

Part A

Report to: Cabinet
Date of meeting: 6 June 2016
Report of: Managing Director
Title: Delivering a bold & progressive future for Watford:
Organisational and Management changes to drive delivery of
the corporate plan priorities

1.0 **Summary**

1.1 The new corporate priorities are set out on the Cabinet agenda and have been recommended for approval. This report presents the key management and organisational changes required to deliver the priorities.

2.0 **Recommendations**

2.1 To approve the new corporate structure as set out in Appendix 1.

2.2 To approve the establishment of a new post of Deputy Managing Director to enhance the level of leadership of Watford's place shaping agenda, integrate the key functions and drive up corporate performance.

2.3 To approve the establishment of a new post of Head of Service Transformation to lead the customer service and digital Watford change management, ensuring our future technology strategy is developed and delivered and catalyse the reengineering of back office services.

2.4 To approve the disestablishment of the posts of Head of Regeneration & Development, Head of Corporate & Client Services (this post from 1/4/17), Section Head of Communications (this post from 1/4/17) and Economic Development Manager.

2.5 To approve the establishment of the Integrated Finance Review Board to be chaired by the Mayor, terms of reference to be agreed with the Mayor and Portfolio Holder for Resources and Customer Services.

2.6 To approve the establishment of the Digital Watford Board, chaired by the

Portfolio Holder for Resources & Customer Services, terms of reference to be agreed with the Mayor and Portfolio Holders.

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3.0 Detailed proposal

The existing corporate structure was established in December 2012 and is set out in Appendix 2. The structure has met its objectives to deliver savings (circa £5m achieved), progress the major projects to delivery, and prepare the Council well for its future success for example through the Core Strategy adopted in 2013 and the development of a much more sophisticated partnership delivery/contract management approach.

Drivers for change

The new corporate plan priorities on the Cabinet agenda today sets the objectives which are to:

- Identify ways to manage the borough's housing needs
- Champion smart growth and economic prosperity
- Provide for our vulnerable and disadvantaged communities
- Deliver a digital Watford to empower our community
- Secure our own financial future

The report identified that we need to:

- ensure our financing disciplines are strong, with clear integration of revenue, capital and project finance, robust cost analysis and accurate forecasting
- enhance the senior capacity to drive the leadership of priority areas and integrate our service delivery more effectively
- provide for the leadership of Digital Watford and technology innovation and
- reinforce the move from strategy development to strategy delivery through increased project management support.

Below I have set out the management and organisational changes

recommended to progress these requirements.

Specific Proposal - Financial Sustainability

Across all priorities, achieving financial sustainability is the underpinning requirement. This means that we need to be clear about our financial risks. Forecasting, financial monitoring, cost analysis and project financing needs to be comprehensive. Capital, revenue, income and project finance need to be reported in an integrated way. With a £3m gap in the MTFS in 2018/19, maximising commercial income is critical. This means optimising our property portfolio, increasing returns by disposing of low yield non strategic assets and reinvesting proceeds for better revenue returns. Health Campus, Charter Place and Watford Business Park revenue payments will begin to kick in in this period. Fees and charges will also need to be more realistically set.

We should also continue to reduce our cost base where possible although there is a need to strengthen capacity in project management. Services that have not been tested for new forms of delivery include development management, environmental health and licensing, housing and these services should be best value reviewed in a rolling programme through to 2017/18.

To enable corporate focus on financial sustainability, it is proposed that the Mayor should chair bi-annually (July & October) a formal Integrated Finance Review Board (IFR), covering revenue, capital and project financial reporting. This would then feed into budget panel and the budget setting process. Financial profiling, variances from approved budgets and targets, forecast income and expenditure and risk management will be key content for the IFR. The Board will comprise officers and members and make recommendations to Cabinet. Terms of reference will be drawn up and any changes required to delegated authorities will be reviewed by the Mayor.

Specific proposal – Place Shaping & Housing

The Mayor and the portfolio holder for Housing have raised considerably the profile and priority given to tackling our housing need. Progress is being made on securing new housing sites (for example with proposals to develop surplus garage sites), increasing temporary accommodation (for example Harrow hostel lease), commissioning a new WBC hostel at Croxley View and establishing the Housing company with Watford Community Housing Trust. However Housing is not demonstrably a corporate leadership team priority and in our development negotiations we do not always ensure we have sufficient focus on affordable housing delivery. We can be too accepting of government constraints and could be bolder in our development management decision making and be willing to contest appeals where we have a strong policy objective and refute the

assumption that social housing is no longer deliverable. Housing is the Council's top service delivery priority and this needs to better influence our place shaping.

The new Housing Section Head will be reviewing our operational delivery of homelessness management including through the NPSS (National Practitioner Support Service) benchmark which provides a framework for sector led peer review to help authorities deliver more efficient and cost effective homelessness prevention services.

The functioning of the Council's Programme Management board (chaired by the MD) and Property Investment board (chaired up to now by the Portfolio Holder for Regeneration & Development) has significantly improved the delivery process for our housing specific schemes but the need for much better alignment and integration across development management, planning policy, property and housing is very clear. We need to enhance our place shaping services at a senior strategic level to both increase our decision making capacity as well as provide greater delegated authority to deliver outcomes more rapidly.

It is proposed to create a new post of Deputy Managing Director (DMD) to join up the place shaping delivery, linking in with the new combined portfolio holder role for housing and property who is also vice-chair of development management committee. The DMD enhances the leadership of a broader set of services and would lead to the disestablishment of the Head of Regeneration & Development role.

