

## Somerset County Council

Paper **B**

## Cabinet

– 14 December 2011

Item No. 6

## Change Programme – Populating the New Operating Model

Cabinet Member: Mr K Maddock - Leader of the Council

Division and Local Member: All

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	<b>Seen by:</b>	<b>Name</b>	<b>Date</b>
<b>Report Sign off</b>	Legal	Honor Clarke	02/12/2011
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	Human Resources	Richard Crouch	01/12/2011
	Senior Manager	Sheila Wheeler	05/12/2011
	Cabinet Member	Cllr Ken Maddock	05/12/2011
<b>Forward Plan Reference:</b>	FP/11/11/02		
<b>Summary:</b>	<p>The County Plan and associated Target Operating Model were agreed by Cabinet and Full Council on 9 May 2011 and 25 May 2011, respectively. The Target Operating Model was also an integral part of the Change Programme Implementation Plan approved at the Cabinet meeting on 7 November 2011.</p> <p>The purpose of this document is to describe how the Council anticipates it will organise itself structurally in response to the New Target Operating Model, specifically with respect to its Chief Officers (Corporate Directors and Service Directors) at the two top tier levels.</p>		
<b>Recommendations:</b>	<p><b>That Cabinet:</b></p> <ol style="list-style-type: none"> <li>1) <b>approves the proposed Chief Officer structure (as set out in Appendix A) for populating the Target Operating Model.</b></li> <li>2) <b>endorses and authorises the Chief Executive to take forward all necessary actions to implement the proposed Chief Officer structure, the organisational arrangements required of it, and to make any refinements as necessary.</b></li> </ol>		
<b>Reasons for Recommendations:</b>	The Change Programme is fundamental to ensuring the Council transforms,, and the restructuring of the Council's Chief Officers is one step in that process. The Design Phase of the Change		

	<p>Programme has helped pave the way for the reshaping of the organisation to meet future needs.</p>
<b>Links to Priorities and Impact on Service Plans:</b>	<p>Fundamental programme which underpins the delivery of the County Plan 2011- 13.</p>
<b>Financial Implications:</b>	<p>The anticipated Chief Officer costs (including on-costs) of the proposed structure are £1.668m, compared with the current establishment costs of £2.263m - a saving of circa £600k per annum or 27%.</p>
<b>Equalities Implications:</b>	<p>The Council's duty under Section 149 of the Equality Act 2010 is to have "due regard" to the matters set out in relation to equalities when considering and making decisions on the provision of services. Members must consider the effect that implementing a particular policy will have in relation to equality before making a decision.</p> <p>An Equalities Impact Assessment has been completed (as set out in Appendix B) and this identifies the considerations required in order to restructure the Chief Officer cohort. All considerations follow existing Council practices in such matters which are well understood and which follow good practice.</p>
<b>Risk Assessment:</b>	<p>The Programme will be running during a time of uncertainty and externally-driven change. Three of the key external risks are:</p> <ul style="list-style-type: none"><li>a. Policy emerging from central Government, for example on Public Health, Schools, Localism and with the Boundary Review. Cabinet and SMB will be monitoring policy changes as they emerge and assessing the impact on the Implementation Plan.</li><li>b. The extent of the impact on customers will emerge as the Service Reviews complete. Customer input and consultation through the Customer Workstream will mitigate this risk, however we should not underestimate the amount of communication required to involve customers in changes. and effectively manage customers' expectations.</li><li>c. Somerset County Council is dependent on its partners, its communities and third parties to deliver the full range of public services to the community. Savings have to be made across the public sector, and, consequently, key external commissioning partners e.g. Health, District Councils and Police are also delivering major change programmes over the same time frame. The ability of all these key groups to move in line with the SCC plan is unknown at this stage. Consultation, communication and negotiating as to how best to manage crossovers will be the main mitigation actions.</li></ul>

	<p>In addition to the external uncertainties there are three major internal risks to be managed:-</p> <p>d. The capacity and capability of the organisation to manage the extent of the changes required, alongside day-to-day service delivery, MTFP savings projects and existing Directorate-based change programmes. The Implementation Transition Team will partly mitigate this risk, but the primary action needs to be constant review and prioritisation of activity across the Council. This will be managed by SMB through the Corporate Programme Review Board and through the Design Authority.</p> <p>e. Leadership - it is essential that the Council has a shared and consistent drive for delivery of the changes. The Communications Team will have a key role to play in ensuring consistent messages are delivered both externally to customers and partners and internally to all employees and the trade unions. Additional communications resource may be required for the duration of the Programme to mitigate the risk.</p> <p>f. Legal risk - It is essential that the new operating model, and the transition to it, is legally robust and encompasses statutory requirements. This assurance will form part of the role of the Design Authority's advisory role to the Programme Board and Cabinet Steering Group, and a legal representative will sit on the Design Authority. Appropriate legal advice will be obtained throughout the programme, for example when considering potential changes to services through the service reviews. A revised consultation approach will ensure that a legally robust approach to consultation is undertaken.</p>
<b>Scrutiny Recommendation (if any):</b>	The proposals set out in this report were considered by Scrutiny Committee on 6 December. Any recommendations from this meeting will be reported to the Cabinet meeting on 14 December.

