

## Cabinet Urgency Report

**Date:** 30th March 2009

**Subject:** New Organisational Model: Creation of Service Support Units

### Summary

We all know that these are uniquely challenging times. We have reached a critical point in the journey to continue to improve public services and demonstrate best city governance by the time the eyes of the world are on us in 2012. We start from a high base: we have excellent services; unparalleled resident satisfaction levels; excellent staff and partnerships and a strong track record of innovation. We have opportunities to improve further by changing our style of working and our structure and the need to do so is being driven by the depth of the recession.

We face increasing pressure on services at a time of reduced income. The inevitable consequences of current levels of government spending and debt will be medium term tough public sector spending targets, probably through to 2016. As a Council, we are unusually exposed to changes in economic activity in the city, and have seen a significant decline in trading income since autumn 2008. Our hope must be that medium term reductions in public sector funding from government will be matched by a willingness to rethink the model for public sector provision and by a return to growth in the Westminster economy.

Our task, therefore, is to build a sustainable organisational model, which improves public services in Westminster and delivers this at lower cost. The same challenges face all organisations. Good organisations face them head on. The recession and the need to keep customer trust drives the need to cut cost. But the choice of model is ours and driven by the following principles:

1. To build a sustainable model which is capable of handling the current and foreseeable financial pressures;
2. To build a model which drives and supports ownership of excellent and integrated street and customer management as low in the organisation as possible;
3. To build a model which reduces unnecessary duplication and process as much as possible;
4. To build a model which creates scope for integration and joint working with other public and third sector agencies as norm;
5. To create genuinely joined-up local neighbourhood customer access points, not only within the council but also with our partners;
6. To create a style of working which is less hierarchical and provides support and challenge to all who work within it to give of their best and build their career and capabilities;
7. To build a model which continues to position Westminster as a leader in sector;

8. To build a model which recognises our unique role as a council is to be “the” place where the overall needs of the City are analysed, understood and responsive strategies are developed. This means being a commissioning Council, with some delivery responses in-house and some secured from the market, either commercial or third-sector.

This is an overall organisational change of which structural change is only part. It is vital to move quickly in view of the anxiety and inertia created by having too long a process of change; the need to drive efficiency savings quickly and the need to position the city in time for 2012. We are therefore operating to a timescale which sees most of the model implemented in 2009/10. Not to do so will not shield us from difficult decisions. It is far better that we take this as an opportunity to shape the organisation to address some of the long-standing issues that affect our ability to adapt quickly to the needs of our residents and businesses.

In preparation for the Council’s transition programme we now need to set up the five new Support Units and appoint the five Heads of these Units. These roles are critical in the design and implementation of the new commissioning model and will need to be in place by 30<sup>th</sup> March 2009 if we are to deliver the new structure and associated savings by December 2009.

### **Proposed Decisions**

1. That the creation of five new posts of Heads of Support Units graded at Band 6 within the new Reward pay bands be approved.
2. That the Chief Executive, in consultation with the Cabinet Member for Finance and Support Services, be authorised to take all steps necessary to establish five new support units comprised of staff from within the current establishment with an overall reduction in current staff numbers, provided no posts subject to Member appointment are affected.
3. That should it not be possible to redeploy any individual affected by the reorganisation and the creation of five new support units, they be declared redundant with effect from a date to be agreed by the Chief Executive and paid benefits in accordance with the Council’s Discretionary Compensation Policy 2007



City of Westminster

# Committee Report

Item No:	
Date:	30 March 2009
Classification:	For General Release
Title of Report:	New Organisational Model: Creation of Service Support Units
Report of:	The Chief Executive
Wards involved:	Not Applicable
Policy context:	Management of the Council
Financial summary:	The introduction of the new organisational model will provide the basis for a reduction in staff numbers of between 250 and 270 with an associated net annual saving of between £11million and £12million. The cost of the five new posts of Head of Support Unit is £570k per annum which has been factored into the overall net savings arising from the transformation process.
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## **1. Background Information**

- 1.1 We have reached a critical point as we build a better Council. Our vision remains the same: by the time the eyes of the world are on us in 2012, we want to demonstrate the best of city governance.
- 1.2 Our immediate job in this journey of change is to make Westminster stable in the current economic conditions, improve our ability to tackle major strategic issues and improve our working culture. As this work continues, it's becoming clearer that our old style of working isn't sustainable or affordable.
- 1.3 Last year we began to reorganise ourselves so that we could work more closely with our partners, build our services around our customers' everyday lives, determine our absolute priorities and offer colleagues more varied work. We also introduced a new reward package paying an extra £2m per year, a new performance management system focused on results, began work on a less top-down hierarchy, and from April, a Westminster Standard. Now the world has changed. Everyone is faced with a new and brutal financial reality. It's been a bruising and unsettling time for everyone. Our income is down and demand for our services continues high. We now have to make bold changes and adapt to our new environment quicker than we had originally intended.
- 1.4 We are an excellent Council with quality staff, we have the self-confidence and maturity to change in a way that will give better customer and street service and scope for more connected working within the Council but the pace of this change has altered significantly. Our 2012 strategy remains the same but we now have two additional medium term financial targets; to bring our day-to-day costs in line with our income over a three year period and to keep our level of reserves above £30m. So we have accelerated the change programme and we are now planning the implementation of most of the model to be complete within nine months.
- 1.5 The prioritisation of the Support Units slightly ahead of the Delivery Units will not impede this as actual implementation will run almost concurrently and the final completion dates for the new ways of working remain December 2009 for all of the new Council structure.

