



**Brighton & Hove
City Council**

**CABINET
ADDENDUM**

**Item 11
Creating a Council the City
Deserves...proposals for a new
organisational structure**

4.00PM, THURSDAY, 27 MAY 2010

COUNCIL CHAMBER, HOVE TOWN HALL

ADDENDUM

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CABINET MEETING

Agenda Item 11

Brighton & Hove City Council

Subject: **Creating a Council the City Deserves:** Proposals for a new organisational structure

Date of Meeting: 27 May 2010

Report of: Chief Executive

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Key Decision: Yes **Forward Plan No:** CAB 16097

Wards Affected:

1. Summary and background

1.1 The current Council organisational structure of six functional directorates has been in place since 2006 and has provided a solid framework on which to build strong governance, high performance and excellent services across the City. Whilst this traditional structure has served the organisation well, the time is now right to consider the most effective organisational design for the future of the City in order to deliver a transformational programme 'A Council the City Deserves' and the new commissioning approaches approved in principle at the last Cabinet meeting.

1.2 This paper builds on the content of the Cabinet report of 22 April and contains details of:

- ◆ Proposals for a new organisational structure
- ◆ The main features of the proposed new structure
- ◆ Strategic Leadership Board
- ◆ Commissioning Group
- ◆ Delivery Units
- ◆ Finance Unit
- ◆ Resource Units
- ◆ Pay framework
- ◆ Decision making processes and lines of accountability
- ◆ Proposed methods of selection for posts in the new structure
- ◆ Management of change
- ◆ Communications strategy
- ◆ Timetable
- ◆ Financial and other implications

2. Recommendations

2.1 That Cabinet:

- a. Approve the establishment of the new Strategic Leadership Board
- b. Give authority to proceed to select and appoint the four new Strategic Director posts as described in paragraphs 13.2 to 13.7
- c. Give authority to proceed to statutory consultation, on 1 June 2010 for 90 days, with those directly and indirectly affected by the proposed changes to the organisational structure as described in paragraph 4.1 – 4.3
- d. Note that proposals are likely to be amended, in response to consultation, and will be re-presented to Cabinet in September for formal agreement
- e. Note that a report will go to the Governance Committee to seek authority for changes to the schemes of delegation to officers and any other aspects of the constitution that require Council and/or Governance Committee approval.
- f. Authorise the Chief Executive to take all steps necessary to progress recommendations a. to d. and any decisions necessary or incidental to the establishment of the Strategic Leadership Board.

3. Proposals for a new organisational structure

- 3.1 Organisational design flows from strategy and aims to align people, systems and processes within the local context, to deliver the council's vision as effectively and efficiently as possible. In other words, 'form follows function'. The design must create a working environment that allows colleagues to achieve or exceed the performance residents and the organisation expect.
- 3.2 The environment for local government is fluid, and likely to remain so. It is therefore important that the organisation's structure is adaptable and able to respond swiftly to the changing needs of the city, its residents, partners and stakeholders. This is particularly important at the current time as the council is seeking to develop, with partners across the City, a more unified approach to the planning, organisation, management and delivery of excellent public services. The organisational design therefore, needs to be open to the needs of the City, able to absorb uncertainties and adapt to the changing demands and priorities of the City and its residents and businesses quickly, effectively and efficiently.
- 3.3 At the same time, the council needs to control costs and manage information in a consistent, uniform and rational manner so that decisions can be made about priorities and outcomes based on sound, accurate and reliable data. The organisation must also make best use of shrinking budgets, scarce technical and specialist resources in a difficult economic climate.
- 3.4 These different requirements highlight the need for a strong corporate centre to offer consistent standards and effective controls, combined with a highly adaptive commissioning function of well networked subject specialists working together on a series of short term, time-bound solutions that are both innovative and creative. To deliver excellent customer service, the centre should be supported by a cluster of semi-autonomous delivery units connected through to the corporate centre by a performance agreement, rather than through traditional reporting relationships. It is proposed that decision-making and accountability will be delegated to those doing the work in the

Delivery Units. Professional and technical support services should be grouped together in order to provide consistency and to avoid any wasteful duplication.

