

# Forward 2020: organisational change at the Council

## RECOMMENDATIONS

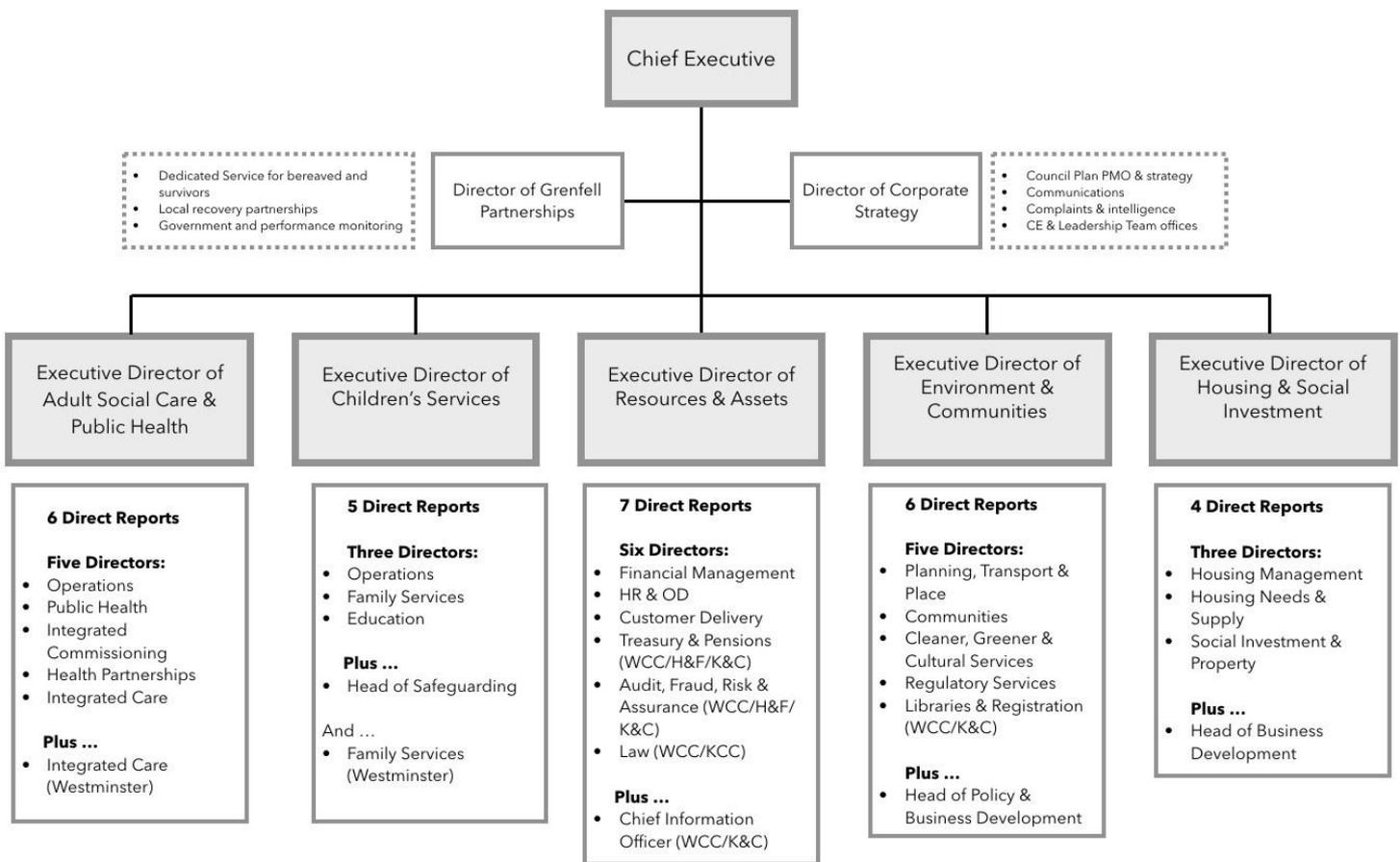
1. For the remainder of this Administration the five directorate design be maintained, albeit adapted in the way set out in Diagram 1 below.
2. The shared service arrangements with Westminster City Council will remain for Children's Services as well as for Adult Social Care & Public Health and libraries. Some residual sharing of service functions across Westminster, Kensington & Chelsea, and Hammersmith & Fulham will remain in place where that is mutually agreed across the Councils.
3. The transitioning of services from the Grenfell directorate is to continue as planned and, in effect, the directorate divided into two. A Grenfell Partnerships Team, under a new Director of Grenfell Partnerships, will be established at the corporate centre. This new Director will report directly to the Chief Executive. The housing services currently within the Grenfell directorate will be reshaped under a new Housing & Social Investment directorate, led by an Executive Director. Three permanent Director posts are to be established within this new directorate (Housing Management, Housing Needs & Supply, and Social Investment & Property) all reporting to the Executive Director. Until the transition to this new arrangement is fully completed, after the appropriate recruitment process conducted in line with the Council's policy process for reorganisations, the Executive Director of Grenfell will lead the directorate.
4. This new directorate will focus on investing in the Council's homes and on improving the repair and maintenance service to those homes. It will focus on increasing the supply of social and genuinely affordable housing in the borough. It will work in closer partnership with other social housing landlords locally. And it will develop a new ground-breaking approach to investment which is based on delivering social and community benefit alongside investing for the public interest.
5. The Council's various community functions are to be grouped together in the Environment & Communities directorate under a new Director of Communities who will report to the Executive Director of Environment & Communities. This new Director will lead on, among other things, the Council's community safety, community engagement, and other related functions.
6. To ensure the effective and timely delivery of the Council plan and, among other things, the corporate functions of programme and performance management a new post of Director of Corporate Strategy is to be established, reporting directly to the Chief Executive.
7. It is recommended that the posts of Executive Director of Housing & Social Investment, Director of Grenfell Partnerships, Director of Communities, Director of Social Investment & Property, and Director of Corporate Strategy be established by the Council as one (or more) of these posts may be graded above £100,000 per annum. Aside from the Director of Corporate Property post, most of the existing posts that these new roles are replacing are not part of the Council's establishment and so do not formally require deleting.
8. Corresponding changes to the Council's Constitution (Article 11) are required to reflect the recommended change in officer posts, functions and responsibilities.

