

**South Ayrshire Council**

**Report by Chief Executive  
to South Ayrshire Council  
of 14 December 2017**

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**Subject:      Review of Management Structure**

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**1.      Purpose**

- 1.1      The purpose of this report is to outline proposals for a revised Chief Officer structure for the Council (excluding officers from the Health and Social Care Partnership).

**2.      Recommendation**

**2.1      It is recommended that the Council:**

- 2.1.1      approves the revised staffing and structural arrangements in respect of Chief Officers (as outlined in [Appendix 2](#));
- 2.1.2      considers and agrees the implementation/ recruitment process to be followed for Council Chief Officers;
- 2.1.3      agrees that the Director of Health and Social Care should prepare a report for consideration by the Leadership Panel in March 2018, outlining the structural and operational arrangements that will be put in place to achieve the objectives of the Programme for Effective Governance and the methods by which these will be monitored, measured and reported to Council;
- 2.1.4      agrees that a further review of the role and remits of the support service Heads of Service (Employee and Customer Services, Finance and ICT, and Regulatory Services) should be undertaken by December 2019 to identify opportunities to further refine and rationalise arrangements;
- 2.1.5      agrees that further work should be undertaken to identify the necessary third and fourth tier manager arrangements as a result of changes at Chief Officer level for consideration by the Leadership Panel in March 2018;
- 2.1.6      agrees that the operational management of Ayr Renaissance transfers to the Council in accordance with the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE); and
- 2.1.7      approves consequential revisions to the Scheme of Delegation.

### **3. Background**

- 3.1 The current Chief Officer structural arrangements, agreed by Council in May 2014, reflected the emerging changes and challenges that existed at that time, such as the recommendations of the Audit Scotland Best Value Audit; the planned integration of health and social care; the establishment of an Ayrshire Roads Alliance; the disaggregation of the Pan-Ayrshire Tourism Service; the increasing focus on educational attainment and improvement; and the Council's priority of progressing key capital projects such as the New Ayr Academy and the refurbishment of Marr College. A copy of the existing structure is attached at [Appendix 1](#).
- 3.2 However, what is necessary and appropriate in the preliminary stages of change is not necessarily so once these changes have been initiated and progressed. Over the intervening 3 years, significant progress has been made in relation to the objectives that were highlighted in 2014 and new priorities have emerged, not least the 'Programme for Effective Governance 2017-22' which sets out the joint political ambitions of the Administration (SNP, Labour and Independent Members).
- 3.3 The Programme for Effective Governance aims to 'place schools at the heart of communities' and 'provide a political vision within available resources that improves the reputation of the Council; tackles some of the long-standing injustices; provides better, targeted services for local people; and makes the most of local social, cultural and economic opportunities'. It recognises that a 'restructure of the organisation is required to take cognisance of the strategic direction of the new administration' and this report outlines proposals in this respect at Chief Officer level.

### **4. Proposals**

- 4.1 The existing organisational structure reflects the traditional model that has been widely in place across Scottish Councils since local government reorganisation, comprising Directors and Heads of Services. This structure typically started with Directors for a single professional service who had responsibility for a number of Heads of Service, each with a different specialism within that professional area. Over time, reflecting the need to erode demarcations, achieve financial savings, and integrate related services, many Directors (Executive Directors in the case of this Council) and Heads of Service have ceased to have single service remits and now include, in many cases, relatively broad portfolios, with the specialisms sitting at third, or even fourth, tier level. As a result of these changes, there can, on occasions, be a lack of clarity of responsibility between the Executive Director and Heads of Service and third/ fourth tier managers, with the potential for duplication of work, unnecessary accountabilities, and bureaucratic reporting arrangements. There is significantly less evidence of duplication and blurred accountability within the Council's Education service, which has no Heads of Service, and where third tier managers, although supported at a strategic level by the Director, are empowered to take responsibility for service delivery.
- 4.2 Arrangements within the Health and Social Care Partnership are different to other Council Chief Officer posts. Although the 3 Chief Officers are employed by the Council, the posts are jointly designed and appointed by the Integration Joint Board (IJB), and not solely by the Council. Therefore, a review of these posts would have to be agreed by the IJB and cannot be included in this report. However, it is recognised that, from a Council perspective, it will be necessary to review arrangements within the Partnership in future to reflect the Programme of

