

**ITEM NO: 1****SUBJECT: REVIEW OF ORGANISATIONAL STRUCTURE****FILE NO: F01217**

---

**Recommendations:**

- 1. That the Council receive and note the report.*
  - 2. That the Council endorse the Organisational 3 Group Structure (Functional Realignment) set out in this report to be implemented to take effect from 1 July 2009; and*
  - 3. That management continue the consultation with effected staff during the implementation stage.*
- 

**Report by General Manager****Reason for report**

The Local Government Act – Section 333 requires the Council to review its organisational structure within 12 months of an election of the council and this report outlines the process undertaken and the proposed organisational structure changes.

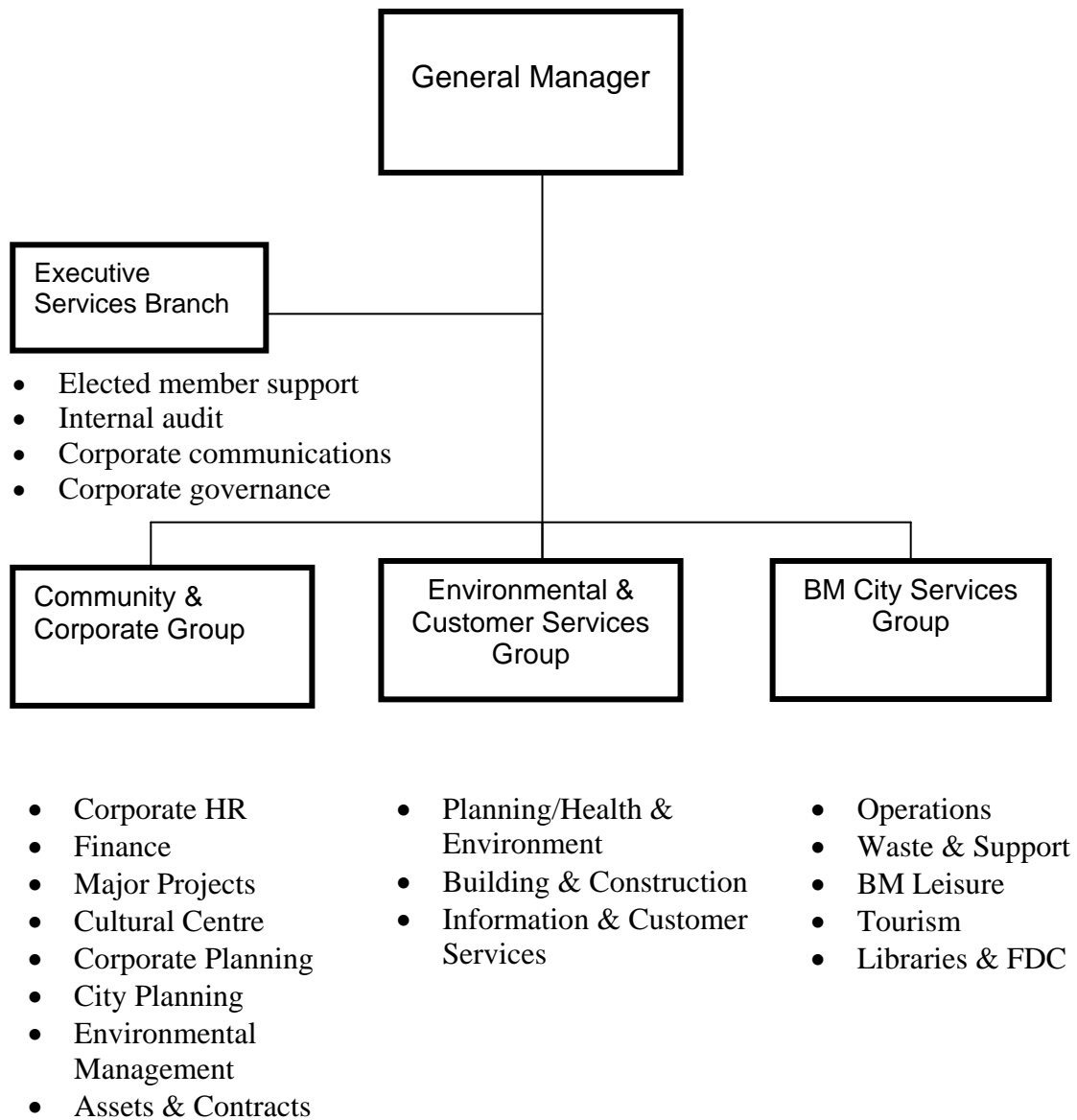
In undertaking the review of the structure the following key organisational drivers were used as principles to guide the review – strategic focus, financial sustainability, major project delivery, and achieving community outcomes to better position the Council for success to meet the challenges ahead. In addition, there are also current workload issues within parts of the organisation that warrant a review of the distribution of some functions and resources to ensure service delivery to the community is able to be optimised. This report addresses those areas and the proposed changes in more detail.

