REVIEW OF ORGANISATION STRUCTURE
DISCUSSION PAPER
SEPTEMBER 2012

Blackadder Associates Pty Limited
ABN 66 124 446 831

PO Box 493
CONCORD NSW 2137

stephen@blackadderassoc.com.au
Mob 0412 255 149  Office 8765 1200

www.blackadderassoc.com.au
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXECUTIVE SUMMARY</td>
<td>Page 3 - 5</td>
</tr>
<tr>
<td>01 INTRODUCTION</td>
<td>Page 6 - 8</td>
</tr>
<tr>
<td>02 COUNCIL AND ORGANISATION OVERVIEW</td>
<td>Page 9 - 11</td>
</tr>
<tr>
<td>03 SETTING THE SCENE – CONTEMPORARY ISSUES IN LOCAL GOVERNMENT</td>
<td>Page 12 - 15</td>
</tr>
<tr>
<td>04 SETTING THE SCENE – INTERNAL ORGANISATION ISSUES ARISING FROM CONSULTATION</td>
<td>Page 16 - 25</td>
</tr>
<tr>
<td>05 EXISTING ORGANISATION STRUCTURE</td>
<td>Page 26 - 28</td>
</tr>
<tr>
<td>06 PROPOSED ORGANISATION STRUCTURE</td>
<td>Page 29 - 45</td>
</tr>
<tr>
<td>07 FINDINGS</td>
<td>Page 46 - 50</td>
</tr>
<tr>
<td>08 WHERE TO FROM HERE</td>
<td>Page 51</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENTS</td>
<td>Page 52</td>
</tr>
</tbody>
</table>
EXECUTIVE SUMMARY

Blackadder Associates Pty Ltd, a specialist local government consultancy (see www.blackadderassoc.com.au) was selected in July 2012 to undertake a review of the Council’s organisation structure. The objectives of the review were:

- Development of an organisational structure from managerial level up;
- Structure capable of delivering strategic objectives;
- Expand or improve strategic capability;
- Allow for leadership development of senior executives; and
- Establish career path options for employees.

At the outset we recognise and acknowledge the significant achievements of councillors and staff, past and present, in pioneering the development of the Clarence Valley Council since its inception in 2004. The formation of the new Council from the former Copmanhurst, Grafton, Maclean and Pristine Waters Councils and the activities of North Coast Water and Clarence River County Council was indeed challenging in so many ways and no one should dismiss or undervalue the achievements of the Council in meeting those challenges. At the same time, 8 years after amalgamation it is an appropriate time for the Council to look afresh at its achievements and takes action to make the next big step towards best practice in local government. The above brief provides one opportunity to do so.

The Blackadder Associates team comprising of Stephen Blackadder, William Taylor and Robert Ball commenced the project on 15 August 2012 with the first visit to the Council offices in Grafton. During the course of the assignment over the next fortnight the team visited various council offices, reviewed documents and submissions and had discussions and/or conducted workshops with:

- Mayor
- Councillors
- General Manager
- Deputy General Managers
- Senior Managers
- Staff Reference Group

In conducting any organisation review we apply a particular methodology but at the same time the unique circumstances of Clarence Valley Council must shape the future of the organisation. So, any organisation review undertaken by Blackadder Associates has a clear regard for the environment in which the Council operates. On that basis it has been important to highlight in the Discussion Paper a range of contemporary issues facing Local Government in NSW and Australia as well as the particular issues facing the internal organisation. A number of findings are made that, hopefully, will guide the Council in the challenge ahead to deliver on the Clarence Valley community needs and aspirations as outlined in the Community Strategic Plan, “Valley Vision 2020”.

We have made an important finding – the staff team at Clarence Valley Council is performing at a good level, have a sound foundation to meet the challenges of the future and appear to acknowledge the opportunities available. They have a desire to move from good to great. We sincerely congratulate the staff on their dedication and with their assistance we have identified opportunities for improving the organisation, particularly in the strategic context, the staff culture, the leadership required for the future and the systems and processes that will assist in improving culture and delivering on the strategy.
The Discussion Paper which follows provides an in-depth analysis of the information obtained and makes a series of findings and recommendations. In general we find that the current structure must be changed to deliver the productivity improvements and financial savings required for the future to invest in community services and replace assets and infrastructure. The revised structure is necessary to build in the necessary capacity and capability to meet the challenges outlined in the Discussion Paper. Whilst savings have not been a key driver of this review it is none the less an opportunity to release funds for allocation to priority works and services in the future.

We favour a three department structure as it will provide a balance between the requirement to build effective managerial support and to ensure cost effectiveness.

This change at the top will deliver up or lead to the results required if introduced effectively - it will enable the General Manager and the Executive Team to assume a different role within the organisation – to give more attention to strategic delivery of services and guiding an improved culture within the organisation.

More importantly it will require the middle manager level to take on an increased responsibility for service reviews and service delivery. We observe there is considerable capacity for managers to do so - many managers are currently not exercising the level of management required – and a large part of the day to day operations are being directly managed by the existing Deputy General Managers. There are reasons for this but it must cease. The roles and responsibilities of the senior staff need to be redefined.

For the changes to work the elected Councillors in their Governing Body role will need to allow time for the changes to be brought into effect. The Councillors will need to make important decisions about structure, resource allocation and policy development. Importantly, they need to give support to the General Manager and the Senior Leadership Team in this important task.

For the findings contained in the Discussion Paper report to be addressed an increased commitment from the staff at all levels will be needed to make the changes work. We have seen enough to be extremely confident the staff have that commitment – those interviewed stressed they have been seeking change for some years and this is the time for that change to be made.

If the findings are effectively addressed there are some significant benefits that will follow – and we put forward a top 10:

1) Making the top team more effective – the addition of a support person to the top team will aid in more effective co-ordination of team members and assist in their strategic and operational management focus.

2) Creating “One Council” – while much progress has been made since amalgamation the “up river-down river” culture is still strong and change in leadership and operational management will move the culture towards a whole of organisation approach.

3) Tackling the silo mentality – much of the good work since amalgamation is partially undermined by people working within their own departments without much interest in what the council as a whole is trying to achieve. The initiatives to introduce more effective performance management, project management and a review of staff accommodation and location of senior staff will go a long way to addressing this.

4) Transforming Service Quality – the actions on performance management, project management, organisation development, financial planning, asset management and customer service will lead to the quality of the services offered by the Council being enhanced.
5) **Transforming Service Efficiency** – the actions on findings will lead to more cost effective ways of operating.

6) **Promoting a customer focus** – at present the customer service processes are dispersed and consequently lack consistency. Our package of proposals seeks to address this.

7) **Measuring Performance** – the actions on findings will see a comprehensive corporate performance measurement system introduced which will enable the Council to review services, identify poor performing areas, head off any emerging problems, and publicly acknowledge significant achievements.

8) **Developing Staff** – the need for increased organisational development, leadership development and skill development is an important finding and will lead to increased staff capacity and capability if actioned.

9) **Promoting Effective Asset Management** – our proposals seek to ensure that the Council’s considerable asset base is managed according to “best value” principles and every opportunity is taken to derive a commercial return on investment on those assets where possible.

10) **Creating Effective Channels of Communication** – the promotion of high quality communications both within the council and to the community is an integral part of this Discussion Paper and more effective community engagement is possible along with a more informed staff group.
01 INTRODUCTION

In order to achieve an optimum employee arrangement it is imperative that the Council reviews its organisation structure on a periodic basis to ensure it can deliver desired strategic outcomes.

In accordance with Section 333 of the Local Government Act 1993, every council in NSW is required to review its organisation structure within one year following the completion of a quadrennial election. With the NSW local government elections held on September 8 this year, it is timely to commence the preliminary assessment and preparation work so as to have a draft organisation structure ready for review and consideration by the newly elected Clarence Valley Council early in its term of office.

In July 2012 the General Manager of Clarence Valley Council, Scott Greensill, advised that Blackadder Associates Pty Ltd had been successful in a submission to assist in conducting a review of the Council’s organisation structure. The objectives (deliverables) of this review were:

- Development of an organisational structure from managerial level up;
- Structure capable of delivering strategic objectives;
- Expand or improve strategic capability;
- Allow for leadership development of senior executives; and
- Establish career path options for employees.

The project commenced on 15 July with the initial visit to the Council. The review is in four stages addressing the “5 key steps” outlined in the Clarence Valley EOI Document:

Stage 1: Project inception
Stage 2: Research, analysis and initial consultation
Stage 3: Consultation on structure options
Stage 4: Comprehensive report detailing structure options and recommendations.

Stage 1 – PROJECT INCEPTION

The team met with the General Manager to agree the methodology and confirmed the format, focus, scope, structure and communication format of the approach to ensure all relevant aspects were addressed. This specifically addressed **Step 1: Stakeholder identification and communication** as outlined in the EOI.

Stage 2 – RESEARCH, ANALYSIS AND INITIAL CONSULTATION

This stage involved several key tasks and specifically covered **Step 2: Information gathering and interviews** as outlined in the EOI.

The purpose of this stage was to gain an initial appreciation of the views of the General Manager, Deputy General Managers, senior Managers and Councillors on structural issues.

Workshops were conducted with both Deputy General Managers and functional managers to discuss and consider current and emerging issues and how these might apply at Clarence Valley.

Individual meetings were then held with all managers to gain their personal insight into service levels, resourcing, performance, structure and sustainability.
Following a “one on one” session with the General Manager and an initial manager workshop facilitated by Stephen Blackadder, Will Taylor and Robert Ball met with the Staff Reference Group and with the Mayor and councillors in a workshop environment to gain their insight into service planning, delivery expectations and structural challenges.

This information and background review has allowed us to understand key job activities, the strategic and cultural environment, service levels, staffing challenges and future sustainability.

As with our approach to organisation reviews generally it has been important to make a general assessment of whether each manager understands both the organisation’s strategic goals and how their services contribute; whether they know who their customers are – internal as well as external; whether customer satisfaction has been assessed and evaluated and whether such satisfaction has improved over time; whether the service has reviewed its end to end processes to make them as efficient as possible and uses appropriate technology to optimise performance; whether the service has a culture where the service regularly challenges itself to improve; whether the service uses relevant data; has a focus on performance against challenging targets; whether initiatives to improve customer satisfaction have been effective; and is open to implementing other solutions such as shared service provision, outsourcing etc, and is best organised to deliver expected outcomes.

All of this information has allowed us to make a preliminary assessment of service levels, reasons for service delivery, and structural options that should be considered.