3.5 The council, therefore, needs an organisational design that allows for:

- ◆ Flexibility and adaptability to the changing needs of the City and its customer services
- ◆ Priorities to be set in relation to the needs of the City and based on sound, accurate, reliable data, provided by customers about their own needs
- ◆ A clear separation of the activities that are about 'deciding' what is to be provided from those that are about providing services
- ◆ Commissioning to sit at the interface between the 'decider' and the 'provider' roles
- ◆ An overall reduction in layers of management where this is consistent with efficient and effective delivery
- ◆ Generic professional and technical support services and resources to be delivered from a central point and not replicated in individual delivery units
- ◆ The boundary of units of delivery to be defined by the operational activities required rather than by size
- ◆ Greater autonomy for the provider role
- ◆ A single identified individual to be responsible and accountable for the delivery of particular commissioned services

3.6 The four main elements of the proposed new structure were described in the Cabinet report of 22 April. Following consultation with the Management Team, it is proposed that a Finance Unit is added to the structure:

- ◆ The Strategic Leadership Board
- ◆ Commissioning Group
- ◆ Delivery Units
- ◆ Finance Unit
- ◆ Resource Units (including Strategic Support Units)

3.7 This report builds on the content of the Cabinet paper of 22 April by describing in detail the roles and functions of each of the five elements. This report also highlights where changes have been made since the earlier paper. Subject to the agreement of the Cabinet, there will be a period of consultation when colleagues will be invited to comment on the proposals for the Commissioning Group, Delivery, Finance and Resource Units. These proposals may be amended as result and before being re-presented in September. See timetable below at paragraph 16.1.

4. **Main Features of the Proposed New Structure**

4.1 It is proposed, subject to formal consultation with those directly affected, that the current directorate structure is replaced by the organisational design shown in the diagram attached as an appendix to this report. This means that, for ease of understanding and for the purposes of consultation, we will present this as deleting the existing structure from the Director tier down to and including all senior (that is, not Personal Assistants or Administrative) posts that currently report to a Director.

- 4.2 This will be how we define the scope of those posts directly affected by the changes. In reality, however, a number of posts that are captured within this scope will not change significantly from the current structure compared to the proposed new structure. A number of the current post holders would be 'matched-to' and 'slotted-in' to the equivalent posts in the proposed new structure. Where there is no obvious match, suitable alternative roles for colleagues at this level will be found using the agreed framework for managing change.
- 4.3 Posts at the next level would remain largely unaltered by these proposals. The only real changes for individuals at the next level would be a potential change of line-manager and the removal of the Directorate structure. They would also be affected by the general shift to the proposed new commissioning model.
- 4.4 Having considered a number of alternatives to the proposed structures and consulted with members of the existing Management Team, the current direct reporting relationships that flow from Directors to Directorates will be replaced by a new model where:
- ◆ Strategic Directors will work with the Chief Executive, Members and Partners to agree outcomes to be delivered by the Delivery Units overseeing the work of the Commissioning Group
 - ◆ The Commissioning Group, working the relevant delivery units, will translate these desired outcomes into service specifications and the Commissioners, reporting to Strategic Directors, will monitor the performance of the Delivery Units
 - ◆ Heads of Delivery Units will work together as a new Corporate Management Team to make corporate management decisions in collaboration with the Heads of Support Units and the Lead Commissioners
 - ◆ Heads of Delivery Units will deliver outcomes described in an agreed performance contract arrangement. The SLB will only intervene in this relationship on an 'exception' only basis
 - ◆ Operational decision-making and accountability will be delegated to those doing the work

5. **Strategic Leadership Board**

- 5.1 It is proposed that the current Management Team and the existing six Director posts are removed and replaced with a new Strategic Leadership Board (SLB). The new SLB would be comprised of a Chief Executive, four Strategic Director posts and a Director of Finance. The Strategic Director posts will be fundamentally different from the existing Director roles in terms of their perspective across the City, size, level and portfolio. Together, the new four Strategic Directors and the Chief Executive will be responsible for all the strategic outcomes and for ensuring that the priorities of Council Members and partners are delivered across the City.
- 5.2 The transition to these posts will signal a fundamental shift to the new organisational model. The new posts are:
- ◆ **Strategic Director – Place**
An attractive urban environment that works well for all residents and visitors
A city where people can access the housing they need

- ◆ **Strategic Director – People**
A city where all people can live long, healthy and fulfilling lives
A city where every child and their family can develop to their full potential
- ◆ **Strategic Director – Communities**
A city where everyone can work, create and grow business
A city that is internationally recognised for culture, arts and new media
A city where people and communities get along, can take action and have their voices heard
A city where people are safe and feel secure
- ◆ **Strategic Director – Resources**
Strategic Resource Planning to support outcomes

5.3 It is also proposed to include a post of Director of Finance reporting directly to the Chief Executive as Section 151 Officer. This post holder would be a member of the SLB but would have a narrower scope compared to that of the four Strategic Directors. This post is included because of the need to continue to:

- ◆ exercise firm control over the council's finances at a time of scarce public sector resources and organisational change
- ◆ oversee the Value for Money Programme

It is also responsible for delivering the current service level agreements with the South Downs National Park for Section 151 officer support and financial services.

