OXFORDSHIRE
COUNTY COUNCIL

To: Members of the Audit & Governance Committee

Notice of a Meeting of the Audit & Governance Committee

Wednesday, 14 December 2016 at 2.00 pm

Room 2&3 - County Hall, New Road, Oxford

P G Clark

Peter G. Clark
County Director   December 2016

Contact Officers: Colm Ó Caomhánaigh, Tel 07393 001096; E-mail:
colm.ocaomhanaigh@oxfordshire.gov.uk

Membership

Chairman – Councillor Sandy Lovatt
Deputy Chairman - Councillor David Wilmshurst

Councillors

David Bartholomew	Nick Hards	John Tanner
Yvonne Constance OBE	Alison Rooke	
Tim Hallchurch MBE	Roz Smith	

Co-optee

Dr Geoff Jones

Notes:
* *There will be NO pre-briefing meeting for this extra Committee meeting.*
* *There will be a meeting of the Audit Working Group immediately after the Committee meeting in the same room.*
* *Date of the next Committee meeting: 11 January 2017*

Declarations of Interest

The duty to declare…..
Under the Localism Act 2011 it is a criminal offence to
(a) fail to register a disclosable pecuniary interest within 28 days of election or co-option (or re-election or re-appointment), or
(b) provide false or misleading information on registration, or
(c) participate in discussion or voting in a meeting on a matter in which the member or co-opted member has a disclosable pecuniary interest.

Whose Interests must be included?
The Act provides that the interests which must be notified are those of a member or co-opted member of the authority, **or**
- those of a spouse or civil partner of the member or co-opted member;
- those of a person with whom the member or co-opted member is living as husband/wife
- those of a person with whom the member or co-opted member is living as if they were civil partners.

(in each case where the member or co-opted member is aware that the other person has the interest).

What if I remember that I have a Disclosable Pecuniary Interest during the Meeting?.
The Code requires that, at a meeting, where a member or co-opted member has a disclosable interest (of which they are aware) in any matter being considered, they disclose that interest to the meeting. The Council will continue to include an appropriate item on agendas for all meetings, to facilitate this.

Although not explicitly required by the legislation or by the code, it is recommended that in the interests of transparency and for the benefit of all in attendance at the meeting (including members of the public) the nature as well as the existence of the interest is disclosed.

A member or co-opted member who has disclosed a pecuniary interest at a meeting must not participate (or participate further) in any discussion of the matter; and must not participate in any vote or further vote taken; and must withdraw from the room.

Members are asked to continue to pay regard to the following provisions in the code that *"You must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself"* or *"You must not place yourself in situations where your honesty and integrity may be questioned….."*.

Please seek advice from the Monitoring Officer prior to the meeting should you have any doubt about your approach.

List of Disclosable Pecuniary Interests:
Employment (includes"*any employment, office, trade, profession or vocation carried on for profit or gain*".)*,* **Sponsorship, Contracts, Land, Licences, Corporate Tenancies, Securities.**

For a full list of Disclosable Pecuniary Interests and further Guidance on this matter please see the Guide to the New Code of Conduct and Register of Interests at Members' conduct guidelines.
http://intranet.oxfordshire.gov.uk/wps/wcm/connect/occ/Insite/Elected+members/ or contact Glenn Watson on **07776 997946** or glenn.watson@oxfordshire.gov.uk for a hard copy of the document.

If you have any special requirements (such as a large print version of these papers or special access facilities) please contact the officer named on the front page, but please give as much notice as possible before the meeting.

AGENDA

recycled paper

1.   **Apologies for Absence and Temporary Appointments**

2.   **Declaration of Interests - see guidance note**

3.   **Minutes** (Pages 1 - 6)

      To approve the minutes of the meeting held on 9 November 2016 (**AG3**) and to receive
      information arising from them.

4.   **Petitions and Public Address**

5.   **Senior Management Review** (Pages 7 - 22)

      2.10pm

      Report by the County Director (**AG5**)

      This report asks the Audit & Governance Committee to note progress made with the
      Senior Management Review and to approve the proposed recommendations including
      a new structure. Views from this Committee will be considered by Cabinet on the 20
      December in advance of final decisions at that meeting. The report references
      associated work carried out on the unitary debate as well as transformation of services
      and identifies potential savings to be gained from reductions in senior management
      posts.

      The Committee is RECOMMENDED to:

      a)   **note the progress made to date on the Senior Management Review; and**
      b)   **endorse the Senior Management Review recommendations and proposed
            structure and / or provide comments on any governance aspects for
            consideration by Cabinet.**

6.   **Scale of Election Fees and Expenditure 2017-18** (Pages 23 - 32)

      2.50pm

      Report by the Chief Legal Officer and Monitoring Officer (**AG6**)

      Each year the Council needs to set a scale of election fees and expenditure for the
      holding of elections of county councillors. In September 2016, the Committee agreed a
      scale of fees to apply for the remainder of the 2016/17 year. It was noted then that a
      fuller review would be needed for the scale of fees and expenditure to apply in 2017/18,

particularly for the May 2017 County Council elections.

A full review has therefore been undertaken in consultation with the City and District Councils which have, of course, held various elections and the EU Referendum since the 2013 County Council election. This report therefore presents a revised scale of fees and expenditure which brings the scheme up to date.

The Committee is RECOMMENDED to approve the Scale of Expenditure for the financial year 2017/2018, as shown in Annex A to this report, for the election of County Councillors and any other local referendums.

Close of meeting

An explanation of abbreviations and acronyms is available on request from the Chief Internal Auditor.

AUDIT & GOVERNANCE COMMITTEE

MINUTES of the meeting held on Wednesday, 9 November 2016 commencing at 2.00 pm and finishing at 3.50 pm

Present:

Voting Members:	Councillor Sandy Lovatt – in the Chair
	Councillor David Wilmshurst (Deputy Chairman) Councillor David Bartholomew Councillor Tim Hallchurch MBE Councillor Nick Hards Councillor John Tanner Dr Geoff Jones Councillor Patrick Greene (In place of Councillor Yvonne Constance OBE) Councillor Jenny Hannaby (In place of Councillor Alison Rooke)
Non-voting Members:	Dr Geoff Jones
By Invitation:	Paul King and Alan Witty (Ernst & Young)
Officers:	
Whole of meeting	Lorna Baxter, Chief Finance Officer Ian Dyson, Assistant Chief Finance Officer (Assurance) Colm Ó Caomhánaigh, Committee Officer
Part of meeting	

Agenda Item	Officer Attending
6	Graham Shaw, Deputy Director – Transformation
8	Donna Ross, Strategic Finance Manager - Treasury Management & Banking
9,10	Sarah Cox, Interim Chief Internal Auditor

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting, together with a schedule of addenda tabled at the meeting and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda and reports, copies of which are attached to the signed Minutes.

61/16 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS
(Agenda No. 1)

Apologies were received from Councillor Alison Rooke (Councillor Jenny Hannaby substituting), Councillor Yvonne Constance (Councillor Patrick Greene substituting) and Councillor Roz Smith.

62/16 DECLARATION OF INTERESTS - SEE GUIDANCE NOTE
(Agenda No. 2)

There were no declarations of interest.

