

**Council Organization**

**Chief Executive's Department**

**Proposed Organizational Changes:**

**Corporate Policy & Performance, Economic Development and  
Communications**

October 2008

# SUMMARY OF RECOMMENDATIONS

## Section 2 - Corporate Policy & Performance

### **Corporate Policy and Performance:**

- *The division needs to become more strategic and less operational – creating more capacity for strategy and policy development, to lead the division the Head of Corporate Policy should be re-designated: Assistant Chief Executive (Strategy).*
- *A restructured research function is suggested and new posts of Policy and Performance Analysts (five new posts – to be aligned to oversee performance management activities to support each Executive Director, with one post leading on the overall development of the Corvu system ) be created. These posts would also focus on the support for scrutiny.*
- *A new post of Head of Policy and Improvement would be created to support the Assistant Chief Executive (Strategy) who would line manage the five Policy & Performance Analysts*

### **The Policy Co-ordinators:**

- *It is recommended that the Policy Co-ordinators remain located within services, but report in line management terms to the Assistant Chief Executive (Strategy)*
- *They need to have an annual work plan containing clearly defined priorities, which is signed off by the Assistant Chief Executive (Strategy) and the relevant Executive Director.*

### **Corporate Policy Co-ordination**

- *There are considerable resources dedicated to policy co-ordination within some divisions. It is suggested that the new role of Policy & Performance Analysts would take over this role*

## Section 3 - Economic Development

- *To create a new division in the Chief Executive's department, which would bring together the City Development & Economy division and the Regeneration section into one unit*
- *To create a new post of Assistant Chief Executive (Economic Development) specifically to manage this new division and to lead on the corporate coordination of all Council economic and regeneration activities, including any implications of the SNR and City Council involvement with PUSH*
- *To simplify liaison arrangements around the Southampton Partnership and within the Council to ensure closer working: to raise skills in line with new job opportunities, to be reflected in the City's LAA and to link in with the emerging PUSH economic development structure.*

## Section 4 - Communications

- *To increase capacity as regards Media management by appointing a temporary Assistant Head of Communications in a managing consultant capacity, for up to 12 months.*
- *To commission this interim post to formally review the Council's media activities and handling to be formally reported and to act as the immediate line manager for the media section over the period of appointment.*
- *To delay recruiting to the existing post of Assistant Head of Communications, which is about to become vacant, until the end of 2009/10.*
- *To review the Council's overall spend on communications to identify areas where economies could be secured*

## **1) Introduction**

The Council's top structure has been in place for some 2 years now. This structure is adequate for today's needs, but there are pressures for change which will have implications in the not too distant future.

This paper specifically considers the outlook for the Chief Executive's department and brings forward proposals to improve:-

- the effectiveness of corporate policy and performance activities
- support to the Chief Executive, Cabinet and Scrutiny in the light of changing Government and Audit Commission requirements
- the co-ordination of City Council economic development activities and to increase their effectiveness
- the Council's increasingly significant contributions at Sub Regional and Regional level
- meet the changes on economic development landscape, particularly those arising from the Government's sub National Review of Economic Development & Regeneration
- the effectiveness of the Council's corporate communications function, with particular emphasis on media relations

## **2) Corporate Policy & Performance**

### **i) Background**

The drivers for change in this domain relate to an increasing volume of work and the increasing fragility of present arrangements. Over recent years the quantum of effort required at the centre has increased particularly in relation to the Audit Commission's CPA, the adoption of LAA's, co-ordinating Efficiency monitoring, supporting the Southampton Partnership and contributing to PUSH. Looking ahead, these circumstances are not going to change indeed the prospects are for more pressure:-

- the replacement of the CPA by the new CAA approach in 2009
- coordinating a new 3 year Efficiency requirement by Government
- managing the new National Indicator set from April 2008
- coordinating annual refreshes of the Local Area Agreement and ensuring compatibility with the PUSH MAA

At best these replace current activities, but in the main they reflect a growing sophistication in corporate management and links between services and with the Audit Commission and Government departments and agencies.

Within the Council the landscape is changing too. In order to best manage its own services the Council is rightly looking for more cross service and cross organizational working. Partners are increasingly involved in joint initiatives and the Council has embarked upon an array of transformational projects, all of which have corporate implications.

