



EMPLOYMENT COMMITTEE: 4 FEBRUARY 2015

ORGANISATION DESIGN PRINCIPLES AND FRAMEWORK

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose

1. The purpose of this report is to seek the Employment Committee's approval for the introduction of a revised policy, together with an associated framework and managers' guidance on a set of organisation design principles.

Background

2. Officers have been considering the effectiveness and applicability of the Council's current organisation design principles, which have been in place since 2006, and have identified the need to bring them up to date. The principles are a set of good practice guidelines, setting out clear direction, but recognising that departments need to have an amount of flexibility.
3. Some examples of the principles, which managers should use when designing services and structures are:
 - Create clear roles and reporting lines
 - Consider the optimum number of direct reports
 - Design structures around business need
 - Consider how to create cost-effective 'flatter' structures
4. Whilst the principles can be applied across the board, there are two immediate key drivers relating to how they can be applied. In the context of needing to radically change how the Council delivers services, it is clear that an appropriate and fit for purpose organisational structure needs to be in place, including senior management structures and roles. Secondly, the challenging agenda that the County Council will continue to face over the next few years points to an increased need for commercialism, and it is proposed that service departments be organised on a commissioning / provider split, with corporate arrangements in place for commissioning support.
5. This signals a fundamental change in the way that services are organised, and the change will impact to varying degrees on a wide range of staff. However, it is important that the County Council continues to move towards a more flexible and agile workforce. Whilst there would normally be responsibilities for commissioning and providing split at Assistant Director level, there is flexibility in the guidance to have this split at Head of Service level, as long as the boundaries and accountabilities are very clear.

Context

6. The draft Commissioning & Procurement Strategy, which has been consulted on widely, and which is now being finalised through political processes (it will be considered by Cabinet on 6th February 2015), sets out the vision and direction for commissioning activity over the next four years, and effectively provides a blueprint for what needs to be done differently. Of the Council's annual budget of c £550m, around 65% (£350m) is spent externally on buying goods and services from third parties, so it is essential that commissioning activity is well organised, and robustly managed and monitored. The implementation of the strategy will also lead to changes around the workforce, will drive cultural change, and also lead to the development of specific skills and knowledge.

Implementation

7. Recognising that the design principles are essentially good practice guidance, a framework has also been produced to assist managers with implementing the principles, and to set out very clearly the direction towards organising departments on a commissioning / provider basis. The framework will act to strengthen this position, and the document provides examples of broad outline structures i.e. the split between strategic commissioning, operational commissioning and provider services (whether the latter is internal or external).
8. Having consulted key stakeholders, the County Council is seeking agreement for the revised principles and framework. It should be noted that change will be effected through individual departmental and/or service reviews, rather than taking a whole Council 'big bang' approach to change.

Supporting work

9. To support the implementation of the principles, a number of associated pieces of work are being carried out. Work has started to create more robust commissioning support arrangements within a commissioning and procurement support unit. The County Council is also undertaking a piece of work relating to job modelling, which will lead to a move towards broader, more generic management job descriptions. It is anticipated that these will comprise three elements:
 - Corporate responsibilities
 - Commissioner or provider responsibilities
 - Service specific responsibilities

Recommendation

10. The Employment Committee is asked to approve the introduction of the revised organisation design principles and supporting framework.

Background papers

None

Circulation under the Local Issues Alert Procedure

None

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List of appendices

Appendix A - Organisation Design Principles – framework for developing organisational structures
Appendix B - Management structures and organisation design principles – policy and managers' guidance.

Equal Opportunities implications

At the point of any significant change i.e. where the design principles are being implemented through service reviews, Equality and Human Rights Impact Assessments will have to be undertaken.

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