

REPORT TO:	APPOINTMENTS COMMITTEE 23rd JUNE 2021
SUBJECT:	Organisational Redesign of Croydon Council Response to the consultation
LEAD OFFICER:	Katherine Kerswell - Interim Chief Executive
CABINET MEMBER:	Councillor Hamida Ali – Leader of the Council Councillor Stuart King – Croydon Renewal
WARDS:	All

SUMMARY OF REPORT:

This report proposes a new organisational design and reporting structure for the three most senior management tiers at Croydon Council and the creation of 6 directorates. This proposed new design is in response to the consultation with the staff who were directly affected and all other Council staff and elected members. Over 108 members of staff individually commented on the proposals as well as many more commenting in the workshops and webinars that have been held.

The new proposed design aims to ensure the Council can deliver more effectively on its business strategy, address the significant service quality improvements and workplace culture changes required by having focused and sufficient management capacity and ensuring a more consistent, corporate and effective internal control system.

The overall cost savings from the proposed restructure total £834,963 which is a 6.5% saving on the pay bill for the three most senior tiers of management.

These cost savings have had to be taken across two financial years due to the pause in the restructure process.

For the 2021/2022 budget, cost savings of £315,129 have been delivered from the first part of the restructure.

For the 2022/2023 budget, the forecast cost savings are £519,834 with a part year effect in this financial year to be determined and reported to members in the monthly Cabinet report when known.

The proposed design also introduces new roles for senior and other staff to develop more cross Council roles, role enrichment and development opportunities.

POLICY CONTEXT

The new priorities

We will live within our means, balance the books and provide value for money for our residents.

We will focus on tackling ingrained inequality and poverty in the borough.

We will follow the evidence to tackle the underlying causes of inequality and hardship, like structural racism, environmental injustice and economic injustice.

We will focus on providing the best quality core service we can afford. First and foremost, providing social care services that keep our most vulnerable residents safe and healthy and to keep our streets clean and safe.

To ensure we get full benefit from every pound we spend, other services in these areas will only be provided where they can be shown to have a direct benefit in keeping people safe and reducing demand.

The new ways of working

We will practice sound financial management, being honest about what we've spent and what we can afford.

We will focus on what we, uniquely, can do as the local authority as the democratically elected leaders of our borough. This means we will focus on our core services, and a small number of evidence-based outcomes that deliver our priorities.

But we will also continue to use our democratic mandate to convene our partners around a common purpose and to make a clear case for a better deal for Croydon.

We will aim to become a much more transparent, open and honest Council.

We will involve residents in our decision making. But we will also need to be clear with residents about what we can do, and what we can't.

When we have to say no, we will do so with compassion and take the time to explain our decisions.

FINANCIAL IMPACT:

As the restructure had to be paused in February 2021, some of the savings that would have been delivered by its proposals were taken as part of the overall savings for the 2021/2022 budget. Those cost savings total £315,129.

The cost savings from the proposals in this report for the full restructure total an additional £519,834.

These cost savings will contribute to the 2021/2022 budget as a part year effect from the implementation of the new structure which is intended to be in place in the autumn of 2021. The £519,834 full year effect will not be available until the financial year 2022/2023.

In total the proposed restructure will save 6.5% or £834,963 on current senior management costs.

If these proposals are agreed and are then implemented, the objective will be to avoid the termination of employment, on the grounds of redundancy, of all affected employees wherever possible. It is possible that in a very few cases that may be unavoidable and costs for redundancy payments will arise. These costs will need to have first call on the savings in the first instance. These costs cannot be estimated at this stage.

The costs of the recruitment support if any vacancies arise in this process will also need to be met out of the savings in the first instance. These costs cannot be estimated at this stage. The recruitment support will be sought through a competitive process.

RECOMMENDATIONS: Members are recommended to agree the following recommendations and refer this report to Full Council on 5th July 2021 for its approval.

- i. Agree the proposed new organisational design, structure (Appendix D) and job roles (Appendix G) for the three most senior tiers of management at Croydon Council, noting the consultation feedback and the many changes that have been made to the draft proposals following that feedback.
- ii. Note the grading of the posts will be in accordance with the 2021/22 Council pay policy as agreed at Appointments Committee 19th February 2021 and at Full Council on 8th March 2021.
- iii. Note the intended “go-live” timing for the proposed restructure of autumn 2021 and that a transition plan from the 5th July to the go live date will be drawn up.
- iv. Note the time limited period for this structure as part of the significant capacity investment needed to deliver the Croydon Renewal Improvement Plan and agree that a restructure will be commenced no later than the autumn of 2023 to review the resources and capacity required at that stage.
- v. Note the financial savings from this proposed restructure and the reduction of 12 senior posts.
- vi. Note the job descriptions for the corporate director, director roles and new heads of service roles in the proposed new structure. (Appendix G)

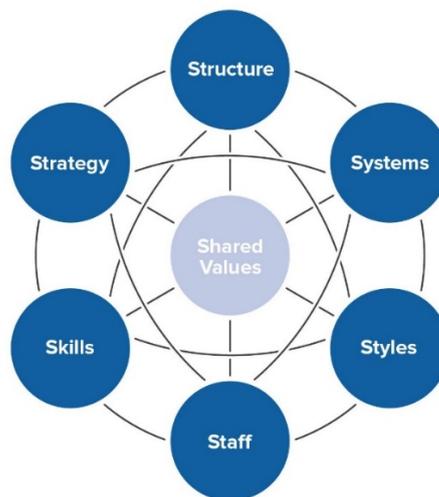
- vii. Note that the Council programme of moving all its services into a localities blueprint ceases and that localities is now focused solely upon adult social care and health as a service delivery model.
- viii. Note that in accordance with the Council's Restructuring and Reorganisation Policy, all staff directly affected by this proposed decision will be contacted by the interim Chief Executive or their relevant line manager and will receive notification from Human Resources.
- ix. Agree that further reviews are undertaken into the areas outlined at section 7.
- x. Agree the introduction of the shadow management team, the heads of profession role and the Council wide project teams and a report be brought to Cabinet to consider the first series of project activity once the proposed new structure as soon as is reasonably practical.
- xi. Agree the use of the new vocabulary to describe the proposed new management arrangements which will be incorporated into the codes of practice and governance documents.
- xii. Agree that the Code of Officer Conduct, the Staff – Councillor Code of Conduct, the Code of Corporate Governance, the Monitoring Officer Code, the Financial Regulations and any other relevant Council codes or parts of the constitution be updated to reflect this report and the new vocabulary.
- xiii. Agree that the Council website and intranet be updated to reflect these new arrangements when implemented.
- xiv. Note the further work required to introduce an improved system of internal control as outlined at paras 5.18-5.25
- xv. Note that an internal communications plan be drawn up and delivered to explain the new structure and to ensure all staff are aware of the new changes and manage the process from this decision date to the formal go-live date of the new design.
- xvi. Note that a cultural change programme will be drawn up that will incorporate the communications activity in xvi above and also build a full understanding of the new ways of working incorporated in this redesign.
- xvii. Authorise the interim Chief Executive to commission a positive action based marketing and recruitment campaign to handle any vacancies that may arise from this process and which needs to be designed to attract a very diverse field of applicants.

1. INTRODUCTION - RESTRUCTURE OR REDESIGN?

- 1.1 This report presents to members a proposed new design and reporting structure and arrangement of the three senior management tiers in 6 new directorates.
- 1.2 One of the reasons for this proposal is that for an organization, such as Croydon Council, with its' complex governance arrangements, accountability for significant amounts of public money, statutory duties and powers to carry out essential functions and a very wide range of services to deliver; a simple restructure or reorganisation of reporting relationships is insufficient.
- 1.3 This report proposes to members a new organisational design for Croydon Council that attempts to reshape and align its component parts towards more effectively achieving its business strategy, delivering the Croydon Renewal Improvement Plan and responding to the Council's current very challenging operating context.
- 1.4 As members will be aware that operating context consists of the impact of the Covid-19 pandemic on the communities, the businesses, the jobs, health and livelihoods of the people living in the borough as well as the range of independent external reports commenting upon and criticising the Council's recent past history.
- 1.5 These reports include the Report in the Public Interest, the non-statutory Rapid Review Report, the Section 114 Notices, the MHCLG capitalisation direction of £120m (with a further £30m to be considered), the recent independent ARK report into the housing service, the Social Housing Regulator's report and the views of the Independent Assurance Panel as expressed in their quarterly letters to the Secretary of State.
- 1.6 In looking ahead to the Council's medium term future, the delivery of the Croydon Renewal Plan is an essential part of the operating context that this redesign is responding to.



- 1.7 The proposed organisational redesign is a re-purposing of the Council and its resources. The approach taken has been to view the Council as a whole and to review the senior management structure as part of an inter-connected system along with the Council’s other staff, shared values, skill sets, style and strategies. The consultation document issued on 9th December 2020 to all staff as well as those staff directly affected in the top three tiers of management, referenced the thinking behind the McKinsey “Seven S” model to guide responses to its proposals.¹ The Council must be seen as a whole system and be able to be more than the sum of its parts.



- 1.8 The recommendations of this report seek to answer the relevant conclusions of the different independent external reports and also arrange the Council’s resources to more effectively support the significant requirements needed to deliver the Croydon Renewal Plan.

