for residents of Barnet.

#### **Strategic Director of Environment**

- Overall lead for the commissioning and delivery of environmental services across Barnet, covering waste, enforcement, cleansing, parks, highways and transport.
- Accountable for performance and budget of these functions.
- Provide policy advice for Environmental Services, Members and Partners including on the relative priority of outcomes.
- Responsible for articulating the vision for environmental services across Barnet in the future.
- Developing & implementing the vision for partnerships with police and probation in respect of community safety.
- Work collaboratively across a complex, multi-agency environment with a wide range of partners to ensure the Council achieves integrated outcomes for residents of Barnet and driving improvements to resident satisfaction for these services.
- Commissioning responsibility for parking, highways and regulatory services.

#### **Assistant Chief Executive:**

- Overall lead for policy, strategy, communications, customer services, human resources, legal, governance, elections, audit and anti-fraud across the organisation.



- Overall accountability for performance and budget for these functions.
- Overall lead on policy advice for senior officers and partners including on the relative priority of outcomes.
- Lead advisor to members on policy and strategy, including overall lead on development of the Corporate Plan.
- Responsible for the delivery of the customer transformation programme.
- Overall lead for internal and external communications, promoting the Council and Council services.
- Responsible for ensuring the Council's overall vision and strategy are embedded in the people strategy, organisational development, internal & external communications and performance reporting.
- Coordinating the Councils long term view on priorities and spending through to 2025.

#### **Director of Adults and Communities:**

- To lead the delivery of all Adults services for the Council with responsibility for ensuring that the Council meets its legal and statutory obligations in relation to adult social care. The role is accountable for translating corporate objectives into medium term operating plans (including service innovation and securing budgets).
- Overall lead for delivery of the medium term financial strategy for Adults and Communities, ensuring performance and budget targets are delivered.
- Responsible for ensuring that vulnerable adults in Barnet are safeguarded through ensuring that there are robust multi-agency safeguarding arrangements in place.
- Lead on policy advice for Adults Social Services, Members and Partners including on the relative priority of outcomes.
- Responsible for implementing the new operating model for Adults, incorporating practice improvements and the development of hubs across Barnet.
- Responsible for driving forward improvements to technology in Adults social care, including case management, e-marketplace, telecare.

#### **Director of Finance:**

- Statutory section 151 officer and Chief Finance Officer.
- Responsible for the development of the medium term financial strategy.
- Overall responsibility for financial advice to senior officer and to members.
- Responsible for finance, IT, estates and health and safety across the organisation.
- Responsible for the development of strategies for information management, IT, assets, capital and office accommodation.
- Responsible for ensuring the Council is compliant with financial regulations and guidelines.

**Director of Commercial Services:**

- Overall responsibility for relationships with all major suppliers including CSG, RE, Barnet Group, NSL, Cambridge Education and shared service partners.
- Lead commercial advisor to the Council.
- Responsible for development of an effective performance framework across the organisation, ensuring performance across services is reported effectively across services, into senior management and to members.
- Responsible for ensuring effective programme management is in place across the organisation to deliver the corporate plan and transformation plans.

**Director of Development and Regeneration:**

- Responsible for setting the regeneration and development strategy for the Council.
- Responsible for ensuring that partner organisations are effectively commissioned to deliver against regeneration and development objectives.
- Ensuring all aspects of the Council's regeneration programmes are being delivered effectively and future plans are being developed.
- Responsible for planning, development and regulatory services from a client side perspective.
- Work collaboratively across a complex, multi-agency environment with a wide range of partners to ensure the Council achieves integrated outcomes for residents of Barnet

**Director of Assurance:**

- Responsible for the delivery and management of all assurance functions for the Council including corporate anti-fraud, internal audit, governance teams.
- Oversee these functions to ensure that the Council meets its legal and statutory obligations in relation to issuing appropriate guidance to members and officers in undertaking their roles.
- Responsible for ensuring that the Council meets the highest standards of governance and probity and that sound governance principles are embedded across the organisation and its partners.
- Responsible for championing local democracy
- Responsible for the effective running of the elections function.

