



People, Performance and Development Committee
27 November, 2015

Reshaping Leadership Roles

Purpose of the report:

To note the review of the efficacy of the interim Deputy Chief Executive role and seek the Committee's endorsement of the Chief Executive's further proposals for reshaping Surrey County Council's senior leadership team.

Recommendations:

- a. To endorse the proposal to create a new permanent post of Deputy Chief Executive and Strategic Director of Children's Services.
- b. To convene a meeting of the People, Performance & Development Committee on a date to be agreed, which [will interview Julie Fisher for the role of Deputy Chief Executive to include the statutory Director of Children's Services].
- c. To note the reduction in posts, cost savings and redistribution of responsibilities which have streamlined senior management arrangements.
- d. To note that the outcomes of the Local Test of Assurance will be reported to this committee (see Paragraph 8 below)
- e. To approve the conversion of three senior roles into "roving" Heads of Service roles, in order to (a) the reduce the employment law risk due to the temporary nature of the current contractual arrangements for three senior officers, as set out in paragraph 27 and (b) strengthen the senior leadership succession & retention strategy for the Council.

Introduction:

1. The Chief Executive has continued to review the Council's arrangements for providing strategic leadership at the top of the organisation. Delivery of the Children's Improvement Plan is a priority and requires consistently exceptional strategic leadership together with partnership working focussed on improving children's wellbeing. Recent personnel changes have also presented an opportunity to further change and consolidate roles within the leadership team.
2. In October the Committee endorsed the proposal to create an Adult Social Care and Public Health Directorate. This report sets out further arrangements which

are intended to reduce the number of chief officer posts whilst ensuring continuity and effective arrangements at the top of the organisation.

Review of Deputy Chief Executive Role and Leadership of Children Schools and Families

3. On 26 June 2015 the Committee endorsed the Chief Executive's proposal to create a Deputy Chief Executive post, with responsibility for Children Schools and Families, subject to review in November 2015. The Committee agreed that Mrs Julie Fisher would take on that role in order to provide leadership during a challenging period, including the development and delivery of an action plan in response to the Ofsted report of November 2014.
4. In September 2015 the Council published its Improvement Plan for Children's Services, committing the Council to focusing relentlessly on strengthening the way it works so as to have the right capabilities and capacity to deliver sustainable services in the context of rising demands and financial pressures.
5. Both Ofsted and the Department for Education (DfE) have been working closely with the Council during this period and their feedback regarding Mrs Fisher's leadership of the improvement journey has been very positive.
6. Two specific issues had been identified as requiring action to enable Children's Services improvement, these were a lack of connection with the rest of the organisation and culture and mindset within the Directorate. As Deputy Chief Executive, Mrs Fisher has been able to bring into play her strong skills base and experience to ensure that appropriate organisational performance measures are in place and to develop a more open and collaborative culture, embedding Surrey's behaviours and values. The wider role of Deputy Chief Executive has facilitated more direct support for the required improvements to Children's Services across the whole organisation.
7. A confidential 360 exercise for the Interim Deputy Chief Executive is being carried out during November, the full outcome of which will be circulated separately to this report from the Director of People & Development, prior to the meeting on 27 November.
8. The DfE provides advice to local authorities who are proposing to combine the Director of Children's Services function with other officer responsibilities. The DfE guidance suggests a local test of assurance should be carried out so the Council can assure itself that the new arrangements meet the statutory guidelines effectively. The Director of Legal & Democratic Services will carry out this assurance exercise. The advice is that the assurance exercise is an active process i.e. checking out two or three times a year to see how robust the new arrangements are in practice. The Chief Executive is mindful that during this first year, the Deputy Chief Executive would not take on the full gamut of the DCX role and must concentrate on the statutory and improvement duties and responsibilities of the DCS role. The assurance exercise will align with the Ofsted process which will report every three months and the review process for the DfE which is every six months. It is proposed that the outcomes of the Local Test of Assurance be reported to this committee
9. It is also apparent that the Business Services Directorate (now within Orbis) has very effective leadership provided by its heads of service. This was highlighted in the "Shaping Leadership" exercise which was carried out across the senior leadership cohort in 2014/15. Shaping Leadership is a cohort-wide 360 degree assessment exercise based around six leadership criteria, aimed at identifying strengths and gaps in leadership, developing and supporting leaders, predicting

future capacity and skills needs and identifying up and coming future senior officer leaders.

10. A summary of the feedback about Julie Fisher's Business Service's team is as follows:
 - *"Resilient team in relation to other councils in the SE"*
 - *"Resilient; I think they are a good team"*
 - *"The team are all very, very good. There's pressure on them to be commercial"*.
 - *"Strong team. Lots of joint stuff and they use each other's complementary skills well"*
 - *"She has got a really, really good team. They are just the sort of people you want to work with"*
11. The team strength score was 2.85 out of 4 (this was the highest team score in the cohort). The SCC-wide score was 1.96.
12. John Stebbings, Chief Property Officer, has been undertaking the role of Interim Strategic Director of Business Services during this period. As a result of the changes set out in this report, there will no longer be a Strategic Director of Business Services post. The Interim Director will remain in post for Surrey, reporting to the Deputy Chief Executive. The Interim arrangement will stay in place until Orbis is ready to move to single leadership for the partnership.
13. The Chief Executive is therefore proposing to create a permanent role of Deputy Chief Executive and Strategic Director of Children's Services and to delete the role of Strategic Director of Business Services. There are other changes the Chief Executive has made to his senior team as set out below.

