

# Gloucester City Council

<b>Meeting:</b>	<b>Council</b>	<b>Date:</b>	<b>20 November 2014</b>
<b>Subject:</b>	<b>Joint Proposal for a shared Managing Director &amp; Commissioning Director for Gloucester City Council &amp; Gloucestershire County Council</b>		
<b>Report Of:</b>	<b>Joint report of the Leaders of the City Council &amp; Gloucestershire County Council</b>		
<b>Wards Affected:</b>	<b>All</b>		
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework:</b>	<b>No</b>
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<b>Appendices:</b>	<b>None</b>		

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

- 1.1 To seek approval of Full Council to appoint a Managing Director for the City Council and a Commissioning Director for the County Council to deliver a new concept of joint working between the two organisations.

### 2.0 Recommendations

- 2.1 Council is asked to **RESOLVE** that:

- (1) The post of Managing Director for the City Council and Commissioning Director for the County Council to be advertised and recruited to.
- (2) The Head of Paid Service role for the City Council to be assigned to the Managing Director role from the date of appointment.
- (3) Both roles be shared equally (18.5hrs per week).
- (4) Gloucester City Council be the employing authority.
- (5) All costs associated with the roles to be split equally between both organisations, now and in the future.

### **3.0 Background and Key Issues**

- 3.1 Following the departure of Gloucester City Council's CEO in March 2014 and the departure of the Corporate Director of Resources in June 2014, options have been considered by the City Council regarding the future structure of the Senior Management Team.
- 3.2 A replacement for the Corporate Director of Resources is pending and this approach has been supported by Members of all Political Parties. The appointment to this post clearly fits with the recommendations of the LGA Peer Challenge team, regarding consistency of leadership and stability within the organisation.
- 3.3 Following Gloucester City Council's Peer Challenge in Dec 2013, transformational change was identified as a key priority for the Council moving forward. The City Council has a proven track record in this area, for example, using innovative contracts with the private sector (The Gloucester Model) and the move towards shared services. However, there is still much to do both in terms of service redesigns, efficiency gains, value for money and further partnership contracts and joint arrangements that could be delivered with more resilience at the most senior level of the organisation.
- 3.4 Members will be aware that the City Council has a statutory duty under Section 4, Local Government and Housing Act 1989 to designate a Head of Paid Service.
- 3.5 This role has a duty, where they consider it appropriate to do so, to prepare a report to the Council setting out their proposals in respect of any of the following matters:
- The manner in which the discharge of the different functions of the Council is co-ordinated
  - The number and grades of staff required by the Council for the discharge of its functions
  - The organisation of the Council's staff and;
  - The appointment and proper management of the Council's staff.
- 3.6 Following the deletion of the Chief Executive Post (as agreed by Organisational Development Committee on 24 March 2014) it was agreed by Council in June 2014 that the statutory Head of Paid Service role became the responsibility of the Corporate Director for Services & Neighbourhoods.
- 3.7 With the departure of 2 key senior roles within the City Council it is clear that a sustainable and resilient structure is required. The LGA have helpfully facilitated discussions between the City Council and County Council political leaders and Senior Officers and a preferred option has emerged from these discussions. The LGA have confirmed that they are keen to work closely with both councils to identify the right structure to enable the approach to succeed. This support will include helping to develop success criteria and to review the arrangements to ensure that there is senior officer capacity in place for both the short – medium and longer term.

### **4.0 Preferred Option**

- 4.1 Both the City Council and County Council have a strong desire to improve services whilst reducing costs, removing duplication and directing resources to the areas of greatest need. Talks have been on-going for some time regarding the benefits of

sharing services and being creative in our thinking. Back in 2011 'Project Fusion' was launched to explore opportunities for Joint Working which led to the successful development of a hosted SAP (payroll system) for the City Council which is delivered by the County Council. Other 'back-office' services are being considered for partnerships and both organisations are open-minded to the use of external contractors to deliver key services.