In respect of City wide governance the Council is engaging with partners more energetically through the Southampton Partnership and its key theme sub partnerships. This will have implications for inter service working and support to Cabinet as well as Scrutiny, which will be expanding its horizons too.

### **ii) Review of Policy & Performance arrangements**

From the above it can be seen that the outlook is challenging, but there is little scope to increase capacity. Irrespective of that, simply adding to the current arrangements would not necessarily meet the real need. As a result a review of corporate policy & performance has been carried out. This has

covered the Corporate Policy & Performance division and has looked also at arrangements in each of the Council's directorates.

The key findings from this review are:

- *The Policy, Performance & Research function is providing many elements of best practice, however there are a number of issues to be addressed*
- *There has been a substantial increase in both the scale and complexity over recent years and there is substantial capacity invested, but there are still issues of capacity with "the usual suspects" being relied upon to deliver a broad range of projects*
- *There are several vacant posts which presents an opportunity*
- *The Head of Corporate Policy & Performance is directly and indirectly responsible for a large team and is personally managing several high profile corporate priorities, this leaves little time for strategic thinking*
- *The role of Policy Coordinators is not clear; line management arrangements are not effective in fulfilling the potential for cross directorate policy & performance coordination*
- *There is substantial policy, performance & research capacity within directorates, but there is no overt integration between the centre & service directorates*
- *The current structure is too bottom heavy and has only a limited number of high level posts, in particular there are too many lower graded posts in the performance structure*
- *The roles of Policy Coordinators need to be focussed more consistently on undertaking all forms of performance challenge, monitoring & reporting*
- *There is a need to integrate more fully research & customer feedback to provide a more evidence based approach underpinning the development of policy & strategy.*

### **iii) Policy & Performance Proposals**

Arising from this review and these conclusions, a number of recommendations have been made. These are summarized as follows:-

#### ***Corporate Policy and Performance:***

- *The division needs to become more strategic and less operational – creating more capacity for strategy and policy development, with activities such as corporate complaints being transferred to other parts of the Council.*
- *A restructured research function is suggested and new posts of Policy and Performance Analysts (five new posts to link into each of the Executive Directors to oversee performance management activities and the roll out of the Corvu system within Directorates, with one post leading on the overall development and integration of the Corvu system with other corporate IT systems). These posts would also focus on providing the support for scrutiny inquiries. Each of these posts could also develop a specialism – eg supporting health scrutiny to enable a more focussed and informed approach to scrutiny activities and policy development*
- *A new post of Head of Policy and Improvement would be created to support the Assistant Chief Executive (Strategy) who would line manage the five Policy and Performance Analysts.*

### **The Policy Co-ordinators:**

- *It is recommended that the Policy Co-ordinators remain located within Directorates but report in line management terms to The Assistant Chief Executive (Strategy)*
- *They need to have an annual work plan containing clearly defined priorities, which is signed off by the Assistant Chief Executive (Strategy) and the relevant Executive Director.*

### **Corporate Policy Co-ordination**

- *There are considerable resources dedicated to policy co-ordination within some divisions. It is suggested that the new role of Policy & Performance Analysts would take over this role – with one dedicated to the work of each Executive Director.*
- *This is a successful model within other 4 star councils eg Tameside and Blackburn with Darwen – two of the highest scoring CPA Councils nationally.*

From the above it is recommended that there should be significant staffing structural changes particularly in the Corporate Policy & Performance division. This would entail the deletion of 9 current posts (of which 5 are vacant) and the creation of 8 new posts. The shape of the current Division would change and would be formed into three sections – *Policy & Improvement, Research and Strategic Partnerships*. Importantly the head of the Policy & Improvement section would be given a more senior role to act as “deputy” to the Assistant Chief Executive. This role will be responsible for overseeing a number of significant corporate activities including: the Leaders Portfolio, Cabinet Secretariat, CPA / CAA processes, Corporate Improvement Plan, Annual Efficiency and Scrutiny support. This will enable the Assistant Chief Executive to become more involved in strategic policy development & co-ordination which is seen as being under supported at present. These changes would lead to a slight increase in costs of about £34,000 a year.