Effective Governance, in particular to ‘create a better health and care system to suit local people’s needs’ and ‘reduce poverty and disadvantage’. Accordingly, it is proposed that the Director of Health and Social Care prepares a report for consideration by Leadership Panel in March 2018, outlining proposals, both structural and operational, to advance these and other relevant elements of the Programme for Effective Governance, and the methods by which these will be monitored, measured and reported to the Council.

4.3 As outlined in Appendix 2, it is proposed that a less hierarchical structure is established, which flattens and simplifies spans of control and which releases currently untapped capacity by empowering professionally proficient service (third tier) managers. This should ensure responsibility and decision making lies with the correct level of manager within sufficiently robust control and governance arrangements.

#### 4.4 ***Executive Director/ Director***

4.4.1 This will involve deleting the existing posts of Executive Director - Economy, Neighbourhood and Environment; Executive Director - Resources, Governance and Organisation; and Director of Educational Services, and creating two new posts of Director which reflect the strategic objectives outlined in the Programme for Effective Governance. One Director post will focus on the ‘People’ elements of our services and the other on the ‘Place’ elements. These Directors will be responsible for service delivery, but not for its day to day oversight; that will appropriately fall to service managers.

4.4.2 The People Directorate will deliver a range of services that:

- place schools at the heart of our communities;
- build on the attributes and success of our educational services to strengthen our relationships and the shared objectives and outcomes of other sectors;
- promote community asset transfer, locality planning, community engagement and community participation to help build strong, confident communities;
- promote the use of schools for community and local use to build strong community networks and provide social, educational and learning opportunities for children and families, particularly those most in need that help reduce poverty and disadvantage and close the attainment gap;
- empower Council employees to work with communities, particularly those experiencing deprivation, to design and deliver local solutions that communities want and need;
- contribute to the development of local community based plans to help keep older people active;
- support the community planning partnership and, through a co-ordinated and targeted approach, reduce poor health statistics directly attributed to disadvantage in South Ayrshire;

- ensure carers, and, in particular, young carers, are supported appropriately and able to access services to improve their life experiences;
- invest in enhanced, meaningful and continuous communication, engagement and participation processes; and
- support our village communities to be vibrant commercial and social centres.

4.4.3 The Place Directorate will deliver a range of services that:

- place schools at the heart of our communities;
- develop a South Ayrshire and 5 Towns Brand which establishes the Council area as a world-class tourist, business and life-choice destination;
- promote the use of the Council procurement process to invest in and support the local economy;
- improve place making across South Ayrshire in relation to public realm streetscape, redundant buildings, signage and litter processes;
- rationalise and reduce the number of Council-owned properties and assets through investment, disposal and community asset transfer;
- develop local economic relationships with businesses, promote inward investment and encourage regeneration activities;
- improve the road and other infrastructure across South Ayrshire;
- develop and deliver strategies to enable development of quality affordable housing and business investment;
- improve local assets and develop an environment that is attractive, welcoming and sustainable; and
- maximise the potential of community benefits.

4.4.4 The Director – People will also have responsibility for corporate planning, performance and improvement, internal audit and public affairs, and will be the Depute Chief Executive.

4.4.5 The grade for the Director – Place will be Chief Officer Spinal Column Point (SCP) 44 and the Director – People will be Chief Officer SCP 50 (to reflect the additional responsibilities).

4.4.6 The Chief Executive and Directors will form the Corporate Management Team, with support, as required, from the Head of Finance and ICT, the Head of Employee and Customer Services and the Head of Regulatory Services.

