



Securing the future... • *Improving services*
• *Enhancing quality of life* • *Making the best use of public resources*

Council Building
2 High Street
Perth
PH1 5PH

15/06/2023

A hybrid special meeting of the **Finance and Resources Committee** will be held in the **Council Chamber** on **Tuesday, 20 June 2023 at 14:00**.

If you have any queries please contact Committee Services on (01738) 475000 or email Committee@pkc.gov.uk.

THOMAS GLEN
Chief Executive

Those attending the meeting are requested to ensure that all notifications are silent on their device and other devices are in silent mode.

Please note that the meeting will be broadcast online and recorded. The recording will be publicly available on the Council's website following the meeting.

Members:

Councillor Stewart Donaldson (Convener)
Councillor Grant Laing (Vice-Convener)
Bailie Chris Ahern
Bailie Alasdair Bailey
Councillor Peter Barrett
Councillor Andy Chan
Councillor Dave Cuthbert
Councillor Eric Drysdale
Councillor John Duff
Councillor Angus Forbes
Provost Xander McDade
Councillor Tom McEwan
Depute Provost Andrew Parrott
Councillor John Rebbeck
Councillor Caroline Shiers
Councillor Colin Stewart

Finance and Resources Committee

Tuesday, 20 June 2023

AGENDA

MEMBERS ARE REMINDED OF THEIR OBLIGATION TO DECLARE ANY FINANCIAL OR NON-FINANCIAL INTEREST WHICH THEY MAY HAVE IN ANY ITEM ON THIS AGENDA IN ACCORDANCE WITH THE COUNCILLORS' CODE OF CONDUCT.

- 1 WELCOME AND APOLOGIES**
- 2 DECLARATIONS OF INTEREST**
- 3 PERTH AND KINROSS LEADERSHIP REVIEW - NEW EXECUTIVE AND STRATEGIC LEADERSHIP STRUCTURE** **5 - 30**
Report by Chief Executive (copy herewith 23/195)

If you or someone you know would like a copy of this document in another language or format, (on occasion, only a summary of the document will be provided in translation), this can be arranged by contacting the Customer Service Centre on 01738 475000.

You can also send us a text message on 07824 498145.

All Council Services can offer a telephone translation facility.



Perth and Kinross Council



Our vision is a Perth and Kinross where everyone can live life well,
free from poverty and inequalities

Committee or Board:	Finance and Resources Committee
Date:	20 June 2023
Report Number:	23/195
Report Title:	PERTH & KINROSS COUNCIL, LEADERSHIP REVIEW – NEW EXECUTIVE AND STRATEGIC LEADERSHIP STRUCTURE
Report Author:	Thomas Glen, Chief Executive – TGlen@pkc.gov.uk
Organisational Lead:	Thomas Glen, Chief Executive

1. PURPOSE

- 1.1 This report provides an update on the Council's Leadership Review transformation workstream which is a key element of the wider Transformation and Change Strategy 2022/23 to 2027/28, Report No 22/142, approved by Council in June 2022. This report was the basis for the presentation and briefing session to Elected Members on 16 June 2023, and provides further detail as to progress in relation to the Leadership Review transformation workstream.
- 1.2 This report also sets out changes recommended by the Chief Executive to the executive arrangements and strategic leadership team structure for the chief officer roles. Together with an outline of the process and timeline for the management of these changes over the course of the current financial year.
- 1.3 Finally, the report seeks approval on behalf of the Chief Executive, as the Head of Paid Service, to take the steps necessary to formally implement the revised strategic leadership structure.

2. RECOMMENDATIONS

- 2.1 It is recommended that Finance and Resources Committee:
 - Notes the contents of this report which provides an update on the Leadership Review transformation workstream;

- Approves implementation of the new executive and strategic leadership structure as set out by the Chief Executive; the associated processes for the filling of posts; and consideration of any voluntary severance or voluntary redundancy applications, as appropriate;
- Agrees the convening of an Executive Sub-Committee of the Finance & Resources Committee to consider applications for voluntary severance, redundancy and any other potential costs associated with the changes, as appropriate, recommended by the Chief Executive to assist in enabling the implementation of the new strategic leadership structure;
- Agrees the establishment of an Appointment Sub-Committee for the recruitment of Director level posts within the new strategic leadership structure; and
- Notes that updates on this, and further phases of the Leadership Review, will be reported to future Finance and Resources Committees, in line with agreed reporting arrangements and will be supplemented through Elected Member briefing notes and member briefing sessions.

3. STRUCTURE OF REPORT

3.1 This report is structured over the following sections:

Section 4: Background, Scope and Development of the Review
Section 5: New Executive and Strategic Leadership Structure
Section 6: Job Evaluation Outcomes and Pay and Grading Structure
Section 7: Implementation of the review
Section 8: Risk and transition planning
Section 9: Conclusion
Appendices and Annexes

4. BACKGROUND, SCOPE AND DEVELOPMENT OF THE REVIEW

- 4.1 This section provides an overview of the Council's leadership structure, focusing on the chief officer roles. This phase is the development of the Leadership Review approved by Council in June 2022, including the overall scope of the review.
- 4.2 Since Perth & Kinross Council came into being in 1996, the needs of our communities and the landscape in which local government operates have increased in complexity. As a result, the Council has required to evolve and change both structurally and its leadership capacity to meet the needs of the communities we serve. This ensures it remains effective and fit for purpose. In its earliest iteration following local government reorganisation in 1996, the Council had 13 Director level posts, supported by 44 Heads of Service. The streamlining and reduction of leadership capacity has been an ongoing process, whilst the complexity of the operating environment and the demands on local government have continued to evolve.

