



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	Review of the Centre – Organisation Structures
Date:	4 September 2009
Reporting Officer:	Peter McNaney, Chief Executive
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Relevant Background Information

1. Members will recall receiving a report at their meeting on 19 June 2009 in relation to the review of the centre of the organisation. A copy of this report is attached at Appendix 1. As this report made clear, the aim of the review is to set at a high level the creation of an effective corporate centre that fully supports the Council's requirements whilst at the same time providing value for money.
2. In essence the review of the centre is a rolling programme of reviews involving those parts of the organisation that provide support to frontline services. This includes Corporate Services, including HR, ISB, Audit, Risk and Governance, and Business Improvement; the Council Improvement Unit; Legal Services; and Members' Services.
3. The most urgent priority for the review is to establish a programme of work which seeks to provide solutions in relation to:
 - How savings can be delivered at the centre of the organisation with a minimal effect on frontline service provision which will aid the Council's financial ability to maintain a low rate and provide resources to fund its capital programme aspirations.
 - Providing the Council with an organisational structure at senior officer level to support implementation arrangements for the Review of Public Administration and ensuring that the organisation is fit to deliver post RPA.

Key Issues

4. At present the Chief Officers' Management Team is in transition with a newly appointed Director of Finance and Resources due to take up her post on 1 November 2009 and a recruitment exercise underway for a new Director of Development following the present Director's resignation. In addition, the Director of Health and Environmental Services will be eligible to retire from Christmas onwards and finally two of the present Directors are employed on an interim basis with one of them responsible for an interim departmental structure.

In addition, the human resource impacts of the Review of Public Administration are about to take real effect. Negotiations are presently underway at a regional level on the arrangements for moving Councils from their present staffing structure to the staffing structures which will

need to be put in place for the new Councils post 2011. Whilst Belfast City Council is not merging with another Council, there is a real risk that Council staff will be encouraged to apply for new posts in the new Councils given that they will be larger organisations with bigger budgets. It is therefore vital that the Council establishes as early as possible permanent positions for its senior staff to ensure continuity of delivery and leadership up to May 2011.

5. The Committee also considered the implementation structure for the review of the centre and preparations for RPA. This involved the creation of a Budget and Transformation Panel drawn from Members of all the political parties supported by an officer Budget and Transformation Board and an implementation team which would be supported by an external Change Manager. This team would then carry out a number of service reviews of Finance, Projects and Corporate Systems, Members' Services, Central Business Support Units, Human Resources, Building Maintenance, Vehicle Maintenance etc and report through the Members' Budget and Transformation Panel to the Strategic Policy and Resources Committee.
6. A full copy of the high level Review Report is contained at Appendix 2 attached to this report. Briefings on the detail of the report will continue to be offered to individual party groups.
7. At today's meeting, Members will also be considering reports on the Budget Review and Voluntary Redundancy exercise and the role of the Strategic Policy and Resources Committee in relation to the governance of major projects. Both of these issues obviously impact on the Review of the Centre Report and a number of decisions are required to move these issues forward.
8. One of the key findings of the Review of the Centre Report is a recognition that the 'fit for purpose' activities led by the Core Improvement Team have largely been completed.

Initially the Improvement Directorate was established as the Core Improvement Team on an interim basis to support the Council's improvement agenda. It was set up at no additional cost to the ratepayer by re-aligning existing budgets for the Chief Executive's and Corporate Services Departments. Its work over the past few years has concentrated on working with other parts of the Council to develop, align and integrate the building blocks required by the organisation to deliver its priorities and to meet the challenges of the Review of Public Administration. Priority has been given over this time to strategic policy, planning and performance, customer focus, resource allocation, programme management and HR. Significant time has also been spent on the efficiency programme, changing the governance arrangements and organisational development work with Members, COMT and senior management. The Improvement Directorate also provides policy support and research to the Chief Executive and the Review of Public Administration.

9. As a result of the need to ensure that the Strategic Policy and Resources Committee had the necessary financial oversight over procurement, estate and asset management, these functions were also made the responsibility of the Director of Improvement.