## Proposals

6.5 The proposals are summarised as follows:

- Deletion of the Chief Operating Officer role.
- Realigning the Commissioning Director (Growth & Development) adding the responsibility for Resources and Commercial Services to the role and re-designating the post Deputy Chief Executive.
- Deletion of the Delivery Unit Director post for Family services and Commissioning Director(Children & Families) and creating an Strategic Director of Children & Young People covering both roles
- Deletion of the Commissioning Director(Environment) and creating a Strategic Director of Environment) covering Environment & Streetscene services
- Deletion of the Head of Programmes & Performance
- Deletion of the Strategic Lead (Regeneration)
- Re-designating the Commissioning Director (Adults) to Strategic Director of Adults, Communities & Health with a primary focus on driving closer and joined up commissioning of Social Care and Health care provision for Barnet
- Re-aligning the reporting arrangements for the Director of Adults and Communities
- Realigning of the Director of Strategy to include responsibility for Assurance, Governance, Monitoring Officer as well as client functions for Health & Safety, Customer Services and re-designating the post Assistant Chief Executive
- Creating a new post of Director of Development & Regeneration reporting to the Deputy Chief Executive and deletion of the Strategic Lead (Regeneration).

6.6 The Council's policy on senior management pay is that each role has a Market based pay structure which links job size to the mid-point between Median and Lower Quartile Pay data. The review proposes to broadly keep the senior management pay levels but remove the gaps between grades making the senior management pay structure seamless.

The Council's grading of senior officer roles was last reviewed in 2012 and, given the significant organisational changes recently, it has been appropriate to review these now. The review encompassed an evaluation of jobs based on the roles and how they should be placed in the work level and role type matrix.

When reviewing the salaries it is critical to understand that the Council has recently undergone a compression of its senior management structure, with the reduction of senior staff by a third and loss of experience and capacity. It is not difficult to identify senior staff who are undertaking the work that was previously the responsibility of two (or more) senior officers. The current

senior pay policy is based around high performance and delivering consistent improvement over the long term.

Hay consultants were engaged to undertake a comprehensive review of the Council's senior management pay arrangements. The review of the Senior Management pay structure consisted of the following steps:

- Analysis of the current Senior Manager's pay structure
- Collection and analysis of market data. Data from four sources has been collected and analysed. This includes:
  - Market data from Hay Group (I&S inner and outer London market)
  - Market data from Incomes Data Research (IDR) for senior roles in the public and private sectors
  - Market data supplied from a survey from London Councils that provide pay information in relation to local authorities only
- Analysis of wage inflation since 2012

### **Current Senior Manager's Pay Structure**

The Council's current pay structure for senior managers is shown in the table A below. It is based on Hay job evaluation with each grade representing a Hay 'Know-how step' (or reference grade). Jobs are graded by evaluating them using the Hay job evaluation scheme to determine the appropriate grade for the job.

Table A

Grade	Hay KH level	Hay Reference Grade	Pay point for Entry	Pay point for Developing	Pay point for Fully Competent
LBB1	800	25	177,613	182,613	187,613
LBB2	700	24	148,464	153,464	158,464
LBB3	608	23	124,870	129,287	134,870
LBB4	528	22	103,846	108,846	113,846
LBB5	460	21	85,139	89,869	94,599
LBB6	400	20	71,511	75,484	79,457
LBB7	350	19	57,950	61,170	64,389

As can be seen from the chart above there is no grade overlap. Significant grade overlap can cause equal pay issues as the grade pay of a lower graded man could, for example, be more than the pay of a higher graded woman. The basic principle of the grade structure, no overlap and the method of evaluating jobs are all good practice.

Overall, the design of the Senior Manager's pay structure provides the Council with a logical and defensible pay structure. There is capacity to increase the grade span to be more in-line with the Unified Reward pay structure that was implemented for the Local Government Services (LGS) workforce in October 2016.

## Overall Assessment of Market Position

Table B below shows the % of market median when the Council's current grade maximums are compared to the market data, the IDS data has been excluded as it is over 12 months old. London Councils comparisons are more difficult to assess given the wide range of roles within Councils and this is especially relevant the lower down an organisation you compare. The Hay (LBB) data represents the mid-point between LQ and median in the 2017 Hay market data.

