

# **Teignbridge District Council**

## **Council**

### **Part I**

## **Report Title**

Proposal for change: TDC Senior Management Structure and Service Area Designations

## **Purpose of Report**

To outline proposed changes to the TDC Senior Management Structure and Service Area Designations and the rationale for change. To seek support and approval to revise the TDC establishment as outlined.

## **Recommendation(s)**

Council RESOLVES to:

- Implement the proposed structure as per option 2
- Approve the use of reserves and identified budgets
- Request the O & S committee to monitor the progress of each stage of the implementation of the programme
- The relevant PH will be updated on progress at monthly PH briefings

## **Financial Implications**

See section 6,9 and 10.1

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## **Legal Implications**

See section 10.2

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## **Risk Assessment**

An Equalities Impact Assessment (EIA) has been undertaken for the proposals and no adverse impacts have been identified.

If the status quo is maintained and the proposals are not implemented there is significant risk in relation to achieving efficiencies identified within the M25 Programme and delivery of Corporate Plan objectives due to management capacity.

Retention of the existing Management Structure will limit opportunities for existing staff and contribute to current retention and recruitment challenges.

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## **Environmental/ Climate Change Implications**

None.

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## **Executive Member**

Cllr Lin Goodman Bradbury, Executive Member for Homes, Communities and Human Resources

## **Appendices/Background Papers**

### **1. Introduction/Background**

1.1 This report sets out the Managing Director's/Head of Paid Service proposal, to reorganise our whole Council. Despite achieved savings, wise investments and effective financial management, the Council still faces significant funding challenges. To help meet these challenges, the Council needs to reorganise to transform the way it works and provides services.

These proposals have been informed through the work of Ignite (management consultants) and is based on investing in our IT infrastructure, increasing customer self-service, addressing issues of duplication and redesigning services to improve service delivery and be more efficient.

Over a number of years, we have been aware of our financial challenges and have successfully built up reserves to meet those challenges, including work carried out as part of what was Business Challenge, BEST2020 and Better 2022 and now progressing through the Modern 25 agenda. Working with all departments and through their business plans we have identified savings year on year which have created surpluses to build up those reserves, despite being challenged by costs out of our control such as inflation and more recent pay rises. Whilst continuing to make savings in costs and staffing where possible, the key drivers for the organisation and

delivery of further savings requires an organisational restructure. The senior management restructure is the first step. Our medium-term financial plan shows future deficits but the reserves we have provide time for us to address those gaps, including the structure to drive required efficiencies.

1.2 Consultants Ignite were commissioned in 2022 to work with TDC's management team to complete a strategic alignment review and develop a blueprint for a new target operating model. In order to complete this work, they reviewed how the council currently delivers its services and aligns its staff and financial resources with the Council Plan and key strategies, with the aim of delivering a modern and sustainable Council. A key consideration has been addressing the financial and other key challenges faced by the Council. At the time Ignite were commissioned we had an anticipated deficit of £2.6million in the next 3 years. Due to inflation and other budgetary pressures the Sec151 Finance officer currently estimates the deficit could be in the region of £4 million.

The work has focused on the of the effective delivery of key services and projects, increasing digital service delivery and maximising efficiency and economies of scale – overall ensuring all the work of the Council is strategically aligned.

This has included developing a revised operating model for the Council, with a specific people workstream focusing on a future structure to address issues identified within the current one.

### 1.2 Process

- Nov 2021 - Procurement exercise for consultancy support to develop new target operating model
- Jan 2022 - Ignite appointed
- 22 February 2022 - Members briefing
- June 2022 - Final report
- 5<sup>th</sup> September 2022 - Informal Executive briefing
- 27<sup>th</sup> September 2022 - O&S briefing
- 23<sup>rd</sup> September 2023 - Members briefing M25
- 22<sup>nd</sup> November 2023 - Presentation to Executive members
- 11<sup>th</sup> December 2023 - Meeting with Cllr Linda Goodman Bradbury to discuss proposal
- 11<sup>th</sup> March 2024 - Meeting with Cllr Goodman Bradbury and Cllr Keeling to discuss proposal

## **2. Key drivers for change**

- Ensuring a financially sustainable Council and dealing with the budget deficit in a strategic manner
- Greater alignment between structures and strategic priorities
- A more digitally enabled Council
- Alignment of services to customer needs and improved customer outcomes/satisfaction
- Efficient and effective service delivery

- Value for money
- Investing in our staff

Ignite worked collaboratively with staff and members to develop a set of design principles which underpin the new operating model and structure. These can be found in Appendix I