- 4.3 Since these early days the Council has implemented a number of workforce and leadership reviews and restructures, and a Workforce Management Strategy was developed in 2009. At that time our workforce headcount was 6,281 with 28 Chief Officer posts.
- 4.4 At the end of March 2023, the workforce headcount was 5,909 (which represents a 6% reduction from the 2009 levels) with 20 Chief Officer posts, including Chief Officer and Head of Service in the Health & Social Care Partnership (which represents a 29% reduction in leadership capacity). The reduction to 20 posts includes the most recent removal of a Depute Director post within Education and Children's Services in 2023 as one of the early actions from the current Leadership Review.
- 4.5 The reduction in the capacity at strategic leadership level within the organisation reflects an ongoing focus on efficiency, better integration of service functions and the prioritisation of frontline services. This will also allow us to meet increasing demand with reducing resources. It is recognised, however, that any reduction in capacity adds pressure to those continuing in leadership posts and a need to ensure support and consider resourcing at other levels within the organisation.
- 4.6 The continuing challenges facing local government today mean that we need once again to review and refresh our operating model and leadership structure to ensure they continue to be fit for purpose. We must continue to adapt and evolve to best meet the needs of the individuals, families and communities that we serve and to provide the best possible and efficient model of integrated service delivery. To this end, the Council approved its most recent Transformation and Change Strategy, Report No 22/142.
- 4.7 The Transformation & Change Strategy, together with our Financial Strategy, approved in June 2022 (Report No 22/141), our Medium-Term Financial Plan, (Report No 22/249) approved by Council in September 2022, all align to support the delivery of the Council's '**vision of a Perth and Kinross where everyone can live life well, from poverty and inequalities**', and our defined strategic priorities and key objectives set out in our new Corporate Plan 2022/23 – 2027/28 (Report No 22/311), approved by Council in December 2022.
- 4.8 Within the approved Transformation and Change Strategy, the Council agreed the development of a number of workstreams including the Leadership Review, focused on improvement and service consolidation activities. Progress is being reported by way of regular updates to the Council's Finance & Resources Committee.
- 4.9 Following approval, work on the Leadership Review commenced in the autumn of 2022, led by the Chief Executive and supported by the Executive Leadership Team (ELT). This development work has been informed by a programme of engagement with all Heads of Service, Managers and Team Leaders through both the extended ELT, and the Leadership Forum. There has also been regular engagement with trade union colleagues, who have confirmed that they have been consulted and do not object to the proposals within the review.

- 4.10 In addition to engagement with the officer leadership groups across the Council, the development of the strategic leadership review and operating model has been informed by a programme of ongoing employee transformation engagement sessions, led by the Chief Executive. These have been conducted over the last year, involving around 700 employees. Further engagement with external stakeholders has also been carried out through a programme of regular monthly meetings with community representatives from communities across Perth and Kinross to seek their views on their experiences of engagement with the Council and our services.
- 4.11 Feedback from the internal staff team sessions has consistently highlighted the positive leadership culture across much of the organisation, reflecting the Council's values of **compassion, integrity and ambition**. Sessions have also demonstrated the continuing commitment from our team to the delivery of excellent public services and a focus on how we seek to best deliver for the communities, families and individuals we serve.
- 4.12 Internal feedback has also provided some challenge to the way in which we operate, seeking to improve our culture, systems/processes, how we are structured and how we engage. Feedback has highlighted: that at times and in some areas, we are seen to have a hierarchical culture in the organisation that does not necessarily empower and make officers accountable for decision making; perceived issues in terms the visibility of leaders and a need for greater engagement; some elements of silo working between services and a desire for improved communications and engagement by senior officers across the Council.
- 4.13 External feedback has overall been positive and also outlined many positive experiences of Council services and members of our team when service users have been able to access the best person in the organisation to provide support. However, feedback also highlighted challenges in sometimes finding the right contact officer or routes into the organisation, as well as a lack of joined up responses between services, which can result in delays.
- 4.14 Based on the experience of the last 18 months of engagement and observation by the Chief Executive across Council services, the feedback from the engagement processes outlined above have informed the changes outlined in this report.
- 4.15 Consideration of the leadership structures operating across other Council structures were also a factor in the scoping of the Leadership Review, though it is noted that no two councils have identical structures, reflecting the variations in size, location and communities they serve.
- 4.16 As a result, the Leadership Review developed by the Chief Executive focuses on four key areas, these being:
- **Leadership culture**
 - **Leadership engagement across the Council, with partners and communities**
 - **Leadership and management competences and performance**
 - **Leadership structures and capacity across the whole organisation**

- 4.17 The focus on these four areas was set out within the scope for the Leadership Review signed off by the internal Transformation and Change Board. A programme of supporting activity is also being developed to support each element of the review and within the rest of this section, brief comments are offered on the first three elements before setting out the changes to leadership structures in Section 5 of the report.

Leadership Culture

- 4.18 Fundamental to our success as an organisation is our focus on our purpose, vision and values and ensuring that these are reflected in our behaviours. Our leaders are essential in modelling the behaviours we expect from them and the rest of our team, and the success of this review will be built on mainlining and growing our culture where individuals are valued and treated with respect and where we maintain a continuing commitment to public service and improvement.
- 4.19 Across the Council there is an ongoing cultural engagement programme which focuses on how our services support the Council values in the everyday behaviour of our team members. All leaders are encouraged to support this programme and to demonstrate their commitment to our values and behaviours in their everyday engagement with our team, partners and communities.
- 4.20 Over the last year we have introduced a regular monthly meeting of our Extended Executive Leadership Team and a quarterly programme of meetings for our wider leadership forum, involving service managers and head teachers from across the organisation. These focus on our organisational culture, creating network and connections as well as shaping and informing our policies and practice to deliver our seven corporate priorities.
- 4.21 The changes to our strategic leadership structure, set out in Section 5 of this report, will require a continuing focus on organisational, including leadership culture, and a programme of further development for our new Executive and Strategic Leadership Team build on the new leadership competences developed over the last year.

Leadership engagement across the Council, with partners and communities

- 4.22 Reflecting the feedback from across our teams and from engagement with partners and communities, the second theme within the scope of the review focuses on leadership engagement both within and outwith our organisation.
- 4.23 The experience of the Covid pandemic impacted on the Council's visibility within communities. Whilst many frontline services operated throughout much of the pandemic, others were required to develop alternative means of service delivery and engagement with service users. The period also impacted on the levels of contact within and across teams inside the Council.

- 4.24 Over the post pandemic period, leaders have been encouraged to spend more time meeting in person with teams and to ensure their visibility at services and locations across the Council and our communities.
- 4.25 The last year has also seen a focus on greater visibility by senior leaders within local communities. This has included a programme of monthly meetings with community representatives from the main settlements across Perth and Kinross. This programme of engagement will continue and we will use these sessions to help inform our transformation workstream in relation to community engagement and use wider feedback on improving services.