Members, however, now need to consider three issues which impact directly on the future of the interim Improvement Department. These are:

- 1) Alignment of facilities management and major projects with asset management. Sector Projects, as part of the review of the centre, have highlighted the fact that the management of issues relating to property and assets are spread across a number of departments. Facilities Management sits in Corporate Services, asset management and the capital programme are covered by the Improvement Department and the delivery of major projects is shared across all departments. It is argued that this is not the most appropriate arrangement to secure the efficient and effective management of property and assets.
- 2) The governance of major projects review carried out by Drivers Jonas and conducted in response to a concern raised by the Local Government Auditor about the risks

associated with major projects is also being reported to the Committee today. The review highlights the following issues:

- The current governance arrangements for major projects are fragmented across the Council and this is due to the responsibility for projects resting across different departments and committees.
- The skills which the organisation need to bring together to make significant projects work currently sits across at least three departments.
- The role of Strategic Policy and Resource Committee in relation to project governance needs to be clarified and strengthened.
- The officer with whom overall responsibility rests for a particular project is not always clear.
- There is a lack of coherence in dealing with external parties.
- New governance arrangements are needed to ensure the most effective use of limited resources.
- Clearer roles, responsibilities and accountabilities for major projects need to be established.

The Drivers Jonas review goes on to recommend that the Strategic Policy and Resources Committee, COMT and responsible officers should be supported by a director who has the relevant project and programme management skills to ensure the successful delivery of major projects.

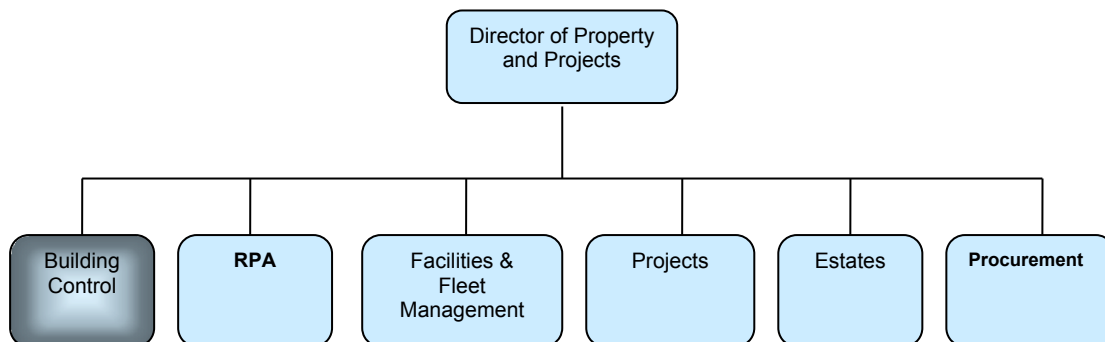
- 3) The Review of the Centre Report acknowledges that the CIT team has made considerable progress in contributing to the development of the key corporate systems, processes and frameworks which are required to ensure the Council operates as a corporate entity and a high performing organisation in time for the RPA; it states however, that the point has now been reached where the functions carried out by the Core Improvement Team should be anchored in the organisation and treated as business as usual.

10. Given these three major issues, the Review of the Centre recommends that the Council establishes a directorate of Property and Projects reporting directly to the Strategic Policy and Resources Committee with the director having responsibility for all property related functions and the capital programme, major council-wide programmes such as the RPA and city investment strategy and asset management plan. This will enable the Committee to better exploit the synergies between the development of new assets and the management of existing ones particularly in the areas of project and programme management and contract management. It will also lead to more effective alignment of asset management to the efficiency and transformation programme and the implementation of the customer focus strategy.

The Review also recommends that Members give consideration to including the Building Control function to this directorate. The economic downturn has put pressure on the income raised through Building Control fees. At the same time, this has presented opportunities to use the competencies and skills of Building Control staff in other areas such as the successful vacant property exercise carried out in conjunction with Land and Property Services and the rates projection work used as part of the Titanic Signature Project bid. These skills could be further used in working with the Director of Property and Projects on property and rate base work.

11. The Review of Public Administration will be the Council's biggest project for the next couple of years. While the Chief Executive has overall responsibility for RPA, and all of the COMT need to be involved in developing policy, the organisation needs a director to manage the work on an on-going project management basis. Currently, this responsibility lies with the Director of Improvement. If Members accept the creation of the Director of Property and Projects the Director of Improvement post will cease to exist in the organisation structure. It is therefore recommended that responsibility for RPA is given to the new Director of Property and Projects as it is a major corporate project.

