



Report of the Chief Executive

Executive Board

Date: 9 February 2007

Subject: Council Change Programme – Phase 1 Implementation

Electoral Wards Affected:

All

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In

(Details contained in the report)

EXECUTIVE SUMMARY

1. In September 2006, Members of Executive Board received a report entitled "The Council Change Programme", and endorsed an overarching framework for officers to work within and, where appropriate, bring forward proposals for further consideration of Elected Members.
2. This report updates Members on the work progressed to date and on proposals to a number of changes that are intended for implementation on or around the 1 April 2007.
3. The report considers a number of pressing matters that require early consideration and resolution, including new director arrangements, proposals regarding the immediate future of the Learning and Leisure and Social Services departments, new chief officer arrangements for some services and revised managerial arrangements for central and corporate functions.
4. The report outlines a number of important proposals as part of phase one of the Council's change programme.
5. Further reports will be presented to members of Executive Board over the coming months.

1.0 Purpose Of This Report

- 1.1 In September 2006, Members of Executive Board received a report titled “The Council Change Programme” and endorsed an overarching framework for officers to work within and, where appropriate, bring forward proposals for further consideration of Elected Members.
- 1.2 This report updates Members on the work progressed to date and on proposals that are intended for implementation on or around the 1 April 2007.

2.0 Background Information

- 2.1 The September 2006 report provided Members with the detailed rationale underpinning the Council’s change programme and as a consequence of its detail, it is not repeated here, other than to note that relevant national and local drivers of change include: the delivery of our Vision for Leeds aspirations including Narrowing the Gap and Going up a League; the Children Act 2004; the ‘Our Health, Our Care, Our Say’ white paper and supporting guidance regarding the appointment of a Director of Adult Social Services; Local Area Agreement developments; the Local Government White Paper and; Area Management developments.
- 2.2 When considering the matter in September 2006, Members endorsed the following over-arching objectives. These objectives have been used to develop the first phase of change proposed in this report. The agreed objectives were to:
- (a) Create an organisation that is flexible and responsive, clearly focused on delivering improved outcomes for local people;
 - (b) Increase organisational capacity to provide more effective strategic leadership and direction for both the organisation and the city;
 - (c) Maximise the contribution of senior and middle managers to increase capacity and creativity within the organisation to better enable service improvement and modernisation;
 - (d) Organise Council services in the most appropriate and effective way having regard to the outcomes being sought for the city and its people, and;
 - (e) Create an ethos of a one-council approach;
- 2.3 As explained in the September 2006 report, it is anticipated that it could take up to three years to fully achieve the objectives stated above and the process of change should be seen as a step-by-step approach to improvement, recognising our solid foundations as a top performing authority, as opposed to a revolutionary approach involving major restructure and upheaval. This report, therefore, represents the first of a number of important papers Members will receive on this matter in the coming months and, as a consequence of this, only deals with some of the more urgent matters that require resolution.
- 2.4 In addition to agreeing the above objectives, Members of Executive Board also noted last year a number of more detailed pieces of work that required to be undertaken. This report deals with a number of these work packages, either in full or in part. The identified tasks were to:

- (a) bring forward recommendations for new senior officer arrangements and accountabilities which ensure our most senior officers have the capacity to provide the Council, and the city, with the strategic officer leadership it requires;
- (b) bring forward proposals which ensure that chief officers and other senior managers are fully accountable for service delivery and service performance;
- (c) ensure that we respond appropriately to the Children Act 2004 and the guidance associated with 'Our Health, Our Care, Our Say' white paper;
- (d) ensure that our organisational developments and improvements remain focused on delivering improved outcomes for local people.

2.5 Since approval of the September 2006 report, officers have been progressing work to respond, on a priority basis, to the above areas of activity. The most urgent drivers for change are:

- (a) Changes in regard to Children's Services and the role of the Director of Children's Services that have already been approved;
- (b) The appointment of a Director of Adult Social Services who is due to commence employment in late March 2007;
- (c) The retirement of the Director of Learning and Leisure with effect from 31 March 2007.

2.6 As Members will be aware, the Chief Executive, as Head of Paid Service, has responsibilities in relation to the manner in which the authority co-ordinates its different functions; the staffing needs of the authority; the organisation of staff; and the appointment of staff. It is, however, for the Leader to determine the nature and extent of any delegation to officers.