The outcome of the initial management, staff and councillor consultation has been:

- An understanding of the **challenges** confronting the Council in terms of delivering its strategic and operational priorities efficiently and effectively.
- An understanding of the **expectations** of the General Manager, current Management Executive and Councillors in undertaking the above objective.
- A list of **issues/challenges** perceived by the management and Councillors and the **options/initiatives** suggested to meet the challenges.
- A range of options regarding the **shape** of the management structure.
- An understanding of the type of managerial **skill gaps** that exist, along with proposals to close those gaps.
- An understanding of the **issues** to be addressed in the draft report.

**Stage 3 – DEVELOPMENT OF DISCUSSION PAPER**

Armed with this diagnosis and research, we are now in a position to develop structural options with the benefits, potential disadvantages and risk associated with each. This will address both **Step 3: Design, develop and test organisation options** and **Step 4: Develop appropriate organisation option** contained within the EOI.

The draft Discussion Paper outlines structural options and will:

- Evaluate the existing management structure, customer service levels, Key Performance Indicators and service standards; in particular options regarding a model for an optimum management structure.
- Assess the council’s capacity to improve its strategic capabilities.
- Indicate specific areas where the current structure does not align with the overall strategic goals.
- Contain observations and analyses based on our knowledge and expertise and understanding of the issues confronting the Council.
- Provide options as to how leadership qualities of existing managers can be enhanced.
Following evaluation of the Discussion Paper we anticipate pursuing Stages 4 and 5.

**Stage 4 – CONSULTATION ON STRUCTURE OPTIONS**

We expect the Discussion Paper will be released for comment and formal submissions invited from:

- Executive Team
- Managers
- Staff Reference Group
- Staff generally
- Councillors.

The General Manager has periodic staff meetings and it is suggested the next series of meetings would be an ideal opportunity for the General Manager to introduce all staff to the findings and recommendations of the Discussion Paper. Submissions should be invited so that any errors in the Discussion Paper can be corrected or any findings and recommendations re-evaluated.

**Stage 5 – REPORT DETAILING OPTIONS AND RECOMMENDATIONS**

A final report would be provided to the General Manager after submissions have been assessed to assist the General Manager in reporting a formal proposal to the Council. The report will provide our diagnosis, research, analysis and preferred option to the General Manager. The report will also recommend a process for implementing the new structure. This stage will fully address **Step 5: New organisation structure formalisation** contained within the EOI.

We will present the project report at a meeting of the Management Executive or other appropriate forum and we are available to attend other appropriate forums, and a meeting of the Council, to present the report.

Drawing on the results of Stages 1 to 4 the final report will clearly address the deliverables sought from the project:

- Development of an organisational structure from managerial level up;
- Structure capable of delivering strategic objectives and cost efficiencies and effectiveness;
- Expanded or improved strategic capability;
- Allow for leadership development of senior executives;
- Establish career path options for employees.

The final report will also contain a detailed **action plan** identifying strategies and actions, timing, roles and responsibilities in delivering the action plan, priorities for delivering the action plan and activities to report on and monitor progress in implementing the action plan. It will also address the financial impacts of report recommendations. We are also cognisant of the probable capacity gaps that will be identified and the need to make provision for new skill sets. We are also aware of the intention in Step 4 to specifically address this issue, and of course the key deliverables to allow for leadership development and career paths.

We will prepare an improvement list to address initiatives needed to support Council’s strategy and the new structure. This will be drawn from discussions and dialogue from Councillors, managers and staff. Importantly it will also reflect best practice from other innovative organisations both inside and outside local government.
02 COUNCIL AND ORGANISATION OVERVIEW

The Council and Clarence Valley

Clarence Valley Council (CVC) was proclaimed on the 25 February 2004 and co-joined the former general purpose Councils of Copmanhurst, Grafton, Maclean and Pristine Waters and the activities of North Coast Water and Clarence River County Council.

The Clarence Valley is a place of outstanding natural beauty and diversity, from lush rainforests to unspoilt beaches and fertile river plains.

Clarence Valley has a population of 52,000 residents with Grafton as the main service centre.

The Clarence River, more than 380kms in length, is the Valley's living link connecting the rural localities and rugged mountain ranges in the west to the City of Grafton, onward to the hinterland villages, historic river towns of Ulmarra and Maclean and the coastal centres of Yamba and Iluka. The River and its tributaries - the Coldstream, Mann, Nymboida and Orara Rivers form the largest river system on the NSW North Coast, with a catchment of over 2 million hectares.

The Organisation

Council provides a range of day-to-day services for its local community, including:

- Aboriginal services
- Affordable housing
- Aged and disability
- Cemeteries
- Community centres and halls
- Community safety
- Infrastructure
- Library services
- Pets and animals
- Planning and development services
- Recreation facilities
- Support services
- Tourism and business
- Waste and recycling
- Water and sewer
- Youth and children

The role of the councillors is to set the council’s strategic direction and make final policy decisions. Council meetings are held at 4.00pm on the third Tuesday of each month and meetings of the Civil and Corporate and Environment, Economic and Community Committees are held on the Tuesday the week before the Council Meeting at 2.00pm and 4.00pm respectively. Council and Committee meetings alternate between the Grafton and Maclean offices.
Council employs a range of administrative, outdoor, technical and professional staff. The General Manager is responsible for implementing the strategic direction and policies set by the councillors and managing the work of council staff.

The current organisation structure is:

The Council has adopted a Vision, Mission Statement and Corporate Values:

**Vision**

*Life in the Clarence Valley, now and in the future, is based on a culture of living sustainably that protects and carefully utilises the natural environment, its beauty and resources, our cultural heritage and unique identify of our valley and its communities.*

**Mission Statement**

*Clarence Valley Council is an incorporated local government entity that cooperatively plans for and achieves on behalf of the Clarence Valley community:*

- protection of ecological systems;
- positive social and community development;
- cultural diversity, expression and creativity;
- economic prosperity and efficient resource use;
- quality human habitat and essential services; and
- protection of our valuable natural and cultural heritage

*through supportive, accountable and participatory decision-making, management and action that actively involves the wider community.*
Corporate Values

- *Integrity in making decisions and carrying out works and services*
- *Working together as a team and, as a team, accepting accountability for our actions*
- *Respect for each other.... for all in our organisation and our community, both now and in the future*
- *Continually seeking to improve the way we do things*
- *Always considering the long term effect of decisions and actions*

The commitment to strategic direction, organisation review, change management and operational improvement demonstrated by councillors and staff is acknowledged and commended.
03 SETTING THE SCENE – CONTEMPORARY ISSUES IN LOCAL GOVERNMENT

INTRODUCTION

In developing approaches to the structuring of an organisation both internal and external influences have to be considered. In conducting any organisation review it is our practice to acknowledge and assess the numerous external challenges facing local government in NSW at the present time. An understanding of the issues is necessary to ensure that Clarence Valley is prepared for the future and not just the present. These challenges include in particular ones arising from the 2011 Dubbo “Destination 2036 Action Plan”, and include:

- Integrated planning and reporting
- Demands for efficient and effective service delivery
- Quality governance and leadership
- Financial sustainability
- Appropriate structures
- Strong relationships

A brief outline of these issues is as follows

INTEGRATED PLANNING AND REPORTING

In October 2009 legislation was enacted requiring all councils in NSW to develop with their communities a long term (minimum 10 year) community strategic plan. Councils in NSW in the past have had a 3 year vision through their Management Plans.

The Clarence Valley community has its “Valley Vision 2020” Community Strategic Plan adopted by the Council in 2008. The Plan guides the actions and priorities of the Council over the next 8 years and has the potential to change the way the council operates. Progress is to be monitored and reported to the community annually. The Plan must be reviewed during the term of the next Council and the opportunity presents itself to refresh and enliven the plan – our consultation suggests that staff are not well aligned with or have strong support for its directions.

DEMANDS FOR EFFICIENT AND EFFECTIVE SERVICE DELIVERY

Communities worldwide are demanding better quality and faster service delivery. No NSW Council is immune from that trend. These higher expectations will require councils to have available new skills and techniques if they are to be successful. However, with the retirement of the baby boomers, and industries such as mining taking many skilled workers away from traditional occupations, local government has had to meet the service delivery challenge in an environment of skills shortages. The old ways of doing things will no longer be acceptable. Innovation and the use of new technology will be expected. New methods of delivering services will need to be developed.

Local Councils will need to mix and match their approaches to service delivery if they are to achieve better service delivery at the least cost. This will include options such as day labour, contracting, resource sharing, shared services across regions, volunteers, cooperation with other service providers, and harmonising procedures and policies with adjoining councils.
QUALITY GOVERNANCE AND LEADERSHIP

The “Destinations 2036 Action Plan” is looking to ensure that legislation does not adopt a “one size fits all” approach, but rather is flexible enough to accommodate the different capacities of councils and community needs, while at the same time ensuring accountability, transparency and effectiveness. This means that legislation should not be overly prescriptive, but provide sufficient measures to ensure a quality governance framework exists for all councils.

The State Government has now responded to the Action Plan by appointing a Review Panel and a Local Government Acts Taskforce. The terms of reference to both bodies and statements by Minister Page suggest legislative reform will provide greater flexibility in the way Councils can structure and deliver services. To benefit their communities, councils will need to actively take advantage of this flexibility with changed governance and management practices. To do this will require new leadership, new organisation structures and cultures and new levels of communication within and across local governments.

FINANCIAL SUSTAINABILITY

The financial health of local Councils has been high on the agenda of local government in the last few years. Sustainability is arguably the key requirement in achieving strong and viable councils. It has been identified as perhaps the most important challenge currently facing councils in NSW. This is particularly important in terms of “own source revenue”. The expectation of the State Government is that Councils must collect income from their local communities efficiently and effectively and maximised from different funding sources.

A sustainable council will be one that is on top of the asset management challenge. It will be one where sufficient resources are being directed toward maintaining, to a standard acceptable to its community, those assets for which the council is custodian. At the same time it will be meeting the other service delivery challenges in its Community Strategic Plan.

It is noted that the new State Government has commenced a programme of reviewing state services and the recent cutbacks in education funding is directed towards reining in the state budget. It is further noted that the DLG has instructed TCorp to review the financial sustainability of each local council and this independent assessment will be completed by 31 December 2012 to assist the Independent Local Government Review Panel evaluate the capacity of Councils to meet future community needs. It may well be that local government will be directed to significantly reduce its expenditures to ensure future sustainability or scale economies will be sought through shared service models and/or amalgamations..

