

Agenda Item	18
Report No	HC/57/19

THE HIGHLAND COUNCIL

Committee: Highland Council

Date: 31 October 2019

Report Title: Organisational Transformation and Transition

Report By: Chief Executive

1. Purpose/Executive Summary

- 1.1 The following report provides a further update for Members on the transition of the Council to the new organisational structure. The current proposed Executive Chief Officer remits and area responsibilities are set out in the attached appendix. These have been the subject of extensive discussion at senior officer level and it is proposed that Members come together at a seminar in November to discuss this in greater detail, the outcomes of which will form the basis of a report to December.

2. Recommendations

- 2.1 Members are asked to:
- i. Note the progress that has been made; the transitional arrangements that have been put in place and the indicative timescales for the permanent structure being established; and
 - ii. Agree a Members seminar takes place on 13 November 2019.

3. Implications

- 3.1 Resource
As previously reported, the new management structure of the Council requires less resource than the structure it replaces. In the current year, with the new arrangements only coming into effect at different stages throughout the year, a net saving is still anticipated.

In 2019/2020 a Change Fund was established to support the transformation

of the Highland Council. Feedback from external audit and excellent progress in budget delivery both evidence that this mechanism allows focused leadership of change required to deliver the Council's ambitions. It is proposed that investment in leadership will be necessary to ensure continued progress and that management structures with this additionality, including investment in staff development, will be agile and flexible as progress is made in the next three years.

3.2 Risk

There are risks relating to the smooth transition to the new organisational structure. However, the arrangements that were agreed at the last Council to properly resource the programme will assist in mitigating potential disruption in the delivery of services; and ensure appropriate governance and communications are in place.

3.3 Community (Equality, Poverty, Rural and Island),

The allocation of specific geographic responsibilities to the Executive Chief Officers will deliver improvements in the way that the Council engages at a local level with positive implications for both rural and island communities through the development of the Council's Place Based Strategy.

3.4 Legal, Climate Change / Carbon Clever and Gaelic

There are no specific implications arising from this report.

4. **Background/Purpose**

4.1 This report sits with the suite of reports and strategies already considered by Members over the course of the last 11 months which, taken together, provide a framework for the Council's strategies, plans and approaches. Over this period, a consistent message has been established around being **Ambitious, Sustainable and Connected**, emerging from engaging with the Highland public, Council staff, Elected Members and employee representatives to become the strategic vision for the Council. The new organisational structure has been designed to drive forward all three elements of the Council's Vision.

5. **Transitions and Transformation Programme**

5.1 Progress in Senior Leadership Transitional Arrangements

The Council's draft proposed structure is attached at Appendix 1. It sets out the broad remits that sit within each strategic function. These have been arrived at through a number of workshop sessions with the current Heads of Service and have been discussed at senior team meetings. There has also been a meeting with key trade union representatives as part of ongoing transformation and budget discussions.

It is proposed that the draft functional chart is discussed further at a Member workshop on 13 November, which will also be attended by the Executive Chief Officers. The finalised functional areas will then be brought forward for agreement December Council paper. As noted in the last report to Council, the intention is to finally transition in full to the new arrangements in April 2020. The Governance required to take into account the strategic functions of the Council is being discussed as part of the ongoing Governance Review as commented upon in section 10 of this report.

5.2 Since the last report to Council in September, two further appointments have been made to the Executive Chief Officer tier – the ECO, Infrastructure & Environment and the ECO, Property & Housing. The ECO structure consequently is as follows:

- i. Liz Denovan, Executive Chief Officer - Resources
- ii. Kate Lackie, Executive Chief Officer – Governance and Performance
- iii. Carron McDiarmid, Executive Chief Officer – Communities and People
- iv. Lesley Weber, Executive Chief Officer – Health and Social Care
- v. Malcolm MacLeod, Executive Chief Officer – Infrastructure and Environment
- vi. Mark Rodgers, Executive Chief Officer – Property and Housing
- vii. Stuart Black, Executive Chief Officer – Transformation and Economy
- viii. Vacant, Executive Chief Officer – Education

5.3 As part of the discussions referred to in paragraph 5.1, the titles of the Executive Chief Officers have also been reviewed and it is proposed that the ECO for Communities and People is amended slightly to become the Executive Chief Officer for Communities and Place. This highlights the priority being given to the development of the Council's Place Based Strategy, which will be led by this Executive Chief Officer.