3.0 Main Issues

3.1 Proposed new Director posts

- 3.1.1 In responding to the objective of establishing arrangements that ensure that the Council's most senior officers have the capacity to provide the Council, and the city, with effective strategic leadership, the role of directors has been reconsidered. Our existing arrangements (i.e. directors being responsible primarily for the operational management of staff grouped within traditional departments) have been assessed against the objectives of delivering better outcomes and ensuring that the time of such officers is focused on the most important issues.
- 3.1.2 Legislative changes in regard to the appointment of a Director of Children's Services and statutory guidance in respect of the appointment of a Director of Adult Social Services have already made clear the strategic focus and accountabilities that Parliament/Government consider ought to be prescribed to these two senior officers. A similar approach has been taken to our thinking on other director roles and the revised roles/responsibilities proposed for a smaller complement of directors are set out below.
- 3.1.3 Executive Board is asked to note the revised outline role and purpose for all of the Council's director posts, as detailed in appendix 1. The changes are intended to

ensure a clearer focus on providing strategic leadership, promoting effective inter-agency working and being accountable for specified outcomes within a thematic area of council activity.

3.2 **The Number of Directors**

3.2.1 Officer deliberations over recent weeks have focused upon the number of directors considered to be required under the proposed new arrangements. Officers have been keen to ensure that any proposals are, on the one hand, coherent, but on the other, provide sufficient capacity in order to properly fulfill our strategic officer leadership aspirations.

3.2.2 As part of the 2003 restructure, five service-based departmental director posts were established. This has been temporarily augmented in recent months to six in response to the Children's and Adult Social Services agendas. Our service based directors are currently, therefore, as follows: Director of Adult Social Services, Director of Children's Services, Director of City Services, Director of Development, Director of Learning and Leisure and Director of Neighbourhoods and Housing.

3.2.3 In moving to a thematic approach, focused on outcomes, CMT have considered the most appropriate division of responsibilities and following significant consideration propose that we reduce the number of directors (excluding corporate officers) from the five, as agreed in 2003, to four as detailed below:

- (a) *Director of Adult Social Services* – responsible for outcomes affecting adults who are vulnerable or otherwise disadvantaged because of physical, sensory or mental health condition; adults who have reduced physical and mental health capacity because of ageing or long term health conditions, and adults who are vulnerable because of social circumstances.
- (b) *Director of Children's Services* – responsible for outcomes affecting children and young people – refer to previous reports to Executive Board.
- (c) *Director of City Development* – responsible for outcomes affecting the future of the city including transport planning, traffic and highways, economic competitiveness, land use planning, culture, recreation, sustainability, climate change, skills and employment policy.
- (d) *Director of Environment and Neighbourhoods* – responsible for outcomes affecting the quality of life of citizens and their communities including: the promotion of communities which are thriving and harmonious places where people are happy to live; the promotion of communities and neighbourhoods which are clean, green, safe and strong; ensuring the promotion of effective community engagement and community regeneration; supporting people into work and employment, and the provision of decent housing.

3.2.4 Officers have robustly challenged the proposal for four thematic areas and concluded that, in the context of the changes we are seeking to make, the establishment of four directorates does indeed make sense. Furthermore, and as evidenced by the recent publication of the 'Strong and Prosperous Communities' White Paper, the four areas proposed have significant alignment with recent developments at a national level and, particularly, developments in regard to Local Area Agreements. Therefore, after significant consideration by CMT, the Chief Executive has concluded that four strategic service directors is the appropriate number to be included as part of these proposals.

- 3.2.5 In regard to the remuneration proposed for the above director posts, two of these posts have only recently been independently assessed; accordingly, it is proposed that all four posts be graded at the same level, i.e. that already agreed for the Directors of Adult Social Services and Children's Services.
- 3.2.6 With respect to implementation of the revised arrangements, the Chief Executive is in discussion with the Chief HR Officer to ensure that the Directors of Neighbourhoods and Housing, and City Development, can be confirmed in their new roles prior to 1 April 2007, as part of phase one of the change programme, in accordance with agreed procedures.
- 3.2.7 It should be recognised, however, that Directors - other than the Director of Children's Services – will be retaining operational management responsibility for at least some of the services within their new directorates until such a time as they have implemented revised service-delivery arrangements.