9. Overall, there is unlikely to be any net increase in salary costs to the Council at senior management level as the posts recommended will, over the next 6 months, replace existing roles. Any net additional costs, arising from this report, will be contained within existing budgets or subject to further consideration in the 2020 budget process.

### Arrangements 2020

This report recommends the design of the Council’s future management arrangements. It is intended for 2020 and beyond, for a maximum three year period. It is proposed to be implemented as soon as is practicable, having regard to existing staff contractual periods and secondment arrangements (etc). Ideally, the new managerial accountabilities will be in place well before the end of this calendar year. To achieve change at this pace requires urgent consideration of these recommendations by the Council.

**Diagram 1**



**Kensington & Chelsea:** Chief Executive; five Executive Directors; 24 Directors

Recommended design of management arrangements for 2020 to 2023  
To be reviewed in the light of developments in the Council's budget strategy

June 2019  
Barry Quirk, Chief Executive  
**Version 1.0**

# Forward 2020:

## Organisational Change at the Council

July 2019

*Barry Quirk, Chief Executive*

### **The purpose of this report**

1. This report recommends further changes to the Council's management arrangements to make it fit for 2020 and beyond. Once agreed, the changes proposed here are to be implemented over the coming three to six months. The Council's current pattern of management arrangements was agreed in September 2017 following the adoption of my report, *Fit For New Purposes*. That report was drafted in the immediate aftermath of the Grenfell tragedy and the then focus to improve the Council's organisational response to its impact locally.
2. By necessity this report focusses on the internal workings of the Council: the design of accountabilities within management, as well as the operation of management practices. This is not to suggest that an internal focus is essential, it is simply that the Council needs to have effective, efficient and well-coordinated internal management arrangements if it is to achieve positive change in the way it works with local communities and deliver its recently agreed Council Plan.
3. The recent second anniversary of the Grenfell Tower fire clearly demonstrated the depth and strength of community spirit, the intensity of the continuing calls for justice, and the force of claims for local investment and change. It is essential that the Council's organisation is capable of responding to these demands locally and contributing to a national agenda for change in social housing and community engagement. Ensuring the fitness of our organisation to meet these challenges is the purpose of this report.
4. The 2017 report, *Fit For New Purposes*, recommended three main changes. First, it recommended the creation of a Grenfell directorate dedicated to the rehousing of survivors, enabling a more focussed response to the tragedy and the shaping of a recovery strategy for bereaved, survivors and others affected locally. Second, it recommended the grouping of service divisions into five broader service clusters or directorates, each headed by an executive director with wide-ranging corporate responsibilities. And third, it recommended a radical change to the culture of the organisation by adopting a new corporate vision, clearer corporate values for staff, and a new style of working across the organisation.
5. These changes have largely been implemented and have each had an impact on the development of the Council as an organisation. The 2017 organisational design, the 2018 organisational values and behaviours framework, and a summary of the priorities and themes in the 2019 Council Plan are set out in Appendix 1. Further organisational changes are now required to meet the challenges of the next three years.
6. Moving forward the Council needs to ensure that dedicated support is maintained for those most affected by the continuing impact of the Grenfell tragedy. The most important lesson that the Council has learnt over this period is about the centrality of

humility, compassion and personalisation in our service and organisational responses to the bereaved and survivors of this appalling tragedy. Of course, on many occasions we have fallen short and got things wrong. Mistakes, errors and misjudgments occur. We must be open to learning from our mistakes so as to deliver better, more reliable, more personalised responses.

7. The key is that all staff members need to be supported to make their best possible judgements and to respond properly and quickly to the voice of those most affected by this dreadful tragedy. In the pursuit of this end, the Council has engaged management development support to staff: first, to reshape our core values; and second, to set new ways of working to achieve the Council's new priorities. More specifically, over the past two years, the Council has had the benefit of exemplary leadership from the Executive Director of the Grenfell directorate and her senior team as well as the talented and dedicated efforts of those staff working directly on the response and recovery phases. Over the next three years it is vital that the whole Council learns from and builds upon the legacy of this approach.
8. Following the transfer of all of the housing management responsibilities into the Council in 2018, the Council now needs to consolidate and strengthen management arrangements in respect of housing services generally. In addition, the Council needs effective arrangements in respect of community engagement generally, as well as effective corporate management arrangements to help strengthen the coordination of the Council's different functions.
9. This report recommends specific organisational changes to enable the Council to move confidently forward into 2020 and through the years that follow. Overall, the aim is to produce a more community oriented organisation that is both robust and flexible in its management arrangements. The report is prepared in accordance with Section 4 of the Local Government & Housing Act 1989 (see Appendix 2). It recommends how the Council's different functions are to be better coordinated over the next period.

## **Background**

10. Over the past two years the Council has been changing its governance, its overall policy stance, its management arrangements, and its overarching culture. These changes have been driven by a clear moral imperative to learn the lessons of the appalling Grenfell tragedy and to shape an organisation that is fit to serve its communities and is fit for the future.
11. The Council is determined to reconnect with local communities and citizens; to reshape its services to be more attuned to the needs of residents and communities; and to revitalise its organisation so as to enable these changes to happen swiftly. But change and improvement is never straightforward nor linear. Change is often halted, gets stalled and gets stuck. In Kensington and Chelsea, we need relentlessly to pursue service and organisational changes to meet urgent and intense local needs, but also so that our organisation can keep pace with the changing expectations, needs and demands of those whom we serve.
12. Council organisations are complicated groupings of people, teams, professions, processes, systems and cultures. Individual staff and specific service teams can be genuinely high-performing but their efforts can be undermined by the operation of the

Council as a whole organisation. Moreover, as a multi-functional public authority, the Council needs to try to ensure that the collective efficacy of the whole organisation is greater than the sum of its distinctive parts.

