

<b>Report title: The Organisation's Proposed New Structure</b>	
<b>Report to:</b> Cabinet	
<b>Report author:</b> Gavin Jones – Chief Executive	
<b>Date:</b> 18 October 2016	<b>For:</b> Decision
<b>Enquiries to:</b> Pam Parkes, Interim Director of Human Resources	
<b>Divisions affected:</b> All Essex	

## **1. Purpose of report**

- 1.1 To ask Cabinet to endorse the proposed new structure.

## **2. Recommendations**

- 2.1 Endorse the proposed structure appended to this report.
- 2.2 Agree that the Chief Executive may make changes to the proposed structure in consultation with the Leader of the Council following the close of the consultation period.
- 2.3 Approve the draw down of £530,000 from the Transformation Reserve to fund the one off costs of the reorganisation.

## **3. Background and proposal**

- 3.1 Over the past six years, ECC has undergone a series of ambitious and ground-breaking transformations.
- 3.2 These changes have fundamentally reformed the Council – how we operate, the services we provide and our relationships with our partners. Our transformation programmes have also enabled us to save over £520m whilst continuing to improve services, a truly astounding achievement.
- 3.3 While ECC has responded well to many years of austerity, demographic changes and dramatic changes to public policy, the pace of change over the next five years will accelerate even further. We must therefore ensure we are in the best possible position to thrive in what we recognise will be difficult and challenging times.
- 3.4 This isn't just about how we organise ourselves in a structure but about how we lead and how we set the tone for the organisation, creating the conditions for our people to be adaptable, accountable and to learn from success as well as failure so that we are constantly striving for the best possible services and outcomes for our residents. We can only achieve this by building new

capabilities in areas like digital and commercial, and by having adaptability at the core of our DNA, so that responding quickly to change is second nature.

3.5 ECC has well-run services and the intention is not to unsettle this in any organisational redesign. We must not lose sight of the fact that we have seen significant improvement in some of our key services – not least Children's Services – which we should look to learn from, and build upon.

3.6 However, some of the issues highlighted by employees, Members and partners are that:

- Some of our structure doesn't support our ambition to be an agile and adaptive organisation.
- The organisational structures are unnecessarily complex and unwieldy.
- There are an increasing number of director roles with variable spans of control.
- There is confusion and duplication between commissioning and delivery.
- Sometimes our self-imposed bureaucracy means that we are slow to get things done.
- We are an overly complicated partner to work with and not as consistent as we would like to be.
- We could achieve markedly better outcomes for residents by identifying opportunities to take more risks.

3.7 The proposed structure has been developed with the following design principles in mind:

- In order to reduce overheads and bureaucracy we minimise layers of management and optimise spans of control, distributing accountability and decision making at the appropriate place and level.
- We think corporately but can act locally with agility.
- We develop purposeful partnerships and work across organisational boundaries to deliver joined up outcomes in the interests of our customers and communities.
- We will be leaders in digital, transforming the way we do things and our relationships with customers and communities.
- We apply commercial thinking in everything we do to drive value across our organisation.
- We adopt a commissioning approach as a core capability.
- We improve as an organisation through the application of learning.
- Our work drives growth in the economy of Essex.
- We work to keep people safe, not only through our statutory duties, but through early targeted intervention.

3.8 The proposed structure has been developed and is out for consultation. The Chief Executive has:

- Developed a streamlined structure that is in line with our funding envelope
- Brought commissioning and delivery together under functional Executive Directors, making commissioning a capability rather than a structural solution
- Protected the key service areas of adult social care and children & families with a strong strategic policy and commissioning capability, and kept a geographical quadrant structure to support delivery and partnership working

- Created a strong centralised infrastructure function, consisting of highways, transport, housing, capital, energy, waste and flood management, allowing this to focus on the delivery of key services
- Committed to becoming a learning organisation that values its employees by having the Organisation Development & People function reporting directly to him:
- Increased the focus on public health, economic growth, strengthening communities and partnerships with Districts
- Provided separate emphasis on the essential corporate and customer services that lead to a well-run organisation
- Increased the focus on commercial activity, digital strategy and capability, and the use of agile methodology by placing these Director positions on CMB under an Executive Director for Corporate Development

3.9 This proposal will help us start to address the challenges we face. Similarly, this structure will need to be able to evolve, as the external environment and context we work within changes – not changing for the sake of change, but to enable us to respond proactively to those challenges.

3.10 The table below sets out the timescales for the consultation on the new structure and the implementation process.

Activity	Date
Start of consultation briefing	19 September
Communications to all employees	22 September
Wider leadership group event (current tier 4 and above)	27 September
Deadline for suggestions on the proposed new structure	12 October
Mid consultation briefing where we will share the latest position on the structure, slotting proposals, job summaries, and selection	19 October
Wider leadership group event	19 October
Close of consultation briefing. Final position structure decided by the Chief Executive on the structure, slotting and ring fencing	4 November
Deadline for expressions of interest in roles	14 November
Interview period	17 November to 14 December
All appointments to Layer 1 and Layer 2 confirmed.	By w/c 12 December
New leadership team event	19 December
Wider leadership group event (current tier 4 and above)	20 December

#### **4. Policy context and Outcomes Framework**

- 4.1 This decision will have an indirect impact on ECC's Corporate Outcomes Framework 2014-2018 in relation to ECC meeting its commitments by providing key services to support our internal and external customers. The framework will also seek to meet the aim in *a Vision for Essex 2013-17* to spend taxpayers' money wisely, working in partnership, focusing on delivery rather than process and empowering communities to help themselves.