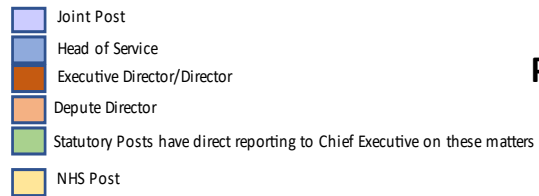
Leadership and management competences and performance

- 4.26 A new Leadership Competences Framework (the Framework) has been developed following engagement with leadership teams and trade union colleagues. Work is underway to develop the associated performance management arrangements.
- 4.27 These leadership competences will be embedded into the role profiles and person specifications for all leadership posts.
- 4.28 The Framework focuses on the following five areas. Against each, behavioural indicators are being developed for use in performance reviews and leadership development planning.
- **Personal Impact** – A resilient and self-aware leader who demonstrates the organisational core values, takes accountability, and achieves results in a political environment.
 - **Leads, Motivates and Inspires Others** – Sets the tone, models and enables a culture where individuals are solution focused and empowered to ‘Think Yes’, ambitious in achieving improved outcomes for people and communities and allowed to make appropriate decisions in their roles.
 - **Improvement Focus** – Values-led with a focus on continuous improvement and change, transforming the way we think and work to deliver better outcomes.
 - **Empowers People and Places** – Places people and our communities at the heart of how we work, enhancing collaborative, trusting relationships, building capacity for people to influence new ways of working.
 - **Strategic Mindset (Risk/Conflict)** – Creates the strategic direction and priorities. Future focused with high awareness of external environmental factors and potential impacts at local and national level. Prepares for, recognises and responds to risk and recovery. Welcomes challenge and deals effectively with conflict.
- 4.29 The Framework is currently being piloted across a number of service areas. The competences have been incorporated into the role profiles for all posts within the new strategic leadership structure as set out in Section 5 of the report.

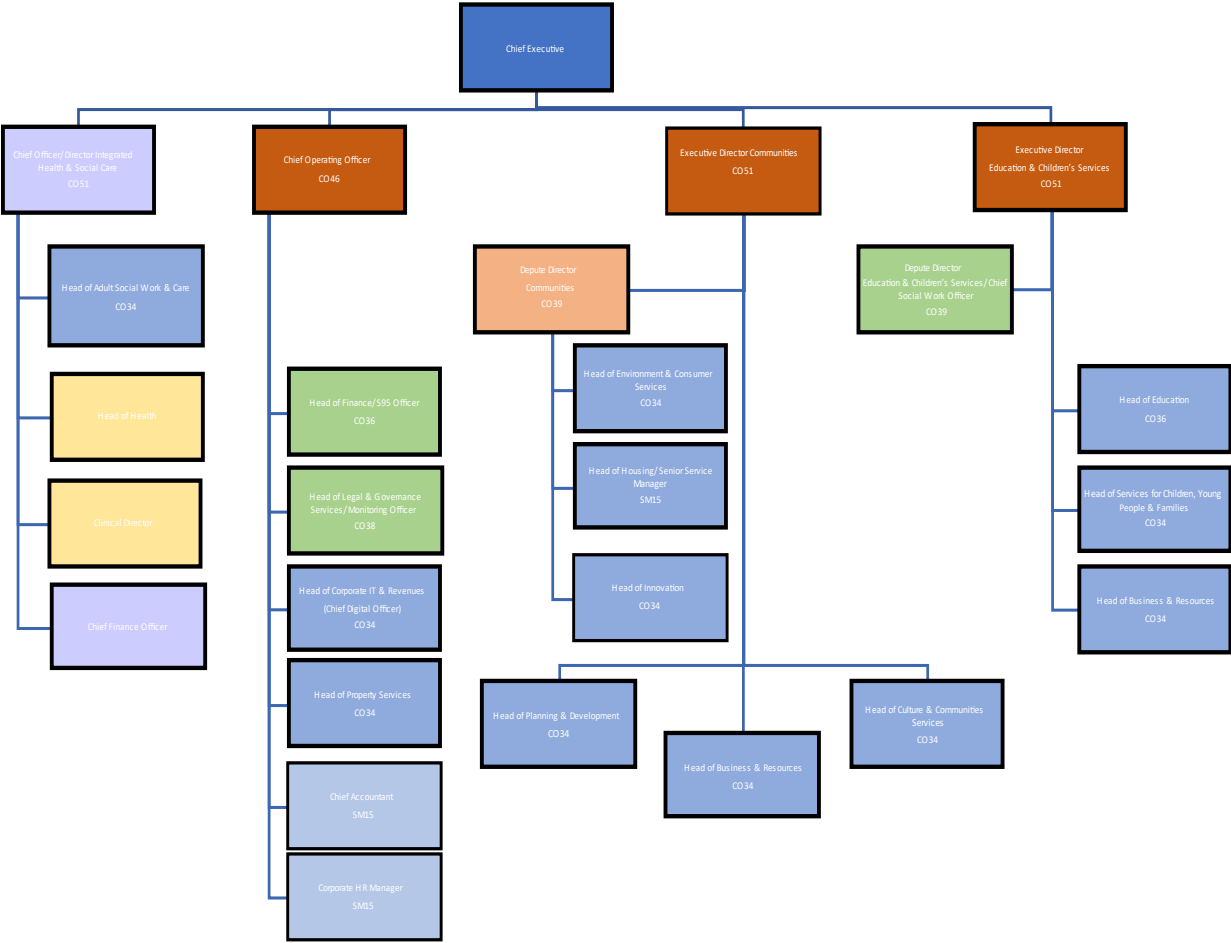
- 4.30 The use of the leadership competences will be rolled out within the new strategic leadership structure over the coming year and further developed as we work with all of those in leadership positions across the organisation.
- 4.31 A new leadership performance framework will also be developed and rolled out, focusing on contributions against Corporate Priorities and the delivery of key outcomes and associated output by leaders and their teams.

5. NEW EXECUTIVE AND STRATEGIC LEADERSHIP STRUCTURE

- 5.1 The final element within scope of the Leadership Review considers our leadership structure, and at this stage deals with our senior leadership team, the roles within it and the capacity. As noted in Section 4 of this report, the Council has seen significant reduction in the size of its leadership team over the past 25 years with increased integration of functions and activities being led by those in the team. This structure continues that trend.
- 5.2 Again, as set out in section 4, the Council and local government as a whole, have had to adapt and evolve continually to meet the changing needs of our communities or legislative requirements. To ensure that we are as effective and efficient as possible and able to meet the challenges facing local government, extensive work has been undertaken. This includes the redesign of our operating model and senior leadership structure. This will allow us to manage, maintain and deliver services, within a sustainable operating model.
- 5.3 The leadership structure within the Health and Social Care Partnership is not in scope for this strategic leadership review. The Chief Officer for the Health and Social Care Partnership, a joint NHST appointment in 2022, is currently leading a review the leadership roles and structure within the partnership. Proposals for a new integrated leadership structure will be brought forward to the Integrated Joint Board over the coming months.
- 5.4 Over the last year, feedback from internal engagement with colleagues from across our organisation has included a focus on our organisational culture, our systems and processes, our engagement and our structures.
- 5.5 The Leadership Review has sought to respond to the feedback gathered from internal and external engagement sessions by designing a structure which:
- Facilitates more integrated service delivery
 - Enhances leadership capacity and capability at multiple levels within the organisation, ensuring that decisions are being made by those who are best placed to make them
- 5.6 Provides greater visibility and clarity in terms of responsible and accountability. The graphic below sets out the senior leadership structure within the Council in May 2022 prior to the approval of the Leadership Review in June 2022.