**Background**

In 2005, Council resolved to change the organisational structure from five to three Groups by condensing three existing Groups (City Sustainability, Corporate Policy & City Solutions) into one (Community and Corporate Group). Of the remaining two Groups, Environmental & Customer Services Group reduced from 5 to 3 Managers and incorporated the IT function, whilst the BM City Services Group remained relatively unchanged.

Since that time Council has been operating under a three Group structure with three Group Managers (designated senior staff) reporting directly to the General Manager. The Executive Officer is also a direct report to the General Manager.

The three Group Managers each have a number of direct reports who are responsible for managing specific Branch functions as follows:



**Review Process**

The organisational structure review has been guided by experience from past reviews, together with an acute awareness of the need for the organisation to be “living within our means”, particularly in the context of the current global financial crisis. With this in mind the following objectives were adopted to guide the process:

1. No increase in FTE’s;
2. No net increase in costs;
3. Ideally achieve reductions in employment costs (objectives 1 & 2);
4. Avoid adverse impacts to service delivery;
5. Limit adverse impacts of change on staff morale;
6. Achieve synergies between functional areas where identified; and
7. Retain what is working well.

The Council was provided with a briefing on 17 March 2009 and presented with background information on the process that included the following areas:

- Reasons why we need to review structure;
- Background of Purchaser/Provider model;
- Overview of achievements of P/P model;
- 2005 Structure Review;
- Current Operating structure and Group functions; and
- 5 structure options for consideration.

The outcomes of that briefing are summarised as follows:

- agreement to move away from using the term Purchaser/Provider model to more of a Service Provision model;
- further consideration be given to developing a Service type model;
- major and wholesale changes to the structure are not needed;
- 4 Group structure is not a financially viable option;
- acknowledgement that the current structure requires better alignment of functional areas;
- the preferred options are Option 2 or Option 3;
- further analysis be undertaken of Option 3;
- acceptance of the Corporate Human Resources branch and Corporate Planning/Sustainability and functional areas reporting directly to the General Manager;
- Councillors to be provided with current Organisational Chart to enable clearer understanding of Group functions, activities and resources; and
- Executive Management Team to review Option 3 – 3 Group Structure (Functional Realignment) and provide recommendations to a Council briefing session for further consideration.

### **Five Structure Options**

The five structure options considered were:

1. 3 Group structure – status quo remains;
2. 3 Group structure – increased direct reports to General Manager;
3. 3 Group structure – increased direct reports to General Manager together with realignment of some functions between Groups;
4. Modified 3 Group Structure – New position - Assistant Group Manager, Community & Corporate Group; and
5. 4 Group structure.

