

CM13.6. Organisation Review 2022

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CONFIDENTIAL	No		
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Purpose of Report

The purpose of this report is to provide Council with the opportunity to review the organisation structure in accordance with Section 333 of the Local Government Act 1993.

Background

The Local Government Act 1993 (the Act) contains a number of specific requirements with regard to the organisation structure, namely:

- the governing body of council is to determine – in consultation with the General Manager (CEO) – an organisation structure, the senior staff positions within that structure and the resources to be allocated towards the employment of staff (Section 332 (1)),
- the General Manager (CEO) must, after consulting the council, determine the positions (other than senior staff positions) within the organisation structure of council (Section 332 (1A)), and
- the positions within the organisation structure of the council are to be determined so as to give effect to the priorities set out in the strategic plans (including the community strategic plan) and delivery program of the council (Section 332 (1B)).

The Act (Section 333) enables the Council to re-determine the structure at any time and requires that this must be done within 12 months of an ordinary election. Council, after consultation with the General Manager (CEO), must approve and adopt the organisation structure by council resolution.

Council reviewed the organisation structure in June 2018 and endorsed a macro level organisational structure, specifically resolving to:

- Receive and note the report on the review of the organisation structure,*
- Adopt a revised two directorate organisation structure as detailed in Attachment 3,*
- Commence this revised organisation structure as of 1 July 2019,*
- Determine the positions of Deputy CEO as "senior staff" in accordance with Section 332 (1)(a) of the Local Government Act 1993, and*
- Authorise the General Manager to take all actions necessary to give effect to the revised organisation structure as adopted.*

Importantly, the adopted organisation structure was given effect as of 1 July 2019 based on indicative functional groupings.

Following the General Manager's position transition to CEO and appointment of the Deputy CEOs, more focused engagement and outcomes feedback was received through one on one and group workshop session with leaders to determine the best possible fit in terms of final proposed functional groupings.

Council had previously considered reports regarding organisation structure and each of these identified the need to ensure that clear objectives guided the determination of the organisation structure. Accordingly, when determining the most appropriate organisation structure, Council and the CEO ensured that the structure:

- is contemporary and right for Albury City Council now and into the future, whilst also maximising opportunities;
- delivers appropriate and timely information to Councillors to allow fully informed decisions to be made;
- delivers Councils identified priorities and enhanced customer service
- achieves long-term productivity gains and cost efficiencies
- facilitates performance management and delivers career progressions opportunities
- facilitates continuous improvement and cultural change
- delivers long-term financial sustainability; and
- comprises the right positions at the macro level, which clearly support the effective delivery of outcomes through a strategic, performance and responsibility focus.

Noting the objectives of the Organisation Review were also to reflect:

- Future needs of the organisation
- Contemporary organisation
- AlburyCity brand focus/tone of voice/appropriate change to role titles
- Leadership roles focus as per 2018 Blackadder report recommendations
- Right people in the right roles

The leaders' group workshop outcomes sought to establish a collective perspective on options and considerations for functional groupings that:

- aligned with our vision, values and purpose
- maximised the ability to address opportunities and challenges (in the context of being future fit, contemporary, responsive)

These objectives and outcomes were then reviewed by the Executive Leadership Team (CEO and DCEOs) to ensure alignment with the key AlburyCity strategies of:

Albury 2030

- *Capacity and capability to deliver*

Brand Strategy

- *Each cluster aligned to either People, Place or Progress*

Customer Experience Strategy

Our people – customer service excellence culture

Our Community – highly engaged and satisfied community, whose needs we understand
Our processes – providing consistent high quality service

Leadership Framework

- *Develop strategy and organisational direction*
- *Lead the organisation*
- *Focus on delivery of large scale short and long term goals*
- *Provide career pathways for emerging and aspiring leaders*

Employee Opinion Survey

- *IT Strategy to support increased use of technology and improve business efficiency and performance*
- *Performance management and plans*
- *Promotion of benefits*
- *Crucial conversations*
- *Project Management Office*
- *Workforce training and development*
- *Customer experience*
- *Internal communications and engagement*

Corporate Performance Strategy

- *Develop Corporate Business Plan*
 - *Success Pillars that deliver on Albury 2030 & 2C1C*
 - *Identify lead indicators*
 - *Strategic forecasting approach*
 - *Capability gap assessment*
 - *Innovative thinking*
- *Service Cluster Systems Views*
- *Team System Views*

Potential Corporate Success Pillars and Measures:

- *Service Delivery*
- *Community Satisfaction*
- *Employee Engagement*
- *Productivity*
- *Financial Success*
- *Governance*
- *Innovation*

Key Focus Areas – Future Service* Leaders focus

- Strong and effective management of the delivery of services/programs/projects in their area of responsibility.