Perth & Kinross Council Structure – May 2022

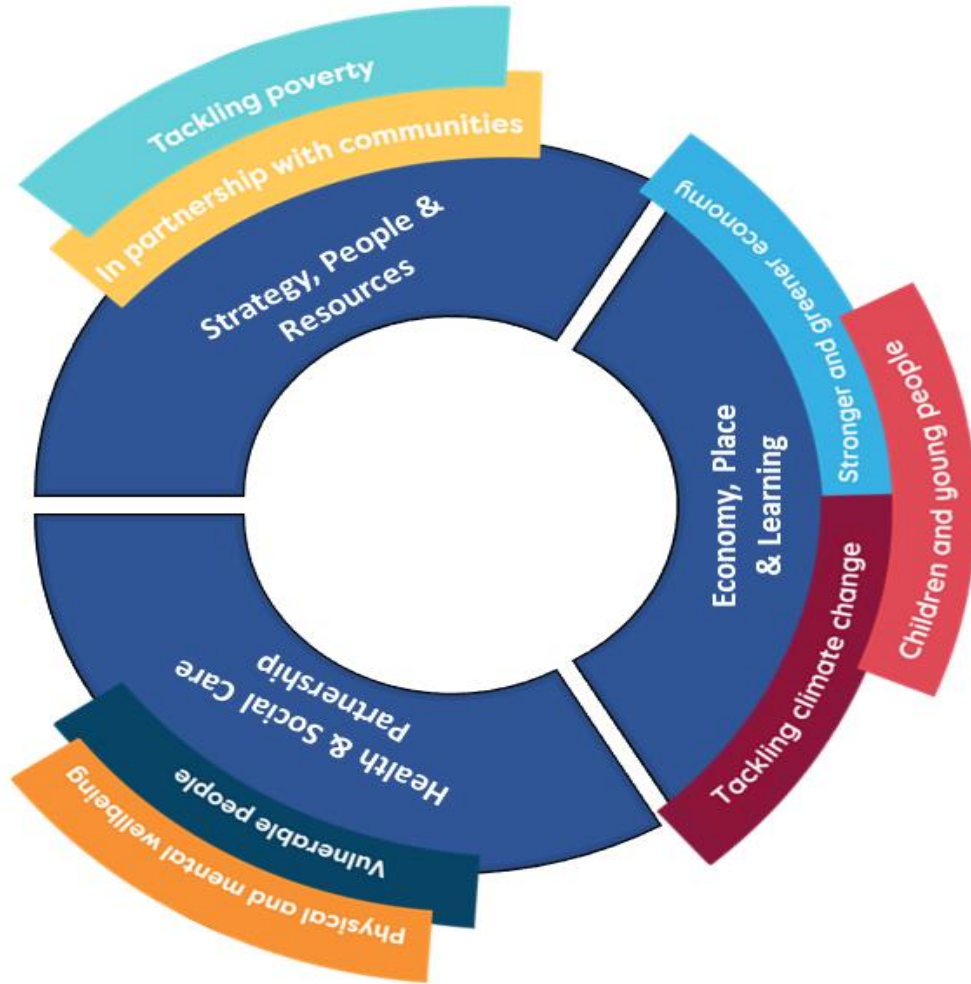


- 5.7 The first stage of the Leadership Review approved by Council in June 2022 (Report 22/142), saw the removal of the two Depute Director posts from the structure, with the post of Depute Director – ECS deleted and the Depute Director – Communities redesignated to take on the role of Executive Lead – Transformation and Change and reporting to the Chief Executive.
- 5.8 The Leadership Review and future operating model have been the subject of engagement with the Council’s Executive Leadership and Extended Executive Leadership Teams, as well as with trade union colleagues. The initial structure and service groupings were shared in February 2023 and further refined through feedback. They were then presented to those impacted by the changes to the leadership structure, and their trade union representatives, at the launch of a formal 21-day consultation period commencing on 22 May and concluding on 12 June.
- 5.9 During the consultation period, all individuals in scope and at potential risk of redundancy attended formal consultation meetings with the Chief Executive, supported by the Corporate HR Manager.
- 5.10 The consultation process focused on a structured series of questions allowing individuals to ask questions, offer comment and seek clarification around the structure, the roles within the structure, the process of filling these roles and the overall rationale for the review.
- 5.11 Feedback from the consultation process has been considered in the finalising of this report. Trade union colleagues have confirmed that they have been consulted and have raised no objection to the proposals.
- 5.12 The report outlines changes in roles and service groupings at Executive Leadership and Strategic Team levels within our organisation. The proposals will see reductions at both these levels.

Executive Leadership Team and Roles

- 5.13 The current Executive Leadership Team reporting to the Chief Executive consists of five posts as detailed below:
- **Executive Director - Communities**
 - **Executive Director - Education and Children’s Services**
 - **Chief Operating Officer**
 - **Chief Officer Health and Social Care**
 - **Executive Lead - Strategic Planning and Transformation**
- 5.14 Within this element of the Leadership Review, the changes will see a reduction in the number of posts from five to three which will be the current post of Chief Officer, Health and Social Care Partnership as this is not impacted by this review, and two new Director level posts, with revised portfolios as set out at Graphic 1 below.

Executive Leadership Team - Directors



5.15 Each Director level post has a new portfolio of functions as detailed within new role profiles and has been subject to independent job evaluation. Each Director will oversee a team of Strategic Leads as set out later in this section. The Director level roles will:

- work with the Chief Executive and Elected Members to develop and implement the Council's strategic direction;
- support and enable the Strategic Leads in their responsibilities for the delivery of each of the Council's Corporate Priorities and internal organisational functions;
- lead the ongoing change and transformation programme across the Council; and
- oversee organisational service performance and improvement

5.16 The first of the two Director level posts, **Director of Economy, Place and Learning**, will have organisational leadership responsibility for a team of Strategic Leads, responsible for an integrated model of frontline services which are detailed at Graphic 2 and will include:

- **Education and Learning;**
- **Children, Families and Justice;**
- **Economy, Development and Planning;**
- **Environment and Infrastructure; and**
- **Housing and Communities**

The post also has the organisational lead for Tayside Contracts and Tay Cities.