## 1. Background

### 1.1. Reason for change

- 1.1.1 Somerset County Council is no different to other councils or other public sector bodies in having to respond to significant internal and external financial challenges. The Council has already responded well to some of these challenges, but much more needs to be done if it is to bridge the very substantial budget gaps identified as part of the Medium Term Financial Planning process and generate additional savings over the coming years.

- 1.1.2** Continuing legislative and policy changes will mean that some activities will cease, some will grow and others will shrink over the next few years and there will be some new issues that will require responses from councils. Future organisational design and delivery systems will need to take account of this, against a backdrop of marginal funding.

The 2010/11 period marked a significant turning point for this Council in that it proved that, although we have delivered specific plans to meet immediate financial savings targets, the scale of future change means that we can no longer organise and deliver services as we have successfully done in the past within the current and future funding umbrella. The funding level of councils has changed dramatically within an environment of increasing demand and is likely to change further in the future.

The scale of change requires the organisation to develop new skills, behaviours, capabilities and ways of working if it is to be able to respond effectively to this new environment.

- 1.1.3** The County Plan and associated Target Operating Model agreed by Cabinet on 9 May 2011 and by Full Council on 25 May 2011 points the way to a different future focused on ensuring that our customers, clients and citizens are at the heart of what we do, and that we deliver value for money.

The underpinning principles agreed by members were:

- Informed commissioning
- Better customer experience
- Stronger local engagement; and
- Value for Money

- 1.1.4** The refocusing of activity and how we go about our business outlined in the new operating model will result in a very different organisation and one that is better equipped to meet the challenges ahead in responding to financial challenge, the Localism Bill and the Open Public Services White Paper.

Whilst there will be significant challenges for the Council to address in the future, it also brings with it huge opportunities. It would be a lost opportunity to consider the senior restructuring of the Council as simply an exercise in rewiring the organisation. More, it serves as a lever to optimise and expedite the change process in how the Council interacts with its communities and public, in how it positions itself for the commissioning and delivery of services locally, and how it re-engineers its internal processes to improve its levels of efficiency and effectiveness.

The intention of the Chief Officer restructure is not only to signal a changed direction but to organise better our senior leadership capacity so that we are more 'fit for purpose' in terms of skills, behaviours, capabilities, flexibility and openness to new ways of working.

- 1.1.5** The Change Programme is not simply a short term project for a short term fix, but is a Programme that will evolve and develop over a longer period of time in line with the changing challenges that the Council is anticipated to face. The senior structure of the Council will need to be aligned to such challenges and will need to change and evolve with it, and so it is anticipated that, whilst the

fundamental building blocks of the proposed restructure will be in line with the new operating model as it currently stands, there will be some roles that will need to change further over time.

**1.1.6** At its meeting on 25 May 2011, the Council delegated authority to the Chief Executive to implement the Target Operating Model, subject to Cabinet approving any necessary delivery plans and any new organisational structures

**1.1.7** The purpose of this document is to describe how the Council anticipates it will organise itself structurally in response to the agreed New Operating Model, specifically with respect to its Chief Officers at the two top tier levels.

The Change Programme is fundamental in ensuring the Council transforms, and the restructuring of the Council's senior management is one step in that process. The Design Phase of the Change Programme has helped pave the way for the reshaping of the organisation to meet future needs.

## **1.2. The current structure**

**1.2.1** The Council's current structure was put in place in April 2005, which reorganised the Council from eight directorates to the current four. The main rationale for the restructure was linked to the Comprehensive Performance Assessment (CPA) which in late 2002 had judged the Council to be 'fair'. The move to four directorates was designed to try and reduce the level of 'silo' working in the Council, which was one of the biggest criticisms of the CPA, and to try to create a single 'leadership team' of officers who would operate in a far more corporate and consistent way. At the same time, a performance-related pay (PRP) system was put in place for the top three tiers of officers to incentivise them to deliver the CPA agenda.

Although there have been several iterations of the structure since 2005, the basic format continues to be based on four key directorates:

- Children & Young People
- Community
- Environment
- Resources

**1.2.2** During this time, the functions contained within the Chief Executive's Office have diminished, grown, and then diminished again, largely as a result of transfers to and from the Resources Directorate.