### 3. Findings from the Ignite work

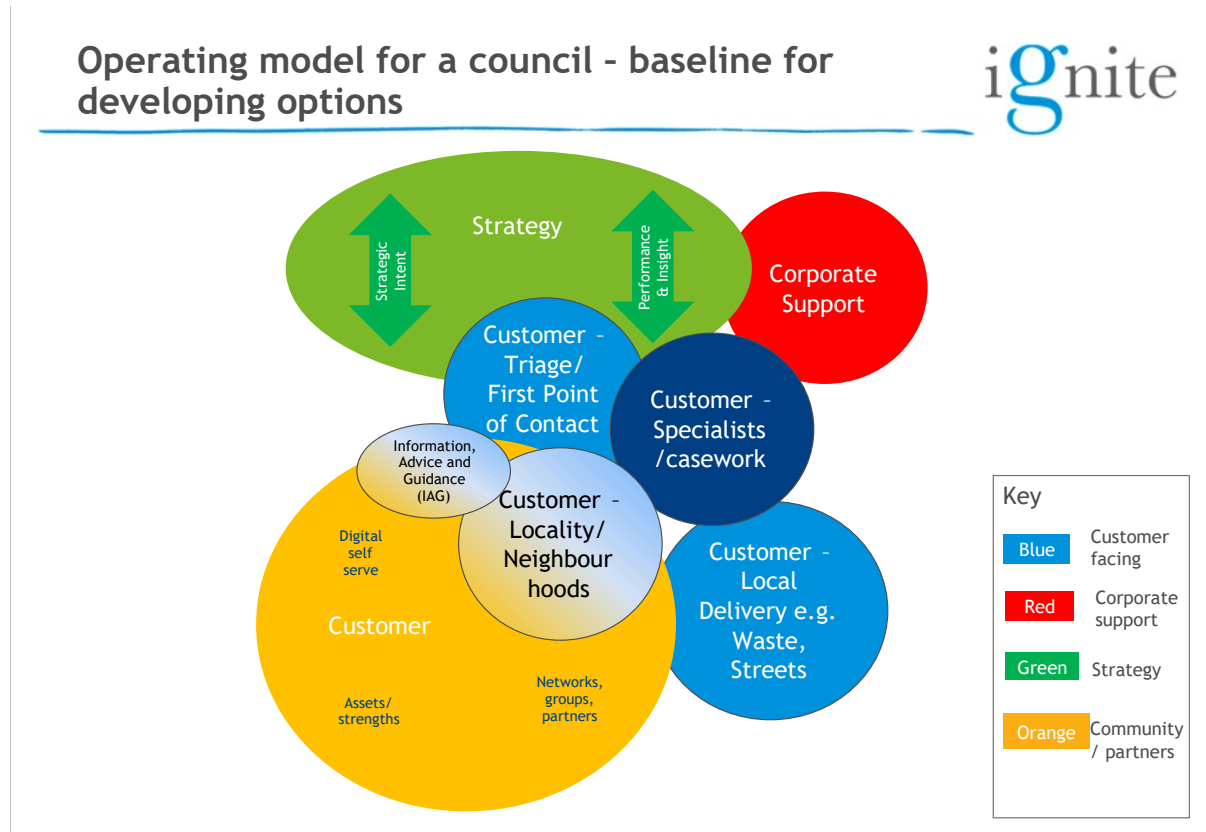
- **People** – Ignite found Teignbridge had over the past few years undertaken changes to both improve the way the Council delivers its services and stay within available funds. They recognised that the Council was structured in a traditional local authority structure with departments structured around the functions and specialist services we provide. However, they identified the opportunity for the Council to flatten the organisational structure and ensure we were more versatile to meet the changing demands across the Council.
- **Customers** – There was the opportunity to align services to customer needs and the corporate plans, in some areas the Council was stretching resources to deliver outside the corporate plan.
- **Performance & Governance** – This was examined at a high level. The level of performance across Teignbridge in several areas is good, but there were some areas such as planning that are underperforming.
- **Processes and Policies** – Work has been undertaken in the past to improve the efficiency of processes and carry out lean service reviews. By prioritising process improvement work there are opportunities to re-design processes and drive efficiency.
- **Technology** – Technology and digital enablement is a big barrier for the Council. However, there was the opportunity to make changes to technology in line with ways of working and improve the customer experience, the ways the council operates and ultimately efficiency. Technology is a key enabler alongside processes to change the way the Council operates.
- **Infrastructure** – Teignbridge has already commenced changes to hybrid ways of working, accelerated during the pandemic and the opportunity presented by re-thinking the use of the core offices. These changes will need to be aligned to any changes to technology, processes, and ways of working. The management of council assets needs strengthening and to be centrally managed to achieve their potential.

The findings of the Ignite work and the recommendations within it have informed the structure of the Councils Modern 25 workstreams.

