

Joint Report of the Cabinet Member for Transport, Planning and Sustainability and Cabinet Member for the Environment

Review of City and Environmental Services Directorate

Summary

1. The report sets out proposals for amending the City and Environmental Services Directorate to reduce costs; introduce a more coherent and efficient management structure; and to streamline and re-align the Directorate structure to focus on delivery. There are a number of reasons why it is timely to carry out this review and these are summarised as follows:
 - To respond to significant financial savings pressures for the directorate as part of the overall funding reductions imposed upon the Council.
 - To provide a more flexible structure that can be more responsive to work demands in the face of necessary capacity reductions.
 - To re-configure the directorate structure in line with a delivery focussed approach.
 - To implement a new set of Design Principles as outlined in **Annex C**, for how the Directorate will be structured and perform in line with the Chief Executive's guidance.
 - To explore potential for generating income and growing business areas where appropriate; which will assist with mitigating financial pressures and evolving a more sustainable delivery model.
2. The work has been carried out in conjunction with and supported closely by the HR team.
3. A two stage approach is proposed for review of the Directorate:

- First stage is focussed on the leadership roles covering Assistant Directors (AD's) and Head's of Service (HoS). This is a high level review of the overall structure to address the form it will take and how the functions will be re-aligned to deliver the overarching objectives;
 - Second stage is to review all roles below HoS, which represents the substantive structure of the Directorate. This is a detailed consultation and review to ensure overall establishment is aligned with objectives and all areas are fit for purpose, with a clear mandate and focus.
4. The second stage consultation will then be undertaken concurrently with implementation of the first stage; so that the new AD's and HoS can work with the Director in formulating the shape, format and ultimate content of the revised structure and establishment they will be responsible for.
 5. The main proposed changes are:
 - a. A rationalisation of the management structure in Stage 1 by combining functions where appropriate in line with the new focus and thereby reducing the cost of management overheads on the service.
 - b. A re-alignment and revised focus for functions under the proposed new HoS to ensure they are fit for purpose and can deliver the most effective outputs and outcomes.
 - c. Creation of a structure that can transition down further from 5 HoS to 4 HoS in the future and facilitates benchmarking of key services to assess value for money and competitiveness.
 - d. Implementing the set of Design Principles adopted to create a leaner, more agile and focussed Directorate structure; in combination with introducing culture change and engendering a new ethos of performance management with a clear focus on delivery at all levels.
 - e. A clear focus on delegation to the most appropriate level; senior roles to focus on leadership and strategic management; with responsibility and accountability being taken for roles and duties at all levels.
 - f. Re-alignment of function and teams Grade 11 and downwards, as part of Stage 2 of the review; to imbed design principles and

create efficient, flexible and accountable establishment tiers; aligned to priorities and with a clear focus on delivery.

6. To support the Director in delivery of this radical change in structure and culture, a specialist external resource will be employed to drive through implementation of the review process stages and delivery of the new structure in line with financial objectives set; along with in parallel implementing and embedding the culture change and necessary improvements to working practices that underpins delivery of the wider review objectives and outcomes. This external specialist resource will be supported by and work alongside internal corporate resources to deliver these overarching objectives.
7. The review of City and Environmental Services Directorate has been carried out to reflect corporate priorities and to ensure minimum impact on these priorities. The savings made as a result of the review will make a significant contribution to bridge the gap in the Council's finances as part of the overall reduction in funding imposed upon the Council by Central Government. The Directorate already works closely with public and private sector partners across the city and in the wider region. The proposed changes recognise the benefits of these relationships and seek to strengthen these partnerships through a more focussed and coherent approach.