- 4.2 Staffing structure changes at senior levels in both organisations now brings an opportunity for shared resources which can significantly benefit the residents of the City. The proposal is to appoint a Managing Director for the City Council who also has Commissioning Director responsibility at the County Council. The role would be split equally between both organisations. The MD role would report to the Leader of the City Council and the Commissioning Director role would report to the CEO at Gloucestershire County Council.
- 4.3 This proposal clearly supports the view amongst Members on both Councils that Gloucester City needs to 'punch its weight' and requires a leadership structure that can fulfil this. Also it is widely recognised that the City Council has a clear understanding of community engagement and has the skills to engage with residents at 'grass roots level', something that the County Council sometimes struggles to achieve.
- 4.4 This dual role will also ensure City Council issues and concerns are expressed and heard at the highest levels of the County Council with the ability to ensure that issues are acted upon and delivered in areas of greatest need. A good example of this is the significant bias towards Gloucester City in many of the services offered to vulnerable people e.g. 400 out of 900 families within the 'Families First' project are within Gloucester. This is already leading to a different approach to service provision in the City and a realisation that for demand management to succeed the County Council needs much better connection to locality services and community activity, both of which are specialities of the City Council.
- 4.5 Whilst it may be too early to really judge the interim management structure within the City Council, a two Director structure is by any definition very thin, and it has been recognised that there is a need to build resilience. Perhaps the current situation of one of the posts being vacant demonstrates the vulnerability to such a model. However, the City Council needs to show on-going financial savings, and the departure of the previous Chief Executive was partly justified on the basis of affordability. It is therefore suggested that some replacement capacity and capability for officer leadership is necessary, but needs to be affordable.
- 4.6 The County Council's challenge is quite different, needing to enhance capacity and capability at the local level to deliver savings relating to a demand management approach. This could be achieved at arm's length through partnership working, and indeed this has been tried in the past, but often found lacking. Given the geographical bias towards Gloucester City, particularly for services to vulnerable people and families, the County Council can justify Commissioning Director investment in the Gloucester City area.

## **5.0 Alternative Options Considered**

- 5.1 At the Council Meeting on 27<sup>th</sup> March 2014, Members requested a review of the senior management arrangements of the City Council after a six month trial period of the two Director model. However, following the departure of the Corporate Director of Resources succession arrangements need to be put in place sooner rather than later.
- 5.2 Continuing with the two Director model and not progressing with this proposal is an option. However, this does not address the issues of capacity or resilience. The absence of a Director for any significant length of time causes operational concerns and leaves the senior management of the organization at risk. Linked to this, the “first amongst equals” approach where one Director takes on the Head of Paid Service role on a permanent basis does nothing to address the concerns stated above.
- 5.3 Sharing a Chief Executive with another District is not considered to be a viable option at this time. Gloucester is unique in its demography, issues and needs when compared to the other Districts in the County. The recent appointment of the Head of Regeneration coupled with the consultancy expertise that exists within the organisation means that the Council is well resourced with expertise around the regeneration agenda and other large scale strategic projects, such as the stock transfer to Gloucester City Homes. In addition, support can be brought in as and when required to support Cabinet and officers. Sharing senior officer roles would undoubtedly produce savings but any partner District is likely to expect to be reimbursed for their Chief Executive or Senior Management Teams time and may not provide the level of input required to make any significant impact.
- 5.4 It is also worth noting that the traditional CEO role is not what is required for the City Council. The two Corporate Directors are able to manage the organisation on a day to day basis and ensure that the Council’s priorities are delivered to a high quality and within budget. This new role is very much a strategic one as well as being a figure-head for the City Council with real influencing powers over services administered by the County Council and delivered in the City boundary. This effectively, provides a voice for both organisations at the ‘top table’ of discussions.
- 5.5 Some Councils have adopted an approach to senior management where they have a full time leader who is paid enhanced allowances to reflect the additional time and workload placed upon them. Any decision to progress this would need to be considered by the Allowances Panel, but there are no plans to progress this option at this time.
- 5.6 Within these new proposals it is still intended to appoint a second Director at the City Council to address the concerns about resilience mentioned earlier in the report. However, given that the City Council is looking at a range of partnering and outsourcing arrangements for ‘back office’ functions it will be necessary to identify the key tasks to be undertaken by this role as the new structure evolves.
- 5.7 In the meantime, support will continue to be offered by the Deputy Chief Executive of the County Council, Peter Jones, who has a clear understanding of the support required in the current situation and has a wide range of knowledge that can assist officers at the City Council whilst the new structure takes shape.