63/16 MINUTES
(Agenda No. 3)

The minutes of the meeting of 14 September 2016 were amended under Item 51/16 with the insertion of the final text of the resolution. The minutes were approved as amended and signed.

Councillor Bartholomew asked in relation to minute item 50/16 "Presentation by the Director for Transformation" if there was any information as to why the Interim Director for Transformation left the Council shortly after delivering this report. Councillor Tanner asked if a new director will be appointed. The Chairman responded that this matter should be dealt with at the meeting of this Committee on the 14 December 2016 when the Senior Management Review will be discussed.

64/16 UPDATE ON FINANCIAL CONTROL IMPROVEMENT PLAN
(Agenda No. 5)

The update was introduced and summarised by Mr Dyson. The Financial Control Improvement Plan was now incorporated into the "Driving Business Efficiencies" work stream within the Transformation Programme. Work is on-going and there will be a workshop on 15 November aimed at checking the consistency of webpages across both the Internet and Intranet websites.

The budget monitoring and financial reporting processes were being reviewed and a concept paper will go before the County Council Management Team (CCMT) with a trial expected to start soon. The administration of payments was also being looked at with a view to streamlining the different areas.

In response to questions Mr Dyson made the following additional points:
• The review of policies and financial regulations was just about to start. A resource had now been identified to carry out the work and was engaging with the Governance team.
• In relation to duplicate payments there were now regular monthly reports including statistics on collections rates for example. There is an issue with the accuracy of aged debtor reports which needed a technical fix.

- Mr Dyson leads the project and reports to the Financial Leadership Team and the Business Efficiencies Board which met for the first time this week.
- In relation to the review of forecasting, budget monitoring and financial reporting, it was hoped to run a pilot project in Q4 and then implement it in the new financial year.
- Bank accounts are being reviewed in order reduce the number being maintained. There are too many Council bank accounts – over 1,000 including schools. There are controls on them – access is limited to certain people – but some should no longer be required. They were working through the list to check.
- Extra resources could be needed short-term but it would have to be on the basis of investing to save.

RESOLVED: that the Committee noted the report.

65/16 UPDATE ON TRANSFORMATION
(Agenda No. 6)

Mr Shaw introduced the report. He drew particular attention to the diagram on page 26 of the Agenda which summarised the organisation of the Transformation Programme. The Transformation Programme Board had met once so far. As it includes senior officers and the Deputy Leader of the Council it carries a lot of weight.

ICT is centrally involved. There is a need to consolidate the ICT activities of different departments and do more with management of the data the Council holds. While as much as possible will be automated, the continuing need for telephone support and face-to-face contact in community hubs was recognised.

Mr Shaw responded to questions from members of the Committee:
- Mr Shaw now leads the programme, while retaining responsibility for libraries, ICT and customer service. The programme is driven by the whole senior management team.
- Although the term 'customer' was used a lot in documentation, everyone was clear that we are dealing with residents, businesses etc.
- With regard to programme management, a single PM Office will be established for the Council to further strengthen governance and financial control.
- It is expected that two further work streams will be created: Partners and Properties.
- Libraries are already providing some support to those who need assistance with IT.

RESOLVED: that the Committee noted the report.

66/16 EXTERNAL AUDITORS
(Agenda No. 7)

Mr King introduced the Annual Audit Letter. He described it as a high level summary of a more detailed report which the Committee had already seen. He particularly

drew the Committee's attention to the relevant audit issues for the future on page 46 of the Agenda.

Asked about the objection received on the Council's LOBO loans, he responded that the Council had provided information in response to EY's initial request and that it was expected that they would complete their review of this information by the end of November. It was difficult to estimate the fee for dealing with this as due process must be followed given that dealing with an objection was an exercise of one of the auditor's statutory roles. EY was being proportionate in dealing with similar objections at a number of their councils, for example the same team carrying out the review of initial information at several councils.

Asked to comment on the new requirement to include highways assets in Council accounts, Mr King said that it was not something that auditors had sought. The figure will have to be an estimate and evidence will be needed to support it.

In relation to how the auditors deal with Council partners, Mr King said that they looked at the arrangements made with the partners and checked for any risk. Naturally, financial contributions made by the Council to partners are recorded and included within the Council's Statement of Accounts.

RESOLVED: that the Committee noted the report.

67/16 APPOINTMENT OF EXTERNAL AUDITORS
(Agenda No. 11)

The Chairman explained that he added this item to the agenda in order to ensure that the Committee had an opportunity to discuss it before it came before the Council meeting on 13 December 2016.

Mr Dyson introduced the report and reminded the Committee that they had previously favoured the sector-led body option but had asked for more information on comparative costs. It was estimated that running a local procurement process and an independent audit panel would cost around £15,000.

A National Scheme had been established as outlined in Annex 1. Officers favoured this scheme. The Council must decide and a full report will be produced for its meeting on 13 December 2016.

Dr Jones noted, in the timeframe outlined, that the consultants would be appointed before the fees were known. Ms Baxter responded that it would be expected that the pooling system should result in lower fees. Dr Jones accepted that there was a consultation process on the fees as a safeguard.

RESOLVED: that the Committee agreed for the Chairman of the Committee to present a report to The Council on 13 December 2016, recommending opting in to the National Scheme for the appointment of External Auditors.

68/16 TREASURY MANAGEMENT MID TERM REVIEW
(Agenda No. 8)

Ms Ross presented the report which set out activities for the first half of the year. She pointed out that no new debt financing had been arranged during the year. One LOBO loan had been converted to fixed rate by Barclays.

Asked if depleting reserves meant that the Council would no longer be able to borrow internally – for example if a LOBO lender decided to increase their rate, Ms Ross responded that they were not currently borrowing internally but had the reserves to do so if necessary. The policy on LOBO loans was to exit on any rate rise.

RESOLVED: that the Committee noted the report.

69/16 AUDIT WORKING GROUP REPORT
(Agenda No. 9)

Ms Cox delivered the report and made the following main points:

- All management actions agreed within the Internal Audit Report of Safeguarding (Transport) 14/15 have been implemented.
- A specific risk was noted regarding the Children's Homes build and this was being reviewed as part of a sample for the Internal Audit of the Capital Programme.
- The Deputy Director of Adult Social Care updated the group on actions to date regarding the red rating for Mental Health in a recent audit. There will be a meeting with Health and the next AWG meeting will review the outcomes of that.

Dr Jones added that the issues in Mental Health will be difficult to resolve. Ms Cox responded that she thought it would be hard to make improvements without the involvement of Oxford Health.

Dr Jones added that the issues in Mental Health will be difficult to resolve. Ms Cox responded that close working between OCC and Oxford Health would be critical to ensuring the improvements can be delivered.

RESOLVED: that the Committee noted the report.

70/16 AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME
(Agenda No. 10)

The Committee agreed the Committee's work programme for 2017.

.... in the Chair

Date of signing 20

This page is intentionally left blank

Division(s):

AUDIT & GOVERNANCE COMMITTEE – 14 DECEMBER 2016

SENIOR MANAGEMENT REVIEW

Report by County Director

Background and context

1.   The Senior Management Review (SMR) commenced in October 2015 following the departure of the then Chief Executive and the appointment of a new Head of Paid Service (later re-designated as County Director). At that time, we were already considering our succession arrangements for the County Council Management Team (CCMT) taking into account the age profile and individual plans of the then top team, and the Leader's desire to break down silo working.