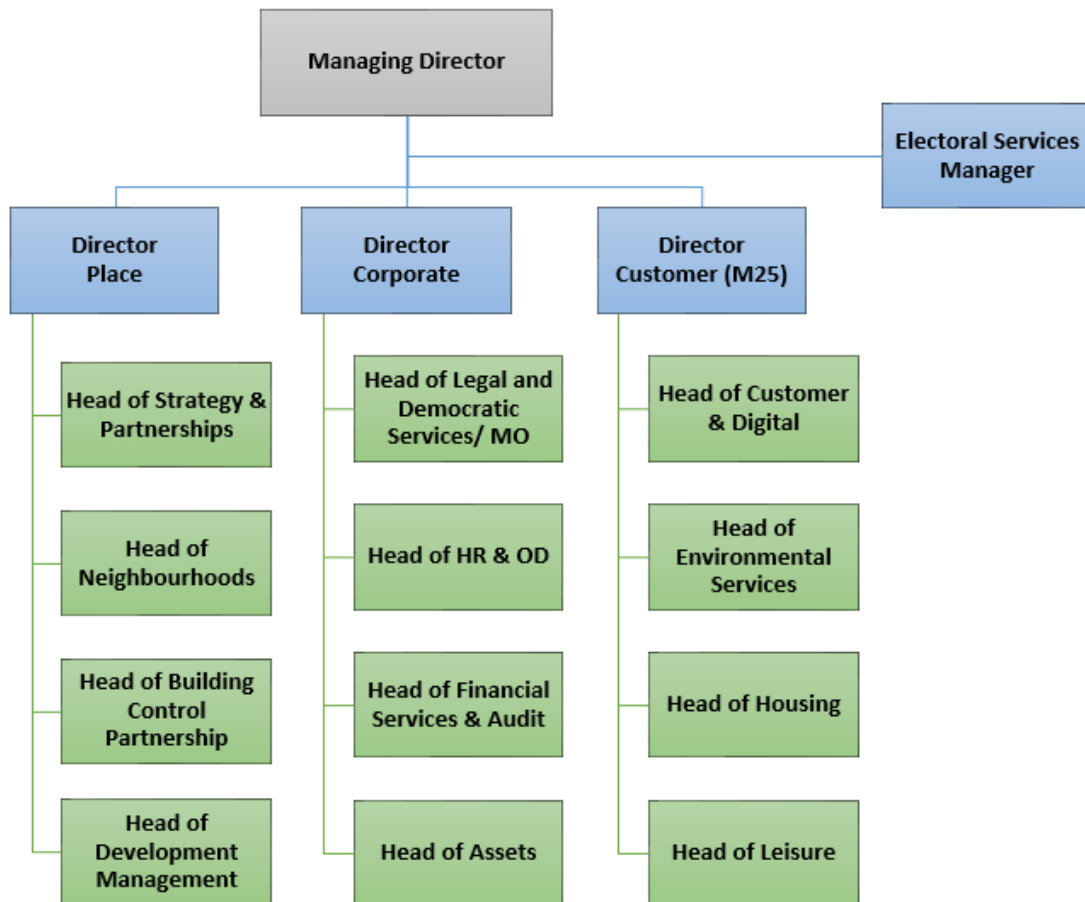
## 4. Revised structure design

### 4.1 Target Operating Model:

The diagram below illustrates the Target Operating Model from the Ignite study, from which three revised directorate structures have been developed (source Members presentation – Modernising Teignbridge 27/09/22):



4.2 Proposed senior level structure:



The diagram above shows the proposed revised structure based on the three Directorates of Place, Corporate and Customer. Existing SLT members would take on the three Executive Director roles. The chart below provides a summary of each role and indicates where roles are new, as opposed to roles where an existing Manager is in scope.

<p>Head of Strategy &amp; Partnerships</p>	<p>Management and development of the Council's key corporate partnerships, delivery of corporate projects, formulation of strategies across the Council, delivery and management of the Council Strategy, Communications and Engagement. *New role</p>
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Head of Neighbourhoods	<p>Delivery of the Council enforcement functions (planning, housing, parking,) building a local expertise and knowledge base and working in a locality's way. Provides visibility in communities, early intervention, enabling and education – as well as rapid reactive response.</p> <p>*New role</p>
Head of Building Control	<p>Delivery of the Building Control Partnership and building control services.</p> <p>*Existing role</p>
Head of Development Management	<p>Delivery of the Council's development management services, specialist casework relating to planning. (Enforcement moves into Neighbourhoods.)</p> <p>*Existing role</p>
Head of Legal and Democratic services	<p>Delivery of Democratic services and Legal services. Brings democratic services and land charges also under the management of the Section 151 MO.</p> <p>*Existing role</p>
HR & OD	<p>Delivery of HR policy and advice to the Council, lead on organisational development, training and development.</p> <p>*Existing role</p>
Head of Financial Services & Audit	<p>New service lead role to release strategic capacity at Director level as currently the Director is responsible for some elements of financial services delivery. Responsible for financial services and audit function.</p> <p>*New role</p>
Head of Assets	<p>Management of council assets and delivery of the asset's strategy. Corporate landlord function for all council assets.</p> <p>*Existing role</p>
Head of Customer & Digital	<p>Customer support. One front door for Customer enquiries, triage, self-service, web, processing. Supported by process improvement officers and data analyst.</p> <p>* Existing role</p>

