

	
Cabinet	6 th December 2011
Cabinet portfolio: Leader Report author: Chief Executive	

Organisation Review 2011

Summary

1. In the light of major changes to the operating environment of local government and the approval of the City of York's Council Plan this report proposes to Cabinet:
 - Redefined responsibilities for Directors and Assistant Directors
 - Action to strengthen staff and organisational development
 - The deletion of two further Chief Officer posts which will entail a total permanent saving of £250k per annum in the cost of the Chief Officer structure

Background

2. In December 2009 the then Executive of the Council approved a new senior management structure for leadership, management and delivery of services by the local authority. The Organisation Review of 2009 created four Directorates and reduced the senior management posts in the authority by 33% at Director level, 24% at Assistant Director level and 10% at grades 10-12, achieving a permanent annual saving of £2.293 million per annum. It was agreed that a further Assistant Director post to be deleted from the Adults, Children and Education Directorate in 2012.
3. Since 2009 significant changes have taken place in the operating environment of the City of York Council. These are

outlined below. Given their significance, it is appropriate that a further assessment takes place of Chief Officer roles and responsibilities, working arrangements and organisational systems to ensure that the Council's priorities – as detailed in the Council plan – are delivered and that all expenditure of the Council is effectively deployed.

4. The formation of a Conservative and Lib-Dem coalition government has brought profound change to local government. The Government's priority of 'deficit reduction' led directly to the decision in the Comprehensive Spending Review to reduce national funding for the local government sector by some 28% over four years. For the City of York this equates to a funding gap of £50 million over a four years. In the period 2012-14 it is estimated that £22m of revenue savings will be required to be taken from the budget of the council.
5. This has been accompanied by a major programme of reform affecting all aspects of local authority business, from the formation of Academies and Free Schools, reform of the welfare benefits system, establishment of clinical commissioning groups, establishment of local enterprise partnerships, election of Police and Crime Commissioners to the abolition of Regional Spatial Plans, Comprehensive Area Assessment, police authorities, strategic health authorities and regional development agencies.
6. The Government has stated a commitment to localism and has legislated to give local communities new additional defined legal rights to have a say and involvement in the decisions, design and delivery of services.
7. Of specific relevance to the Organisation Review 2011 is the requirement to have initial arrangements in place from April 2012 to discharge new responsibilities for the local authority in relation to the delivery of public health. It is intended by Government that these are statutory from April 2013.
8. These fiscal and policy changes are dramatic particularly when set against a backdrop of the changing and increased demands of a larger older population in the City, the predicted

impact on residents of benefit changes and challenging prospects for economic growth nationally.

9. The primary objective of the City of York Council within this context is to secure the best possible quality of life for the residents of York.
10. In May 2011 a new administration was elected for the City of York Council and in October 2011 the Council's priorities for the period 2011-2015 – as expressed in the Council plan – were adopted. This plan takes account of the demands and challenges facing the organisation whilst keeping focus on the priority needs of the City and its residents.
11. The five delivery priorities of the Council are:
 - To create jobs and grow the economy
 - To get York moving
 - To build strong communities
 - To protect vulnerable people
 - To protect the environment
12. To deliver these priorities effectively the Council plan also sets out the 'core capabilities' that will be required in the organisation. These are:
 - A confident, collaborative, high performing workforce
 - To be completely in touch with the communities we serve
 - To have a relentless focus on the established priorities of the Council.
13. Detailed arrangements are in place for delivery of the Council plan priorities, and a major programme of business change and innovation is underway to ensure that outcomes are secured with the resources which are available; continuing to drive out expenditure which is not related to priorities and to seek additional investment for delivery of priorities. The council is working with the National Endowment for Science, Technology and the Arts to innovate in public service design and delivery as part of the Creative Councils Network.

14. In July 2011 the Leader of City of York Council attended the inaugural meeting of the Co-operative Councils Network. The council is now a member of this network and one of 17 local authorities committed to developing new models of working including the formation of employee and community owned mutuals, social enterprises and the introduction of more open, participative, less hierarchical ways of working.
15. In Autumn 2012 the council will relocate its city centre delivery to West Offices. This will provide a very significant opportunity to introduce more collaborative ways of working and to eliminate the duplication of activity inherent in multi-site delivery, as is the case currently.
16. This report therefore concentrates on:
 - changes to the roles, responsibilities, capabilities and numbers of Chief Officer posts as they lead and deliver on the Council plan priorities
 - investment in the development of senior managers and development of a fast track programme to identify and develop emerging talent and contributions from all levels of the organisation
 - proposals for the implementation of the new responsibilities of the local authority for public health from April 2012.
 - proposals for some rearrangement of service functions to maximise focus on delivery of council plan priorities
17. The recommendations have been drafted following wide ranging consultation, an appraisal of the strengths and weaknesses of current arrangements, and a review of models and trends in high performing / low spending unitary and metropolitan authorities.