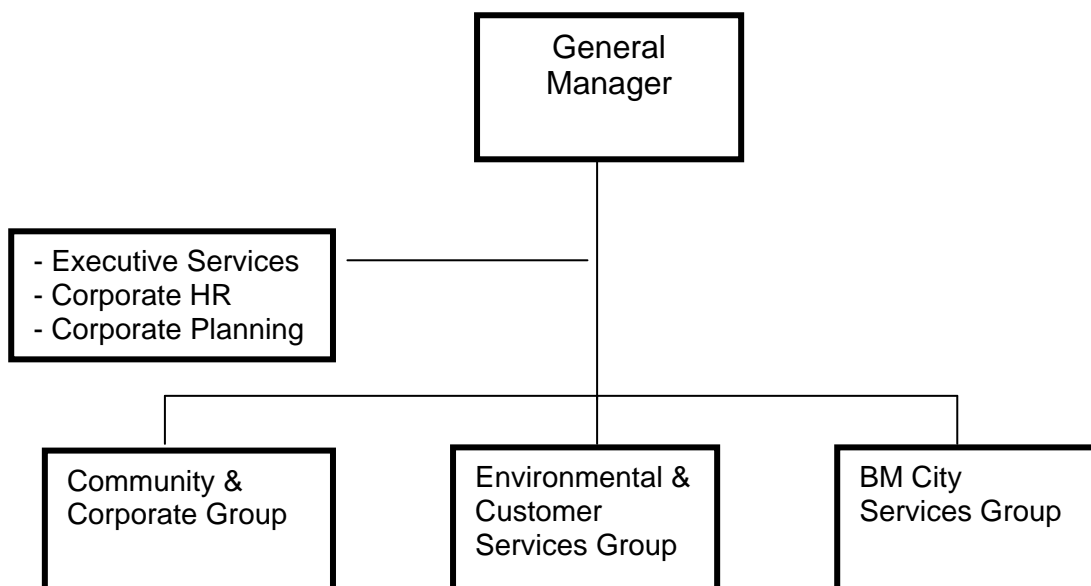
The five structure options were discussed in detail at the Councillor briefing on 17 March 2009, with the preferred options being options 2 and 3 and the Council requested that further work on the structure be undertaken by the Executive Management Team and be brought back to a Council briefing for further consideration. The proposed structure was further considered by Councillors at a briefing session on the 6 May 2009 and subsequently endorsement was obtained from Councillors to move forward with proposed structure and commence the staff consultation process.

### **Proposed structure**

Based on the consensus reached at the Councillor workshops on 17 March and 6 May 2009 this report sets out a proposal that reflects the decision referred to above.

A diagram of the proposed structure is shown below.

**Proposed 3 Group Structure (Functional Realignment)**



Direct reports to Group Managers

- |  |   |   |
|--|---|---|
| <ul style="list-style-type: none"> <li>• City Planning</li> <li>• Finance</li> <li>• Major Projects</li> <li>• Assets &amp; Contracts</li> <li>• Libraries &amp; Community Services (incl FDC)</li> <li>• Cultural Centre</li> </ul> | <ul style="list-style-type: none"> <li>• Planning/Health &amp; Environment</li> <li>• Building &amp; Construction</li> <li>• Information &amp; Customer Services</li> </ul> | <ul style="list-style-type: none"> <li>• Operations</li> <li>• Waste &amp; Support</li> <li>• BM Aquatics</li> <li>• Tourism</li> <li>• Environmental Management</li> </ul> |
|--|---|---|

**Summary of proposed changes:**

The above functional realignment has led to changes to the following Branch activities:

- Corporate HR Branch in total moves from Community and Corporate Group to report to the General Manager;
- Corporate Planning, Sustainability outcomes for the Organisation and the City, Social Planning, Sustainable Town Centres and Economic Development functions move from Community and Corporate Group to report to the General Manager, except for:
  - Events Co-ordination functions which move into Tourism in BM City Services Group and;
  - remaining Community Service functions eg. Youth, Aged, Children, Cultural Development Officer and Aboriginal Development Officer etc transfer to the renamed Library & Community Services branch.

- The Library & Family Day Care branch moves from BM City Services Group into Community and Corporate Group and is renamed Library and Community Services branch;
- Environmental Management Branch (including Strategic Waste Management) in total moves from the Community and Corporate Group into the BM City Services Group;
- The current “Green Team” in the BM City Services Group moves from Operations Branch over to Environmental Management Branch in BM City Services Group achieving the integration of environmental management activities within one Branch; and
- A review of Asset & Contract Management Branch in Community and Corporate Group is being undertaken to better position the branch to achieve the delivery of outcomes sought by Council.

**Corporate Human Resources**

This function currently resides in Community and Corporate Group but will transfer as a direct report to the General Manager.

Branch activities include: Strategic HR planning; HR policy and procedure; HR monitoring and reporting; Organisational Change management support; employee relations/industrial relations; OH&S and Workers Compensation, Payroll, Enterprise Risk Management, Recruitment and Training.