**1.2.3** The current establishment at senior officer level comprises the Chief Executive and four Corporate Director posts. Over the past few years this has also included a Director of Public Health as a joint appointment with Somerset PCT (but funded by the PCT). The Deputy Chief Executive role was originally intended to be a Corporate Director by rotation, but in practice the post has not rotated, other than due to the post becoming vacant on the postholder leaving. The current Deputy Chief Executive postholder is the Corporate Director for Community.

**1.2.4** The current structure has served the Council well over the years and it did support the Council in achieving a much improved CPA score. It broke the

Council into groups of services, with reasonably strong ties to one another. It largely reflected natural professional groupings and provided clear lines of accountability for Corporate Directors over their area of the business.

- 1.2.5** However, as with any structure, it also has some inherent weaknesses. Moving from eight directorates to four simply created bigger, more powerful silos, each with its own strong identity, culture and level of independence, sometimes at the expense of corporate direction and identity as a whole.

Cross-cutting activity is not strong, and, although some support services have been centralised, there remains in place a considerable core infrastructure within each directorate, which, whilst permitting each directorate to be largely self-contained, has led to substantial duplication in resourcing. (As evidenced by the HAYGroup whole staff Activity Survey undertaken in July and August 2011.) It is not only support services which are duplicated but also commissioning and procurement activities, where the benefits of synergy are not being fully captured.

Because strategic decision-making, commissioning and delivery are intertwined, the structure does not help the organisation when it comes to taking difficult decisions, and, in some instances, there is internal conflict.

The current structure encourages service change by those within the service rather than those outside of it, leading to the Council being predominantly service-led rather than customer-led. It encourages operating independently, and favouring the status quo rather than providing incentives for service challenge, redesign and change or stopping services that are not delivering Council outcomes.

Finally, the current structure was constructed around an operating model that had service delivery at its core. The gradual shift of the Council towards commissioning has already shown its weaknesses and moving still further towards the commissioning model means that it is no longer 'fit for purpose'.

- 1.2.6** In a mature organisation such as the Council, the hitherto long period of growth has led to the organisation developing and responding in an organic way. However, at a time of austerity and severe financial challenge, as well as significant policy change, it is clear that the Council cannot continue to change organically, but needs to change radically. Mature organisations have a preponderance of having high overheads and high costs simply in running the organisation itself. With the funding constraints we are and inevitably will be facing in the future, very soon the cost of servicing the organisation will be disproportionate to our funding and our customer based outputs.

- 1.2.7** It is clear that the Council needs an approach that:

- Is more customer-focussed and far less organisationally-focussed
- Is more outcome-focussed than input- or process-focussed
- Spends less on back office
- Is better at assessing and understanding the needs of our community and the effectiveness of different approaches to meet those needs
- Is slicker in the way it delivers its business and takes managed risks as appropriate

- Designs services around the needs of the customer
- Utilises human resources in a far more flexible way that encourages innovation and creativity as a continual working practice rather than a once-in-a-lifetime pursuit

### **1.3. The future structure**

**1.3.1** The future structure needs to mirror the requirements as established by the New Operating Model and which has been agreed by Council. In this respect, the Council has already stated its wish to move to become a commissioning council with an increased emphasis on the customer. Commissioning will become a far more significant feature of the organisation and the key job of commissioning will be to reengineer and re-imagine future services and activities which could be fundamentally different from the current way of doing things.

**1.3.2** The future structure of the organisation must enable it to:

- Listen to and engage with customers, understand need and respond by commissioning services that address those needs and preferences
- Allocate resources in a much more targeted way that ensures value for money and that the right outcomes are achieved to meet those needs
- Take an evidence-based approach to decision-making
- Take collective ownership of strategic decisions
- Agree on what outcomes will be priorities and what will not
- Ensure payment by results
- Have a strong emphasis on moving services to the frontline in local areas
- Establish a single business support unit that supports both the commissioning and service delivery arms of the organisation
- Work in a far more flexible way across different functions of the Council utilising matrix working practices whenever appropriate and forging robust internal business relationships
- Respond to what the strategic intent of the Council is in terms of the political priorities and local needs
- Reduce internal competition and duplication and simplify decision-making
- Have clear accountabilities, particularly in relation to the statutory roles
- Welcome internal and external challenge
- Take a corporate approach to driving change
- Be flexible and responsive in moving resource to address changing patterns of need

**1.3.3** The proposed new senior management structure reflects the core requirements of the New Operating Model as defined above and is in line with the new organisation design principles as agreed.

### **1.4 Outcome framework**

**1.4.1** A number of structural options have been worked on and all have been similar in approach, purely because they reflect the New Operating Model as agreed. It has already been determined that the Council will have a strong commissioning function that is decoupled from service delivery. It has also

been agreed that the Council needs to bolster considerably its customer function in terms of insight, contact and communications. It is also very clear that the Operating Model will have to change in response to a wide range of external and internal factors and so too will the structure. The option put forward reflects the best fit for the New Operating Model, both in terms of the Design Principles and in the execution of the statutory functions. It allows for flexibility, and, in this respect, the proposed option should be seen as a fluid representation.