13. In 2017, we needed to change our overall way of working as a Council rather than change the way that each team worked. Of course, we had to focus on the task of transferring the housing service into the Council's management arrangements. And we had to alter the policy approach of some of our key programme areas (such as in property and regeneration). That did not mean that every team within the organisation had to change what it was doing and how it was doing it.
14. All organisations can become stuck in grooves of established ways of working. They become trapped into a repetition of doing this year, simply what they did last year. And yet circumstances change, social needs vary over time and organisational capabilities need to be developed and refined. That is why elected Members and officers need continually to generate momentum for purposive organisational change. Change that better connects the activities of the Council's staff to the changing needs of the communities that we serve. For it is these communities themselves that offer the main source of inspiration for the sort of change that matters; change that makes a positive difference to people's lives locally.
15. Planned changes are rarely implemented as straightforwardly as initially intended. And changing the organisation of local government is especially difficult. However, we are able to draw on the experience of the past decade in combining, re-combining and disaggregating service functions with both Hammersmith & Fulham Council and Westminster City Council. We are also able to draw on the experience of lessons from other Councils, across London and beyond; and finally, we can draw upon the collective imagination of service users, local residents and community organisations locally.
16. Local government is founded principally to enable community self governance, and then to secure a range of public functions and services. This means that the Council has to pursue a range of inter-connected and often inter-dependent local purposes. These include, among other things, safeguarding children and adults from risk and harm; ensuring that housing and environmental services are available to meet local needs; shaping and regulating the development of the local area; fostering the conditions for local economic success; and, alongside community organisations and health service partners, meeting the most pressing health and social care needs locally. And so our organisation needs to reflect the variety of these purposes and make sure that those working in separate functional areas within our organisation work together with others in an appropriately joined-up manner.
17. In local government, organisational change is constrained by the legislative and financial context in which Councils operate. We are not entirely free agents. This Council, for example, will have to manage a significant reduction in its net revenue base over the next three years because of likely changes to our funding. At present we estimate that our net revenue budget of £160 million will need to reduce by an average of 8 per cent over each of the next three years (or a combined total of some £40 million over the same period). Added to this severe tightening of our budget, it is very likely that new legislative mandates will fall to the Council over the coming

period as new challenges are identified and local government is charged with meeting these challenges without the benefit of commensurate additional funding.

18. The political and economic uncertainties against which we must plan our organisational future are unprecedented in character, and the unfolding nature of events is, at this stage in July 2019, utterly unpredictable. Given these enveloping uncertainties it would be easy to abandon the strictures of planning, forgo large scale strategic change, and instead rely on tactical manoeuvrings and shorter term adjustments. But that would produce a passive approach to our organisational development just at the time when we need to display greater activism and positivity. For this reason, we must develop robust and flexible plans for our organisation. We need to reshape our management arrangements again and we need to resize our budget so that it is sustainable over the medium term.
19. Changing the design of accountability within an organisation (often referred to as “the structure”) simply changes who reports to who, and for what. However, changing reporting lines means little if staff are confused about their respective roles and are unclear as to how they are to work together. One way to eliminate role confusion and achieve greater role clarity is to be precise about the respective roles of one layer of management compared to other layers. Another approach, is to ensure that layers of management are minimised and that spans of control are optimised. Ideally, for an organisation of just 2,500 people organised in five directorates, there should be no more than four layers of management in any one directorate.
20. But with networked information systems and well supported front line staff, management hierarchies are less and less relevant for the day to day control of service delivery. Middle and senior management roles are increasingly required for direction setting, partnership working and assurance (about resident safety, budget management and core statutory responsibilities), rather than detailed daily supervision and the operational management of a series of direct reports. Front line staff and managers need to be empowered to perform the roles and to use their creative imagination to deliver the best solutions for their communities and service users. The framework of accountability in which staff operate is not simply vertical - up the hierarchy - it is to their colleague workers, to partners in other agencies, to community organisations, to service users, to elected Members as well as to the communities whom they serve.