- Make a strong and effective contribution to the Strategic Leaders Group regarding; strategy, leadership and management of Council.
- Providing the necessary leadership to build the required culture throughout their functional area, the Department and the organisation.
- Greater authority for operational management and decision making
- Increased accountability for delivery of service and financial outcomes
- Ensure effective support to Executive Leadership – through strong leadership and capacity to deliver results

**Service Leaders – role title alignment with organisation delivery focus of serving with excellence:*

The Executive then finalised the proposed Service model clusters (revised functional groupings) (attachment 1) with the following focus areas (attachment 2):

- **Community & Place** - contribute to a vibrant, united and affable community atmosphere through integrated planning and delivery of a range community, creative and cultural services
- **Engagement** - combine functions that drive community engagement and provide whole of organisation services to ensure customer led and focused approach to service delivery, improve engagement and reputation management
- **People & Culture** – strengthen focus on workforce development, consolidate safety efforts and ensure best practice governance
- **Strategy & Performance** - improve corporate performance and capacity to deliver on our promises
- **Business & Lifestyle** - drive improved liveability of the city and its economic growth through increased collaboration and service and strategy alignment
- **City Landscapes** – enhance the liveability of our City through the development, presentation and maintenance of the City's natural and active recreational areas and streetscape
- **Assets, Sustainability & Environment** - effectively manage the City's natural and built assets in a sustainable manner, ensuring the well-being of future generations with a best value ethos
- **City Development** - facilitate a strategic and visionary approach to City development aligning community demands with built form, services, open spaces, land use and connectivity
- **City Projects** - successfully deliver City projects and services that are commercially focused and beneficial to the broader region
- **Water & Waste Water** - deliver high quality water and wastewater services to the Albury community with a customer focused approach

Key outcomes were then confirmed as aligned by the Executive as:

- Whole of organisation approach
- Supports strategic focus by Executive and Council
- Aligned with and drives achievement of aspirations and strategic objectives
- 10 Service Clusters focused on People, Place and Progress
- Increased responsibilities of Service Leaders to align with external review recommendations
- Position change and LG Award provisions applied to transition impacted roles

On 22 July 2019 Council was presented with the final organisation structure (Service Delivery Model – Attachment 1) and resolved to:

- a. *Receive and note the report on the organisation review update;*

- b. *Endorse the revised functional groupings (Service Model clusters) within the adopted organisation structure as detailed in Attachment 2;*
- c. *Commence the revised Service Model clusters from 1 October 2019; and*
- d. *Authorise the Chief Executive Officer to take all actions necessary to give effect to the revised Service Model clusters as endorsed*

Issues

Section 333 of the Act requires that *“The council must review, and may re-determine, the organisation structure within 12 months after any ordinary election of the council.”*

The Organisation Review undertaken in 2018, and further developed in 2019, resulted in significant changes to our Service Delivery Model. A detailed implementation plan assisted in ensuring effective and timely transition to the new Model and to support Our People throughout the process.

Following the recruitment and commencement of Service Leaders in their roles in October 2019 a comprehensive functional review of all portfolio areas (teams) was activated to determine further improvements and ensure alignment with Service Model cluster objectives, strategic objectives, statutory requirements, and adequate resourcing to deliver on the Community Strategic Plan.

The 2022 Service Model Summary reflecting minor changes to purpose descriptors and the functions within each Cluster, as a result of the team functional review process, is provided at Attachment 3.

Three years on, our people, Council and community are realising the benefits of the vision set down in 2019. The COVID-19 pandemic did initially impact the activation of portfolio or cluster functional reviews and labour market conditions have, and continue, to present challenges in recruiting to some new or revised positions.

Nevertheless, the Service Delivery Model is delivering on identified objectives as evidenced by:

- Effective leadership to continue to meet the commitments identified in Toward Albury 2050 and the Delivery Program.
- Genuine achievement of Corporate Success Pillar targets, despite an incredibly challenging operating environment in the past two years
- Improvements in Our People Pulse Survey results
- Positive feedback from Councillors regarding their ability to work closely and directly with Service Leaders as specialists in their field, while also having the benefit of the broader strategic perspective and guidance from the CEO and DCEO's
- Maintaining significantly higher customer satisfaction levels (2022) than other regional Council's including:
 - Satisfaction with ease of contact with Council was a strong result at 92%,
 - How the contact was handled was at 84%, and
 - Residents indicated that they were satisfied with Council's level of communication at 87%.
 - In addition, residents are generally satisfied with the 57 services surveyed, with the majority having satisfaction ratings of 70% or higher.

- Service Leaders working at level in terms of focus and capacity, ensuring both effective support to the Executive leaders (CEO/DCEOs) and an appropriate balance across the clusters.
- Maximising the opportunity to reinforce the key aspects of AlburyCity's Leadership culture through ensuring that effective leadership and succession management planning is in place across the senior leadership level of AlburyCity.
- Our ability to retain senior leaders, despite competitive market conditions, ensuring organisation stability and retention of corporate knowledge.

