

CHESHIRE FIRE AUTHORITY

MEETING OF: FIRE AUTHORITY
DATE: 9TH DECEMBER 2020
REPORT OF: CHIEF FIRE OFFICER AND CHIEF EXECUTIVE
AUTHOR: MARK CASHIN

SUBJECT: SERVICE MANAGEMENT TEAM STRUCTURAL REVIEW

Purpose of Report

1. To provide Members with information about the outcomes of a review of the Service Management Team (SMT) structure.
2. To give Members an opportunity to consider the recommendations from the review and to allow them to determine the way forward.

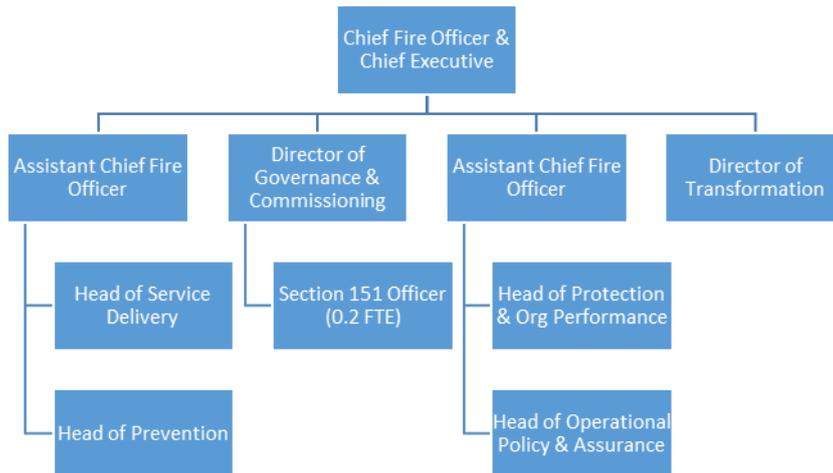
Recommended: That Members

- [1] Approve the establishment of the role of Deputy Chief Fire Officer and the removal of one Assistant Chief Fire Officer post

[Note: The creation of any role that attracts a salary package of more than £100,000 must be approved by a vote of Members];
- [2] Approve the changes to the Constitution set out in Appendix 2 to enable the recruitment of the Deputy Chief Fire Officer to take place;
- [3] Agree an increase in budgeted hours for the Section 151 Officer (Treasurer) role to allow the postholder to work up to two and a half days per week;
- [4] Note the way that the Director of Transformation role is to be redefined and intention to ultimately remove the role.
- [5] Support the removal of the Head of Prevention post, with the responsibilities being combined with another function.

Background

3. The current SMT structure has been in place since 2018. It is shown in the diagram below. The team comprises 9 full time posts and a part-time Section 151 Officer (Treasurer) currently contracted one day per week – 0.2 full time equivalent (FTE). The currently budgeted SMT structure is 9.2 FTE.



4. The decision to conduct a review of the structure of SMT was discussed and agreed by the Brigade Managers' Pay and Performance Committee during the Chief Fire Officer and Chief Executive's interim appraisal in October 2019.
5. The rationale for the review revolved around a number of risks associated with an ageing workforce, pensions tax charges, and the stark reality that by 2023 a significant number of the existing Principal Officers, Area Managers and Group Managers will have reached or passed one of the indicators of eligibility to retire. By 2025 this risk will have escalated to the point where all members of SMT will be eligible to retire which could potentially result in a turnover of 100% over the next five years.
6. This is not a position that is unique to Cheshire as many UK fire and rescue services are facing the same scenario. Due to historic peaks and troughs in recruitment at a national level, there are high levels of turnover at the Principal Officer level and this has created a situation where many services are competing against each other to recruit the best people at a similar time.
7. The tax implications of pension annual allowances have also precipitated a number of senior exits and this has compounded the problem and heightened the risk of losing experienced senior staff.
8. The current situation has prompted UK fire and rescue services to place heightened emphasis on talent management and culture change. This is already an area of priority and good practice within the Service, but work needs to continue as there is no "quick fix" for overcoming the risks associated with an ageing workforce.

9. The findings of the review were presented to Staffing Committee on 16th November 2020 and it was supportive of the recommendations which are set out in this report.

Information

Review Findings and Recommendations

10. The independent review of the SMT structure was commissioned in July 2020. It was carried out by RealWorldHR Limited. The review team was charged with assessing a key question: is the Service Management Team structure fit for purpose and sustainable? The review took into account national benchmarking, a study of the Service's retirement profile, a review of the pensions landscape and a data gathering exercise that involved interviewing every member of the current SMT. The review team was mindful of the challenges that lay ahead for the Service. The next two paragraphs provide an overview of the outcome of the review.