Consultation

18. Consultation has taken place between June and November 2011, the outcomes of which have informed the development of the proposals before Cabinet.

19. Consultation has comprised the following:

- Briefings with Group Leaders, Cabinet portfolio holders, the Leader
- Workshop discussions with the Chief Officers and Senior Managers of the Council
- Workshop sessions with staff from across the Council (400 staff in total)
- Briefings at the Corporate JCC
- Written submissions received on behalf of individuals, teams and Directorate Management Teams
- Discussions with partners through the public sector roundtable meeting
- Discussions with the Council's regulators – the Audit Commission, Ofsted and the CQC

20. The consultation process delivered a comprehensive range of views on the current effectiveness of the organisation and thoughts about how to strengthen delivery.

21. **Council Employees**

Over 400 employees expressed views. It was generally felt that the previous organisation review, change programme and production of the Council plan have delivered benefit in the following ways:

- A much clearer and more strategic focus for the work of the Council
- The Council has taken a much higher profile in the City, region and nationally in the last couple of years
- Much of the service reconfiguration has made for more integrated and effective delivery e.g. bringing adult and children's services into one Directorate, similarly Human Resources and Finance and the merging of housing maintenance and housing management
- There is more collaboration and less territorialism across the authority between services
- There is greater focus on 'customer service' and the use of good rigorous evidence about resident needs in the design and delivery of service

- Despite significant reductions and disruption in senior management posts and at other levels service standards have been sustained to the credit of staff and managers.

People also identified the following issues:

- A persistence of bureaucracy and unnecessary hierarchy preventing employees at all levels from making their full contribution
- A lack of a coherent approach to provision of employee training and development
- That due to lack of turnover and recruitment the organisation is not representative of the communities it serves and as there is limited career progression talented people may be unable to contribute at the level of their potential
- Although delivery is imminent on a number of major projects, improvements to systems have been slow and staff particularly at the front line sometimes feel ill equipped to deliver the high standards of service to which they are personally committed
- Further potential for integration of some services which have significant common agendas, particularly in the planning and delivery of physical environmental services
- A persistence of unnecessary internal trading
- In some areas the concept of one organisation - 'Team York' - is not subscribed to
- Further potential to consolidate support services for the organisation
- That the way people and teams work together in the organisation is as important as any structure – it is strong focus, leadership and the quality of people's performance that delivers
- An anxiety about further major change and its impact on morale

22. Trade Unions

Corporate JCC has been briefed on the Organisation Review. UNISON have expressed some concerns about the Director of

Public Health post. A commitment has been given to involve the trade unions in the development of the revised Director and Assistant Director job roles and of the relevant trade unions in the implementation process for affected staff. UNISON welcome the commitment to introduce a programme on systems thinking.

23. Elected Members

There is agreement that the organisation needs to function with as streamlined processes as possible, and to prioritise delivery of frontline services.

24. Partners

Detailed discussions have taken place with the Strategic Health Authority, Regional Director of Public Health, Primary Care Trust, Chief Executive of North Yorkshire County Council and shadow Vale of York Clinical Commissioning Group on arrangements for the delivery of Public Health.

There is consensus that the transfer of responsibility to public health represents a significant opportunity to tackle the wider determinants of health. Services such as housing, leisure, parks and open spaces, environmental health and trading standards collectively can make a greater impact on the general health of individuals and communities than the provision of acute and secondary services.

Health organisations are keen to see the role of Director of Public Health accommodated at 2nd tier within local government, reporting directly to the Chief Executive. At this point although shadow responsibilities for public health will be transferred to the City of York Council from April 2012 there is no definitive information on the financial allocation from the Department of Health to fund the public health function, the recruitment framework for Directors of Public Health or clarification re potential application of TUPE to the transfer of existing employees from the PCT. It has however been agreed that secondment of existing employees of the York and North Yorkshire PCT will take place from April 2012 to discharge shadow responsibilities and to develop permanent

arrangements from April 2013, without prejudice to subsequent determination of these arrangements.

25. **Regulators/ Inspections**

Discussion took place with the Audit Commission, CQC and Ofsted. It is not for regulatory bodies to express a view on specific structures. However, the following comments were made:

Audit Commission

The Audit Commission would be concerned if management capacity was significantly reduced but have observed that in City of York Council greater time and effort is spent by management on low level processes and functions remain more decentralised than elsewhere. The Audit Commission is willing to act as a critical friend to tackle these issues.