¹ <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/enduring-ideas-the-7-s-framework#>

- 1.9 The redesign of an organisation is something that needs to be regularly considered by the leadership of any organisation. The Local Government and Housing Act 1989² gave this duty to the statutory post of Head of Paid Service to prepare a report to the authority when considered appropriate, setting out proposals for *“the manner in which the discharge by the authority of the different functions is co-ordinated, the number and grades of staff required by the authority for the discharge of its functions and the organisation of the authority’s staff and the appointment and proper management of the authority’s staff”*.
- 1.10 This report is presented to members under this duty. This is a non-executive matter and as such is presented to the Appointments Committee and then will be referred to Full Council. The Council’s constitution Article 12.3(a), requires that:
- “The Chief Executive shall report to the Council on the manner in which the discharge of the Council’s functions is co-ordinated and the staff required for the discharge of functions”*.
- 1.11 Historically public sector organisations were often seen as overly stable with little change in staffing numbers or arrangements. However this is no longer the case. The Council must ensure it serves its residents in the most cost effective and efficient way, delivering its duty of best value and responding appropriately to its external and internal context. That requires a continual reassessment of the manner in which its resources are organised.
- 1.12 Most organisational designs and structures remain relevant for a period of 3-5 years and then require re-assessment. The Council is focused on the delivery of the Croydon Renewal Plan which seeks to have concluded the majority of its actions by March 2024. The design and structure of the Council will be reassessed no later than autumn 2023 to clarify what resources and capacity are needed at that point. Therefore this structure has a life of approximately two and a half years.

2. CONSULTATION

- 2.1 A wide range of consultation activities have taken place on these restructure proposals both informally and formally and with our health partners.
- 2.2 Informal consultation with the Executive Leadership Team (ELT) began on 18th September 2020 after the interim chief executive joined the Council and the first ELT away day was held to review the Council’s situation. Early discussion was held on the goals and purpose of the Council and what was needed to help the Council recover.

² <https://www.legislation.gov.uk/ukpga/1989/42/section/4>

- 2.3 A dedicated ELT workshop was held on 9th October 2020 on the organisational redesign of the Council, building on that earlier conversation. On the 10th October 2020, the interim chief executive notified ELT members that there would be a series of informal consultation meetings held with them to discuss the proposed new design of the Council and that the outcome from those meetings would form the basis of the formal consultation proposals to be launched later in the Autumn. Informal consultation meetings were held with all of the then ELT on the 13th, 16th and 18th November 2020.
- 2.4 The Corporate Leadership Team (CLT) meeting of 26th November 2020 also discussed the proposal to redesign of the Council and the informal consultation process. On 27th November 2020 an email was sent to all of CLT asking for their thoughts on the redesign of the Council and posed a question. *“Considering the Council’s current context and the challenging issues it is facing, do you view the current management arrangements as maximising the Council’s capacity to meet that challenge? Do you consider our current arrangements as fit for purpose? If so, why and if not, what suggestions might you have to improve our arrangements so that they do enable the Council to deal with the challenges it faces”*
- 2.5 The 25th November 2020 Cabinet report *“Croydon Renewal Plan and the Croydon Renewal Improvement Board”* recommendations noted that the interim chief executive was to commence formal consultation on a restructure of the Council’s management arrangements. The report commented on the need for the restructure to ensure capacity and capability was available to deliver high quality services, that finances were appropriately controlled and managed and that there was a sound understanding of risk at the heart of the Council.
- 2.6 The report also stressed the need to review the training for staff in financial management, budget setting, and programme and project management, the writing of business cases and risk management. It also stressed the need for a new system of internal control to be implemented and a new way of working with residents, local business and the Council’s partners to be developed.
- 2.7 Whilst a number of these elements have to be dealt with separately from changes in a restructure of reporting relationships, they are all vital ingredients of the proposed new design of the Council and will be referred to later in this report.
- 2.8 Formal consultation commenced on 9th December 2020 with a closing date of 29th January 2021. The period offered for consultation was longer than the statutory requirement.
- 2.9 Meetings were offered to all of ELT and CLT as part of that process and comments welcomed on the draft proposals circulated by email to all ELT, CLT and heads of service. All of the Council’s staff and elected

members were also invited to comment on the proposals, not just those staff directly affected in the top three tiers of management. As the Council has been involved in a long-term and joint partnership on integrated working with health partners, the chief executive of Croydon Health Services NHS Trust was also consulted.

- 2.10 Members should also recall that during the autumn of 2020, there was a considerable amount of engagement with staff across the Council. The interim chief executive launched a staff survey and series of workshops with staff in October 2020 and staff shared their thoughts on how well the Council was working. There were also a series of webinars held with the Leader of the Council where staff talked a great deal about the Council and how it was not working effectively. Nearly two thousand members of staff have participated in these events to date. The outcome from these events has also shaped the draft proposals shared in the formal consultation.
- 2.11 The commitment was given for this to be genuine and meaningful consultation and as evidence of that approach, during the consultation period, a further updated note was published on 13th January 2021, sharing feedback received by that date, plus the proposed new corporate director and director job descriptions, a second version of the proposed structure charts, an update note on the impact on current posts and the senior pay policy for consultation
- 2.12 On 28th January 2021 a further consultation update note was published sharing the indicative grades for the proposed new posts, draft job descriptions for heads of service and some further ideas that had emerged from the consultation meetings.
- 2.13 The consultation ended on 29th January 2021. Late replies were still accepted into the early part of the following week.
- 2.14 Work on the feedback received during the formal consultation was then paused on 8th February 2021 due to other formal processes being enacted in regard to the executive leadership team. 108 responses were received in the consultation period and several were on behalf of whole teams so more staff than 108 have directly contributed.
- 2.15 The recognised trade unions were all formally consulted as part of this process and feedback was received from them which will be referred to later in this report.
- 2.16 The work on this proposed redesign has now been able to recommence. The Council urgently needs to resolve its operating structure and fill a number of vacancies at tiers 1-3. This has been a consistent request of the Leader and Cabinet as well as the Improvement and Assurance Panel. As such the work to conclude the outcome of the restructure is being done at pace.

- 2.17 This final report will be discussed with the trade unions at a meeting held before the Appointments Committee and the outcome of that meeting will be shared with members at the meeting.
- 2.18 There will also be meetings held with the majority and opposition groups and the Cabinet and the Leader of the opposition. Feedback will also be brought to this Committee from those meetings.
- 2.19 As the Council is working with the Improvement and Assurance Panel, this report will also be shared with them and their views shared with members at the Appointments Committee. The timing of their joining the Council coincided with the restructure being paused so they were not party to the full consultation period. The Local Government Association will also be asked for their views and these too will be shared with members at the committee.

3. PRINCIPLES OF THE PROPOSED NEW DESIGN

- 3.1 The 25th November 2020 Cabinet report “*Croydon Renewal Plan and the Croydon Renewal Improvement Board*” noted in its recommendations the replacement of the Council’s Corporate Plan with a set of the new administration’s Priorities and Ways of Working. The full document outlining these and the reasons for them was shared with Cabinet and is attached to this report at Appendix A. This replacement of the Corporate Plan with these new priorities was approved at Full Council on 30th November 2020.
- 3.2 The agreed new priorities and ways of working form an essential part of the principles for the proposed new design of the Council and are as follows:

Priorities
<ul style="list-style-type: none"> • We will live within our means, balance the books and provide value for money for our residents. • We will focus on tackling ingrained inequality and poverty in the borough. We will follow the evidence to tackle the underlying causes of inequality and hardship, like structural racism, environmental injustice and economic injustice. • We will focus on providing the best quality core service we can afford. First and foremost, providing social care services that keep our most vulnerable residents safe and healthy. And to keep our streets clean and safe.

- To ensure we get full benefit from every pound we spend, other services in these areas will only be provided where they can be shown to have a direct benefit in keeping people safe and reducing demand.

New ways of working

- We will practice sound financial management, being honest about what we've spent and what we can afford.
- We will focus on what we, uniquely, can do as the local authority as the democratically elected leaders of our borough. This means we will focus on our core services, and a small number of evidence-based outcomes that deliver our priorities. But we will also continue to use our democratic mandate to convene our partners around a common purpose and to make a clear case for a better deal for Croydon.
- We will aim to become a much more transparent, open and honest Council. We will involve residents in our decision making. But we will also need to be clear with residents about what we can do, and what we can't. When we have to say no, we will do so with compassion and take the time to explain our decisions.

3.3 The informal consultation and the feedback from the staff workshops and webinars also raised a number of design principles that were consulted upon. These were:

- Financial sustainability - delivering the medium term financial plan
- Well-being of the people of Croydon post covid
- Regeneration of the Croydon economy post covid
- Essential core service provision
- Digital enabled service delivery
- Equality and diversity
- Health Integration
- The power of One and
- Responding to the independent reports' requirements
 - To restructure the Council,
 - The Chief Finance officer / S151 reporting directly to the Chief Executive Officer,
 - Establish a Programme and Project Management Office,
 - Ensure there is sufficient capacity to deliver the Improvement Plan and that managerial capability is strengthened and,
 - Improve the commercial skills of senior management and ensure there is sufficient resource to effectively manage the

relationships with the Council's companies and its other entities.