5.17 The second of the two Director level posts, **Director of Strategy, People and Resources**, will have organisational leadership responsibility for a team of Strategic Leads, responsible for an integrated model of enabling organisational services which are detailed at Graphic 2 and will include:

- **Finance and Business Support;**
- **Property Services;**
- **Legal and Governance Services;**
- **Customer and Digital Services;**
- **Strategic Planning, People and Performance; and**
- **Projects and Programmes (interim)**

The post also has the organisational lead for local resilience planning.

Strategic Leadership Roles

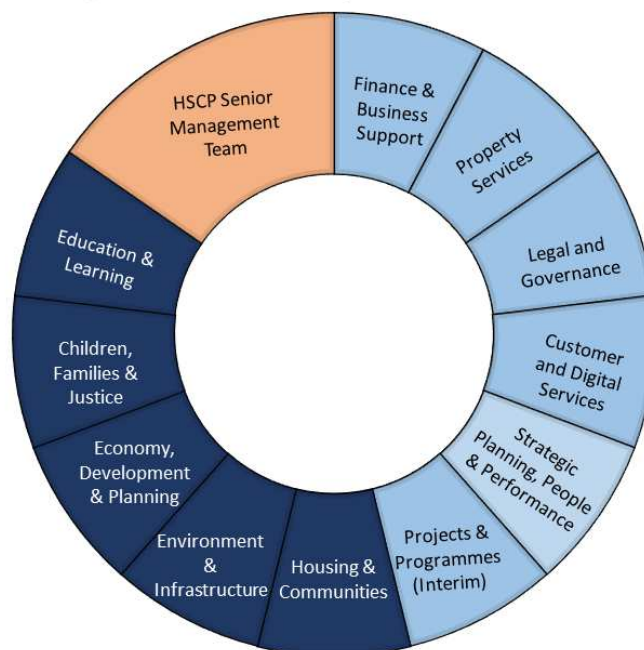
5.18 There are currently 13 Heads of Service posts as shown below, who report to the Executive Directors, Chief Operating Officer and Executive Lead. They are all part of the current Extended Executive Leadership Team (EELT). This list excludes the Health & Social Care Partnership chief officer roles and jointly appointed roles with NHS Tayside, as explained in para 5.3 above; and the senior service manager roles within finance, housing and HR who are also part of the current EELT structure but are outwith the scope of this phase of the Leadership Review. The 13 posts are:

- **Head of Finance**
- **Head of Legal and Governance**
- **Head of Property**
- **Head of Corporate IT and Revenues**
- **Head of Services for Children, Young People & Families**
- **Head of Education**
- **Head of Business Resources (Education and Children's Services)**
- **Head of Culture and Communities**
- **Head of Innovation**
- **Head of Business Resources (Communities)**
- **Head of Environment and Consumer Services**
- **Head of Development and Planning**
- **Head of Housing**

5.19 The new strategic leadership structure will include 11 Strategic Lead posts, including one interim post which represents a reduction of two posts from the current 13.

Graphic 2:

Strategic Leadership Team – Strategic Leads



5.20 A key change within the new leadership structure will be the scope, remit and span of responsibility of the Director and Strategic Lead roles and the relationship between them. Directors will have expanded portfolios, requiring less direct involvement in operational service areas. The new Strategic Leads will manage their operational areas, with some also designated to lead one of the organisation's Corporate Priorities. Within their operational portfolios, Strategic Leads will be expected to exercise greater leadership responsibility in terms of decision-making and accountability. For some this represents a shift and challenge to the current culture where a significant amount of the decision making is directed upwards and concentrated at Executive Leadership Team level.

- 5.21 The Strategic Leads will also be expected to demonstrate their abilities in relation to the new leadership competences developed as part of this review and to work within new performance framework arrangements for leaders across the organisation.
- 5.22 The success of the new operating model will be dependent upon developing an organisational culture and governance framework which supports more thematic, outcome focussed working across the organisation rather than a service-based approach. The operating model will build on the positives currently identified within services and teams. A focus will be on developing the skills and relationships within the organisation to develop a one council approach to integrated service delivery with people at its heart.
- 5.23 These will be developed as we move through the recruitment process to fill the Director and Strategic Lead posts, as set out in Section 7. Once complete there will also be a programme of team building and team development focused on growing on the existing positive single team culture and a greater emphasis on integrated cross service working.
- 5.24 New role profiles have been developed for each of the Strategic Lead posts, each of which has been the subject of an independent evaluation as set out in Section 6 of this report.
- 5.25 The main accountabilities for each of the Strategic Lead roles within the structure is shown in the tables below and grouped for each Director portfolio of services.
- 5.26 Whilst the main strategy responsibilities will sit within the Strategy, People and Resources portfolio, the Economy, Place and Learning Portfolio brings together the main frontline services under one grouping with a focus on the development and delivery of integrated locality-based services. The strategic responsibility for locality planning will sit with the Strategy, People and Resources portfolio while implementation and delivery will sit with Economy, Place and Learning.

Economy, Place & Learning Portfolios

Education & Learning	Children, Families & Justice	Economy, Development & Planning	Environment & Infrastructure	Housing & Communities
<p>Joint organisational lead for: enabling our children & young people to achieve their full potential</p>	<p>Joint organisational lead for: enabling our children & young people to achieve their full potential; protecting & caring for our most vulnerable people</p> <p>Supporting role for: supporting & promoting physical & mental wellbeing</p> <ul style="list-style-type: none"> • Social Work Services for Children, Young People & Families • Integrated Services for Young People • Criminal Justice Social Work Services • Unaccompanied Asylum Seekers <p>(Chief Social Work Officer)</p>	<p>Organisational lead for: developing a resilient, stronger & greener local economy</p> <p>Joint organisational lead for: supporting & promoting physical & mental wellbeing</p> <ul style="list-style-type: none"> • Sustainable & Smart Investment • Business & Place • Estates & Commercial Investment • Employability, Skills & Special Skills • Development Management • Building Standards • Transport Planning • Housing Strategy • Planning Strategy • Place Development • Roads Infrastructure/CTLR • Culture & Physical Activity/Sport Strategies • ALEOS relationship management 	<p>Organisational lead for: Tackling climate change & supporting sustainable places</p> <ul style="list-style-type: none"> • Structures • Roads Maintenance • Flooding • Waste Services • Street Lighting • Traffic & Network • Direct Services 	<p>Organisational lead for: Working in partnership with communities</p> <ul style="list-style-type: none"> • Housing Access • Homelessness • Housing Repairs • Tenancy Management • Housing Compliance • Refugee & Resettlement Support • Operational Resilience • Planning and Response • Safer Communities/Public Protection • Community Greenspace • Regulatory Services • Parking Services • Public Transport Unit • Community Engagement • Community Asset Transfer • Community Capacity Building • Community Councils
<ul style="list-style-type: none"> • Early Learning & Childcare • Childcare Strategy • Parental Support Team • Schools • Inclusion • Developing Young Workforce • Parental Involvement • Gaelic Education and Gaelic Development <p>(Chief Education Officer)</p>				

- 5.27 The Strategy, People and Resources Portfolio brings together the main enabling services under one grouping with a focus on the most efficient and connected support to allow frontline services in delivering for communities.