11. The review came to a number of conclusions:

- The SMT organisational design works well.
- Portfolios of the Heads of Departments fit broadly with the strategic aims and ambitions of the Service and Authority.
- Members of SMT are positive about each other and the Chief Fire Officer and all appear loyal to the Service. They are keen to do the right thing and will do what they can to make things work with each other.

Therefore, the review concluded that wholesale changes to SMT were not required.

12. The review did, however, highlight some issues:

- The potential impact of retirements due to the age profile of SMT (and managers outside SMT) and therefore the pressing need for succession planning
- Capacity pressures in some areas which could lead to concerns about effectiveness and wellbeing
- The need to further embed the Blue Light Collaboration arrangements

As a result, the review suggested a number of recommendations aimed at putting the Service in the best possible position.

12. The review confirmed that the retirement profile for the Service creates a significant risk. Currently two of the three Principal Officers are eligible to retire. In fact, one of these, the Assistant Chief Fire Officer, will be retiring in Spring 2021.

13. In addition to this by 2023, two of the three Area Managers, and five of the eight Group Managers in the tier below will have reached or passed one of the indicators of eligibility to retire. In addition to this, by 2025, all Directors, Principal Officers and Area Managers are expected to be in a position to retire.
14. The review also identified that the current Principal Officer arrangement is out of kilter with most other fire and rescue services who largely operate with the traditional structure of Chief Fire Officer, Deputy Chief Fire Officer and Assistant Chief Fire Officer. Appendix 1 to this report shows a breakdown of the arrangements in other fire and rescue services.
15. The decision to increase from two to three Principal Officers in 2018 was an important step as it has provided greater capacity to promote the staff engagement agenda and this has led to positive culture change. However, the review concluded that a more traditional structure (Chief, Deputy Chief and Assistant Chief) would improve resilience and potentially aid succession planning.
16. In looking at individual roles the review identified that there were a number of areas where there were concerns about capacity, which could hinder the effectiveness of individuals and the ability of the Service to progress key priorities. For example, the Section 151 Officer post was highlighted as an example of this where the existing contracted hours were insufficient to realistically sustain the current workload. The Director of Governance and Commissioning post also had such a broad range of responsibilities that it was difficult to provide the required amount of focus in some areas, e.g. the Blue Light Collaboration arrangements. It could also have an impact on the postholder's ability to fulfil his role as Monitoring Officer.
17. The review highlighted the significant amount of work required in the future around workforce reform which requires dedicated resource and time. The review also suggests that it would be sensible to bring together workforce planning and functional value for money and efficiency/effectiveness reviews to capitalise and create new ways of working that support increased productivity and behaviour change.
18. The review also considered whether there were opportunities for potential savings and more cohesive working arrangements by combining functional areas. It concluded that the Head of Prevention role could be removed with the responsibilities being subsumed into another functional area, or areas.
19. Finally, the review highlighted the need to further develop SMT's relationship with the joint teams that support the Service as part of the Blue Light Collaboration arrangements.

20. The review makes four recommendations.

Recommendation 1 – Establish the post of Deputy Chief Fire Officer (DCFO) and remove one of the Assistant Chief Fire Officer (ACFO) posts

21. This will provide three levels of development at Principal Officer level and as a structure will help to mitigate some of the risks identified.
22. The establishment of the DCFO post would improve strategic capacity and resilience and the CFO could be released from some of the detail whilst still having assurance that planning, performance and policy was being driven at a senior level.
23. It is recommended that this post could be established by removing the upcoming ACFO vacancy from the establishment and reinvesting the money into the creation of the DCFO post.
24. If approved it is proposed that recruitment to this post would commence in December 2020, with the process designed to enable the Service to appoint to an ACFO post as well as the new DCFO post given the potential for an internal appointment.

Recommendation 2 – Increase the contractual hours of the Section 151 Officer post.

25. When the joint finance department was created two years ago the Service made a conscious decision to maintain an independent Section 151 Officer and speculated that the work could be undertaken based on a contract equating to one day per week. Notwithstanding this, the successful candidate was asked to work two days per week from the outset and has done so ever since. This was always intended to be a temporary arrangement which could be reviewed when the joint finance department was settled, utilising one financial system and had processes that had been streamlined and simplified. The arrangement has continued, because the joint finance department continues to run two different financial systems and has been hampered in making the progress that was hoped. This situation is unlikely to change in the near future, although it remains an aspiration.
26. The review concluded that a part-time Section 151 Officer works with something of a disadvantage. The postholder needs to have sufficient access to senior officers as well as colleagues in the joint finance department, which is difficult working part time. For example, the postholder cannot attend all necessary meetings.

