

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	5 February 2016
Title:	The Development of the Corporate Management Team for Hampshire County Council
Reference:	7272
Report From:	Chief Executive

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1. Executive Summary

1.1. The purpose of this paper is to explain and as necessary to seek Cabinet support for developments affecting the Corporate Management Team (CMT) for the County Council. In summary, the report affirms the purpose and function of CMT, particularly in the context of significant current changes affecting the County Council and its transformation programmes. The report also addresses the shape of CMT for the medium term future in the light of recent changes to personnel. Finally, the report seeks Cabinet's endorsement for subsequent recruitment processes.

2. Background

2.1. CMT is the key and most senior officer decision making forum within the County Council. Its membership consists of the Chief Executive as Chairman and the departmental directors. As such, CMT rests at the top of the 'paid service' of the County Council and is the most senior body responsible for the co-ordination, oversight and delivery of County Council policy and statutory responsibilities through the respective departmental directors.

2.2. Present membership of CMT includes: Chief Executive; the Director of Adult Services; the Director of Children's Services; the Director of Community, Culture and Business Services; the Director of Corporate Resources; the Director of Policy and Governance; the Director of Economy, Transport and the Environment; and the Director of Public Health.

2.3. Hampshire County Council has enjoyed unusual stability and continuity in these posts and the general membership of CMT over recent years. This continuity and stability has certainly contributed to the overall quality of leadership in the organisation and the consistently successful delivery, on

behalf of the County Council, of the twin goals of effective financial management combined with high quality performance and service delivery for the public.

- 2.4. This standard of leadership has been particularly significant in the past five years of Government austerity and ever increasing public scrutiny on the quality of performance. CMT works with, and for, the Leader, Cabinet and the wider County Council to maximise the capacity and effectiveness of the organisation in order to protect and build strong sustainable public services that improve the quality of life for the people of Hampshire. CMT acts as the main interface between the Cabinet of the County Council and its officers, employed to serve the organisation and the community. It is the role of CMT to provide the strategic capacity and operational management of the varied services for which the County Council is responsible.
- 2.5. After a period of sustained stability, CMT is now going through an inevitable period of transition. The recent retirement of the Chief Executive and promotion of the former Deputy Chief Executive and former Director of Children's Services have coincided with the retirement of the former Director of Adult Services and the move to a national role of the former Director of Public Health. Therefore, there are now three substantive vacancies on CMT. These vacancies provide an important opportunity to refresh the membership of CMT, but also to consider if the general shape of the management team remains fit for purpose in the light of future challenges facing the Council.
- 2.6. The remainder of this report is based upon the conclusions of a review conducted by the incoming Chief Executive seeking to position CMT for the medium term future and particularly for the delivery of the *Transformation to 2017* programme and preparation for an equivalent *Transformation to 2019* programme.

3. The future CMT

- 3.1. A series of considerations have guided the proposals within this report. They include the following points.
- 3.2. **Successful implementation of Transformation to 2017** - Obviously the current transitional management arrangements present an opportunity which might be taken in some organisations for a radical overhaul of the top team. That is not proposed here. This is partly because of Hampshire County Council's successful history of careful effective progression; partly because there are constraints on the change opportunities described in paragraph 3.5 below, around what is required for Adult and Children's Services; and partly because of the substantial risks that would apply to the successful implementation of the *Transformation to 2017* programme. This latter point is of critical financial importance. The *Transformation to 2017* programme has been carefully designed and built upon a series of political approvals. Its successful delivery, now in train, is crucial to the future of the County Council. To introduce significant changes at CMT, at this stage, would in effect be a substantial reorganisation and would be highly disruptive, potentially putting *Transformation to 2017* at risk.