However, it is considered that there is the scope to reduce the staffing input in service directorates to deliver policy and performance activities, some of which is ordinarily delivered by the corporate centre in other councils. Currently there are some 40 posts across the Council engaged in service and corporate performance & policy work. The restructuring of the Corporate Policy and Performance Division and revising the roles of the Policy Coordinators will create a more effective framework and some activities carried out within directorates would be duplicated. In addition the development of the Corvu performance management system is expected to deliver efficiencies in current working practices. Together these developments are estimated to result in the equivalent of around a 10% efficiency saving in service based policy and performance activities, which in financial terms equates to around £200,000 a year.

Overall the nature and tone of these recommendations is seen as being relevant and their adoption would create a framework that should be adequate for at least the next 3 years. The framework for corporate working would be improved and the changes due mainly from national demands over the next two years can be accommodated. There would be a net saving upon full implementation of about £160,000 a year and it is therefore proposed that these recommendations be agreed for implementation. This will take until 2009/10 to take effect and full year benefits will come through in 2010/11. In this context it is also proposed that future budgets for the Corporate Policy & Performance Division are based on these proposals and that they should be secured in corporate annual budget planning until 2011/12.

## **3) Economic Development**

### **i) Background**

As a theme economic development is now seen as probably the top priority by national government and this is reflected downwards at regional, Sub Regional and local level. The recent Government's Sub National Review (SNR) of economic development and regeneration has crystallized this outlook with major consequences at each of these levels. In particular the Government aims to abolish Regional Assemblies and strengthen the Regional Development Agencies to take responsibility for integrated strategic planning. Under this the role of Sub Regions will be enhanced and they will be expected to take a lead in economic development. Beyond that, Government wants local authorities to become more assertive in economic development and to prepare local assessments by 2012.

In the South Hampshire area, in fact, the City Council with its partners in PUSH has already made serious strides ahead of Government thinking. The Sub Region identified 4 years ago that its strategy would be economically focussed whilst embracing the need to integrate spatial planning, transport and housing in setting its objectives. The sub region has been successful up to the point of getting plans in place and agreeing a Multi Area Agreement with Government and SEEDA, but attention must turn to delivery.

It is in this context and in the wider perspective of responding to the Regional Economic Strategy that has exposed issues about joined up working, leadership and partnership working. Within the City Council and within the City with key partners, the present organizational arrangements need to become less fragmented.

## **ii) City Economic Development framework**

The Council's present "direct" economic development activities are spread across three directorates:-

- Environment – City Development & Economy (Major Development Schemes, Inward Investment, Business Support, Visitor economy / tourism, City Centre Management, International Affairs) - 30 staff.
- Communities Health & Care – Regeneration -12.5 staff
- Children's Services - Adult Learning & Skills - 7 staff

In addition there are other important associated activities including:-

- Environment – Planning, Transport,
- Children's Services – Young people & Communities (including Connexions)
- Resources – Council Procurement & Council HR

If the wider picture is taken many other service areas (e.g. Leisure & Culture, Educational Standards, Older People initiatives, Benefits administration, Housing) are also influential or have an impact on the City's economic prospects.

Beyond the City Council, the City's economic development aspirations rely upon the direct involvement of other agencies – SEEDA, Job Centre Plus, Learning & Skills Council, Business Links. All these parties are active now in PUSH and in the Southampton Partnership. They are also party to the City's LAA and the South Hants MAA.

## **ii) Organizational Arrangements**

In reality to respond to these challenges, joined up working is a necessity and the City Council itself has to be better at joined up working internally. In particular there is a unique opportunity now to use the uplift in the City's economy to tackle long standing levels of deprivation. It is expected that 8-10,000 new jobs will be created over the next 10 years, but if City residents do not succeed in being recruited to take these jobs, others outside the City will benefit. To make sure this opportunity is grasped, structural change needs to:-

- *draw together economic activities directly and indirectly so that closer working is achieved*
- *create a stronger and dedicated focal point for leadership*
- *establish closer working with a) political leaders in the City and within PUSH, b) with SEEDA and government agencies and c) with the business community*

Theoretically the normal course would be to aggregate as many services as practical as shown above, into one unit. However this is not the simple answer as the range of activities is more complex than in conventional services. Interrelationships are more sophisticated in this domain, as much activity is based on influence rather than simple direct line management of services.

However combining those core services in City Development & Economy plus Regeneration, does make sense and will create a stronger working unit. In this way there would be better opportunities to link the growth in the City's economy to tackling the deprivation that is particularly evident in the 11 priority areas.