APPROPRIATE STRUCTURES

In recent years the strong view has emerged that one size does not fit all when it comes to the structure of councils. As examples, Councils have moved to reduce the number of Councillors (the legislation permits between 5 and 15 Councillors), with many Councils moving to between 7 to 10; the number of Mayors being elected by the people has increased; and the number of departments has reduced – with some Councils, such as Clarence Valley, moving to a 2 department structure with Deputy General Managers.

At the same time many city Councils have created Independent Hearing and Assessment Panels (IHAP’s) to consider and determine DAs, and across NSW many Councils have formed regional partnerships for the delivery of functions and services across neighbour Councils.
The trend is to develop a number of different models that can accommodate the different types of councils and their communities that exist throughout the state. Specific models suggested at Destination 2036 include, but are not limited to:

- a model with greater and more formalised regional service delivery and resource sharing
- a model for small to medium councils with shared administrations but independent elected bodies
- a two tier model, with roles and responsibilities separated between local and regional councils
- a model for larger councils with a corporate board structure and/or corporatized service delivery

The development of alternative models will need to be done in close consultation with and the participation of relevant councils. A difficult but necessary option for some Councils is the consideration of voluntary amalgamations or boundary adjustments where changes make sense and communities can be better served.

**STRONG RELATIONSHIPS**

With the Integrated Planning and Reporting reforms, councils are now required to have strategic planning, asset planning, workforce planning and long term financial planning for their areas. The Community Strategic Plan is for the entire community, not just those elements within the council's control. They include State Government responsibilities, such as hospitals and schools, and Federal Government responsibilities such as universities and airports.

Under the reforms, councils are required to consider and take into account the NSW State Plan and any regional plans. This requires a council to understand how to leverage the outcome of the state and regional plans so as to maximise the benefits to their communities. Councils must be capable of and prepared to take advantage of the opportunities as they arise. Building strong relationships within the region and also with state government agencies is a necessary ingredient to identifying and participating in these opportunities. These opportunities could bring millions of dollars in employment and services to the community as well as improving local and regional services.

The Dubbo 2036 initiatives have highlighted the need for Councils to actively explore the sharing of services between regional organisations. It is pleasing to see that Clarence Valley is involved through NOROC in some regional initiatives but support for NOROC should be expanded. Clarence Valley should signal to other NOROC Councils its preparedness to actively explore opportunities for joint advocacy, resource sharing and shared services.

It is understood that Clarence Valley Council wishes to play its full part in the 2036 initiative and views collaboration with neighbouring councils, (and the concept of shared services in particular), as vitally important for the future well-being of local government. It is not anticipated Clarence Valley will again be subject to amalgamation given the changes since 2004 and the opportunities ahead to share services with neighbour councils. The General Manager has the issue of resource sharing very much “on his radar” and sees potential in establishing forms of collaborative arrangements with neighbour councils.
IMPLICATIONS FOR CLARENCE VALLEY

The above issues suggest there are a number of critical challenges facing Clarence Valley that must be addressed in any changes. They are:

- Having a long term focus – this then underlies the importance of the community strategic plan – what we want the Clarence Valley community to be in 20 years and how will we get there?
- What different service delivery methods might be appropriate in the future – and that includes a regional approach to some services?
- What are the new governance and leadership structures required – and this includes both Council representation, senior staff leadership and community involvement?
- Will the Council be financially sustainable in the future – and in particular whether the Council will have the capacity to afford the asset and infrastructure maintenance and improvements required?
- What different Council structures might be appropriate – including a regional approach to leadership?
- What partnerships will be necessary – including with the Federal Government (constitutional recognition?), with regional councils and with the private sector?

In all of this the key issues for Clarence Valley are capacity and capability. First, does the Council have the capacity to meet those challenges – that is, does it have the appropriate:

- strategic objectives;
- staffing numbers and structure;
- infrastructure, technology, and financial resources;
- programs, policies and systems;
- networks and linkages with other organizations and groups.

And second, does the Council have the capabilities required to exploit those capacities. Does it have the appropriate:

- leadership
- service and organisational culture
- specialised skills and knowledge, and
- relationships building within the region and the wider community.
INTRODUCTION

We have met with the Councillors, General Manager, the two Deputy General Managers, all the managers, the Staff Reference Group and some individual staff members and in keeping with our commitment not to name names within this Discussion Paper we nonetheless acknowledge the significant assistance provided by everyone involved.

In our interviews we have been provided with many examples, both indirectly and directly, of issues they believe need addressing in order to improve organisational and customer service performance. These issues can be grouped in eight (8) recurring themes:

- Strategy and Governance
- Leadership
- Asset Management
- Performance Management
- Project Management
- Culture and Learning
- Customer Service
- Public Relations and Media

These issues align with those presented to staff by the General Manager in his Strategic Organisational Action Plan (SOAP) earlier in the year. We have greatly appreciated the honesty and openness of staff during interviews and workshop and we have given a commitment to staff that we are only interested in the themes and issues, and not who is telling us about those themes and issues.

It is worth noting that any comments made about the substantial scope for improvement within the council should be seen within the context of a Council whose services are widely perceived by the staff and Councillors as being “pretty good”. At the same time although as noted earlier, without an adequate performance review mechanism, this is difficult to empirically validate. Some of the issues raised with us can only be addressed by making substantial changes to the work that some people carry out, and the systems they operate by changing the processes and policies of the organisation. Some issues can only be addressed by changing the culture within the organisation, that is, changing staff attitudes toward work and toward colleagues, and in some cases addressing poor performance of staff.

In addition to these 8 recurring themes we have identified a number of other specific issues which will, with attention, assist in improving the overall performance of the organisation. These are also addressed below.

STAFF WORK ISSUES

There are a number of jobs that have functions that do not belong with the major function of that job and in many cases these non-core functions get high priority action and consequently inhibit the person doing other tasks satisfactorily. Action should be taken to redesign a number of jobs in the organisation to eliminate some jobs, create some new jobs and adjust the responsibilities of other jobs.
Some examples are:

**Coastal Erosion Issues** - Coastal Zone Management responsibilities do not appear clear. Strategic planning plays a role with Development Coastal Zone Management Plans while Open Spaces does access maintenance but it is not clear who has overall responsibility where intervention with coastal erosion affecting assets or what role each section plays in an emergency situation.

**Community Education** - education around sustainability, waste and water efficiency is covered by both the Environmental Section and Water Section. In addition Council contributes to the North East Waste Forum that undertakes education at the regional scale including a rotating program for schools with the Greenhouse Bus and waste education. In addition, Rangers deliver companion animal education at schools in conjunction with the Companion Animals Committee. Education activities around broad sustainability issues appear to be thinly spread across Council without being well coordinated and in some instances duplication exists. The officers are spread thin but still end up duplicating because the education programs are not coordinated across the different sections. Consideration could be given to amalgamating the education roles including the Education Officer in Water Cycle to form a team.

**Environmental Officers** - we were informed that Water Cycle has a dedicated Environmental Officer, which was a reasonable arrangement when the Shannon Creek Dam was proposed and during construction. Now the workload around environmental issues with construction has ended there may be better use of resources if Environmental Officer roles were amalgamated achieving coverage across a broad range of areas. This could have the added benefits of succession planning and shared knowledge.

These and similar issues need to be considered as a consequence of the structure review.

**ONE ORGANISATION**

The approximate 600 employees equates to approximately 500 full time positions and their leadership, management and housing contributes significantly to the cost of delivery and overall effectiveness of operations and services.

A legacy of amalgamation is the existence of an “up river – down river” mentality. This is evidenced in a number of ways - by multiple staff social clubs; by the retention of former council boundaries in some jobs; by the retention since 2004 of two (2) fax numbers and the opening and registration of all faxes in the Grafton records area; by two post office boxes; one in Maclean and one in Grafton; by mail being sent from Maclean to Grafton to be opened – with the extra fax and PO Box and the transfer of mail as additional costs to Council, inefficient in operation and confusing to some customers.

Another example relating to records administration is that the Maclean office does not scan DA’s for the Grafton area and Grafton does not scan files for the Maclean area. This work practice apparently has previously been addressed but not resolved. It can take up to 4/5 days for files to travel to the correct office, scan and be allocated to the responsible officer. This was presented as a waste of processing time and impractical.

Currently files from the former Pristine, Copmanhurst, Ulmarra and Grafton Councils are being scanned into Council’s Electronic Management System (ECM) for access by all staff. However, it appears the Maclean files are not on the agenda to be scanned into the ECM. If the Maclean files were scanned and available to all staff this would assist with GIPA applications, record searches and general enquires. One central records collection would be more efficient and cost effective to the organisation.
How employees are housed and grouped also has a significant impact on the provision of services and as such the location and working environment in which employees are engaged also needs to be considered as a consequence of the structure review.

**CULTURE AND LEARNING**

The culture of an organisation is embodied in the **attitudes, behaviours, values and beliefs, and skills and knowledge** of the staff and Councillors. Culture was often characterised by the line “it’s the way we do things around here”. If strategy is the future then culture comes from the past – the attitudes and behaviours built up over time. Understanding the organisation culture is a key driver to understanding the capacity of the organisation to change and to deliver services to the level expected by the community.

One of the major strengths of the Clarence Valley Council is the quality of its staff. In particular we were highly impressed with the skills and knowledge of a range of staff members – and their attitude towards the improvements offered by this review.

At the same time we became aware of the disparity in the way staff are supervised between and within the different departments. A legacy of amalgamation is the existence of differing and in some cases conflicting work practices and processes across the various work locations. It is important that parity in work practices exists so as to avert conflict and develop a unified and integrated work force.

We have particularly observed amongst the management and staff we interviewed a desire for the following:

- improved teamwork within the organisation – and a change to the silo approach – to eliminate the “not my job” syndrome.
- improved communication across all levels of the organisation – between staff, and from management, between up river and down river. This is a significant cultural issue that must be addressed.
- improved accountability for results – dealing effectively with poor performers, allowing managers to manage, and addressing the inability of Deputy General Managers to effectively manage such a large number of direct reports.

**LEADERSHIP**

Our research has identified the need for improved performance, unity and consistency in approach and communication by and from the Executive Team and functional managers. Any change arising from this review may also provide the opportunity for a renewed vigour within the team. The communication needs of staff should be taken up by the Executive Team as a priority.