6. Commissioning Group

6.1 The Commissioning Group will provide the interface between the Strategic Leadership Board and the Delivery Units. The composition of this Group is likely to evolve over time, and remain fairly fluid, as the organisation works with the new model and develops a better understanding of the expertise and resources required to deliver this function.

6.2 It is proposed that, as a starting point, there will be one Lead Commissioner for Adult Care (who will also fulfil the function of the statutory Director of Adult Social Care) and will report to the Chief Executive for the statutory responsibilities but to the Strategic Director, People for line management and commissioning responsibilities. There would be two Lead Commissioners each for People, Place and Communities. These are new posts and they will have a direct reporting line into the Strategic Directors.

6.3 The 7 proposed new Commissioning roles are listed below:

- ◆ Adult Social Care, Director of Adult Social Care Statutory responsibilities
- ◆ Children's and Families, Schools & Learning
- ◆ Transport; Planning, Housing
- ◆ Culture, Economic Development; Regeneration and Community Safety

7. Delivery Units

- 7.1 It is proposed that there will be 11 separate semi-autonomous Delivery Units within the new organisational structure. As with the Commissioning Group, this part of the new structure may be amended over time as the new model develops and adapts in response to the changing needs of customers.
- 7.2 It is proposed that each Delivery Unit will be managed by a 'Head of ...' post and these units would operate as separate, free-standing, semi-autonomous entities with a performance agreement managed through the Commissioning Group.
- 7.3 Due to the requirements of the statutory roles for Director of Adult Social Services (DASS) and the Director of Children Services (DCS), the Delivery Units providing people services will retain a formal reporting line to the DCS or DASS but performance management will be structured against the performance agreement as for other Heads of Delivery Units.
- 7.4 The performance agreement would set out the outcomes and performance required of the Delivery Unit, and the parameters within which they should work, which will be drawn in such a way as to maximise the freedom of local services to innovate and redirect resources to the most effective ends.
- 7.5 In addition, the Heads of Delivery Units will meet up with the Heads of Resource Units and the Director of Finance to form a Corporate Management Team. At these meetings colleagues will review performance and make decisions on management issues on behalf of the council.
- 7.6 The 11 new proposed posts are:
- ◆ Head of Service – Children & Families
Social care; Fostering & Adoption; Integrated Disabilities; Schools & Community; Early Years; Youth; Section 75 arrangements
 - ◆ Head of Service – Adult Services Provider
Older People; Learning Disabilities; Supported Employment
 - ◆ Head of Service – Adult Services Assessment
Community Assessment; Hospital Assessment; Learning Disabilities; Sussex Partnership NHS Foundation Trust; South Downs Health Trust
 - ◆ Head of Schools & Learning
School Improvement; Advisory Service; Governor Support, Statutory Support Functions Music Service, Study Support
 - ◆ Head of Sport & Open Spaces
Parks; Sports Development; Sports Facilities; Outdoor Events
 - ◆ Head of Public Protection
Environmental Health & Licensing; Trading Standards; Planning; Development Control; Building Control; Drug & Alcohol Action Team
 - ◆ Head of City Services
Revenues & Benefits; Electoral Services; Life Events; Access Services; Schools Admissions; Family Information Service
 - ◆ Head of Museums & Libraries
Libraries; Museums
 - ◆ Head of Tourism & Venues
Tourism; City Marketing; Venues; Events

- ◆ Head of Housing & Social Inclusion
Housing Management; Travellers; Housing Needs; Community Safety
- ◆ Head of City Infrastructure
City Clean; Highways and Parking

8. Finance Unit

8.1 As already described in paragraph 3.6 above, it is proposed that there will be a new Unit for Finance and a new post of Director of Finance. This Director will be the Section 151 Officer and report to the Chief Executive.

8.2 It is proposed that there would be 3 posts reporting to the Director:

- ◆ Head of Financial Services
- ◆ Head of Strategic Finance and Procurement
- ◆ Head of Audit and Assurance

8.3 In addition, the temporary post of Value for Money Programme Director will report to the Director of Finance who will have overall responsibility for the Value for Money programme. The finance function will fulfil its current contractual obligations to the South Downs National Park Authority for which it recovers its direct costs and a contribution to overheads.