Ofsted

Ofsted confirmed that they have no significant concerns about the proposals and endorse the focus on vulnerable children in the Council Plan including closing the gap in attainment for secondary pupils from more deprived backgrounds. Ofsted would wish to be updated on proposals which have an impact on senior management posts in Children's Services.

CQC

Pleased to be informed of proposals, have no issues and understand all statutory requirements re. the role of Director of Adult Services, Director of Children's Services and Director of Public Health will be complied with.

Proposal

26. The following proposal is presented to Cabinet with regard to the outline portfolios of Directors and the number of Chief Officer posts within the Council. The proposal satisfies the

objectives of the organisation review, and is based on analysis of current performance, structures elsewhere, consultation feedback and assessment of the required organisational capacity and capability to deliver Council priorities.

27. In implementation of the proposal, there is a clear recognition that structural changes alone do not achieve the organisational change we require – something reflected clearly from staff consultation. The following, therefore, apply in support of the proposal:

- That the primary role of all Chief Officers will be strategic planning for service delivery – and the commissioning of the appropriate arrangements for its delivery. These arrangements may range from in-house provision, provision by an employee- or community-owned mutual, voluntary or private sector provision to provision in partnership with others as a shared service.
- That the role of senior managers in grades 10-12 is strengthened and investment is made in their training, development, support and opportunities to work together across the organisation through greater use of project management approaches.
- That a programme is adopted which identifies and supports the development of talent at all levels of the workforce and builds a culture that enables greater involvement in and contribution to the shaping and decision making about service delivery by employees at all levels.

28. The Role of the Chief Executive and the functions within the Chief Executive's Office

The primary responsibility of the Chief Executive is to ensure that the priorities of the Council are delivered, and that all the resources of the organisation – financial, physical and human – are effectively deployed for delivery.

The Chief Executive has a distinctive role to provide strategic advice and support to elected members, to ensure good governance of the organisation and to act as head of the paid service. Whilst functions may be operationally located

within a Directorate ultimate responsibility and accountability to elected members – with the exception of roles with a statutory designation for specific functions (the monitoring officer, section 151 officer and Director of Children’s Services) – remains with the Chief Executive. Currently the Chief Executive leads strategic work with functions some of which are not directly located within the Chief Executive’s Office, for example:

- Human Resources
- Customer/Resident Service Standards
- Health and Social care
- Economic development

29. The functions that are proposed to be located directly within the Chief Executive’s office are as follows

- Policy, partnerships, marketing and communications
- Innovation and performance improvement
- Economic Development

Whilst as noted it is not necessary for functions to be directly located within the Chief Executive’s Office, policy, planning and performance improvement lie at the heart of the Chief Executive’s role on a daily basis. The transfer of the Economic Development would reflect its prominence within the Council Plan and the Leader’s portfolio.

30. **Council Directorates**

Four portfolios are proposed – as currently – at Director level.

It is proposed that portfolios of responsibility are amended and that Director job titles are changed to reflect this as follows:

- Director of Customer and Business Support Services**
- Director of Communities and Neighbourhoods**
- Director of Adults Children and Education**
- Director of City and Environment Services**

The functional responsibilities of each Director are summarised below.

31. **Director of Customer and Business Support Services**

It is proposed that the opportunity is taken to consolidate further the provision of support services within the organisation to create a more consistent support provision across all service areas. In response to consultation feedback, staff should expect a consistently good service which adequately supports them in their duties. This consistency is best achieved through consolidation of resources and expertise.

Customer and Business Support Services would include:

Strategic finance
Accountancy Services
Treasury Management
Council Tax Collection
Income Collection
Debt Management
Audit Client
Housing and Council Tax Benefits Management
Procurement
Asset Management (including Property Services)
Facilities Management (including Cleaning Services)
Administrative Support
Reprographic Services
Reception Services and Council contact centres
Human Resources
Information Communication Technology Services
Legal Services
Civic and Democratic Services
Development of the Local Authority Trading Company
Information Governance
Risk Management
Insurance