The proposed new Chief Officer structure (as set out in Appendix A) has been developed on the basis of a 'form follows function' approach, the New Operating Model having determined the functions of the future organisation.

Appendix A shows the proposed new structure which includes the Chief Officer roles. To provide context, it also shows how the functions and activities are likely to be organised, although these are likely to change as part of the consultation process with stakeholders and as part of developing outcomes from the Change Programme.

The Chief Officer posts for consideration in the proposed re-structure are:

Customers & Communities Director  
Lead Commissioner Adults & Health (DASS)  
Lead Commissioner Children & Learning (DCS)  
Lead Commissioner Communities & Infrastructure  
Strategic Commissioning & Procurement Director  
Finance & Performance Director  
Group Director Operations  
Business Development Director  
People Management Director  
Service Delivery Directors x4.

The proposed structure has eight direct reports to the Chief Executive, in line with the agreed Design Principles of the New Operating Model. The People Management Director is envisaged to be line managed by the Business Development Director and the four Service Delivery Directors by the Group Director Operations.

- 1.4.2** When considering the structural proposal, not only is it important to do so against the New Operating Model, but also in relation to the new way of working. The success of the new model is dependent on absolute clarity on our role, i.e. what the Council is here to do and for whom.

This outcomes framework will reflect the statutory duties required of us in our role as a County Council. This leads to a very clear outcomes framework in stating what differences we want to make to the lives of local people.

For the structural proposal to operate effectively, there has to be a shift away from the current and traditional command and control, hierarchical system of operation. In its place, there needs to be a shift to a matrix system of working that promotes working across functional divides and provides for the right level of accountability and responsibility with that, irrespective of the line management channel. This system of working is absolutely critical, not only for the structure to work, but to also ensure that the organisation does not simply

exchange one set of silos for another.

**1.4.3** To ensure matrix working becomes a reality, the organisation will need to make a fundamental change to its governance arrangements to complement the new structure. Without doing so this will lead to a lack of clarity on such aspects as risk management, performance management, safeguarding, health and safety, etc., as well as real blockages in simply ‘getting things done’. Subject to Cabinet approval to the new structural proposal (as set out in Appendix A), the Chief Executive will bring forward proposals for appropriate changes to the Council’s existing governance arrangements, e.g. amendments to the schemes of delegation to reflect the new senior management posts. This may also include proposals for changes to Cabinet and Member governance arrangements. Equally there will need to be established new financial arrangements to align to the new structure.

**1.4.4** With respect to the Director of Children’s Services (DCS) and Director of Adult Social Services (DASS) roles and the adequacy of the structural proposals regarding safeguarding, this is referred to section 1.6, below.

## **1.5. Functional areas**

**1.5.1** Irrespective of the structural option, the functional areas are similar and the following describes how the options are intended to work.

### **1.5.2 Commissioning**

**1.5.2.1** The structure permits all commissioning to be undertaken from one central commissioning hub, with a number of **Lead Commissioners** leading a shared commissioning team.

The Commissioning function will have the responsibility of securing the delivery of services, which may be through internal providers, contracts with external providers or through partnership arrangements with other agencies or our communities

**1.5.2.2** Working collectively, they will adopt a whole-systems approach to translate corporate priorities and target outcomes into a range of internally- and externally-delivered services using expertise from both within and outside the County Council

**1.5.2.3** The structure is designed so that commissioning works collectively in the organisation, and, as such, supports the creation of a one system approach achieving synergies and better outcomes for our clients, customers and citizens, and with minimum duplication and conflict. It will also generate better cross-council and cross-partnership working.

Commissioning will need to draw on specialist expertise which may not be in the commissioning function itself (for example, needs analysis and customer understanding), and, as such, the structure will rely on effective matrix working to be successful. The composition of the commissioning function will largely be defined over the next six months as agreed as the next phase of the Change Programme, and will continue to evolve further as the Service Review process unfolds and as the understanding of the expertise and resources within it develops.