A Smaller Leadership team

14. As was reported to this Committee in October, with the departure of Mrs Susie Kemp, the Chief Executive has taken the opportunity to delete the post of Assistant Chief Executive. He has now redistributed her responsibilities to existing directors, as follows: Ann Charlton, Director of Legal and Democratic Services has assumed responsibility for Cultural Services. The Interim Deputy Chief Executive, Mrs Julie Fisher, has taken on responsibility for Policy, Performance and Communications. The Environment and Infrastructure Directorate has been expanded to include the Surrey Fire and Rescue Service and the Emergency Planning teams. Its Strategic Director, Trevor Pugh, will also take a lead in the development of improved place based work with Districts and Boroughs. The impact on pay and grading of the extra duties and responsibilities for the Director of Legal, Democratic Services & Culture, plus the Strategic Director of Environment & Infrastructure have been assessed and the business case for change is set out in the Pay Exceptions report for this Committee for decision by Members.
15. The new senior arrangements provide leadership that is streamlined and effective, with a continuity of personnel that supports delivery, avoids creation of silos and causes minimum disruption, whilst the organisation focuses on service delivery within the current challenging and financially constrained environment. The leadership model emerging is a distributed leadership model which has a strong deputy arrangement linked to a networked senior leadership. This model is more effective in larger, complex organisations and distributes the accountability for leadership to enable a large organisation to be more fleet of

foot and not get bogged down in unnecessary hierarchies which slow down decision making and change.

16. A distributed leadership perspective recognises that there are multiple managers in an organisation (Spillane et al., 2004) and that leadership activities are widely shared within and between organisations (Harris, 2007).
17. The new arrangements will mean the Chief Executive now has 6 line reports, these are as follows.
 - **Strategic Director (Adult Social Care & Public Health)**
 - **Strategic Director (Customers & Communities) (0.2 fte)**
 - **Strategic Director (Environment & Infrastructure)**
 - **Deputy Chief Executive & Strategic Director of Children, Schools & Families**
 - **Director of Legal, Democratic Services & Culture**
 - **Director of Finance**

A year ago, the Chief Executive had ten line reports.

Cost Savings

18. The costs of the senior team the Chief Executive inherited in 2009 amounted to **£1,012,177** (including Public Health for comparison purposes).
19. The cost of the new structure amounts to **£688,620**; a saving of **£323,557**.

Senior Retention and Succession Planning

19. The Chief Executive has been building a strategy aimed at shaping the next generation of senior officers. This has been via a voluntary exercise called Shaping Leaders which was carried out in 2014 amongst 36 senior officers at director and assistant director/head of service level.
20. As a result of that exercise, eight people (excluding Directors) were held across the cohort to be the key leaders and influencers.
21. This group of eight is now mentored by the Chief Executive and they are focusing on strategic leadership as part of their further development.
22. Three members of this group, Liz Mills, Rachel Crossley and Mark Irons have been moved temporarily out of their substantive roles and have been seconded into more stretching roles as part of their development as future leaders. High performing organisations deploy their best talent to their biggest challenges (Jim Collins "Good to Great"). The Chief Executive will also require each of these three officers to spend 12 months working directly to him in the role of Chief of Staff. This will provide these officers with first hand insight and exposure to working at the top of an organisation. It will also provide the Chief Executive with highly talented individuals who can take on a considerable "trouble-shooting" workload associated with the Chief Executive's role, enabling the Chief Executive to concentrate on Surrey's biggest strategic challenges.
23. This is for a number of reasons:
 - It helps talent develop the skills necessary for more senior roles to come.

- It helps to retain talented people who might otherwise seek promotion opportunities outside the Council.
 - It helps the organisation to respond quickly and flexibly to challenges where there is an immediate need for extra capacity and senior skills, by being able to deploy the right people to the right tasks on an interim basis.
24. It is important that the Council has a robust employment contractual framework to underpin this more dynamic resourcing approach. Currently, these three senior officers are in a contractually complex set of secondment arrangements and this needs regularising.
25. We have observed the model used by the senior Civil Service where talent is moved from department to department, as needed. Civil servants retain a core employment contract of employment, status, grade and job title regardless of where they are deployed.
26. In central government, the Human Resources team ensures smooth transition for the Civil Servant from assignment to assignment and ensures they help source their next assignment in good time. This model is proposed for the three roles carried out by Mark Irons, Liz Mills and Rachel Crossley.
27. The proposed job title would be Head of Service and the grade 15B. This would be at no extra cost to the Council as the substantive roles of all three are at grade 14B and the salary range is identical to 15B. This would, however, offer contractual robustness for the individuals and for the Council rather than the current situation which is not without its employment law risks. In addition, this would provide a cost-free shift into the senior leadership cohort for the three incumbents which is a retention strategy given these three individuals are part of the senior succession planning group.

Conclusions:

28. In conclusion, the new senior officer leadership arrangements represent a stronger, more streamlined and affordable model of leadership for the Council.

Financial and value for money implications

29. With a reduced number of directors there will be a reduction in the pay costs, even with the adjustments for additional responsibilities. These savings will form a part of the budget for the relevant cost centres.

Risk Management Implications

30. The Council's Leadership Risk Register has identified a risk that a significant number of senior leaders may leave the organisation within a short space of time and cannot be replaced effectively. The proposals contained in this report address that risk through effective succession planning and arrangements.
31. The Ofsted report sets out leadership as a significant factor in its "Inadequate" rating for Surrey. The proposals and changes set out in this report represent a significant strengthening of the senior leadership arrangements for Surrey.
32. The arrangement proposed for the three "roving Heads of Service" contracts, enables the Council to reduce the employment law risks involved in the current contractually complex set of secondment arrangements involving three senior members of staff.

Equalities and Diversity Implications

33. There are no identified risks to protected groups as a consequence of the action proposed in this report.

Next steps:

34. Suitable dates for the Committee to meet will be identified
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Sources/background papers:

None