

**TITLE OF REPORT:** Reallocation of functions

**REPORT OF:** Jane Robinson, Chief Executive

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### **Purpose of the Report**

1. The purpose of this report is to seek Cabinet agreement for a re-organisation of functions within the Council's management structure, and its recommendation to Council for approval.

### **Background**

2. The Council continues to face a number of challenges managing significant budgetary pressures, whilst meeting increasing demand as a consequence of demographic changes and a rapidly changing policy context. It is anticipated that the scale and depth of these changes will continue throughout the timeframe of the Council Plan (i.e. until at least 2020) so the Council needs to ensure it can adapt with pace and purpose to continue to provide the best possible services to its residents.
3. It is the responsibility of the Chief Executive to ensure the Council's organisational structure is designed to meet these challenges, and deliver the Council's priorities and objectives, by having the right skills and capacity in the right places across the organisation. This is achieved through:
  - Co-ordination of functions;
  - Allocation of resources; and
  - Organisation of staff.
4. The management structure of the Council changed significantly in October 2014 with the establishment of five new service groups (Care, Wellbeing & Learning, Communities & Environment, Policy, Economic Growth & Transformation, Corporate Resources, and Corporate Services & Governance) and changed again last year with the reallocation of the Council's transport and highways functions, and consolidation of the commissioning functions for adults', children's and public health services – an initial step towards a new model for the Council's care functions (which will be the subject of a further report to Cabinet later this month).
5. These proposals build on those changes: they recognise that the Council is continuing to face enormous challenges in respect of the financial climate, and adapting to major changes to national policy which will affect how our services, and public services in general, are delivered (e.g. the devolution agenda, and changes in health and social care and in housing). The proposals contained in this paper also seek to rationalise functions as well as create capacity where we

know it is needed over the period up to 2020. In addition, the proposals take into account, and aim to maximise the benefits of, a number of senior management changes occurring over the next four months, including the retirements of three chief officers: the Strategic Directors of Care, Wellbeing & Learning and Policy, Economic Growth & Transformation (which post is to be deleted), and the Director of Public Health (as reported to Cabinet at its meetings of 3 November and 15 December 2015).

## **Proposals**

6. It is proposed that the following changes in responsibility for functions are recommended to Council for approval.

### **Policy, Economic Growth & Transformation service group**

7. Council agreed at its meeting on 17 December 2015 that the post of Strategic Director, Policy, Economic Growth & Transformation be deleted from the Council's management structure following the retirement of the current post-holder (also the Council's Assistant Chief Executive) on 31 March 2016. The Chief Executive has therefore given consideration to where the two services within that service group (Policy, Transformation & Communications and Economic & Housing Growth) should sit within the management structure.
8. It is proposed that the Economic & Housing Growth Service be transferred to within the Communities & Environment (C&E) service group as there is a close alignment between the policy areas of economic development and housing, and of planning policy, development management, transport strategy, and council housing – all currently within the C&E service group. However, recognising that the Council's policy priority of economic and housing growth is central to the delivery of the whole Council Plan, the Chief Executive will retain a direct interest in this function.
9. Given the nature of the responsibilities of the post and service, it is proposed that from 1 April 2016 the current Service Director, Policy, Transformation & Communications reports directly to the Chief Executive and the service is renamed Policy, *Performance* & Communications. Also reporting directly to the Chief Executive would be the post of Change Programme Lead which it is proposed is established (see report elsewhere on this Cabinet agenda). Together, the Policy, Performance & Communications Service and staff supporting the Change Programme will form, and be known as, the Office of the Chief Executive.

### **Emergency Planning & Resilience and Housing-related functions**

10. It is proposed that the Council's responsibilities for emergency planning and resilience are transferred from the Care, Wellbeing & Learning service group into Communities & Environment: this will establish a closer alignment with the strategic and operational functions within that group which are charged with planning for, and responding to, a range of emergency situations (i.e. highways and transport, environmental health, neighbourhoods and grounds maintenance, leisure facilities and facilities management). The detailed arrangements for the delivery of this function are currently under review, and it is proposed that the allocation of responsibility for its management within the Communities & Environment service group is determined by the Strategic Director, in consultation

with the Leader of the Council and the Chief Executive, for implementation from 1 April 2016.