2.   We commissioned Penna to conduct a focused and objective review of our current structure and provide options for the future. Work undertaken included one to one meetings with each member of Extended County Council Management Team, in October/November 2015, canvassing Member opinions via an on-line survey in December 2015 and benchmarking with comparable organisations.

3.   The work by Penna identified that the Council had highly capable senior professionals and that whilst there was a strong culture of silo working nevertheless there was also a significant appetite to work in a more collaborative way.

4.   In February 2016 the four unitary council proposals by the City and District Councils required the SMR to be put on hold pending the outcome of the unitary debate and potential future shape of the council.

5.   Many of the issues identified by the initial review have been taken forward during this time, particularly around the Council's future role and the direction the organisation should take. This has been driven by our thinking about the best structures for local government in Oxfordshire and the findings of the Grant Thornton and Price Waterhouse Cooper studies. We are now developing a proposal for a single unitary council for Oxfordshire. The management structure therefore must ensure quick decision making, flexibility and cross organisational working. Much of this work can also be applied to thinking about the role of the county council within the current two tier arrangements for local government.

6.   Whilst the council's financial resources are likely to continue reducing we are building from a strong platform to be ambitious for the county. Oxfordshire is a place of many strengths, with a strong local economy and thriving local

communities. However there are areas of serious deprivation and a small but growing number of residents who need additional support.

7.   We want the best for all our residents and will play an important role in enabling a truly thriving Oxfordshire. However we will not be able to deliver this vision without changing the way the council works. In particular we know that we need to focus on:

  • Facilitating and empowering residents and local communities to shape their own futures
  • Playing our part in driving economic growth and managing the pressures of this growth, in particular supporting the creation of jobs and homes for our future residents, while protecting the quality of life of Oxfordshire residents today
  • Supporting the most vulnerable people. That means helping older and disabled people live independent lives; making sure every child gets a good start in life, and protecting everyone from abuse and neglect.

8.   In order to achieve this in the context of reducing resources we will need both a strong voice back to government to make Oxfordshire's case for investment loudly and clearly; and to forge new and strong partnerships locally, working with residents and communities as well as statutory and voluntary partners to deliver the best outcomes for our residents.

9.   In order to ensure that the organisation itself is fit for the future we now have a robust transformation programme underway, this will improve the customer experience and enable us to be a more efficient and flexible organisation without cutting services.

10.   The proposals set out in this report will provide the council with a strong framework for changing the way we work, and ensuring that our structure supports the outcomes we want for our residents and communities in Oxfordshire. There will be a much greater emphasis on a 'One Council' approach, on partnership working and on strongly driving the transformation programme to ensure that we are fit for the future.

11.   It is now the right time to deliver the findings of the SMR. Our response to the unitary challenge confirmed that our structure and ways of working were not always flexible enough to meet residents' expectations and be able to best respond to need. The SMR process has been updated by the work the council has undertaken in recent months on the transformation of services and on the future of local government in Oxfordshire, including a unitary structure or structures.

12.   The conclusions of the SMR have also been informed by the need to:

  • Build on the foundations that are already in place, with the numbers of senior managers reducing by 40 per cent since 2010;

- Enable the council to rapidly develop and put in place a new operating model. This will focus on how the council can most effectively support the aims of Efficient Public Services in the Corporate Plan. The new model will see the council become smaller, but more flexible and agile, as it works more smartly for and with Oxfordshire's communities.
- Ensure a stronger 'One Council' approach, driving and embedding new approaches across the organisation;
- Ensure that there is the flexibility to 'Think Unitary, Act Unitary' to meet the future needs of Oxfordshire residents;
- Achieve efficiencies and savings.

Findings of the review

13.   Penna's concluding report on this phase of the SMR can be found at Annex 1.

14.   The current senior management structure is shown at Annex 2. The proposed new senior management structure can be found at Annex 3. Although still "drawn" as a traditional structure chart, the ways of working proposed deliver increased flexibility based on need at any particular time.

15.   The key changes, and proposed approach are:
   1) Since the departure of the last Chief Executive the Council has been operating with a County Director who also fulfils the role of Head of Paid Service. It is proposed that that the title 'County Director' has served its purpose and that role should be re-designated as Chief Executive in the new structure.
   2) Director posts would be re-designated as Strategic Directors and reduced from 5 to 3. They would cover People, Communities and Resources. The Strategic Director for Resources post would be carried out by the Chief Executive, who will also take the lead on the transformation programme. These Strategic Director roles would focus on Council-wide, corporate responsibilities, problem solving and performance management; more than they would oversee service strategy and operational delivery.
   3) It is proposed that the existing Director of Public Health (DPH) assumes on an interim basis the Strategic Director for People role, while retaining his statutory DPH role.
   4) It is proposed that the existing Chief Legal Officer assumes on a permanent basis the Director of Law and Governance role, including the statutory role of Monitoring Officer.
   5) It is proposed that expressions of interest for the Strategic Director for Communities role are sought from the wider ECCMT grouping.
   6) The Deputy Director and Corporate Advisor posts that remain would be re-designated as Directors; unless there is a statutory element attached to the role of Director, in this case 'Head of' will be used. The statutory roles of Director for Children's Services and Director for Adult Services would sit at the Director level, reporting into the Strategic Director for People. Given the statutory nature of these roles we have already successfully appointed to these posts in advance of the departures of the existing Director of Children, Education & Families and the Director for Adult Social Care.

7) Within Resources one post would be re-designated as Assistant Chief Executive. The main emphasis of this role is to provide strategic and policy support to the Chief Executive. This role is important given the breadth of change underway to deliver our ambitions for the council, the transformation agenda and because there will not be an additional person in the Strategic Director for Resources role.

16. Further details about which services could report to Strategic Directors are in Annex 4. These are indicative and subject to agreement with Strategic Directors.

Financial and Staff Implications

17. Where appropriate, we will look to fill posts in the structure on an "internal first" basis and the proposals save money. This proposed structure sees anticipated savings in the region of £450,000, in addition it preserves the £300,000 already saved by the departure of the previous Chief Executive. The proposed structure also avoids incurring the additional costs of a Director of Resources, c.£182,000, as the Chief Executive will cover this role.

18. After Strategic Directors are appointed work would start, using the principles in the Penna report at Annex 1 (para. 31) and with corporate support, to review structures and assess the third tier managers. There is an expectation that this level of management would reduce.

19. On the 14 July 2015 Peter Clark was appointed by Full Council as Head of Paid Service. On the 13 April 2016 Peter Clark's title was designated as County Director, as a temporary arrangement pending the outcome of the Senior Management Review. In order to make the role of County Director (now retitled Chief Executive) permanent a decision of Full Council is required in principle with a further ratification after consultation with Cabinet.

