



## Belfast City Council

<b>Report to:</b>	Development Committee
<b>Subject:</b>	<b>Restructuring of the Development Department</b>
<b>Date:</b>	7 October 2008
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### Relevant Background Information

Members are aware that from 1 April 2007, as a result of interim organisational restructuring, the Community Services Unit including Travellers work, Children and Young People, Events (Sports) and the Waterfront and Ulster Halls transferred to the existing Development Department.

The Development Department has worked hard over the 8 years of its existence to create excellence across a number of areas:

- to have a clear vision for Belfast and a focused strategy;
- to create a culture of achievement and positive outcomes;
- to develop processes and systems of excellence;
- to have motivated, energetic and happy officers working in partnership with ambitious Members to make Belfast better; and
- to have the correct structure to make things happen effectively and efficiently.

The Department has been very successful in achieving this as demonstrated by the attainment of:

- Steps to Excellence at gold;
- Investors in People;
- a wide range of awards;
- strong efficiency record; and
- an absence rate of 6.23 days.

This is a momentum which we wanted to maintain in the new Department.

The process of creating the new entity has been managed through a structured change management process. A Change Management Board was established to complete an audit of the situation. From that, a comprehensive action plan outlining challenging targets was created for the 07/08 year.

On 13<sup>th</sup> June 2007 the Development Committee considered and gave approval for the change management process for the Development Department, which included support from Business Improvement (BIS) for Departmental restructuring activities. This followed the Council's approval on 1<sup>st</sup> November 2006 for interim restructuring across the Council ahead of the Review of Public Administration (RPA) and the associated organisational impact of the transfer of functions on the Development Department. Structural Reviews were approved in areas of particular need which included Business Support, Policy and

Research, Events, the Waterfront Hall/Ulster Hall merger, Community Services overall and the management structure, including the roles and responsibilities of the Heads of Service. The aim of restructuring is to rationalise and release further resources into the process.

Integrating the Community Services Unit, Events, and the Waterfront and Ulster Halls into the Development Department has required the implementation of a significant programme of work and resource investment. There were large variations in performance across the functional areas, e.g. the average days lost due to sickness in 2006/07 per full time equivalent post in Community Services was 16 days and the Waterfront Hall 9 days. This compares with the Development Department at 6.23 days. The results of the action plan are already evident e.g. 3 day reduction in Community Services sickness levels and the Community Support Plan completed on schedule.

The successful implementation of proven business processes has allowed the Department to continue to produce high quality work but it must be stressed that the units identified in the Change Management report, continue to work under-resourced with vacant posts unfilled and structures which do not meet the work requirements of the new Department. This situation 18 months into the interim re-structuring process means that these successes can only be maintained in the very short term unless the appropriate resources and structures are put in place.

In this regard, BIS have undertaken specific structural reviews of the following Units: Policy and Research; Events; the Waterfront and Ulster Halls; Community Services; Markets; Culture and Arts; and Business Support. The reviews have been undertaken in line with the key principle of interim restructuring that all restructuring must be within existing budgets. All structural change proposed by BIS has been made within the existing salaries and wages budget for the Department. Furthermore, the overall impact of the reviews will be a reduction in the Departmental salaries and wages budget of circa £76,000. Executive summary reports are included in Appendix 1 which outline the key findings and recommendations of individual reviews. Appendix 2 contains a summary of overall projected cost implications.

BIS also worked closely with the Director and the Departmental Management Team to refine the interim alignment of functions at Head of Service level to ensure that changes in the functionality of the Department would be configured appropriately to address any gaps and to maximise synergies of the structure following interim restructuring.

The effect of interim restructuring based on the transfer of 'functions', without subsequent reconfiguration and realignment of structures, roles and responsibilities in the Units below has resulted in the Department having issues with regard to inconsistency, duplication of functions, gaps, and potential integration and synergies not being maximised.

BIS has conducted these reviews taking account of key considerations of the corporate improvement agenda, including: a focus on delivering savings; maximising current resources; reconfiguring within existing budgets; reducing costs of agency and overtime; delivering on cross cutting issues; and customer focus.

Currently the Council is rolling out the new Corporate Plan (2008-2011), underpinned by new thematic working based on strategic themes. The key principles relate to: value for money for the ratepayer; being fit for purpose; accountability; efficiency; improving services; working together to support communities; partnership working; achieving sustainability; and supporting employees in fulfilling their potential. In order to achieve these principles, Council Departments are being expected to ensure robust and efficient organisational structures, systems and processes; and to work together to deliver a joined-up, cohesive service to the public – 'a one council approach'. It is within these parameters that BIS carried out these reviews.