Background

8. The Directorate is responsible for leading 2 of the 5 main priorities set out in the Council Plan – *Get York Moving* and *Protecting the Environment*. In addition it makes significant contributions to all others. Through provision of its strategic and frontline services, the Directorate has a significant impact on the quality of life for all people that live, work and visit in York.
9. The Council, along with most public sector services, faces unprecedented budget pressures. At the same time, public awareness of service provision and demand for services in many areas are significantly increasing.
 - a. As part of these ongoing savings pressures, the Directorate needs to deliver legacy savings identified for 2011/12 as well as further savings of £2.9M over the financial years 2013/14 and 2014/15. However, within this there is further pressure

to deliver the required savings earlier within the 2 year period to meet existing commitments and projections.

- b. To deliver savings of this scale, having already undergone 3 reviews in recent years, the Directorate has to review its establishment base in parallel to its delegated budgets and income generation opportunities. The existing structure is presented for information at **Annex A**. The scale of the challenge sets the agenda for a radical change in how the Directorate operates, the resources it utilises to do this and expectations around future delivery of services where some real choices might have to be made.
- c. To achieve this, the review has been carried out using the key objectives set out in Section 1.0 of this report. Clearly the scale of savings to be achieved will require a downsizing of the Directorate, however, the review seeks to minimise this impact to service delivery and effects on customers. It will do this through seeking new opportunities for income generation, better alignment of all its internal and external funding streams with key priorities and developing business opportunities to bring in new income.
- d. Taking into account that the review is to be delivered in two stages; the detailed changes for the preferred option for Phase 1, which is an interim transitional arrangement, are presented at **Annex A – CONCEPT 2**; and summarised below:
- e. The Director's Leadership Team will transform from the current 3 AD's and 11 HoS to a leaner model of 2 AD's and 5 HoS with revised portfolios and focus; this is an interim position to reflect the transitional workload pressures and opportunities through to 2014/15.

This transitional interim structure encompasses:

- Assistant Director – Development Services, Planning & Regeneration

Provides strategic direction and leadership to deliver development and strategic planning priorities including the Local Plan, Get York Moving, Protect the Environment, Regional Partnership Working and Regeneration agenda. AD is supported by 2 HoS to

provide Leadership, Senior Management capacity and expertise for portfolio of re-aligned services and functions.

- Head of Development Services & Regeneration
- Head of Planning and Environmental Management

- Assistant Director – Transport, Highways and Waste

Provides strategic direction and leadership to deliver high level transport agenda; development management service; strategic waste agenda; fleet management services for the whole Council; and operational highways and waste services that support and impact all the residents and visitors of York. AD is supported by 3 HoS to provide Leadership, Senior Management capacity and expertise for portfolio of re-aligned services and functions.

- Head of Transport
- Head of Highways
- Head of Waste and Fleet

- f. This does represent a radical change in organisation of the Directorate and the structural change is supported by a set of design principles developed for the Directorate that build upon the Chief Executive's guidance. The objectives of this re-design will be complimented by culture and process change initiatives to imbed a range of necessary improvements to how the functions and services operate, which include:

- Delegation of responsibility and accountability down to most appropriate levels
- Improved communications protocols
- Revised approaches to programme and project management
- Robust performance management regime for people and services

- Clear protocols of delegated financial and management authority, so that decisions are made where and when appropriate
- g. Specialist transitional support is to be brought in to drive forward delivery of these key initiatives summarised above and wider cultural change necessary within the Directorate to deliver the new ethos and new ways of working.

Consultation

10. Extensive consultation has been undertaken throughout the Directorate to support the outcomes of the first stage of this review process. A copy of the consultation log can be found at Annex B. It can be seen that starting from the outlining of initial proposals to the Directorate JCC on 11th December 2012; that initial concept proposals were then circulated to staff on the same day; with follow up concept 2 proposals on 10th January while consultation continued and proposals were developed; and a final 3rd concept was then developed as an outcome of the wide ranging consultation feedback.
11. Throughout the whole consultation period there has been a variety of staff briefings, including individually where appropriate, with teams through line management and collectively with all staff by the Director. A special internal email address was set up 'Speak 2 Darren' where all staff could email views, concerns and ideas to the Director. Also all consultation documents, including any communications and concepts circulated, have been available on a dedicated shared drive v:\CES Restructure. Hard copies of all information have been provided to staff that do not have access to email, along with information placed on notice boards at Hazel Court. The briefings and engagement with managers and staff have been very flexible to ensure all needs were met.
12. Consultation has also involved working closely with Cabinet Spokespersons, to draw on their experience, thoughts and views. Also the Trade Unions have been consulted at every stage of the process and they have fed back their independent views based on engagement with their members.
13. A wide range of feedback has been received, including 44 emails to the 'Speak to Darren' dedicated email box, along with feedback through normal channels and response from the unions. The feedback varies from a few paragraphs to significant detailed and