Table B

Grade	Pay point for Fully Competent	Hay (I&S)		London Councils		Hay (LBB)	
LBB1	187,613	214,200	88%	185,925	101%	202,100	92.8%
LBB2	158,464	177,839	89%	150,750	105%	163,855	96.7%
LBB3	134,870	152,105	89%	112,682	120%	139,574	96.6%
LBB4	113,846	125,000	91%	114,255	100%	115,000	99.0%
LBB5	94,599	108,174	87%	94,700	100%	99,818	94.8%
LBB6	79,457	89,776	89%	81,945	97%	82,510	96.3%
LBB7	64,389	77,760	83%	69,966	92%	72,181	89.2%

### Key findings and conclusions from analysis of this data are as follows:

- The Chief Executive's current pay is very close to the IDR and London Council's data
- The Council's current values are around 96% of the Hay (LBB) values, with the exception of LBB7, which is 89%
- London Councils, IDR and Hay (LBB) data suggest LBB7 (and to a lesser extent LBB6) require a larger adjustment to move closer to the market

## Hay Recommendations

Hay recommends a grade point and salary ranges as outlined in Table C below. The pay ranges for the Chief Executive and Deputy Chief Executive remain the same as they are now. For other grades they have set ranges which are broader for grades 3 and 6 and a new grade 4. It is important to note that the grade minimum aligned to the London Industrial and service inner and outer London market aligned to the mid-point between Median and Lower Quartile Pay data as it is now.

Table C

Grade	KH Level	Total Points	Min (£)	Max (£)
8	350	614-734	65,000	73,000
7	400	735-879	73,000	82,000
6	460	880-1055	85,000	104,000
5	528	1056-1190	104,000	114,000
4	528	1191-1260	114,000	127,000
3	608	1261-1507	127,000	148,000
2	700	1508-1800	148,464	158,464
1	800	1801-2140	177,613	187,613

Following external assessment by Hay Group, it is recommended to:

1. Place the Deputy Chief Executive, in to Chief Officer Band 2 £148,464 to £158,464;
2. Extend the grading for the Strategic Directors of Children & Families, Environment and Social Care & Health to Chief Officer Band 3 £127,000 to £147,000;
3. Create a new grade of Chief Officer Band 4 £114,000 to £127,000 and placing the Assistant Chief Executive, Director of Finance (Section 151 Officer)\*, Director of Adults and Communities in to this grade;
4. The Commercial Director, Director of Development and Regeneration, Operational Director (Early Help, Children in Need of Help and Protection), Operational Director (Corporate Parenting, Disability and Permanence), Streetscene Director and Director of Assurance be graded at Chief Officer Band 5 £104,000 - £114,000; and
5. The Divisional Director (Quality, Performance and Improvement), Assistant Director (Adults and Communities) and Assistant Director (Community and Well-being) and graded be extended from £85,000 - £104,000.
6. Assimilate those staff currently graded LBB 7 in to the revised grade 7 & 8 via hay assessment.

These grading reviews were carried out within the Council's HR procedures on grading.

In addition to the senior pay review it is now appropriate to realign the pay progression and annual pay awards to that of all other staff. Therefore it is recommended that pay progression for senior officers graded in bands 1 to 8 are aligned to the following from the 1st April 2018:

Development needs (0% of salary consolidated)
Satisfactory (0.5% of salary consolidated)
Good (2.25% of salary consolidated)
Outstanding (3% of salary consolidated)

It is also recommended that any annual pay awards are given in accordance with the NJC for Local government services which will ensure all staff receive the same pay award at the same time regardless of grade or status in the organisation.

## **7. CONSULTATION**

- 7.1 The Chief Executive and Head of Paid Service will undertake formal consultation with employees potentially affected by these proposals, all of whom are not covered by any collective bargaining arrangements.
- 7.2 A formal consultation period will follow the Committee decision to allow more time for individuals who may be affected to consider the impact on them. It is expected that no employee will request additional time, with the general consensus being to progress with the proposals swiftly to ensure a continued focus on service commissioning plans, financial planning and delivery and continued improvements to delivery and commissioning functions. The relevant Council HR policy will be followed.

## **8. IMPACT**

- 8.1 The proposals set out today directly affect 21 posts. There is a reduction in the overall number of roles available by 3 FTE.
- 8.2 An Equalities Analysis has been undertaken and no specific disproportionate impacts were identified on any protected characteristics relating to the Council's Equalities Duty.