### **Continuance of shared management arrangements with Westminster**

21. Since 2010, the Council has benefited from sharing significant service functions with Westminster City Council and with Hammersmith & Fulham Council. This has enabled management capacity, service specialties and professional expertise to be maintained despite a long period of fiscal tightening for London local government generally. Many other London Councils have dramatically resized the management and professional leadership of their services as part of their overall service reshaping. In these Councils, this has resulted in the stretching of management capacity and in lowering their managerial resilience as the number of lead professionals, who act as subject matter experts, is reduced. Locally, the three borough shared arrangements served to sustain this capacity in many functional areas (such as in adults and children’s social care). It also enabled many services to be managed across the three authorities with lower overhead costs.

22. However, this arrangement across the three boroughs is changing. For example, service management with Hammersmith & Fulham (H&F) is being disaggregated with each authority retaining responsibility for the majority of their respective service functions (aside from a few service areas such as audit and treasury management) within their own management arrangements. Nonetheless, the core functions of adult social care, public health, children's social care and the educational relationship with schools, and library services will remain shared across both Westminster and Kensington & Chelsea. This shared arrangement will remain over the coming period. The two authorities are keen to continue sharing management and service expertise in these functional areas. They will therefore continue to benefit from economies of scale and standardisation in service design and delivery as well as in leaner management overheads.
23. By 2020, London's overall resident population will be over 9 million; and almost one-half of London's 32 Councils will have resident populations of over 300,000 with the average size being 287,000. By contrast, and aside from the City of London, Kensington & Chelsea's resident population will be the smallest in London (at 160,000 people) with only two other boroughs having populations below 200,000 (Kingston at 185,000 and Hammersmith & Fulham at 187,000). Retaining suitable levels of professional expertise, subject matter expertise and management leadership through the next decade and across 32 London Boroughs, will be a difficult organisational challenge for all authorities, including here at Kensington & Chelsea.
24. It is therefore to the mutual advantage of both Westminster and Kensington & Chelsea to continue the shared service arrangements for adult and children's social care as well as for public health and schools liaison. Other functional areas (such as treasury management, audit and libraries) are also to continue under shared management. And it is possible that other service functions may be formally considered for sharing where it is in the mutual interests of both Councils and where it benefits the communities and service users of both authorities.

### **The Grenfell directorate becomes a core capability**

25. Since September 2017, the Council has employed several hundred additional staff (many hired externally through short term contracts, with others redeployed internally through secondment arrangements) to assist in the response to the Grenfell tragedy as well as to the subsequent recovery effort. And while the organisational response effort has been concentrated in the Grenfell directorate, the overall response has also incorporated strong support from professional staff from across the Council. Over the past six months, the core staffing for response has been substantially reduced and services have been sustained through the resizing of the Grenfell staff numbers and, more recently, the development of a dedicated service for bereaved and survivors.
26. The Council's resourcing and service commitments to those most impacted by the Grenfell tragedy will continue for many years to come. Intensive community engagement support with the local communities in the vicinity (including with Residents Associations) is essential over this period. This will therefore require a critical core capability within the Council's management. To this end it is proposed that a Grenfell Partnerships Team continue under the management of a dedicated

Director (reporting to the Chief Executive) as well as the creation of a new Director for Communities post in the Environment & Communities directorate.