## **2. Detail**

- 2.1 To implement these changes we've needed to radically reform our management structure. It has served us well in recent years but no longer meets our current needs. Our key principles are to see our core task as that of understanding and anticipating the needs of the city - to be a commissioning council; to give power and authority as low as possible in the organisation so that we give excellent customer service and deliver excellent streets; to create additional opportunity for colleagues in the council; and to so organise ourselves as to be able to create more unified public services.

2.2 The remodelling has four main components. First, at the hub of the model and already approved by the cabinet and implemented is the creation of a smaller executive board of seven members made up of the Chief Executive, Deputy Chief Executive and five Strategic Directors. The strategic directors are responsible for the whole range of council services and for partnerships with other bodies. The Strategic Directors will be supported by a very small number of specific or joint commissioners, such as, for example, in Housing or roles traditionally seen as those of the City Engineer. Details on these arrangements will be finalised in early April and be subject to a separate report alongside those for delivery units.

2.3 The second component and the reason for this cabinet paper is the pooling of our support functions into five specific support units:

- Transformation, Programme and Project Management
- Planning, Performance and Improvement
- Policy, Innovation and Partnerships
- Procurement and Contract Management
- Communications and Strategy

These new support units will each be headed up by a senior officer and are designed to enable colleagues working in them to work on a broader canvas and avoid replication and unnecessary cost.

2.4 The third and fourth components will be the topic of a further report(s) to cover the creation of a new and more coherent and integrated customer service model and the development of service delivery units. Both components are designed for speed of decision making with fewer layers of management and the authority to "get on and do". We anticipate the identification and finalisation of numbers of delivery units by early April so as to appoint heads of these units shortly thereafter. Delivery Units should be regarded as having responsibility for the customer experience, at personal or street level.

2.5 This structure of the five support units is the result of a careful analysis of what we need to do to be recognised as a model for the best city government in terms of service, leadership, cost and effectiveness. Once the Heads of the Support Units are appointed they will develop detailed plans for individual teams but it is already determined that overall we shall see approximately 240 staff identified as operating in roles suitable for transfer into the new Support Units. On completion of the restructure against agreed design principles this number will reduce to 180 staff allowing us to make savings of approximately 60 staff as the first part of identifying the council wide reduction in staff numbers.

2.6 This new structure has taken account of a range of planned and future cross-departmental projects such as our groundbreaking Family Recovery Project which tackles serious social exclusion in the borough and our Civic Watch programme which targets anti-social behaviour and persistent environmental problems and so will be adequately prepared to keep Westminster at the top of its game and to deliver the quality of service and environment which our stakeholders rightly demand. To ensure we can drive this forward at the speed necessary to achieve success it is proposed that the cabinet consider that the authority be delegated to the Chief Executive in consultation with the Cabinet Member for Finance to

undertake these individual re-organisations of staff structures including structural and establishment changes as a result of the creation of the five new support units provided no posts are subject to Member appointment procedures.

### **3. Financial Implications**

- 3.1 The current projected net reduction in staff (posts) as a result of the introduction of the new organisational model is between 250 and 270. In a full year this would equate to a saving of between £11million and £12million. There will inevitably be redundancy costs associated a transformation of this scale which will be funded from a separate earmarked reserve of £10million.
- 3.2 The annual cost of the five new Heads of Support Units is £570k. This cost has been factored into the overall net savings set out above.

### **4. Legal Implications**

- 4.1 The current procedures in place for the management of staff during this period of vulnerability and redundancy are being managed under guidelines compliant with both UK and European employment legislation and fully comply with current equality legislation.
- 4.1 There are no other legal implications arising from the issues discussed in the report.

### **5. Staffing Implications**

- 5.1 A full Human Resources (HR) plan has been designed to deliver a range of support during this period of disruption to employee relations. Paramount is the need to ensure the treatment of vulnerable staff ensures fairness and equity to all staff who may find themselves facing potential redundancy and consultation is undertaken with all affected staff and unions.
- 5.2 The HR plan also offers all staff refresher training as they prepare for interviews and internal selection processes for posts in the new structure. It also offers training for managers who will be involved in the selection process.
- 5.3 The plan contains many support tools and is designed to deliver further support for our staff once the complete transformation is complete. With aspects of staff engagement and management development these changes will support the ultimate goal of making Westminster a better place to work and develop their careers with a new reward structure paying better salaries twinned with a culture of continuous improvement to make officers feel they are making a real and tangible difference to the city.

**6. Health and Safety Issues**

6.1 All Health and safety responsibilities and accountabilities are delegated under any interim arrangements covering temporary and acting up arrangements and ultimately to the permanent leadership identified in the Support Units

**If you have any queries about this report please contact Graham White on 020 7641 3221 or email [gwhite@westminster.gov.uk](mailto:gwhite@westminster.gov.uk)**

**Background Papers: Report to Cabinet Urgency Committee on 28.11.08:  
Re-design of the Council’s Strategic Management Structure**

**For completion by Chief Officer in accordance with Standing Order 40(5)**

**Decision:** The “Proposed Decisions” set out in the Executive Summary are agreed.

**Signed:** .....

**Chief Executive**

**Date:** .....

**Time:** .....