

Agenda Item	18
Report No	HC/51/13

24 October 2013

Proposed Amendments to Service Structure

Report by the Chief Executive

Summary

It is proposed to amend the Council's Service structure to align teams into 5 Services rather than the current 7. The paper describes the reasons for the changes and notes that a saving of £350k per annum will be delivered.

1. Background and Drivers for Change

1.1 The appointment of a new Chief Executive is an opportunity to undertake a review of the Service structure of the Council and to make any changes which will improve the efficiency, effectiveness and performance of the Council's services. As context for this review the following are considered to be the major drivers which frame any change at this time:-

- The recommendations of the Christie Commission focus on "a radical new collaborative culture" with real community participation and a shift of resources to preventative spend. In this context our work with partners and stakeholders must be prioritised and resourced.
- The ICH partnership between the Council and NHS Highland has created the foundations for far-reaching change and this process now requires increased focus and support
- This Council's insights into the critical importance of Early Years and the toolkit offered by the Early Years Collaborative, together provide the opportunity to transform the health and well-being of Highland people. We should focus our resource in support of this work
- The Council's Programme has a clear focus on improving the economy and creating jobs in the Highlands. Becoming a more extrovert organisation, improving connections with the business sector and a continuing focus on creating the infrastructure for growth are critical to these objectives.
- The performance of Council services is generally very strong as evidenced by self-evaluation, customer surveys and independent reports. There are however, clear opportunities to improve the delivery and integration of our community services and this will benefit from a culture shift, focused on customers and outcomes.
- Performance can be further improved by embedding a culture of collaboration and integration across the Council – addressing the perception that some service functions don't work together as well as they should. We need to embed a corporate culture of support and challenge among senior managers.

- In common with other Local Authorities, the Council faces very significant financial challenges over the next 5 years. This will require a new approach to service design with an agenda of transformation rather than the application of percentage savings across the board. The structure should be leaner and must facilitate and resource transformational activity.
- The Council has agreed to “Corporate Management Savings” of £350k per annum in 2014/15. The current vacancy of Director of Housing & Property is considered to be an obvious first contribution towards that target.
- Realising the ambitions of the Council is key to the prosperity and wellbeing of Highland communities. Christie urges us to deliver those outcomes **with** Communities and we must recognise the Council’s role as a catalyst for community participation.

2. Proposed Changes to Service Structure

- 2.1 Discussions with members of the Senior Management Team have been very productive in establishing a consensus of support; both for an agenda of transformational change and for the following proposals to change the Service structure of the Council.
- 2.2 The existing Service structure of the Council has 7 Services as set out in the organogram at **Appendix 1**. The current Services are as follows:-
- Education, Culture and Sport
 - Health and Social Care
 - Finance
 - Chief Executives Service
 - Housing and Property
 - Planning and Development
 - TECS
- 2.3 The proposed Service structure is set out in the organogram at **Appendix 2** and would align our teams into 5 Services as follows:-
- Children, Education and Adult Services
 - Finance
 - Corporate Development
 - Capital and Development
 - Community Services
- 2.4 It is proposed to create a **Children, Education and Adult Services** Directorate which in essence is the logical, next-step integration of the main functions of H&SC and ECS. This focus will be key to capitalising on the opportunities of Integrating Care in the Highlands and our work on Early Years. It should also act as a catalyst to the collaboration agenda within the Council and with partners.
- 2.5 The **Finance** Directorate would continue to provide the same range of services, reflecting the critical role it must play in supporting the challenges of financial planning over the next 5 years. It will be an early objective to move to a system of commitment accounting which provides real-time information to budget holders.
- 2.6 The Assistant Chief Executive’s current responsibilities include those which are central to the transformation and modernisation agenda, particularly ICT, Human Resources and Performance. It is proposed to reflect this responsibility clearly by updating the title of the Director to that of **Corporate Development**. The teams

within this Service must work to deliver a shift of focus from “business as usual” to transforming the ways in which the Council operates.

- 2.7** The need to focus on improving the economy and creating jobs underpins the proposal to create a new **Capital and Development** Directorate in which all of the resources of the Council which deliver capital developments are aligned with our teams who are supporting economic improvement. This integration and alignment of resources is designed to enable a step change in terms of leverage, influence and results. This Directorate would work in a more extrovert way with local businesses, helping to make the Council more accessible and fleet of foot.
- 2.8** The Council delivers a wide range of services to communities every day and it is proposed to create a new **Community Services** Directorate which will facilitate the provision of these everyday essential services in a more integrated way - one which is more responsive to customer needs. The range of community services to be managed by this directorate is indicated in Appendix 2 and would include the transport and cleaning functions currently managed in ECS.