11. It is also proposed that the various council housing and housing support services within the Council are rationalised across the Council and its arms' length housing management organisation, the Gateshead Housing Company (GHCo). This would involve the transfer from Care, Wellbeing & Learning to the GHCo of delivery of the following functions on behalf of the Council (which retains responsibility for them as local housing authority):

- homelessness assessment and rehousing, advice, assistance and prevention and the maintenance of the Housing Register
- the allocation of dwellings to customers with a medical need (in liaison with the Council's occupational therapy service)
- work on the accommodation needs of people with mental health and learning disabilities
- warden services for sheltered housing tenants
- housing services to armed forces veterans
- the delivery of adaptations, including Disabled Facility Grant, post-occupational therapy assessment (in liaison with the Council's occupational therapy service)

(along with the associated necessary changes to the Management Agreement and Performance Management Framework between the Council and GHCo) and the transfer of the following functions to Council Housing, Design & Technical Services:

- housing policy for lettings and appeals (with input from GHCo on any need for change)
- management of the Right to Buy process

The transfer of the functions to the Housing Company would result in the TUPE transfer of approximately 100 employees to the Gateshead Housing Company.

These proposals would not prejudice any future decisions of the Council relating to GHCo and the delivery of council housing management functions.

Responsibilities will remain under review in this area in order to respond to proposed government policy changes and their financial consequences on the Housing Revenue Account (HRA). Associated with these changes, it is proposed that the Service Director, Construction Services, reports to the Managing Director of the GHCo on all matters relating to Housing Repairs and Investment. The postholder will still report generally, and be accountable for performance overall, to the Strategic Director, Communities & Environment.

12. The proposals, which for ease of reference are shown in Appendix 2, will also facilitate consolidation of activity and the removal of duplication of effort, enabling efficiencies to be made, as well as the establishment of more cohesive and clear arrangements for the delivery of our council housing and housing support functions. They also come forward following the transfer of the former Service Director, Adult Social Care & Independent Living, into Communities & Environment as Service Director, Projects (C&E): this new role will provide capacity to undertake a range of initiatives on behalf of the service group to

ensure the right policies, programmes, services and contracts are in place to support inclusive and sustainable communities in light of the proposals being developed for a new model for the delivery of the Council's adult social services, which will be the subject of the further report to Cabinet and Council referred to in paragraph 4, above. An interim director has been appointed on a temporary basis pending the recruitment of a permanent appointment to the post of Service Director, Adult Services.

### **Transport Strategy**

13. At its meeting of 24 September 2015, Council approved interim management arrangements to be implemented following the early retirement of the Service Director, Transport Strategy, with a view to Cabinet and Council receiving a further report recommending permanent arrangements in the new year.
14. The Strategic Director, Communities & Environment, has considered the effectiveness of the interim arrangements, whereby the former Transport Strategy service was placed under the remit of the Service Director, Development & Public Protection and, following consultation with the portfolio holders and Cabinet, has recommended to the Chief Executive that they now be made permanent.

### **Recommendations**

15. That Cabinet agrees and recommends to Council approval of the management structure changes detailed in paragraphs 7 to 14 of this report, effective from the following dates in respect of:
  - (i) Policy, Economic Growth & Transformation (paragraphs 7 to 9) – 1 April 2016; and
  - (ii) emergency planning and resilience, and council housing and housing support functions, and Transport Strategy (paragraphs 10 to 14):
    - a. 29 February 2016, for those transferring to Council Housing, Design & Technical Services; and
    - b. 1 April 2016, for those transferring to the Gateshead Housing Company.

For the following reason:

To enable continued improvement in the co-ordination of Council functions, the organisation of its staff, and to enable Council services to be delivered in a more efficient and effective way.

### Policy Context

1. The reconfiguration of services resulting from this reorganisation will assist in the delivery of Vision 2030 and in the implementation of the Council's Corporate Priorities as set out in the Council Plan 2015-2020 and its policy framework.