Foreshadowed Legislative Change

In response to the findings and recommendations of the Independent Commission Against Corruption arising from its investigation of the former Canterbury City Council (Operation Dasha), the parties to the Local Government (State) Award (the Award), have requested the Government to amend the Local Government Act 1993 (the Act) to remove the ability for councils to determine positions in their organisation structure to be "senior staff positions".

The Office of Local Government (OLG) has issued a discussion paper to seek the views of the broader local government sector on the changes requested by the parties to the Award. This feedback will be used to inform the Government's position on this issue.

The recommendation presented for Council's consideration acknowledges the potential for this change should it occur.

Risk

- **Business Risk** – Council investment in the Service Delivery Model endorsed in 2019 has delivered the desired result, despite the challenging operating environment. The last 3 years has been a period of significant change, particularly given the impacts of COVID-19, which has required our people to maintain high levels of adaptability and agility to ensure business continuity. Our focus on continuous improvement and reviews of functional areas when conditions or service demands change, ensures our organisational structure is effective and responsive. A significant change to organisation structure at this time could be difficult to give effect to, given the tight skills and labour market conditions, and would be disruptive to service delivery.
- **Corporate Risk** – The current organisational structure is supporting the achievement of community aspirations and ambitions identified in Towards Albury 2050 and the Four-Year Delivery Program. Customer Satisfaction remains higher than our regional council counterparts and satisfaction levels of our people are continuing to improve. Any changes to the organisation structure could have a negative impact on Council's reputation unless it provides demonstrable benefits to service delivery and an enhanced ability to meet strategic and operational objectives.
- **WHS and Public Risk** – The past three years has been a period of significant transition and change for our people. With the last review outcomes now fully implemented we have moved into a period of some stability, providing increased levels of confidence and engagement with our people.

- **Environmental Risk** – Previous changes to our organisation structure have significantly enhanced our focus and resourcing to manage a range of environmental risks and make a greater contribution to environmental sustainability.
- **Delivery Program Risk** – The adopted One Year Operational Plan and Four-Year Delivery Program reflect the current organisational structure. Any changes to the organisation structure could impact adopted budgets.

Options

1. That Council:
 - a. Receive and note the report on the review of the organisation structure,
 - b. Endorse the two directorate organisation structure as detailed in Attachment 1,
 - c. Determine the positions of Deputy CEO as “senior staff” in accordance with Section 332 (1)(a) of the Local Government Act 1993, (and subject to any foreshadowed changes to the Act provisions); and
 - d. Authorise the Chief Executive Officer to take all actions necessary to give effect to the organisation structure as adopted. **Recommended.** Or
2. Re-determine the organisation structure, in consultation with the CEO, and seek further report detailing alternative options. **Not recommended.**

Conclusion

Section 332 of the Local Government Act 1993 requires Council to determine an organisation structure following consultation with the General Manager (CEO). Section 333 enables the Council to re-determine that structure at any time and requires that this must be done at least within 12 months of an ordinary election. Council’s most recent review occurred in June 2018 and the revised macro level organisation structure was implemented from July 2019.

Through the consideration of a number of Council’s adopted strategies and the 2018 external organisation review report by Blackadder Associates, in 2019 the CEO and DCEOs reviewed the balance of the structure to ensure the functional groupings (Service model clusters) were contemporary, aligned with the Community Strategic Plan and Delivery Program, delivered on Council’s priorities and ensured the right positions at the Service Leader level.

The transition to the organisation structure, which was endorsed to take full effect from October 2019, has not been without its challenges, particularly given the commencement of the COVID-19 pandemic in March 2020.

Nevertheless, the benefits and advantages of that revised organisation structure are now being fully realised, as evidenced by the achievement of many of our aspirational corporate success targets in the past two years – under difficult circumstances.

A focus on continuous business improvement, and activation of functional reviews when operating environments, community needs and/or strategies and plans changes, ensure that our organisation remains agile and adaptable.

Attracting and retaining employees is particularly challenging given current market conditions and our operating environment continues to be impacted by disruptions in supply chains, increasing inflation and changing policy and statutory requirements.

Given the positive results now being delivered by our current organisation structure, there are no changes recommended at the present time. As highlighted above, Council can re-determine the structure at any time should it elect to do so.

Recommendation

That Council:

- a. Receive and note the report on the review of the organisation structure.
- b. Endorse the two directorate organisation structure as detailed in Attachment 1.
- c. Determine the positions of Deputy CEO as "senior staff" in accordance with Section 332 (1)(a) of the Local Government Act 1993 (and subject to any foreshadowed changes to the Act provisions); and
- d. Authorise the Chief Executive Officer to take all actions necessary to give effect to the organisation structure as adopted.

Attachments

1. Organisation Review – Service Model clusters within 2019 adopted structure (DOC22/205778)
2. Organisation Review – Service Model summary - 2019 (DOC22/205781)
3. Organisation Review – Service Model summary – 2022 (DOC22/207576)