lengthy commentary and draft concept structures, both from individuals and on behalf of teams. In general, all replies have been presented in a constructive way with many supporting the proposals; whilst others make helpful suggestions as to how things may be improved, including presenting their own concept structures for consideration. Some of the responses also transgress into more detailed views on how to improve the structure below HoS level, which will be part of the second stage review process and these responses will be utilised to inform that process.

14. The considerations, options and recommendations presented in this report very much reflect some of the comments made and suggestions forwarded as part of the Stage 1 consultation process.
 - a. The areas where issues were raised through consultation are summarised below:
 - Assistant Director Roles – *on one side concerns over the level of strategic capacity with only 2 AD's and on the flip side questioning the need for Assistant Director's at all and could HoS report to the Director.*
 - Head's of Service – *concerns over level and breadth of responsibility that might be devolved with merging of roles; and could this overload reduced capacity available if delegation is not effective.*
 - Concept Models – *a variety of proposals through direct engagement and via email responses have been received articulating a range of different models to take the Directorate forward. These range from concepts for a No AD's and 8 HoS model to 3 AD's and 6 HoS Model, with variations in between.*
 - Re-alignment of services and functions – *wide range of views on how different areas could merge to create new portfolios at AD and HoS level. Many comments were very specific to individual service areas and how improvements could be instigated and potential for income generation.*
 - Support Capacity – *questions were raised about the level of PA, technical admin and general admin support available in future as this could impact on*

operating efficiency for leadership roles and some service areas.

- *Synergies with CANS – a range of questions and suggestions were raised around joint working with areas in CANS and potential for merging some functions together.*
- *Application of Design Principles – concerns were raised about whether other Directorates in the Council would be adopting such radical revisions to their structures and implementing the design principles in a consistent manner.*

15. All consultation responses have been acknowledged and a substantive response will be given. As stated above, in some cases concerns have been addressed and changes made to the proposals. It should also be noted that some responses refer to detail and issues which will not be decided until the next phase of the review; and there will be further opportunity to input through consultation when that detail becomes available.
16. It should be noted that the Admin & Business Support functions, Performance Team and Personal Assistant (PA) roles are not part of this review process directly. Each of these areas are part of ongoing individual corporate review processes, the outcomes of which are yet to be determined. However the Directorate, through its management team, is giving input to these review processes as many of the functions do underpin a range of service areas within the Directorate; and some are business critical issues like the Technical Admin support to Development Management and Building Control.

Options

17. In response to Phase 1 of the review, three concept options have been developed through the consultation process taking into account the feedback given and the range of structure proposals presented for consideration. Details of the existing structure and each concept option are presented at **Annex A** and summarised below:
18. CONCEPT 1 – 2 AD and 4 HoS Model (Refer to Annex A)

- This option creates a new post of AD Development Management, Planning and Transport.

Under which there is a Head of Development Management that brings together all Development Management, Regeneration, Environmental, Conservation and Building Control functions.

Along with a Head of Planning Policy and Transport that brings together all Strategic Planning and Transport, Transport Policy and Programmes, Public Transport and Flood Risk Authority Roles, Major Transport Funding Programmes, Transport Projects and Delivery Monitoring and related Transport functions.

- Also a new post of AD Traffic, Highways & Waste.