**Corporate Planning**

This function currently resides in Community and Corporate Group but will transfer as a direct report to the General Manager.

Branch activities include: Alignment of Management Plan to 25 Year; preparation of Management Plan; organisational business planning; State of City monitoring and reporting; Social Planning and Economic Development functions.

**Community and Corporate Group**

The Community & Corporate Group has been a major pressure point for the organisation since its inception in July 2005 when three Groups merged into one, mainly due to its diversity, management size, complexity and large branch portfolios. Under the proposed realignment the Group will continue to have carriage of major projects, asset maintenance and capital works as well as land use planning, financial management for the organisation and a mix of internal service delivery and external community outcomes.

The Branch functions of this group would be:

**City Planning**

City Planning Branch covers a wide range of planning outcomes for the City including: Integrated Strategic Planning at City, Area and Town levels; City-wide Statutory Land Use Planning; Environmental Outcomes; Strategic Transport Corridor outcomes; Urban Design outcomes; recreation, civic and public domain protocols; town centre improvements; place planning e.g. Springwood town centre; sewage strategy; and the LEP review and transfer to the DoP standard template.

Consideration was given to whether or not City Planning should reside in the Environmental and Customer Services Group (E&CS), however the only real synergy with the E&CS Group

is the LEP review, including the standard template work and it is not considered to be an efficient or cost effective move to divide this team up. If the LEP was to transfer to the E&CS Group then an additional branch-level management position and sufficient resources with the capacity and capability would need to be provided for this to be effectively managed.

**Library and Community Services**

Library and Community Services is proposed to merge the existing Library and Family Day Care functions previously in BM City Services Group with the Community Development functions previously residing within the Corporate Planning branch in the Community and Corporate Group.

Branch activities include: Library Services; Family Day Care; Youth Services; Aged and Disability Services; Children Services; Cultural Development and Aboriginal Development functions and Community Services responsibilities to service community needs across the City.

**Major Projects**

Branch activities include: responsibility for the project management and delivery of Councils major projects eg. Lawson Town Centre, Cultural Centre and Civic Centre.

**Cultural Centre**

Branch activities include: client for the Cultural Centre project, responsibility for the delivery of the Gallery and Interpretative Centre fit out, business planning and ongoing operational management of the Cultural Centre.

**Finance**

Branch activities include: Long Term Financial Strategy, Financial reporting; and financial services (including accounts payable, investment management , budget preparation, accounts receivable, rates management and accounting, bank reconciliation and taxation compliance).

**Assets and Contracts/SLAs**

Assets & Contract Management Branch will remain within the Community and Corporate Group, but will undergo a review of its operations. Plans are currently in place for this exercise to be commenced which will look at each of the branch functions and opportunities to improve the delivery of outcomes sought by Council.

Branch activities include: preparation of Capital Works Program (CWP); Buildings, Sustainable Asset Management; Infrastructure Strategy SLA preparation and management, delivery of the Capital Works Program (other than major projects and waste projects), recreation facilities management, contract preparation and supervision and tender assessment.

**Environmental and Customer Services Group**

This Group remains unchanged and is focused on providing quality customer service, professional services and regulatory functions that contribute to a sustainable future for the Blue Mountains. The Group has organisational responsibilities for customer service including business centres and call centres, information management and technology; records and the RTA agency. The Group's other functions relate to major development assessment and subdivisions in land use management, environmental health and regulatory compliance, ranger services, building and construction including development assessment for dwellings and competitive building surveying services competing with external providers.

The Branch functions of this group would be:

**Building and Construction**

Current branch activities unchanged.

**Planning Health and Enforcement**

Current Branch activities unchanged.

**Information and Customer Services**

Current Branch activities unchanged.

**BM City Services Group**

This Group's primary role is to provide services to the Community and is responsible for providing civil works, including renewal and maintenance of roads, parks, sports grounds, walking tracks as well as Waste Management services, Aquatic and Tourism operations.

The proposed changes to this Group include the transfer of the Library and Family Day Care function to Community and Corporate Group and the addition of the Environmental Management Branch from Community & Corporate Group.