- 3.4 The Administration has also been developing its service policy priorities over the period of the consultation and these too have influenced the final proposals and design of the Council.
- 3.5 An overarching priority across all services is the need to reset the relationship with residents, rebuild trust between the residents of Croydon and their Council and build an engaged, inclusive working environment.
- 3.6 Other more service focused priorities of the new administration such as sustainable communities, regeneration and housing, the need to continue to protect the people of Croydon from violence, work on the Borough of Culture in 2023, to move safely out of lockdown and the vital need to support the economic recovery of the borough; all feature in the design of the proposed new organisation.
- 3.7 In addition to those specific design principles, a growing theme was developing through the staff feedback in the workshops and the webinars and also through the independent ARK report into the housing service of the need for the Council to fundamentally rethink its workplace culture.
- 3.8 The Council's current values are "one team, proud to serve, honest and open, taking responsibility, and valuing diversity", and in their own right seem appropriate and relevant descriptors. 60% of staff participating in recent workshops felt that we were only partially living up to these and that there was a strong desire for these to be refreshed and explicitly demonstrated in the new Council going forward.
- 3.9 Other words came through the feedback such as "listening", "taking ownership", "empathy", "curious" and a very strong demand for a culture where everyone felt engaged, valued, included and that they truly belonged.
- 3.10 These words are only demonstrated through the behaviours of the Council's managerial leadership and all staff. The organisation design has built in requirements in job descriptions and roles to drive these new behaviours. Engagement and productivity research³ has demonstrated that the more a member of staff feels able to "bring their whole selves to work", to feel fully a part of the organisation, respected, valued and trusted; the more service quality improves, the relationship with customers of the organisation improves and productivity increases.

³ See F Herzberg writings e.g. Harvard Business Review 2003

3.11 The often quoted (alleged) Peter Drucker saying; that “culture eats strategy (and structure) for breakfast”⁴ needs to be understood in this context. This is why this report does not simply concern itself with proposed new reporting relationships for the Council.

4. FINAL PROPOSAL FOR THE NEW OPERATING DESIGN OF CROYDON COUNCIL

4.1 The current reporting structure of Croydon’s most senior tiers of management is attached to this report at Appendix B.

4.2 Appendix C contains the draft reporting structure consulted upon.

4.3 Appendix D contains the final reporting structure proposals presented to this committee for approval.

4.4 The Council’s current three senior tiers of management are organised into four directorates with 6 members of staff on the executive leadership team. The chief executive and the executive director localities and resident pathway are the two posts without a directorate.

4.5 The proposed new structure changes the executive leadership team into a corporate management team and has 8 members as its core membership with 6 directorates. The chief executive is now the only post without a directorate.

4.6 The main difference between the draft structure for consultation and the final proposals are the addition of a housing directorate following the recent very serious service failures uncovered and the investment being made across the Council in service quality improvement, inclusion and performance management resources to address the requirements of the Croydon Renewal Improvement Plan.

4.7 The Council has 7 statutory posts it must allocate. 6 of the 7 are in the top three tiers of management. The remaining statutory post being that of the scrutiny officer which is situated within the democratic services & scrutiny service and is unchanged by this redesign.

Statutory post	Job title
Head of Paid Service (HoPS)	Chief Executive
Chief Finance and Section 151 Officer (S151)	Corporate Director - Resources

⁴ Attributed to Peter Drucker (no citation in his published works) and Mark Field President of Ford Motor Company 2006 possibly originates in Edgar Schein 1985 Organisational Culture and Leadership

Director of Children's Services (DCS)	Corporate Director - Children, Young People & Education
Director of Adult Social Services (DASS)	Corporate Director - Adult Social Care & Health
Monitoring Officer	Director of Legal Services
Director of Public Health	Director of Public Health

4.8 Not all of these posts report directly to the chief executive post. At all times the statutory posts regardless of reporting line have direct access to the chief executive. This is often referred to as a "dotted line" relationship.

4.9 Deputy roles have also been allocated for all of these roles for resilience purposes.

Statutory post – deputy role	Job title
Deputy Chief Executive & Deputy Head of Paid Service	Corporate Director - Resources
Deputy S151 Officer	Director of Finance
Deputy Monitoring Officer	Head of Legal Services - Litigation & Corporate Law
Deputy Monitoring Officer	Head of Legal Services - Social Care & Education Law
Deputy Monitoring Officer	Head of Democratic Services & Scrutiny
Deputy Director of Adult Social Care Services (DASS)	Director of Adult Social Care Operations
Deputy Director of Children's Services (DCS)	Director of Quality, Policy & Performance Improvement

4.10 There are other required roles which have also been allocated to different post holders.

Other required designations	Post title
Proper Officer	Director of Legal Services

Chief Information Officer	Chief Digital Officer & Resident Access
Senior Information Risk Owner	Chief Digital Officer & Resident Access
Deputy Chief Information Officer	Head of Digital Operations
Data Protection Officer	Head of Legal Services Litigation & Corporate Law
Caldicott Guardian	Corporate Director - Adult Social Care & Health
Caldicott Guardian	Corporate Director Children, Young People & Education
Principal Social Worker (children & young people)	Principal Social Worker & Head of Clinical Practice & Workforce Development
Principal Social Worker (adults)	Principal Social Worker & Head of Adult Mental Health & Substance Misuse

- 4.11 The Council's proposed new management reporting structure has been explicitly designed to respond to the recommendations of the various independent reports of which the Council has been subject; most particularly the Report in the Public Interest and the non-statutory Rapid Review Report.
- 4.12 These included specific recommendations for the redesign of the Council, which have all been incorporated.
- The Council is being restructured.
 - The section 151 officer now reports directly to the chief executive.
 - A programme and project management resource has been established in the 2021/2022 budget as agreed on 8th March 2021 and is situated within the Director of Policy, Programmes & Performance division.
 - A post of Director Commercial Investment & Capital has been created to bring the commercial expertise into the Council that was previously lacking and improvements will be made to the mandatory training programme on commercial skills, programme & project management and the production of business cases.

- Management capacity has been built into the structure or retained whilst the Croydon Renewal Plan is delivered. It is possible that the Council will be able to reduce its management capacity at head of service level in future. The proposed restructure in the autumn of 2023 will be charged with that.
- Significant additional capacity has been introduced in regards to performance improvement and management. This will be delivered through a service quality, productivity improvement and inclusion plan to deliver better quality services and a new relationship with the residents of Croydon.
- Improvements to the internal control system are outlined later in this report.

4.13 **THE PROPOSED NEW DIRECTORATES**

RESOURCES DIRECTORATE

- 4.14 Led by the Corporate Director - Resources and Section 151 Officer, this directorate embodies the heart of the internal control environment for the Council.
- 4.15 The Director of Legal Services and Monitoring Officer is based here as part of that essential control environment, covering legal services and democratic services and scrutiny. The Monitoring Officer will work closely with the three deputies to proactively fulfil this vital governance role.
- 4.16 The Director of Legal Services is proposed to be supported by four heads of service, three of which, the Head of Legal Services Litigation & Corporate Law and the Head of Legal Services, Social Care & Education Law and the Head of Democratic Services and Scrutiny are proposed to be designated as Deputy Monitoring Officers. These deputy roles of governance and legal practice will help support both sides of the Monitoring Officer role in a more proactive way.
- 4.17 The proposed new directorate is accountable for the Croydon Renewal (financial recovery) Plan and the leadership of the effective use of the capitalisation direction received from MHCLG. It will support the implementation of the 75 recommendations from the Finance Review and the outcome of the forensic review of the Council's financial service which is due to conclude shortly.
- 4.18 Changes have been proposed to the current arrangements for the insurance, risk, anti-fraud and internal audit services and subject to this Committee's agreement, the Council is looking to explore a relationship with the South West London Partnership in regard to internal audit and

anti-fraud giving the Council even greater resilience than its current arrangements.

- 4.19 Whilst that relationship is explored, it is proposed that an interim arrangement is put in place whereby the Head of Internal Audit function is undertaken through the Mazars contract with a direct reporting relationship to the Corporate Director instead of being one removed. The insurance and risk function will also manage the anti-fraud team whilst arrangements with the South West London Partnership are progressed, and the Council's overall internal control and compliance function is reviewed.
- 4.20 It is proposed that the Director of Finance and deputy S151 officer post will be secured as a permanent deputy role and a dedicated corporate and treasury management head of finance will bring together important aspects of the function. Pensions now has a sole focus as a division. There are a reduced number of posts reporting to this Director down from 9 in the old structure to 6 to give it greater capacity.
- 4.21 A review of the council's commissioning and procurement function is underway and is imminently due to conclude. A dedicated Head of Procurement is proposed to be established here once the final outcome of the review has been agreed. This would cover procurement governance including the buying function and a procurement function delivering tenders for the organisation and market assessment.
- 4.22 A new Director of Commercial Investment and Capital is proposed to be based here bringing new commercial expertise to the Council. This post will deal with asset sales and will also have oversight of the planning and delivery of the Council's capital programme for its infrastructure and schools expenditure (not the HRA) and a new combination of the Council's estates, facilities and asset management service. Fire and health and safety responsibilities for Council homes will be situated within the housing directorate and health and safety for the Council will also reside in this division.
- 4.23 There will be a need for additional commercial resource to be provided and it is under consideration as to whether that is an officer resource to be appointed permanently or whether that should be a financial resource to bring in external skills as required.
- 4.24 There has been significant criticism in recent reports the Council has received, over the culture and practice of governance in the Council and a programme of development for members and officers has begun to be developed. Further resource needs to be identified in terms of support for members to co-ordinate and support their development activity with the Members' Learning and Development Panel.

- 4.25 The proposed new Council design introduces a new role of head of profession which will be explained later in this report. The Corporate Director of Finance is proposed to be designated the head of profession for finance management.

Changes from the published draft proposals for consultation for this proposed directorate.