RECOMMENDATIONS

20. **The Audit & Governance Committee is RECOMMENDED to:**

   a) **note the progress made to date on the Senior Management Review; and**
   b) **endorse the Senior Management Review recommendations and proposed structure and / or provide comments on any governance aspects for consideration by Cabinet.**

PETER CLARK
County Director

Contact Officer: Steve Munn, Chief HR Officer
December 2016

Oxfordshire County Council
Senior Management Review 2015-16

Background

1. Penna was appointed to carry out an external review in October 2015. Work started immediately but when the unitary debate commenced there was a requirement to pause the review pending the outcome of the debate and to enable us to consider the impact of the debate on the Senior Management Review. In the spring some of our recommendations were put into action with the appointment of a Director for Transformation. With the membership of the County Council's Management Team changing now is the right time to fully implement this Review.

2. At that time we were appointed the Council faced substantial challenges to its management arrangements. These stemmed principally from growing uncertainty in its operating environment. The election of a Conservative Government in May 2015 had produced greater certainty in the political sphere nationally but the Government's stance towards local government was developed largely through the prism of city region based economic growth complemented by "devolution deals" within English local government.

3. At the same time, the Council was engaged in two sets of discussions that questioned its future management arrangements: first, were the plans with two other Counties to jointly manage/commission environment and highways work; and second, the fast paced approach to integrating the County's social care functions with local health care services. Moreover, the departure of the Council's Chief Executive in September 2015, and the known retirement plans for some members of the management team, also meant that the Council needed to address the design of its senior management.

4. This led the Leader to initiate an external review of management arrangements. We were commissioned to conduct a focused and objective review of the County's management structure and provide options for the future. Work undertaken included one to one meetings with each member of the "extended County Council Management Team", in October/November 2015. Member opinions were canvassed via an on-line survey in December 2015.

5. Finally, benchmarking with comparable organisations was completed. Two factors were crucial to the initial set up of the review. First, was the aim to engage a wide group of Members in shaping the review's scope and purpose. Second, the review was to engage and involve senior managers (at Director and Deputy Director level). The review was not to be an external "top down" imposition. The review therefore developed from a strategic conversation amongst Members and senior managers. It developed iteratively over several

months. There was no simple template used; rather design principles and managerial issues were raised and discussed with senior managers singly as well as in groups.

6. This was especially important given the maturity of the Council's senior management. For this was not an exercise in simply implanting a "structure" but in developing better accountabilities to help the Council sharpen its performance and improve public service outcomes. The Senior Management Review (SMR) commenced in late 2015 following the departure of the then Chief Executive and the appointment of a new Head of Paid Service (later re-designated as County Director). At that time, the Council were already appropriately considering possible "succession arrangements" for the County Council Management Team (CCMT) taking into account the age profile and individual plans of the then top team. Not only was this a driver for change, but provided the Council with a real opportunity to properly plan for the future by getting the right people into the right posts and create principles for working which could truly realise the desire to transform both the organisation and the county itself.

7. Honest and open discussions needed to be held in confidence about how the Council's management could adapt to the challenges it faced. Confidential conversations about career options were critical with some senior managers and it was to the credit of the Council's management that these were conducted honestly and with integrity.

2. An early discussion point in October 2015 was the position of the Council's most senior official: the post of the chief executive. In reviewing the options, experience of managerial changes introduced elsewhere were examined to see whether they offered Oxfordshire any direct lessons (particularly amongst Councils that had dispensed with the role of chief executive or amongst those who had changed the focus of the role).

3. However, the central concerns involved ensuring managerial accountability to Members while reducing the overall cost of senior management. For that purpose it was essential to examine the "role clarity" of each senior management position and not just the chief executive position. Within management, the pivotal issue is who is accountable for what; and to whom are they accountable? Role confusion between managers with overlapping responsibilities can, at best, produce waste and inefficiency; at worst it can generate organisational dysfunction.

4. In a multi-purpose local government the role of the chief executive (or head of paid service) is to ensure that the best advice is organised in a coordinated manner; that policies and plans are coherent; and that management actions are accountable - within management as well as to elected Members. Elected members invoke change; senior managers deliver it. Senior managers must, at all times, avoid "stealing public interest decisions" from politicians. Officers work in a creative partnership with Members. But it is elected Members who decide direction and determine public interest choices.

Discussions with senior management

5. It became clear that the Council possessed a cadre of highly capable senior professionals and managers. This was particularly evident at the Deputy Director level and with those staff whose responsibility was to lead professional functions. These managers when assessed against sector norms perform very well indeed and there was evident scope for professional and personal growth amongst several senior managers; and the potential to lose them elsewhere if opportunities in Oxfordshire did not emerge.

6. However, it was also clear that managerial activity was too silo'd. Corporate working was principally concerned with coordination (discussions about "who should do what, when?") rather than collaborative problem solving (discussions about "how we can solve this local problem by working together"). Senior staff were keen to work more collaboratively in cross-organisational ways, but there was insufficient corporate working arrangements. A style of corporate working began in earnest as soon as the issue was identified and they have significantly developed since that date within a newly established open supportive culture set by Peter Clark.

7. Early in the review we took the view that the management arrangements needed to be adaptive and robust. It was not enough for them to be "resilient" to changes in the external environment; they needed to be open to adapt to these changes while maintaining organisational integrity. Key to this was the position of the Council's most senior official. Our discussions with senior managers revealed a palpable sense of trust and confidence in Peter Clark potentially serving as an interim head of paid service to help lead the Council's management through the next period of challenge. In our view the Council needed to use its best efforts to recruit to this position in the medium term but it was sensible to offer Peter Clark a new role to bridge between the pre-2015 Council and what it would become by the end of 2017. He had begun an open and inclusive style of working which was welcomed and supported by senior managers across the Council.

8. We also recommended that additional and ideally external support was necessary to kick start and co-ordinate a Council-wide approach to organisational transformation. We were of the view that this would be most effective if the Council appointed someone fresh with specific transformational experience to the top management team. This would produce additional challenge and grit in the management of the Council and ensure that progress towards change was achieved.

9. A Director for Transformation was appointed on a short term contract. He successfully set in train a number of key developments and created healthy challenge and disruption to the point where a range of changes, new ways of working and shared services have been introduced. The Director left once this work was completed and the Council was confident they had the internal

expertise and knowledge to move to the next phase of the transformation programme.

10. One key factor is the expectation on senior managers to "secure the successful delivery of service outcomes" while also working corporately and helping solve problems through joint action. Too often this is collapsed into a simple distinction between "strategic" managers and "operational" managers. In truth, operational managers (whether they are overseeing commissioning or delivering) in all sectors always need to be more strategic in their approach.

11. Having a strategic approach helps them shape services for tomorrow; and not just ensure that they are being delivered effectively today. Instead the challenge for local government senior managers is how best to achieve joint working on corporate problems. And increasingly this is less about "what the Council delivers"; it is more about how the Council works productively with communities and other partnerships to generate value locally. This requires a positive approach to collaborative working in an open style of management. This is less about what senior managers "control"; and more about what they can usefully influence to improve public outcomes across the County.

12. Discussions with senior managers led the external review team to conclude that the Council had the capabilities and ambition within its existing management to work more effectively as a cohesive group in support of the Council. The review team concluded that the management arrangements needed to be adapted - particularly at the Director level. We provided feedback to individual managers, together with an initial report on findings and possible way forward. This was completed in January 2016 and presented to the Extended County Council Management Team (ECCMT).