## 4.5 ***Executive Managers***

- 4.5.1 It is important that the Directors also have support at strategic level, particularly in terms of service and financial planning; performance, risk management and other activities that require an integrated corporate approach; and transformational change.
- 4.5.2 In particular, the Transform South Ayrshire Programme (TSA) was established in June 2016, since when progress has been made in terms of addressing ICT issues; service redesign, digital service access and system development. However, while helpful in terms of day to day improvements, to date, the programme has largely focused on operational improvements rather than strategic transformation which fundamentally impacts on, and improves, the lives of our citizens. The Programme for Effective Governance demands an altogether more ambitious transformation agenda. From a review of the TSA programme to date, it appears that more significant progress may have been constrained by a lack of corporate buy-in and insufficient dedicated cross-service senior management resources. Similarly, while there have been some improvements as a result of service reviews, these have tended to be relatively operational rather than transformational. It has been suggested that this may be the result of the relatively rigid and robotic nature of the Service Review Framework, which encourages a process-driven, rather than transformational, approach. .
- 4.5.3 Accordingly, it is proposed that 4 new posts of Executive Manager are created, 2 for each Director. The title Executive Manager reflects the nature of the new post – it will not have responsibility for the day to day delivery of services (that will sit with service managers), but will assume a strategic executive role, supporting the Director with service and financial planning, performance management and improvement and driving the critical projects and workstreams necessary to implement the Programme for Effective Governance.
- 4.5.4 These Executive Managers will each, in addition to the strategic Directorate role, have both an individual and collective responsibility for progressing the transformation agenda and for developing a service review process which ensures honest and constructive challenge and ambitious and creative service improvements. It is proposed that the effectiveness of the role of Executive Manager is reviewed after 2 years, particularly in terms of delivery of the critical projects and workstreams necessary to implement the Programme for Effective Governance.
- 4.5.5 The Executive Managers will also provide a critical link between Council services and those delivered by the Health and Social Care Partnership and practical direction and support to ensure there is a consistent approach to achieving the ambitious transformation and improvement called for by the Programme for Effective Governance.
- 4.5.6 The grade for the Executive Manager will be Chief Officer SCP 33, which is the same as the current Heads of Service.

4.5.7 The Directors and Executive Managers will form the Directorate Management Team, but, unlike current arrangements, there will be a clear distinction between the roles.

#### 4.6 ***Heads of Service***

4.6.1 It is proposed that the following Heads of Service posts are deleted:

- Head of Communities;
- Head of Enterprise, Development and Leisure;
- Head of Housing and Facilities;
- Head of Legal and Democratic Services;
- Head of Neighbourhood Services;
- Head of Policy and Performance; and
- Head of Property and Risk.

4.6.2 It is also proposed that a new post of Head of Regulatory Services is created; this is partly because the services it includes do not tidily sit within either a 'People' or 'Place' Directorate and partly because, over the next few years, there are a number of critical related issues which will require significant and seamless corporate overview – for example, the implementation of the Global Data Protection Regulations (GDPR). The change will ensure cohesion across key services, such as licensing, trading standards, civil contingencies, risk and insurance. Currently, responsibility for some related activities spans different Directorates or Head of Service remits - for example, RIPSAs sits within both the Legal and Democratic and Neighbourhood Services; and the terrorism elements of civil contingencies within both Property and Risk and Legal and Democratic Services. This post will also assume the role of Monitoring Officer.

4.6.3 The grade for the Head of Regulatory Services will be Chief Officer SCP 33, which is the same as the current Heads of Service.

4.6.4 Over the next few years, the Council will have to make significant financial savings and, with such a large proportion of our revenue budget committed to staffing costs, these will have major budgetary, workforce and ICT implications (particularly in terms of financial modelling, job design, developing capacity, identifying alternative sources of skills and exploiting our digital capabilities) and the way we interact with our customers (most notably through our Customer Service Centres and Information and Advice Hub).