What makes a good leader depends on the organisational context. Developing leadership potential involves matching individual talents with organisational need and building skills that both enhance performance and utilise individual strengths. The Deputy General Managers appear to be too involved in operational issues and are not devoting enough time or do not have enough time available to devote to strategic leadership opportunities.
Prior to the General Manager’s Strategic Organisational Action Plan (SOAP) it did not appear the Executive Team had a clear picture of where it is taking the organisation, what success looks like and how to achieve it. An Executive Team needs to articulate its priorities to the organisation and then ensure those priorities are pursued. A leadership development programme would be beneficial to all senior staff within the organisation.

CUSTOMER SERVICE

The work of a customer service staff member can be grouped generally into three major categories:

- providing information
- receiving requests for service
- processing applications

In each case the customer service officer needs information and systems to support these categories of work. A customer making personal enquiry at the counter or over the phone should be able to be provided with a first time answer by the customer service officer. This relies on accurate information being made available to staff so they can make a “first time” response. This information needs to be either in the Customer Request Management System (CRM) or in the intranet so it is available to everyone in-house, or on the internet so the customer can access the information 24/7 without having to telephone or speak with a customer service officer.

We find the Council’s CRM is not being utilised to its full potential. It has limited use for reporting or establishing performance standards. Criticisms of the time taken to update the system were received as well as criticisms of the rigidity of issuing letter responses to customers. Our interviews revealed concerns related to the level of information documented for reference by customer service officers or professional staff to assist them in responding to customer enquiries. The CRM is not promptly updated and cannot be relied upon when responding to a request for information by a member of the public. This is a serious deficiency in the system and must be addressed. Reviewing the system set-up, making its use obligatory and reporting on outcomes would assist in improving the Council’s performance in processing customer requests.

The Council’s document management system “Dataworks” is also an essential tool that supports the Council’s ability to deliver quality customer service. Many staff are enthusiastic users of the system and are frustrated by those that do no use it to its potential. Those non-users need training, support and direction to ensure that they are proficient in its use. Performance reports need to be generated and made available to managers so that corrective action can be taken to ensure customer service standards are met.

In interviews it was also noted there is a need for business rules to be reviewed and enforced ensuring that all correspondence received by the Council, particularly emails, are registered in the document management system. This is an example where the setting of standards, measuring performance and rectifying problems in a timely manner are essential if the customer service performance of the organisation is to be improved.

Staff at all levels in the organisation need to understand the organisation’s expectations about the quality and standard of customer service. At the same time customers should be able to expect a particular standard of customer service and be appropriately informed of the standard the Council will deliver. Unless this standard is documented the staff will do what they think is appropriate and the customer may not have their expectations met.
We have found that standards in one part of the organisation may be different from another. Those standards may be adopted and well known or they may be informal and inconsistent. **Customers seek a consistency of service** – that is known and can be relied upon. This is part of the challenge facing Clarence Valley emphasised through the up river/down river conundrum.

A **customer service charter** should be developed setting out what services the Council will provide and at what standard. This can also be termed a **Guarantee of Service** – where the organisation commits to a standard of service and can offer a form of compensation if the service standard is not met.

**CORPORATE SYSTEMS**

During our review we were advised on many occasions of the inadequacy of the corporate systems but on further investigation it would appear they are adequate and **further training** of staff is required so they can be used effectively. Managers need to make available sufficient time for system and performance management. Some of the issues brought to our attention were:

- The current budget and cost control process permits staff to allocate charges to cost centres not under their control.
- Budget preparation is not transparent.
- Many spreadsheets are being maintained outside the corporate systems – these being time consuming to maintain and only being available to the area where the information is stored.
- Time taken to update the CRM system is considered by some to be excessive.
- If the systems are not properly maintained customer service falters.
- Business rules are required and where they have been developed they are either not known; interpreted inconsistently or not implemented.
- Financial planning utilising modelling and scenario planning is required so that the impact of a possible decision can be considered before any long term commitment is made.
- The corporate systems are not utilised for performance management.
- Corporate system improvement is not adequately funded and/or prioritised.

**ASSET MANAGEMENT AND PLANNING**

Clarence Valley Council currently owns and administers assets to the value of **$1.7 billion**. Asset planning and management is possibly the most significant **sustainability issue** facing local government and for Clarence Valley Council it is clear there is much to do to develop and operate an effective system. The asset management process is spread across several work areas and lacks co-ordination and consistency. It is understood a new system is proposed and a consultant has just been appointed to provide a condition assessment and steer and direct the development of the plan. From an organisation structure perspective it is essential that all assets and property are managed in one functional area.

**PROJECT MANAGEMENT**

Local Councils need good project management skills and processes as many of the important benefits provided through projects are dependent on the two key factors of efficiency and effectiveness. Efficiency of the work is traditionally assessed using time, quality and cost where effectiveness is on how well the work meets the intended purpose and goals. Without good project management outcomes can be unpredictable and reflect badly on the organisation.

Projects appear to be managed by the manager responsible for the service to be delivered and this has led to variable levels of competency in project management. There is an obvious need to improve project management across all parts of the organisation.
The General Manager’s SOAP report has noted: “Whilst the undertaking of major projects provides often new and exciting facilities and infrastructure for communities, it is important that the development of these projects do not in themselves create an undesirable burden for future generations to fund, operate and replace.

The enthusiasm to create a new project combined with poor project planning and development can result in significant unaccounted constructions costs and further more impose an annual financial operational legacy for Council to manage and the community to resource. This situation should be avoided and as such the need for a formalised major project evaluation process is evident.

The availability of grants and the usually associated lack of time to assess a project can also inadvertently create an environment which is susceptible to inadequate project development and ongoing operational issues. Whilst the receipt of grants can significantly assist with the capital construction costs, it is important that the subsequent ongoing long term operational impacts are also assessed and considered on a “whole of life” basis.”

In a recent edition of the LGMA magazine the following maturity model was proposed to rate a council’s project management maturity.

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 5</td>
<td>Optimised</td>
<td>Continuous improvement through lessons learned and benefits review</td>
</tr>
<tr>
<td>Level 4</td>
<td>Integrated</td>
<td>Projects integrated into business planning and management systems</td>
</tr>
<tr>
<td>Level 3</td>
<td>Managed</td>
<td>Standard operating procedures in place and applied consistently including stakeholder engagement</td>
</tr>
<tr>
<td>Level 2</td>
<td>Planned</td>
<td>Basic controls in place: scope, time, cost and quality are the primary management tools</td>
</tr>
<tr>
<td>Level 1</td>
<td>Ad hoc</td>
<td>Inconsistent processes, heroic project managers: unpredictable project outcomes.</td>
</tr>
</tbody>
</table>

Although inconsistent, our assessment is that project management in Clarence Valley is at level 2 depending on the projects and their location within the organisation.

To increase project management maturity the council needs to set some performance goals and develop a project plan to achieve this outcome. We suggest performance should be improved incrementally with the first goal being level 3 within 2 years and level 4 within 3 years. This may not seem particularly ambitious but it should be remembered that implementing formal project management processes is a significant organisation change project. It requires not only the development of a methodology but training of staff at many levels and to various skill levels.

While the principles of project management are well defined it may be preferable to adopt 2 approaches to projects in Clarence Valley instead of one uniform methodology. For internal or organisation improvement projects a methodology such as the “Business Excellence Framework” would be suitable as it has an emphasis on processes improvement and measuring system performance. This methodology is less suitable for projects that involve external stakeholders and construction works. These projects require an emphasis on time quality and cost as well stakeholder engagement and communication and wide ranging risk assessments. A methodology based around the PMBOK (Project Management Body of Knowledge) is much more suitable for these external projects.
Without training and reinforcement of project management principles the use of this important system is likely to fall away and lead to frustration at many levels. **Key staff need to be trained** in the adopted methodology/s and in project management principles. The processes may be followed but if not understood it will lead to poor outcomes. The best outcome will be achieved where professional staff have formal training as provided by degree or post graduate degree courses. The TAFE system offers excellent training for supervisors and other staff.

Additionally management of projects involving the design and construction of substantial public infrastructure should be managed by a Design and Construction Team.

**STRATEGY AND GOVERNANCE**

“Valley Vision 2020” was adopted by Council in 2008 and serves the basis of guiding this organisation review in terms of identifying the capacity or capability required to give life to the strategy. The Community Strategic Plan does not appear to have been utilised fully to give direction to the Council as to how it should allocate its resources in the future.

The Plan also identifies on Page 20 “Critical Success Factors and the Achievement of the Vision”: (see over page).

A number of the critical success factors have structural implications, such as an integrated organisation and rationalisation of offices and depots. Others, such as lack of **planned and prioritised approaches** have been raised with us by staff and require urgent attention. Attention to these critical success factors is likely to improve operations and deserves as much as attention as a revised organisation structure. Attention to these critical success factors requires renewed leadership from the executive and managers.

As mentioned earlier under Leadership it does not appear that the Executive Team has articulated its **priorities** for the organisation and at the same time the **council priorities** are not well known. This needs to be resolved. The Community Strategic Plan should be used as the guide – to determine which community priorities will be addressed by the Council in the short, medium and long term.

A number of new services have been provided in recent years but there does not appear to be a discipline of assessing the **impacts on future budgets**. There are potentially serious financial sustainability issues that may arise in the future if the new service costs are not properly reflected in the long term financial plan and are appropriately funded – both capital and recurrent costs.

It is essential that in every **new service or capital expenditure** proposal submitted to the Council the General Manager ensures that it meets community priorities and the recurrent funding implications of each proposal is built into the long term financial plan to ensure the Council can meet ongoing funding commitments.

The General Manager, with the assistance of the Executive Team, should prepare a **draft strategic priorities discussion paper** and then arrange for an independently facilitated Executive Team Workshop to be held to identify and agree on the strategic priorities for the organisation in the next 12 months and beyond. When the organisation priorities have been developed they should be presented to the new Council after the elections in September 2012 to enable the Councillors and Executive Team to agree the way forward.
Council should survey its community on a regular basis – at least once per term. This will provide a realistic assessment of satisfaction with services, lifestyle and leadership. Questions and topics should be generally consistent over time to compare community attitudes and to provide an indication as to whether actions taken between surveys have been successful. The full council should be involved and informed throughout the process.
PERFORMANCE MANAGEMENT

It has been amply displayed during our review that Clarence Valley Council has limited performance management processes. The need to commence the development of meaningful performance measurement is now critical to the assessment of service delivery and the meeting of community standards and expectations.

The GM in SOAP proposed that “we need to assess where we currently are and whether we are meeting the required standards. From this, an appropriate benchmark can be determined and actions taken in order to achieve the determined standard. Periodic assessment of how we are performing can then be undertaken and further changes made if identified”.

