

## BOROUGH OF KETTERING

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<b>Report Originator</b>	Strategic Management Team	<i>Fwd Plan Ref No:</i> C14/021	
<b>Wards Affected</b>	All wards	19 <sup>th</sup> April 2016	
<b>Title</b>	<b>FLEXIBLE RESOURCING STRATEGY</b>		

### 1. PURPOSE OF REPORT

To update Council on progress in implementing the flexible resourcing strategy agreed by Council in April 2015 and to seek decisions from Council on:-

- Governance and Member Development Arrangements
- Changes to meeting arrangements
- Noting progress on senior structural arrangements
- Asset Management arrangements and the creation of an Asset Management Board.

### 2. INFORMATION

- 2.1. At its April 2015 meeting, the Borough Council debated and agreed a comprehensive report from a member working group under the generic heading of flexible resourcing, which set out a raft of inter-related changes to how the organisation would work in future, and which enabled significant savings to be made in the establishment. A number of those changes were determined at that Council meeting. Some others were delegated to a working group. A year on, it is considered appropriate to report on progress and to set out a future timescale for implementing that which has yet to be completed. This report deals with the provision of updates as well as seeking decisions from Council.
- 2.2 The Council agreed that the Flexible Resources Working Group (FRWG) be set up to consider a series of issues in an integrated way, to provide a comprehensive future operating model. The FRWG work plan was broken down into a series of issues to be considered and determined, however they must be dealt with in sympathy with each other, so they preserve the comprehensive and coherent package determined by Council.
- 2.3 There are a number of strands to the objectives of the FRWG of which this report provides an update:-
- i) Professional Leadership Arrangements
    - Changes in job descriptions and person specifications for Service Heads and DCEs
    - Rationalisation and remuneration arrangements for senior staff
    - Business Engagement Strategy
    - Arrangements for Strategic Management Team for the future

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- ii. Staff
  - Engagement Strategy to communicate and engage with staff on all changes included in the report
- iii. Formal Committee Meeting Arrangements
- iv. Governance arrangements for Asset Optimisation and Acquisition
  - Appropriate interim governance arrangement for asset optimisation and asset acquisition
  - Options for longer term governance of assets
- v. Member Development
  - Member and officer training on developing and delivering effective leadership in respective roles
- vi. Leadership Training
- vii. Merit Awards
  - Introduce a Merit Award Scheme open to all staff

## **3. SURVEY OF PROGRESS**

### **3.0 Professional Leadership Arrangements**

#### **3.1 Changes in job descriptions and person specifications for Service Heads and DCEs and senior staffing structural changes**

3.1.1 The report to Council in April 2015 proposed changes in the number and responsibilities of professional leaders, and corresponding changes to job descriptions, person specifications and the remuneration structure. Adjustments in staffing establishment were also resolved. Some details do still remain to be determined. The structural and HR changes Council resolved have been implemented. The one exception that it has not proved possible to recruit to the new post of Head of Commercial and Economic Development. It is therefore proposed to buy in some additional capacity and expertise on a temporary basis to help move along some of the major projects which are critical to the Council's overall financial strategy of seeking to be self-funding in the long term.

#### **3.2 Rationalisation and remuneration arrangements for senior staff**

3.2.1 Consultation was undertaken and completed in 2015. New streamlined arrangements are now embedded into senior staff contracts such that those

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arrangements, which were previously different from those which apply to front line staff; are now harmonised.

### **3.3 Business Engagement Strategy**

3.3.1 The Council endorsed arrangements to provide dedicated contacts from within the management team for each of the biggest businesses in the Borough; this was to ensure the Council had sufficient knowledge of local economic conditions, was able to support businesses which wanted to grow, relocate or change their operations in some way, and to secure early warning of any changes which would harm the local economy. Each Service Head and Deputy Chief Executive would have two or three businesses to connect with.