27. It is critical that the Council maintains the capacity and capability to drive the recovery strategy as a whole Council and not simply through the reshaped Grenfell Partnerships Team. It is also vital that the service connection and stakeholder management has the benefit of continuity in management accountability. To ensure continuity of service as well as continuity of connection with key stakeholders it is recommended that the post be filled internally from within the current Grenfell service.

### **A clear focus on safety**

28. Strengthening the Council's approach to safety is a key goal. This stems from the organisational lessons we are drawing from the Grenfell tragedy as well as the need for us to build upon our core responsibilities for safeguarding children, adults and communities generally. Of course, a good deal of our work in relation to safety is done in partnership with other public agencies (the police, the fire service, and so on) as well as with private sector partners and suppliers. In local government, minimising risk and harm to individuals and to the wider public is a primary feature of several different functions. These include, among things: child protection; adult safeguarding; housing management; property management; planning and development; leisure services; environmental health; health and safety at work; counter terrorism prevention; and public health.
29. In housing management for example, we are committed to improving the quality of our Council homes and will be investing almost £300m over the next seven years to achieve this. Keeping residents safe is of utmost importance to the Council as a landlord. While we have recently set up a resident safety panel that scrutinises our actions around areas such as fire, gas and asbestos management, we will continue regularly to discuss health and safety issues with residents and communicate with all residents and to keep all of the residents in our housing estates safe from risk and harm.
30. Across the Council more generally, a corporate health and safety function has been shaped and it now sits centrally within the Resources & Assets directorate. The Council has recently strengthened this function following service disaggregation with Hammersmith and Fulham Council. A new manager, from outside the Council, has recently been appointed to head up the function.

### **Five Directorate Design**

31. Currently, the Council has a five directorate design and a small corporate centre under the Chief Executive. The five directorate's (each with an Executive Director) agreed in September 2017 were:
- Adult Social Care & Public Health (with Westminster)
  - Children's Services (with Westminster)
  - Environment & Communities
  - Resources & Assets
  - Grenfell

32. It is proposed that a five directorate structure be maintained. Three consequential changes are recommended for adoption. First, that those housing functions that have been managed within the Grenfell directorate for the past year or so, ought to be reshaped into a new Housing and Social Investment directorate. Second, that the community engagement functions that have been linked with corporate communications for the past two years, be re-located into the Environment & Communities directorate. It is recommended that a Director of Communities be recruited on a permanent basis to manage a series of the Council's community related functions. Third, it is recommended that the corporate property function be completely reshaped. Facilities management and events management (both currently within corporate property) be retained within the Directorate of Resources & Assets; while property management as well capital project delivery be transferred to the new Housing & Social Investment directorate.

### **Housing & Social Investment Directorate**

33. The transfer of the housing function to within the Council resulted in a sizeable increase in the Council's staffing numbers. The Council had about 100 staff working in housing needs and allocations as well as in homelessness. The addition of new staff in housing management and maintenance now takes the total to about 400 people. The in-sourcing of the housing service was initially envisaged as a temporary measure as the Council gave an undertaking that residents (tenants and leaseholders) would themselves determine the longer-term management arrangements for housing from a range of potential options. Many of the senior managers were therefore hired on fixed term contracts. However, it is important that these arrangements continue for longer to enable the planned investments to be implemented and for the planned service improvements to be delivered. Therefore the management arrangements for this critically important function needs to be regularised for the foreseeable future. It is important that this is achieved in the next few months.
34. It is critical that insourcing the housing management and maintenance functions does not result in a bounded and separate housing directorate within the Council. The new directorate has an important role as a vehicle for changing the whole organisation's culture towards putting the needs of communities first. But it has a first order role of dramatically improving the safety, reliability, quality and responsiveness of services to tenants and leaseholders. It will obviously have strong goals and objectives to improve the security and safety of residents living in Council owned homes. It will need to focus relentlessly on investing in the Council's homes and in improving the repair and maintenance service to those homes. It will need to focus more aggressively on increasing the supply of social housing in the borough. And it will also need to work in closer partnership with other social housing landlords locally to house the 2,500 families for whom the Council has accepted a rehousing responsibility and whom we have currently placed in temporary accommodation until they can be permanently housed.
35. This new directorate will need to develop an approach to investment that is comprehensive, coherent and ground breaking. The potential benefits that derive from any one opportunity (say, an available site or piece of land) need to be set within a broader framework of community and social value investment. The reasoning behind this change in emphasis to the Council's approach to property