**1.5.2.4** The Commissioning function and its functional lead directors will have very clear accountabilities.

They will:

- Advise Cabinet and Council on corporate priorities, options, strategies and resource requirement and allocation
- Commission both internally and externally, through service level agreements (SLAs), outcomes and services to implement the Council's strategy and optimise value for money
- Commission to respond to satisfying local need
- Hold both internal and external providers to account for delivery and outcomes (critical for the statutory roles, in particular the DASS and DCS roles)
- Champion standards and the quality assurance process
- Develop the long term view of the market place and supplier intentions, and, by so doing, lead in the commissioning cycle
- Share collective responsibility for sharing thinking and understanding on how outcomes can best be achieved and make recommendations to Cabinet and Council for resource allocation (transition points better aligned, etc.)
- Provide the Operations function with the necessary intelligence to support it in the day-to-day delivery of services
- Own the partnership agenda
- Champion standards for equalities and fair access in service delivery

**1.5.2.5** The Strategic Commissioning & Procurement role will help facilitate the strategic commissioning and procurement discussions, direction and resourcing. This will provide the glue to the three lead commissioning roles and help avoid the establishment of new silos.

**1.5.2.6** The Commissioning Team will work closely with the Operations Team but will have minimal day-to-day involvement when delivery is working well. However, where there are performance concerns and/or statutory responsibility issues, the Commissioning Team will have far more involvement. In relation to the DASS and DCS roles, this will take the form of direct intervention.

**1.5.2.7** The current Director of Health role will link to the Lead Commissioner Adults & Health (DASS) role on the basis that the duty to improve the health of the population transfers to councils in 2012, when the shadow arrangements should be put in place.

**1.5.3 Operations**

**1.5.3.1** A strong delivery function will remain at the heart of the organisation. Although the Council will become more of a commissioning/enabling organisation, service delivery throughout the change cycle will continue to be important. Even after the change cycle has been completed, some internal delivery of services is still likely to take place, as either the market place is inadequately mature to take on this work, or the Council simply wishes to retain the delivery aspect of that work.

However, as more and more services are delivered by others, the operations/delivery function will shrink and the structure will have to flex

accordingly. It is anticipated however that delivery will continue to account for the largest proportion of the Council's staff.

- 1.5.3.2** During the change cycle of service reviews, the senior capacity in Operations will have to be such as to be able to manage effectively those services delivered by the Council and reduce as services are either de-commissioned or externalised.

This new delivery structure will enable autonomy to challenge existing service delivery, to innovate within a more devolved structure, and to provide greater flexibility to adapt and be responsive to changing needs and priorities. This will drive a more business-like approach with more incentives for efficiency in delivering outcomes. This stronger focus on outcomes will ensure that services will only be provided where they contribute to delivering Council priorities and/or statutory duties.

- 1.5.3.3** The **Group Director Operations** will lead for the Council on the following areas of activity:

- Oversight, leadership and line management for the Council's Delivery Units
- Ensuring effective and efficient delivery of those services provided directly by the Council
- Securing high quality customer service and experience regardless of supplier
- Exploring opportunities to extend the provision of commissioned services on behalf of partners
- Anticipating changes in demand and developing new delivery models in response to discussions with Commissioners
- Ensuring that directly provided services meet agreed quality and service levels
- Ensuring that the Customer & Communities Director and Lead Commissioners are provided with appropriate data and front line information and intelligence to inform future requirements

It will be supported by a number of **Directors of Services**; the numbers and functions dependent on the service review outcomes and the requirements to maintain the business as usual activities during the migration to the New Operating Model.

- 1.5.3.4** In order to support a more expedient shift to become an enabling council, the structure option allows for a small Market Development Function to operate. It is intended that this will 'agitate' the market place on the ground in a practical and operational way and so support alternative sourcing options to be developed. This role is seen to be important not only within the change cycle of service reviews but also longer term as the market place is never stagnant.

It responds to the direction of government policy in the Open Services White Paper in being proactive in developing new markets and alternative mechanisms for service delivery. This means that a more mixed economy of provision will develop with a broader range of delivery models in place in the future including social enterprises, strategic partnerships, community and voluntary organisations, in-house delivery units, delivery by other public service partners, including district and parish councils, and self-service by

customers and communities.

- 1.5.3.5** The ***Contract Management*** role supports those delivering the in-house services in terms of managing the 'metrics' in the contract/SLA. It is not a client role but **a role that performance manages against the contract/SLA**. It will be the role of the service delivery managers, not the role of the Contracts Manager, to day-to-day manage the contract/SLA and the outputs required, although there will be close working between them.

In this way, the Service Managers delivering the contracts/SLAs will take on the client role that traditionally has been seen to be part of the contract management function and, by doing so, will become far more engaged with the customer.

This is a change from the current position in that it separates contract management from commissioning. Contract management predominantly runs on an annual cycle, whereas the commissioning unit should be more strategic and therefore operate on a longer-term cycle. Whilst commissioners will be responsible for determining the arrangements for contract management, where ongoing regular management of the contract is required (i.e. an intelligent client), this should form part of the operations function.

Whilst the Contract Management role forms part of the service operations function, it should be considered to be 'arms length' and pseudo independent from it, having close links with both the commissioning unit and operations function.