3.3 Ensuring Sufficient Capacity

- 3.3.1 In bringing forward the above proposals, officers were mindful that in reducing the number of service directors from five to four it would be important to plan for the introduction of complementary measures designed to increase our overall capacity which is an underlying objective of the change programme.
- 3.3.2 Therefore, in considering the capacity question, it is important to recognise that additional capacity will come from directors and other senior officers responsible for central and corporate functions (see separate section below) as well as from the holders of newly designed chief officer posts. In this respect, each director will be tasked with developing proposals for revised chief officer and service based arrangements to be implemented, on a phased basis, during the course of the next 12 to 24 months.
- 3.3.3 In carrying these measures forward, it is proposed that, as has already been agreed for officers having children's services responsibilities, chief officers will be given delegated powers concurrently with the relevant director so that, whilst the new chief officer posts will have the delegated authority necessary to effectively manage their service areas, appropriate mechanisms will be put in place to ensure chief officer accountability. The chief officers in such instances will then become the principal operational managers for their service areas, but, as the relevant directors will continue to be held accountable for their directorates' overall outcomes, it is proposed that the relevant director would also retain the relevant delegated authority and be able to direct a chief officer to refer a matter to him/her for his/her own determination.
- 3.3.4 Whilst broader chief officer changes will be developed as part of phase two of the change programme, with the impending retirement of the Director of Learning and Leisure and the service rationalisation called for in connection with the appointment of a new Director of Adult Social Services, there are a number of service based issues that require consideration at this time. These issues are considered further below.

3.4 Retirement of the Director of Learning and Leisure

- 3.4.1 Members will be aware that in early 2006, the Director of Learning and Leisure was tasked with assuming additional responsibilities in regard to fulfilling the statutory role of Director of Adult Social Services until such a time as a permanent appointment had been made. In agreeing this temporary change, it was also agreed that the Director of Learning and Leisure would retire, with effect from 31 March 2007.
- 3.4.2 In light of the proposals detailed above, and the retirement of the director on 31 March 2007, the following new managerial arrangements for Learning and Leisure activities are proposed with effect from 1 April 2007:
- 3.4.2.1 **Culture and Leisure** – officers discharging cultural and recreation-related functions (e.g. sports provision and sports development, library services, events, arts and heritage and museums services and parks and countryside) will become accountable to the Director of City Development.
 - 3.4.2.2 **Jobs and Skills** – it is proposed to transfer responsibility for the discharge of functions relating to the Jobs and Skills service to the Director of Environment and Neighbourhoods, the rationale being the significant contribution this service makes to the worklessness priority as part of our narrowing the gap aspirations.
 - 3.4.2.3 **Early Years and Youth Services** – officers discharging these functions will be accountable to the Director of Children’s Services and will, for a period of 12 months, report to a single chief officer to be appointed on an interim basis. These services will be managed within the principles already approved for the discharge of children’s services functions, i.e. with the chief officer having direct operational management responsibilities for the services within an accountability framework approved by the director. This is proposed as an interim solution to allow for further work to be undertaken to determine the longer term operational leadership requirements, recognising that some issues are, at this time, undecided, an example of which would be the future of the Connexions service.
 - 3.4.2.4 **Support Services Functions** – A fundamental review of Support Service functions across the authority is currently underway but new arrangements will not be ready for implementation by 1 April 2007. On the basis that more significant change will follow, it is, therefore, proposed to retain for the time being the existing Learning and Leisure support service functions as a coherent whole supporting all of the existing learning and learning functions, wherever they are located. However, some change in focus or area of responsibility may well be required to support the broader changes.

3.5 Social Services

- 3.5.1 Since the appointment of the Director of Children’s Services, interim management arrangements have been in place in respect of the operational management of the Social Services Department. These temporary arrangements have been extended to 31 March 2007, at which time the new Director of Adults Social Services will be in post to assume, in the first instance, both strategic and operational responsibility for Adult Social Services.

- 3.5.2 The direction of travel of both the national agenda and the Council's change programme points to the desirability of now formally disaggregating Social Services into two separate service delivery functions in respect of Adult Social Services and Children's Social Services. Whilst it has always been acknowledged that this cannot be done overnight, particularly in respect of support service functions, it does seem sensible to make provision for the separate management and leadership of these functions from 1 April 2007, not least as a consequence of the separate accountabilities that have been put in place for the Director of Children's Services and Director of Adult Social Services.
- 3.5.3 In respect of the operational management of Children's Social Care functions, this service will be headed by a Chief Officer accountable to the Director of Children's Services. This service will be managed within the principles already approved for the discharge of children's services functions, i.e. with the chief officer having direct operational management responsibilities for children's social care services within an accountability framework approved by the director. As with Early Years and Youth Services, this is proposed as an interim solution to allow for further work to be undertaken to determine the longer term operational leadership requirements of children's related services.
- 3.5.4 As is proposed for Learning and Leisure, we propose to keep support services functions as a single service for the time being.