Specific Proposal - Economic Growth

Watford is in a very strong position. Forecasts for GVA (Gross Value Added) increases arising from the MLX (Metropolitan Line Extension) and our major projects reach £8b, creating thousands of permanent and temporary jobs. Our projections for employment and housing growth have doubled. Commercial stock is at full capacity and business growth is strong. With its skilled workforce, connectivity and major projects, investors are looking at all Watford opportunities. The scale and complexity of delivering our major projects however is stretching almost beyond our capacity. Each major redevelopment requires its own governance – programme boards or delivery vehicles requiring executive management. The deal making process is demanding and complex, converting these to final agreements time consuming. Most of this leadership at the sharp end sits with the MD and the section head for Property. There is a need to widen senior management leadership in this area which the Deputy MD role will provide. In addition there is no longer a need for a dedicated economic development function. Our priority is no longer to create business networks and

produce economic strategy. Both these original objectives are well in place including for example Big Business Connect and the Developers Forum, both led by the Mayor and the MD. Our focus now, and over the next decade, is to capture the deliverables and secure growth outcomes. These relate to the major projects at the Watford Business Park, Ascot Road, Croxley View, WHC (Watford Health Campus), Charter Place and Watford Junction. But as important is expanding our commercial stock in Clarendon Road and building the homes required to support our growing population. It is proposed that the economic strategy role is incorporated within the wider role of Corporate Strategy & Communications in the new structure. Business engagement would be joined up with other key stakeholder engagement under this brief.

The communications function will also be merged with the new Corporate Strategy role.

Specific Proposal - Digital Watford

This is a key new cross cutting priority. We are behind in this field – channel shift, 24/7 services, online transactions, integrated backend services, integrated customer services, customer accounts are all non-existent or underdeveloped. We need a step change in our innovation and service transformation to benefit service users and drive further savings. Securing town centre Wi-Fi, the new website and a more modern council IT infrastructure all provide constructive platforms for building and delivering Digital Watford. It will need strong executive and political leadership and must not be seen only as an IT project. To give this priority clout and momentum it is proposed we establish a Digital Watford Board, chaired by the PH (Resources and Customer Services) and supported by the PH (Community). The Board will comprise officers and members and make recommendations to Cabinet. Terms of reference will be drawn up and any changes required to delegated authorities will be reviewed by the Mayor.

A new Head of Service Transformation is proposed to drive this step change across customer services and IT, bringing new ideas on how to quickly modernise our services and help capture savings by moving appropriate activity online. The role would be the lead officer for the Digital Watford Board.

Specific Proposal - Corporate & Client Services

This department has successfully embedded improved procurement and contract management processes and has taken positive responsibility for optimising outcomes through our outsourced services. The Head of Service is able to retire next year and this provides the opportunity to achieve savings by deleting the post and combining the majority of the functions with the Head of

Community services role. The Head of Community services would then become the main lead for providing most of the council's operational services which would in due course enable further efficiencies through integration and realignment of teams. The Corporate Strategy and Communication teams would be merged to report to the MD. These changes would take effect from 1 April 2017.

Specific Proposal - Overall Corporate Performance

The Mayor has rightly identified the need to achieve continuous improvement in our service performance. Whilst our KPIs are reviewed regularly in PH meetings and Overview and Scrutiny committee, there is no clear set of reported benchmarks to compare our service performance against, and we have not in recent times had external review to validate how we are measuring up as a council. Already proposed for this year is a housing external review – the NPSS benchmark referred to earlier - and I propose we use this as a pilot to roll out either a series of external reviews where we know improvements need to be made and/or we go for a comprehensive whole council peer review through for example the LGA. The new structure will give this brief clear impetus and to bring a fresh appraisal of our performance this corporate process will be led by the Deputy MD working with the Corporate Strategy & Communications role.

Managing Director/Deputy Managing Director relationship

Both posts will work corporately with the Mayor, PHs, Members, Leadership Team and stakeholders operating flexibly. But the broad division of oversight will be as follows:

MD

- Council & Cabinet meetings
- Strategic engagement such as One Watford & Big Business Connect
- Service transformation & Digital Watford
- Financial strategy
- Programme Management Board
- Organisational development
- Governance
- Stakeholder engagement & Communications
- Corporate strategy
- Outsourced services
- Community services

Deputy MD

- Place shaping

- Housing strategy & delivery
- Planning strategy & development management
- Public realm & transportation
- Asset management
- Major Project delivery
- Property investment board

- Corporate Performance
 - External review
 - Benchmarking
 - Corporate KPIs

4.0 **Implications**

4.1 **Financial**

4.1.1 **Finance**

4.1.2 In a full year the changes will produce annual on-going savings of approximately £70k pa including on-costs (as four posts are to be deleted with the creation of two new posts). Severance costs (estimated to be £160k) will be met from utilising the net contribution to reserves from financial year 2015/16 (subject to confirmation of final outturn position).

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 The Head of Democracy and Governance comments that there are no specific legal implications in this report. The Council will follow its HR policies in relation to the changes recommended where they affect specific post holders. Any changes to agreed budgets as a result of these proposals will have to be approved by Council.

4.3 **HR**

4.3.1 The Council's HR procedures will be applied to manage the changes and this will include redeployment, redundancy and retirement policies. Based on HR advice staff at risk will be considered for new roles where there is a suitable alternative position available. Where appropriate and subject to job descriptions and salary levels, roles may also be redesignated.

Trade unions and staff will be consulted.

4.4 Potential Risk

Potential Risk	Likelihood	Impact	Overall Score
<i>The Council is unable to recruit effectively to the new posts</i>	1	4	4
<i>The council is challenged for breach of procedure or employment law requirements</i>	2	4	8

Appendices

Appendix 1: New Corporate Structure

Appendix 2: Existing Corporate Structure