Local Government Reorganisation

13. Finalising the overall management design has proved problematic because of the "planning blight" created by the vacillating currents in both the national and local debates about local government reorganisation. This is no place to rehearse these issues but the uncertainty that has been cast over the Council's management arrangements cannot be overstated.

14. In February 2016 the four unitary councils proposed by the City and District Councils required the SMR to be put on hold pending the outcome of the unitary debate and potential future shape of the council. In the past ten months there have been competing approaches to how the County should be governed in the future and how its management should therefore be organised. The Council's response to the unitary challenge confirmed that the structure and ways of working were not "broken" but were not sufficiently flexible enough to meet residents' expectations and be able to best respond to need.

15. In support of the Council's own submission to Government on these issues, we have worked on how future management arrangements would be best established for a single unitary Oxfordshire Council. Thus while we were initially engaged to advise on the management arrangements for the Council's existing functions and activities, we also had to consider how best they could be adapted for a potential unitary County.

16. These structural governance challenges present substantial challenges to senior managers - as much as to elected Members. These managers are aiming to reshape services for the future and are increasingly doing so in collaborative partnership with other agencies and with local communities. In very many cases they need to focus on how to reduce substantially the cost of the service in the future. Doing so without knowing the structure of governance in the County is extremely difficult.

Cost Reduction: a design principle

17. The cost of a service includes the direct cost of labour, plant, materials and asset overheads (such as offices, depots, IT and so on). But it also includes the direct cost of managing the service, commissioning it and reviewing its effectiveness. In this sense management is an overhead.

18. Senior management that acts corporately is a corporate overhead (alongside the cost of governance, audit, insurance, corporate law and so on). Those who perform senior corporate management roles therefore need to be mindful of their costs. Every pound spent on senior management is a pound not spent in direct service provision. The issue is whether senior management adds sufficiently cost-effective value to the delivery of services today and the shaping of services for tomorrow. Lean approaches to corporate management underpinned our approach and we examined authorities elsewhere at the top three tiers of management to develop options that were highly cost effective and which could deliver substantial cost reductions to Oxfordshire taxpayers.

More recent changes

19. At the broadest level, following the Brexit vote in late June 2016 and the subsequent changes in the Administration and Machinery of Government, the Council has had to review its forward plan again. This is because the stance of Government has changed markedly in some areas (city regional footprints for economic growth have become larger); and in other areas is subject to review and change (potentially in respect of children's services). This impacts on the feasibility of any move towards the "unitarisation" of English Counties as well as to the more general financing of local government functions and activities (such as the business rate retention policies and the distribution of revenues from new developments). Moreover, approaches to health and social care integration (potentially impacting upon over one-half of the County's functional spend) are

now in review as the 44 Sustainable Transformation Plans (STPs) are in consideration by NHS England and the Dept of Health.

20. More narrowly changes are anticipated in the County's top management team as both the Director for Adult Social Care and the Director for Children, Education & Families will be leaving in the coming months.

Moving to implementation

21. It is now the right time to deliver the findings of the senior management review. The Council's management needs to be fit for new purposes. The SMR process has been updated by the work the Council has undertaken in recent months on the transformation of services and on the future of local government in Oxfordshire, including a unitary structure or structures. The conclusions of the SMR have also been informed by the need to:

- Build on the foundations that are already in place, with the numbers of senior managers reducing by 40 per cent since 2010;

- Enable the council to rapidly develop and put in place a new operating model. This will focus on how the council can most effectively support the aims of Efficient Public Services in the Corporate Plan. The new model will see the council become smaller, but more flexible and agile, as it works more smartly for and with Oxfordshire's communities.

- Ensure a stronger 'One Council' approach, driving and embedding new approaches across the organisation;

- Ensure that there is the flexibility to 'Think Unitary, Act Unitary' to meet the future needs of Oxfordshire residents;

- Achieve efficiencies and savings

Proposals in detail

22. The County's current senior management structure can be found at Annex 2. This directorate based structure has served the Council well over recent years but it is clear message that now is the time for change. The proposed new senior management structure can be found at Annex 3. Although still presented in a traditional "structure chart", the ways of working proposed deliver increased flexibility based on need at any particular times. What matters is corporate responsiveness to improve collective managerial accountabilities.

23. The key changes, and proposed approach are:
1) Since the departure of the last Chief Executive the Council has been operating with a County Director who also fulfils the role of Head of Paid Service. It is

proposed that that the title 'County Director' has served its purpose and that role should be re-designated as Chief Executive in the new structure.

2) Director posts would be re-designated as Strategic Directors and reduced from 5 to 3. They would cover People, Communities and Resources. The Strategic Director for Resources post would be carried out by the Chief Executive, who will also take the lead on the transformation programme. These Strategic Director roles would focus on Council-wide, corporate responsibilities, problem solving and performance management; more than they would oversee service strategy and operational delivery.

3) It is proposed that the existing Director of Public Health (DPH) assumes on an interim basis the Strategic Director for People role, while retaining his statutory DPH role.

4) It is proposed that the existing Chief Legal Officer assumes on a permanent basis the Director of Law and Governance role, including the statutory role of Monitoring Officer.

5) It is proposed that expressions of interest for the Strategic Director for Communities role are sought from the wider ECCMT grouping.

6) The Deputy Director and Corporate Advisor posts that remain would be re-designated as Directors; unless there is a statutory element attached to the role of Director, in this case 'Head of' will be used. The statutory roles of Director for Children's Services and Director for Adult Services would sit at the Director level, reporting into the Strategic Director for People. Given the statutory nature of these roles the Council has already successfully appointed to these posts in advance of the departures of the existing Director of Children, Education & Families and the Director for Adult Social Care.

7) Within Resources one post would be re-designated as Assistant Chief Executive. The main emphasis of this role is to provide strategic and policy support to the Chief Executive. This role is important given the breadth of change underway to deliver the ambitions for the council, the transformation agenda and because there will not be an additional person in the Strategic Director for Resources role. The Assistant Chief Executive will also have a prominent external role in handling a wide range of relationships with government, partners and stakeholders.

24. Further details about which services could report to Strategic Directors are at Annex 4. These are indicative and subject to agreement with Strategic Directors.

Principles for reshaping services

25. In proposing the new structure and the regrouping of services the following principles were and will be applied:

1) Services should be grouped so that the management of those services are able to realise positive synergies in terms of designing and delivering more