investment is set out in Appendix 3. Every opportunity needs to be subject to a strategic options appraisal for the fullest range of alternative uses. Public interest considerations will need to be evaluated within a broad social and public investment framework: one that explicitly balances social value and community benefits with, among other things, the potential for revenue returns from investments generally. Importantly, this social investment approach needs to be applied to all the Council's purposes and functions, it is not simply a mechanism for focussing on social housing. The wider possibilities of community and public benefit need explicitly to be balanced against other potential options.

36. Developing this framework and aligning the Council's investment plan to its new priorities will be a principal purpose of this new directorate. For this reason, it is proposed that the corporate property function and the capital investment management team be transferred from Resources & Assets directorate to Housing & Social Investment. This will increase the staffing numbers in this directorate to over 450 people.
37. It is essential that this new function is led by an Executive Director of Housing & Social Investment. The successful candidate to this post is to be recruited through open competition and the recruitment process will necessarily involve key local stakeholders. Until such time as the post is occupied the current Executive Director of Grenfell will continue leading and shaping this new function.

### **Corporate capability**

38. The relative weakness of the Council's corporate centre has been identified previously and is acknowledged. It is a matter that has been raised on several occasions by the Government's Taskforce. Over the past two years this has been partly addressed by hiring additional senior staff on temporary contracts or on secondment. Since September 2017, the two senior corporate posts reporting to the Chief Executive have been an interim Director of Governance & Coordination and an interim Director of Communications & Community Engagement.
39. The former has been supported on the basis of a long-term secondment by a senior officer from the Local Government Association. This Director has been a crucial focal point for the Council's liaison with the Ministry of Housing, Communities & Local Government (MHCLG), its Taskforce, and with other Government departments. The secondment is continuing for the remainder of this year, and this Director will continue to lead on, among other things, liaison with Government and stakeholders, as well as the successful implementation of the critical governance changes recently agreed by the Council. Subsequently, it is recommended that the governance support function will be managed by the Council's Monitoring Officer.
40. The interim Director of Communications & Community Engagement recently left the Council after leading these two functions for 18 months or so. The decision to combine these functions followed the Cabinet Office guidance on civil contingencies for disaster management. However, given the changed context in which the Council operates, it is no longer appropriate for these functions to be lead by the same senior manager. Therefore, in the future it is recommended that the two distinct functions of corporate communications and community engagement are to operate under different management arrangements.

41. Conventional areas of corporate strength in local government, such as performance management and programme delivery, are not strongly in evidence in Kensington & Chelsea. It is vital that this is rectified and that there is corporate management grip on organisational issues, especially in the light of the adoption of a new Council Plan.
42. Therefore, it is proposed that a corporate programme management office is required to coordinate and drive the delivery of the entire plan of organisational change across the whole Council. Programme management skills are evident in many service areas; they now need to be more developed at the corporate centre. Service and organisational strategies need to be aligned so that the Council does not inadvertently pursue contradictory purposes. What's more, it is critical that service performance and project delivery is reported comprehensively and coherently to Members in both the Leadership Team as well as in Scrutiny.
43. To this end it is proposed that to establish a Director of Corporate Strategy with three main tasks: (1) establishing a programme management office for the Council Plan; (2) establishing an intelligence and performance function for the Council overall; (3) leading on the external and partnerships strategies of the Council (including the economy strategy). In addition there is a need to ensure that there is an effective corporate approach to the handling and response to complaints. The independent adjudicator role needs to continue and be located centrally in the Chief Executive's office. Furthermore, it is important that, in support of the Chief Executive, that there is capacity to manage the corporate communications function.