## **6.0 Reasons for Recommendations**

- 6.1 With the staffing changes taking place in both organisations there is a unique opportunity to pool resources, build on collaborative working, provide resilience, address the issues set out in the Peer Challenge report and provide an organisational figure-head for the City Council.

## **7.0 Future Work and Conclusions**

- 7.1 Reporting lines and governance arrangements will need to be clearly laid down to ensure that both organisations get an equal benefit from the joint role and that Members of both Councils have an opportunity to scrutinise the new arrangements.
- 7.2 The on-going support offered to both Council's by the LGA will continue to be taken up, to ensure a perspective is maintained for both the short-medium and longer term.

## **8.0 Financial Implications**

- 8.1 There will be costs associated with sharing the roles described as both organisations will bear an equal share of any costs, now or in the future. Until the salary and other associated costs have been established it is unclear as to how much of the Budget saving for 2014/15 will be achieved (The Senior Management Team saving identified within the Money Plan and Budget 2014/15, Budget Savings Narrative, appendix 3, is £100,000). Any shortfall in savings will have to be found from elsewhere within the senior management team or from across the wider organisation.
- 8.2 Just for the purposes of financial planning, it is suggested that we work on an assumption of a £110k post, plus employment on-costs, shared exactly 50/50 between the two councils on which basis the proposed salary can be accommodated in both council's pay structures. In terms of comparable pay there are very few roles to compare. The LGA have looked at senior managers pay in the region for district chief executives and county council directors. They have taken into consideration the current climate of austerity, the uniqueness of the post and the skills that will be required to deliver the role effectively and support the proposed salary in order to be able to attract a range of suitable candidates.
- 8.3 Additional savings and cost efficiencies will be achieved from across the organisation by driving through shared services with the County Council and other partner organisations.

*(Financial Services have consulted in the preparation of this report)*

## **9.0 Legal Implications**

- 9.1 The Council has a statutory duty under Section 4 Local Government and Housing Act 1989 to appoint a Head of Paid Service and these arrangements fulfil that duty.

*(Legal Services have consulted in the preparation of this report)*

## **10.0 Risk & Opportunity Management Implications**

- 10.1 There is a risk that the post holder will not be able to fully deliver the expectations of both roles in 18.5hrs per week.
- 10.2 However, the opportunities outweigh the risks as these new arrangements will bring an organisational figure-head to the City Council, who can offer leadership and direction to staff and allow other Senior Management to focus on delivering the priorities of the Council. The arrangements will continue to be reviewed on an on-going basis through support from the LGA.
- 10.3 This proposition is clearly a new way of working, and it is recommended that the two councils have some form of joint governance and scrutiny arrangements, to review its implementation and ongoing performance on a regular basis. This should include both member and officer perspectives.

## **11.0 People Impact Assessment (PIA):**

- 11.1 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

## **12.0 Other Corporate Implications**

### Community Safety

- 12.1 The ability for the post holder to influence the troubled families initiative and other County Council functions would contribute to making Gloucester a safer place.

### Sustainability

- 12.2 These arrangements provide resilience for the future and offer direct influence in community focused service delivery.

### Staffing & Trade Union

- 12.3 These arrangements will bring stability to staff following a period of change.

**Background Documents:** None