- 4.26 The payments, revenues, benefits and debt service has been returned to this directorate following consultation feedback not to move it to the Resident Access division in the Assistant Chief Executive directorate.
- 4.27 The resilience function was proposed to be moved here and following feedback it will be based in the Director of Policy, Programmes and Partnership division in the Assistant Chief Executive's directorate.

ASSISTANT CHIEF EXECUTIVE DIRECTORATE

- 4.28 This is a proposed new directorate for the Council and brings together a number of functions currently situated in different parts of the Council.
- 4.29 It is proposed to place the Director of Policy, Programmes and Performance role here to manage the essential supporting infrastructure for the Croydon Renewal Improvement Plan.
- 4.30 The directorate will also deliver effective HR support to staff and managers, support the funding of the Council's voluntary sector, relationships via the local strategic partnership, lead a new service quality and productivity improvement service building on equality, engagement and inclusion of staff, provide intelligence on and the opportunity to learn from resident feedback and service demand patterns and transform the way the Council maximises the benefits and efficiencies of a digital delivery platform for Council services. The Head of Electoral Services, Mayor's Office and Coroner's Office will be based in this directorate.
- 4.31 This directorate provides the engine room for the delivery of the Croydon Renewal Improvement Plan and has the new programme management office (PMO). The Council's existing performance team is also newly situated in this directorate and will support the work of the PMO.
- 4.32 A new division of Digital and Resident Access is proposed. This draws together the front line and telephony resident access into the Council and will lead a review across the rest of the organisation rationalising access and aligning it with the corporate digital platform. The concessionary travel service moves to the Digital & Resident Access division.

- 4.33 This division is proposed to lead a behaviour change programme in regard to the listening to and building empathy with residents, working closely with the Director of Service Quality, Improvement and Inclusion. This division is also proposed to retain the Registrars and Bereavement service as that is a very sensitive resident facing service and fits well within a resident access culture.
- 4.34 It is proposed that all customer intelligence functions are brought together from across the Council, complaints, information management, data management, FOI and SAR's; all will be located here as well as providing a more effective joined up response to residents' complaints etc. The division will be tasked with understanding the data, trends and learning from our resident's feedback and views. This has been a significant issue of concern for members, MPs, officers and residents alike. A new telephony service is currently being procured and a new member casework system is in the process of being developed to knit this together with resident contact and complaints, member and MP casework to develop a more effective service.
- 4.35 The Statutory Director of Public Health and the public health team are proposed to be moved here from the previously proposed Directorate of Public Health and Public Realm. This will enable the role to have the broadest strategic reach for its influence and direction following the very significant role it has had in the pandemic and continues to play as we inch our way out of lockdown. This post will also have a "dotted line" reporting relationship to the Chief Executive
- 4.36 The proposed new Council design introduces a new role of head of profession which will be explained later in this report. The Chief Digital Officer and Director of Resident Access is proposed to be designated the head of profession for access to information and transparency. The Statutory Director of Public Health is proposed to be the head of profession for data interpretation, business analytics and insight. The Director of Policy, Programmes and Performance is proposed to be the head of profession for programme and project management.
- 4.37 The creation of a new role of Director of Service Quality, Improvement and Inclusion is prompted by the significant service quality and productivity improvements required in Council services as identified in the external reports and in the recent ARK report into the Council's housing service. Feedback from the LGA, MHCLG and the Improvement and Assurance Panel have all highlighted in different ways, the need for a consistent corporate focus on service improvement, performance management, service quality and engaging all staff to feel fully included and take ownership. They also have all commented that changing the internal operating culture of the Council is as important a factor, if not the most important, than all the process and policy changes required.

- 4.38 Council staff have raised in the consultation, the workshops and the webinars their very profound concerns over the internal operating culture of the Council. A consistent theme from staff and from residents is the failure to engage with and include all staff and enable everyone to feel valued and able to deliver at their full potential. The sentiment of not “being able to bring my whole self to work” has been repeated in many different ways. This in turn has developed in some places, a staff to resident culture which lacks empathy, the willingness to really listen to residents and demonstrate respect.
- 4.39 Since September 2020, there have been some developments which have aimed to redress this including much more open communications from senior management in workshops and webinars, and a new Guardians scheme to give staff support and help to speak out about what is wrong and needs resolving both in services and in personal treatment. Improvements are also being made to the whistleblowing process which considering the Council’s recent history, is very low in receiving complaints.
- 4.40 A Culture Board has been in existence for a few years chaired by the previous chief executive with the chairs of the staff network. A Children’s Services Race Board was set up about 18 months ago with significant support from both Joe Montgomery CBE following his review and Lord Woolley. Discussions with both of them over this restructure and the next best steps that could be taken with both the equality, diversity and inclusion agenda and the service improvement agenda led to the design of this function.
- 4.41 Service quality, productivity and inclusion is such a fundamental element of changing the Council as per the Croydon Renewal Plan that moving quickly to change this culture along with introducing a more compliant and disciplined approach to internal control is essential. Without a significant addition of capacity this simply will not make enough progress by March 2024.
- 4.42 The proposed new role of Director Service Quality, Improvement and Inclusion will be a full member of the proposed corporate management team. This post is proposed to also be a head of profession for service quality, productivity & improvement and draw together the service improvement posts across the Council into a corporate force focused on improving service quality, inclusion and productivity. The investment in this proposed role and the staff supporting this post indicates very clearly the importance of this work to deliver the Croydon Renewal Improvement Plan. Its voice will be at the most senior management level and be able to offer advice on all Council services to corporate directors, Cabinet and all members.
- 4.43 Reporting to this post will be the Head of Learning and Development and the Head of Communications and Engagement. The policy resource on equalities that sits within the current policy, performance and

partnerships division will also move to report to this post. This division will own the Council's equality policy and strategy and will also be charged with refreshing the Council's vision and values through a wide ranging staff engagement process.

Changes from the published proposals for this proposed directorate

- 4.44 The Head of Payments, Revenues and Benefits & Debt was proposed to be placed in the Digital and Resident Access division. Following consultation feedback, this has now been moved back to the Resources Directorate and the Finance division.
- 4.45 The Director of Public Health role has been moved here from the proposed Directorate of Public Health and Public Realm and following consultation feedback has changed back into being a sole focus on public health duties but with a significant corporate focus and reach and not be combined with operational service responsibilities.
- 4.46 It was proposed to move the funding of the voluntary sector infrastructure bodies and the relationship with the LSP into the Public Realm and Public Health directorate. Following consultation feedback it is proposed to leave it where it is currently in the Policy, Programmes and Performance division.
- 4.47 It was proposed to move the resilience functions (Emergency Planning & Business Continuity Planning) into the Public Health and Public Realm Directorate. Following consultation feedback, this will now be placed in the Policy, Programmes and Performance division in this directorate.

ADULT SOCIAL CARE AND HEALTH DIRECTORATE

- 4.48 The focus of this proposed new directorate is to safeguard vulnerable adults living in the borough and to seek to enable a greater quality of life as well as a longer life for those in the Council's care. It is also charged with enabling those receiving care to be in control of their choices and payments.
- 4.49 The directorate will also deliver an integrated adults' NHS health and social care system across the borough, through the One Croydon Alliance ensuring the quality of operational service delivery for those receiving care and reducing costs and managerial overheads whilst retaining democratic control and oversight over Council care services.
- 4.50 The Adult Social Care & Health directorate retains the existing adult social care functions. The current financial context of the Council is dominated in part by the comparatively high cost base of expenditure on adults' services and the need to address a structural deficit in expenditure and rebalance the comparative costs of the service with other London councils.

- 4.51 Whilst the delivery of the medium term financial strategy is ensuring those budgetary adjustments and savings are safely made to adult social care, the proposed directorate will be focused on reviewing all its expenditure on placements and its thresholds of access into the care system to bring Croydon's expenditure into line more with the London average.
- 4.52 The proposed directorate also has the transition service for young people moving into adult disability services from the children, young people and education directorate.
- 4.53 The proposed directorate will pursue the completion of the localities programme. It will also continue the integration programme with local NHS colleagues. The localities programme will not be applied to other Council services.
- 4.54 The Croydon adult support service, the commissioning of the rough sleeping service, appointee-ships and deputy-ships, the front door team and financial assessment all currently in the Gateway division; will move into this directorate.
- 4.55 A review of the council's commissioning and procurement function is underway and is imminently due to conclude. Following the outcome of the commissioning and procurement review, commissioning services will be moved into this directorate and will report to the Director for Adult Social Care Policy & Improvement. There may be further reviews and job evaluation required at that stage.
- 4.56 The proposed new Council design introduces a new role of head of profession which will be explained later in this report. The Director for Adult Social Care Policy & Improvement is proposed to be designated the head of profession for commissioning and procurement.

Changes from the published draft proposals for consultation for this proposed directorate.

- 4.57 The only change to the published draft proposals to the final proposals is the identification of the Director of Adult Social Care Operations as deputy DASS.

CHILDREN, YOUNG PEOPLE AND EDUCATION DIRECTORATE

- 4.58 The focus of this proposed directorate is to safeguard vulnerable children and young people, to enhance the quality of life of children and young people in the borough, champion the full achievement of their potential and to support all schools in the borough in attaining great educational outcomes for all our children.
- 4.59 The existing directorate has been through significant change over the last few years following the prior Ofsted "inadequate" report and the two year journey to receive a "Good" Ofsted rating in March 2020.