Head of Environmental Services	Management of waste collection, maintenance of parks and open spaces and wardens. *Existing role
Head of Housing	New post to release strategic director capacity. Replaces previous deleted Head of Housing role and recognises corporate priority of housing. *New role
Head of Leisure	Management of leisure, including resorts so leisure all under one manager. *Existing role

\*New role – new role no existing staff in scope and would be recruited externally (internal staff can apply).

\*Existing role – Up to 70% of role undertaken by an existing manager. Staff member in scope and ring fenced for role.

## 5. Objectives of the proposed revised senior management structure.

5.1 Below are the findings from the Ignite review and other work the Council has undertaken which have informed the organisational design:

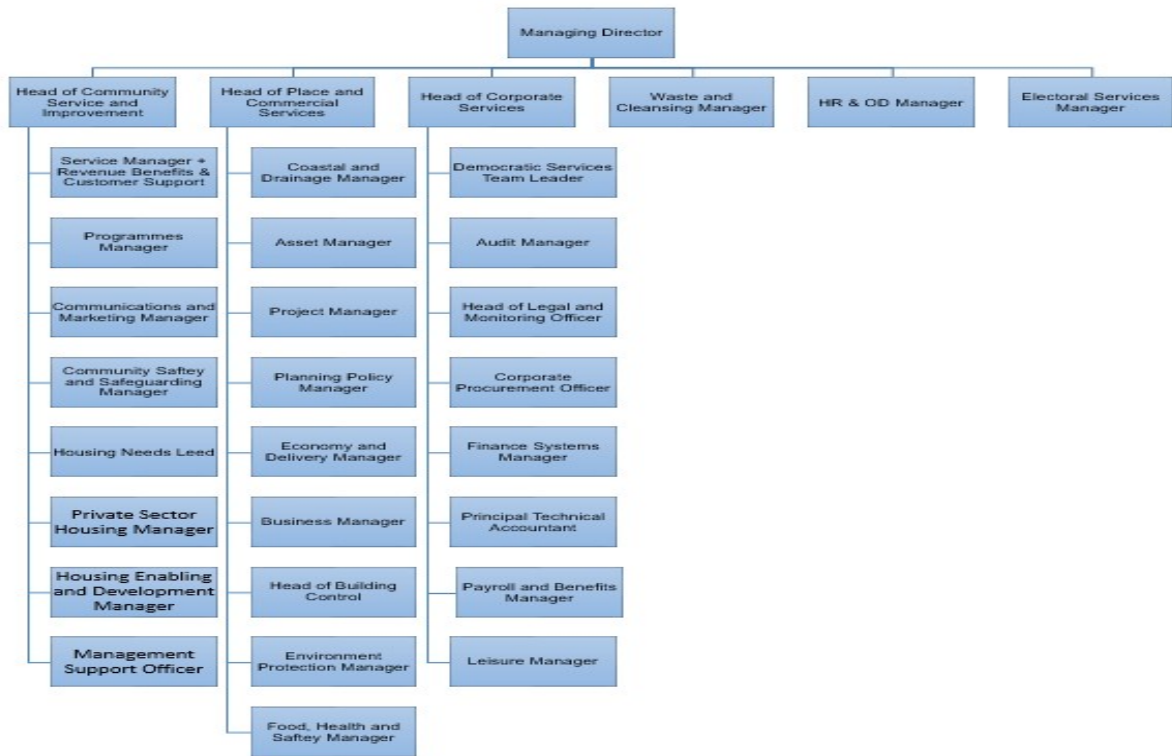
- The need to flatten the organisational structure and ensure we have more versatile and adaptable job roles to enable flexibility to meet changing demands across the Council.
- The need to align services to the customer across the Council including alignment to the Corporate Plan. As a result of work to understand the customer journey we have evidenced the need for a “one front door” approach with all customer queries managed through the customer service team supported by digital ways of working. This will ensure customer queries are answered and customers kept up to date with any changes regarding any open cases they have with Council services to prevent further demand.
- There is a need for more versatile job roles to enable flexibility and meet changing demands are delivered through the creation of the neighbourhood team who have responsibility for all the Council’s enforcement functions, preventing duplication of effort and ensuring consistency of delivery to communities and residents.
- Organisational capacity needs to be aligned to delivery of the Council's corporate priorities and there is a need to release strategic and specialist capacity to support delivery of these priorities.