3.6 **City Services**

- 3.6.1 With effect from 1 April 2007, there will be limited change to the Department of City Services. Streetscene and commercial/traded services are substantial in nature and it will not be feasible to transfer these from April 2007. In the medium to longer term, however, officers discharging streetscene and commercial/traded services functions will be transferred, with streetscene being accountable to the Director of Environment and Neighborhoods and commercial/traded services being accountable to the Director of Resources within the Head Office. Until such a time as these new arrangements have been substantially implemented, there will remain a need for senior officer direction for the Department of City Services. The Director of City Services shall continue, therefore, to be responsible for the current grouping of services beyond April 2007 and until such time as revised arrangements have been safely and appropriately implemented. The revised arrangements could be implemented on a phased basis during 2007 and early 2008 and it is envisaged that the Director of City Services will play a lead role in working with directors generally over this period to support implementation of new service delivery arrangements.

3.7 **Highways**

- 3.7.1 One additional issue requiring early resolution is that of highways-related functions, given the announced retirement of the Head of Highways Services on 31 March 2007. As part of the change programme, it is proposed now to bring together the separate traffic and highways functions which are currently located in the City Services and Development departments. The services will be brought together from 1 April 2007, within the City Development directorate, and under the stewardship of a new Chief Officer (Highways) post.

3.8 **Head Office**

- 3.8.1 As part of the first phase of the change programme, consideration has also been given to the range of central and corporate functions currently provided within the Chief Executive's Department and the Department of Corporate Services. This aspect of the review has considered issues and recommended changes that will better support the achievement of the Council's agreed objectives.
- 3.8.2 Whilst in general there is nothing "broken" with central and corporate functions, as the recent strong CPA Use of Resources score would evidence, corporate functions are not always as well co-ordinated across the two Departments as they might be and it is considered that the support role to services could be enhanced to make directors and chief officers more self sufficient. The changes that follow are intended to assist in addressing these concerns.
- 3.8.3 In determining the preferred option for the provision of central and corporate functions, regard has been given to the following:
- i) The development of a co-ordinated asset management function including a proposal for a function of corporate landlord;
 - ii) A proposal that services currently provided by City Services, where there is no single client (referred to as commercial or traded services), should be co-ordinated centrally;
 - iii) The growing appreciation of the need to address issues such as information management and governance and knowledge management;
 - iv) The appreciation that the Council needs to better collect and disseminate business intelligence to better support policy making and service delivery, and;
 - v) The need to provide enhanced strategic commissioning support to directors in the achievement of their objectives.
- 3.8.4 Central and corporate functions consist of three broad areas of activity as follows:
- i) Corporate planning, policy and improvement functions;
 - ii) Resource and support functions, and;
 - iii) Democratic and legal functions.
- 3.8.5 The Department of Corporate Services and Chief Executive's Department shall be regarded as a single entity in future and will be commonly referred to as the Head Office. There will be three senior leadership posts, one each for the three functions detailed above. These senior posts will report direct to the Chief Executive and Deputy Chief Executive. Further detail follows regarding specific proposals for the three leadership posts.
- 3.8.6 In considering more streamlined arrangements for the future management and leadership of central and corporate functions, it is proposed that the core policy functions, provided mainly to enable the Chief Executive independently to performance-manage and challenge the Council's service delivery arrangements, including setting corporate policy and providing corporate information and communication services, should continue to report direct to the Chief Executive and Deputy Chief Executive.

- 3.8.7 The resources function is a significant undertaking and with the addition of asset management, corporate landlord and existing commercial/traded services (currently based in City Services) to the resource management function, the scale of the existing corporate services function increases significantly. In light of this change, it is proposed to re-title the post of Director of Corporate Services as Director of Resources and that this post be graded at the same level as the four service strategic director posts.
- 3.8.8 It is also proposed to retain the democratic and legal functions as a single entity and, it is further proposed, that this service also continues to report direct to the Chief Executive and Deputy Chief Executive.
- 3.8.9 In order to reflect their support role to the Chief Executive, it is recommended that the two heads of functions reporting directly to the Chief Executive be retitled. One as Assistant Chief Executive (Corporate Governance) and the other Assistant Chief Executive (Planning, Policy and Performance). Appendix 1 outlines the proposed role and purpose of the two Assistant Chief Executive posts. In regard to the remuneration package for these two posts, it is proposed that the new responsibilities be reviewed and graded, with appointments being made/confirmed, as appropriate, in accordance with agreed procedures.