Under which there is a Head of Traffic & Highways that combines all Highways Regulatory, Traffic Management and Operation functions.

Along with a Head of Waste and Fleet that will manage the Strategic Waste agenda, Waste Collections and Disposal, Recycling, Commercial Waste Collection Service and Fleet Management. Also responsible for implementing outcomes of specific ongoing review work in these areas.

19. CONCEPT 2 – 2 AD and 5 HoS Model (Refer to Annex A)

- This option creates a new post of AD Development Services, Planning and Regeneration.

Under which there is a Head of Development Services and Regeneration that brings together Development Management, Building Control and Regeneration Services. Also introduces concept of a virtual regeneration team with a low establishment base resource; that can then flex with demand and availability of funding; drawing on expert resources from across the Directorate as appropriate.

Along with a Head of Planning and Environmental Management that provides a more focussed approach to development of the Local Plan; related Design, Conservation and Sustainability services; and wider strategic agendas and regional partnership working.

- Also a new post of AD Transport, Highways and Waste.

Under which there is a Head of Transport that brings together all transport related functions; regulatory elements of highway functions that don't have operational delivery associated like Traffic Management, TRO's and Highway Development Management; Transport Funding and Major Scheme Bids; and Transport Programme Delivery and Monitoring.

Also a Head of Highways that combines all operational related Highway functions including Highway Asset Management, Adoptions and Streetworks. This brings together Highway Design, Project Management resources and Delivery functions; so enabling greater efficiency and control in delivery of transport and highways projects.

Along with a Head of Waste and Fleet that is as per CONCEPT 1 above.

Analysis

20. The relative advantages and disadvantages of the 3 Concept Options are set out in the Table below:

CONCEPT	Advantages	Disadvantages
CONCEPT 1	<p>Structure is well balanced between portfolios in terms of resources and responsibilities.</p> <p>Gives a clear split between strategic/policy and operational related functions.</p> <p>Combination of functions facilitates benchmarking and assessment of value for money for operational related services.</p> <p>All functions impacting upon Highway Asset now brought together. Will engender improved</p>	<p>Strategic agendas under AD Development Management, Planning and Transport require greater level of leadership and senior management input.</p> <p>This could possibly overstretch senior capacity available and detract from management of functions below HoS level in short to medium term. Requiring focus on appropriate delegation to skilled senior officers below.</p> <p>Also creates greater risk to developing partnerships and ability to influence</p>

	<p>coordination, greater efficiency, less disruption to highway and improved delivery of projects for customers.</p> <p>Combination of Land Use and Transport Planning provides a more joined up approach to infrastructure planning.</p> <p>Can facilitate deliver of savings targets for 2013/14 and 2014/15</p>	<p>wider strategic and regional agendas.</p>
<p>CONCEPT 2</p>	<p>Addresses senior management capacity concerns in CONCEPT 1 for Development, Planning and Regeneration portfolio through reducing functional responsibilities and so freeing up senior leadership resource at AD/HoS level.</p> <p>Provides clear focus on Transport agenda and separates out client role from highways functions to create greater accountability</p> <p>Transitional model that could readily be reduced to 2 AD and 4 HoS model in future.</p>	<p>Increased cost of extra HoS resource (£66k) to structure that will impact upon savings below HoS level in Phase 2 of the review.</p> <p>This could potentially overstretch senior capacity available and detract from management of functions below HoS level in short to medium term. Requiring focus on appropriate delegation to skilled senior officers below.</p>

Council Plan

21. The Directorate is responsible for leading 2 of the 5 main priorities set out in the Council Plan – *Get York Moving* and *Protecting the Environment*. In addition it makes significant contributions to all others. Through provision of its strategic and frontline services, the Directorate has a significant impact on the quality of life for all people that live, work and visit in York.