Strategy, People & Resources Portfolios

Finance & Business Support	Legal & Governance	Property Services	Customer & Digital Services	Strategic Planning, People & Performance
<ul style="list-style-type: none">• Strategic Financial Management• Capital Investment• Capital Programme Office• Asset Management Planning• Organisational Financial Administration• Business Administration <p>(Chief Financial Officer/ S95 Officer)</p>	<ul style="list-style-type: none">• Legal Services• Licensing• Information Governance<ul style="list-style-type: none">– Data Protection, Records Management, FOI, Information Security• Internal Audit• Committee/Democratic Services• Corporate Procurement (pending review of transformation workstream) <p>(Monitoring Officer)</p>	<ul style="list-style-type: none">• Corporate Landlord, including maintenance, compliance, <u>energy</u>• Project management, <u>design</u> and procurement• Housing capital projects and new build• Facilities management• Property Helpdesk	<ul style="list-style-type: none">• Online, <u>digital</u> and mobile services• Data analytics• Data skills• ICT Asset Management• Networks, systems, <u>connectivity</u> and telephony• IT Business Systems• Customer Services/Customer Solution Hubs, inc. Money Hub (Revs and Bens)• Housing Repairs Helpdesk• Registration Services	<p>Organisational lead for: Tackling poverty</p> <ul style="list-style-type: none">• Organisational Policy and Strategy, including <u>Anti Poverty Taskforce</u>• Equalities• Planning and Performance• Community Planning• Locality Planning• Community Empowerment/Engagement• Business Continuity & Resilience Planning• HR & OD• Payroll• Learning & Development• Health & Safety• Risk and External Audit Liaison• Press & Comms• Research, Consultation & Data Analysis• Transformation Support and Co-ordination• Business Improvement/Service Redesign
<p>Projects & Programmes (interim)</p>				
<p>Full scope of projects and programmes to be informed by transformation workstreams which are due to report over the coming months.</p> <p>The post will work across the organisation to lead on a range of change and service improvement initiatives.</p>				

6 JOB EVALUATION OUTCOMES AND PAY AND GRADING STRUCTURE

- 6.1 The current leadership review also allows implementation of the final phase of the independent job evaluation scheme for chief officers. Unlike other occupational groupings, there is no nationally agreed job evaluation approach for chief officer roles in Scottish Councils, with each Council developing its own arrangements.
- 6.2 Using the Hays Job Evaluation Method as an independent, transparent and objective job evaluation exercise, provides Perth & Kinross Council with a reliable and informed basis for determining chief officer salaries. It also provides an equal pay compliant scheme for chief officers, as other occupational groups are already covered by their own job evaluation methods.
- 6.3 It is important to note that the post of Chief Executive is excluded from this job evaluation exercise on the basis that the salary level for chief executive posts is determined nationally by the Scottish Joint Negotiating Committee (SJNC). The Chief Executive salary scale has not been reviewed since 1999 and a national review is underway. The Chief Officer/Director and Chief Finance Officer – Integrated Health & Care, are as previously indicated, also excluded from this review – these are joint appointments with NHS Tayside and their roles are not impacted by these changes. A separate review of strategic leadership roles in the Health & Social Care Partnership led by the Chief Officer/Director is already underway to further support the integration of health and social care services. The outcomes of this exercise will be reported separately to NHS Tayside and the Council, as appropriate, recognising that postholders may be employed by either employing body.
- 6.4 The independent review of the role profiles for the posts in the new strategic leadership structure was undertaken by Korn Ferry, using the Hays Job Evaluation Scheme. This job evaluation approach looks at three factors - Know How, Problem Solving and Accountability.
- 6.5 The job evaluation exercise provided a ranking for posts using an objective assessment of their respective size and shape. It is for the Council to determine job clusters and to apply an appropriate level of salary, which in this case would be from the spinal column of salaries for chief officials as set nationally by the SJNC.
- 6.6 It is important to take account of salary benchmarking information to ensure that salary levels remain competitive as an aid to retention and recruitment, while also ensuring they are fair, equitable and affordable. It is acknowledged however that the salary levels applied in other Scottish Councils reflect a wide range of local factors including their operating model, the extent to which the council has externalised services, grouping of services, demographics, mix of urban and rural communities, patterns of inequality, design of job roles, span of control and levels within their organisational hierarchy.
- 6.7 The salary grades for posts in the new strategic leadership structure are detailed in the table below.

Post	Korn Ferry Benchmark Salary Level	CO Grade	Salary level (2023 pay award not yet agreed)
Chief Executive (For info only)	Level 25	Set by SJNC	£145,789
Chief Officer/Director – Integrated Health & Care (For info only)	Level 23	CO51	£127,786
Director – Economy, Place & Learning	Level 23	CO51	£127,786
Director – Strategy, People & Resources	Level 23	CO51	£127,786
Strategic Lead – Education & Learning and Chief Education Officer	Level 22	CO37	£99,469
Strategic Lead – Children, Families and Justice and Chief Social Work Officer	Level 22	CO37	£99,469
Strategic Lead – Finance & Business Support and Section 95 Officer	Level 22	CO37	£99,469
Strategic Lead – Legal & Governance and Monitoring Officer	Level 22	CO37	£99,469
Strategic Lead – Economy, Development & Planning	Level 22	CO37	£99,469
Strategic Lead – Housing & Communities	Level 21	CO34	£93,413
Strategic Lead – Environment & Infrastructure	Level 21	CO34	£93,413
Strategic Lead – Strategic Planning, People & Performance	Level 21	CO34	£93,413
Strategic Lead – Customer & Digital Services	Level 21	CO34	£93,413
Strategic Lead – Property Services	Level 21	CO34	£93,413
Interim Strategic Lead – Projects and Programmes	Level 21	CO34	£93,413

- 6.8 Excluding chief officer posts within the Health & Social Care Partnership, still to be determined, the new strategic leadership structure will have 14 chief officer posts compared with 18 chief officer posts in the current structure.