- 4.60 The directorate has had significant transformation investment in its services. The directorate leads the Council's work in supporting unaccompanied asylum seeking children and young people and the vital work to ensure that the government properly funds the service.
- 4.61 The focus on improvement in children and young people's services should never cease and the improvement activity of the directorate must continue alongside the work to reframe its expenditure more in line with the London average.
- 4.62 The post of Director of Quality, Policy and Performance is now proposed to be made permanent and the Head of Service of Performance and Business Intelligence will build on and sustain the work done to date and add capacity to take the services into their next phase of improvement activity.
- 4.63 The Education division has consistently provided effective support and challenge to Croydon schools, contributing directly to the good education standards across the borough. The proposals build on this to implement the SEND strategy to educate more children in borough, contributing to the Dedicated Schools Grant recovery plan. Alongside this an expanded Head of Access to Education will bring together school standards and leadership of the virtual school to ensure there are consistently high expectations for children and young people across Croydon including those in our care.
- 4.64 The proposed Children, Young People and Education Directorate has an overview and responsibility for children and young people from birth (Children's Centres, PVI's, Childminders, Nursery, Primary and Secondary schools) through to age 16 and up to 18 if attending a sixth form. A gap in support for those young people post-16 that attend a college has been identified in the consultation. The proposal is for the Education division to have responsibility for Colleges clearly identified. This will ensure that there is all education provision in one area of the Council, resulting in an all age education strategy, transparency for families and an alignment with the Education Partnership that will be developed with all education providers across the borough. Whilst it is proposed that CALAT moves to the Sustainable Communities, Regeneration & Economic Recovery directorate to refocus its approach on skills for employment post the pandemic, it will retain close links with the division.
- 4.65 A review of the council's commissioning and procurement function is underway and is imminently due to conclude. Following the outcome of the commissioning and procurement review, it is proposed that commissioning resources will be moved into this directorate and will report to the Director of Quality, Policy and Performance. There may be further reviews and job evaluation required at that stage.

Changes from the published draft proposals for consultation for this proposed directorate.

- 4.66 The only changes that have occurred between the draft proposals and the final proposals presented to this committee are changes in job titles. Workforce Development has been incorporated into the Principal Social Worker role and Adolescent Services have moved to the Head of Advice, Support and Intervention.

SUSTAINABLE COMMUNITIES, REGENERATION & ECONOMIC RECOVERY DIRECTORATE

- 4.67 The focus of this proposed directorate is to ensure the safe and effective delivery of the vital regulatory duties the Council has in terms of planning, licensing, highways and parking services, independent travel, and environmental health; to safeguard vulnerable people at risk of violence and anti-social behaviour, to develop new strategic and sustainable regeneration proposals, drive the economic recovery of the borough post covid and offer skills development opportunities for local people, to also safeguard and manage the public realm and the many beautiful parks and open spaces in the borough and to develop the Council's cultural offer for the Borough of Culture 2023, including the museum, libraries, music and arts and leisure service.
- 4.68 The proposed directorate has a new division of Planning and Sustainable Regeneration which is the home to the planning, growth, regeneration, economic recovery services and CALAT – the adult learning and skills functions. These will be refocused to support the longer term economic development, recovery and regeneration activity of the borough which is still underway although slower than before due to the pandemic and will support the needs of local people in gaining new skills and employment.
- 4.69 The future model and direction of the Council's library service will be led from the Culture and Community Safety division and the Council's Music and Arts service is also based here, aiming to maximise the influence and reach of that service and its contribution to the Borough of Culture. It will retain its links with the education service as well.
- 4.70 The proposed new Council design introduces a new role of head of profession which will be explained later in this report. The Director of Sustainable Communities is proposed to be designated the head of profession for resident voice.
- 4.71 A review of the council's commissioning and procurement function is underway and is imminently due to conclude. Following the outcome of the commissioning and procurement review, it is possible that commissioning resources will be moved into this directorate.

Changes from the published draft proposals for consultation for this proposed directorate.

- 4.72 This proposed directorate and the proposed new Housing directorate show the greatest amount of changes from the draft proposals.
- 4.73 It is proposed that the Statutory Director of Public Health is moving to the Assistant Chief Executive's Directorate. A new Director of Culture and Community Safety has been proposed to give the necessary senior capacity to the cultural offer the Council has and harness its benefits for regeneration as well as planning for the Borough of Culture in 2023.

HOUSING DIRECTORATE

- 4.74 This proposed directorate will be focussed solely on the Housing service. This will cover the assessment of housing need and homelessness through to temporary accommodation and allocations into Council homes and the tenancy relationships and the management and maintenance of the Council properties. It will also manage the HRA capital programme and the forward planning of proactive maintenance and any estate regeneration. It will also update and produce the strategies and policies that the Housing service is required to deliver.
- 4.75 The directorate has a proposed new post of Corporate Director, two Directors and has two new heads of service as well.
- 4.76 This level of investment and senior management capability and capacity is deemed necessary due to the very serious concerns revealed over the quality of the Council's housing service at Regina Road and the independent ARK report.
- 4.77 Other services that are proposed to move into this division from the Gateway division are the community resources delivery officer, the rough sleeping service, the discretionary support team & administration of Department of Work and Pensions grant to support residents to prevent homelessness and provide emergency funding, emergency accommodation /temporary accommodation, income collection, the statutory homelessness function and No Recourse to Public Funds service.
- 4.78 A review of the council's commissioning and procurement function is underway and is imminently due to conclude. Following the Commissioning and Procurement review, it is possible that commissioning resources will be moved here.
- 4.79 Once the housing improvement plan has been in operation for 18 months or has achieved most of its milestones: whichever is the earliest, the need for a totally separate housing directorate will be reviewed.

Commissioning and Procurement

- 4.80 The existing division of Commissioning and Procurement is proposed to be deleted in this restructure. A review is underway into that division which is expected to be concluded very shortly and then the services it currently delivers will be proposed to be embedded within the main

services directorates which includes commissioning activity and contract management with a corporate procurement role in the Resources Directorate.

- 4.81 There are a number of Heads of Service posts and staff reporting to them that are affected by this review. As it is not yet concluded, they have been held outside this restructure and are shown on the final page of the proposed new structure chart. It is appreciated that this is an unsettling time for all those staff and work will be expedited to ensure the review concludes swiftly and their destination divisions are formally agreed as soon as possible.
- 4.82 The intent of the review is to retain a head of service procurement post to be based in the Resources directorate and then the commissioning and other brokerage roles to be moved closer to service delivery in the other directorates. The Council's structure will be updated once it is concluded.
- 4.83 The Community Equipment service that currently works within the Commissioning and Procurement division has been moved in advance of the rest of this review to report into the Director of Adult Social Care Operations.

5. THE PROPOSED NEW DESIGN OF THE COUNCIL

- 5.1 In addition to the proposed new directorates, other changes are also proposed which will help deliver a new operating style and culture at the Council.

Corporate Management Team

- 5.2 A proposed "Corporate Management Team" (CMT) will replace the Executive Leadership Team. The language used for the new title of the meeting of the Council's most senior managers is deliberately chosen.
- 5.3 This is to reflect their focus on managerial leadership of the whole Council staff and across the Council's overall functions. It signals a step forward from the silo-ed behaviours of the past. It avoids any confusion with the community leadership role of elected Members and their specific responsibilities to lead the Council and the wider borough. It also avoids any confusion with the specific Constitutional position where the Leader and Cabinet are formally the Council's "political executive".
- 5.4 This change therefore clarifies that while the Leader and Cabinet lead the Council as a whole, it is the Council's appointed officials who manage the services and lead the organisation's staff.
- 5.5 Membership of the CMT will consist of a core group with other officers able to request attendance at it for specific matters or to place items on the agenda for discussion. All members of the CMT and all directors will receive weekly copies of the papers to build understanding and openness. A cascade relationship of briefings will take place from the

CMT to directorate management meetings and then onto divisional meetings.

- 5.6 Each member of the management team will take on a lead role for one of the staff networks and will be a champion for their work. Where the roles align they can work closely with the member champions as well.

Core CMT membership	
Assistant Chief Executive	Director Service Quality, Improvement & Inclusion
Chief Executive	Corporate Director Housing
Corporate Director Adult Social Care & Health	Corporate Director Resources
Corporate Director Children Young People & Education	Corporate Director Sustainable Communities & Regeneration
Standing members of CMT	
Statutory Director of Public Health	Director of Legal Services – Monitoring Officer
Head of Insurance, Anti-Fraud & Risk	Internal Audit
Director of Human Resources	Head of Communication & Engagement
Director of Policy, Programmes & Performance	

- 5.7 In order to develop staff knowledge of the whole Council's operations and to offer opportunities for development, it is proposed that a shadow corporate management team will be developed from front line / non-management staff across the Council. This will be a similar model to a non-executive director role and is something that the national civil service has used.
- 5.8 They will be given the management team papers and be asked to hold the meeting in the same way as CMT and one of their number each week will be asked to attend CMT to offer their views and conclusions.
- 5.9 These roles will circulate and will be held for a period of approximately three months. Training will be offered to those under taking these roles. CMT will significantly benefit from having a front line perspective on many of the matters it discusses and it will help build openness and

understanding across the Council as well as offer development and learning opportunities for those staff involved.

A new vocabulary

- 5.10 To support the proposed new system of internal control, and to operate in a more co-ordinated fashion, the Council’s management needs to adopt a new shared language of describing activity and role
- 5.11 The change in language of posts and meetings and the sharing of the same language is intended to achieve two outcomes. One is a shared understanding across the Council of what is being referred to and how it all connects. The other is to emphasise the importance of management and managerial leadership in delivering efficient and effective services.
- 5.12 Feedback on this from staff was very supportive and it is proposed we adopt the following descriptions of roles and meetings.