4.6.5 Reflecting these challenges and the need for an immediate response, there will be no change to the remit of the Head of Finance and ICT or the Head of Employee and Customer Services at this stage. For the moment, it is important that they have a seamless focus on providing capacity and support to enable other services to make the necessary changes. The Head of Finance and ICT will remain the Chief Financial Officer (more commonly referred to as the Section 95 Officer).

- 4.6.6 While the Head of Finance and ICT will retain overall responsibility for ICT and for the delivery of day to day ICT services, in matters directly related to progressing the transformation agenda, the current temporary post of Digital Transformation Manager will report to the Chief Executive, and work with Directors and Executive Managers.
- 4.6.7 It should be noted that proposals in this respect reflect the particular and immediate challenges we face and should not be interpreted as an intention to retain the current arrangements indefinitely; it is recognised that the Programme for Effective Governance seeks to ensure proportionate backroom support services that reflect operational service delivery and there is a commitment to ensuring this is the case.
- 4.6.8 In this respect, it is clear that there is significant potential scope to further integrate activities in the medium term, in particular within Employee and Customer Services where a large element of the service is closely linked with People elements of Council services. For example, as the key interaction between services and our communities, our customer services activities, such as Customer Service Centres and Information and Advice Hub need to be integrated and aligned with other People services. Similarly, reflecting the aim of improving the employability skills and attributes of young people by strengthening links with education and our local communities, there is a compelling argument to link these more closely with the People Directorate.
- 4.6.9 Accordingly, over the next 2 years, as these service-specific and wider organisational changes are implemented, it will be necessary to further review the role and remits of the support service Heads of Service (Employee and Customer Services, Finance and ICT, and Regulatory Services) to identify opportunities to further refine and rationalise arrangements, and a report to this effect will be prepared at the end of this period.
- 4.6.10 The 3 Heads of Service posts will report directly to the Chief Executive.

#### 4.7 ***Implementation of Changes for Council Chief Officers***

- 4.7.1 As outlined in [Appendix 3](#), it is proposed to delete a number of existing Chief Officer posts and create new and different posts which meet future business needs. The new posts contain elements of existing Executive Director, Director and Heads of Service posts and may, therefore, be suitable alternative employment for all Chief Officers whose current posts are being deleted. Accordingly, all Chief Officers whose current post is deleted will be given the opportunity to express interest in any of the newly created posts they believe to be a suitable alternative for which they meet the minimum specification. Appointment to the new posts will be in accordance with the Council's Managing Workforce Change Framework and will be made by the Council's Chief Officers' Appointments/ Appraisal Panel. It is proposed that there will be one Panel interview for each Chief Officer, which will assess suitability for all posts he or she considers to be suitable alternative employment.

## 4.8 *Ayr Renaissance*

4.8.1 Ayr Renaissance is a Council-owned company, established in 2009 to secure regeneration in the social, physical and economic environment of Ayr town centre. The Council provides funding to the company for the employment of staff to deliver the agreed objectives. The company currently employs 3 full time equivalent (FTE) temporary posts, employed on Council terms and conditions of employment. The current temporary contracts expire in January and March 2018. The posts include a Managing Director, graded Chief Officer SCP 33 (which is the same grade as Council Heads of Service), a Project Executive, graded Level 10, and an Assistant Project Officer, graded Level 6.

4.8.2 While some progress has been made to achieve the overarching objective of the Ayr Renaissance initiative, most notably and recently the start of the new Council Riverside office development, in some respects there is an overall disconnect and lack of cohesion between the Council regeneration activities and the work of Ayr Renaissance. In light of this, and the ambitions of the Programme for Effective Governance to develop the local economy, improve place making and progress regeneration activities across Ayr and the 5 towns, it is proposed to integrate the management of Ayr Renaissance with other Council services within the Place Directorate. This will involve transferring the employees who are employed at the date of transfer into the Council under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE).

4.9 It should be noted that further work will be required to identify the necessary third and fourth tier manager arrangements within this high level structure. It is proposed that a report outlining proposals in this respect should be submitted to Leadership Panel in March 2018.