Adding on adult learning & skills appears attractive, and there are critical links between skills and employability. However Children's Services & Learning are about to become embroiled in a new 14-19 national debate, as the LSC is abolished. From that, it is expected that 16-19 funding will become a local authority responsibility, but there is much groundwork to undertake over the next 2 years on that front. So the emphasis here should be on closer indirect links rather than structural change.

The same would apply in the other associated activities such as planning, transport, housing and City Council procurement & HR. Although these are participants in economic development they have other responsibilities and other lines of accountability which would not make structural change conducive.

Moving on to the leadership area, presently the Executive Director of Environment is the lead officer attempting to draw together all aspects of economic development. Whilst this still made sense 3 years ago, the scale of activity in economic development and more widely in sustainability has stretched capacity so far, that it is not appropriate to continue. Indeed it is arguable that the pressures are so great that the Executive Director of Environment must concentrate on sustainability or the Council will fall behind on this front too.

In any event the economic development process by necessity involves the Chief Executive and already has become a major part of that role. The impact of the SNR and the focus on PUSH has by default, almost created a dual leadership model, which is not ideal under any circumstances. The notion of asking another Executive Director to take the lead would result in the same sort of outcome and creating a new Directorate would be out of synch with the Council's overall principles for organizational design.

Finally over recent years a number of panels and working groups with an interest in economic development have come into being. These relate to both Southampton Partnership structures and internally to the Council and have emerged often in response to specific issues. However these arrangements need to be joined up more overtly and simplified to work more effectively. In particular they need to focus on bringing together initiatives that link skills and new job opportunities and to concentrate on reducing worklessness in the City. Such initiatives should be reflected in the Southampton LAA and perhaps even more importantly link into the PUSH framework and indeed its own MAA.

#### **iv) Economic Development Proposals**

Arising from the issues discussed here, three recommendations are now being made as follows:-

- *To create a new division in the Chief Executive's department, which would bring together the City Development & Economy division and the Regeneration section into one unit*

- *To create a new post of Assistant Chief Executive specifically to manage this new division and to lead on the corporate coordination of all Council economic and regeneration activities, including any implications of the SNR and City Council involvement with PUSH*
- *To simplify liaison arrangements around the Southampton Partnership and within the Council to ensure closer working: to raise skills in line with new job opportunities, to be reflected in the City LAA and to link in with the emerging PUSH economic development structure.*

These changes would bring about greater structural clarity, but to give more authority to these arrangements, the Asst CE Economic Development & Regeneration would have to take leading roles in:-

*Southampton Partnership's economic & regeneration forums (Economy & Enterprise Board, Communities & Regeneration Board, Skills & Employability Board)*

*SITES*

*HE liaison*

*PUSH economic development forums*

*City business forums (Business Southampton, City Centre Management)*

*International liaison, including the Qindao relationship*

In addition the role should encompass a clear remit to draw together all City Council economic development initiatives, irrespective of the directorate notionally responsible. This will mean taking an active part in policy development and project delivery in skills and learning, procurement and staff recruitment, planning, transport and housing.

Implementing these proposals will commence during the Autumn and should be ready to operate from April 2009. There would be costs associated with the creation of the new Asst CE post plus PA support. This would amount to approximately £132,000 in a full year.

## **4) Communications**

### **i) Background**

The Council's Communication activities are overseen by the Corporate Communications divisions which has a current complement of 22 staff and a net controllable budget of £476k. This activity is augmented by resources within directorates, which are generally applied to specific initiatives, such as Building Schools for the Future or activities to communicate with residents or service users.

In general this arrangement has worked well with clear progress between the Best Value surveys of 2000/01, 2003/04 and 2006/07. This demonstrates that in most areas the perceptions of the Council's services moved from bottom quartile of unitary authorities to top quartile. Behind this, work on improving communications for residents and staff through *City View*, *In View* and more recently *Business View* has been material. In addition there have been significant enhancements to the Council's own web site and the division's graphic design team are seen as creative and can be shown to be cost effective against the open market. Finally the recent initiative which aims to secure greater levels of income through sponsorship, is making positive progress, but it is relatively early days in that regard.