From	To
Executive Leadership Team	Corporate Management Team
Directorate Leadership Team	Directorate Management Team
Executive Director	Corporate Director
Corporate Director	Director
Head of Service	Head of Service
Directorate / Department	Directorate
Department / Division	Division
Division / Team / Service	Service then Team

Heads of profession

- 5.13 The consultation proposal paper talked about *“introducing roles to be designed across the structure to be professional leads to draw together shared processes and systems.”* This is “borrowed” from the civil service where they have officers engaged in similar functional activity in different government departments and they use this model to achieve a consistent approach and quality of work across the civil service e.g. developing policy. They also use it as a way of developing staff, improving skills, networking across the service to build connections and understanding and overall enriching roles.
- 5.14 Feedback from the consultation was positive about this as an idea with further suggestions for more “professions”. Staff were also concerned

that this shouldn't be seen as an unlimited new resource and that capacity constraints still exist for these areas. This is very much about harnessing similar roles together to co-ordinate existing capacity more effectively, to create corporate communities of practice and to raise standards in the discipline.

- 5.15 If supported by members, the detail of how we will deliver this role will be defined. This is not intended to be an exact replica of the civil service model. A Croydon version will need to be defined and an agreed phasing of the professions to be rolled out so as not to overload the organisation.
- 5.16 A number of the job description have this new responsibility identified. The proposed list of posts which could hold a head of profession role are as follows:

Profession	Post
Finance Management	Corporate Director of Finance
Programme & Project Management	Director of Policy, Programmes & Performance
Service Quality, Productivity & Improvement	Director of Service Quality, Improvement & Inclusion
Access to Information & Transparency	Chief Digital Officer and Director of Resident Access
Data interpretation, business analytics and insight	Statutory Director of Public Health
Commissioning & Procurement	Director of Adult Social Care Policy & Improvement
Resident Voice	Director of Sustainable Communities

Special Projects

- 5.17 Feedback from staff has been consistent about the need to develop more open and equitable opportunities for staff development and to be able to work across the organisation, most recently during the tea time conversation with the Race Equality Network.
- 5.18 Various ad-hoc offers have been made to make some opportunities available since September 2020, including the involvement of colleagues in the work on the Croydon Renewal Improvement Plan.

- 5.19 The Council also has a range of ambitious strategies which require consideration across all of the Council's services but at present there are no dedicated or specific resources to do some of these. Such a strategy is the recently approved Croydon Climate Crisis Commission and the action plan to be developed.
- 5.20 If this proposal is approved by members, a programme of topics will be developed for Cabinet to prioritise and then these will be offered to staff to come forward to work on as a new range of personal development opportunities. Training will be provided for staff who participate in these special project teams. Each corporate director and director job description has been written to incorporate this activity and the release of staff to participate in these special projects

Internal System of Control

- 5.21 From a review of the Council's intranet and some training resources, it is clear that Croydon Council has had a defined system of internal control – in the past called “doing the right thing”. There is a great deal in those resources on line that is of value and is still of relevance to us today. For example there is a corporate code of governance that incorporates the CIPFA “Delivering good governance” code and each directorate used to have their own scheme of management and internal controls and delegations defined and published. It is also clear from the recent number of critical external reports that this system of internal control fell into a level of disuse resulting in a nil to limited assurance rating and a qualification on the Council's accounts for value for money as well as a Report in the Public Interest and Non-Statutory Rapid Review Report criticising the internal controls on governance and financial and risk management.
- 5.22 Much work has been delivered to improve the system since the action plan to the Report in the Public Interest was published in November 2020. At the June 2021 Cabinet the update report showed nearly half of all actions have now been completed.
- 5.23 A system of internal control inside a local authority consists of a range of processes and activities that must be complied with by managers and staff to ensure effective governance and that stewardship of public money can be assured. But it is not solely about the correct implementation of policies, processes and forms. For it to be truly effective it needs to be part of the day to day management behaviours and dialogue of the Council.
- 5.24 Another very important element of an internal control system is the need for it to be effectively organised so it can form part of the business of the Council in a smooth and efficient way. It also needs to involve managers and senior managers across the Council in order for it to be a truly lived culture.

- 5.25 As part of the proposed changes to the senior management, it is proposed to introduce the first stage of a new series of internal control officer boards. These will need to be captured in the updated Code of Governance and other associated codes, regulations and references in the Council's constitution. The Council's intranet pages will also need to be significantly updated and the training refreshed.
- 5.26 A formal review of the mandatory training that all managers and all staff must undertake is also required and completion of this be reported in the assurance reports.
- 5.27 The proposed new officer boards will be:

Equality, Diversity & Inclusion	Information Management & Transparency
Finance, Risk Management and Assurance	Performance Improvement & Productivity
Health & Safety	Resident Voices

- 5.28 Each proposed board will have its own terms of reference, membership from each directorate management team and other officers and will also be allocated corporate strategies to own on behalf of the Council. The minutes of these meetings will be shared with CMT and the 6 DMTs. Participation in these boards will also be open to staff across the council as part of a development opportunity.
- 5.29 Further work is needed to map the remaining staff meetings that happen within and across each directorate and also the range of regular meetings that happen with members and officers and members, officers and partners.

6. FEEDBACK FROM THE CONSULTATION AND CHANGES MADE TO THE DRAFT PROPOSALS

- 6.1 Over 108 responses were sent into the consultation with many meetings held with executive and corporate directors. A great deal of feedback was also received on the culture of the Council and the way it works through all the workshops and staff webinars. Nearly 2000 staff have been involved in those to date.
- 6.2 A formal acknowledgement was sent to each person who sent in their comments. A formal response is in the process of being sent to each respondent explaining the effect of their comments on the final proposals placed before members.
- 6.3 If consultation is to be genuine and meaningful it must be two way, and it must respond to people as well as giving due consideration to their comments. As has been explained earlier in the report, the period of time allocated to the formal consultation was longer than is legally required.

- 6.4 Finally all staff and members were invited to contribute to the consultation and not just those directly affected. The consultation did take place at the same time as some of the restructures for budget savings for the 2021/2022 budget and understandably there was some confusion in some of the responses as to which consultation was being responded to.
- 6.5 Also some staff raised queries asking what was going to happen with their specific team or post and if that wasn't in the three senior tiers of management than that was not the subject of this consultation. However as the recommendations show further work will now follow on from the overarching restructure of the Council to more specific reviews on a more local basis which do cover some of the issues raised.
- 6.6 The main themes of feedback were:
- Support for moving housing together.
 - Support for the heads of profession role.
 - Support for the move back into services of the commissioning and procurement resources.
 - Support to remove gateway although concerns about early help still being needed.
 - Support for a single resource dedicated to procurement
 - Support to join the information management, complaints, FOI, SAR and resident access services together
 - Support for bringing planning and regeneration together and retaining the skills and economic development resources there as well.
 - Support for keeping the work integrating with Health going.
 - Support for the improvement function in CFE being made permanent.
 - Strong request to boost the resources we have on service quality, improvement, equality, engagement and inclusion.
 - Support for rebuilding the trust and relationship with residents.
 - Support to resource the work on the Borough of Culture
- 6.7 There were also requests for changes from the draft proposals. The ones recommended to members to support are:
- To place the resilience team in the Assistant Chief Executive's Directorate, Policy, Programme and Performance division.
 - To retain the Statutory Director of Public Health as a strategic resource and place it in the Council to have greater corporate reach and impact.
 - To retain the voluntary sector funding support in the Assistant Chief Executive's Directorate, Policy, Programme and Performance division.
 - To move back the Payments, Revenues and Benefits and Debt division into the Resources Directorate, Finance Division.

- To not progress with a Public Health and Public Realm Directorate but to recognise the sustainability and regeneration priorities of the Council, the changing national thinking about the future of the public health service and not to alter it too much whilst the lock down / pandemic continues and to enable the housing service to become a directorate in its own right.
- 6.8 There was also disagreement that the coroner's service should move away from insurance and risk. This has been rejected due to the need to ensure the focus of the Head of Service Insurance, Anti-Fraud and Risk and the service is solely focused on the significant risks the Council has and its anti-fraud and insurance needs, as part of the essential task of improving the internal control practices of the Council.
- 6.9 Feedback from two of the recognised trades unions was received. The majority of one union's feedback was focused on the savings proposals and restructures for the 2021/2022 budget.
- 6.10 The other feedback received offered a much reduced senior management structure at head of service level for the Council. It proposed seven heads of service be removed. This was achieved by reducing the four heads of HR to two, the four heads of finance to 2, two childrens' and two adults social work heads of service to one each, and merging 6 posts in the public realm directorate (as was) into 3. Whilst this feedback is helpful, at this stage this is not agreed with. However the further restructure that is flagged in this report that will take place no later than the autumn of 2023 will directly consider these proposals as part of the assessment of what capacity is needed once the Council has achieved much of the Croydon Renewal Plan milestones. It is vital at this stage that we retain enough capacity and bandwidth to be able to deliver both the services we must do for the residents of Croydon but also deliver the Croydon Renewal Plan.
- 6.11 Due to the considerable amount of work developed on the health integration agenda, the chief executive of the Croydon Health Services NHS Trust sent in views on the proposed restructure. Options of fast tracking the integration of health and adult social services was submitted along with proposals to merge the DASS with a director of the NHS Trust management team. The proposals do reflect a number of other local authority and NHS arrangements which have shown positive benefits for more effective and efficient adult social care and health services. However at this stage with the need to fundamentally reduce the cost base of adult social care, these comments have been rejected. However, when the reassessment of this structure takes place in the autumn of 2023 these ideas should be very seriously considered.
- 6.12 The Coroner also responded to the consultation and the suggestions have been incorporated in the proposals before members.