9. Resource Units

9.1 The diagram also shows Resource Units. Previously these were described separately as Strategic Support Services and Support Services but, following discussions with Directorate Management Teams, they have been amalgamated into a single series of Resource Units and a group of four Strategic Support Services. The Resource Units will offer specialist, professional services to the organisation as a whole. In due course, any resource that currently delivers these professional services within department structures will be transferred to the Resource Units. It is proposed that there are 5 posts heading up these units:

- ◆ Head of Legal & Democratic Services
- ◆ Head of Human Resources & Development
- ◆ Head of Property Services
- ◆ Head of ICT
- ◆ Head of Capital Projects

9.2 It is proposed that, at this stage, there are no further changes to the 4 posts heading up the Strategic Support units:

- ◆ Policy
- ◆ Communities and Equalities
- ◆ Performance and Analysis
- ◆ Communications

10. Pay Framework

10.1 Expert independent advice was obtained from the Local Government Employers (LGE) on the evaluation and design of the proposed new grading scheme. The LGE consultant also provided advice on the proposed pay levels for the new roles. The Hay job evaluation scheme was used by the LGE consultant for the evaluation of the proposed roles and allocation to one of the proposed new grades. This scheme is also used to evaluate jobs in the rest of the structure and so it will create a single continuous scale for the measurement of jobs from the bottom to the top of

the organisation and avoid the need to deal with an interface between two or more schemes.

- 10.2 Using this scheme, it is proposed to allocate new posts to one of two broad pay bands according to the overall Hay evaluation score or to the existing bands on the scale covered by the National Joint Committee (NJC). The determination of pay band is made on the level of knowledge and skills required of the post holder including problem solving, accountability and impact across council priorities. The evaluation scores indicate that the proposed new Strategic Director posts will all fall within Band A1.
- 10.3 Band 2 is divided into four subsections based on Hay levels for Know How, Problem Solving and Accountability. All posts in Bands 1 and 2 would be posts that fall within the scope of Joint Negotiating Committee (JNC) for Chief Officers' conditions of service. The NJC framework is divided into 14 subsections, again based on Hay scores, and will be applied to new and existing posts below Band 2.

Proposed Framework

Band		Pay Range
1	A	£120,000 - £130,000
2	A	£85,000 - £95,000
	B	£75,000 - £85,000
	C	£65,000 - £75,000
	D	£60,000 – £65,000
M4	(NJC)	£56, 439 – £62,029

11. Decision Making Process and Lines Of Accountability

- 11.1 The proposals in this report will affect the arrangements for the discharge of functions by Officers. None of the proposals involve changes to the functions of the Cabinet, Cabinet Members or Committees. Officers will, as now, be accountable to members for the discharge of their functions and any decision, whether commissioning or service delivery, taken by Officers will be within the policy framework and subject to procedures approved by members. The commissioning framework will include an appropriate input from Scrutiny.
- 11.2 The proposals will require changes to the scheme of delegations of Officers, the Officer Employment Rules, Financial Regulations and Standard Financial Procedures and Contract Standing Orders. It is proposed, therefore, to take reports to the relevant decision-making bodies as set out in paragraph 16.1.

12. Lines of Accountability

- 12.1 It is proposed that there will be four different types of management relationships or lines of accountability between colleagues. These new arrangements will reflect the proposed new operating styles for managers and the increased autonomy for delivery units. It will be important to understand which relationship exists in any particular part of the proposed new structure.
- a. The first is a traditional line-management relationship or reporting line which will cover day-to-day supervision and reporting and performance monitoring, development and review. This will be the relationship that exists between colleagues within all the separate Units of the proposed new structure. This will also be the relationship between the Strategic Directors and the Lead Commissioners and the Heads of Resource Units.
 - b. The second relationship will be based on an agreed performance contract. This relationship will not involve day-to-day supervision and reporting but will involve performance monitoring, development and review, in line with the terms of delivery outcomes within the performance contract. This will be the relationship between the Lead Commissioners and the Heads of the Delivery Units.
 - c. The third reporting relationship will be one that is invoked on an 'exception only' basis. This should only be required infrequently and will be used when a Lead Commissioner raises concern about a potential a high 'risk' situation in a Delivery Unit or when the performance of a Delivery Unit or its 'Head of ' has been failing over a period of time, or performance is beginning to decline rapidly. In these circumstances one of the Directors, acting on behalf of the SLB, will intervene and take remedial action.
 - d. By virtue of the statutory requirements of the DASS and DCS, traditional line management reporting will be retained between the DCS/DASS and Heads of Service Delivery but will utilise the performance agreement for consistent performance monitoring.
- 12.2 Strategic Directors and the Director of Finance will report to the Chief Executive who will manage their performance and review their development needs against agreed objectives and the council's management standards and behaviours framework.
- 12.3 Strategic Directors for Place, People and Communities will each take responsibility for the work of individual Lead Commissioners. However, on a day-to-day basis it is likely that commissioning will cross-over more than one area of need or service and so Lead Commissioners will work to support the Strategic Leadership Board as a whole.
- 12.4 The Lead Commissioner for Adults will also be the designated Director of Adult Social Services and, in this capacity, will be directly accountable to the Chief Executive for his/her statutory functions. The Lead Commissioner/Director of Adult Social Services will have a formal reporting line relationship to the Strategic Director of People who may oversee aspects of the discharge of the Director of Adult Social Services function on behalf of the Chief Executive, but substantive accountability will be to the Chief Executive.
- 12.5 The Strategic Director for Resources will have line management responsibility for the Heads of Resource Units and the Strategic Support Units and will be responsible for managing their performance and their work.

- 12.6 Commissioning teams will report into Lead Commissioners. The size of these teams will be determined by the commissioning activity. Lead Commissioners will be responsible for ensuring effective line management within their teams to support performance management and development. As with Lead Commissioners resource teams will work collaboratively across the commissioning briefs as the work requires.
- 12.7 Heads of Delivery Units will nominally report to the Chief Executive; however the roles are designed to be more autonomous with greater scope for decision-making and flexibility on operational issues and performance will be managed via a performance agreement.
- 12.8 Heads of Children’s and Adult Service units will retain line management reporting to the DCS or DASS as appropriate. However the performance agreement will be used to supplement the line management arrangements and produce composite information for the Strategic Leadership Board.

Broad Outline of Performance Agreement

<p>Service Performance Indicators ~ key elements to be agreed with Performance & Analysis Team</p>	<p>Team performance ~ key indicators to be agreed by Human Resources</p>
<p>180°/360°Peer Review ~ method and range to be agreed with Learning and Development</p>	<p>Continuous Development ~ method and range to be agreed with Learning and Development</p>

13. Methods of selection for posts in the new structure

13.1 It is planned to introduce the proposed new structure in three overlapping phases. All of these phases will be preceded by an appropriate period of meaningful consultation:

Phase 1 – consultation, selection and appointment to the SLB

Phase 2 – consultation, selection and appointment to the Heads of the Commissioning Group, Delivery Units, Financial Service Unit and Resource Units

Phase 3 – ‘transformational phase’ consolidation of posts within the separate Groups and Units

Phase 1 – appointment to the Strategic Director posts

13.2 These posts will be key appointments for the organisation as it moves into a new phase of development around the strategic commissioning model. These posts will be crucial for the success of the new model and for providing strong and effective leadership for the council and the City. The new posts are different in terms of outlook, size, level and portfolio. For successful performance in the roles, the

Strategic Directors will need to demonstrate a set of skills that place a greater emphasis on leading in partnership, communication and direction setting for the Council and, in time, across the City.

- 13.3 Given the council's responsibility to select the best candidates for these roles and in order to access the widest possible field of potential candidates, it is proposed that the council undertakes simultaneous internal and external search and selection for all four new posts. This should not be interpreted as a criticism of the existing Directors or of their performance in their existing roles. It is simply a reflection of the fundamental shift in culture, perspective and approach that are required from the leadership team in the proposed new model. It is hoped that existing Directors will apply and transition support has been provided to assist them to do so.
- 13.4 It is proposed that the new skills required for the Strategic Director roles are assessed through a fair and transparent assessment centre approach and that, subject to approval, processes should begin immediately after the Cabinet meeting on 27 May.
- 13.5 The main reasons in favour of advertising internally and externally are that:
- ◆ The roles are new and require a set of skills, knowledge and experience against which the existing Directors have not been assessed
 - ◆ It could be argued that the current pool of internal candidates at this level is too small from which to select and fill 4 posts of such importance for the organisation
 - ◆ A wider pool will offer a more thorough test of the market and an opportunity to assess internal candidates against an objective benchmark or standard
 - ◆ By using some focussed search techniques, it may be possible to recruit from a pool of candidates who can offer direct experience of performing in a commissioning environment
 - ◆ There is a clear message to the organisation that the changes are significant and we are committed to start making those changes at the top of the organisation
 - ◆ It is also in accordance with the council's Organisation Change Management Framework (see paragraph 8.2 of that document). The document says '.....when recruiting to Director posts.....the posts will be advertised internally and externally concurrently.'
- 13.6 Consultation with the existing Directors has already taken place on the proposed new roles and method of selection. It was agreed that, any feedback from that consultation process would be presented orally to Cabinet on 27 May to inform the decision-making.
- 13.7 Subject to approval from Cabinet, the draft timetable for selection is as follows:
- ◆ Posts Advertised: w/c 7 June
 - ◆ Closing Date: w/c 21 June
 - ◆ Selection Interviews during July

Phase 2 – consultation, selection and appointment to the Heads of the Commissioning Group, Delivery Units and Resource Units

13.8 It is proposed that consultation on phase 2 of the proposals begins, on 1 June for 90 days until 31 August, with those directly affected by the proposed changes. The council will consult with a view to reaching agreement and will work with trade union colleagues to avoid any redundancies from this process. We will also seek to work together in order to minimise disruption to services to customers and any anxiety or hardship to the staff affected by the proposed changes.

13.9 Subject to the outcome of that consultation, it is proposed to adopt the selection processes set out in the Organisational Change Management Framework. This will involve selecting from the pool of officers displaced from the posts it is proposed are deleted from the existing structure. The methods of selection for these posts would include:

Job matching

13.10 Matching individuals to posts in the proposed new structure where there is a 'match' in terms of responsibilities and pay and a substantial overlap in weight and responsibilities between the duties of the existing post and the duties of the proposed new post. It is thought likely that job matches will exist for a substantial number of the new posts.

Ring fenced (competitive) internal selection

13.11 This will be adopted where more than one individual in a pool of colleagues can demonstrate an overlap in pay, weight and responsibilities between the duties of the existing post and the duties of the proposed new post. Selection for these posts would be made from colleagues included in a 'ring fence' and would be a competitive interview and assessment process.

Internal (competitive) selection from those still within the pool of displaced colleagues

13.12 Any remaining vacancies will then be made available on a competitive basis to any colleagues who are within the pool of displaced officers and have not yet found a post in the new structure.

Internal (competitive) selection from any colleagues 'at risk' for other reasons or on the re-deployment register and through general internal recruitment

13.13 This will provide an opportunity for any other colleagues 'at risk' and/or on the redeployment register to apply for any of the remaining vacancies. There will also be an opportunity for the next tier and beyond to apply internally for promotion to any remaining vacancies in the proposed new structure.

13.14 It is planned that phase 2 would take place in October 2010.

Phase 3 – 'transformational phase' consolidation of posts within the separate Groups and Units

13.15 Work in this phase will be lead by the newly appointed Heads of Service/Delivery and Lead Commissioners. It will involve working with key managers to fully assess the delivery and commissioning resource requirements and to finalise the

distribution of the work and resources in the new structure. Resources and work will be transferred where agreed and within planned timescales that reflect the service need. This phase is likely to take place between November 2010 and March 2011.

14. **Management of change**

14.1 The Chief Executive first set out his plans for the future when he spoke at a Senior Managers Forum in January this year. This has been followed by a series of bulletins and activities designed to keep colleagues informed and updated on the progress of the proposals and the details as they have emerged. The Chief Executive has been meeting on a fortnightly basis with small groups of staff so that he can engage directly with them and answer their questions on the proposals.

14.2 It recognised that changes like this can be difficult for colleagues to manage both personally and professionally. Arrangements have been made, therefore, for dedicated 'transition support' for Directors to support them through these changes. This support can be tailored to meet their individual needs.

14.3 We have also put in place a series of Action Learning Sets (ALS) for all colleagues directly affected by these changes. The overall aim of these ALS is to support colleagues to:

'lead and manage change and be enabled to identify and respond to the impact on yourself, your service and your team'. We currently have 6 ALSs formed and ready to start meeting.

14.4 We also have a responsibility as an employer to take action to avoid any unnecessary redundancies and to protect employment where we can. This is already taking place and will continue. Following the Cabinet meeting in April the Chief Executive wrote to all staff on the intranet saying:

'If this approach is approved, we will begin consultation with the whole organisation at the beginning of June, following the council's Organisation Change Management Framework.

14.5 In the lead up to these changes being implemented, we are introducing some measures to minimise disruption:

- ◆ we will avoid beginning any new organisational restructuring within or between departments
- ◆ we will hold any vacancies open where it is practical to do so, to offer opportunities for redeployment – particularly at the senior levels where most of the changes will take place
- ◆ we will avoid any further job evaluation or re-grading work so that we have the capacity within HR and across the organisation to work on the roles that will be part of the new structure'

14.6 All the posts proposed for this new structure have been designed to fit and perform successfully in the new commissioning model. Colleagues appointed to these new posts will need to work differently within the new structure and some will require to different skills. Work is underway in Learning and Development to support colleagues to make a successful transition to the new model of working.

- 14.7 The future Learning and Development offer aims to support employees during this period of transformation by providing learning opportunities on:
- ◆ Commissioning (including continued professional development for Commissioners and capacity building for those working with but not in a commissioning role)
 - ◆ People management skills including managing self and others through change
 - ◆ Community Engagement
 - ◆ Customer Experience (Institute of Customer Service)
 - ◆ Partnership working and collaboration
 - ◆ Fostering an innovative workplace
 - ◆ Recruitment and selection including opportunities and career development
 - ◆ Financial management
 - ◆ Political Intelligence
 - ◆ Equality and Diversity
 - ◆ Sustainability
 - ◆ Health, Safety and wellbeing
- 14.8 We will of course be offering opportunities for redeployment for any colleagues who are at risk as a result of these proposals and we will support colleagues with trial periods and training for new roles. There will also be an appeal process for anyone who feels that they should have been 'matched' to a job or included in a 'ring-fence'.
- 14.9 Where a colleague moves, at the organisation's request, to a role in the new structure that attracts a lower salary than their existing salary, we will protect their salary for up to three years in accordance with our policy on pay protection.
- 14.10 The requirement in law is to consult for 30 days before any dismissals for redundancy take place. However, as our consultation period is going to take place over the summer holiday period and we want to engage with as many colleagues as possible, it is proposed to consult for 90 days from 1 June to 31 August. We are planning a dynamic and highly interactive process using a mixture of approaches including face to face meetings, road shows and consultation, interactive discussions on the 'wave', focus groups, and bulletins and so on. For those posts that are directly affected by the changes there will also be individual consultation and transition sessions.
- 14.11 We are also required in law to notify the Department for Business, Innovation & Skills of our proposals and the possibility of redundancies. The usual terms for compensation in the event of redundancy will apply. As the number of new posts in the proposed new structure exceeds the number of colleagues likely to be displaced, the council is not planning to invite colleagues to elect for voluntary redundancy.

15. **Communications strategy**

- 15.1 Effective internal communication and engagement activity has a fundamental role to play in cultivating employee understanding about the future of the city council. A tactical delivery plan has been put together detailing the various communications activities and timings that will deliver the strategy.
- 15.2 In order to secure employee commitment to the organisational change, there are four levels that will be addressed. The overall objectives of the communications and engagement strategy are as follows:

- ◆ **Awareness** - All employees by stakeholder group are aware that the organisation is changing and the reason why the change is necessary
- ◆ **Understanding** - All employees by stakeholder group understand in advance how and why their role is changing and can describe how it will affect them
- ◆ **Involvement** - All employees by stakeholder group are involved in the organisation change process either directly or indirectly
- ◆ **Commitment** - All employees by stakeholder group are committed to or advocate the benefits to the city of the new change

16. Timetable

16.1 The timetable for decision-making is as follows:

Date	Meeting/Event	Purpose
26 May	28 day consultation period finishes for existing Directors	
27 May	Cabinet	Approval for the creation of the SLB and approval for consultation
1 June	Consultation period begins for the whole organisation	
Date to be agreed June/July	Governance Committee	To agree proposals to establish the SLB and update on consultation
22 July	Cabinet	Update on consultation
31 August	Consultation period finishes	
September/October	Cabinet/Governance Committee/Council	Approval of final structure and processes for assimilation and scheme of delegations.

17. Financial & Other Implications

Financial Implications

- 17.1 The cost of the four new Strategic Director and Director of Finance posts can be fully funded from the deletion of the existing six Director posts. In-year savings, created by the current vacant Director post, can be utilised to fund the costs of recruitment to the new posts. There may be termination costs following the recruitment process, however, these costs are difficult to estimate as they are very much dependent on individual circumstances, for example length of service, proximity to retirement age. However, any costs that do arise can be funded from the Restructure and Redundancy Reserve.
- 17.2 The detailed financial implications for Phase 2 of the re-structure will not be known until after the statutory consultation has taken place, and these will therefore be included in the September Cabinet report. At this stage it is expected that the restructure of the 2nd tier will be cost neutral.

- 17.3 The position of the Director of Finance on the SLB and reporting to the Chief Executive is in line with the Chartered Institute of Public Finance and Accountancy guidance on the role of the Chief Finance Officer in Local Government, compliance with which must be reported on in the council's financial statements.
- 17.4 There will need to be careful planning to ensure that budget accountability is clear throughout the transition to the new structure, which it is proposed is undertaken midway through the financial year. It is also important to ensure clarity of roles and responsibilities in relation to planning for the 2011/12 financial year, particularly given the changes at Director level.
- 17.5 The structural changes will need to be reflected in revised Financial Regulations and Standard Financial procedures. Particular attention will need to be given to the respective roles of Strategic Directors, Lead Commissioners and Heads of Delivery Units in relation to budget accountability. The current budget monitoring framework will need to be redesigned to support this.

Finance Officer Consulted: Patrick Rice

Date: 13 May 2010

Legal Implications:

- 17.6 The proposals in this report reflect the Council's duty under section 3 of the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised having regard to a combination of economy, efficiency and effectiveness.
- 17.7 The proposed structure is not based on conventional department based functional arrangement with the Director having the delegated powers and direct line management for officers in the directorate. It is therefore necessary to develop a scheme that reflects the relative autonomy of the support and delivery units with an oversight by the Strategic Directors. The draft scheme of delegations to officers will be developed and submitted to the Governance Committee and Cabinet for approval.
- 17.8 Other parts of the constitution will also need to be amended to reflect the changes introduced by this paper, including the Officer Employment Procedure Rules, Contract Standing Orders, Financial regulations and Articles of the constitution. Changes that are purely consequential will be dealt with under the delegated powers to the Monitoring Officer/Head of Law. Others will require specific authority from Council.
- 17.9 The proposals involve changes to Council as well as executive functions. It is therefore necessary that the agreement of the Cabinet (for executive functions) and the Governance Committee or Council (for non-executive functions) is obtained.
- 17.10 Any staff affected by the proposals are entitled to be consulted and the proposals for consultation set out in the report make adequate provision for complying with legal requirements and the Council's own policies.
- 17.11 As the proposals involve fundamental changes to the way the Council's decision-making operates at officer level it is important that there is adequate provision for training not only officers, but members as well so that they have a clear understanding of how to navigate the system. This will be built into the Member development programme.

Lawyer Consulted: Abraham Ghebre-Ghiorghis

Date: 11 May 2010

Equalities Implications:

- 17.12 It is important that all the consultation and selection processes adopted to achieve the changes proposed in this paper are fair, transparent and objective. The council will work to ensure that all its practices are non-discriminatory and that procedures and practices do not impact unfairly or disproportionately on any particular group. The council will undertake an Equalities Impact Assessment of the proposals at the appropriate time.
- 17.13 The council plans to follow the 'Organisation Change Management Framework' which has been written having regard to the obligations placed on the council by employment and equalities legislation and by the national and local terms and conditions of service and its own policies and standing orders.

Sustainability Implications:

- 17.14 The new commissioning model is designed to enable the council to make decisions over priorities and outcomes in a way that fully reflects the needs of the City as expressed by its residents and businesses. The model, therefore, will seek to promote active community involvement and sustain the economy across the City.

Crime & Disorder Implications:

- 17.15 None specifically, but outcomes in this area will be subject to the new model for both commissioning and delivery.

Risk & Opportunity Management Implications:

- 17.16 A detailed risk management log has been compiled for the change programme and the major risks and measures for mitigation have been identified. It has been concluded that the most serious risks are around managing the proposed changes whilst maintaining good employment relations. It will also be challenging for the council to implement the changes whilst continuing to provide excellent services to the City.
- 17.17 These and other risks will be carefully understood and managed through a series of project and programme boards.

Corporate / Citywide Implications:

- 17.18 The proposals in this paper are designed to transform the council's decision making processes and organisational structures for the delivery of services. The impact of the changes will be far ranging and are both Corporate and Citywide involving the community, partners and local businesses.

18. Evaluation of any alternative option(s)

- 18.1 A detailed assessment of alternative models was set out in the Cabinet report of 22 April 2010.

SUPPORTING DOCUMENTATION

Appendix:

Organisational Design – the proposals

Background Documents

The proposals set out in this paper are based on:

- ◆ The Cabinet Paper of 22 April 2010 entitled ‘Creating a Council the City Deserves ... a transformation programme for Brighton and Hove City Council’
- ◆ Employment legislation and regulations on organisational change and obligations for consultation
- ◆ The council's ‘Organisation Change Management Framework’

APPENDIX: ORGANISATIONAL DESIGN – THE PROPOSALS