The creation of a performance culture must be seen as a priority. This includes setting standards, measuring and monitoring performance against those standards and taking corrective action if required.

To do so first requires the creation of key performance indicators (KPI's) cascading from the Community Strategic Plan to service delivery and to team and individual performance.

This system is a vital tool for both the top team and Council to monitor performance and drive forward a system of continuous improvement. As a first step we suggest that the Council should develop a small number of between 20 to 30 KPI’s to measure whether the organisation and its services are on track. A “traffic light” system would allow the quarterly monitoring of KPI’s with action being required on an “exception” basis, that is, if a KPI triggers amber or red. Functional managers in this instance would prepare a brief report, explaining what has occurred, why it has happened and the remedial action which is to be taken to ensure a speedy move back into the green zone.

Along with the performance measurement of services is the critical area of the performance management of staff. There is much to do to put in place performance agreements for senior staff – General Manager, Deputy General Managers and senior managers.

Finally, the Council as the governing body should review its performance on an annual basis and not wait for the 4 monthly performance review from voters. It should do this in a co-operative way – to build relationships, identify any issues holding back good governance and agreeing to fix those issues from within.

PUBLIC RELATIONS AND MEDIA

The General Manager has indicated in SOAP: “How we are perceived by the community can be greatly influenced by how we approach our public relations and engage with the media. As such, it is considered important that a “whole of organisation approach” to public relations is required and appropriate policies and practices be implemented”.

Whilst an external consultant is employed to review press releases it does not appear the community is appropriately engaged and informed on Council actions to address community priorities. Better attempts are needed to “sell” Council’s messages on a pro-active basis. In interviews staff expressed concern that some functional areas of Council frequently are portrayed negatively in the media despite undertaking beneficial projects.

These difficulties may be better addressed by the employment of a media/public relations specialist who can develop a favourable relationship with the media; develop a “whole of organisation approach” to public relations; and improve the image of Council through standardised branding.
An in-house communications specialist will also have responsibility for promoting more effective **internal communication** and this will greatly assist in breaking down silo culture and promoting a “one-council” approach.

**INTERNAL AUDIT**

In October 2008 the Division of Local Government issued guidelines to assist Councils in developing an internal audit function. Key components of good governance include the use of:

- Audit Committees
- Internal and External Audit
- Enterprise Risk Management

All councils should have an internal audit function to support good internal governance, ensure consistency with other levels of government, improve the effectiveness of risk management, control and governance processes, and help to instil public confidence in a Council’s ability to operate effectively.

Council should closely reassess its **Internal Audit function** and the manner in which it can be improved including the following issues:

- The need to extend council’s understanding of risk management beyond traditional areas of public liability and workplace health and safety, into areas such as internal governance, fraud risk and broader regulatory risk.
- Whether council should have a uniform approach to assessing and managing risk, regardless of size or location.
- Whether it is feasible for council to pool resources with like councils or arrange through regional organisations of councils for internal audit services.
05 EXISTING ORGANISATION STRUCTURE

Having considered the environment in which Clarence Valley Council operates now, and will in the future, a judgement has to be made as to whether the current organisation can meet the needs of the Clarence Valley community – again both now and in the future.

In this Discussion Paper we deliberately have made little mention of structure up to now despite the fact that “structure” is the focus of our consultancy brief. The reason for this is that we are well aware of the old management dictum "form follows function" or “structure follows strategy”, that is, that we need to understand the Council vision, goals, challenges, dynamics and individual characteristics before we can turn our attention to structure. So, the Discussion Paper up to now has concentrated on these issues and set the scene for the structure review which now follows.

The existing structure for the organisation is:

We have been provided with a detailed organisation chart for each Department.

There is broad consensus that despite good performance in many quarters the organisation has a “silo mentality” and that this is hampering the organisation’s ability to move forward. In structural terms the size and shape of the top team (i.e. GM and Deputies), and the lack of clarity and consistency of role in terms of the next tier of management were particularly raised by staff and councillors as issues to be addressed. We concur with these views and in discussions it was also made clear by participants that we must avoid restructuring based on the “shifting deck chair” principle.
One of the characteristic of the organisation structure is the number of managers reporting to each of the Deputy General Managers:

The Deputy General Manager Environment & Economic has **5 direct reports**. The Deputy General Manager Civil & Corporate has **8 direct reports**.

The Employers Resource Council (February 2010 article) refers to Span of Control as the number of subordinates that can be managed effectively and efficiently by supervisors or managers in an organization. Typically, span of control is either narrow with a smaller number of direct reports in a hierarchical structure, or wide with a large number of direct reports in a flatter organizational structure. Each type has its inherent advantages and disadvantages.

### Narrow Span of Control

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have more levels of reporting in the organization, resulting in a more hierarchical organization</td>
<td>More expensive (high cost of management staff, office, etc.)</td>
</tr>
<tr>
<td>Supervisors can spend time with employees and supervise them more closely</td>
<td>More supervisory involvement in work could lead to less empowerment and delegation and more micromanagement</td>
</tr>
<tr>
<td>Creates more development, growth, and advancement opportunities</td>
<td>Tends to result in communication difficulties and excessive distance between the top and bottom levels in the organization</td>
</tr>
</tbody>
</table>

### Wide Span of Control

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have fewer levels of reporting in the organization, resulting in a more flexible, flatter organization</td>
<td>Tends to result in greater communication efficiencies and frequent exposure to the top level of the organization</td>
</tr>
<tr>
<td>Ideal for supervisors mainly responsible for answering questions and helping to solve employee problems</td>
<td>May lead to overloaded supervisors if employees require much task direction, support, and supervision</td>
</tr>
<tr>
<td>Encourages empowerment of employees by giving more responsibility, delegation and decision-making power to them</td>
<td>May not provide adequate support to employees leading to decreased morale or job satisfaction</td>
</tr>
</tbody>
</table>

In general the optimum span of control will depend on various factors including:

- **Organization size** – larger organizations tend to have wider spans of control than smaller organizations. Clarence Valley at the present time has a wide span of control.
- **Culture of an organization** – a more relaxed, flexible culture is consistent with a wider span of control; while a hierarchical culture is consistent with a narrow span of control. It is important to consider the current and desired culture of the organization when determining...
span of control. For Clarence the relaxed culture evident from our interviews has supported
the wider span.

- **Nature of job** – Routine and low complexity jobs/tasks require less supervision than jobs
  that are inherently complicated, loosely defined and require frequent decision making. Consider
  a wider span of control for jobs requiring less supervision and a narrower span of
  control for more complex and vague jobs. For Clarence Valley the complexity of roles and
  the political and community interface requires a mix of management styles.

- **Skills and competencies of manager** – More experienced supervisors or managers can
generally have wider spans of control than less experienced supervisors. It’s best to also
consider to what degree supervisors and managers are responsible for technical aspects of
the job (non-managerial duties).

- **Employee skills and abilities** – Less experienced employees require more training,
direction, and delegation (closer supervision, narrow span of control); whereas more
experienced employees requires less training, direction, and delegation (less supervision,
wider span of control).

- **Type of interaction between supervisors and employees** – More frequent
  interaction/supervision is characteristic of a narrower span of control. Less interaction, such
  as supervisors primarily just answering questions and helping solve employee problems, is
  characteristic of a wider span of control. The type of interaction between supervisors and
  managers and employees should be consistent with the span of control they are given. The **number of direct reports for executives** needs to be much lower as too many direct
  reports can complicate communication and lengthen response time for crucial decisions.

We have identified some significant issues with the role performed by a Deputy General Manager. Each Deputy General Manager should devote a significant proportion of time to **staff leadership, networking in the community, and strategic management**. However, with the existing span of control – 5 and 8 – we have found from our interviews that the Deputy General Managers are devoting a large part of their time to operational management. They are missing many of the opportunities to advance the interests of their areas and across the Council because they do not have the time so to do.

One of the fundamental changes required of any new structure is to clearly define the role and responsibilities of the Deputy General Managers, or any new Executive, ensuring that their direct reports manage their areas effectively and free up time for the Executive to lead.
06  PROPOSED ORGANISATION STRUCTURE

INTRODUCTION

The most suitable structure for any organisation will have regard for a combination of many factors, in particular the long term outcomes expected by customers and community and what is necessary to deliver works or services in the most efficient an effective manner.

During the course of our discussions with managers and councillors a number of structural models were “floated” for consideration. At the outset it should be said that there is no “right” organisation model that can be applied to Clarence Valley or any other Council. Before proposing any one structural solution, we need to be aware that Councils can be structured in a myriad of ways, dependant on their strategy, objectives and culture. Structural decisions are down to personal interpretation of any given situation and set of circumstances. On that basis it is important that every opportunity is given to those most interested in structure to have their say. But ultimately the decision must be taken by the General Manager and Council.

STRUCTURAL MODELS

The structure will have a significant impact on the manner in which the Council operates and how it performs. Structure allows the responsibilities for different functions, processes and outcomes to be clearly allocated to different departments and employees.

Organisational structures should aim to maximize efficiency and success and an effective structure will facilitate working relationships between various sections of the Council. It will promote clarity in terms of leadership whilst promoting flexibility and creativity.

The most common structures are:

**The Vertical Integration Model**

In its simplest form a “vertically integrated” council has around 4-6 levels of management and supervision. This is by far the most common form of organisational structure operated by councils around the world. Under a General Manager senior managers make up the “board of management” and are responsible for establishing priorities and overall business direction, whilst middle managers have responsibility for specific functions. There is a relatively long “chain of command” running from the General Manager down to the Council's front-line staff.

On the plus side, this model offers a narrow span of control which in turn means that employees can be closely supervised; there is significant clarity in terms of leadership and purpose within the management structure; there is also clarity in terms of succession planning through an easily identifiable promotion ladder.

On the downside, this model is top/down in nature - a leadership style which is balanced towards “command and control” and this can limit the scope for flexibility and freedom, where the responsibility of employees (subordinates) is restricted; where communication between the various layers can be problematic; often characterised by a sloth like speed of decision making as this hierarchical structure requires any changes to policy or procedure to be “signed off” by each tier of management.
This model is under challenge in contemporary organisations due to the **speed of decision making required today** – internet, email, social media all have conspired to increase customer service expectations.

**The Flat Structure Model**
If vertical integration (in its most extreme form) is about “command and control”, then “flat” structures would be characterised by their “democratic” nature. A Council which structures itself in this way will have relatively few layers of management and the chain of command from top to bottom will be short and the span of control wide. This is the model operating at Clarence Valley today.