effective services for customers and service users; and are able to realise efficiency gains through strategic budgetary control and by eliminating waste, duplication and unnecessary management overheads
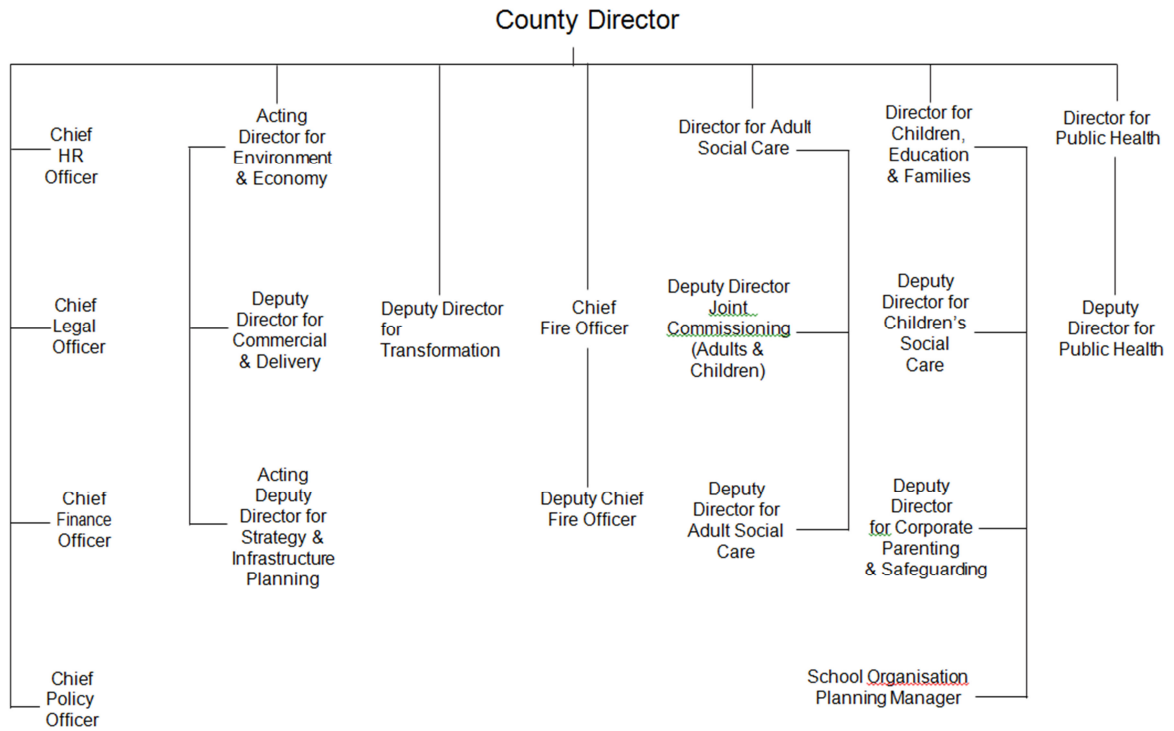
1) Management layers, accountabilities and reporting lines should be few, simple and clear; and managerial "spans of control" should be stretching (up to 8)

2) New management arrangements must also deliver a relentless focus on improving service performance; motivate people towards change for improvement as well as being adaptable and flexible.

3) There needs to be a straightforward relationship between any new management arrangements and the Council's scheme of formal delegation – thereby ensuring that the political dimension of the Council links with the management side in a way that enhances overall organisational effectiveness and efficiency.

4) Where required, appointments to posts would be using the robust selection methods we currently use to appoint senior managers, which includes development planning for successful candidates. This first phase of implementation of the senior management review will be accompanied by the articulation of a new direction for the council, a refresh of the corporate values and behaviours, and phase one of the Council's transformation programme.

32. A series of recommendations based on the findings of this review are provided for consideration in a covering report for Cabinet.
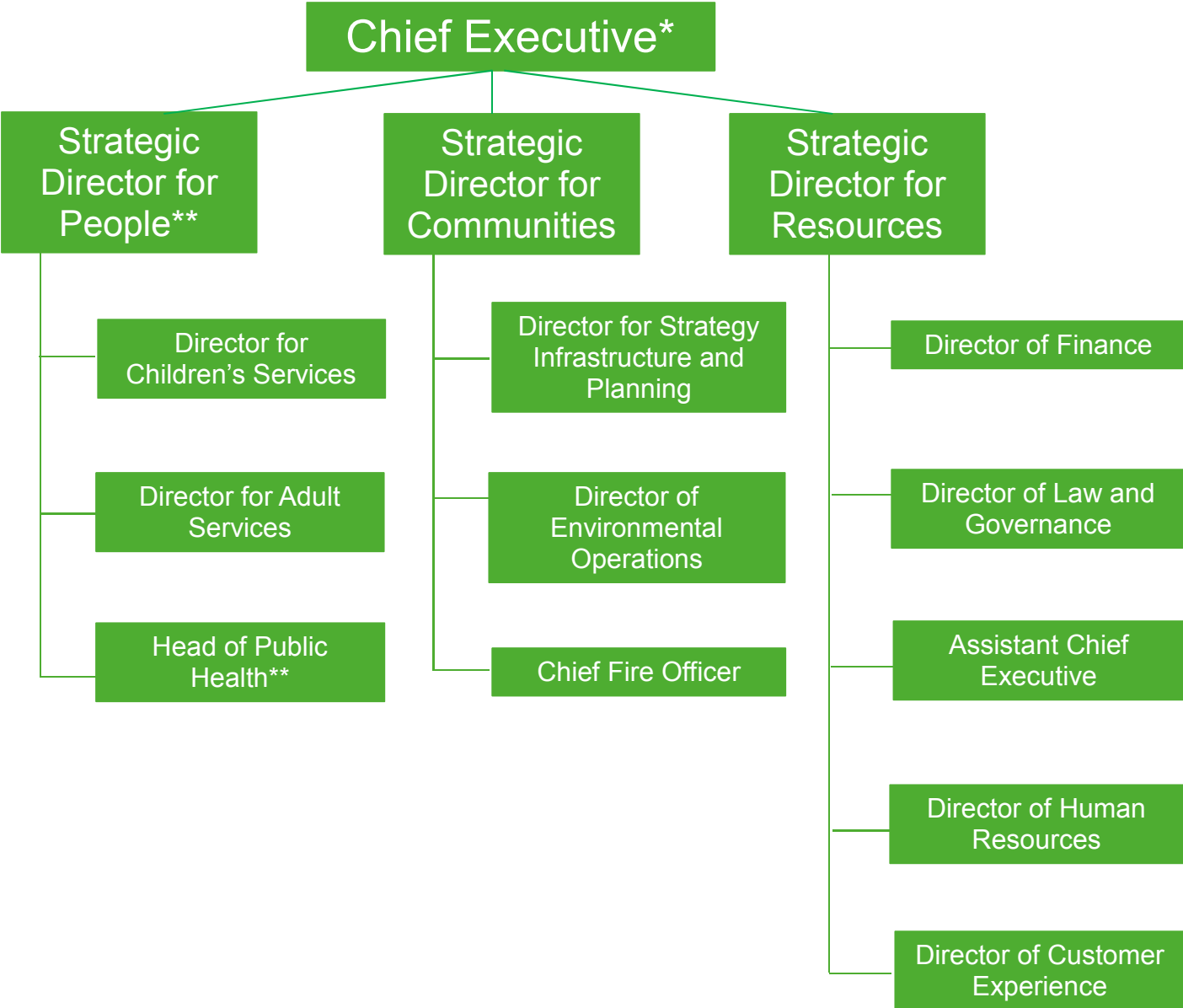
1 November 2016
report authors:
Dr Barry Quirk CBE (Penna Associate) and Julie Towers (Managing Director, Penna)

Annex 2 – Current senior management structure

Oxfordshire County Council

County Director

- Chief HR Officer
- Chief Legal Officer
- Chief Finance Officer
- Chief Policy Officer

- Acting Director for Environment & Economy
  - Deputy Director for Commercial & Delivery
  - Acting Deputy Director for Strategy & Infrastructure Planning