Much of this community service activity takes place in local areas and the Directorate will deploy multi-disciplinary teams under Area Managers dedicated to getting the best out of the Council’s assets such that we achieve the twin targets of improved service and reduced cost. The Service would operate a decentralised model of service delivery and it will be a core function to promote community participation.

It should be noted that the creation of this Directorate will involve significant change both in terms of structure and culture. There will be organisational challenges to be addressed by leadership and training – this will require focus and specialist support.

- 2.9** It is proposed to appoint one of the 5 Directors to the additional role of Depute Chief Executive as before. The Depute role would be developed to include a responsibility to establish more effective team working by the Council’s 21 Heads of Service – this is considered to be key to more collaborative working.
- 2.10** The Executive Leadership Team of the Council would therefore comprise the Chief Executive, 5 Directors, Corporate Manager and (with an amended job title) Head of Policy and Reform.

The proposals would mean a reduction of 2 Director posts from the management structure.

3. Service Management Teams

- 3.1** The organogram at Appendix 2 lists the main functions of the Directorates and before settling on detailed proposals for the make-up of the new Service Management teams, it will be essential to consult with Trade Unions and seek advice from members of the current Service management teams, including the 21 Heads of Service. An initial briefing meeting with Trade Union representatives was held on 8th October. Members of existing Service Management teams also received an email briefing that day.
- 3.2** It is proposed that the consultations on the deployment and responsibilities of senior managers should take place over 4 weeks from 25th October. This will allow a further paper to come to Council on 19th December 2013 setting out the detailed

proposals for Service Management teams.

4. Phasing and Timetable

4.1 It will be necessary to implement these changes in 2 phases.

4.2 The first phase would see the creation of 2 new Services – Capital & Development and Community Services. If agreed by Council, this can proceed immediately from 25th October at a pace which signals intent while minimising disruption and limiting the risk of any temporary impact on performance. The aim would be to achieve full implementation of this phase by 31st March 2014.

4.3 The second phase would see the formation of an integrated Children, Education and Adult Service. This already has a momentum but the scope and risks associated with this change are such that this would take longer to deliver. The existing Directors of these Services agree that it would be appropriate to set a target of 30th September 2014 for full implementation.

4.4 In both phases it will be important to proceed at a pace which delivers early benefits while reflecting the sensitivities and consultation agendas associated with such significant change. Budget changes would be largely in place for the start of the next financial year 2014/15.

5. Committee Structure - Implications

5.1 The separate paper on Timetable of Meetings sets out a draft timetable for 2014. Arising from the Service structure changes being proposed, there is an opportunity to review the remits of Strategic Committees and achieve better alignment. The change drivers set out in section 3 apply equally to any review of Committee remits.

5.2 It is proposed therefore to report in December 2013 with recommendations for amending the remits of Strategic Committees from 1st April 2014.

6. Cost

6.1 These proposals and some consequential changes at lower level are designed to be cost neutral in the current year and to deliver recurring savings of £350k pa from 2014/15. This can be achieved without the need for compulsory redundancies but is likely to involve voluntary severance and redeployment.

6.2 It is important to recognise that the Council has already significantly reduced its management costs in recent years. In April 2007 a review of the Council's management structure led to a reduction of over 20 posts, producing an annual saving of over £1.5m. The review in December 2010 delivered further reductions of 22 posts and an annual saving of £1.4m. Previous reports have noted the practical impact of the loss of management capacity and highlighted the associated risks.

7. Implications

7.1 Resources

The proposals will reduce the number of Directors by 2 and, together with some consequential changes at lower level will deliver savings of £350k per annum.

7.2 Risks

The reduction in management capacity will have practical implications which can be mitigated by a clearer and more focused structure. There are short term performance risks associated with the change process which can be mitigated by leadership and training.