Due to the small number of management layers, flat organisations are often small organisations. **The strengths** of this model include greater communication between managers and workers; strong team spirit as fewer management layers increase interaction between employees on different levels; reduced bureaucracy and speedier decision making; and a reduced manager/employee “ratio spend”. **On the debit side**, staff might wonder just who their “boss” is as there are a number of managers at the same level; more importantly, as managers are principally operationally focussed, the organisation has little opportunity to develop a strategic overview. This is the dilemma facing Clarence Valley.

**The Decentralised Structure Model**
Organisations which adopt “decentralised” structures spread responsibility for specific decisions across various service delivery points and lower level managers, located away from the Council head offices. Most supermarkets offer a private sector example of this model, where each store manager can make certain decisions concerning their store. And the store manager is responsible to a regional manager.

This concept was popularised within local government in the UK in the 1990’s with councils decentralising their services through a network of neighbourhood offices. The decentralised model could be applicable to local government in NSW if Councils were to be reviewed and restructured on a regional basis. Under this scenario devolving power to managers on a geographical basis might have some considerable merit.

The ability for the organisation to understand its customer/citizen base is a considerable plus point, and at the same time this model can add costs to a management structure.

**The Matrix Structure Model**
A “matrix” structure seeks to manage an organization (or part of an organization) through a series of dual-reporting relationships instead of a more traditional “top-down” management structure. In contrast to most other organizational structures, which arrange managers and employees by specialisation, matrix management combines functional and service departments in a dual authority system. In its simplest form, a matrix configuration may be known as a cross-functional work team, which brings together individuals who report to different parts of the council in order to complete a particular project.

One of the advantages of this approach is that it encourages the multi-functional collaboration often required in tackling complex projects. The obvious weakness is the possibility of a lack of accountability and the scope for “leadership drift”. There are many “variations on a theme” when it comes to matrix management, one highly effective example being Ryde City Council.

**Finding the Best Fit for Clarence Valley**
The above models provide a summary of some of the main structural options available. By far and away the most popular (as adopted by Councils) is the “vertically integrated” model. This is unsurprising given the unavoidable bureaucratic nature of local government and its relationship with
the political process; and that the public sector’s need for transparency and accountability is particularly suited to the vertically integrated model. More contemporary organisations have sought the advantages of a flatter structure and Clarence Valley has been part of this trend.

The core model suitable for the times might be a cross between the strengths of vertical integration, minimising its weaknesses and seeking to harness some of the strengths of matrix management and rigorously apply them to all teams working on multi-disciplinary projects.

IMPORTANCE OF CURRENT REQUIREMENTS

When deciding on how to structure the organisation we have regard to the adage that “Structure follows Strategy”. This then is the role of this Discussion Paper – to develop a structure that builds in the necessary capacities and capabilities to meet community needs in coming years.

We also have regard to the current service delivery requirements and the many issues we have set out in this report. To this extent some changes need to occur to the “building blocks” of the structure. That is, how we group the functions of the organisation in management groups to deliver better service and outcomes. Getting the “building blocks” or lower level organisation units right will have an important influence on how the organisation performs in the immediate future.

STRUCTURE IS JUST ONE PART OF MAKING IMPROVEMENTS

Changing the structure alone will not solve many of the issues we have identified. If the culture of the organisation is not changed or the Executive does not show leadership in strategy formulation or the managers do not take responsibility for operational management then the benefits of the changes will be nullified in many areas.

PRINCIPLES GUILDING THE ANALYSIS

In undertaking the analysis we also have had regard to following structural principles determined by the brief. Any change in structure will need to achieve one or more of the following:

- Deliver better service
- Improve turnaround/response times to customer requests
- Improve internal and external communication
- Break down silos and improve team work
- Improve processes and deliver cost efficiencies
- Reinforce accountability and responsibility for results
- Provide a focus on what’s important based on the CSP
- Provide career development opportunities for staff

BUILDING BLOCKS

In this section of the Discussion Paper we first look at improving some of the management areas of the organisation. Once we have these in place we can look at how we might assemble these into departments so we have the necessary leadership and focus to meet the longer term outcomes inherent in the Community Strategic Plan.
The major changes are addressed below. Not all functional changes are addressed as there will be further opportunities with the roll out of the structural changes. Additionally the staff raised issues which appeared to be of lesser importance from a structural perspective but should be considered in the evolution of changes. Examples would include review of the Tourism Association, the better coordination of induction processes and single contact for S355 Committees.

**Executive Team**
Every Management Team requires an administrative and secretarial service to ensure that the top team is provided with a highly professional support structure. Just as the new senior management arrangements are focussed on building a single top team, it is also important that the secretariat operates as a single support entity. The intention is that the new executive team be physically located in adjoining offices and the support team will mirror this approach. We suggest that this team be managed by the GMs PA (in addition of course to the reporting relationship of other secretariat support staff with their Director).

We also take the view that the General Manager and the executive team should be supported by an Executive Officer to the General Manager. This position could be filled by a graduate trainee and would provide much needed policy and strategy support. At the same time it would offer an outstanding opportunity to a newly qualified graduate and be an example of the council growing its own talent.

**Water Cycle**
Both the State Government and the Federal Government through COAG have shown interest in reforming the management of urban water. The most favoured proposal would appear to involve the transfer of urban water utility functions currently performed by local governments in NSW and Queensland to Government owned Regional Water Corporations. Under these circumstances the functional area of Water Cycle should remain as it is.

**Strategy & Organisation Development**
The Council needs to have a “transformation team”, ideally reporting directly to the General Manager but it could be located within a single department (e.g. Corporate Services). Within that team should be placed the following functions:

- Organisational development (leadership development – appraisals – continuous professional improvement)
- Business improvement (business, process and system improvement)
- Policies
- Performance reporting (KPI monitoring)
- Community strategic planning
- Corporate strategy

**Project Design and Construction**
Projects appear to be managed by the manager responsible for the service and this is particularly visible with grant projects. It has led to variable levels of competency in project management and identified an obvious need to improve project management across all parts of the organisation. There are also a number of projects where no explicit project management processes apply, further demonstrating a need for consistency in project management and design.

**Maintenance**
There is a disparity in the way staff are supervised between and within the different departments. A legacy of amalgamation is the existence of differing and in some cases conflicting work practices and processes across the various work locations. It is important that parity in work practices exists so as to avert conflict and develop a unified and integrated work force. To assist in overcoming this and to ensure a better utilisation of resources it is proposed that all maintenance of roads, bridges,
drainage, footpaths, cycleways, bus shelters, public wharves & jetties, boat ramps, buildings, open spaces and dunes be undertaken by one functional area.

**Civil Strategic**
Currently this functional area appears to be an area that has become involved in non-core functions, e.g. council land subdivision. If it is a compliance functional area for the private development industry it should not be involved in planning or designing council’s economic or entrepreneurial activities. Action should be taken to redesign this area and the distribution of its functions is proposed.

**Community Services**
Substantial benefit can be obtained from linking planning and service delivery. Strategic (town) planning and development services are linked, water planning and provision are linked but difficulties are encountered where this does not occur. It is considered that benefits will be achieved with the linking of social planning and community support.

**Strategic and Economic Planning**
Employment and the economic welfare of local businesses and the community are issues warranting specific consideration. A determined focus through one functional area is required and can be achieved through a revitalised Strategic and Economic Planning unit. This unit needs to work closely with Development Services to limit “red tape” barriers to the establishment of local businesses.

**Recreation & Cultural Services**
The physical and social development of a community is intrinsically linked and the community can benefit from a better connection of recreational strategic planning and cultural planning and development.

**Assets**
Currently the existing Asset functional area is involved in activities such as farmers markets and tennis courts whilst at the same time asset management planning is floundering. Substantial benefit will be obtained if the business units, such as the markets, sports centres and pools are excised and an increased focus given to asset management planning and future works programming. This will also assist the organisation in better understanding the whole of life cost of new projects.

Our attention was also drawn to situations where particular assets were not allocated owners and consequently different managers prepared conflicting use proposals. Although asset management planning needs to be centralised significant assets need asset owners allocated to enable proper use management.

**Business and Property**
We were frequently reminded of duplication and the disparity in the way council’s business assets were being managed – an example being the Maclean showground where there are three different responsibility areas. Functional units with a business or economic focus would be better included in one functional unit. With proper management this is likely to achieve significant financial returns for council and the community.
## FUNCTIONS TO BE CARRIED OUT BY THE BUILDING BLOCKS