- Deputy Director for Transformation

- Chief Fire Officer
  - Deputy Chief Fire Officer

- Director for Adult Social Care
  - Deputy Director Joint Commissioning (Adults & Children)
  - Deputy Director for Adult Social Care

- Director for Children, Education & Families
  - Deputy Director for Children's Social Care
  - Deputy Director for Corporate Parenting & Safeguarding
  - School Organisation Planning Manager

- Director for Public Health
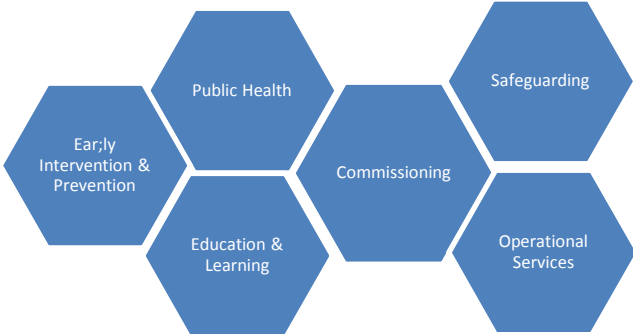 - Deputy Director for Public Health
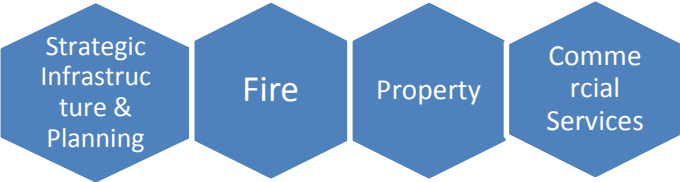
Annex 3 – Proposed senior management structure

* Chief Executive will also cover the role of Strategic Director for Resources
** Strategic Director for People will retain the role and title of Director for Public Health

Strategic Director for People

Public Health

Safeguarding

Ear;ly Intervention & Prevention

Commissioning

Education & Learning

Operational Services

Strategic Director for Communities

Strategic Infrastructure & Planning

Fire

Property

Commercial Services

Reporting into the Chief Executive as Strategic Director for Resources

Member Services & Corporate Governance

Human Resources

Policy

Customer Services

Legal

Finance

Communications

This page is intentionally left blank

Division(s): All

AUDIT & GOVERNANCE COMMITTEE – 14 DECEMBER 2016

Scale of Election Fees and Expenditure 2017/18
Report by Chief Legal Officer and Monitoring Officer

Introduction

1. Each year the Council needs to set a scale of election fees and expenditure for the holding of elections of county councillors. In September 2016, the Committee agreed a scale of fees to apply for the remainder of the 2016/17 year. It was noted then that a fuller review would be needed for the scale of fees and expenditure to apply in 2017/18, particularly for the May 2017 County Council elections.

2. A full review has therefore been undertaken in consultation with the City and District Councils which have, of course, held various elections and the EU Referendum since the 2013 County Council election. This report therefore presents a revised scale of fees and expenditure which brings the scheme up to date.

3. The proposed scale of fees and expenditure is included as an Annex to this report. Committee is requested to approve the proposed Scale of Expenditure as set out ahead of the County Council Elections, which are to be held on Thursday, 4 May 2017.

Purpose of the Scale of Fees

4. The purpose of the scale of fees and expenditure is to set out the amounts that can be charged for organising and running county council elections and by-elections. In practice, this means that these will be amounts that the City and District councils will claim back from the County Council for running elections on its behalf.

5. Most of the fees and expenditure remain unchanged. As you will see from the scale some of these costs are fixed and some are "actual and necessary costs". The mileage rate is linked to the national authorised 'all car' rate of 45p per mile.

6. The main changes under this review relate to:
   - Staffing: setting fees and expenditure that achieve a comprehensive coverage of experienced staff (presiding officers and poll clerks) which is essential to the sound administration of the election. As part of this it has been important to reflect the Oxfordshire Living Wage.
   - Training: it is important that all staff, even experienced ones, are soundly trained and the Electoral Commission's requirements would expect this. Uprated amounts are included to underpin this requirement based on the City and District Councils' experience of developing training methods and achieving attendance/engagement.

- Overnight verification fee: the Returning Officer has determined that the ballots should be verified overnight on Thursday 4 May 2017. This has now been reflected in an evening/overnight fee for counting supervisors and assistants
- Postal ballots: revised fees for the issue and opening of postal ballots to make this more cost effective, moving away from a flat fee to a cost per-ballot.

Levels for 2017-18

7. The fee payable by Oxfordshire County Council for a Presiding Officer, is currently the lowest payment for a Presiding Officer when compared with the City and District Councils.

8. The fee currently payable by Oxfordshire County Council for a Poll Clerk, matches that currently paid by all the neighbouring District Councils, save for Oxford City Council.

9. The experience of recent elections and the EU Referendum has also shown that there would be difficulties in achieving sufficient county-wide coverage of Presiding Officers and Poll Clerks to staff the County Council elections and that modest increases in the fees would avoid this.

10. In summary, it is therefore suggested that:
    a) The Poll Clerk's fee is increased from £115.00 to £135.00. This also matches the Oxford Living Wage of £8.93 for 15 hours of work;
    b) The Presiding Officer's fee be increased from £180.00 to £200.00;
    c) The fee for Poll Station Inspectors be increased from £190.00 to match that paid to a Presiding Officer;
    d) A new rate of payment be introduced for evening/overnight counting and verification supervisors and staff;
    e) The training fee paid to the districts for the provision of and undertaking of training be increased from £20.00 to £50.00 per staff member. Notwithstanding this 'ceiling', work is being undertaken with the City and District Councils to agree training, where possible:
    f) A fee for the supervision of the issue and receipt of postal ballot papers at £16.00 per hour has also been agreed, coupled with a fee of £0.70 per postal ballot for the issue of and opening of postal ballot papers. This is in preference to an hourly rate and replaces a fee which was felt to be both generous and out of date given the changes in process brought in by new IT packages available

11. The City and District Councils have now indicated that the referred to scale of fees are acceptable to them for the running of elections on the County Council's behalf, are consistent with their recent experience and should therefore provide a robust and cost-effective means of delivering the May 2017 election, together with any other in-year elections and referendums. A benchmarking exercise has also been undertaken with a sample of other county council areas and the indication is that the fees and expenditure now proposed are within the scope of fees planned by those authorities.

Financial Implications

12.   A separate budget is maintained for electoral expenditure, which is built up over time towards the County Council elections, due to be held in 2017. This also incorporates an element towards by-election costs which may also occur in the 2017/18 year.

RECOMMENDATION

13.   **The Committee is RECOMMENDED to approve the Scale of Expenditure for the financial year 2017/2018, as shown in Annex A to this report, for the election of County Councillors and any other local referendums.**

Nick Graham
Chief Legal Officer and Monitoring Officer

Background papers: Nil

Contact Officer: Andrea Newman,
                              Senior Democracy Officer
Telephone: 01865 810283

December 2017

This page is intentionally left blank

OXFORDSHIRE COUNTY COUNCIL

REPRESENTATION OF THE PEOPLE ACT 1983 (SECTION 36(4))

SCALE OF EXPENDITURE FOR ELECTIONS OF COUNTY COUNCILLORS
(Applicable to elections held during period 1 April 2017 to 31 March 2018)

Only the fees and disbursements specified below shall be chargeable. The fees payable to the Returning Officer or his duly appointed Deputy Returning Officer shall include all payments which he makes from his fees to other persons by way of remuneration of services undertaken on his behalf.