5.4 Interim arrangements.

5.4.1 As indicated in the report to Council in September 2019, Allan Gunn will continue in the role of Interim Chief Officer Resources – Education and Health & Social Care until April 2020. The Executive Chief Officer for Education will be put out to advert November. The intention is to approach recruiters early in the New Year to test the market for potential applicants for the Chief Operating Officer/Depute Chief Executive. In the meantime, a protocol has been established to cover for the Chief Executive as required.

5.4.2 Fiona Malcolm has been appointed as Interim Head of Health and is leading on the Review of the Partnership Agreement as well as improving performance in both Children's and Adult Services in partnership with the Executive Chief Officer for Health and Social Care, Lesley Weber.

6. Evolution of Care and Learning

6.1 Education: As has been reported to the Care and Learning Committee, over the last 6 months the Education Transformation Team have aligned their activities across 6 pillars: Building Positive Relationships; Inclusion, Rights and Equalities; Safeguarding, Care and Wellbeing; Pedagogy and Development; Leadership of Change; Supporting Processes; and have undertaken an extensive engagement process with schools across Highland. This has provided a strong foundation in which to develop the next phase of education transformation. The newly appointed interim Head of Education, Nicky Grant, will be leading Phase II where the focus will be on developing and implementing tailored, ambitious improvement plans for all schools in Highland, working with the Interim Chief Officer, Resources, to ensure budgets are established on a sustainable basis. Connecting with the Executive Chief Officer for Health and Social Care and with Community Learning colleagues in Highlife Highland, the vision is to put Highland communities at the heart of this revitalised approach to deliver sustained improved educational opportunities and attainment for all Highland children and young people.

6.2 In addition, proposals for the senior management structure of the Education Service will also be developed and brought forward for Member consideration later in the year with an update coming forward to Council in December 2019.

6.3 Health and Social Care: Work is underway to develop a new Highland Families and Communities Model, ensuring that the Council Programme's commitments on Education, Social Work and Health are taken forward in a **Connected** way, with a clear focus on achieving **Ambitious** improvement targets and creating **Sustainable** Highland communities and families. It is anticipated that this change programme will need to span over 2-3 years and will continue to require resourcing from the Change Fund as the process evolves.

6.4 An update report will come to Council in December with feedback from engagement sessions involving Members, the NHS Board and staff.

6.5 In the last few months senior staff in The Highland Council and NHS Highland have committed to adopting a much more ambitious collaborative working arrangement. These arrangements are evolving and will focus on weekly engagement; strengthening relationships and joint working to improve culture and collaboration across both organisations leading to improved service

delivery and enhanced outcomes for Highland's families and communities. There will be a review of key areas within Children's and Adults Services as well as the formal review of the Partnership Agreement. This will also feature as part of the Members seminar proposed for 13 November.

7. Evolution of Community Services and Development and Infrastructure

7.1 The Interim Chief Officer, Resources, for Community Services has been reviewing current arrangements at a strategic and a local level, engaging with staff and senior managers across Highland to understand the challenges and opportunities faced by the Service. This has identified that, even without the wider organisational transformation programme, there needs to be an overhaul within Community Services. In addition, as Members will be aware, the replacement of the previous directorate structure will in any case necessitate a restructure of the services that previously sat under Community Services and Development and Infrastructure for them to be shared between the new Executive Chief Officer remits. The responsibilities assigned to the ECO Resources and ECO Performance and Governance also need to be reviewed, albeit to a lesser extent.