New Structure WEF 1 April 2024		Current Structure	
Chief Executive		Chief Executive	
2 Directors	2@CO51	4 director level posts	2@CO51 and CO39/CO46
10 Strategic Leads	5@CO37 5@CO34	13 Heads of Service	CO38/2@CO36 and 10@CO34
1 Interim Strategic Lead	CO34. Up to 2 years		
14 posts		18 posts	

- 6.9 The vacant post of Deputy Director – Education & Children’s Services has already been removed from the revenue budget for 2023/24 (i.e. £138,000). The financial implications of this and the new strategic leadership structure, set out above, is a recurring saving of **£664,000** with effect from 2024/25. Subject to review, there will be a further saving of **£125,000** per annum when the Interim Strategic Lead role is removed from the new structure by April 2026. Taken together and when fully implemented by 2026/27, strategic leadership costs will have reduced by **£789,000** per annum. These are estimated savings which take into account employer costs for national insurance and pension contributions and assume a 3% uplift in 2022/23 salaries for this year’s pay award which is subject to national level negotiation through Cosla.

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Annual Saving	138	664	664	789
Cumulative Saving	138	802	1,466	2,255

*Based on 2022/23 salaries plus a 3% pay award uplift for 2023/24.

- 6.10 By 2026/27, the reduction in strategic leadership costs detailed in this report will result in cumulative savings of **£2.255 million**.
- 6.11 A wider review of all leadership structures and capacity will take place once the new strategic leadership team is in place. This work will be informed by the transformation and change projects and the new operating model, with each Strategic Lead asked to undertake a review of their areas of responsibility. Further savings and efficiencies will be reported to Elected Members through updates on the Transformation & Change Programme and revenue budget monitoring. It should be noted that some of these savings will contribute towards savings which have already been agreed through setting indicative budgets for the next two financial years.

- 6.12 The Framework for Managing Workforce Changes will be applied in the implementation of the revised leadership structure. This could result in non-recurring severance and or redundancy costs. The Executive Sub-Committee of Finance & Resources Committee will be asked to agree to meet any costs associated with the implementation of the new leadership structure.

7 IMPLEMENTATION OF THE REVIEW

- 7.1 Whilst work on the implementation of the other three elements within the scope of the review; culture & behaviour, engagement, competences and performance is ongoing, the structural element of the leadership review is more evolved, having been developed over the past eight months. Its shape has been informed by consultation with members of EELT and trade union representatives, as well as wider engagement with colleagues across the Council.
- 7.2 The engagement process concluded in early May of this year and moved into a formal consultation process from the 22nd of May until the 12th of June. This consultation included all members of the current Executive and Executive Leadership Teams who are in scope and potentially at risk of redundancy as a result of the changes in structures and roles.
- 7.3 The staff in scope and SJC trade unions were invited to provide their comments on the rationale and drivers for change, structure, operating model, role profiles and proposed process to populate the new leadership structure. Individual consultation meetings were held with all staff in scope during the 3-week formal consultation period. Meetings with the unions were held both prior to and at the commencement of formal consultation. They attended the presentation on 22 May 2023. All staff and unions were encouraged to submit any questions or comments in writing. All documents were shared through a Sharepoint site. Based on feedback minor changes have been made. The trade unions have not raised any formal objection to any of the proposals set out in the formal consultation process.
- 7.4 It is proposed to fill posts within the new leadership structure using ring-fenced recruitment. This method of filling will allow a fair selection process to be undertaken to allow consideration of the changes being introduced. As detailed earlier, the roles of Director are new and the Strategic Lead roles are new and/or significantly different resulting in different reporting relationships between these levels. This process further provides an opportunity to consider the incorporation of new leadership competences that post holders will be expected to demonstrate in future. The ring fencing of posts at Director level will apply to the current members of the Executive Leadership Team. At Strategic Lead levels, it will apply to the members of the Extended Executive Leadership Team that are in scope. This process is in line with the Council's current Framework for Managing Workforce Changes.

- 7.5 Prior to filling these posts as outlined in para 7.4 above and reflecting the reduction in the number of posts at both tiers of leadership, the Chief Executive seeks approval to invite and consider applications for voluntary severance. This will enable implementation of these changes prior to the recruitment process commencing. This is in accordance with the Council's approved Framework for Managing Workforce Changes and will be for those in scope. Should any applications be received, the Chief Executive will consider the business rationale, financial and organisational benefits of any such application. If these support voluntary severance these will be submitted to a future Finance & Resources Sub-Committee for consideration by Council. A provisional date of 24 July is being proposed for consideration of any applications.
- 7.6 Following agreement on any applications for voluntary severance the process of recruitment to the two Director roles will commence in August. Recruitment to these posts will initially be ringfenced to current members of the Executive Leadership Team. These Director posts will be recruited in line with the Council's Scheme of Administration through an Appointment Sub-committee.
- 7.7 Thereafter, the Chief Executive and newly appointed Directors and Chief Officer Health and Social Care will be involved in the recruitment to the new Strategic Lead roles. The recruitment will also involve senior Elected Member involvement.
- 7.8 As with the Director posts, recruitment to the Strategic Lead roles will be ring fenced to members of the current Extended Executive Leadership Team who are in scope and potentially at risk of redundancy. In the case of four of the Strategic Lead posts there will be a further ringfencing to reflect the need for specific qualifications to meet the requirements for these posts. The four posts for which there will be ringfenced recruitment based on qualifications are;
- Strategic Lead – Education & Learning / Chief Education Officer;
 - Strategic Lead – Children, Families & Justice / Chief Social Work Officer;
 - Strategic Lead – Finance & Business Support / Section 95 Officer; and
 - Strategic Lead – Legal & Governance / Monitoring Officer
- 7.9 The remaining seven posts will be open to all remaining members of the Extended Executive Leadership Team.
- 7.10 In the event of posts not being filled, they will be opened up to the Council's wider team and external recruitment. This could impact timescales for filling posts and transition planning arrangements.
- 7.11 Meetings will be arranged with anyone in scope who is unsuccessful in obtaining a post as part of the ring-fenced process. This meeting will be held in accordance with the Framework for Managing Workforce Changes to confirm redundancy and agree the individual's search criteria for securing suitable alternative employment during their contractual notice period.

- 7.12 The intention is to have the new leadership structure populated throughout the current financial year. Any team members who are supported through voluntary severance will similarly be expected to leave the organisation by the end of March 2024. Over the same period, it is anticipated that a number of other consolidation transformation workstreams will be implemented resulting in alignment with the new leadership structure. The exact timing of any releases will be subject to operational requirements and the management of the level of risk and transition arrangements required for the level of change within the organisation.

