

# LATE ITEM NO 1 – CHIEF EXECUTIVE OFFICER’S REPORT COUNCIL MEETING – 11 OCTOBER 2005

## ORGANISATIONAL STRUCTURE

62570

**WARD:** All

**RESPONSIBLE** Garry Hunt

**DIRECTOR:** Office of the CEO

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### PURPOSE

To consider a proposal to modify the organisational structure at the Executive level.

### EXECUTIVE SUMMARY

A detailed review of the organisational structure has been undertaken over the last six months by the CEO. The approach utilised has involved:

- analysis of senior executive roles;
- review of governance and policy;
- analysis of operations of the CEO Unit;
- organisational review process;
- comparison with organisational structures in other local governments of a comparable size; and
- review of capacity to deal with industry sector issues.
- Identification of organisational risks.

The focus of the review has been in regard to:

- the capacity of the organisation to meet the strategic objectives defined by the Council,
- the need to address the legislative requirements of the Local Government Act and other relevant legislation,
- ensuring the organisation has the capacity to meet contemporary management requirements and to achieve, or exceed, industry benchmarks.

The proposed structure addresses organisational deficiencies in governance identified in the *Governance Review – Final Report*, and will also assist with the implementation and ongoing development and monitoring of the newly developed *Governance Framework*.

This report presents a revised preferred organisational structure that includes an additional Directorate (Governance and Strategy), fewer direct reports to the Chief Executive Officer, and greater focus, coordination and alignment in the priority areas of governance and strategy.

It is recommended that Council endorses the proposed Organisational Structure, shown as *Appendix 1* to this report that includes the creation of a new Directorate, Governance and Strategy, and the establishment of a new Senior Employee position titled, Director Governance & Strategy.

It is further recommended that Council:

- Retitles the position of Director Corporate Services and Resource Management to Director, Corporate Services; and
- Retitles the position of Director Infrastructure and Operations to Director, Infrastructure Services.

The title of Director Planning & Community Development is to remain unchanged.

The proposed changes can be accommodated within the total budget for the 2005/06 financial year.

## **BACKGROUND**

In 1998 the Council endorsed an organisational structure comprising the CEO and four Directorates titled Community Development, Resource Management, Development Services, and Business Units. This structure is shown as *Appendix 2* to this report.

Subsequently, in 2002 the Council of the day endorsed a revised organisational structure reducing the number of directorates from four to three. The Directorates endorsed were, Planning and Community Development, Infrastructure and Operations, and Corporate Services and Resource Management. This is the current organisational structure and is shown as *Appendix 3* to this report.

This structure includes a number of business units reporting directly to the CEO namely, Audit and Executive Services, Marketing, Communications and Council Support, Strategic and Sustainable Development, and Human Resources.

Following the appointment of a new CEO in February 2005, an organisational review was initiated in June 2005 with the aim of establishing whether the goals and resources of the City were appropriately aligned to the strategic direction set by the Council.

The Review was conducted by three Project Teams (Organisational Development, Service Review, and Process Review) that reported directly to the overall Project Team led by the CEO. The review was deliberately high level in nature and the work of each of the Project Teams focussed on the following phases in relation to their specific area of review:

- An assessment of the overall functioning of the organisation and the driving forces for business operations;
- Factors impacting on business operations (current and future); and
- Sources of problems and areas for improvement.

A separate analysis by the CEO identified significant issues and gaps in governance matters and highlighted the need for greater emphasis and coordination to be deployed to this area

In addition to the Organisational Review findings, the CEO, in consultation with the Executive Management Team, has reviewed the current organisational structure in order to identify opportunities for structural configurations that will enhance alignment in key areas and, therefore, service delivery and the achievement of strategic imperatives.

## **DETAILS**

The present structure has three Directors and four Managers reporting directly to the CEO (Audit and Executive Services; Marketing, Communication and Council Support; Strategic and Sustainable Development; and Human Resources) in addition to the three Directors. This structure is logistically problematic in that the time needed to provide support to these direct reports is extensive, and the CEO has, through the inclusion of these business units in his directorate, assumed major responsibility for operational matters, which has resulted in reduced time to focus on leadership, stakeholder liaison, change management and strategic oversight

Reporting lines were an important consideration in the development of the preferred structure. Areas of concern with the current structure include:

- Three Directors;
- Four Managers directly reporting to the CEO in relation to day-to-day operations;
- A lack of focus and time available for:
  - strategic projects of importance;
  - development and management of networks and partnerships with key stakeholders;
  - the requirement of the CEO under the current structure to be actively involved with administrative matters relevant to governance;
  - Greater focus needed on invigorating the business sector of the Joondalup CBD.