3.3.2 Interestingly in the last year, the majority of the Council’s work with individual businesses has been at a level below the top 20 measured by business rates – we have worked closely with three excellent local manufacturing businesses to help them strengthen and improve their success locally. This has led us to reflect on whether the original list of contacts is adequate. It’s clear we also need to be alert to those companies which are perhaps outside the “top 20” but which still employ significant numbers of local people, and are more rooted in the area. These businesses contrast with some of our top twenty such as supermarkets or distribution businesses whose headquarters, and decision makers, are many miles away. The original list is therefore being revisited to ensure we also embrace both these categories which is key in terms of keeping a robust financial strategy. What is particularly reassuring is that culturally the Council has become enthusiastic to hear local businesses and furthermore has proven itself capable of assimilating commercial considerations and needs. We have therefore been able to quickly establish credibility which in turn has helped us to add value to those local businesses.

### **3.4 Arrangements for Strategic Management Team for the future**

3.4.1 Changes to Senior Professional Leadership including the post of Chief Executive have been implemented, and in accordance with the arrangements determined by Council, a gradual migration path is underway to allow a smooth and even transition. Further information can be provided should Members wish.

3.4.2 The FRWG considered the staffing arrangements above Heads of Service at its meeting in January. It did so with the benefit of independent external advice from Julie Towers of Penna.

3.4.3 The working group also considered informal reflections gathered from Heads of Service.

3.4.4 The working group took advice on and debated a comprehensive range of professional leadership models.

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3.4.5 The general direction of the debate indicated a preference for:-

- (i) Taking the opportunity to reflect on the focus of all senior professional leadership roles.
- (ii) Reflecting in the focus and the titles of future roles the Council's desire to be self-funding in future.
- (iii) Retaining a collective responsibility model as oppose to hard departmental lines of responsibility.
- (iv) Ensuring any future recruitment gave appropriate attention to the cultural dynamics of the organisation.
- (v) Pitching remuneration packages for future roles at a level where the Council could recruit individuals who had the talent, experience and drive to match the Council's ambitions.
- (vi) Designating one individual as the most senior professional officer – as oppose to models where for example that responsibility rotates.

3.4.6 The FRWG thought it wise to begin to put together options within the above framework and materials that would help with any future recruitment.

3.4.7 However as members will be all too aware the local government landscape is currently under discussion and therefore any arrangements regarding the appropriate future model for the Strategic Management Team may be influenced by the outcome of that exercise.

3.4.8 Consequently, it is considered sensible to twin track work on this issue. During the next three months it might be advisable for the FRWG to consider further the model it seeks – with external assistance if necessary. Simultaneously we need to track the progress of the rapidly changing picture in relation to the future of public service delivery in the area. That would leave the scope to make any necessary changes within the time frame set by Council, but also be alert to the extent to which any changes needed to reflect a changing delivery map.

3.4.9 Members of the FRWG have indicated that in any case they would wish to report back to Council on these important matters.

### **Recommendation**

- a) Council endorse the progress in this area.
- b) Council note the strategy to continue to make progress whilst staying responsive to the developing picture in respect of public service delivery in the area.

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#### **4.0 Staff Engagement Strategy**

- 4.1 There is an ongoing strategy to ensure all front-line staff are aware of organisational change processes. A “Business as Usual” mandate has been deployed to ensure staffs are reassured, aware of changes and have an opportunity to contribute ideas and views.
- 4.2 As previously advised, we have focused primarily on staff who have seen an adjustment in the Head of Service arrangements in their team. We have also used staff sessions to explain the context and reassure staff of the ongoing support they enjoy from councillors of all parties and the Strategic Management Team.

#### **5.0 Formal Committee Meeting Arrangements**

- 5.1 The report to Council included some guiding principles around the arrangements for formal meetings of the Council. The members of the FRWG committed to raise this issue in their groups with a clear commitment to see a significant reduction in our current permitted 10.00pm finish to the working day.
- 5.2 The members of the working group agreed that both political groups would be consulted by them on the proposal that meetings should,
- a) Start at 6pm and
  - b) Have a two hour guillotine

The meeting of the FRWG on the 11 April considered the results of that consultation. The working group recognised that this change would present some challenges, but felt the current arrangements were unsustainable.