The Branch functions of this group would be:

**Operations**

Branch activities include: road and transport asset maintenance; Open space and precinct maintenance; Built assets-trades maintenance; Capital works construction and project management of major projects; External works; Professional services. The Bushcare activities (Green Team) currently reside in this branch but would transfer to the Environmental Management Branch which is proposed to come into BM City Services Group.

**Environmental Management**

Branch activities include: Council outcomes and programs associated with natural systems, waste management strategy, emergency management and bushcare activities (Green Team).

The amalgamation of Bushcare Management (Bushcare strategy) and the Green Team (Bushcare Operations) together into one branch (Environmental Management branch) within BM City Services Group will enable flexible work practices to meet seasonal demands for labour, gain efficiencies and avoid duplication under one Group Manager.

**Waste & Support Services**

Currently Waste Services is split between the Environmental Management Branch in Community and Corporate Group and Waste and Support Services in BM City Services Group. The Environment branch has responsibility for Waste Planning and Strategy activities, whilst Waste and Support Services is responsible for Waste Operations activities (Domestic Waste collection and disposal).

The option of placing all waste functions in the one Group either in Community and Corporate Group or BM City Services Group was explored and it was felt that it could lead to efficiencies and avoid duplication. Given that it was not seen as practical to move the operational component to the Community and Corporate Group in the light of achieving a more appropriate work load distribution between Groups, the Executive Management Team

was of the view that it is best placed in BM City Services Group. However, it was also felt that the Waste Management Strategy functions should remain within the Environmental Management Branch and the Waste service delivery operations should remain within the Waste and Support Services Branch enabling a continued focus on waste planning and strategy while maintaining waste services to ensure outcomes for the Community.

Branch activities include: management and co-ordination of waste services activities including domestic and bulk waste programs, effluent collection, cleansing and maintenance of precincts and assets, and also incorporates construction materials recover and recycling and landfill gatehouse management; Plant and fleet management, and administrative support services.

### **BM Leisure Centres**

Branch activities include: Management of the general operations, marketing and promotion of aquatics, fitness and leisure centres, including the year-round centres of the Katoomba Sports & Aquatic Centre, the Springwood Aquatic & Fitness Centre, the Glenbrook Aquatic Centre and the summer pools operations at the Blackheath Pool and the Lawson Aquatic Centre. Ancillary activities include the Kids Kingdom Playland facility at Katoomba, Aqua Fresh catering operations and the Coffee Cart at the Council Civic Administration Building.

### **Tourism**

The Tourism activity remains largely unchanged with the exception of the Event Co-ordinator (0.6fte) position coming across to Tourism branch from Corporate Planning Branch in Community and Corporate Group.

Branch activities include: providing promotion, marketing and secretariat services to the Regional Tourism Organisation BMTL; Visitor Information Centre operations at Glenbrook and Echo Point; Events Coordination; the provision of advocacy, policy and strategy advice relating to Tourism to and on behalf of the Council; providing advice and facilitation assistance for the development of local tourism experience opportunities.

### **Consultation**

The proposed changes to the organisation structure were notified to staff on 18 May 2009 and the staff were invited to make submissions on the changes through to 2 June 2009. In the intervening period a number of staff meetings, particularly with those Branches affected by the change, were convened by Group Managers.

Submissions received (by activity groupings):

- |   |    |
|---|----|
| • General                               | 2  |
| • Libraries & FDC                       | 8  |
| • Environmental Management              | 13 |
| • Waste Management                      | 1  |
| • Community Outcomes/Corporate Planning | 4  |
| • Economic Development                  | 1  |
| • Assets                                | 1  |

Total submissions received: 30

**Key Themes and Issues from submissions and Management response:**

1. That the merging of Libraries, FDC and Community Outcomes under the previous Libraries and FDC Manager will increase the demands on that position and therefore reduce the resource and focus available currently to Libraries/FDC, particularly given the geographically dispersed spread of Library Branches and Family Day Care, and the challenges before the Library service with the advent of the new Katoomba Library. Further, that this will have a cascading effect on placing more responsibility on already stretched staff across the branches with the risk of burn-out and impacts on customer service; and
2. A like-minded concern from the Community Outcomes staff that the Community Services Manager will be spread thinly and not be able to dedicate enough of a presence in the HQ Building to fully meet the needs of that team.