7.2 The Council's Executive Leadership Team and Senior Management Team have been working together to develop proposals for the new services over the past 4-5 months and the appendix to this report sets out their current thinking in terms of ECO remits.

7.3 There will be ongoing consultation with the Heads of Service and the ECOs to identify the next tier of leadership posts that will appropriately align with the new functional structure. Section 3 explains there is a need for additional leadership investment as the Council transforms, and an understanding established that the leadership structures will continue to evolve and be agile within the next 3 years to ensure the Council's ambitions for improvement can be delivered. Furthermore there is a recognition of the need to continue to have a Change Fund to support this concept and it has been made clear to Heads of Service that both the core structure and transformation programme will enable the Council to retain the right skills in line with the workforce planning strategy and avoid any unnecessary redundancy.

8. Communications and Engagement

8.1 Engaging with staff and trade unions will be particularly important over this period. It will require regular informal touch base discussions alongside the usual Staff Partnership Forums to make sure unions are fully engaged in the process and have opportunities to feed in and feedback as the new arrangements develop. Executive Chief Officers will have a crucial role to play in making sure that Members and staff have every opportunity to help

shape the new organisational arrangements.

8.2 Since mid-September the Chief Executive, senior Members of the Administration and senior officers have commenced a further round of staff, Member and public engagement. Starting with the areas that were not reached last time but also returning to some of the areas previously visited, the intention has been to listen to what people have to say about their priorities for Council resources and their ideas for change. At the same time, the opportunity has been taken to communicate the Council's vision and values and to set out the actions that have been taken over the last 6-9 months to show how the Council has responded to what was said last time.

9. **Establishing the Organisation Transformation Programme and Programme Board**

9.1 An Organisation Transformation Programme Board has been established to oversee the delivery of the next phase of change. This will ensure the smooth transition to the new organisational structure so that staff, Members, customers and partners experience minimum disruption in the delivery of services; feel informed about the changes and understand the reasons for the change; and have the opportunity to contribute to the way in which the new structures evolve. A programme approach will also ensure appropriate risk management, governance and communications are in place throughout the process and key systems and processes are reconfigured to accommodate the changes (ICT; Payroll; budgets/accounting; website; support services).

9.2 Senior management governance will be through fortnightly reporting to the Change Programme Board. Member governance will be achieved by regular reporting to Council. An outline Programme Initiation Document/Project Scope was approved at the last Council as were resources from the Change Fund to engage a full time Programme Manager and assistant. Recruitment to these posts is currently underway.

10. **Wider Strategic Developments**

10.1 The Governance Review will run in parallel to the Organisation Transformation Programme ensuring that the Council's refreshed governance structures fully reflect the requirements of the Council at both a strategic and local level. Good progress has been made to start to make adjustments at the strategic level with the new membership of Audit and Scrutiny Committee now in place. Recommendations for enhanced strategic governance are also being presented for Member approval in a report on the October Council agenda.

10.2 Place Based Strategy: The new Executive Chief Officers will each have a

specific geographic area to lead and they will be fully involved in the development of the Place Based Strategy - linking enhanced local governance arrangements with associated service delivery requirements and resource prioritisation. This local area element of the new tier of senior management will be a very high priority and there will be a requirement for all ECOs to engage with the Members in their areas at an early stage to understand their respective challenges and opportunities. The development of the strategy itself will be taken forward by the Executive Chief Officer for Communities and Place who will bring back a report to the next Council meeting in December setting out the approach.

- 10.3 Leadership and Culture Strategy – The visits outlined in section 8 are scheduled to continue throughout October and November and will help to inform the development of the Council's Leadership and Culture Strategy. Alongside this, a number of externally facilitated sessions have been arranged for the Council's Senior Management Team, also on the subject of leadership, strategy and organisational behaviour, with the intention of developing a complementary module for the Members' Development Programme. A report will come to December Council for Members' consideration and approval together with a report on the Council's vision and values.