#### **Recommendation**

The new programme of meetings for 2016/17 shall be scheduled to:-

- a) Start at 6pm
- b) Have a two hour guillotine

#### **6.0 Asset Optimisation and Acquisition**

- 6.1 The working group considered a paper on asset management arrangements, looking principally at the shorter term arrangements which might be

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appropriate, pending the creation of a permanent asset holding vehicle separate from the Council and charged with earning revenue from investments. The options for the longer term structure and the experience of other authorities were set out to provide some sense of how a short term option might work and allow for a smooth transition.

- 6.2 Through all aspects of the FRWG agenda senior members have been keen to emphasis their ambition to preserve good performance in a changing financial and operating context. The administrations political leadership were keen to de-politicise this work and operate on a cross party basis.
- 6.3 The Council operates under Executive arrangements. The Local Government 2000 as amended by the Localism Act 2011 provides that where authorities have adopted a Leader/Cabinet model all functions must be exercised by the Executive unless otherwise specified in the Act or Regulations. Under the current rules dealing with assets, which can be land or buildings, is an Executive function. This means that only the Executive, a committee of the Executive (sub-Committee), a member of the Executive or an officer can discharge those functions. Any committee of the Executive can only include members of the Executive.
- 6.4 Unfortunately the 2000 Act did not anticipate, and thus provide for, such an approach. This difficulty whist not insurmountable was a key consideration when assessing the governance options.
- 6.5 Several options for an interim asset body were set out:-
- (i) **A Committee of the Executive** - This can be given a budget and decision making powers. Members of the Opposition can be seconded to that committee or attend as observers and contribute to the debate. However, it is not possible to give the right to vote. This body will be subject to the usual rules governing publication of reports and access to meetings unless they fall within the criteria for exempt information.
  - (ii) **An Advisory Committee under S102 (4) Local Government Act 1972.** This can consist of any members of the Council. It should be politically balanced unless a decision is taken and there is a unanimous decision that the proportionality rules should not apply. All members will be able to vote but it will only be able to make recommendations to the Executive. It will be subject to the usual publicity and access rules unless the item is an exempt one.
  - (iii) **A Working Party.** This can include members from all parties. It will not be subject to the rules on publicity. It will not be decision making. Decisions would be by recommendation to the Executive, or a sub-committee thereof, or delegated to an officer.

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- (iv) **Asset Management Board.** This is not a formal committee so can include any members. The Board may be tasked with recommending purchase of assets or, as above, may advise performance of the strategy. It will not be subject to the publicity rules.
- 6.6 Members of the FRWG identified the recommended the **Asset Management Board (iv above)** as the preferred approach; that is a cross party group of members who would consider investment opportunities and who would form, a view on each submission made. Authority to make the investment would be vested in a named officer (the S151 Officer), who would have the standing delegation to implement any recommendations from the Board, in order to fast track implementation. The composition of the Board would be by position from senior members and, as a board; its meetings would not be subject to normal committee formalities in respect of notice and agendas, given the nature of its work.
- 6.7 The model, with the primary focus on securing a commercial return, also met the other factors; the importance of pace and ability to make timely decisions, managing risks , operating within an agreed terms of reference and performance framework and commercial sensitivity.
- 6.8 The choice of this model by the FRWG and the necessity to meet in private is not an attempt to shelter activities from view but essential to ensure that commercial sensitivity is preserved both up to and during the process of acquisition, allowing the Council to operate in the commercial market on an equal footing.
- 6.9 Draft terms of reference were set out and a decision making route agreed with the working group. Members debated the way in which collective responsibility for investment decisions would work in practice and some changes were proposed to the detail, including:
- Specifying an area of benefit from the investment fund (i.e. the area of Kettering Borough now)
  - Incorporating a set of performance measures within the terms of reference and remit of the Asset Management Board
- 6.10 In addition they recommended that a delegation exist to the S151 officer to implement the instructions of the Asset Management Board.
- 6.11 The FRWG have also begun to explore the longer term options for the management of assets and looked at the financial, legal and other general implications of structures such as wholly owned companies and joint ventures with public and or private sector partners. No decisions regarding the long term preferred model or models have been taken but an outline was felt a valuable