- 3.3. That said, based upon what we already know, and reinforced by the significant challenges of the recent local Government financial settlement, work will need to begin in earnest in preparation for *Transformation to 2019* at the beginning of the forthcoming financial year 2016/17 and in tandem with the continuing delivery of the savings represented in *Transformation to 2017*. The principles of continuity will still apply for *Transformation to 2019* but there can be little question that *Transformation to 2019* will introduce further potentially substantial structural change as well in due course.
- 3.4. **Delivering public services** - A further case against a radical overhaul at this stage is presented by the twin factors of the County Council's continuing approach to commissioning and also to trading externally. A number of other local authorities in recent years have made a point of becoming "commissioning authorities", thereby severely reducing internal senior management capacity. With respect to those authorities, this is regarded essentially as shorthand for a more vigorous approach to outsourcing services and simply retaining a core local authority organisation which commissions those services. That approach has not been adopted in Hampshire County Council for a variety of reasons which have served Hampshire well and still hold true. First and foremost is the consideration that while the Local Authority retains the capacity, especially through staff and expertise, to delivery good quality services, especially those which are statutory and therefore rest at the heart of the responsibilities of the Local Authority and its members, then it would seem inappropriate to discharge that capacity to external providers. This is a position which should always be based upon the quality of the business case for any service and is not one to be categorised as 'internal is best'.
- 3.5. On the other hand, Hampshire County Council remains determined to develop and progress its own external business strategy which has seen the Local Authority expand its footprint and its stability by providing additional services for other organisations. There is little question that those opportunities should continue to be sought and developed in a sensible fashion and that to do so requires high quality strength in-depth in the leadership of the organisation.
- 3.6. **Knowledgeable and expert leadership** - A further opportunity for change which is being discounted through this proposal would be to merge Adults' and Children's Services into the equivalent of a 'director for people' which has been adopted by some, mostly smaller, authorities. This move is not proposed for Hampshire County Council at this stage. The arguments for such a move rest largely on the small efficiency savings that could be generated by merging the director posts and potentially other senior posts. However, a range of counter arguments challenge that opportunity. The County Council, and therefore its citizens, have enjoyed unparalleled success in recent years in the consistent high quality of the delivery of these services across a very large and complex authority. This has been achieved through the development of two separate but connected departments in which a primacy is placed on the knowledgeable and expert leadership of what are very different services and statutory responsibilities.

- 3.7. Further, the combined budgets of these two existing departments represent up to 70% of the County Council's financial responsibilities, including or excluding schools' budgets. Combining those budgets to one director would have a destabilising effect on the financial management of the organisation, as well as placing intolerable pressure upon the individual and the department. This would be a highly risky step to take in the best of times but as we enter the most challenging elements of *Transformation to 2017*, especially for Adult Services, this would be a very difficult step to defend. Finally, whereas this model has been attempted in a number of authorities, its effectiveness has not been well evidenced and particularly larger authorities have either avoided or stepped back from such a merger.
- 3.8. **Public Health** - The position with regard to the role of the Director of Public Health is slightly different. Members will be aware that the role of the Director of Public Health (DPH) was transferred to local government alongside general public health duties through the NHS reforms introduced between 2012 and 2013. This was a significant and welcomed strategic step by the NHS given the close relationship between Public Health duties and our Adult and Children's Services and a range of our wider local authority duties including environmental, economic and cultural services.
- 3.9. At the time of transfer certain expectations were placed upon local Government, including with regard to the status of the role of DPH within a local authority and the access of the DPH to key positions including the Chief Executive, and the Directors of Adults' and Children's Services. Hampshire County Council, like many other authorities, interpreted these expectations by placing the role of DPH at the heart of the Corporate Management Team. This was a reasonable and perhaps expected interpretation, but it has had an arguable impact. There have been obvious benefits around access and perceived seniority within the organisation and externally. However, in an organisation the size and scope of Hampshire County Council, there have also been increasingly obvious dis-benefits, such as the related size of the DPH service and budgets against other departments at CMT and the capacity of a DPH to fulfil the more general corporate expectations placed upon any director in an effective local authority versus the other professional demands placed upon the DPH.
- 3.10 Therefore, it is proposed that the future DPH for the County Council should not be a member of CMT, but should report directly to a new role constituted as the Director of Adults' Health and Care. The DPH would retain the job title of Director but would be the only individual outside of the CMT within the Local Authority to have the title of Director. In this changed arrangement it would be explicit and formally established that in line with statutory guidance the DPH, while reporting to the Director of Adults' Health and Care, would remain accountable to the Chief Executive and have direct access to Members. The DPH would also have routine access to the Director of Children's Services as necessary.
- 3.10. **Related senior management adjustments** - There are then a number of less substantive but nevertheless important senior management adjustments related to CMT of which Cabinet should be made aware.