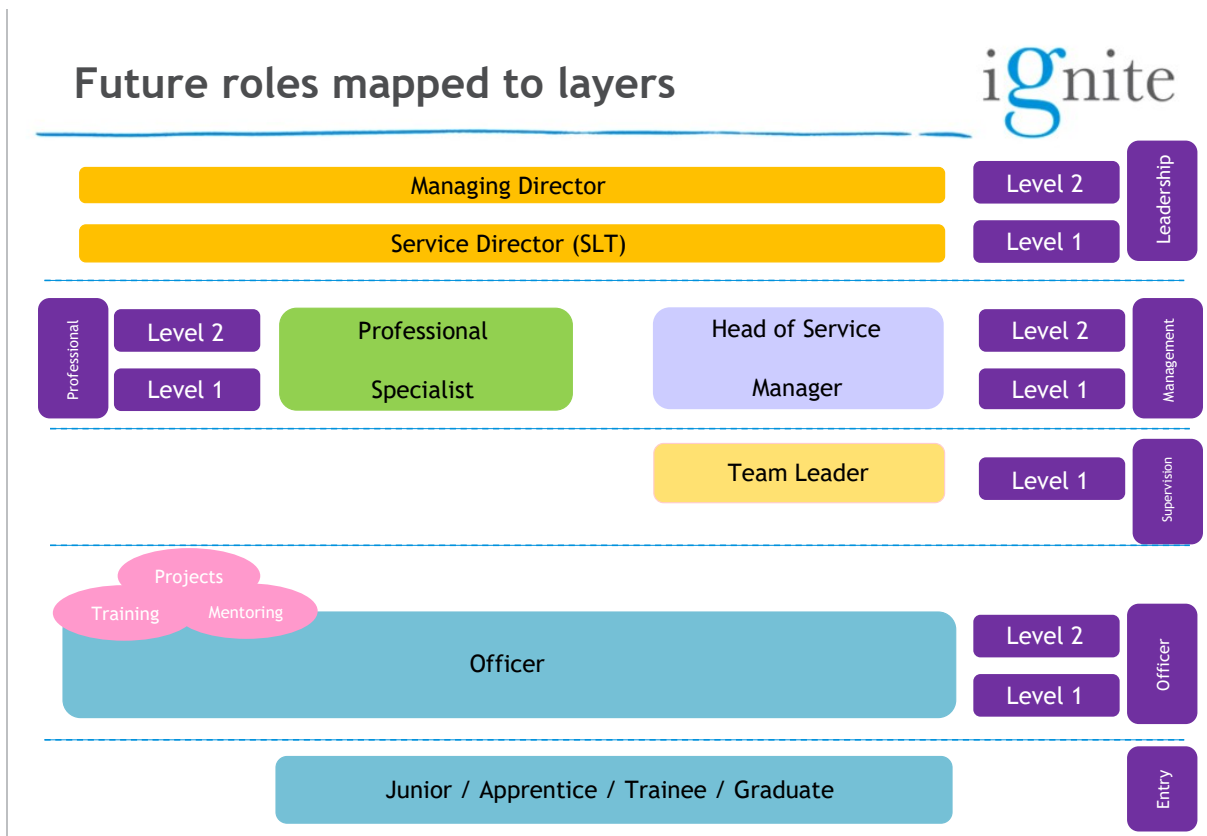
- The need to improve the capacity for new projects and meet corporate and strategic needs. Ongoing delivery of the Councils' corporate priorities include delivery of statutory services such as Planning, Waste, Housing and capacity to deliver the Executives objectives around the T100 programme and managing stock, making best use of assets, delivering corporate projects and creating community powered Council.
- Creation of a centralised policy and strategy team that can ensure the organisation has capacity to deliver the Council Strategy and ensures there is a golden thread between all the strategies and policies of the Council. This is supported by corporate performance and corporate project management resources in this proposed directorate, along with communication, consultation, and engagement who will lead on the Community powered Council approach.
- Strategic capacity is released by reducing the number of direct reports to Executive Directors, some of whom continue to have an operational responsibility for delivery of services such as Finance and Housing. Direct reports reduce from 8/9 to 4.

5.2 It is also recognised that, when looking at the existing Council staffing structure, there are different roles undertaking similar activities at different grades across the structure and an inconsistent approach to management roles across the services with varying spans of control. This inconsistency is contributing to recruitment and retention issues at TDC. There is therefore an opportunity to streamline management structures and reduce layers of management and supervision in restructuring the organisation.