7. FURTHER REVIEWS

- 7.1 The proposed redesign and new senior management structure that is presented to members for consideration and agreement is the first step in a series of follow on reviews that will now be required. The overriding principle for this proposed restructure is one of lift and shift.
- 7.2 Further work is then required once a service or team is placed in its new home to ensure it connects with the other services it sits alongside and works as effectively and efficiently as possible. This further work will either be carried out by the management in place or additional resource may be provided to support. The preference will be for local management to complete the review.
- 7.3 At the time of writing this report, the Council is undergoing significant reviews of its service to identify further budget savings for the 2022/23 budget. A very detailed review of statutory and discretionary services is underway to establish more cost efficient and effective ways of delivery and more reviews and reductions will flow from this work which will affect the proposed structure and posts.
- 7.4 One of the reviews to follow on from this restructure is a Council wide review of the expenditure on legal services and controls across the Council for officers to commission legal advice and to balance that with the use of our in-house service.
- 7.5 The nature and type of additional resource for the Director of Commercial Investment & Capital is to be determined. In particular whether the resource should be internal or external.
- 7.6 In order to provide greater resilience and support to the internal audit and anti-fraud functions, discussions have been held with the South West London Partnership which is hosted by Wandsworth and which provides internal audit and anti-fraud services to Kingston, Merton, Richmond, Wandsworth and Sutton. Discussions are ongoing, but if successful would enable better career development for the existing Council staff group in the anti-fraud service and for greater future flexibility in the provision of internal audit. A full report on this will be made to a future meeting of GPAC. New arrangements are in place in the short to medium term with the Head of Insurance and Risk incorporating the anti-fraud function and Mazars providing the full support on internal audit to the Corporate Director Resources.
- 7.7 The review of the commissioning and procurement service will shortly conclude. There has been very positive support in the consultation for the commissioning resources to be moved closer to the relevant service and for a dedicated procurement function to be created.
- 7.8 The governance of the pension scheme is separate to the rest of the council's work on the local government pension and this will be reviewed.

- 7.9 The merger of the anti-fraud service into the insurance and risk service is an important step for the work on the internal control system and a review will be useful to ensure it connects effectively together.
- 7.10 The Gateway service will need a detailed review to ensure the many elements of it have been safely redesigned into the different parts of the Council.
- 7.11 The Housing service will need a detailed review and redesign.
- 7.12 The Council's complaints, information management teams, SAR, FOI, member case work and resident access systems will all need redesigning.
- 7.13 A spans and layers review exercise will also be used in the redesign of the different parts of the Council's structures that follows on from this report. It is understood that due to the nature of the Council's financial difficulties we will need to keep reviewing staffing costs and the structure of the Council as we deliver the medium term financial strategy.
- 7.14 The resources that support members' governance meetings and members' needs in general needs reviewing.
- 7.15 There will need to be a consideration as to whether there are sufficient resources in the risk service.

8. PROPOSED CHANGES TO POSTS AND AFFORDABILITY OF THE PROPOSED STRUCTURE

- 8.1 This proposed restructure was formally consulted upon in December 2020. Due to the need for it to be paused, several changes were made to senior management structures for the budget savings for 2020/21. Those savings would have been attributed to the impact of the proposed restructure.
- 8.2 The impact of this proposed restructure will be shown as total posts changed in the three senior tiers since December 2020 and also the total savings from this proposal.
- 8.3 **Posts in place in December 2020**

Posts	Number at December 2020	
Chief Executive	1	
Executive Directors	5	1 Other Sources Funded

Corporate Directors	20	1 Public Health Funded 2 HRA Funded 3 partially funded from HRA, Pension Fund and other sources.
Heads of Service	84	3 CCG funded 3 HRA funded 9 partially HRA funded 1 partially Pension Fund funded 3 partially funded from other sources
Total	110	

8.4 Posts proposed in new structure June 2021

Posts	Number at June 2021	
Chief Executive	1	
Corporate Directors	6	1 HRA funded 1 partially funded by HRA and Pension Fund
Directors	18	1 HRA funded 1 Public Health funded 4 partially funded by HRA
Heads of Service	73	1 Pension Fund funded 3 CCG funded 6 HRA funded 4 partially HRA funded
Total	98	

8.5 The proposed restructure will reduce the number of senior posts overall by 12 posts.

8.6 Four new posts including a corporate director and director have needed to be introduced to address the significant issues in the housing service and ensure the Croydon Renewal Plan can be fully delivered in

particular change the operating culture of the Council. Once the housing improvement plan has been predominantly delivered, the need for this directorate will be reviewed with the aim of integrating it within the Sustainable Communities, Regeneration & Economic Recovery directorate.

8.7 The proposed posts identified for member approval in this restructure have all been checked to ensure there is base budget funding for them.

8.8 As the restructure had to be paused in February 2021, some of the savings that would have been delivered by its proposals were taken as part of the overall savings for the 2021/2022 budget. Those 2021/2022 cost savings total £315,129.

8.9 The additional cost savings from these proposals for the full restructure total £519,834. These cost savings will contribute to the 2021/2022 budget as a part year effect from the implementation of the proposed new structure which is intended to be in place in the autumn of 2021. The full year effect will not be available until the financial year 2022/2023.

8.10 In total the proposed restructure will save 6.5% or £834,963 on current senior management costs.

9. NEXT STEPS

9.1 Following Council approval, the assimilation to the proposed structure will be in accordance with the Council's restructuring and reorganisation procedure and policy. In accordance with this procedure, subject to the relevant assessment of the role, affected employees will either be directly assimilated (matched), or declared 'at risk' of redundancy. For employees 'at risk', the Council will identify ring-fenced opportunities and/or will place the affected employee/s in the Council's redeployment pool.

9.2 In short, the objective of the Council will be to avoid the termination of employment, on the grounds of redundancy, of all affected employees wherever possible. The Council will work with all affected employees to support them during this process given it is our objective to avoid redundancies. Support will include not only line management and HR support but also making use of the support available via the Employee Assistance programme.

9.2 Where posts are vacant, there will be a recruitment process. Internal applicants will be very welcome for any vacancies and will be considered alongside external applicants.

9.3 As such it is recommended to members that we appoint a professional recruitment agency to devise a campaign that will attract the most diverse and talented individuals to apply. The Council has made clear in

its' recently agreed Equality Strategy, that it is committed to ensuring it has a fully diverse organisation at all levels in the council. The successful recruitment agency must be able to demonstrate excellent past practice in positive action initiatives and in delivering a diverse pool of quality applicants for other employers.

- 9.4 The Council should seek the best professional advice on how to ensure a diverse field of applicants will be attracted. Positive action initiatives will be designed to help encourage the most diverse range of candidates to apply. Examples could include a Croydon Council open day for potential applicants, pre-application advice and interview practice for candidates.
- 9.5 A transition plan to the launch of the new structure in the autumn will be developed. This will include a communications and staff involvement programme to ensure all staff understand the new council structure and most importantly the new design for the council and the new ways of working. A full culture change programme will also be drawn up by the Director for Service Quality, Improvement and Inclusion.
- 9.6 For clarity, the launch of the new structure in the autumn does not mean that external recruitment to any vacancies (once the internal HR processes have concluded) will be commenced in autumn. If an external recruitment campaign is required it will be commenced as soon as possible after the internal processes have concluded. The point of a defined "go-live" date is that transition planning can be carried out.
- 9.7 A job evaluation process was completed on the draft job descriptions and since that time, feedback has amended a number of the job descriptions. The grades shown on the job descriptions must be viewed as indicative only at this stage as a final job evaluation review will be done on the changed posts to confirm final grades. The relevant appendices for the committee to review are Appendix F, G, H and I. These grades are all in accordance with the council's pay policy as recently agreed by the Appointments Committee and Full Council.

10. CONCLUSION

- 10.1 This consultation process on the proposed restructure has been in active consideration since October 2020. A lengthy formal consultation period was undertaken fully informed by the feedback from the informal consultation.
- 10.2 The work on the proposed restructure had to be paused in mid-February and has only recently been able to be resumed.
- 10.3 Thanks must be paid to all members, partners and staff across the Council for the contributions they have made to this consultation process. Whether they were directly affected by the draft proposals and sent comments in, those who helped shape the draft proposals, and

those who contributed in webinars and workshops. Each and every one of them has made a real difference to this consultation process, making it genuine and meaningful.

- 10.4 Every single piece of feedback has been read and properly considered. All feedback is in the process of being acknowledged and individual responses will be sent in reply.
- 10.5 Croydon Council is in the process of delivering the Croydon Renewal Plan. The Plan addresses the very significant issues of the past in regard to financial management and governance failings. It also addresses the future of the Council over the next three years to March 2024.
- 10.6 This proposed structure is designed to take the Council through that period, looking back at the things it must put right and building resilience, engagement and inclusion, a new relationship with residents and improved quality of service provision for the future. The objective is provide the management capacity where it is most needed and can be afforded and enable the Council to have a sound system of internal control, do the basics really well and deliver a new operating culture that is truly diverse and inclusive of all its staff.