#### **5. Financial Implications**

- 5.1 The new organisational design will be delivered at an estimated cost of £1.1m, of which £530,000 are one-off costs recommended to be funded from the Transformation Reserve. Over half of the cost of delivery is opportunity cost and is being met from existing revenue budgets.
- 5.2 Cost estimates exclude the potential impact of redundancy as there is currently no reliable basis for estimation; however these costs will be kept to a minimum in order to ensure value for money. Redundancy costs will need to be funded from the Transformation reserve. An additional request for draw down will be made if required. There are also potential transitional costs during the period of implementation of the new phase 1 and the design of phase 2, where there may need to be temporary staffing arrangements, though these should be at a minimum. Any additional savings realised through a part year effect in 2016/17 from the implementation of this structure, will be directed to meet any transitional staffing costs.
- 5.3 The total budget of the leadership structure impacted by this review is £7.4m. The indicative budget for the new leadership structure outlined is £6.6m. This is based on current average salaries. This represents a saving of around £800,000 or 11%. One post proposed to be removed through the structure, with a budget of £130k, is funded from Education Support Grant which is being phased out by Government. Therefore a total annual net saving of £670,000 is expected to be available with a full year effect in 2017/18 to help reduce the base revenue expenditure of the organisation.
- 5.4 Inevitably there will be changes to the indicative budget pending the outcome of the consultation and the formal evaluation of the pay for the roles.
- 5.5 A saving ambition of £5m on the pay bill in 2017/18 is incorporated into the current medium term financial plan. This will be delivered from both phases of the organisation design. The £670,000 net savings outlined within, from the first phase, represent the first realisation of savings towards that ambition.

#### **6. Legal Implications**

- 6.1 Like all restructures, this restructure may result in redundancy dismissals if there is a reduced requirement for the work of a type that a particular employee is employed to do. This will be managed in accordance with the Council's organisational change policies so as to minimise uncertainty for employees and ECC.

- 6.2 The Constitution requires that all appointments and dismissals of Executive Directors or Executive Directors posts are undertaken by the Committee to determine the Terms and Conditions of Chief and Deputy Chief Officers. The Committee may, however, decide to delegate decisions on individual recruitment or dismissals to a Sub-Committee of Members or to an individual Officer. On 10 October 2016 the Committee agreed the principles as to how decisions will be taken to recruit to the final structure. All layer 1 and layer 2 Director or Executive Director posts will be interviewed by Members.
- 6.3 The restructure will result in a need for changes to the Constitution, particularly the scheme of delegations and the list of proper officer appointments. It is proposed that these changes will be considered at the Council meeting in December 2016.

## 7. Staffing and other resource implications

- 7.1 The number of employees that could be affected by these proposals is 38. This figure excludes any employees who:
- have resigned or left ECC
  - are acting up into an in scope role from a substantive role that is not in scope, or
  - are in an in scope role on an interim basis.
- 7.2 The table below shows that based on the proposed structure that there are 57 current posts in scope, compared to 48 proposed new posts. However, there are 10 more proposed new posts than affected employees.
- 7.3 This does not necessarily mean that there will be no redundancies. Redundancies are possible if there are skills gaps that cannot be addressed. We will explore all opportunities to minimise compulsory redundancies wherever possible.

Current substantive role	Current posts in scope	Current headcount (disregarding interim appointments)	Proposed new posts
Executive Director	6	4	5
Director	44	27	37
Head of Service	7	7	6
<b>Total</b>	<b>57</b>	<b>38</b>	<b>48</b>

## 8. Equality and Diversity implications

- 8.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when ECC makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act

- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 8.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 8.3 The equality impact assessment indicates that the restructure could, if not appropriately managed, have disproportionately adverse impact on groups of people with a protected characteristic. There is always possibility that a person engaged in the selection process will demonstrate an unconscious bias in favour or against persons with a particular protected characteristic. The selection approach will comprise of varied elements to reduce the risk of this and the impact if it occurs. Selection will be made using a variety of selection methods. The interview element of the selection process will, in accordance with ECC practice, be carried out by a group of people which is also intended to reduce or remove the risk of unconscious bias. Additionally at least one member of the interview panel will have received recruitment and equality awareness training. The other potential impact is for those who have a disability. Impacts could apply to those with physical, mental, sensory or learning disabilities however the ECC selection process makes reasonable adjustments to accommodate specific needs. It is standard practice at ECC to invite individuals to advise on adjustments they may need and these will be managed on an individual basis.

## **9. List of Appendices**

(available at [www.essex.gov.uk](http://www.essex.gov.uk) if not circulated with this report)

Proposed structure at Appendix 1  
Equality Impact Assessment – Appendix 2

## **10. List of Background Papers**

**(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)**

None.