4.10 The proposed revised structure (excluding officers from the Health and Social Care Partnership) is outlined in Appendix 2, and is also summarised below:

<i>Post</i>	<i>Current</i>	<i>Revised</i>
Chief Executive	1	1
Executive Director	2	0
Depute Chief Executive and Director	0	1
Director	1	1
Head of Service	9	3
Executive Manager	0	4
<b>Total</b>	<b>13</b>	<b>10</b>

4.11 **Consequential Revisions to the Scheme of Delegation** - approval of the proposals outlined in Appendix 2 will result in changes to the Scheme of Delegation. A list of required changes will be submitted to Council in March 2018 for formal approval.

## **5. Legal and Procurement Implications**

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

## **6. Financial Implications**

6.1 The proposals will realise savings of £348,907. Any resultant severance costs will be met from the corporate fund set aside for that purpose.

## **7. Human Resources Implications**

7.1 The proposed changes, as summarised in Appendix 3, will reduce the Chief Officer establishment by 3 FTE.

7.2 The proposed changes will be implemented in accordance with the Council's Managing Workforce Change Framework.

## **8. Risk**

### ***8.1 Risk Implications of Adopting the Recommendations***

8.1.1 There are risks arising from a reduction in Chief Officer capacity. This is being mitigated by greater empowerment of managers and streamlining of processes.

### ***8.2 Risk Implications of Rejecting the Recommendations***

8.2.1 Rejection of the recommendations will reduce the ability to deliver the Programme for Effective Governance.

## **9. Equalities**

9.1 The proposals in this report have been assessed through the Equality Impact Assessment Scoping process. There are no significant potential positive or negative equality impacts of agreeing the recommendations and therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached as Appendix 4.

## **10. Sustainable Development Implications**

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

## **11. Options Appraisal**

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

## 12. Link to Council Plan

- 12.1 The matters referred to in this report contribute to the Council strategic objective of 'Improve the way that we work as a Council' and within that to the outcome 'Governance arrangements that provide an effective framework for decision making and scrutiny'.

## 13. Results of Consultation

- 13.1 There has been no public consultation on the contents of this report.
- 13.2 Consultation has taken place with Councillor Douglas Campbell, Portfolio Holder for Corporate, Strategic and Community Planning, and the contents of this report reflect any feedback provided.
- 13.3 Consultation has taken place with officers whose remits are directly affected by the changes, and the proposals have also been shared with Trade Union representatives.

## 14. Next Steps for Decision Tracking Purposes

- 14.1 If the recommendations above are approved by Members, the Chief Executive will ensure that all necessary steps are taken to ensure full implementation of the decision within the following timescales, with the completion status reported to the Leadership Panel in the 'Council and Leadership Panel Decision Log' at each of its meetings until such time as the decision is fully implemented:

<b><i>Implementation</i></b>	<b><i>Due date</i></b>	<b><i>Managed by</i></b>
Implement the revised structural arrangements	1 April 2018	Chief Executive/ Head of Employee and Customer Services
Submit a report to the Leadership Panel outlining structural and operational arrangements to achieve the objectives of the Programme for Effective Governance	13 March 2018	Director of Health and Social Care
Undertake a further review of the role and remits of the support service Heads of Service	December 2019	Chief Executive
Submit a report to the Leadership Panel outlining third and fourth tier manager arrangements	13 March 2018	Chief Executive/ Head of Employee and Customer Services
Arrange the transfer of Ayr Renaissance staff to the Council	1 April 2018	Head of Employee and Customer Services

<b><i>Implementation</i></b>	<b><i>Due date</i></b>	<b><i>Managed by</i></b>
Submit a list of the changes required to the Scheme of Delegation for Council approval	1 March 2018	Head of Regulatory Services

**Background Papers**    [Minutes of South Ayrshire Council of 5 October 2017](#) – page 3, para 8

[Report to South Ayrshire Council of 5 October 2017 – A Programme for Effective Governance 2017-22](#)

[Framework for Managing Workforce Change](#)

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**Date:** 7 December 2017