5.3 The current Management Structure is outlined in the chart below:



5.4 To address this complicated and inconsistent structure and to create more accountable leadership capacity at the level below SLT a proposed revised structure has been developed based on the following organisational model developed for us by Ignite:



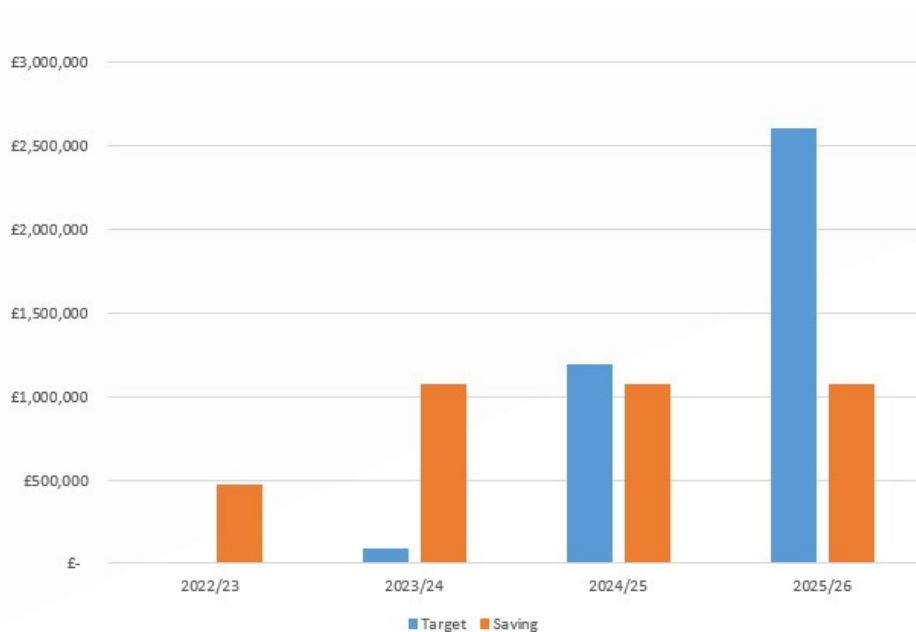
5.5 The structure proposed (Managing Director, Directors and Head of Service) is the standard organisational structure across Local Government, both in the South-West and wider across England. This was the structure TDC had in place until 2016/17. No change in pay or terms and conditions will happen at Managing Director or Director level. SW Councils have undertaken an independent job evaluation exercise for the Head of Service roles. The Head of Service title reflects the full responsibility these roles will have for one or more service areas.

## 6. Financial implications

6.1 There will be an upfront cost to the Council of circa £210,000 in 2024/25 to implement phase one of the proposed restructure, which covers the initial costs of the revised management layer below SLT together with any redundancy costs if relevant. The majority of this extra cost is for the 5 new posts created. Once the new Heads of Service have been appointed (assumed by end of September 2024), they would review the service areas reporting to them, with targets to deliver against wider corporate savings as well as recouping the cost of the management restructure. The target will be to make this restructure cost neutral within 12 months of the appointment of the new posts which will also allow the structural savings of £776,000 per annum to be delivered as above plus any other benefits from the revised structure.

The aim will be to realise savings in years 1 and 2 with a target to realise most in year one. Any initial costs from the appointments of the new posts can be managed from specific earmarked reserves, vacancy savings and other salary budgets. It is also proposed that a 'spend to save' transformation reserve allocation is identified from 31 March 2024 to assist in any funding requirements moving forward.

6.2 We are already making significant savings as part of the Modern 25 project as can be seen below however, we are continuing to experience inflationary pressure and increases in cost which overall is negating the impact of the savings.



£476,000 worth of savings have been realised ahead of schedule in 2022/23. An additional £601,000 has been saved so far this year giving a full saving of £1.076 million since the programme began. This equates to 1008% ahead of this year's target, provides us with 90% of the target expected by the end of next year and 41% of the total target.

## 7. Summary

The proposed management restructure seeks to address the following;

- Create clear and accountable service leadership roles at the level below SLT, enabling greater capacity to deliver TDC priorities and deliver efficiencies to ensure a financially sustainable Council.
- Address structural issues identified with the current management structure.
- Create capacity to deliver innovation in service delivery.
- Provide opportunities for existing staff to develop in new management roles.

## 8. Implementation

Following agreement to proceed the proposals would be subject to staff and trade union consultation, in line with the TDC adopted Managing Change Policy and associated guidance.

We will continue to communicate with our staff as we progress and will consult with them in accordance with our employment legislation, policies, and procedures. We will also continue to communicate with our residents and customers (and consult as

required) where structural changes are proposed that impact on customers access and delivery of services.