The proposal to employ an additional Senior Executive will enable the backlog of matters to be addressed and will provide the CEO with the necessary structure and support to enable greater focus by the CEO on:

- Strategic direction and priorities; and
- Preparing the organisation to meet and manage community needs and expectations.

## **Purpose of the Position**

- To provide governance advice to assist in the formulation and development of the strategic direction of the City;
- To provide professional and technical governance advice to the Chief Executive Officer, Council and staff to enable policy formulation on matters of a governance and strategy nature;
- To provide management and direction to the Governance and Strategy Directorate and to ensure that all governance and policy objectives of the City are achieved;
- To provide strategic direction and management advice on organisational development, governance, strategy and marketing within the City;
- To develop, in conjunction with other members of the Executive, policy objectives and direction for the City;
- To contribute to the resolution of corporate issues by actively participating in the Executive Management Team.

It was projected that considerable savings would be realised from the organisational restructure in 2002. It is difficult to substantiate whether this is the case or not however what is apparent is that the lack of a senior executive resource has impacted financially on the operations of the City. It is considered that the organisation would have been better placed to deal with the governance issues that arose if a senior executive had been in place, with the appropriate authority to address such matters in a timely and expedient manner.

#### **Issues and options considered:**

The Directors have been consulted during the review and analysis process and have been provided the opportunity to comment on the proposed new structure.

There is a need for the CEO to be responsible and have time available for strategic issues, 'politically sensitive' and potentially controversial issues.

The most recent restructure in 2002 resulting in the reduction of senior executive resources has not achieved its intended objectives.

The City of Joondalup is the second largest Local Government in Western Australia by population and the third largest by budget and comparisons with the organisational structures of local authorities of a similar size show that, in all instances, four directorates or more are in place:

<b>Local Government</b>	<b>Number of Directorates</b>
City of Mandurah	Four (plus corporate lawyer)
City of Stirling	Four (plus Deputy CEO)
City of Melville	Five
City of Swan	Six
City of Wanneroo	Four

Whilst the situation at other Local Governments is not a reason in itself to modify the structure, it does highlight the Industry norm.

#### **Link to Strategic Plan:**

Key Focus Area: Organisational Development

**Outcome:** The City of Joondalup provides quality value-adding services

**Objective 4.2:** To provide quality services with the best use of resources

#### **Legislation – Statutory Provisions:**

Relevant legislative provisions:

##### *5.2 Administration of local governments*

*The Council of a local government is to ensure that there is an appropriate structure for administering the local government.*

**5.36 Local government employees:**

*(1) A local government is to employ –*

- (a) A person to be the CEO of the local government; and*
- (b) Such other persons as the Council believes are necessary to enable the functions of the local government and the functions of the Council to be performed*

**5.37 Senior employees:**

- (1) A local government may designate employees or persons belonging to a class of employee to be senior employees*
- (2) The CEO is to inform the Council of each proposal to employ or dismiss a senior employee and the Council may accept or reject the CEO's recommendation but if the Council rejects a recommendation, it is to inform the CEO of the reasons for its doing so.*

**5.41 Functions of CEO:**

*The CEO's functions are to: -*

- (a) Advise the Council in relation to the functions of a local government under this Act and other written laws;*
- (b) Ensure that advice and information is available to the Council so that informed decisions can be made;*
- (c) Cause Council decisions to be implemented;*
- (d) Manage the day-to-day operations of the local government;*
- (e) Liaise with the Mayor or President on the local government's affairs and the performance of the local government's functions;*
- (f) Speak on behalf of the local government if the Mayor or President agrees;*
- (g) Be responsible for the employment, management supervision, direction and dismissal of other employees (subject to section 5.37(2) in relation to senior employees);*
- (h) Ensure that records and documents of the local government are properly kept for the purposes of this Act and any other written law; and*
- (i) Perform any other function specified or delegated by the local government or imposed under this Act or any other written law as a function to be performed by the CEO*

**Risk Management considerations:**

Some of the risks facing the City are:

- Governance matters
- Services not meeting community needs and expectations
- Capacity to develop policy

The preferred organisational structure has been designed to position the City to better manage its community's future demands, expectations and values, and to identify and manage business risks.