- 3.11. The role of the Director of Policy and Governance has necessarily evolved in the past year linked to the *Transformation to 2017* programme. Significant elements of the role have been adjusted as within the remit of the Chief Executive in order to allow the post to focus heavily on supporting the *Transformation to 2017* programme across the County Council but especially within Adult Services. This also relates to the positioning of the post of Assistant Chief Executive (see below). Therefore, it is proposed that the job title of the Director of Policy and Governance should change to that of Director of Transformation and Governance. It is also likely that this role will assume responsibility for procurement given the substantial work required to evolve our procurement services and the inextricable links between that work and transformation more generally.
- 3.12. The Chief Executive has reinstated the post of Assistant Chief Executive. This post will not be a member of the Corporate Management Team but will work closely with, and in support of, the Chief Executive on a range of issues while retaining its existing responsibilities towards communications, policy and performance. There are no cost implications to this change.
- 3.13. There remains scope within the approved structures for the CMT to identify an individual director into the extended role of Deputy Chief Executive. This role was previously held by the last Director of Children's Services before becoming Chief Executive. Following the approval of the Employment in Hampshire County Council Committee (EHCC Committee) in November 2015, it is within the remit of the Chief Executive to appoint to this role on an interim basis pending possible Member appointment at a later date on a substantive basis through the EHCC Committee. In the light of the various other changes, it is intended to keep this appointment, on an interim basis, under review at this stage.

4. Recruitment

- 4.1. Therefore, it is proposed that the Chief Executive should initiate a recruitment process for the two posts of Director of Children's Services and Director of Adults, Health and Care immediately. Whereas both posts are currently occupied effectively by internal interim appointments, it is essential for the County Council to test the recruitment market in order to ensure that we can secure the best possible candidates to take these critical services forward in the future.
- 4.2. With regard to the recruitment to the Director of Public Health, it is further proposed that a slight delay is applied to that recruitment in order to ensure that the soon to be appointed Director of Adults' Health and Care can play an appropriate part in that recruitment. Again we have secured able internal interim arrangements to cover the role of DPH pending this process. In that interim period, the interim DPH will remain a member of CMT.

5. Conclusions

- 5.1. This report sets out a series of proposals for the development of Hampshire County Council's Corporate Management Team in the light of internal

changes and external factors, not least our transformation programmes current and anticipated. The report strongly argues for a series of evolved, rather than radical solutions which can build upon the undeniable and exceptional track record of the County Council's corporate management arrangements, but also ensure that those arrangements are fit for purpose for the future. These proposals ensure we capitalise on the unusually strong incumbent talent at CMT, but also recognise and prepare for what will probably be further if not more radical changes as we prepare for 2019 and beyond.

6. Recommendations

It is recommended that Cabinet:

- 6.1. Notes and supports this report.
- 6.2. Agrees to the establishment of a new post of Director of Adults' Health and Care to replace the former post of Director of Adult Services.
- 6.3. Agrees that in future the post of Director of Public Health will be retained but as a member of the management team of Director of Adults' Health and Care, but also retaining direct lines of communication with the Director of Children's Services, accountability to the Chief Executive, and direct access to Members.
- 6.4. Notes the modification to the role and remit of the newly titled Director of Governance and Transformation.
- 6.5. Approves a process of national recruitment for the posts of Director of Children's Services, Director of Adults, Health and Care, and the Director of Public Health in due course.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision to enable appropriate management capacity to be available to manage the Council's business affairs.

Other Significant Links

Links to previous Member decisions:		
<u>Title</u> None	<u>Reference</u>	<u>Date</u>
Direct links to specific legislation or Government Directives		
<u>Title</u> Not applicable	<u>Date</u>	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

2. Impact on Crime and Disorder:

2.1. Not applicable

3. Climate Change:

a) How does what is being proposed impact on our carbon footprint / energy consumption?

Not applicable

b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

Not applicable