**Management Response**

The structure proposed is not uncommon across local government and there will be a focus to ensure that the manager is positioned and have the support to provide effective management across all activities within the new branch.

A review will be undertaken of the roles and accountabilities in the position descriptions of the Upper and Lower Mountains Library Coordinator positions to ensure their role reflects and is able to respond to the changes that will occur with the manager's operations. The review should critically examine any cascading effects on other positions and provide remedying strategies.

3. That the Natural Systems Team in Environmental Management enable the winning of grants from external sources and expansive work and achievements in environmental management to continue.

**Management Response**

The merging of the Green Team into the Environmental Branch is widely supported and generally seen as a positive move that will bring many positive outcomes. The Manager Environmental Management Branch will operate out of the South Street Depot for approximately half of the time and work in closely with the Operations Branch Manager. At an operational level, the Green Team and Natural Systems coordinators will attend Operations Branch Coordinators meetings and the Environmental Branch staff overall will be encouraged to continue participating in Depot operational and social activities.

Moving the Environmental Branch into BM City Services will not inhibit the current practice of seeking external grant funding for environmental activities.

4. With the Corporate Planning branch reporting directly to the General Manager and Community Services remaining within Community and Corporate Group, there is merit in the Social Planner position remaining with either branch.

**Management Response**

*There is merit in the Social Planner position residing in the Corporate Planning branch to provide the sustainability frame in Council's strategic planning. However, the function of the Social Planner and the impacts on Community Services will need to be resolved at the management level to ensure practical outcomes are achieved.*

5. Program Leader, Sustainable Town Centres could be located in the Corporate Planning branch with a strategic sustainability focus, similarly it could reside with Assets branch in a more operational role.

#### Management Response

The Sustainable Town Centres program leader position could ideally be situated in the Corporate Planning branch. Management will need to look at the key roles and functions and determine the most practical location to gain the maximum benefit for the community.

6. Several comments have been made around the move away from a strict Purchaser/Provider model and the impact this may have on procurement and the relationship between the policy areas eg. assets and the operational areas.

#### Management Response

This is a very good point to raise. Management is concentrating on not weakening the positive business model practices that have come out of the Purchaser/Provider model. As we move to the business service provision approach these issues will be further developed to ensure best practice and value for money for rate payers is achieved. Significant work was carried out in the Civil SLA trial and the findings of this trial will inform other partnership arrangements to manage the delivery of policy outcomes through the operational areas. The changes outlined in this report do provide the opportunity to explore some reductions in complexity and transactions. These will be considered and implemented as appropriate.

7. The Staff Consultative Committee considered the Organisational structure proposal and their comments can be summarised as follows:
  - General support for the proposal to realign some branch functions to achieve greater efficiency across Council;
  - Concern at the tight timeframe in which to respond; and
  - The need for management to consult with staff and the SCC during the next phase of the process.

#### Management Response

Management is reassured by the support from the SCC to the overall proposal. Full consultation will take place with effected staff and the SCC during the implementation phase.

The Executive Management Team has worked through and considered each of the 30 staff submissions received and each staff member will receive a written response to their submission from the General Manager.

#### **Next Steps**

Assuming that the Council is comfortable with the proposal outlined in the report, the new structure will commence operating from 1 July 2009. However, a number of activities including some of those highlighted under key themes in the staff submissions will remain as a work in progress exercise to be finalised in the implementation phase.

It is envisaged that this will be completed by no later than 1 October 2009 when the new structure will be fully operational.

**Conclusion**

It has been four years since the Organisation moved to the three Group model. The Organisation has progressively been modifying the Purchaser/Provider model to streamline processes, remove duplication and provide better service delivery to the community during that period. It is timely within the first year of the current Council that we review the structure to maximise our service delivery within our existing resource capability.

The current review process under the direction of Council has been to refine and build on the current three Group structure to achieve operational efficiencies. Given the positive response from staff to the general thrust of what is being proposed it is considered that Council and management should be encouraged to move forward.

Therefore, it is recommended that the three Group structure with the proposed functional realignment be endorsed.

\* \* \* \* \*