In no case shall a charge exceed the sum actually and necessarily paid or payable by the Returning Officer. Subject to this the maximum charges are set out in the scale. These fees will apply to other polls/elections/referendums.

PART I - UNCONTESTED ELECTION

A – FEES

1.	To the Returning Officer, for conducting the election and generally performing the duties required by any enactments relating to the election, other than any duties for which separate fees are provided. For each Electoral Division, a fee of …………..	1-member £43.95 2-member £87.90
2.	To a Deputy Returning Officer appointed for the purposes of conducting and generally performing the duties assigned by the Returning Officer, other than duties for which separate fees are provided. For each Electoral Division, a fee of .…………..	1-member £29.15 2-member £58.30

B – DISBURSEMENTS

3.	Preparation of poll cards and postal vote cards for supervising the preparation and issue of official poll and postal vote cards. For each Electoral Division, a fee of………………………………	1-member £18.40 2-member £36.80
4.	For the employment of persons for clerical and other assistance. For each Electoral Division ……………………………………...	1-member £21.50 2-member £43.00
5.	Travelling expenses of the Returning Officer, Deputy Returning Officer and Assistants. Per mile………………………..	£0.45
6.	For printing and providing forms, notices and other documents required for the election, including the printing costs, computer charges and all associated costs of producing official poll and postal vote cards, together with advertising expenses, postage, telephone calls and miscellaneous expenses	Actual and necessary cost

PART II - CONTESTED ELECTION

A – FEES

7.	To the Returning Officer, for conducting the election and generally performing the duties required by any enactments relating to the election, other than any duties for which separate fees are provided. For each Electoral Division, a fee of………….	1-member £91.30 2-member £182.60
8.	To a Deputy Returning Officer appointed for the purposes of conducting and generally performing the duties assigned by the Returning Officer, other than duties for which separate fees are provided. For each Electoral Division, a fee of …………...	1-member £86.90 2-member £173.80

(If a duly appointed Deputy Returning Officer also carries out the functions specified under Item 9 of this scale, he will be entitled to claim the fees payable under both item 8 and item 9 of the scale)

9.	To a Deputy Returning Officer appointed solely for the purposes of rules 25(b) and 38 to 46 of the Local Elections (Principal Areas) Rules 1986 (or such legislation as may subsequently be enacted), for making arrangements for counting the votes and declaring the result of the poll. For each Electoral Division, a fee of…………….……	1-member £58.30 2-member £116.60

(A Deputy Returning Officer appointed under this item cannot claim the fee payable under item 14 of this scale)

9A.	For each Recount…………………………..	£14.00

B – DISBURSEMENTS

10.	Presiding Officer, a fee of…………………. or where a poll is combined with a district council or parish council poll, a fee of……	£200.00 £225.00
11.	Poll Clerk, a fee of………………………… or where a poll is combined with a district council or parish council poll, a fee of…...	£135.00 £152.00

(Presiding officers and poll clerks may not include any additional expenses i.e. electricity charges, other than travelling expenses specified in item 21 of this scale, without the prior written express agreement of the (Deputy) Returning Officer.)

12. An additional poll clerk may be employed full-time or part-time at a polling station at the discretion of the Returning Officer or his duly appointed Deputy Returning Officer, and will be paid the fee payable under item 11 of this scale, or an appropriate proportionate amount as applicable.

13.	For the provision of training for polling station staff, including a payment for staff undertaking the training. This may be used in respect of any payment made for the collection of the ballot box ahead of an election by staff. To be distributed by the Deputy Returning Officer at their discretion. A fee of:…………………………	£50.00 per presiding officer and poll clerk
14.	Counting/Verification Supervisor: A fee of	
	(a) for the first hour…..…………………	£16.00
	(b) for each half hour thereafter or part thereof…….…………………………	£8.00
	In respect of evening/overnight working	
	(c) for the first hour……………………….	£18.00
	(d) for each half hour thereafter or part thereof……..………………………	£9.00
15.	Counting/Verification Assistant: A fee of	
	(a) for the first hour…..…………………	£12.00
	(b) for each half hour thereafter or part thereof…….…………………………	£6.00
	In respect of evening/overnight working	
	(c) for the first hour…………………….	£14.00
	(d) for each half hour thereafter or part thereof……..………………………	£7.00
16.	For the employment of persons for clerical and all other assistance other than where separate fees are provided. For each Electoral Division………………………………	1-member £108.50 2-member £217.00
17.	Preparation and issue of poll cards and postal vote cards, for supervising the preparation and issue of official poll and postal vote cards. For each Electoral Division, a fee of………………………………	1-member £18.45 2-member £36.90
18.	To an officer designated by the Returning Officer or his duly appointed Deputy, for inspection and supervision of polling stations. A fee of…………………….……	£200.00
19.	For preparation of ballot boxes. For each polling station, a fee of……….…………	£3.65
20.	Supervisor for the issue and receipt of postal ballot papers. A fee of:	
	(a) for the first hour……..………………	£16.00
	(b) for each half hour thereafter or part thereof……..………………………	£8.00

21.	For the employment of persons in connection with the issue and receipt of postal ballot papers, the total sum of which to be distributed by the Deputy Returning Officer at their discretion. A fee of…………………	£0.70 per postal vote
22.	Hire of rooms in connection with the issue and receipt of postal ballot papers	Actual and necessary costs
23.	For travelling expenses of the Returning Officer, Deputy Returning Officer, Assistants, Presiding Officers, Poll Clerks and Counting Assistants, and for posting Notices of Election and Notices of Poll. Per mile……………………………………...	£0.45
24.	Hire of rooms……….……………….……….	Actual and necessary cost
25.	For preparing a room for the purpose of a poll, and of a count, and cleaning and reinstating the room (per station)	
	(a) in the case of a school maintained by a local authority, which may be used free of hire charge, the caretaker's fee is to be paid in accordance with the allowances in force in the National Joint Council for Local Government Services National Agreement on Pay and Conditions of Service; or any local agreement; …………………………..	Actual and necessary cost
	and	
	(b) in any other building………..……….	Actual and necessary cost
24.	Heating and lighting (per polling station) …	Actual and necessary cost
25.	Conveyance of ballot boxes and voting screens……………………………………	Actual and necessary cost
26.	Compensation payable in consequence of the cancellation of functions in order to make suitable premises available for use as polling stations or places of count……..	Actual and necessary cost
27.	For provision of ballot boxes and voting screens, for printing notices, ballot papers and other forms and documents required, including the printing costs, computer charges and all associated costs of producing the official poll and postal vote cards, and for stationery, advertising, postage, telephone calls, bank charges and miscellaneous expenses…..…………	Actual and necessary cost

NOTE: At a combined election of County with District or Parish Councillors, wherever appropriate the costs are to be shared on an equal basis between the relevant Authorities, unless a particular expense can actually be allocated to a specific authority.

Nick Graham, Chief Legal Officer and Monitoring Officer
Agreed by Audit & Governance Committee: (date to be completed)

This page is intentionally left blank