7.3 Legal, Climate Change, Equalities

There are no legal, climate change/carbon clever or equalities implications associated with the proposals contained in this report

8. Recommendations

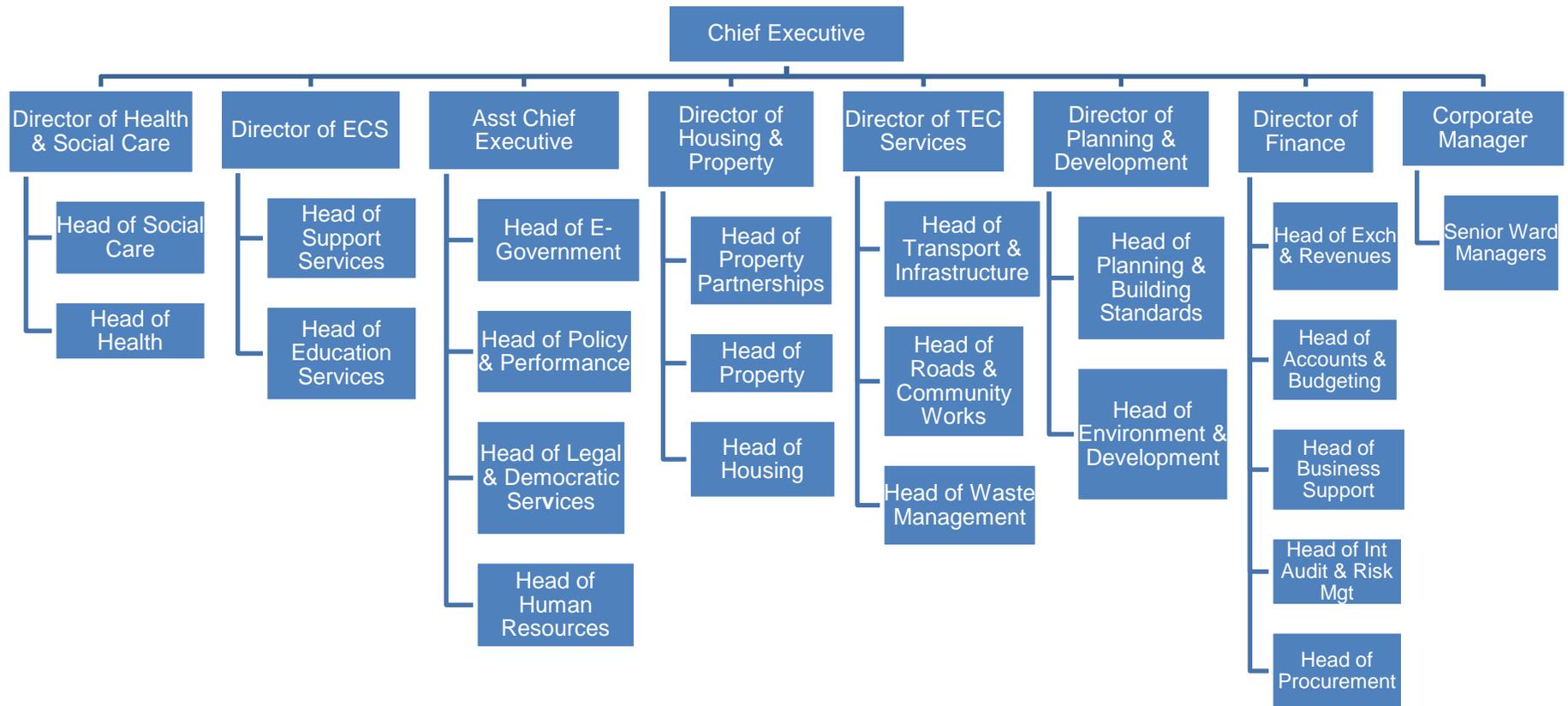
The Council is asked to agree

- i. The amendments to the Service structure as contained in paras 2.3 to 2.8 and also summarised in Appendix 2, and that these be implemented in 2 phases by 30th September 2014.
- ii. That consultation with Trade Unions and senior managers should take place from 25th October 2013 and that detailed proposals relating to the deployment and responsibilities of posts in Service Management Teams be brought to Council on 19th December 2013.
- iii. That the remits of Strategic Committees be reviewed to achieve better alignment with the revised Service structure and that a report and recommendations be brought to Council on 19th December 2013.

Designation: Chief Executive

Date: 14 October 2013

Appendix 1 - EXISTING SERVICE STRUCTURE



Appendix 2 - PROPOSED SERVICE STRUCTURE