## **Key Issues**

### **Departmental Issues**

- There is a need for a stable and effective departmental structure and organisation design to deliver against the corporate context and specifically to ensure the Department is fit for purpose. The Department also requires a structure that is flexible and can accommodate and support change to achieve strategic goals and adapt to a changing environment.
- Departmental objectives and key strategies must be delivered effectively. The Departmental Plan is structured around 9 strategic themes and associated objectives and targets in support of overall corporate objectives and Capital City III Strategy. The themes are: Leadership and Governance; Services; Transport and Connectivity; Environmental Sensitivity; Social and Cultural; Social Inclusion; People and Processes; Physical and Infrastructure; and Economy. Key elements include the Community Support Plan and the Waterfront and Ulster Hall Strategy.
- The Department has grown in size from approximately 150 to over 400 staff and the budget has grown from approximately £7 million to £24 million as a direct result of the restructuring from the 1<sup>st</sup> April 2007. With such growth there is a requirement for effective utilisation of staff and increased budgetary responsibility. The growth in staff numbers also presents additional human resource pressures for the Department.
- In parallel, the Department and its services have continued to grow and develop in response to the changing environment. The Department has strong relationships and partnerships with external stakeholders including the private sector, government departments and agencies, and voluntary and community sectors. A fundamental role of the Department relates to the economic development of the city and in this regard it also has a range of relationships on a national, european and international level.
- Following the implementation of interim restructuring, there is a clear need to reconfigure and realign roles and responsibility and capacity across posts to ensure the benefits of integration and synergies are realised; that greater consistency and departmental cohesiveness are achieved; and more importantly, to minimise duplication and become more effective and efficient as a Department.
- BIS have undertaken individual reviews within identified Units; however where possible recommendations have been made to address these issues from a Departmental perspective. After the specific service reviews have been completed and implemented, BIS has highlighted that there will also be a need to re-energise processes and systems to achieve consistency to maximise the effectiveness of the Department.
- In terms of the overall structural configuration of the Department, integrated policy support, communications and business support are fundamental to ensuring a cohesive, efficient and effective Department. The policy and research unit must play an important role in supporting the Department to be fit for purpose. By doing this it will support effective cross departmental and corporate working; and act as an integration mechanism between Units and Corporate and Departmental themes and objectives turning strategy into delivery. Within the current context there is an increasing expectation that Departmental Business Support will play an enhanced role to support continuous improvement and performance.
- There is currently an independent review being undertaken within the Department of the management and administration of the Grant Aid process, which will have implications for Business Support and potentially Community Services. The final outcome and specific implications of this review are still pending and as a result some further refinement of roles and responsibilities may be required.

### **Structural and Staffing Issues**

Structural issues which exist at a Service and Unit level following the functional change of interim restructuring need to be addressed by the BIS reviews. The main structural and

staffing issues include:

**Interim arrangements** - The temporary nature of interim reporting arrangements and staff transfer have generated a lack of job and role clarity and job security amongst some staff. There is also a need for more defined lines of responsibility to ensure accountability and clear direction for staff and work areas.

**Staffing Pressures** - Whilst the Department has increased in size, staffing pressures exist due to vacancies, sickness, absence, and reliance on agency and overtime. Vacant posts have not been filled because of ongoing structural review adding to pressure on existing staff. There is an operational need to recruit for vacant posts. Acting up arrangements, honoraria, and agency staff have been used to address pressures in the interim. The main issues are a lack of permanency. To deliver services, changes have been occurring in staff duties and responsibilities and managers have been allocating additional duties to staff as required and relying on staff good will which has in turn generated inconsistency in the configuration of duties and responsibilities, balance of workload, and accountability.

**Cumulative Change** - The organisational Better Business Programme has also impacted on the configuration of roles and responsibilities in the Department and there is anecdotal evidence that an element of change fatigue exists mainly due to a lack of role clarity amongst staff, generating detrimental morale and motivation issues.

**Operational issues** - Additionally, there are also ongoing reviews within the Department which BIS has also had to consider and factor into our wider Departmental recommendations. A key example of this is the delivery of Markets service, which requires improved working arrangements and associated resources to suitably accommodate the growth of the Markets and to ensure compliance with legislative requirements.

### **Future Considerations**

In addition to the structural issues set out above, there are new service provision requirements which continue to emerge. For example, the new vision, ways of working and technical specification for the Ulster Hall requires new roles, responsibilities, capability, and capacity to deliver this.

In general, considering the extent of Departmental restructuring and future requirements for the Department (particularly under RPA) structures are needed to provide and support an integrated approach to strategy, delivery and a 'One Council Approach'. Unit structures need to be fluid, responsive, and adaptive to change; they should follow strategy and processes and should reflect required configuration and flow of work. The structures within the Department should add value to the Department and Council in achieving objectives.

If the operational structural implications of interim restructuring coupled with service demands and unit pressures are unaddressed, there are potential risks:

- Effectiveness and efficiency will not be realised;
- There is potential for misalignment with the corporate agenda;
- There will be a reduction in the quality and value of service provision to the ratepayer;
- The reputation of the Department and the Council could be compromised;
- The Department may face business continuity and sustainability pressures;
- Employee relations issues are likely to increase; and
- There will be lack of compliance with audit and legislative requirements.