That being said it is considered that the Council's capacity to undertake effective media liaison are not seen as being adequately proactive and that improvements could be made. As this affects the Council across the board and can weaken other positive aspects of communication activity, this area needs to have priority attention.

## ii) Media Handling

The Council has a small media section of 4 staff which also acts as a prime interface with directorates. Relations with local, regional and national media are always complicated for a number of reasons:-

- the complexity of newsworthy issues makes it difficult for explanations to be made simply
- media staff are not familiar with local government and its framework or structures
- news reporters and teams change personnel frequently, making it difficult to build up a rapport
- the Council's media staff have relative inexperience in the area of media relations in what is a fast changing environment

There is an impression that the Council is not always telling its story well in the media and that it could take a more proactive approach to bring this about. Further the Council does not embark upon campaigns on overarching matters such as the level of Government grant paid to the Council. In other Councils such campaigns have been perceived as being effective in bringing about change.

Adopting a shift in media handling towards such an approach is not one that can be easily accomplished, as it really requires more experience than capacity currently allows. The Communications division generally will be required to work increasingly on the range of vital and transformational initiatives to which the Council is committed. These are set out in the Corporate Improvement Plan and many rely upon effective communications to be successful in their own right. Projects such as In Control, Building Schools for the Future, Leisure market testing are examples in this respect.

Rather than divert capacity to improve media relations another approach is to bring in that capacity on a temporary basis. To achieve this, a "temporary" Assist Head of Communications could be engaged to assess Council communications activities and the effectiveness of media relations. This would involve a two stage process with an initial assessment which would have three key elements:-

- 1) Firstly there would be an evaluation of where the council stands in relation to its communication vision. This will include examining the links between corporate and directorate based activities and budgets;
- 2) Secondly the council's media relations activities at local, regional and national level would be examined with a view to identifying opportunities for improvement to be more proactive and reflective of council priorities;
- 3) Thirdly the council's ability to run campaigns at corporate and directorate level would be considered, again in the light of council priorities.

Such a role could be undertaken by securing a secondment or an interim appointment. This person would act as a managing consultant giving advice on a structured basis with formal reports and would also act as media team's immediate line manager. In this way there would be a report back after say 3 months with recommendations on how to achieve and embed the 3 points above in the modus operandi of the Council and the Communication Division in particular. The secondment would then continue to oversee implementation again whilst running the media team, for another 9 months. The arrangements would then be reviewed to consider whether or not a second year would be necessary or whether another course of action would be best.

The cost of this approach is estimated to be around £100,000 for the one year, which would be spread over 2008/9 and 2009/10. Covering this cost within the Communications Division could only be met by making other savings to the staff budget. In this context the Assistant Head of Communications is about to become vacant and if recruitment were be deferred to the end of 2009/10 this would produce a saving of circa £70,000. There would be implications from this delay in that professional development of staff, support to transformational projects and management of the division would be adversely affected. However as the proposals above for media may have wider

implications and the priority is to complete this exercise, it is considered reasonable to work with these implications over the next year. The shortfall of £30,000 would need to be met by economies in the Council's overall spend on Communications, of circa £1m, which is managed within service directorates.

### **iii) Communications Proposals**

From the above it is proposed:-

- *To increase capacity as regards Media management by appointing a temporary Assistant Head of Communications in a managing consultant capacity, for up to 12 months.*
- *To commission this interim post to formally review the Council's media activities and handling to be formally reported and to act as the immediate line manager for the media section over the period of appointment.*
- *To delay recruiting to existing post of Assistant Head of Communications, which is about to become vacant until the end of 2009/10.*
- *To review the Council's overall spend on communication to identify areas where economies could be secured*

