

Proposed changes to the Council's Senior Management Structure.

1. The County Council faces serious financial problems. The previous Administration commissioned Price, Waterhouse Cooper (PWC) to report on the extent of the Council's financial problems and following their review in September 2016 PWC said "*... the Council is forecasting a cumulative deficit of £398m by the end of 2020/2021. It also found that even if the Council was to reduce its expenditure to the level of the lowest quartile within the term of this financial planning period it would still be facing an in year deficit of £79m and a cumulative deficit of £227m by 20/21. The Council has been drawing on its reserves to plug the financial gap. On the current trajectory, these will be exhausted by 2018/2019.*"
2. Clearly, this is a very serious situation which, somewhat obviously, cannot be allowed to continue and PWC advised most strongly that it was vital that the Council acted "*before September*".
3. There are also serious concerns that rather than enabling a solution to be found to the Council's financial problems, the current senior management structure actually inhibits the identification of possible solutions that can be put to Elected Members for their consideration. This is because all the services the Council provides to the people of Lancashire, including Children's Services and Adult Services which have the most serious financial and service delivery problems, report to one Corporate Director.
4. It is also a serious concern that the County Council's most senior Finance Officer ('the Section 151' Officer) is at fourth tier level in the management structure and is therefore not a member of the Council's senior Management Team in his own right.
5. It should also be noted that the budget proposed by the previous Administration and approved by Council in February 2016, includes a reduction of 7 in the number of Directors to save over £900,000. This reduction has not been implemented and is currently being funded from the Council's reserves.
6. For these reasons, the Council's current senior Management structure requires a major overhaul and it is therefore proposed to adopt the management structure in the Appendix ('A') to this report:-
 - **Chief Executive and Director of Resources and 'Section 151' Officer**
Especially in the current financial situation it is felt that the Chief Executive Officer should also be the Council's most senior finance officer and the statutory 'section 151' officer. This will enable him/her to advise the Administration on the financial as well as the policy dimensions of all proposals and to ensure that

the financial problems are at the heart of all decisions made at every level of the organisation. The proposed structure for the Directorate of Resources is shown in the attached appendix ('A').

- **Executive Director of Adult Services and Health and Well Being**

The budget for Adult Services accounts for almost 50% of the Council's budget and is under huge pressure due to rising costs and increasing demand. In these circumstances, it is absolutely vital that Adult Services and Public Health work closely together and with colleagues in the National Health Service. If this is to be achieved to the necessary degree, it is vital that there should be an Executive Director responsible solely for these two services reporting directly to the Chief Executive and Director of Resources.

- **Executive Director of Education and Children's Services**

Children's Services was classified as 'inadequate' by OFSTED and the reports following their periodic inspections still include criticisms particularly regarding the caseloads of individual social workers and the proper recording of information on the Council's computer system. A statutory Improvement Board has been established and improvements are undoubtedly being made but if the continued proper emphasis required to ensure the safety of Lancashire's children is achieved, it is vital that there should be an Executive Director responsible solely for Children's Services and Education reporting directly to the Chief Executive and Director of Resources.

- **Executive Director of Growth Environment Transportation and Community Services**

Economic Development is one of this Administration's high priorities and if the Council is to maximise the benefits achievable from the City Deal, the Growth Deal, Transport for the North and of course the Northern Powerhouse, without experiencing the pitfalls and drawbacks that have bedevilled several schemes to date, it is vital that there is an Executive Director responsible for Economic Development and the associated services reporting directly to the Chief Executive and Director of Resources. It is also proposed that this Executive Director is also responsible for 'Community Services' – ie Highways, Public Transport, Waste Management and Libraries, Museums, Cultural Services and Registrars.

- The proposed structure below the Executive Directors is shown in the Appendix ('A') to this report.

- It is proposed that the three Executive Director Posts be graded the same as the current Corporate Director of Operations and

Delivery and that the grades for the Director posts remain as in the current management structure.

7. Overall, compared with the Council's current senior management structure, this report proposes one additional post at Executive Director level and a reduction of three posts at Director level. It is not proposed to restructure below Director level other than, of course, to reflect the new lines of managerial accountability.

8. It is proposed:

- That the three new posts of Executive Director will be advertised internally and externally.
- That the Director level posts will be filled by a combination of direct appointments and ring fenced recruitment.
- That any posts not filled by these arrangements will be advertised through normal procedures.
- To appoint immediately an interim Chief Executive and Director of Resources to assist in the appointments to the three Executive Posts and in the change to the new management structure.

9. The Urgency Committee is recommended to:

- Approve the senior management structure described in the appendix ('A') to this report.
- Approve the appointment of an Interim Chief Executive and Director of Resources.
- Temporarily change the terms of reference of the Employment Committee to enable it to make appointments to the post of Interim Chief Executive and Director of Resources and the three Executive Director posts.