There will be differing views as to where the contract role should sit, and these will need to be considered as developments unfold, in line with the changing developments in functionality in both the operations and commissioning sides of the business.

- 1.5.3.6** By splitting off the commissioning function from service delivery, it will permit the Operations function to concentrate fully on delivering services. Outcome-based commissioning will mean that the Operations function will have the freedom to deliver the inputs to the services, and, as such, have a much improved level of autonomy and ability to innovate.

- 1.5.3.7** An Operations function will provide the mechanism to understand the cost base of service delivery better, to be more business-like, performance-driven and, through unit costing, be financially agile on a day to day basis. This will be important, not only in keeping its cost base down by ensuring competitiveness in the wider market place, as the Commissioning Unit will have the freedom to commission both internally and externally.

The bringing-together of all service delivery operations, including business support, will lead to:

- Reductions in overhead costs
- Leaner processes and systems
- Shorter and more joined-up supply chains
- Joined-up responses to customers

## 1.5.4 Finance and Performance

1.5.4.1 This function is largely self evident and will work to ensure that the Council continues to exercise firm control over its finances at a time of scarce resources and organisational change, and ensures value for money. It will also be responsible for the commissioning of appropriate Legal Services and day-to-day line management of the Monitoring Officer (though statutory accountability will continue to lie direct with the Chief Executive), ensuring a Corporate Performance Management framework and function and County Council Support Services.

1.5.4.2 It will be led by the **Director of Finance and Performance** who will lead for the Council on the following areas of activity:

- Statutory s151 officer role
- Providing Cabinet, Senior Management and any other appropriate committees/bodies with robust strategic financial analysis and advice
- Advise on the allocation of resources
- Develop the Council's Medium Term Financial Plan and Annual Budget as an integrated part of the Council's planning framework
- Ensure appropriate financial standards and procedures are in place
- Overall accountability for financial probity of the organisation
- Value for money challenge for the organisation as a whole
- Ensure provision of legal services to meet requirements
- Ensure the provision of democratic and committee support services

## 1.5.5 Business Development

1.5.5.1 This function will manage the centralised business support unit and act as the client interface with external providers of business support including SWOne. It will have a key function in managing the Council's resources (excluding financial), particularly with respect to property, ICT and employees, and it will have a pivotal role in business change and development.

1.5.5.2 It will be led by the **Director of Business Development** who will lead for the Council on the following areas of activity:

- Management of the central business support function including:
  - Maintenance, management and development of the Council's property assets, their use and function
  - ICT strategy, resourcing and interface with business channels
  - Business architecture and information management
  - People management, organisational change and development
  - Execution of the Council's Change Programme
  - Strategic lead on whole-organisational transformation

It will be supported by the **Director of People Management**.

## 1.5.6 Customer and Communities

1.5.6.1 Members have committed to bringing a new focus to the way the Council engages with its customers and communities, and in ensuring we get it right for them. This will demand a coherent and consistent approach across the

Council in understanding who our customers and communities are and what they want from us. This will inform the commissioning process.

The New Operating Model will help us make better use of customer data and intelligence held across the Council and by partners, to take a more joined-up approach to consulting with and engaging with our local people recognising that they often access multiple services.

**1.5.6.2** The recent Customer and Communities strands of work in the Design Phase have signposted what this service area needs to focus on, including:

- Ensuring a consistent customer experience across the organisation
- Making better use of data and intelligence to inform service shape and design
- Ensuring a comprehensive understanding of customer and community need
- Managing the Somerset County Council “brand” across all areas
- Ensuring a culture of accountability for customer outcomes
- Involving users, customers, citizens and communities in service delivery decisions
- Building community capacity
- Encouraging self-help and behaviour change
- Managing expectations of what Somerset County Council can deliver
- Encouraging channel shift for service access
- Developing service standards with our users
- Developing with the Commissioning function a corporate approach and timetable for personalisation of services
- Providing support for Members in developing a refreshed focus

It will be led by the ***Director of Customer and Communities.***

## **1.6 Statutory Officer Roles**

**1.6.1** Arrangements within the Council’s New Operating Model will recognise that while responsibility for day-to-day services can be delegated, accountability for outcomes cannot. There are a number of statutory roles that the Council is required to have in place. Within the new organisation, these are as follows:

- **The Director of Adult Services (DASS) will be the Lead Commissioner for Adults and Health**
- **The Director of Children’s Services (DCS) will be the Lead Commissioner for Children and Learning**

The proposals presented will ensure compliance for these statutory roles through sound governance and a matrix management arrangement. The structural diagram in Appendix A may not fully illustrate that the proposed structure is intended to allow for these statutory roles (like the Monitoring Officer and Section 151 Officer) to review, monitor, ensure appropriate systems are in place and intervene across the organisation and structures as necessary to fulfil their statutory responsibilities and the discharge of functions. Key within the governance framework will be for the Statutory Roles to have the power of intervention necessary in order for them to properly

discharge their functions. In relation to the DASS and DCS roles, there will also be the requirement for them to have primacy over the Operations roles.