32. This grouping of functions assumes the following:

- That all telephony services are managed as one service

- That an integrated package of facilities management services is developed in advance of the CYC move to its new location in West Offices
33. Whilst responsibility for commissioning workforce development will rest with Human Resources, further work will be undertaken to assess the potential to deliver greater employee development from the merged functions of Adult and Community Education, York Training Centre, Future Prospects and internal workforce development resources. This is discussed below in paragraph 39.
34. Consideration was given to additional services which could be located within this Directorate, such as Fleet Management and Business Change and Performance. Given the scale of change and additional responsibilities to be transferred, combined with capacity and capability within this area it is not proposed that these functions are transferred. But it is important that close working takes place between these functions.
35. **Director of Adults, Children and Education**

It is proposed that the core responsibilities of this Directorate are retained – to plan for and secure delivery of:

Adult Assessment and Safeguarding
Adult Service Provision
Children’s Specialist Services
School Planning, Organisation and Improvement

Adults, Children and Education (ACE) is by far the largest set of service areas, both in terms of budget (over 60% net revenue) and staff numbers, with challenging agendas including the development of integrated commissioning of health and social care services in partnership with the proposed clinical commissioning group for the Vale of York.

It is proposed that the current requirement to delete an Assistant Director post within ACE – as per the Executive decision of July 2010 - is implemented; that the Drugs and Alcohol Commissioning functions become part of the new public health cluster of activities, and that the potential to

transfer out and consolidate further support services such as workforce development, building custodians, and administrative services is taken. The latter will bring the support arrangements for ACE further in line with other directorates.

36. Director of Communities and Neighbourhoods

It is proposed that this Directorate takes the lead responsibility for community engagement by the Council, the responsiveness of the Council to the particular needs and issues of different neighbourhoods and brings together the cluster of services which will provide real benefit around the agenda of public health and health improvement.

In the delivery of this, the following functions are proposed to be located in this area:

- Health Improvement
- Public Health Commissioning
- Emergency Planning
- Environmental Health
- Registrars and Funeral Services
- Trading Standards
- Community Safety
- Prevent
- Community and Neighbourhood Engagement
- Equalities
- Housing
- Leisure
- Culture
- Tourism
- Parks and Open Spaces
- Parking Services
- Street Scene
- City Centre Management

In the delivery of the Public Health Functions, this directorate would contain the team transferred on secondment initially from the Primary Care Trust from April 2012. A further report will be required within the financial year 2012/2013 to clarify

and establish working arrangements from April 2013 when full statutory responsibility for public health transfers to CYC.

The directorate would also have a key role in responding to the Localism Act 2011, including the community rights around challenging for services and community planning.

37. Director of City and Environment Services

It is proposed that the strategic planning for, and delivery of, city-wide and neighbourhood improvements to the physical environment of York are brought together within this Directorate. This would allow for a more responsive set of services to drive improvements faster by completely aligning delivery plans with the strategic aims of the service. It would reduce the need for bureaucratic internal trading mechanisms which add little to the front line delivery of improvements. The functions that would, therefore, be located in this area are as follows:

- Spatial Planning
- Planning
- Development Control
- Transport Planning
- Highways management and maintenance
- Civil Engineering
- Fleet management
- Waste Strategy
- Waste collection and disposal
- Environment and Energy Strategy
- Major Projects Delivery
- Conservation and Heritage Services

38. Summary of Structural Changes

Taking account of a redefined role for Assistant Directors, greater investment in the development of senior managers' capabilities, introduction of more open collaborative, less hierarchical ways of working and efficiencies achieved through the relocation to West Offices it is proposed that there are 13 Assistant Director posts working with the four Directors.

In addition, senior management capability will be strengthened by a seconded resource from the PCT pending appointment of a post-holder with formal designation as the Director of Public Health during 2012/13. This represents a reduction of Assistant Directors from 16 in 2010 to 13 in 2013.

It is proposed the authority be delegated to the Chief Executive to determine the appropriate functional responsibilities within these 13 posts, to enable effective delivery of the Council Plan and fulfilment of all statutory responsibilities. The opportunity will be taken to explore the potential for greater matrix management of senior staff and use of project management as part of this process.

39. Organisation and Employee Development

Consultation, particularly with staff groups as part of this review, highlighted the determination of staff to provide the best service possible to residents. It also identified a view that there are a number of less helpful ways of working, which, if left unaddressed, will impact on the ability of the organisation to move forwards and adapt to the challenges it faces.

Across the organisation, there is a sense that people still work in separate service areas and have not moved as far as we must do to become "Team York". Focus is dictated by the teams people work within, rather than by the combined effect of actions on residents. Staff want to work more closely across these artificial boundaries. Staff don't feel that they can take decisions, even when they are best placed to do so. This lack of confidence suggests that the organisation is not good at calculating and taking risks. It is also indicative of a concern that even minor decisions need ratification, in case issues occur later. This means the organisation does not move as quickly as it could and that we are not using the expertise we have in the most effective way.