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contribution to the short term decision on structures to ensure a smooth and easy future transition.

**Appendix 1** to this report includes a draft Terms of Reference for an Asset Management Board.

### **Recommendation**

- a) An Asset Management Board be set up as a cross party group of members to consider investment opportunities.
- b) To approve the Terms of Reference of that Asset Management Board as set out at Appendix 1.
- c) The Executive be commended to delegate responsibility to the S151 officer to implement the instructions of the Asset Management Board.
- d) Any changes to the Council's constitution which are necessary to embrace the above are made.

### **7.0 Member Development**

- 7.1 A full member induction programme has been held since the election in May which has been well received by new members as well as existing members who attended some of the non-compulsory sessions.
- 7.2 We held an induction refresh session in October. This was in direct response to particularly new members telling us that they had a number of issues/questions to raise that had emerged after a few months of being a Councillor that they could not have foreseen in the first few months.
- 7.3 The Standards Advisory Committee has recommended a compulsory part of the induction programme should be Governance training. Something the Flexible Resources Working Group endorsed. It has also become clear that it might be helpful if such a session also embraced council procedures and rules of debate. Whilst the FRWG thought it was important not to sterilise the dynamics of the debate, it is clear some basic navigation points around motivations, amendments and key debate principles would be helpful so members were aware of the Council's existing constitution.

### **Recommendation**

That a training session for all members on governance and Council procedures and rules of debate be organised and delivered early in the new administrative year for 2016/17.



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## **8.0 Leadership Training**

- 8.1 Some joint work has been undertaken between Cabinet and Senior Management. The original timetable suggested this work should begin from June 2016. The FRWG considered that the leadership of the opposition group and the leadership of the administration might usefully work with the strategic management team on the collective appetite for, and scope of, any leadership development programme.
- 8.2 The working group felt such a programme of leadership training for senior councillors and officers could usefully be developed offline.

### **Recommendation**

That a formal programme of leadership training and development be developed by senior political leaders and professional leaders with a view to commencement from June 2016.

## **9.0 Merit Award Scheme**

- 9.1 A small staff working group was set up to consider how this might work. The Staff working group have presented their findings to the FRWG as well as the Joint Consultative Forum and Employment Committee.
- 9.2 The staff working group acknowledged the importance of the existing annual staff awards as part of the Councils reward and recognition scheme and suggested building on this good work and revising the scheme to address the issues of importance highlighted by staff such as timely and personal appreciation by senior staff relating to areas of work that go above and beyond the day to day responsibilities.
- 9.3 Nominations could be made by customers, colleagues, partners and councillors and these would be assessed by a panel of frontline staff from within the Council.
- 9.4 Therefore the new scheme called “Making A Difference Award” would be more flexible, would acknowledge and reward the staff or teams at the point of them undertaking the exceptional work and would also feed into the annual awards scheme.
- 9.5 The Employment Committee under its delegated powers approved this new scheme at its meeting on the 30<sup>th</sup> March.

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## **10. RECOMMENDATIONS**

That the following proposals recommended by the Flexible Resources Working Group be approved:-

### **10.1 Professional Leadership Arrangements**

- a) Council endorse the progress in this area.
- b) Council note the strategy to continue to make progress whilst staying responsive to the developing picture in respect of public service delivery in the area.