Implications

22. **Financial** – The proposed structure from the service review in City and Environmental Services is anticipated to deliver a cost reduction of £1,048k by 2014/15. The savings will be made through a combination of deleting posts from the structure and funding posts from other sources (capital / external grants). The restructure will be implemented during 2013/14 and a saving of £262k is anticipated to be delivered in that year. The final savings attributable to the review will not be finalised until all job descriptions have been scored and grades attributed to posts. These changes however are not anticipated to be significant to the overall saving.
23. **Human Resources (HR)** - Consultation on the proposed restructure of the City and Environmental Services Directorate has been on-going since November 2012 with employees and trade union representatives. The restructure will be implemented in accordance with the Council's Supporting Transformation (management of change) policies. The proposed restructure will potentially result in the reduction of a number of FTE posts. The Directorate will actively look to mitigate the impact and need for compulsory redundancies. Voluntary redundancy and retirement opportunities, and flexible working will be considered, and the seeking of alternative redeployment opportunities within the Council.
24. **Equalities** - There are no specific equality implications to this report, however equalities issues are accounted for at all stages of the restructure process
25. **Legal** – There are no legal implications.
26. **Crime and Disorder** – There are no crime and disorder implications.

- 27. **Information Technology** – There are no IT implications.
- 28. **Property** – There are no property implications.

Risk Management

- 29. Failure to produce a significant contribution to the Council's revenue budget will present a significant risk that the Council will not be able to balance its ongoing budget.

Recommendations

- 30. Members are asked to consider:
 - 1) Approval for CONCEPT 2 established through Phase 1 of the review of the City and Environmental Services Directorate as a transitional arrangement to mitigate risk to senior management capacity and delivery, in the short to medium term, based on current known commitments.

Reason: This will enable timely implementation of the Phase 1 review outcomes to deliver the revenue savings in line with commitments and expectation for the Directorate by May 2013, along with facilitating Phase 2 of the review.

- 2) Delegate to the Director of City and Environmental Services the completion of the review process through the detailed Phase 2 stage and to implement the outcomes of the review; in consultation with the appropriate Cabinet Spokespersons; and supported by interim expert external resource to drive delivery and embed proposed outcomes.

Reason: This will enable the full revenue savings to be realised in the most expedient manner for financial years 2013/14 and 2014/15 in line with commitments and expectation.

It also facilitates the future opportunity to further transform this transitional CONCEPT 2 structure into a structure based, in principle, around CONCEPT 1; but not bound by all the detail as presented at Annex A; subject to future funding position and how wider Council strategic initiatives are taken forward.

Contact Details

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		Report Approved	✓	Date 1/2/2013																				
<p>Specialist Implications Officer(s)</p> <table border="0"> <tr> <td colspan="2"><i>Financial:</i></td> <td colspan="3"><i>Human Resources:</i></td> </tr> <tr> <td><i>Name</i></td> <td><i>Patrick Looker</i></td> <td><i>Name</i></td> <td colspan="2"><i>Janet Neeve</i></td> </tr> <tr> <td><i>Title</i></td> <td><i>Finance Manager</i></td> <td><i>Title</i></td> <td colspan="2"><i>HR Business Partner</i></td> </tr> <tr> <td><i>Tel No.</i></td> <td><i>555633</i></td> <td><i>Tel No.</i></td> <td colspan="2"><i>551661</i></td> </tr> </table>					<i>Financial:</i>		<i>Human Resources:</i>			<i>Name</i>	<i>Patrick Looker</i>	<i>Name</i>	<i>Janet Neeve</i>		<i>Title</i>	<i>Finance Manager</i>	<i>Title</i>	<i>HR Business Partner</i>		<i>Tel No.</i>	<i>555633</i>	<i>Tel No.</i>	<i>551661</i>	
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Wards Affected:			All	<i>tick</i>																				
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Background Papers: None

Annexes:

Annex A: Existing Structure and Consultation Concept Structures

Annex B: Consultation Plan – CES Structure Review Process

Annex C: CES Directorate Review - Design Principles