### Background

#### Reallocation of functions

2. The Strategic Director, Policy, Economic Growth & Transformation (who is also the Assistant Chief Executive) has indicated a wish to take early retirement and this has been approved by the relevant Council body on the grounds of voluntary redundancy. The post was created in 2014 to provide focus on the Council's priority for economic and housing growth across the borough, and has overseen the establishment of robust arrangements to drive forward a programme for delivery of a broad range of development projects. The retirement of the Strategic Director provides an opportunity to rationalise the structural arrangements now to take forward delivery of the programme, and redirect resources to enhance capacity to effect change at a faster pace. It is therefore proposed that the Economic & Housing Growth service is brought within the Communities & Environment service group to provide significant opportunities for alignment of functions which seek to secure substantial growth across the Borough as well as support for the devolution agenda. It also brings together a number of services which will need to respond to the challenges facing the Council's housing stock, and so the new proposals include some changes to responsibility for council housing and housing support services both in terms of Council services and the Gateshead Housing Company, set out in more detail at Appendix 2.
3. Also proposed is the transfer of responsibility for emergency planning and resilience from the Care, Wellbeing & Learning service group into the Development & Public Protection service within Communities & Environment: this will establish a closer alignment with the strategic and operational functions within that group which are charged with planning for, and responding to, a range of emergency situations (i.e. highways and transport, environmental health, neighbourhoods and grounds maintenance, leisure facilities and facilities management).
4. At its meeting of 24 September 2015, Council approved interim management arrangements to be implemented following the early retirement of the Service Director, Transport Strategy, with a view to Cabinet and Council receiving a further report recommending permanent arrangements in the New Year.
5. The Strategic Director, Communities & Environment, has considered the effectiveness of the interim arrangements, whereby the former Transport Strategy service was placed under the remit of the Service Director, Development & Public Protection, and has recommended to the Chief Executive that they now be made permanent.

## Consultation

6. The Council's recognised trade unions have been consulted on the proposals within this report. As regards the reallocation of functions, they remain supportive of any changes which promote efficiency and improvement in service delivery, provided the employees affected receive clear communications explaining the reasons for the changes and are treated sensitively.
7. The Leader of the Council has also been consulted in his portfolio role, as have the portfolio lead for Housing and the Gateshead Housing Company.

## Alternative Options

8. The proposals are put forward by the Chief Executive as the optimum response to the demands placed on the Council, as set out in paragraphs 2 and 3 above. While one alternative option would be to make no change to the current organisational structure of the Council, this would not make the positive contribution toward achieving the aims set out at paragraph 3.

## Implications of Recommended Option

### 9. Resources

- a) **Financial Implications** – The Strategic Director, Corporate Resources confirms that the reallocation of responsibilities within the Strategic Director tier will not give rise to any immediate changes in pay and grading. Where there are proposed significant changes to job profiles of Service Directors, due consideration will be given to whether there is a need to re-evaluate these posts; however, these are expected to be few in number, and any increase in costs as a result of any regrading approved by the Council's Contracts Committee will be off-set by the savings from the deletion of the associated management posts. Further savings are expected to be facilitated by the proposals, particularly from service reviews made possible as a result of consolidation of similar functions and activities across the Council.
- b) **Human Resources Implications** – the human resource implications of the proposals are considered throughout the report. As stated in the above sub-paragraph, the implications of the proposals as regards job evaluation of the posts affected will be considered in due course by the Council's Contracts Committee. The TUPE transfer of employees to the Gateshead Housing Company will be undertaken in full consultation with the employees affected and the trade unions.
- c) **Property Implications** - There are no property implications arising directly from this report.

17. **Risk Management Implication** – An effective Senior Management organisational structure that supports the coordination of functions is an important contributory factor to successful risk management.
18. **Equality and Diversity Implications** - There are no equality and diversity implications arising directly from this report.

19. **Crime and Disorder Implications** – There are no crime and disorder implications arising directly from this report.
20. **Health Implications** – There are no health implications arising directly from this report.
21. **Sustainability Implications** – There are no sustainability implications arising directly from this report.
22. **Human Rights Implications** - There are no human rights implications arising from this report.
23. **Area and Ward Implications** - There are no area and ward implications arising from this report.