Please see below proposed timeline for implementation:

Activity	Comments	Date 2024
Annual Council Meeting	For Councillor sign-off	21 May
Start of formal consultation with affected staff and trade unions	Consultation documents sent by email to CMT and Trade Unions	Monday 3 June 1.30 to 3pm
Initial meeting with Trade Unions		3 June immediately prior to below
Initial Staff Meeting		Monday 3 June
HR Change Workshops	Current HR processes The Change Process and Techniques.	3 dates tbc between 5 June and 21 June
Second Meetings	Opportunity for second meeting either individually or in small groups if preferred	To be arranged individually w/c 10 and 17 June
End of Formal Consultation	5 weeks	5pm Monday 1 July
Review of consultation and finalise restructure including final sign-off	Formal consultation may be extended if significant change to final restructure	Mid July
The following dates are provisional and may be delayed subject to consultation feedback		
Consultation feedback is provided to CMT and Trade Unions	By email	Mid July
Final restructure provided to staff	By email and/or a further staff meeting	Mid July-early August
Slot-ins confirmed	Confirmation letters will be sent individually to all relevant staff	Mid July-early August
Ring-fence recruitment		Mid July-early August
Normal Recruitment processes apply to any remaining vacant posts		Mid July-early August  Note externally advertised posts can take up to 4 months to fill depending on length of period advertised and notice period of successful candidate. Could be Nov / Dec 24 before externally recruited Heads are in place.

## 9. Cost and Funding

The cost to implement the new structure would be approximately £500,000 in a full financial year. South-West Councils have evaluated the new posts, and the costs are for the newly evaluated roles.

It is unlikely we will have new posts in post before the end of September 2024 given the timescales required both to agree the budget at Full Council and formally consult with staff and the unions. Hence the cost in 24/25 will not be the full salary cost but £210,000.

Following discussion in December with Executive members it was agreed that officers would develop options to ensure the structure was cost neutral in year 1 and establish which service areas would be impacted by any reduction in budget required in future years to fund the structure.

The proposed new structure creates three directorates: Strategy; Corporate; and Customer, with 12 Heads of Service assuming responsibility for the various service groupings assigned to them.

These Heads of Service will inherit services in their current form and will need to work with the Customer Service Design & TOM work-stream to re-design service delivery to achieve the savings identified in the Ignite report.

The table below illustrates the potential savings targets (based on Ignite's figures) that could be assigned to each Head of Service which make up the £776,000 target. A further £500,000 savings need to be found in addition to this to fund the management restructure.

Heads of Service responsibilities		FTE savings
Head of Strategy & Partnerships	Strategy	2.05
Head of Neighbourhoods	Strategy	3.15
Head of Development Management	Strategy	2.16
Head of Legal & Dem Services	Corporate	0.58
Head of HR & OD	Corporate	1.09
Head of Financial & Audit	Corporate	1.37
Head of Assets	Corporate	2.40
Head of Customer & Digital	Customer	3.85
Head of Env Services	Customer	0.98
Head of Housing	Customer	2.63
Head of Leisure	Customer	1.44
SLT		0.28
Electoral Roll		0.09
		<b>22.07</b>

Regardless of the option preferred it is nevertheless anticipated that a redundancy reserve will need to be created to fund the impact of restructuring below the Heads of Service. We would recommend this is funded through reserves as a “spend to save” budget as recommended in the Peer review as this one-off spend is required to implement the organisational changes to save money in the longer term for the organisation.

As previously stated, the Heads of Service will be expected to restructure below them, to a savings target, to ensure the overall cost of structure does not increase from the baseline budget currently provided for 2025/26. With regards to the staff budgets where there will be a reduction (and some impact on service) we have identified that savings could be made from some areas of Environmental Health, Leisure & Open Spaces, Licensing, Economic Development and Waste in addition to the posts identified above. Those savings would need to be effective by 1 April 2026. The rationale for this is that these service areas have been identified as high cost when compared to benchmarking with other Councils and some are a lower strategic priority. We will also continue to make savings as best we can and use carry forwards/underspends where possible, reporting the budget position regularly through the M25 Programme Board and Exec/ O&S to mitigate impact on staff budgets.

## **10 Implications, Risk Management and Climate Change Impact**

### **10.1 Financial**

The new restructure creates an initial cost of £210,000 in 2024/25 rising to approximately £500,000 at the top of the grades for all posts. Initial funding from earmarked reserves, staff vacancies and other salary budgets can be utilised to fund the costs arising in 2024/25 and 2025/26 with the aim for further rationalisation of staff budgets to have been delivered by 1 April 2026.

### **10.2 Legal**

Implementation will be carried out in line with the Council’s adopted Managing Change policy and procedure, which is compliant with relevant statutory provisions.

### **10.3 Risks**

An Equalities Impact Assessment (EIA) has been undertaken for the proposals and no adverse have been identified.

If the status quo is maintained and the proposals are not implemented there is significant risk in relation to achieving efficiencies identified within the M25 Programme and delivery of Corporate Plan objectives due to management capacity.