27. The review recognised this challenge and proposed that the budget to cover the contracted hours of the Section 151 Officer be increased in order to allow for the post to be expanded up to two and a half days per week.

Recommendation 3 – Redefine the Role of the Director of Transformation with a view to it delivering a culture change programme that could see the role phased out in 3 years.

28. This recommendation revolves around the development of a culture change programme that is intended to be delivered over a three-year period. This will bring together workforce planning and functional value for money efficiency and effectiveness reviews and be intended to create new ways of working.
29. At the start of the Blue Light Collaboration programme the Service identified a number of work areas/responsibilities that it wished to maintain control over, e.g. industrial relations, equality and inclusion, and all aspects of talent management. It was considered that in the future these work areas/responsibilities would be assigned to the joint HR team but not until the collaboration was fully embedded and at a point when the Service had absolute confidence to pass them over.
30. At this stage it is considered that a formal plan should now be put in place to transition these work areas/responsibilities across to the joint HR team. It is important that is managed effectively. This will allow the Service to realise the benefits of a broad culture change programme and the financial savings associated with the longer-term collaborative arrangements.
31. It is intended that the plan the Fire Authority at regular intervals. It is also envisaged that, at the conclusion of the plan in 2023, the role of Director of Transformation would no longer be required.

Recommendation 4 – Release the post of Head of Prevention and incorporate the Prevention function elsewhere in the organisation.

32. This recommendation evolved from discussions with the current postholder. It would see the removal of post of Head of Prevention, with the responsibilities absorbed into a function or functions elsewhere in the organisation.
33. Historically the Prevention Team was a combined function with the Protection Department and this was a structure that worked well. However, there are various options which are being considered. Further discussion will take place with SMT colleagues if this recommendation is supported by Members.

Financial Implications

34. There is a financial impact associated with the four recommendations. If they are all delivered they should release savings of approximately £160,000. The savings will be delivered over time – see details below:

Year 1

Removal of ACFO post and establishment of DCFO post
Increase in budget for Section 151 Officer post
Removal of Head of Prevention post
Net revenue savings £46,485 plus on costs, circa £60,000

Year 3

Removal of Director of Transformation post
Net revenue savings £77,745 plus on costs, circa £100,000

Total reduction in revenue budget by the end of 3 Year period
£124,230 plus on costs, circa £160,000

Legal Implications

Localism Act

35. Guidance under section 40 of the Localism Act 2011 sets out the key policy principles that underpin the pay accountability provisions in the Act. As part of the drive for accountability, the guidance contains a recommendation that elected members should be offered the opportunity to vote before salary packages in excess of £100,000 are offered in respect of a new appointment. This recommendation has been included in the Authority's Pay Policy Statement. This requirement was also added to the responsibilities of the Fire Authority.

Exit Payment Cap

36. The Government recently introduced the exit payment cap which applies to staff working for the Fire Authority. The cap is set at £95,000 and must be adhered to when handling the departure of staff through redundancy etc.

National Framework

37. The Fire and Rescue National Framework for England 2018 includes a requirement at paragraph 6.10 concerned with the filling of certain posts. It states: To ensure greater fairness and the exchange of talent and ideas, all principal officer posts must be open to competition nationally, and fire and rescue authorities must take account of this in their workforce planning. The proposed appointment process will comply with the requirement of the National Framework.

Changes to the Constitution

38. The rules relating to the appointment, appraisal and remuneration of Brigade Managers are contained in Section 3 of the Authority's Constitution, "Members Decision Making Bodies".
39. Currently, the Brigade Managers' Pay and Performance Committee has responsibility for determining and undertaking the appointment process for the posts of CFO and ACFO. The Fire Authority appoints the CFO, the Brigade Managers' Pay and Performance Committee appoints the ACFO.
40. Currently, the Brigade Managers' Pay and Performance Committee determines the remuneration of the CFO and the ACFO. The committee also reviews the appraisal of the ACFO.
41. If the proposal to create the Deputy Chief Fire Officer role is approved, the responsibilities of the Brigade Managers' Pay and Performance Committee will need to be changed to refer to the DCFO appointment and appraisal review.
42. The proposed changes are shown in red on the extract from Section 3 of the Constitution which is attached to this report as Appendix 2. References to the DCFO have been added and some elements have been simplified.

Equality and Diversity Implications

43. The Service's talent management programme contains a lot of emphasis on attracting high calibre individuals into the organisation. All operational and senior positions will continue to be advertised externally and the Service will continue to develop positive action campaigns to attract potential employees from under-represented groups within the communities.

Environmental Implications

44. None

**CONTACT: DONNA LINTON, GOVERNANCE AND CORPORATE PLANNING
MANAGER
TEL [01606] 868804**

BACKGROUND PAPERS: NONE