4.0 Arrangements for Appointments to Chief Officer Posts

- 4.1 Regulations provide that the Head of Paid Service must appoint and dismiss staff. This does not, however, apply to the appointment or dismissal of staff at deputy director level or above, which may be made by Elected Members.
- 4.2 When this matter was last considered, Members of this Council considered it appropriate for the Council's constitution to require the appointment to posts graded director or above to be reserved to a committee of the Council, including at least one member of the Executive.
- 4.3 Under current arrangements, as set out in the Officer Employment Rules, the appointment of officers below directors (other than assistants to political groups) has been the responsibility of the Head of Paid Service or his/her nominee.
- 4.4 In light of the changes recommended in this report, and not least the move to chief officers becoming the principal operational managers for the Council's services, it is proposed to amend the Officer Employment Rules, with immediate effect, to allow for Elected Members to make officer appointments to all posts defined as deputy director or above. As chief officers are in effect deputy director level posts, such appointments in the future would be duly reserved to a committee or sub-committee of the Council, involving at least one Member of the Executive.

5.0 Implications for Council Policy and Governance

- 5.1 This report has significant implications for council policy and governance. The proposals seek to provide improved governance arrangements for the authority and a clearer basis for developing council policy. Variations to delegation arrangements and directors areas of responsibility will require changes to the Council's constitutional arrangements and such changes will be progressed as required, subject to the approval of the recommendations contained within this report.
- 5.2 Further consideration will need to be given to Executive Member and Overview and Scrutiny arrangements arising from these changes. It is anticipated that any

changes in relation to Executive Member portfolios will be reported to Full Council at the Annual General Meeting, and in relation to Overview and Scrutiny arrangements, these will be approved at the Annual General Meeting.

6.0 Legal and Resource Implications

- 6.1 There are no particular legal implications arising from the proposals in this paper, although it is appropriate to note that many of the recommendations have been developed in light of legislative changes (e.g. Children Act 2004), statutory guidance and expected legislative changes arising from the Strong and Prosperous Communities White Paper.
- 6.2 Due to a number of the proposals contained within this report requiring independent job evaluation, it is not possible, at this stage, to provide precise budgetary implications other than to say that the proposals will be contained within existing budgetary provision.

7.0 Consultations

- 7.1 The relevant Trade Unions have been consulted on these proposals and have identified no particular issues or concerns that need to be reported to Members of Executive Board.

8.0 Recommendations

- 8.1 Members of Executive Board are recommended to:
- i) Endorse the remit, role and purpose of the proposed new director posts, as detailed in paragraph 3.2.3 and as set out in appendix 1;
 - ii) Endorse the proposals in respect of revised managerial arrangements for learning and leisure with effect from 1 April 2007, and note the proposed realignment of responsibilities as outlined in paragraph 3.4.2;
 - iii) Endorse the proposals in respect of revised managerial arrangements for social services from 1 April 2007, as detailed in paragraph 3.5;
 - iv) Note the intention to establish a new post of Chief Officer (Highways) with revised delegation arrangements as detailed at paragraph 3.7;
 - v) Endorse the proposals for revised leadership arrangements for central and corporate functions as proposed in paragraph 3.8 above, and;
 - vi) Endorse the proposal for the Officer Employment Rules to be amended to provide for appointments to all posts defined as deputy director or above to be made by a committee or sub-committee of the Council, involving at least one member of the Executive.

New Directors/Assistant Chief Executives – Outline Role and Purpose

The role and purpose of each senior leadership post will be to provide leadership and be accountable for:

- (a) taking the strategic lead for an agreed set of policy objectives and outcomes, either on a thematic basis or in regard to being the lead on a cross-cutting area of activity;
- (b) being the officer 'champion' (e.g. providing vision, promoting, engaging, securing support etc.) for their areas of policy and outcome responsibility;
- (c) leading on the development of policy objectives in regard to their areas of responsibility and determination of the outcomes being sought;
- (d) determining the level of budget allocation required to meet the policy objectives identified;
- (e) working closely with Elected Members and relevant service providers in determining vision, policy objectives, outcomes and allocating resources;
- (f) securing agreement with service providers (internal and external) on the outcomes to be delivered by each service and the budget to be allocated to deliver the agreed outcomes;
- (g) performance managing services to the extent that they are delivering the outcomes and objectives agreed and taking supportive or corrective action when there are matters of concern.
- (h) providing guidance and developmental (e.g. appraisal) support for a group of chief officers.
- (i) working closely with all other directors to ensure policy objectives and outcomes are influenced and take account of other strategic expectations;
- (j) representing the city and influencing others both internally and externally, including partners, Government and other key regional/national stakeholders;
- (k) provide visible officer leadership and engagement with relevant partnership activity;
- (l) contributing to the corporate leadership and management of the authority as a whole; to lead, plan and deliver the Council's corporate and strategic priorities.