Retention of the existing Management Structure will limit opportunities for existing staff and contribute to current retention and recruitment challenges.

#### **10.4 Environmental/Climate Change Impact**

None.

### **11 Options**

#### **11.1 Option 1**

Status quo. Structure remains as currently configured without additional management posts.

This will reduce management capacity to ensure strategic priorities are delivered and implement the M25 programme. The M25 programme is structured to deliver a Target Operating Model for the Council comprising of 4 main components - structure, process, digital and strategic alignment and all four are inter-related hence it is difficult to take one component out without impacting on other 3 areas.

The £776,000 staff saving will only be realised by reconfiguring services and job roles differently, making some roles more generic and creating new service areas with less siloed areas of responsibility, which by default requires the existing service areas to be restructured. In order to reconfigure the staff below there needs to be sufficient management capacity to develop and implement a structure below that meets customer's needs, delivers the required savings and monitors and maintains performance, reduces duplication and ensures our statutory duties are met.

#### **11.2 Option 2**

Fund the additional £210,000 required to implement the structure in this year from reserves/carry forwards/existing budgets and ensure it is cost neutral in 25/26 through reserves/existing staff budgets/restructuring and vacancy management. We believe there is a need to invest in the restructure to speed up the delivery of the medium-term financial savings, align services with council priorities and modernise service delivery and without this investment many of the benefits of the M25 will not be achieved including the £776,000 staff savings which will be created as a result of improved processes delivered by more generic job roles. These savings are to be achieved via a combination of customer enabling, self-serve, process improvement and internal remodelling.

### **12. Conclusion**

Option 2 is supported to address the following;

- Create clear and accountable service leadership roles at the level below SLT, enabling greater capacity to deliver TDC priorities and deliver efficiencies to ensure a financially sustainable Council.
- Address structural issues identified with the current management structure.
- Create capacity to deliver innovation in service delivery.
- Provide opportunities for existing staff to develop in new management roles.



## Appendix 1 –Design Principles

### TDC Design Principles



Design Principle	Feedback Themes	Design Principle - We will ...
<p>1. maximise our customers ability to self-serve and digitise our services where possible, recognising that one size does not fit all We will optimise the use of digital capability and tools across the organisation and invest in the digital skills of our staff</p>	Digitally enabled Council	<p>We will...aim for a digital first approach, with alternative options only where needed. Our staff will become advocates of digital and we will upskill and embed a digital first culture across Teignbridge.</p> <p>We will...work towards a principle of tell us once aiming for one view of the customer, underpinned by digital or automated workflow.</p> <p>We will...maximise our citizens ability to self-serve</p>
<p>2. We will align our resources to our priorities, flexing where wider strategic drivers requires it. We will work with partners to deliver our priorities.</p>	Align to priorities	<p>We will...set out clear priorities which are agreed across the council and clearly communicated externally. We will ensure our organisation is aligned to our priorities.</p> <p>We will...work collaboratively to deliver the best outcomes for Teignbridge.</p> <p>We will...flex to meet priorities and build resilience to address emerging challenges and demands.</p>
<p>3. Need to clearly understand demand and public expectations of service delivery to determine performance standards and targets Need to understand demand against priority and reduce avoidable demand</p>	Person centred design	<p>We will...manage demand in a way that best meets need of residents, businesses and visitors.</p> <p>We will...aim to resolve customer issues first time where possible.</p> <p>We will...be transparent, open, communicative, and consistent about our services so as to manage expectations.</p> <p>We will...set standards and assess how we perform against these.</p>
<p>4. Well managed resources – that are efficient, effective and sustainable Set and monitor against clear targets and performance standards for services</p>	Efficient and effective delivery	<p>We will...be efficient and effective in the way we work and in delivery of our services.</p> <p>We will...deliver our statutory duties efficiently, enabling our staff to be resourceful and innovative.</p> <p>We will...be flexible and resilient to ensure our resources are well managed and deployed.</p> <p>We will...set standards and monitor our impact</p>
<p>5. Value-for-money for statutory services with a commercial approach for discretionary services where we optimise pricing. Only give grants or subsidies where the service deliver outcomes that support key priorities</p>	Value for money	<p>We will...have an organisation that is financially sustainable and viable for the long term</p> <p>We will...look for opportunities to gain investment and generate longer term income</p> <p>We will...align grants and subsidies to our priorities</p>
<p>6. Develop staff as our greatest asset Develop and train staff to further improve leadership and management</p>	Investing in our staff	<p>We will...provide good quality jobs and a supportive work environment</p> <p>We will...continue to evolve our culture to build a flexible, agile and multi-skilled workforce who are supported in their development, career progression</p> <p>We will...work as one team supporting each other to be our best, monitoring staff satisfaction and wellbeing</p>