#### **Financial/Budget Implications:**

The costs associated with the new position, including on-costs such as setting up an additional office, purchase of computer equipment, and telephone rental are estimated at \$297,000.

It is proposed that the total employment contract will equate to the current market value, which is in the vicinity of \$155,000 - \$165,000.

It is anticipated, however, that the new Director will not be employed until February 2006 at the earliest; therefore costs to be borne in the 2005/06 financial year will be approximately \$120,000. This amount can be funded from existing budget allocations.

<b>Account No:</b>	
<b>Budget Item:</b>	
<b>Budget Amount:</b>	\$ See below
<b>YTD Amount:</b>	\$
<b>Actual Cost:</b>	\$

#### **Policy implications:**

##### **Policy 8-5, Employment.**

This policy outlines the City's role as an employer of staff and details legislative requirements with regards to equal opportunity employment and occupational health and safety.

The policy also refers to all staff holding the position of Director as senior employees in accordance with the Local Government Act.

#### **Regional Significance:**

The proposed restructure will provide an increased level of executive support and therefore enable the CEO to assign increased time and effort to regional matters and priorities.

#### **Sustainability implications:**

The preferred organisational structure will ensure the sustainability of the organisation and community through:

- Enhanced corporate governance (culture, processes, strategy and planning);
- Enhanced leadership (guidance and direction) and responsiveness (participation and consultation); and
- Greater efficiencies and alignment in operations and service delivery.

#### **Consultation:**

Not Applicable

## **COMMENT**

The preferred organisational structure has been developed in order to ensure optimum delivery of services to the City's customers and stakeholders, and to support the strategic initiatives on the current and future agenda.

The current structure:

- Has too many direct reports to the CEO; and
- Does not support a coordinated approach to the management of governance matters

There is a compelling argument for the establishment of a fourth directorate given the increasing emphasis on governance, the likely potential demands following the report of the *Inquiry into the City of Joondalup*, and the need to support Elected Members in the near future.

Changes to the organisational structure will facilitate greater efficiencies and enhanced service delivery however, irrespective of where particular functions are located there is a continuing need for open and transparent communication between and across the various functions and business units of the City.

The proposed restructure has also provided the opportunity to review the titles of the current Directorates, and modifications are recommended to the Director Corporate Resources and Management, and the Director Infrastructure and Operations. The recommended title changes provide greater clarity to the community and the organisation on the role of these Directorates.

## **ATTACHMENTS**

- Appendix 1 Proposed Organisational Structure
- Appendix 2 Organisation Structure 1998.
- Appendix 3 Current Organisational Structure