**1.6.2** Guidance for the DCS and DASS roles is similar though there is more recent guidance on the role of DCS, as outlined in the consultation on the Revised Statutory Guidance on the Roles and Responsibilities of the Director of Children's Services and the Lead Member of Children's Services (LMCS) issued on 30 September (consultation closes on 6 January 2012). Key points are as follows:

- It is not considered appropriate to give additional functions (that do not relate to children's services) to DCS and LMCS unless exceptional circumstances arise.....taking forward recommendation of the Munro Review of Child Protection.  
*Meets this test as responsibility only for children's services*
- It is for individual authorities to determine their own organisational structures in the light of their local circumstances.....single officer for both education and children's social care (integrated brief)  
*Meets this test as commissioner of services for children*
- Provide a clear and unambiguous line of local accountability  
*Head of Profession and Statutory role. Will retain direct line management responsibility of quality assurance functions. Sets standards and quality assurance mechanisms and holds delivery mechanisms to account via service level agreements. Safeguarding function within direct control. Champion of partnership arrangements.*
- DCS has professional responsibility for children's services including operational matters (leadership, strategy and effectiveness of local authority children's services)  
*Meets this test as above with intervention abilities*
- DCS is responsible for securing the provision of services which address the needs of all children...  
*Through commissioning role this responsibility will be discharged*
- DCS is responsible for ensuring that effective systems are in place for discharging these functions, including where a local authority has commissioned any services from another provider rather than delivering them itself  
*The DCS will hold both internal and external providers to account for delivery and outcomes (critical for the statutory roles in particular the DASS and DCS roles) and will be the champion of standards and of the quality assurance process*
- Should be a first tier officer and report directly to the Chief Executive. The Guidance for both roles states that the roles should report directly to the CEO and that both should operate at the same level  
*First proposed structure changed in the light of discussions with Corporate Directors. Both posts now report directly to Chief Executive.*

### 1.6.3 For information

There is already conflict for many councils (one third nationally) with the Guidance, as many have moved to People Director or People Commissioner (merging DASS and DCS roles), and these are then not discrete roles and will have added responsibilities outside that indicated by the proposed statutory guidance.

#### **The view from the Department for Education**

The current Guidance has recently been reviewed by the Department and is currently out for consultation. It draws on the findings of the Munro Review of child protection and in this respect the new guidance is likely to:

- Bolster the DCS role, and, as such, help ensure the postholder does not have too many other roles for which it is accountable for, e.g. the DASS role.
- Maintain the view that the statutory role should continue to report directly to the CEO
- Leave it to councils to determine how it wants to structure those services that fall within the role as defined, i.e. it is likely to have a more relaxed view about the shift and split between commissioning and service delivery so long as mechanisms are in place to give the necessary levels of assurance.

The view gained from the Department for Education concerning the current Statutory Guidance is that it will be less prescriptive with Councils on the interpretation of the Statutory role in terms of its line management responsibility for service delivery, with councils moving in the general direction towards commissioning models of operation. However it is clear that the guidance wants to instil a need for the DCS to be responsible for services, even if not within direct management control.

### 1.6.4 **The Director of Finance and Performance will be the Council's Section 151 Officer** (with statutory responsibility for ensuring that the Council uses its financial resources wisely and that financial decisions are lawful and prudent). This post will report directly to the Chief Executive.

**The Monitoring Officer** (responsible for ensuring that the Council operates within the law and its Constitution and deals with local people and businesses fairly and reasonably) will report to the Chief Executive for Monitoring Officer issues, and to the Director of Finance and Performance as lead on Legal Services.

The Chief Executive will be the Council's **Head of Paid Service** (responsible for reporting to Council on how the Council should be staffed, managed and organised so that it operates efficiently and effectively).

These statutory roles are intended to provide clarity of accountability for key areas of the Council's activities and to ensure that appropriate standards, legal and otherwise, are met.

## **2. Options Considered**

- 2.1.** Two options have been considered to implement the new operating model. The option no longer being considered replaced the two roles of Director of Finance & Performance and Director of Business Development with that of a Director Finance and Business Development and included a single senior post to head up the Commissioning unit, namely the Group Director Commissioning.
- 2.2.** One of the two options has now been discounted in response to consultation with Corporate Directors and to respond to the more recent “Revised Statutory Guidance on the Roles and Responsibilities of the Director of Children’s Services (and the Lead Member for Children’s Services)”. In particular it responds to the recommendation for the DCS and DASS statutory roles to be directly managed by the CEO and for both roles to be separate.