12. One business support unit should be established to service the directorate. Further work will be required to determine the size and structure of the business support unit. In summary the structure of the new directorate of Property and Projects would be as follows with Building Control included as an additional option:



The creation of the directorate would create minimal disruption as, in the first instance, structures below the director level would remain unchanged. The new director would then have the opportunity to explore synergies across the functions.

Should Members agree to the establishment of the directorate then the job description, grading and appropriate method of filling of the Director of Property and Projects must be progressed. As we approach RPA there will be the need for more flexibility in the functions which senior officers are responsible for. The Council has already agreed that a generic term should be inserted as a condition of employment for the new Director of Development post, which will permit the Council to amend the Director's responsibilities to ensure that the emerging changes required under the Review of Public Administration can be accommodated. It is recommended that such a clause be inserted into the job description for the proposed post.

13. Members may be aware however that four key RPA HR issues (i.e. vacancy control; filling posts in new organisations; staff transfers; and severance) are currently being negotiated through the Local Government Reform Joint Forum with detailed guidance being developed. It is important to consider what the impact of these matters, and in particular the vacancy control process, may have on Belfast City Council.

The proposed vacancy control scheme which is likely to come into effect on a phased basis on 1 October 2009 recommends that councils should seek to fill a vacancy from at risk staff in the following order of consideration before resorting to public advertisement:

- at risk staff in the individual council
- at risk staff in the amalgamated council cluster
- at risk staff across all the 26 councils
- at risk staff across all the sectors in the RPA Affected Group.

In addition to considering the RPA related HR matters outlined, the filling of this post must be considered within the context of the Council's restructuring and right-sizing exercise. Members are therefore asked to delegate authority to the Chief Executive in consultation with the Chair of the Strategic Policy and Resources Committee and the Budget and Transformation Panel to fill this post in the most appropriate manner following full consideration of all RPA, legal, equality and financial implications.

Strategic Planning, Consultation and Research and Corporate Planning would return to report directly to the Chief Executive.

14. Other Immediate Actions

As noted earlier in the report it is essential that the savings emanating from the review of the centre are identified and captured early enough to be included in the rate setting process for

2010/11. One of the necessary first steps is to ensure that the Human Resources service has the capacity and capability to provide the support required to deliver the recommendations relating to the review of the centre as agreed by the Strategic Policy and Resources Committee. Sector Projects have therefore recommended that the Human Resources service is immediately reviewed in the context of the following:

- The development of the HR service's custodianship of job descriptions
- The further development of its role in organisational development, and in particular structural reform, and controlling staff numbers
- High level analysis of impact on the HR service as a result of RPA
- The identification of potential savings.

Full details of the review are provided at Appendix 3.

15. Retirement of the Director of Corporate Services

The Council's policy on Pension and Discretionary Compensation Payments as agreed by the Strategic Policy and Resources Committee, 17 November 2007, allows for a compensation payment to be made where there is an economic and/or operational reason to do so. Given the current Finance, HR and IT agendas and the initiation of a new approach to the provision of these crucial support functions, recently highlighted by the review of the centre; the future required programme of work to implement the review of the centre; and the recent recruitment of the Director of Finance and Resources who is commencing work at the start of Nov 2009, it is proposed that a compensatory payment equivalent to 10 months added pension at a cost of £26,673 is made to the Director of Corporate Services on the basis that he will retire from the Council on 31 October 2009. Given the differential in total salary costs between the current Director of Corporate Services and the starting point of the newly appointed Director of Finance and Resources, the amount would be paid for by the end of the next financial year.

Recommendations

Members are asked to agree the following:

1. To establish a directorate of Property and Projects with the director having responsibility for all property related functions and the capital programme, major council-wide programmes such as the RPA and city investment strategy and asset management plan.
2. To delegate authority to the Chief Executive in consultation with the Chair of the Strategic Policy and Resources Committee and the Budget and Transformation Panel to fill this post in the most appropriate manner following full consideration of all RPA, legal, equality and financial implications.
3. To implement a more generic approach to directors' job role and state in each of their job descriptions and conditions of service that the functional responsibilities and duties may be amended to permit flexibility to deal with RPA.
4. To undertake a review of the HR service as outlined at Appendix 3.
5. To make a compensation payment equivalent to 10 months added pension to the Director of Corporate Services in accordance with the Council's policy on Pension and Discretionary Compensation Payments.

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