<table>
<thead>
<tr>
<th>Strategic &amp; Economic Planning</th>
<th>Development &amp; Regulated Services</th>
<th>Care &amp; Support Services</th>
<th>Community Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Strategic Planning</td>
<td>• Building services</td>
<td>• Community care &amp; support services (older people, people with a disability/ carers and children)</td>
<td>• Community development (Aboriginal, aged &amp; disability, youth, area assistance, child &amp; family, affordable housing)</td>
</tr>
<tr>
<td>• Crown Reserve planning</td>
<td>• Planning services</td>
<td></td>
<td>• Social and human services planning</td>
</tr>
<tr>
<td>• Floodplain planning</td>
<td>• Development engineering</td>
<td></td>
<td>• Community safety</td>
</tr>
<tr>
<td>• Land use planning</td>
<td>• Wharves and Jetties</td>
<td></td>
<td>• Treelands Drive Community Centre</td>
</tr>
<tr>
<td>• S94 plans</td>
<td>(Private) Public health services</td>
<td></td>
<td>• Grafton Community and Function Centre</td>
</tr>
<tr>
<td>• Economic development</td>
<td>• Environmental regulatory services</td>
<td></td>
<td>• Cultural planning and development</td>
</tr>
<tr>
<td>• Tourism</td>
<td>• Waste management</td>
<td></td>
<td>• Grafton Regional Gallery</td>
</tr>
<tr>
<td>• Event management</td>
<td>• Natural resources management policy</td>
<td></td>
<td>• Clarence Regional Library service</td>
</tr>
<tr>
<td>• Activity applications</td>
<td>• Liquid trade waste</td>
<td></td>
<td>• Clarence Valley Branch Libraries</td>
</tr>
<tr>
<td>• Local area marketing</td>
<td>• Ecological services</td>
<td></td>
<td>• Historical services</td>
</tr>
<tr>
<td>• Macro economic planning</td>
<td></td>
<td></td>
<td>• S355 Committees</td>
</tr>
<tr>
<td>• Main Street program</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governance &amp; Organisational Development</td>
<td>Finance &amp; Supply</td>
<td>Information &amp; Communication Services</td>
<td>Human Resources</td>
</tr>
<tr>
<td>-----------------------------------------</td>
<td>-----------------</td>
<td>---------------------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>• Executive support</td>
<td>• Supply management (stores, tendering, contracting)</td>
<td>• Information Technology</td>
<td>• Recruitment and retention</td>
</tr>
<tr>
<td>• Internal Audit</td>
<td>• External audit</td>
<td>• Customer Services (front counter / customer enquiries)</td>
<td>• Workers compensation</td>
</tr>
<tr>
<td>• Risk management</td>
<td>• Light fleet management</td>
<td>• Records management and archiving</td>
<td>• WHS</td>
</tr>
<tr>
<td>• Business paper &amp; minutes</td>
<td>• Statutory financial reporting</td>
<td>• GIS</td>
<td>• Training and development</td>
</tr>
<tr>
<td>• Insurance</td>
<td>• Rates</td>
<td>• Corporate systems management</td>
<td>• Workforce planning</td>
</tr>
<tr>
<td>• Protected disclosures</td>
<td>• Investments</td>
<td>• Media liaison &amp; communications</td>
<td>• Employee and industrial relations</td>
</tr>
<tr>
<td>• GIPA</td>
<td>• Debtors</td>
<td>• Council publicity &amp; branding</td>
<td>• Employee assistance program</td>
</tr>
<tr>
<td>• Donation coordination</td>
<td>• Asset accounting</td>
<td></td>
<td>• Induction</td>
</tr>
<tr>
<td>• Elections</td>
<td>• Creditors</td>
<td></td>
<td>• Human resource information system</td>
</tr>
<tr>
<td>• Delegations</td>
<td>• Loans</td>
<td>• Volunteer management</td>
<td>• Employee performance management</td>
</tr>
<tr>
<td>• Complaint management</td>
<td>• Payroll</td>
<td></td>
<td>• Salary system</td>
</tr>
<tr>
<td>• Council land (vacant, leasing,</td>
<td>• Financial planning</td>
<td></td>
<td>• Competency assessments</td>
</tr>
<tr>
<td>development, uniformed road reserves)</td>
<td>• Banking</td>
<td></td>
<td>• Volunteer management</td>
</tr>
<tr>
<td>• Council commercial and residential</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>property management)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Crown reserves (trustee)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Organisational development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Business improvement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Policies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Performance reporting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Community strategic planning</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Corporate strategy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Strategic Asset Management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Civil Services</td>
<td>Water Cycle</td>
<td>Open Space &amp; Facilities</td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>• Maintenance (roads, bridges, drainage, footpaths, cycleways, bus shelters, public wharves &amp; jetties, boat ramps, buildings (inc halls))</td>
<td>• Water supply</td>
<td>• Recreational strategic planning</td>
<td></td>
</tr>
<tr>
<td>• Project management</td>
<td>• Sewerage</td>
<td>• Recreation/sports contact role</td>
<td></td>
</tr>
<tr>
<td>• Infrastructure survey design</td>
<td>• Strategic planning (IWCM)</td>
<td>• Hall hire</td>
<td></td>
</tr>
<tr>
<td>• Design and construction</td>
<td>• Stormwater management plans</td>
<td>• Lifeguards</td>
<td></td>
</tr>
<tr>
<td>• Future works programming</td>
<td>• Flood studies and management plans</td>
<td>• Sports centres</td>
<td></td>
</tr>
<tr>
<td>• Street lighting</td>
<td></td>
<td>• Swimming pools</td>
<td></td>
</tr>
<tr>
<td>• Workshops/depots operations</td>
<td></td>
<td>• Holiday parks</td>
<td></td>
</tr>
<tr>
<td>• Heavy fleet</td>
<td></td>
<td>• Airport management &amp; maintenance</td>
<td></td>
</tr>
<tr>
<td>• Traffic committee</td>
<td></td>
<td>• Cemetery management</td>
<td></td>
</tr>
<tr>
<td>• North East Weight of Loads Group (NEWLOG)</td>
<td></td>
<td>• Saleyards</td>
<td></td>
</tr>
<tr>
<td>• RFS/SES liaison</td>
<td></td>
<td>• Quarry operations</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Floodplain NRM &amp; infrastructure</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• North Coast Water NRM</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Maintenance (open spaces, dune care)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Bush regeneration</td>
<td></td>
</tr>
</tbody>
</table>
ORGANISATION STRUCTURE OPTIONS

The preceding analysis clearly suggests that a retention of the current organisation structure and management arrangements and grouping of tasks and functions will not address or facilitate the changes that are needed to cope with the internal and external challenges facing Clarence Valley both now and in the future.

There are a number of approaches that can be taken to meet the principles outlined in this paper and to group together the building blocks into logical and meaningful functional areas. We have given preliminary consideration to a number of options and whilst there are many that could be explored we have examined four (4) options specifically. The options have variations in two specific ways – the number of departments, and the distribution of functions across managers within those departments or to an Executive Manager reporting directly to the General Manager. The options are:
Option 1 – A Two Department Structure – with an Executive Manager - reporting to the General Manager on strategy and organisation development so as to better balance the DGM responsibilities

Under this arrangement the functional units would be grouped to retain the existing departments and Deputy General Manager positions but to give greater emphasis to Strategy and Organisational Development. These latter functions would be placed under an Executive Manager reporting directly to the General Manager.

To overcome current issues with the Deputy General Managers not devoting sufficient time to strategy it would be necessary to elevate the role and function of managers – to make them clearly responsible and accountable for operational management within the departments.
With the increase in staff numbers from the creation of the Strategy & Organisational Development Unit and with associated support costs it is expected this option would be an increase on the existing budget.

Under this structure it is not expected the existing Deputy General Manager or manager positions would be advertised. However, the vacant Executive Manager role would be advertised.

The advantages and disadvantages of this model are:

**Advantages:**
- Retention of existing Deputy General Managers
- Increased attention to Strategy and Organisational Development

**Disadvantages:**
- Maintains criticisms of current structure
  - Spans of control
  - Poor alignment of functional areas
  - Limited attention to strategic issues
  - Overwhelmingly by operational issues
- No expanded input to Executive Team
- Increased costs with limited ability for costs savings

The net benefit of this model is regarded as **limited** - it is unlikely to address or facilitate the changes that are needed to cope with the internal and external challenges facing Clarence Valley both now and in the future.
Option 2 - Two Department Structure with reorganised functions - essentially the status quo but with reorganised functions to better balance the manager responsibilities.

Under this arrangement Internal Audit and Governance, together with the newly proposed Communications and Media personnel, are planned to be managed by the General Manager as operational issues to give them a higher profile than being included in the Corporate & Community Department.

Retention of the two department structure would see most existing managers transferred into or recruited to the revised departments. To overcome current issues with the Deputy General Managers not devoting sufficient time to strategy it would be necessary to elevate the role and function of managers – to make them clearly responsible and accountable for operational management within the departments.
At the same time some new skills and abilities should be brought into the organisation to address shortfalls particularly in the areas of strategy and business improvement. A key priority with this option is to ensure the right capacity and capability of staff is achieved in those appointments.

The requirement to advertise the existing Deputy General Manager positions would need to be assessed based on whether there is any significant change in scope and responsibility of those positions (based on the number of staff managed and value of budget responsibility).

The advantages and disadvantages of this model are:

**Advantages:**
- Potential for retention of existing Deputy General Managers
- Reorganisation of functional areas can provide potential for funding of Strategy and Business Improvement Team
- Better alignment of functional areas
- Potential to further rationalise functional areas and allocate greater responsibility to managers

**Disadvantages:**
- Risk of no improvement in strategic focus
- Limited ability to expand skills input in Executive Team
- Limited improvement in spans of control
- Elevation of the roles and functions of functional managers may lead to increased remunerations

The net benefit of this model is regarded as **limited** – some improved focus on strategy and operations at limited cost.

Note: A variation is possible being the amalgamation of the Executive Manager functions from Option 1 with the reorganised functions from Option 2.
Option 3 - A Three Department Structure with an Executive Manager

The functional units would be grouped in three Directorates as shown below and the Strategy and Organisation Development functions would be under the management of an Executive Manager reporting directly to the General Manager.

The advantages and disadvantages of this model are:

**Advantages:**
- Improved/smaller spans of control
- Capacity for Directors to be more strategic
- Expanded career paths/opportunities for functional managers
- Focus on strategy/organisational development/business improvement
- Better alignment of functional areas
- Realignment of positions if Manager positions reduced is anticipated to be cost neutral

**Disadvantages:**
- Spill of existing Deputy General Manager positions
- Potential for redundancy of existing staff
This structure would require the advertising of the Director positions and may result in the redundancy of existing senior staff. The creation of an Executive Manager position is likely to overcome any possible inequity in the distribution of functions and will elevate the importance of Strategy & Organisational Development. It is anticipated the managers of functional units are likely to be the existing managers, although numbers may be reduced.

The net benefit of this model is regarded as high – it will deliver benefits over the current structure but at a cost to be minimised by further review of the functional areas.
Option 4 – A Four Department Structure - with the Executive Manager responsibilities contained within a corporate department

Under this arrangement the functional units would be grouped in four Directorates as shown below. A separate Corporate Department would manage the internal services provided to other departments; a Planning and Development Department would manage service delivery to the external community; a Works and Services Department would manage the publicly owned infrastructure and property; and a Strategy and Organisation Development Department would provide leadership training, culture improvement, systems and services review.

This is a very traditional structure found in most local governments across Australia. It has a logical and meaningful grouping of functions and responsibilities. Its advantages and disadvantages are regarded as:

**Advantages:**
- Improved/smaller spans of control
- Capacity for Directors to be more strategic
- Focus on strategy/organisational development/business improvement
- Better alignment of functional areas
- Broader expertise/skills of Executive Team
- Expanded career paths/opportunities for functional managers
Disadvantages:
- Four highly remunerated Directors
- Spill of existing Deputy General Manager positions
- Potential for redundancy of existing staff

The net benefit of this model is regarded as moderate - it will deliver some improvements over the current structure but at a cost.

Preferred Option

It can be seen from the above analysis that there are limited benefits from some of the options and that a three department structure with strengthened manager positions below may well deliver the improvements sought.

It can be seen that there are meaningful benefits to be gained from taking a decision to alter the organisation structure. Of course the implementation of such a structure should occur in stages and if the Council takes the decision to alter the structure we will provide an implementation plan.