11. REASONS FOR RECOMMENDATIONS

- 11.1 This report captures the feedback from many staff and elected members as to the proposed new design and operating culture of Croydon Council. The consultation was genuine and meaningful and the final proposals have changed following that feedback. It is an essential step in the delivery of the Croydon Renewal Plan.

12. OPTIONS CONSIDERED AND REJECTED

- 12.1 There are mainly two alternative options to this report. Keep the structure as it is or change the structure in a different way to that proposed.
- 12.2 The current structure does not enable the Council to deliver on the priorities of the administration and nor does it enable further savings of £519,834 to be achieved. It is inefficient and too costly for the Council.
- 12.3 An alternative new structure was consulted upon and this proposal is the result of formal consultation and the feedback from many staff. As such it represents the best outcome of a design for the Council in terms of dealing with its current and medium term context
- 12.4 Members are of course at liberty to challenge aspects of the proposed design and suggest alternatives at the Appointments Committee.

13. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 13.1 As a result of the proposed restructure, the cost of the three senior management tiers of staff will be reduced by £834,963 compared to the current permanent establishment. £315,129 of which will be a full year effect in 2021/2022 and is already in the base budget and the balance of £519,834 will have a part year effect from when the new structure is implemented. For budget purposes this will be assessed as part of budget setting for 2022/2023.
- 13.2 The total cost reduction is across the whole Council and does not accrue solely to the General Fund .The total General Fund cost saving is £855,191, the Housing Revenue Account (HRA) will incur additional direct costs of £336,911 and other funding sources will see a reduction of costs of £316,683. The increase in costs to the HRA result from the establishment of the new Housing directorate, and may be offset in part or full when recharges from the General Fund for corporate services are reassessed as part of budget setting for 2022/2023.
- 13.3 The costs include on costs, such as Employers National Insurance and Employers pension contributions. These on costs have been accounted for at an average 37% of the salary costs.
- 13.4 These costs do not yet factor in any possible redundancy costs should any such arise and a separate calculation will need to be done on these as part of statutory redundancy calculation. Similarly, there is no allowance for recruitment costs which will need to be met from existing budget provisions or be a call on the savings in the first instance.
- 13.5 Any delays to the implementation of the proposed restructure will impact on in year cost savings. If the new structure is delivered as intended in the autumn of 2021/2022 it will allow more of the savings to be achieved in this financial year. Progress on this will be reflected in forecasts reported to Cabinet during 2021/2022.
- 13.6 **Risks**
The Council is currently operating with a high number of vacant posts and interims or internal acting up appointments in its three most senior tiers of management. This is not sustainable and nor is it conducive to effective management practice. These proposals enable the recruitment on a permanent basis to take effect. There is a timing risk of when individuals are able to take up their permanent posts once appointed. The Council will need to ensure sufficient interim cover is maintained during that period.

The corporate red risk register as reported to GPAC on 10th June 2021 had two risks which will be directly addressed by the recommendations in this report.

CEHR0071	Organisational behaviours, culture and practices lead to the Council being unable to operate effectively and therefore not serve the residents of the borough in accordance with their expectations.
PP 009	Corporate financial savings objective is not achieved due to poor programme & project management behaviours.

The resources being invested in service quality, improvement, and engagement and inclusion and the proposed new design of how those new and other existing improvement resources will be co-ordinated will enable a focused corporate programme of work to tackle the organisational behaviours culture and practices that are not enabling us to serve the residents of this borough.

The programme and project management resources have been confirmed in the 2021/2022 budget and this proposed design reinforces the importance of the Programme Management Office work in underpinning the assurance of the delivery of the Croydon Renewal Improvement Plan and the financial recovery plan / MTFS. The proposed head of profession for programme and project management will further strengthen the disciplines and skills in this practice helping to ensure delivery,

13.7 Approved by: *Chris Buss, Interim Director of Finance, Investment and Risk*

14. LEGAL CONSIDERATIONS

- 14.1 A formal consultation was undertaken in accordance with all relevant employment legislation and best practice. If the proposed structure is adopted the implementation will be undertaken in compliance with legislation and relevant HR Policies and the Council Constitutional arrangements.
- 14.2 Under the Local Government Act 1972 section 112 the Council may generally appoint whatever officers it considers necessary for the proper discharge of its duties. However, there are certain statutory appointments which must be made as set out in the report. In particular there is a requirement to appoint a Head of Paid Service who is responsible for preparing reports on the way the local authority's staff is organised, on the authority's staffing needs and on the co-ordination of the way in which the authority's functions are discharged and a Monitoring Officer to check on the correctness and propriety of the Council's decisions under the Local Government Act 1989 sections 4

and 5. In addition the Council must secure that one of its officers is responsible for the administration of financial affairs under the Local Government Act 1972 section 151. There are also requirements in legislation for the appointment of a Director of Children's Services and a Director of Adult Social Care which this report complies with.

- 14.3 The report provides for major senior management change. However, the roles and duties of the statutory officers are unchanged, it is only the position/post holder within the organisation that changes.
- 14.4 The Constitution and the Council Scheme of Delegations must be amended to capture the changes once approved and comply with the Local Authorities (Standing Orders) (England) Regulations 2001 (as amended).
- 14.5 By section 38 of the Localism Act 2011 the Council is required to produce a Pay Policy each financial year. Approval of the Pay Policy is a matter for full Council and cannot be delegated. The Council's current Pay Policy is 2021/2022 and sets out details, amongst other things, of the payment of Chief Officers which will be incorporated in this new structure, if approved.
- 14.6 The terms of reference of the Appointments Committee currently has, in Part 3 of the Constitution Responsibility for Functions authority to appoint Executive Directors and Chief Officers as defined in the Employment Procedure Rules at Part 4J. These will also need to be updated to reflect the proposed restructure and define responsibilities for appointment to the new structure. Separately the Staff Employment Procedure Rules sets out procedures to be followed for the appointment of Chief Officers, declarations which must be made by candidates and a notification process to ensure that the Leader and any other Cabinet Member have no objections to the offer of appointment which must occur before an offer of appointment can be made to him/her.
- 14.7 Approval of salary or severance packages arising should the proposed structure be approved, is a matter for the Appointments Committee under Part 3 of the Constitution Responsibility for Functions where this is above the threshold specified in statutory guidance issued by the Secretary of State pursuant to section 40 of the Localism Act 2011.
- 14.8 The restriction of Public Sector Exit Payments (Revocation) Regulations 2021 has now revoked the Public Sector Exit Payments (Revocation) Regulations 2020 which restricted prescribed public sector bodies such as the Council from making exit payments in excess of £95,000 in connection with a person leaving employment or vacating an office.
- 14.9 To ensure compliance with the Equality Act an Equality Impact Assessment has been undertaken and is referenced in paragraph 32 of the report for Members' consideration.

14.10 Approved by Asmat Hussain Executive Director of Resources & Deputy Monitoring Officer

15. HUMAN RESOURCES IMPACT

15.1 In addition to the comments outlined in the report above, if these proposals are agreed and are then implemented, the objective will be to avoid the termination of employment, on the grounds of redundancy, of all affected employees wherever possible. It is possible that in a very few cases that may be unavoidable and costs for redundancy payments will arise. These costs will need to have first call on the savings in the first instance. These costs cannot be estimated at this stage.

15.2 The costs of the recruitment support if any vacancies arise in this process will also need to be met out of the savings in the first instance. These costs cannot be estimated at this stage. The recruitment support will be sought through a competitive process.

15.3 Approved by: *Sue Moorman* Director of Human Resources)

16. EQUALITIES IMPACT

16.1 Please see the attached Appendix E for the impact assessment

16.2 Approved by: Sue Moorman Director of Human Resources

17. DATA PROTECTION IMPLICATIONS

17.1 **WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

NO

The report does not contain personal data. Any personal data processed as a result of Member' decisions arising from the recommendations will be carried out in accordance with the Data Protection Act 2018.

17.2 **HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

NO

Advice received from the Monitoring Officer it was not required.

Approved by Asmat Hussain Executive Director of Resources & Deputy Monitoring Officer

CONTACT OFFICER: Katherine Kerswell interim Chief Executive
Katherine.kerswell@croydon.gov.uk

APPENDICES TO THIS REPORT:

Appendix A Administration Priorities for the Croydon Renewal Plan

Appendix B 2021 Current reporting structure for Croydon Council's three senior tiers of management

Appendix C 2020 Formal consultation draft proposals for a new reporting structure for Croydon Council three senior tiers of management

Appendix D 2021 Final proposals for a new reporting structure for Croydon Council's three senior tiers of management

Appendix E Equality Impact Assessment

Appendix F New job descriptions for JNC posts

Appendix G New job descriptions for new Heads of Service posts

Appendix H Indicative grades for the Corporate Director and Director posts.

Appendix I indicative grades for the new Head of Service posts

BACKGROUND DOCUMENTS – LOCAL GOVERNMENT ACT 1972

- Croydon Renewal Plan and the Croydon Renewal Improvement Board Cabinet 25th November 2020.
- Report in the Public Interest Grant Thornton
- Non statutory Rapid Review report MHCLG
- Council's Constitution
- Code of Officer Conduct
- Code of Corporate Governance
- Budget 2021/2022 8th March Cabinet and Council
- CIPFA Delivering Good Governance in Local Government 2016
- Croydon Equality Strategy 18th February 2021
- Croydon Council Pay Policy Statement Appointments Committee 19th February 2021 and Full Council 8th March 2021
- Corporate Risk Register GPAC 10th June 2021