### **5) Overall Conclusions**

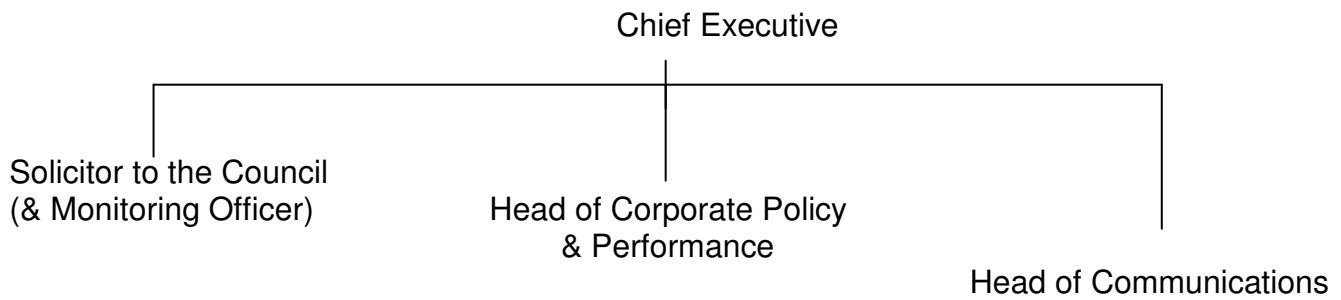
The proposals contained within this paper would tackle three of the key weaknesses currently within the City Council's structure. The net result should be a stronger corporate capacity in terms of Corporate Policy & Performance and in Economic Development & Regeneration. As regards Communications these proposals will lead to an enhanced focus and should lead to a greater level of effectiveness. A summary of the current and proposed structures of the Chief Executive's department are shown at Appendices 1 and 2a and 2b.

In all of these areas there will remain pressures not least from outside the organization particularly from national changes some will emanate from government others from changing economic conditions. However these new structures are expected to provide sufficient robustness to allow for further change as time goes on, but in a measured way.

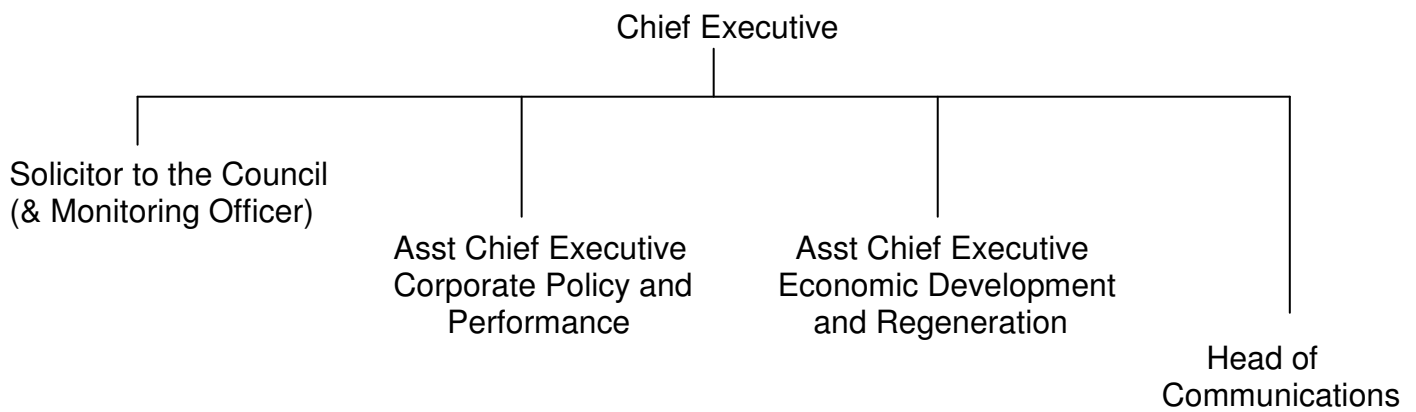
The financial implications of the changes are set out at Appendix 3 and implementation would essentially take place ready for financial year 2009/10 with full year effects in 2010/11.