Author: Kate Lackie

Date: 16 October 2019

Encs

Appendix 1 – Organisational Chart

Appendix 1 - ECO Remits

Resources and Finance	Performance and Governance	Communities and People/Place	Education and Learning	Health, Wellbeing and Social Care	Property & Housing	Infrastructure and Environment	Economy and Transformation
Procurement	Corporate Governance	Grounds Maintenance	Education and Schools	Children's Services	Catering, Cleaning and Facilities Management	Harbours and Marine Facilities	Business Development & Support
Insurance	Corporate Performance Management	Burials & Cremations	Gaelic	Community Based Supervision of Offenders	Property Maintenance	Ferries	Future Resources
Annual Accounts and Quarterly Financial Performance Reporting	Internal Audit	Waste Management/Waste Strategy	Strategic responsibility for ASN	Young Carers & Transitions	Project & Cost Management	Land Use	HLH
Taxation	Best Value	Street Cleansing	Additional Support Services	Children's Rights	Property Design	Public and School Transport	Eden Court and 3rd sector commissioned services/grant funding
HR	Corporate Risk Management	Environmental Health	Educational Psychology	Allied Health Professionals	Homeless	Climate Strategy	Economy (includig Employment Services)
L&D	Parliamentary and political liaison	Public Conveniences	Operational Delivery for Education	Health and Social Care	HRA	Flood Act Duties	Development & Regeneration
Trade Union Partnership	Ombudsman	Customer Services (including Community Services Customer Services)	Specialist Education Services	Mental Health Officers Service	FM Client		SPP Contract (Advertising)
Occupational Health, Safety & Wellbeing	Freedom of information and data protection	Ward Management	Early Years	NHS Commissioned Services	Schools Catering & Cleaning (client)		Change & Redesign
Payroll, Pensions and Creditors	Corporate Leadership Support - Councillors	Poverty Strategy	Early Learning and Childcare	Adult Social Care	In-house Building Maintenance Team		Project Board
Financial management support to Council Services	Corporate Governance - Elections	Child Poverty	Strategic lead for parenting and Play	Criminal Justice	Sustainability	Buildings Standards	Gaelic
Treasury Management	Corporate Fraud	Community Engagement		Private Sector Housing Grant	Affordable Warmth	Transport Planning	Business Gateway
Revenues	Public Performance Reporting	Participatory Budgeting			Tenant Participation	Laboratory and Quarry	IT Infrastructure (fibre, 5G mobile)
Benefits	Communications/Resilience	Welfare - Strategic			Depots	Environment	City Region Deal
Welfare (Benefit take up)	Trading Standards	War Memorials			C&L Estate Strategy Team	Planning	Cultural Strategy
Single Grant	Police & Fire scrutiny	Community Asset Transfer			Corporate Property Client		Commercialism
IT Services	Business Intellegence	Registrar Services			Office Accommodation Mgt		Tourism
					Property Support Team	Safety Inspections, - bridges & other structures, drainage & other restraint systems	Housing Development
Digital Services	Corporate Governance - Legal	Placed Based Strategy			Property Engineering Design Services		Inward Investment
Commercial and Efficiency Team	Corporate Governance - democratic Services	Roads - Operational			Property Capital Projects - Budget & Delivery	Energy	Commercial Property Development
Corporate Business Support	Licencing	Winter Maintenance - Operational			Corporate Asset Management	Estates Planning and Capital Investment - C&L	
Health & Safety					H&CS and Property Hsousing input into Care Services	Captial Schemes - D&I	
	Prevent Duty					Sustainability	
	Policy - Equalitites (*including Mental Health & Wellbeing for Communities and Clients)						
					Housing Development	Roads - Strategic	
						Winter Maintenance - Strategic	
						Street Lighting	