### **10.2 Formal Committee Meeting Arrangements**

A new programme of meetings for 2016/17 be scheduled to:-

- a) Start at 6pm
- b) Have a two hour guillotine

### **10.3 Asset Optimisation and Acquisition**

- a) An Asset Management Board be set up as a cross party group of members to consider investment opportunities.
- b) To approve the Terms of Reference of that Asset Management Board as set out at Appendix 1.
- c) The Executive be commended to delegate responsibility to the S151 officer to implement the instructions of the Asset Management Board.
- d) Any changes to the Council's constitution which are necessary to embrace the above are made.

### **10.4 Member Development**

That a training session for all members on governance and Council procedures and rules of debate be organised and delivered early in the new administrative year for 2016/17.

### **10.5 Leadership Training**

That a formal programme of leadership training and development be developed by senior political leaders and professional leaders with a view to commencement from June 2016.

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## **Background Papers**

Medium Term Financial Strategy

## **Previous Reports/Minutes**

Council 22/04/15

Employment Committee 23/03/16

Appointments Committee 16/04/2015

## **Appendix 1**

### **Asset Management Board Draft Terms of Reference**

#### **1. Overall Scope**

The overall scope of the Asset Management Board is:-

- a. To develop a framework and strategy for the sale and purchase of assets
- b. To make recommendations to the Authorised Officer on any sale and purchase, in line with that framework and strategy.

#### **2. Purpose and objectives**

The purpose of the body is to optimise the revenue returns for local taxpayers.

The Board will fulfil the objectives of our current financial strategy to embrace a systematic and measured approach towards developing a balanced portfolio of revenue generating assets.

#### **3. Role and Function**

The Asset Management Board will make recommendations to the Authorised Officer on the acquisition and disposal of assets in line with the Councils:-

- Medium Term Financial Strategy (MTFS)
- Asset Acquisition & Investment Strategy
- An Investment Framework to include:
  - any ethical considerations
  - any geographical considerations
  - An Asset Management Plan
  - An Asset Disposal Process
  - And any other parameters to be determined

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## 4. Performance

The Asset Acquisition & Investment Strategy will be recommended to the Executive and Council by the Asset Management Board and will:-

- Include an Investment Acquisition Decision Matrix,
- specify an area of benefit from the investment fund,
- include the features of a balanced portfolio,
- determine the rate of return in the medium term for each asset type, (for example industrial, retail, housing )
- An appropriate measure for overall management costs

The Board may also develop other local indicators to assist in the analysis and management of the property portfolio.

## 5. Composition

The Asset Management Board shall comprise of five members. Political proportionality will apply. Membership will be by position as follows:

Leader of the Council (Con)  
Deputy Leader of the Council (Con)  
Finance Portfolio Holder (Con)  
Another Senior Councillor (Con)  
Leader of the Opposition Group or other senior member of that group (Lab)

## 6. Election of Chair/Appointment of Deputy Chair

The Asset Management Board shall elect a Chair and appoint a Deputy Chair at its first meeting and at the first meeting in each municipal year thereafter.

## 7. Meetings

Whilst regular meetings of the Asset Management Board will be scheduled in the Council's Calendar of Meetings in accordance with the adopted timetable of work, additional meetings are likely to be held as required to consider opportunities and issues in a timely way.

Recommendations of the Asset Management Board shall be decided by the majority of members present and voting.

The quorum of the meeting will be three.

Meetings of the Asset Management Board will not meet in public.

Notes of the meetings and action plans will be produced.

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## **8. Officer Support**

The Asset Management Board shall be supported by the following officers:-

The Strategic Management Team  
The Council's Section 151 Officer  
The Council's Monitoring Officer  
The Corporate Management Team, supported by other staff as necessary  
External Co-opted advisors will be appointed, if required

## **9. Ethical Standards**

The Asset Management Board and co-opted advisors and its supporting officers shall conduct themselves in accordance with the seven principles of public life namely:-

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership