
DARLINGTON 2015 – ORGANISATION DESIGN

Responsible Cabinet Member – Councillor John Williams, Leader

Responsible Director – Ada Burns, Chief Executive

SUMMARY REPORT

Purpose of the Report

1. To propose a new organisational design for the Council, developed in response to the requirements of the Business Model and Medium Term Financial Plan (MTFP), and to propose consequent amendments to the Scheme of Delegation.

Summary

2. A key programme within “Darlington 2015”, the transformation programme to achieve the Council’s new Business Model, is Organisational Design. This strand has two key objectives:
 - (a) To ensure that the organisational shape, staff capabilities and values equip us to deliver the new Business Model as it emerges in coming years.
 - (b) To release savings from the current cost of our management structures to contribute towards the reduction required.
3. Over the next five years there will be a significant change to the way in which the Council works, as well as to the functions and services it undertakes. The goal is to enable the Council to adapt to those changes and continue to serve the people of Darlington well against a backdrop of significantly reduced resources from Government.
4. As a consequence of the changes to Department structures the Scheme of Delegation requires amendment. There is no material change to the effect of the proposed Officer delegations in the scheme attached at **Appendix D**.

Recommendation

5. It is recommended that Council :-
 - (a) Approve the new organisational design and functional grouping for the Council.
 - (b) Approve the structure for 1st and 2nd Tier Chief Officers to take effect from 1st January 2011.
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- (c) Approve the slot-ins for those posts detailed as slot-ins in Appendix C.
- (d) Approve delegated authority to the Chief Executive to approve a slot-in, if appropriate, where there is a ring fence of one, following consultation with the Leader of the Council.
- (e) Approve the revised scheme of delegation to take effect from 1st January 2011.

Reasons

6. The recommendations are supported by the following reasons :-

- (a) To reduce management costs.
- (b) To provide a structure equal to the Council’s ambitions in the new Business Model.
- (c) To comply with the Council’s HR policies and procedures, and relevant legislation.
- (d) To enable officers to make decisions for the Council within the revised structure.

**Ada Burns
Chief Executive**

Background Papers

No Background papers were used in the preparation of this report.

Ada Burns: 2010

S17 Crime and Disorder	There are no specific implications for Crime and Disorder.
Health and Well Being	Bringing all people related services together will support efficient programmes to improve health
Carbon Impact	There are no direct impacts with regard to carbon emissions
Diversity	The proposals will affect the opportunities of staff across the organisation. Any impacts will be managed through the Council’s recruitment and change management policies.
Wards Affected	All
Groups Affected	Staff and service users
Budget and Policy Framework	The report is designed to address budget reductions for the proposed MTFP.
Key Decision	No
Urgent Decision	No
One Darlington: Perfectly Placed	The Council’s structures mirror the two key priorities within the SCS
Efficiency	The proposals are designed to release significant savings from current budgets

MAIN REPORT

Information and Analysis

7. There has been significant movement in management structures over recent years to respond to efficiency pressures and to new responsibilities. In 2005 the two departments of Social Services and Education were deleted to create a Children's Services department, and move adult social care into Community Services. In 2007 the Department of Development and Environment was deleted with functions distributed across the remaining four Departments. In a host of other areas structures have been flattened or aligned and comparisons with other authorities on unit costs suggests that in broad terms Darlington Borough Council has a relatively streamlined structure. Measured per head of population Darlington has the second lowest management costs in the North East.
8. There is an important balance to be struck between keeping costs low and having the capacity and expertise to deal efficiently and effectively with the sizeable and diverse range of duties and functions the Council undertakes for the people of Darlington. In recent years there have been examples where performance has suffered or been at risk because of insufficient senior capacity to deal with complex services and projects, and this has had to be rectified with additional senior staff.
9. In the current climate however it is believed that it will be possible to further reduce senior staffing in part to reflect a reduced service offer, and increased risk appetite.
10. Discussion with other local authorities is important in this context, and Darlington is taking a leading role in supporting rigorous challenge across the Tees Valley as to where collaboration can assist in dealing with the spending reductions. Collaboration can also assist with those gaps in expert capacity that will emerge as the Council slims down its senior management, and will be a feature of work with our neighbours.
11. The starting point for a re-design is the functions the Council has agreed, together with its priority objectives. Within the Business Model the Council agreed four key functions:
 - (a) Championing the interests of citizens and business.
 - (b) Support strong partnership to set a vision and direction for the Borough and its services.
 - (c) Promote the Borough to secure investment and support.
 - (d) Ensure the provision of good quality services.
12. The Community Strategy; One Darlington Perfectly Placed, articulates two priorities for Darlington that the Council has signed up to. Against the backdrop of the recession and decline in funding the Darlington Partnership has re-affirmed its commitment to these priorities, whilst acknowledging that the timeframe within which those ambitions might be achieved will of necessity be prolonged. It is therefore appropriate to reflect these two priorities in setting the shape for how accountabilities should be organised within the Council.

13. One Darlington captures a set of priorities for people that embrace learning, safety, health, and well being, with a specific drive to reduce the inequalities in outcomes within neighbourhoods and specific communities.
14. Perfectly Placed captures a set of priorities for borough that equip it to be a place where people wish to live, to invest, work, study and visit. The focus embraces good development, a clean and sustainable environment, and economic prosperity.
15. Alongside this set of key outcomes and the priorities of the Community Strategy, a number of principles have been applied to the development of a Council structure to secure an organisation that:
 - (a) Has clear management accountability for delivering outcomes for the people of Darlington and outcomes for the place in accordance with “One Darlington Perfectly Placed”.
 - (b) Is an effective strategic commissioner of services, focused on outcomes.
 - (c) Supports Members and communities to foster self reliant and resilient communities.
 - (d) Provides consistent, high quality customer experiences.
 - (e) Has the capacity and discretionary leadership to deliver transformation.
 - (f) Has the form, competencies and values to be efficient and effective.
 - (g) Is rigorous in using evidence of need and of what works to design and prioritise services.
16. The principles link back to the Business Model which indicates that as funding reduces the Council can be most effective as a strategic commissioner of services and in its broad community leadership role. A relevant extract from the Cabinet report on the Business Model (ref) is:
 - (a) Strongly focussed on ensuring good overall outcomes for the public and place than managing day to day service issues (these will increasingly be the responsibility of others but retaining ability to ensure they deliver).
 - (b) Clear and acknowledged leadership of “place” and facilitator of partnerships concerned with delivering One Darlington: Perfectly Placed.
 - (c) Significantly smaller in terms of directly employed staff.
 - (d) Many of its big budgets linked to contracts, or service level agreements or partnership delivery vehicles.
17. Building from these foundations then, the model for the Council of the future is to create two groups of service accountabilities, for People and Place, with a third group, Resources, providing support and capacity for the delivery of outcomes. There will be a Corporate Management Team of four, consisting of the Chief Executive and three Corporate Directors. This is half the size of the Director team ten years ago.

18. In keeping with the One Darlington theme the People group will lead on services including social care, on housing, community safety, education and skills, anti-poverty programmes, and safeguarding. In addition and on behalf of CMT the Group will facilitate and support the Darlington Partnership, lead on equalities, and performance management of the Community Strategy.
19. Services within this Group are currently undergoing very significant change, as a consequence of the personalisation agenda in adult social care, pressures in children's safeguarding, and the emerging education policies of the new Government. As a consequence where possible early changes at third tier have been minimised, and a temporary Assistant Director position has been retained to lead on education services until the policy landscape is clearer and the MTFP proposals relating to Local Authority support to schools are determined. It is anticipated that this post will be required for a period not exceeding twelve months from the date of this meeting, although options are being explored to minimise the input required.
20. With regard to the Place Group the relationship here is with the Perfectly Placed priority and services include waste, street cleaning, regulatory services, highways, economic development, regeneration, cultural services (including libraries), capital programmes and building services.
21. Within the capital programme there remains a significant volume of work relating to the Primary School Capital programme, and to ensure that this is delivered, it is proposed to retain additional senior capacity for a period not exceeding twelve months to oversee this important work.
22. The Resources Group will deliver all support services for Council functions some directly and others commissioned from Xentrall or other partnership vehicles. In addition support services to the Transformation Programme, Darlington 2015 will be located here together with services including democratic, estate management, communications, and customer service. It is proposed to locate within this Group corporate leadership on Customer Insight. This is a function to ensure that commissioning and delivery of council services is driven by comprehensive data and analysis on the changing features and needs of the Darlington population.
23. Organisational charts showing functions and management positions are in **Appendix A**.
24. Given the scale of reductions in capacity, and the degree to which outcomes overlap (for example, economic growth requires good schools and colleges) the new Corporate Directors will operate with the Chief Executive as a team, holding vertical accountabilities for their respective grouping, and horizontal or matrix accountabilities for cross council functions and outcomes. All three Groups will undertake corporate responsibilities on behalf of the Chief Executive and CMT.
25. This restructuring is being proposed during a period of intense pressure and change. Subject to the grant settlement the Council will need to implement very substantial spending reductions over the coming three years. As a consequence while the proposed implementation date for the first two tiers of the restructure is the 1 January 2011, there are in two areas, Building Services and Children's Integrated Services transitional arrangements to reflect current workload.

Outcome of Consultation

26. There has been a 30 days consultation period with the Trade Unions, the staff directly affected, and with the entire workforce. Overall there appears to be broad support for the restructuring with comments largely centering on capacity issues and the alignment and allocation of specific responsibilities across the functional areas. A summary of the general responses and feedback together with comments made is attached at **Appendix B**.

Financial Implications and Analysis

27. In addition to the post of Chief Executive, the current structure consists of 22 Chief Officers comprising 3 Directors, 2 Assistant Chief Executives and 17 Assistant Directors. The proposals outlined within this report will reduce the compliment of Chief Officers to 14; 3 Directors, no Assistant Chief Executives and 11 Assistant Directors.
28. It is anticipated that there will be further reductions at third and fourth tier level across the organisation. The savings which flow from this exercise will be reported through the MTFP monitoring process.
29. The salary levels of all Chief Officer posts in the proposed structure are based on the Council's current grading structure for Chief officers. It is proposed that Directors and Assistant Directors in the new structure will be appointed at current salaries where slot in and ring fenced recruitment apply. The post of Director of Place is currently advertised at Director 1. As has been practice for previous Council restructures, there will be a salary review early in the new financial year following implementation of the new structures. The review will comprise a full job evaluation exercise as well as a market appraisal of salary levels. The operative date for any changes resulting from the review will be the date of implementation of the new structures/changes in duties and responsibilities. The Chief Executive will also be included in this review. It is possible that in some cases there may be changes in remuneration/grading. On current salaries the proposed structure will deliver annual savings of £767k.
30. There are no common benchmarks to determine the efficiency of management structures within local authorities. However with the external challenge brought by Deloitte's earlier this year, this is consistent with emerging good practice.
31. An increasing number of local authorities have brought Children, Education and Adults services under a single portfolio, seeking efficiencies and improved outcomes through better sharing of intelligence and resources often focused on the same individuals and families receiving a range of support services. Efficiencies and improved operational performance are also being achieved through the centralisation of business support services (Finance, Customer intelligence, Legal and Human Resource functions). In combining these functions within the Resources Department our aim is to achieve both cost savings and provide greater challenge to operational areas with responsibility for Commissioning and for service delivery. As mentioned in paragraph 6, the Council has over a number of years been moving towards a relatively streamlined structure, with fewer tiers of management than other authorities (typically 8 -11 management tiers) and for most areas the new structure has no more than 5 tiers of management.

Implementation Arrangements and Chief Officer Appointments

32. The proposed new structures at this level will result in 14 chief officer posts comprising 3 Director posts and 11 Assistant Director posts in addition to the post of Chief Executive. The proposals at the top two tiers therefore result in a net loss of 8 posts. As a result of turnover and voluntary redundancies there are currently 4 employees in the top 2 tiers at risk of redundancy.
33. The recruitment of Chief Officers is a function of Council delegated to members of the HR Panel and subject to approval by Council of the revised structures at the top two tiers, it is recommended that appointments to the new structure take place as follows:-
34. **Director of Place** – The Director of Community Services, leaves the Council at the end of December and in view of the need to make an early appointment to the new post of Director of Place, this position was advertised internally on Monday 8 November 2010 with a closing date of 22 November 2010. Subject to approval by Council the appointment process via the HR panel will take place on Friday 26 November 2010.
35. **‘Slotted in’ posts** – There are a number of posts in the proposed 1st and 2nd tier structures where a view has been taken that employees meet the criteria to be ‘slotted in’ in accordance with the Council’s Management of Change Policy. The criteria are as follows:-
 - (a) the employee is already doing a substantial proportion of the revised post
 - (b) no other Darlington Borough Council employee has a justifiable claim on the post, and
 - (c) the employee would be in a potential redundancy situation if they were not to move into the revised post.
36. The posts detailed in **Appendix C** are regarded as being ‘slot ins’ within the new structure and it is recommended that Council approve these appointments:-

Ring fenced groups

37. All other Chief Officers involved in the restructuring are ‘ring fenced’ to one or more posts in the new structure. A ‘ring fenced’ recruitment exercise occurs where more than one Darlington Borough Council employee is doing a substantial proportion of the revised post and therefore more than one employee has a claim on the post and is in a potential redundancy situation. There are currently two posts within the new structure which are in a ringfence of one as a result of applications for voluntary redundancy and a reallocation of functions as part of the consultation process. Details of these posts are given at Appendix C and it is recommended that as with the ‘slot in’ process detailed above, Council approve these appointments.

HR Panel Interviews

38. For the remaining posts within the new structure there is currently more than one candidate to be considered and therefore the HR Panel will undertake a 'ring fenced' appointment process. Details of these posts are given at **Appendix C** and prior to finalising the recruitment process a preference exercise will be undertaken which will assist in the appropriate scheduling of interviews. If as a consequence of the preference exercise any changes occur which result in there being a ring fence of one for any of the above posts it is recommended that Council give the Chief Executive delegated authority to approve the appointment, following consultation with the Leader of the Council.
39. Following completion of all the above appointments implementation of the Council structures will commence from 1 January 2011.

Scheme of Delegation

40. The new structures require changes to the Council's Scheme of Delegation and it is proposed that the opportunity is taken to rationalise and simplify the way in which Officer delegations are expressed within the scheme. The new structure delegates powers to officers in their areas of responsibility subject to a number of limitations such as consultation requirements, legislation requirements, Council policies and procedures, codes and protocols and restrictions by the Council's decision making bodies. There are also charts setting out a number of further exceptions in the areas of contracting, property, finance, employment and legal including planning and licensing. This method of delegating powers provides greater efficiency in the exercise of powers without the need to refer matters unnecessarily to committee, and greater probity with a more robust framework which has tightened up some of the anomalies of the previous scheme. The scheme is also shorter and easier to amend. The new scheme will detail temporary delegated powers which apply for more than six months to provide greater transparency. Members are asked to approve the revised scheme to come into effect alongside the new structures on 1st January 2011. The proposed scheme is attached at **Appendix D**.

Conclusion

41. This report proposes significant reductions and changes to the way in which the Council is managed. These changes are necessary against a backdrop of major reductions in Council resources where the priority is to protect as far as practicable direct service delivery to the public and the most vulnerable in particular. There is no material change to the effect of the proposed Officer delegations in the scheme.
42. Nevertheless, the planning, commissioning and delivery of public services within a highly regulated environment and to a diverse and frequently highly vulnerable population requires effective and sufficient management. The people who deliver such services directly require sufficient support and resources to work effectively. The breadth of Council operations and the degree of inter-dependence with other local authorities and other public services requires the development and oversight of clear strategies, and it requires leadership. Darlington has enjoyed effective leadership and management from its senior teams, and will need to rely on this to support the Council in steering the organisation through some turbulent years.

43. The proposals within this report are coherent and consistent with the aims and goals of the Council, are deliverable and will secure significant savings. Nevertheless they will place increased strain and pressure on management capacity and morale and it is important moving forward that senior managers continue to enjoy the support of Members and a commitment to providing fair terms and conditions of employment and a period of stability within which they can implement and further develop the MTFP and Transformation Programme.