Brad Roynon  
Chief Executive  
October 2008

**Current Structure**

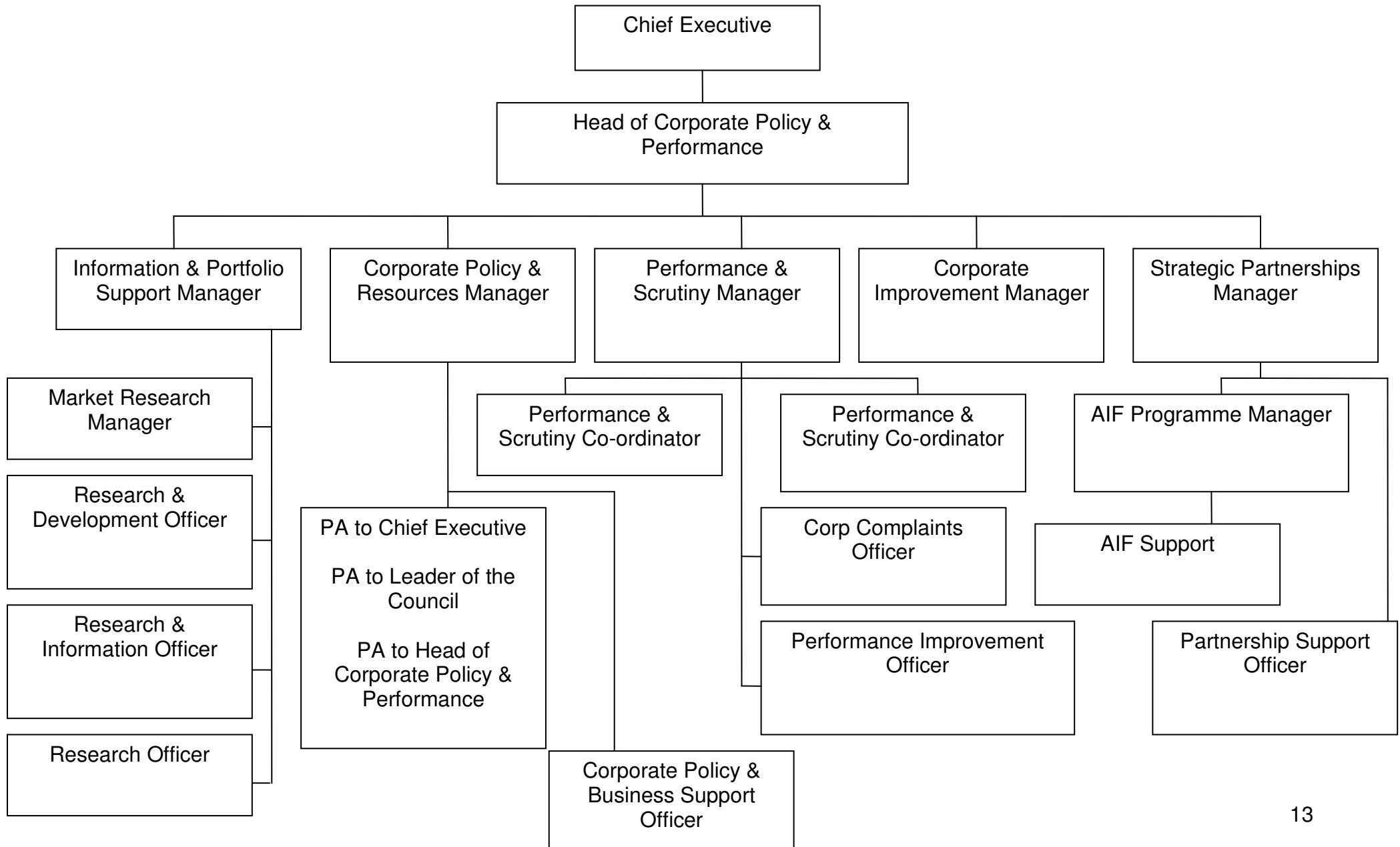


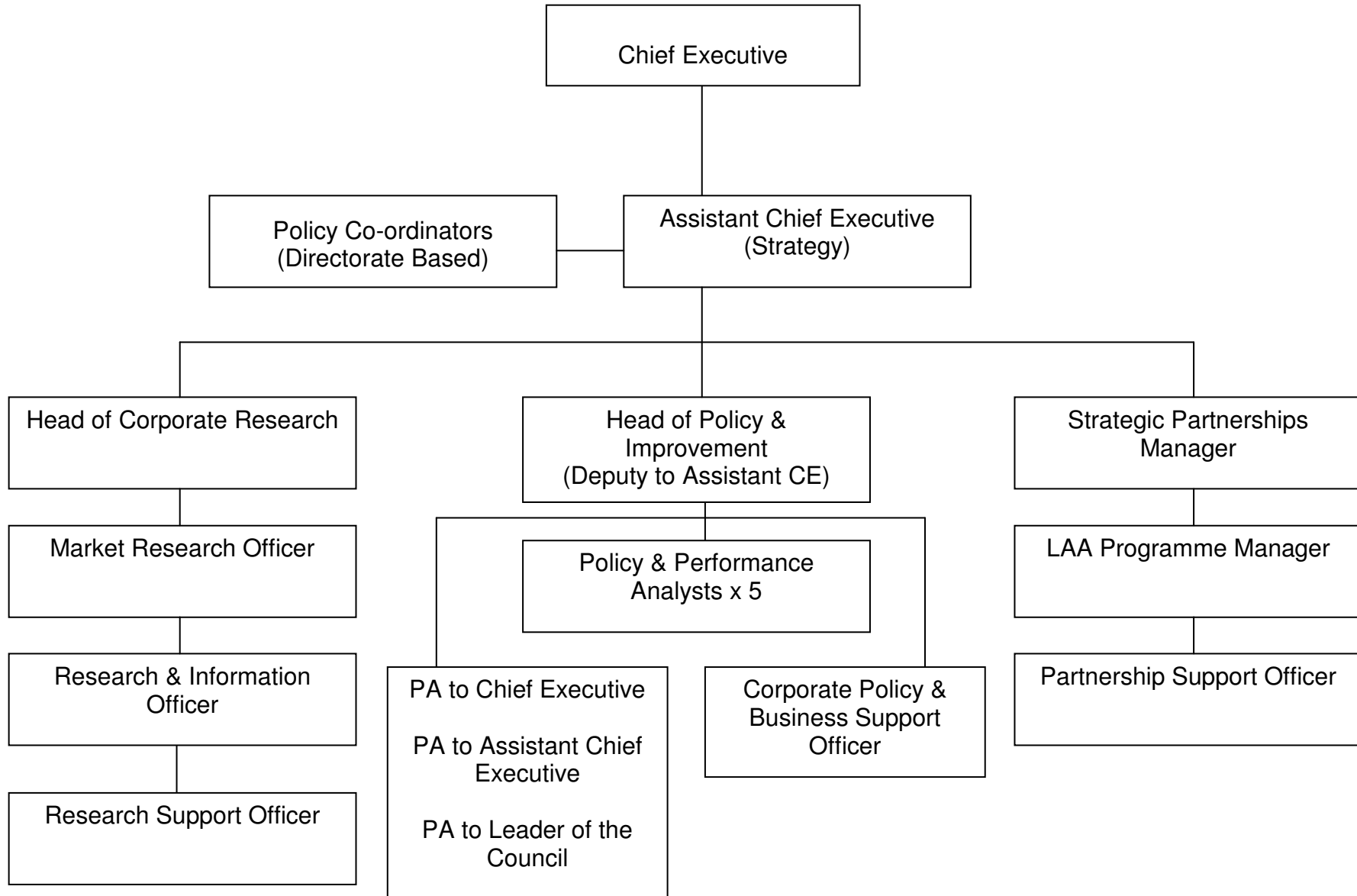
**Proposed Structure**



**Chief Executive's Department**  
**Existing Corporate Policy & Performance Structure**

**APPENDIX 2 (a)**





**Review of Chief Executive's Department**

**Financial Implications**

Area	Item	2008/9	2009/10	2010/11
<b>Corporate Policy &amp; Performance</b>				
Restructuring corporate division	Delete 9 posts create 8 replacements		34,000	34,000
Contribution from service directorates equivalent to a 10% efficiency saving in existing service based policy and performance activities	£40K contribution per directorate		-200,000	-200,000
Recruitment costs	Recruit to Head of Perf & Improvement	15,000		
Sub Total		15,000	-166,000	-166,000
<b>Economic Development</b>				
Create new posts of Asst CE Economic Development & PA support	Create 2 new posts		132,000	132,000
Recruitment costs	Recruit to ACE post	15,000		
Sub Total		15,000	132,000	132,000
<b>Communications</b>				
Appoint Managing Consultant	Consultancy fees	33,000	67,000	
Defer appointment	Defer appointment to asst head of communications	-20,000	-50,000	
Reduce directorate comms spending		-10,000	-20,000	
Sub Total		3,000	-3,000	
<b>Overall Total</b>				
		<b>33,000</b>	<b>-37,000</b>	<b>-34,000</b>

**Note**

The above costs do not include:-

- i) any possible redundancy which would fall to the Organizational Development Fund, if needed.
- ii) any office move costs that may be required, these will have to be absorbed into existing budgets and or timed to coincide with other office moves / renovations.