## **9. BACKGROUND PAPERS**

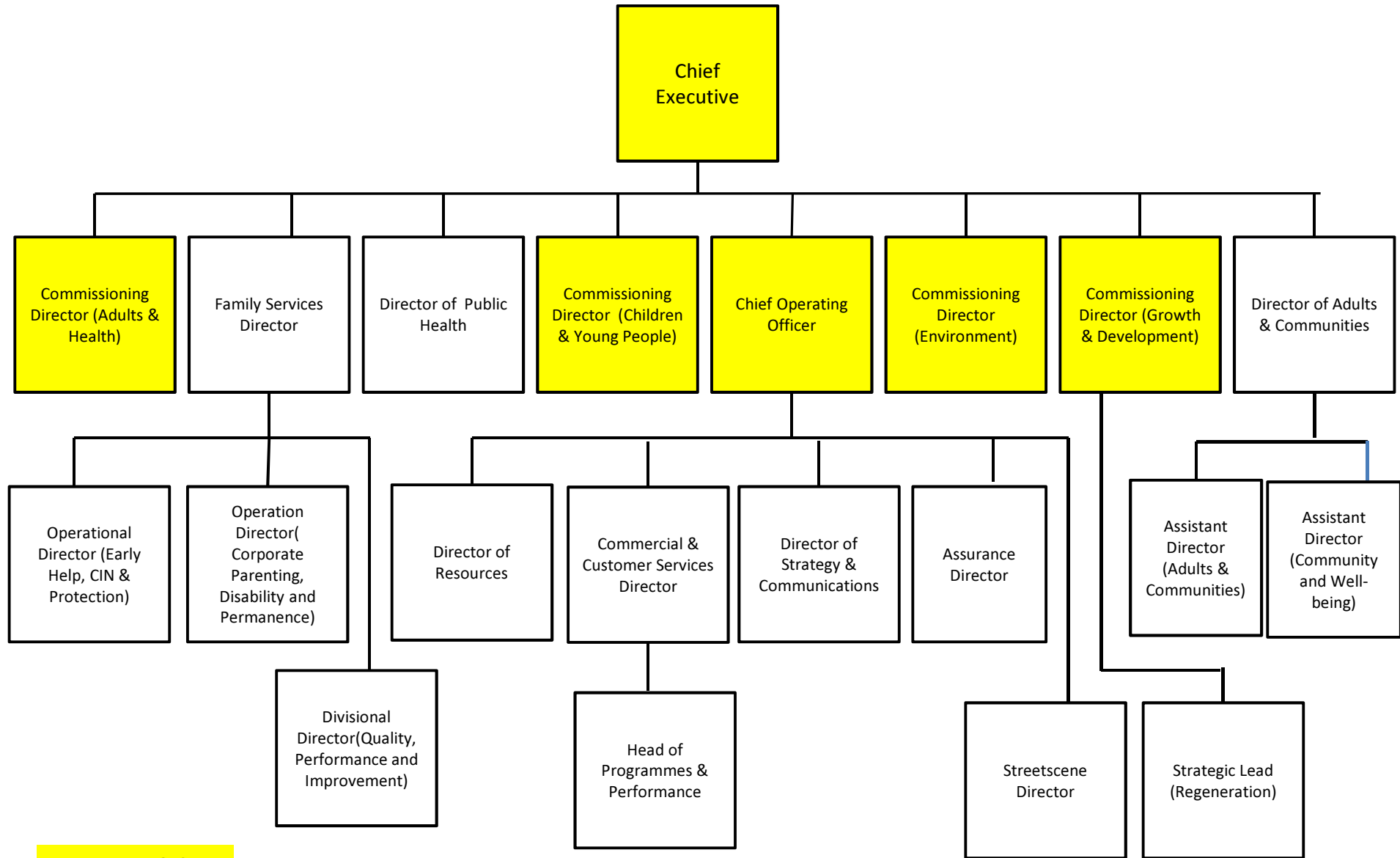
- 9.1 The following background papers were used in the preparation of this report:-
- a) The London Councils reward data;
  - b) Market data from Incomes Data Research (IDR) for senior roles in the public and private sectors; and
  - c) The wider all London industrial and service organisations base pay data comparisons with Barnet Council which includes both public and private sector information.

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## Existing Structure Chart

## Appendix 1



Indicate SCB Member

Proposed Structure Chart