Due to very limited turnover within the organisation, opportunities to recruit people into the organisation and opportunities for career progression are restricted. This means that the workforce does not reflect fully the communities it

serves and talented employees have less opportunity to progress and to contribute to the best of their abilities.

The move to West Offices, the council's involvement in the Co-operative Councils Network and the Creative Councils Network will assist in tackling these issues but, to address these issues more forcefully, the following are proposed:

That in the council's workforce plan the following actions are prioritised:

- An annual programme to recruit young people into the council's workforce as apprentices.
- A programme which identifies and develops the contribution of talent from all levels of workforce through opportunities for secondments, mentoring, shadowing, involvement in cross-authority project working.
- The redrafting of senior management job descriptions and specifications to include responsibility for mentoring and coaching of staff from across the organisation.
- That a behavioural competency be included in the appraisal of senior managers relating to commitment to collaborative activity, communication with staff and development of staff at all levels.
- 360 degree feedback (i.e. feedback from staff, peers and managers) is an essential component of performance management for senior staff.
- That a programme of training on systems thinking, service redesign (using 'LEAN' methodology), project management and management of change is established.
- That the council's involvement in the Creative Councils programme funded by the National Endowment for Science, Technology and the Arts is used to drive greater involvement of staff in the process of improvement and innovation in service delivery.

Implications

- (a) **Financial** - The reduction of 3 Chief Officer posts (including the post in ACE already agreed to be removed) will lead to a permanent reduction in salary costs of around £250k.

(b) **Human Resources (HR)** – The proposals in this paper will have an impact on staff, particularly at Director and AD level. The trade unions and those directly affected will be fully consulted on the proposals and the process to be followed. It is acknowledged that ADs have recently gone through a thorough process under phase 2 of the restructure and every effort will be made to balance the need to follow due process whilst minimising the impact of achieving these changes on those affected. Full support will be offered to staff throughout the process. Once the proposals are finalised and agreed, a detailed implementation plan will be developed and shared with staff and the trade unions.

(c) **Equalities** – A full EIA will be undertaken based on the decisions taken by cabinet, to focus on the impacts of the review on both staff and residents. At this stage, consideration has been given to the impacts through the review's alignment with Council Plan priorities. These have been specifically designed to reduce inequality across the city.

(d) **Legal** - Legal Services have been consulted and the change process described above has been reviewed to ensure it is constitutionally appropriate. Should changes be approved to Directors' portfolios, some changes would be required within the constitution to reflect the new responsibilities. No changes are proposed to the arrangements of statutory posts, but the proposals make reference to the future need of a statutory role of Director of Public Health.

(e) **Crime and Disorder** -None

(f) **Information Technology (IT)** - None

(g) **Property** - None

(h) **Other** - None

Risk Management

As with any significant reorganisation a risk is that the energies and focus of services and staff are distracted and uncertainty undermines morale. For that reason effective management of the change process is essential, with priority given to frequent

communication throughout the organisation, support and guidance for staff affected by the change process, use of agreed procedures for the management of change and whilst taking sufficient time to ensure the changes are properly planned for moving at a pace to provide certainty for staff. Reduction in management posts will be challenging and put additional demands on staff unless a thorough review is undertaken of internal operations to ensure all non essential processes are minimised. As ever close attention will be paid to the performance of the organisation through this period to ensure early action on any issues which arise.

Recommendations

It is recommended that Cabinet approve the proposed directorate structure and activities to address organisation and staff development.

Members are asked to consider:

- (a) That approval is given to the functions to be contained within each directorate and director's portfolio as the preferred structure of council services.
- (b) That approval is given for the deletion of two Chief Officer posts at Assistant Director level
- (c) That the Chief Executive is given delegated authority to determine the distribution of services within the Assistant Director portfolios in consultation with the Leader and Cabinet members.
- (d) That Member Appointment Panels are established as and when required to undertake the appointment of Assistant Directors.
- (e) That the Workforce Plan addresses the implementation of the Organisation and Employee development proposals within section 39.
- (f) That a business case is brought back to Cabinet for the development of a consolidated Adult Learning and Workforce Development function

- (g) That a further report is brought to Cabinet as soon as is practicable on the establishment of the Public Health function within the City of York Council.

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Wards Affected: <i>List wards or tick box to indicate all</i>			All <input checked="" type="checkbox"/>
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Background Papers:

Organisational Review 2011 Consultation Summary
 Department of Health Public Health Human Resources Concordat
 Local Authority Comparator Data