### **How will the proposed changes improve the Department?**

An improved structural design and configuration with clearly defined roles and responsibilities should enable the Development Department to achieve:

- Better service to the customer;
- A flexible, responsive and integrated 'one council approach', which will help deliver the Corporate Plan;
- There will be a reduction in payroll costs in the Department;
- Greater collaboration of units, management, staff and the departments stakeholders;
- More effective communication, availability and exchange of information;

- Better internal controls, improved organisational practices and standardisation of processes which in turn can enhance the monitoring of performance and identification of areas for improvement;
- Integrated management information leading to performance improvement which will support the Department in achieving continuous improvement;
- Better business planning and more effective decision making processes;
- More efficient flow of work activities, more robust structures and sustainability;
- Optimised resources and efficiency;
- Integration and co-ordination across functions in the Department;
- Improved staff morale and motivation as a result of role clarity, job enrichment and potential staff and career development; and
- Improved efficiency and effectiveness by having the Departmental support functions grouped/integrated to ensure co-ordination of work and economies of scale.

### **Conclusions**

Specific structural recommendations are set out in the report summaries (Appendix 1); however, BIS has adopted a Departmental approach to help to maximise the potential benefits to the Council, the Department and the customer. This cumulative approach to conducting the Development reviews was approved by Development Committee 13<sup>th</sup> June 2007. All of the proposals have been developed to overcome organisational pressures and address issues within the Units reviewed; and as a whole to ensure the Department has a sound organisational base to deliver against the Corporate and Departmental strategic direction. The main areas of recommendation relate to:

- **Integration** of functionality to maximise synergies and to be more efficient and effective through consistency and standardisation by removing duplication – for example with regard to Events, Culture and Arts and Tourism, Waterfront and Ulster Halls, Business Support;
- **Re-alignment** of roles and responsibilities to ensure equity in balance of required duties and responsibilities, particularly within Business Support for example;
- **Re-configuration** of roles and operational working in light of organisational and functional change, and emerging needs, for example in Community Services, Business Support, Waterfront and Ulster Halls, and Policy;
- **Developing capacity and capability** to ensure that staff are equipped and trained to provide a quality service;
- **Maximising our utilisation and the effectiveness of our posts** - In order to be efficient and effective BIS profiled work of posts where possible to ensure the size of structure reflects volume of work and required roles and functionality;
- **Deletion of posts** where roles are no longer required as they are configured and to facilitate more appropriate roles; or where efficiencies can be identified for example in Culture and Arts and Tourism, Community Services; Waterfront and Ulster Halls;
- **Establishment of posts** where a business case exists to ensure the structures and roles are relevant and fit for purpose based on service need; and
- **Operational improvements** to lead to improved standards of service delivery, quality of service, and reduced reliance on agency and overtime, for example by the introduction of improved working patterns for the Markets service.

In conjunction with the above BIS would recommend that if our recommendations are accepted that the Department will need to also examine their processes and systems to ensure full integration and to complement the structural configuration.

In developing the recommendations BIS has taken account of the continuing need to comply with the corporate improvement and efficiency agenda, particularly in relation to limited creation of additional posts and maximising the current resource base. Where possible opportunities to re-configure or re-align posts have been identified to limit the creation of new posts as far as possible. Where new posts have had to be created, based on new requirements, these have been offset by reduction of posts elsewhere in the establishment.

**Resource Implications****Financial Implications**

The overall reduction in the approved salaries and wages budget is **£76,311**.

**Human Resources**

1.5 FTE posts were created through contractual obligation under the terms and conditions stipulated in the Heritage Lottery Refurbishment Grant for the Ulster Hall. Therefore the net effect on the establishment figure for the Department is an overall reduction of 1 FTE.

Detailed consultation will now take place with all relevant stakeholders including HR, Trade Unions and staff to develop an implementation plan which is fully in accordance with all relevant HR policies and procedures.

**Recommendations**

The Committee is asked to approve the following BIS recommendations as the management side position in order to proceed under the Council's agreed policies and processes to move to implementation.

- Heads of Services: Realignment of reporting lines to existing Heads of Service
- Policy & Research Unit: Due to the integration of 2 former Policy Units there has been an overall decrease of 2 posts
- Culture and Arts: Overall reduction of 1 post
- Events: Integration of two events units resulting in a decrease of 1 post
- Markets: Following a review of the Markets there will be an increase in 1 post but this will lead to savings in agency use and overtime costs
- Business Support: As a result of integrating 3 separate Business Support Units there will be an increase of 1 post within a new Directorate Support structure
- Waterfront/Ulster Hall: An overall increase of 3.5 posts but contractual obligations stipulated in the Heritage Lottery Refurbishment Grant for the Ulster Hall has lead to an increase of 1.5 of these posts
- Community Services: An overall decrease of 1 post

**Key to Abbreviations**

BIS – Business Improvement

RPA – Review of Public Administration

HR – Human Resource

**Documents Attached**

Appendix 1 – Executive Summary Reports

Appendix 2 – Structural Implications (summary of recommendations and projected costs)