8 RISK AND TRANSITION PLANNING

- 8.1 Any transformation and change of this nature has a disruptive impact on any organisation and its staff, not just those directly impacted but the wider teams and team structures.
- 8.2 The leadership review and changes will cause disruption, create levels of worry and uncertainty for some whilst may be seen by others as an opportunity for improvement and new ways of working.
- 8.3 These changes will also impact on the internal relationships between teams and in what members can expect from new roles and accountabilities which may have previously been held by officers for some time.
- 8.4 To plan and prepare for the implications of such a change, a programme of communication is under development and will be rolled out across the organisation.
- 8.5 Additionally, the Executive Leadership Team is programming risk workshops to undertake scenario planning, identify and mitigate any identified risks, identify risk owners and mitigation strategies. These will be incorporated into finalised transition planning. The risk plan arising from this will be iterative to manage the process minimising the impact on service delivery as far as reasonably practical. Part of these workshops will identify critical approved business processes and decisions that require to continue during this financial year in parallel to the implementation process. Some activities or projects deemed to be non-critical may therefore be delayed or stopped to create capacity to implement the new operating model and manage transfer and transitions for all. In the unlikely event of any critical projects being impacted this will be reported to Council as appropriate.
- 8.6 Transition planning will assume the planned effective date of 1 April 2024 for introduction of the new operating model, cultural and governance arrangements.
- 8.7 A more detailed transition plan will be developed to accommodate the various components of the transformation and change including any staff movements, training and development, team building, in addition to supporting those who may leave the organisation. This will ensure business continuity, highlight any evolving risks and prepare for sharing/transfer of knowledge to support the migration to the new operating model.

- 8.8 A communications and engagement plan to involve our employees, key stakeholders, Elected Members and partners, as appropriate, will be developed and managed for all stages of implementation. The support and co-operation of Elected Members and colleagues, as well as that of external partners, will be critical in the successful management of the transformation and transition to the new leadership structures.

9 CONCLUSION

- 9.1 The Leadership Review is a key element of the Council's Transformation and Change Strategy and sets out our ambitions to build on and deliver our vision, in a way that reflects our values and allows us to continue to best serve the needs of the people of Perth and Kinross.
- 9.2 The review seeks to continue to grow the positive leadership culture that exists within our organisation and to improve the integration of activities and services across teams to best focus on delivery of our Corporate Priorities. It has, however, introduced a level of disruption into the organisation. This will require the management of the risks associated with such a change, as we transition to the new leadership structures and wider operating model and the changes which may result for individuals and teams across the Council.
- 9.3 The review will deliver an ongoing annual revenue saving, as set out in Section 8. However, it is anticipated that implementation of the new strategic leadership team structure will require one-off costs associated with any applications for voluntary severance, redundancy or other potential costs associated with the reduction in the number of posts. An Executive Subcommittee of the Finance & Resources Committee would consider any such proposals made by the Chief Executive to facilitate the implementation the new strategic leadership team structure.
- 9.4 The Council is asked to consider the report and the recommendations therein, remitting the Council's Chief Executive to progress implementation of the strategic leadership structure and the associated actions.

Author(s)

Name	Designation	Contact Details
Thomas Glen	Chief Executive	TGlen@pkc.gov.uk

Approved

Name	Designation	Date
Thomas Glen	Chief Executive	15 June 2023

Appendices

- None included with this report.

If you or someone you know would like a copy of this document in another language or format, (on occasion, only a summary of the document will be provided in translation), this can be arranged by contacting the Customer Service Centre on 01738 475000.

You can also send us a text message on 07824 498145.

All Council Services can offer a telephone translation facility.

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION, AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	Yes
Corporate Plan	Yes
Resource Implications	
Financial	Yes
Workforce	Yes
Asset Management (land, property, IST)	None
Assessments	
Equality Impact Assessment	None
Strategic Environmental Assessment	None
Sustainability (community, economic, environmental)	None
Legal and Governance	None
Risk	Yes
Consultation	
Internal	Yes
External	Yes
Communication	
Communications Plan	Yes

1. Strategic Implications

Community Plan

- 1.1 The proposals will contribute to the Community Plan's aim of safe, healthy and inclusive communities and the outcome of communities will have improved quality of life. The recommendations contained within this report are in accordance with the priorities of Perth Common Good Fund's criteria for financial assistance.

Corporate Plan

- 1.2 The proposals will contribute to the refreshed Corporate Plan 2022/23 to 2027/28 objectives and priorities of tackling poverty, tackling climate change and supporting sustainable places, developing a resilient, stronger and greener local economy, enabling our children and young people to achieve their full potential, protecting and caring for our most vulnerable people, supporting and promoting physical and mental wellbeing and working in partnership with our communities where everyone can live life well, free from poverty and inequalities.

2. Resource Implications

Financial

- 2.1 The financial implications are set out within the body of the report.

Workforce

- 2.3 The report details changes to the strategic leadership structure of the Council and reduces the total number of Chief Officers by a total of five when the interim role ends. The proposals within the report are being managed through the Framework for Managing Workforce Changes. The impact of this reduction and cost of change will depend on any voluntary severance requests that have yet to be approved and/or any potential redundancy costs arising following the recruitment and selection required to populate the new leadership structure.
- 2.4 The Corporate HR Manager and the Chief Accountant (Depute Section 95 Officer) have been consulted and have indicated agreement with the proposals.

Asset Management (land, property, IT)

- 2.5 Not applicable.

3. Assessments

Equality Impact Assessment

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.
- 3.2 This section should reflect that the proposals have been considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome: Assessed as **not relevant** for the purposes of EqIA.

Strategic Environmental Assessment

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.4 However, no action is required as the Act does not apply to the matters presented in this report. This is because the Committee are requested to note the contents of the report only and the Committee are not being requested to approve, adopt or agree to an action or to set the framework for future decisions.

Sustainability

- 3.5 Not applicable.

Legal and Governance

- 3.6 Not applicable.

Risk

- 3.7 Risk management will be an integral part of managing the implementation of the new leadership structure and transition to the new operating model. As outlined in the report workshops are planned for the Executive Leadership Team to consider and mitigate the risks involved.

4. Consultation

Internal

- 4.1 All employees affected by the changes have been engaged in the new operating model and formally consulted on the proposals in accordance with the Framework for Managing Workforce Changes. The Corporate HR Manager and Chief Accountant (Depute S95 officer) have been consulted on the contents of the report.

External

- 4.2 The Trade Unions have been engaged and consulted on the proposals outlined in the report including the proposed approach to filling posts and have raised no objections.

5. Communication

- 5.1 A communications and engagement plan has been developed to ensure awareness across the Council and communities as appropriate.