## **VOTING REQUIREMENTS**

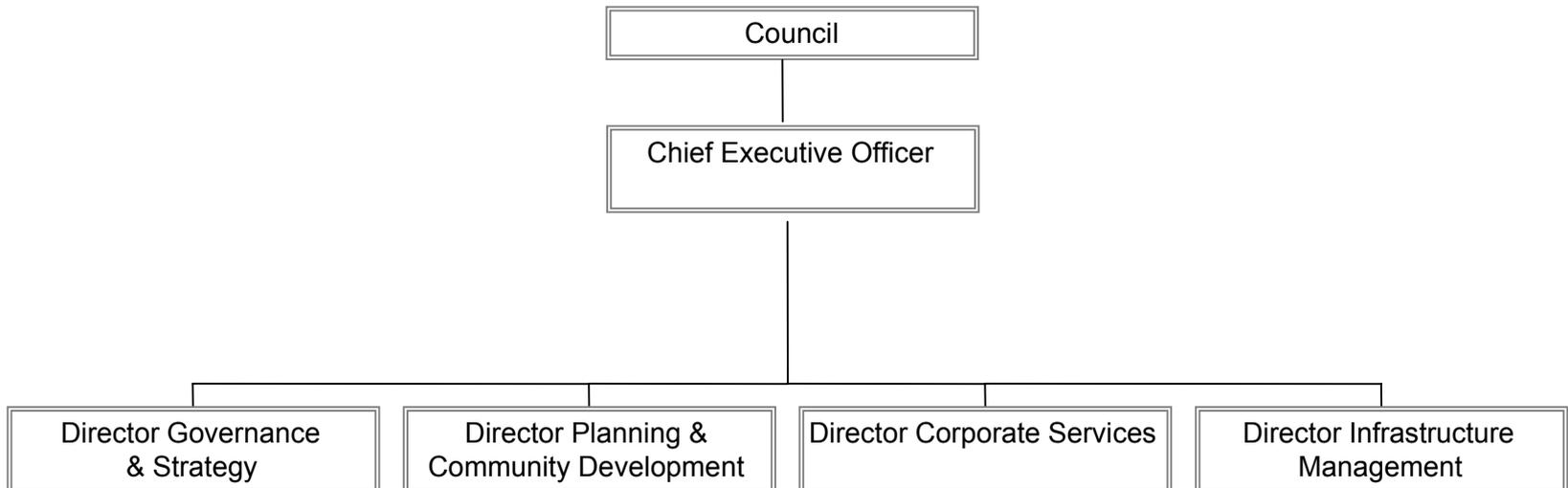
Absolute Majority

## **RECOMMENDATION**

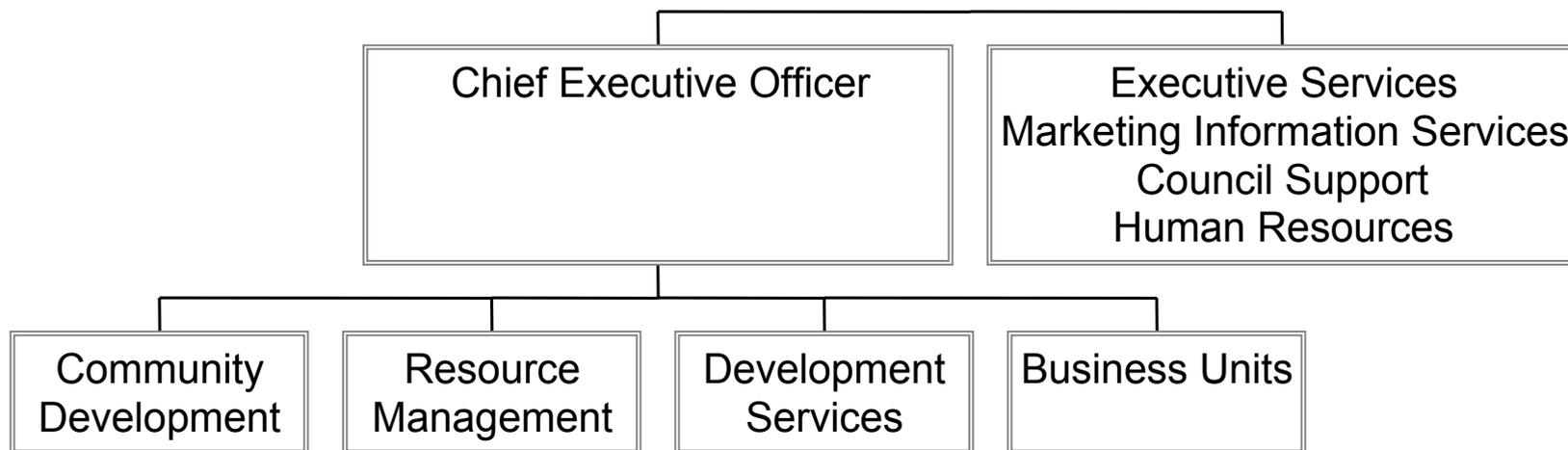
**That the Council:**

- 1 ADOPTS the organisational structure shown as Appendix 1 to this Report;**
- 2 ENDORSES the establishment of a new position of Director Governance & Strategy, and that this position be assigned Senior Employee status, in accordance with Section 5.37 of the Local Government Act 1995;**
- 3 AUTHORISES budget funds to be made available from the 2005/06 financial year for this new position.**
- 4 AUTHORISES the CEO to commence recruitment of this position;**
- 5 RETITLES the position of Director, Corporate Services and Resource Management to Director, Corporate Services;**
- 6 RETITLES the position of Director Infrastructure and Operations to Director, Infrastructure Services.**

# PROPOSED ORGANISATIONAL STRUCTURE



# ORGANISATIONAL STRUCTURE - 1998



# ORGANISATIONAL STRUCTURE - 2002