The cost of the preferred structure option, that is the three department structure, will generally be more expensive in the short term. However, with improvements to service delivery and performance this cost is expected to be recovered in the short term and ongoing productivity savings will be realised.

A strategy for funding these costs needs to be developed and we are confident the Council can provide this funding through a number of initiatives to be outlined by the General Manager in a separate paper for council consideration.

In summary the benefits from the investment in implementation costs include:

- Better customer service – streamlined processes, improved response times, improved support systems
- Productivity improvements – works programme delivery, removed duplication and lost time
- Improved internal and external communication – leadership from Directors and Managers
- Improved accountability and teamwork – breaking down silos, clearer responsibilities
- Delivery of CSP priorities – better focus
- Staff development – career opportunities
07 FINDINGS

The Discussion Paper has made a number of findings, in particular that the Council must give consideration to the organisation being restructured to facilitate staff capacity and capability to effectively respond to the external pressures facing local government. The specific findings are:

Performance Management

Finding 1
The creation of a performance culture is a priority. This includes the creation of key performance indicators (KPI's) utilising a traffic light format and a system of performance reporting.

Finding 2
The General Manager needs to ensure performance agreements are developed for the General Manager, Executive Team and Managers and periodic (6 monthly minimum) performance reviews are carried out.

Finding 3
There is a significant opportunity to increase efficiency and effectiveness – to address any short term additional costs arising from the restructuring. The creation of a system of integrated performance management outlined above will identify priority areas for efficiency reviews driven by a business process re-engineering approach. This vital area of activity will require some short specialist resource, but the ongoing financial dividend should be significant.

Finding 4
The regular (perhaps annual) review of the performance of the Governing Body – of all Councillors in their decision making – can be beneficial to the building or better relationships between councillors and contribute to an improvement in the quality of decision making. The 4 yearly verdict on performance delivered by the electorate is somewhat too late – an annual review similar to that carried out by private sector boards where the performance of individual directors and the Baord itself through an internal process is something the Council should consider.

Strategy and Organisational Development

Finding 5
The Strategy and Organisation Development Team formed as part of the new structure should have the following functions
- Organisational development (leadership development – appraisals – continuous professional improvement)
- Business improvement (business, process and system improvement)
- Policies
- Performance reporting (KPI monitoring)
- Community strategic planning
- Corporate strategy

Finding 6
The operational plan, asset management plan, manpower plan and organisational development plan need to be aligned and prioritised with the community strategic plan.
Finding 7
Roles and responsibilities within the organisation must be clearly defined and in particular the role of Manager within the organisation needs to be reviewed to ensure appropriate management responsibilities are delegated to the Managers to free up the General Manager and the Executive Team to take a more strategic approach to future organisation priorities.

Finding 8
The General Manager, with the assistance of the Executive Team, needs to prepare a draft strategic priorities discussion paper and then arrange for an independently facilitated Executive Team Workshop to be held to identify and agree on the strategic priorities for the organisation in the next 12 months and beyond. When the organisation priorities have been developed they should be presented to the new Council after the elections in September 2012 to enable the Councillors and Executive Staff to jointly agree the way forward.

Finding 9
The Council needs to survey its community on a regular basis – at least once per term (4 yearly) – to gauge their satisfaction with Council services and to obtain advice on the priorities the Council should adopt for service changes and facility improvements.

Finding 10
Project teams should be established on a range of projects (limited in number and tenure) with defined responsibilities to investigate operational management improvements, to share information across the organisation and to make decisions on initiatives to reduce the silo effect within the organisation.

Budget and Financial Planning

Finding 11
The General Manager should give consideration to the appointment of a Managers Budget Team to assist corporately in the budget development and monitoring and cost control and to draw upon the knowledge of business unit managers. Budget variances need to be drawn to the attention of all managers (as well as the spending manager) and a corporate view to any over expenditure and remedial action sought. Budget development including the identification of low priority expenditure should be a primary role on a corporate basis for managers.

Finding 12
In every new service or capital expenditure proposal submitted to the Council the General Manager must ensure that the recurrent funding implications of each proposal is built into the long term financial plan to ensure the Council can meet ongoing funding commitment.

Asset Management

Finding 13
Asset management needs a significant review and whilst this is underway it needs to be assigned the highest corporate priority.

Finding 14
As a high priority for the organisation a project plan should be prepared for the implementation of a comprehensive asset management system.

Finding 15
Asset Management planning should be assigned to one functional area to improve its focus.
Finding 16
In this context asset ownership should be assigned with responsibilities so that different functional areas do not prepare conflicting use plans for the one asset.

Finding 17
A policy on establishing a Return on Investment on the $1.7 billion value of all assets (including community land and buildings) should be developed to drive increased income generation.

Property Management

Finding 18
The responsibility for property and buildings management should be assigned to one department and one person.

Finding 19
A complete inventory of Council owned and controlled property should be developed (including the status of leases and licences affecting the property) and a Project Plan initiated to identify the properties that should be reviewed in priority order based on the return on investment expected.

Finding 20
As an adjunct to property management will be the allocation of asset ownership.

Executive and Management Team

Finding 21
The General Manager and the executive team should be supported by an Executive Officer – a graduate who could provide much needed policy and strategy support and be a good example of the council growing its own talent.

Finding 22
A new fortnightly executive team meeting should be established.

Finding 23
A new corporate management team comprising the executive team and the functional managers, who sit under the newly approved structure, should be created.

Finding 24
The new corporate management team should meet once a fortnight for approximately 1-2 hours. The first half of this meeting to be formal with a structured agenda and the second half developmental in nature e.g. guest speaker.

Customer Service

Finding 25
Customer service KPIs should be reviewed quarterly by the management team and any corrective action taken. A project team might be established to look at best practice and how services can be improved.

Finding 26
A customer service charter should be developed to include customer service performance standards so customers and staff know the standards of service to expect.
Corporate Systems

Finding 27
All staff should receive additional and ongoing training, support and direction to ensure they are proficient in the use of the customer request system and the document management system and in particular the benefits of system use. Performance reports need to be generated and made available to managers so that corrective action can be taken to ensure customer service standards are met.

Finding 28
The General Manager should institute a review to implement corrective action to remedy the following issues:
  o The current budget and cost control process permits staff to allocate charges to cost centres not under their control.
  o Budget preparation is not transparent.
  o Many spreadsheets are maintained outside the corporate systems – and time consuming to maintain and only being available to the area where the information is stored.
  o Time taken to update the CRM system is considered by some to be excessive.
  o Business rules are required and where they have been developed they are either not known; interpreted inconsistently or not implemented.
  o Financial planning utilising modelling and scenario planning is required so that the impact of a possible decision can be considered before any long term commitment is made.
  o The corporate systems are not utilised for performance management.
  o Corporate system improvement is not adequately funded and/or prioritised.

Project Management

Finding 29
A project methodology such as the “Business Excellence Framework” could be introduced as an internal organisational improvement project.

Finding 30
A project planning and management methodology based on PMBOK (Project Management Body of Knowledge) could be introduced for external projects.

Finding 31
When the project management methodologies are introduced they should be accompanied by adequate training.

Finding 32
The management of projects involving the design and construction of substantial public infrastructure should be managed by a Design and Construction Team.

Public Relations and Media

Finding 33
Council should give consideration to the employment of a media/public relations specialist who can develop a favourable relationship with the media; develop a “whole of organisation approach” to public relations; and improve the image of Council through standardised branding.
Internal Audit

Finding 34
The General Manager should review the role and function of the existing Internal Audit Program and ensure that the current scale satisfies the guidelines issued by the Division of Local Government.

One Organisation

Finding 35
As a consequence of the structure review Council should plan and undertake a comprehensive review of how employees are housed and grouped; the location and working environment in which employees are engaged; and remedies which can be introduced to ameliorate the “up river/down river” mind-set of staff.

Staff Work Issues

Finding 36
A policy on the recruitment of trainees and their retention within the business should be developed.

Finding 37
An assessment should be made of the adequacy of delegations from the Executive for operational issues and any necessity for further training.
WHERE TO FROM HERE

The Discussion Paper is to be presented to:

General Manager and Executive Staff
Individual Managers
Staff Reference Group
Staff Consultative Committee
Staff members

and published within the organisation to enable any staff member to provide input into the debate – and provide feedback on the proposals so that any errors of fact within the paper can be made, but more importantly to consider carefully the views of staff so that the proposals can be reviewed and necessary changes made to proposals. After consideration of submissions a final report will be submitted to the General Manager to enable a formal report to the Council to adopt the preferred structural option.

It should be noted that Section 332 of the LG Act provides:

(1) A council must determine:
• an organisation structure
• those positions within the organisation structure that are senior staff positions
• the resources to be allocated towards the employment of staff.

Section 333 of the Act requires the Council to review the structure within the first 12 months of its new term of office.

Once the Council has adopted the structure the General Manager and Executive Team will work with staff to create the new manager roles, their roles and responsibilities.

Any person with an interest in the Discussion Paper should submit their comments to Blackadder Associates Pty Ltd to enable the Discussion Paper to be reviewed and a final report submitted to the General Manager.

In accordance with the Discussion Paper finding that a project management approach be taken across the organisation it is important that a project plan be developed for the implementation of the structure changes. This should be regularly monitored by the Executive Team. It should also be accompanied by a Communication Plan to keep the organisation informed of progress.

Finally, there is a range of other activities which we believe the Council needs to consider undertaking referred to in section 7, including creating a performance system, promoting efficiency and reviewing the composition of the Council’s various business units. This work could be carried out in-house (capacity permitting) with some specialist assistance or could be undertaken as a bespoke consultancy assignment.

Stephen Blackadder
Managing Director
Blackadder Associates Pty Ltd
stephen@blackadderassoc.com.au 0412 255 149
ACKNOWLEDGEMENTS

We are extremely grateful to many people who have contributed to this review.

We have appreciated the support from the General Manager, Scott Greensill who has been positive and strategic in his approach to the project.

Our two (2) meetings with the Councillors were highly beneficial and we were most appreciative of their positive approach to and reception of the suggestions for improvement.

A big thank you to Rhonda Essex and Jean Kelly who have provided invaluable support to us in all phases of the project. We could not have managed without their help.

To the Deputy General Managers and managers thank you for your contribution at a time when you personally may feel most challenged. Your honesty and forthrightness has been most appreciated.

Finally, to the Staff Reference Group – they have been of enormous assistance in identifying issues, challenges, frustrations and more importantly suggesting actions and initiatives to address those aspects. We greatly appreciate the time and effort they have contributed.