The option being put forward represents a flatter structure than that currently in place, which follows current business trends and permits better opportunity for succession planning/recruitment.

## **3. Consultations undertaken**

- 3.1.** Corporate Directors have been consulted informally at an early stage regarding these proposals and although not subject to collective consultation requirements, the recognised trade unions have been consulted on the proposals at the 22<sup>nd</sup> November JNF meeting. Although not recognised, the trade union ALACE has also been consulted on the basis that some chief officers may hold membership. The officers directly affected by the proposals (Corporate Directors and Service Directors) were consulted by the Chief Executive on 25<sup>th</sup> November.
- 3.2.** The consultation period has continued in readiness for this Cabinet meeting of 14<sup>th</sup> December 2011 and will continue further through to implementation on 1 April 2012.

## **4. Implications**

- 4.1.** The Council has powers under Section 112 of the Local Government Act 1972 to employ staff to discharge its functions. It must do so within the framework of statutory employment law and its contractual obligations. Local authorities must designate one of its officers as the Head of its Paid Service and provide that officer with such staff, accommodation and other resources as are sufficient to allow his/her duties to be performed. The Chief Executive is the Head of Paid Service.
- 4.2.** It is the duty of the Head of Paid Service, where he/she considers it appropriate to do so, to prepare a report to the authority setting out his/her proposals in respect of the following:
  - (1) the manner in which the discharge by the authority of its different functions is co-ordinated;
  - (2) the number and grades of staff required by the authority for the discharge of its functions;
  - (3) the organisation of the authority’s staff; and
  - (4) the appointment and proper management of the authority’s staff.

- 4.3.** The structural proposals will have significant implications for Chief Officers who will need to go through a recruitment and selection process in order to populate the New Operating Model. This process will exclude the Chief Executive whose role in the proposed structure has not changed. It also does not include the Joint Director of Public Health, who is not an employee of the Council. Lastly, it will not include the Managing Director of the Waste Partnership, a post funded by the Waste Partnership Board and a post that has not changed. It is anticipated that, following the Cabinet meeting of 14 December, Corporate Directors and Service Directors will be formally placed 'at risk'. Decisions regarding the employment of individuals for the new senior management structure will be in accordance with the Council's Constitution and Schemes of Delegation, and are not decisions for Cabinet. The process to be followed concerning recruitment and the handling of those officers at risk will be decided upon by the Appointments Panel when it meets on 9 December. This will include decisions on ring fencing, the recruitment process and any slotting-in arrangements that might be agreed.
- 4.4.** There will be wider implications for the workforce as a whole and on the services the Council provides and commissions, but these will change and evolve as the Change Programme moves forward. The structural proposals put forward should be seen as the first stage in populating the New Operating Model and signalling the corporate approach to service delivery for the future. It will only be as the Service Review process unfolds over the next eighteen months that the Council will be in an informed position to determine its fuller structure. As a consequence, the restructuring of the Council will not be achieved in the traditional way of moving immediately to a full new structure. The Council will need to phase in the New Operating Model at the same time as phasing out the existing model and the same is true of its structural arrangements.
- 4.5.** The phased approach to structural reform has a major advantage in terms of risk management as it ensures that the Council continues to protect the business as usual aspects of its work at the same time as developing and populating to the new agenda. Some Chief Officer savings anticipated from moving to the new structure will not be immediate as the phased approach led by the Service Reviews will mean that some Chief Officers may be required to support the Change Programme itself.

Cabinet is reminded that three years ago, there were twenty five Chief Officers, whereas there are now sixteen. Consequently, the primary purpose of restructuring the Chief Officer cohort is to ensure the Council's most senior leadership is best positioned to deliver for the future and to implement the New Operating Model. It is anticipated that, when the new structure is implemented on 1 April 2012 there will be thirteen Chief Officer posts (excluding the Chief Executive, Managing Director of the Waste Partnership, and the Joint Director of Public Health), and that this may reduce further as the Change Programme rolls forward.

- 4.6.** The anticipated senior management costs (including on-costs) of the proposed structure are £1.668m, compared with the current establishment costs of £2.263m - a saving of circa £600k per annum or 27%.
- 4.7.** The Council will comply with its contractual and statutory obligations towards any employees who are dismissed for reason of redundancy or affected by these proposals. The Council is consulting with the affected employees directly and through the recognised trade unions beyond that legally required and in

accordance with usual Council practices.

## **5. Background papers**

### **5.1. Implementing the County Plan, Cabinet, 6<sup>th</sup> July 2011**

Implementing the County Plan – SCC Change Programme, Cabinet, 7<sup>th</sup> November 2011

Council's Recruitment and Redundancy Policies

Equalities Impact Assessment (attached at Appendix B)

**Note:** For sight of individual background papers please contact the report author.