### **Evaluating organisational culture change**

44. The Council is regularly challenged to comment on the depth and breadth of its organisational improvements and in particular to the changes in the culture of its organisation. This requires us to develop a more thorough self-awareness of our style of working internally. The Government's Taskforce, which gives assurance to the Secretary of State on the effectiveness of the work that we are doing, have usefully challenged us to demonstrate the extent to which the Council has changed and have suggested that we work at greater pace to drive changes through more quickly. This report and the actions that flow from it, is intended to meet the Taskforce's challenges in this respect.
45. It is relatively easy to identify the new norms, the new ideals that we seek to establish in our way of working. We have shaped a new corporate vision, new corporate values, and our new priorities have been set out within our new Council Plan. One-half of the Council's Members were elected in 2018; and by the middle of 2019, two-thirds of the Council's top 33 senior managers will have joined the Council after the Grenfell tragedy. However, simply having fresh leadership (whether political or managerial) may not of itself change the organisation's previously existing culture. Moreover, it may be unhelpful to contrast "old ways of working" with "desired ways of working" as this suggests that all prior ways of working by all staff were somehow deficient. And that simply wasn't so.
46. Nonetheless, it is clear that the Grenfell tragedy pointed to the failure throughout local government (and not just in Kensington & Chelsea) to pay proper attention to those citizens and communities who live in social housing. To their safety, their security, their general well-being and their wider life-chances. This lesson about

reconnecting with social housing tenants is a further impetus to local Councils to reconnect with the communities they serve.

47. More generally, all Councils need to make sure that as far as is possible they have regard to the limiting impact that their organisational culture may have on the communities that they serve. In a very general sense, Councils need to move from the limiting nature of a traditional Box A culture to the empowering potential of a Box B culture.

<b>Box A</b>	<b>Box B</b>
<ul style="list-style-type: none"><li>• pursuing service excellence</li><li>• internal organisational focus</li><li>• closed: "invented here" syndrome</li><li>• realising investment potential</li><li>• professional detachment</li><li>• team working alone and in silos</li><li>• working for people</li><li>• getting things done</li></ul>	<ul style="list-style-type: none"><li>• building community relations</li><li>• external community focus</li><li>• open: curious to discover new ways</li><li>• generating community benefit</li><li>• professional with compassion</li><li>• team working across the organisation</li><li>• working with people</li><li>• helping people solve problems</li></ul>

48. Organisational change requires agile people, processes, strategies and structures. Change management is a continual process; it is not a case of changing one steady-state of doing things to another newer steady-state way of doing things. It requires an alertness to changing community and service user needs and preferences, as well as an open and experimental approach to shaping services. Change needs to operate at an ever-faster pace; while our organisation needs to approach change with genuine humility. We need to avoid top-down professionally dominated change and, instead, embrace the changes that our communities and service users seek.
49. We have trained and developed elected Members, staff and managers in our new approaches. Our core values were developed by staff through a deliberative process. The focus was on future ways of working across the whole organisation. And our management leadership programme (facilitated by the local government leadership centre) is bringing together the Council's top layers of management, supporting and challenging them to work, think and behave differently. This is providing real opportunities to share management learning gained in the Grenfell directorate across the organisation more widely. Together with development training on equalities, diversity, cultural awareness and related competencies, we are now reframing our management development to make it relevant to front line and middle managers as well as to improve the organisation's impact on the communities we serve. Making sure that the management lessons from Grenfell and our new management approach reaches all parts of the organisation is our next challenge.
50. We need to be able to identify the difference to the public that is made by these organisational and management changes. Positive affirmative statements about future intentions are simply not enough; we need to be able to demonstrate how changes to our organisational culture are having an impact amongst the communities that we serve. That is one of the reasons why we need a streamlined people

strategy; one that helps staff focus their behaviour, and which encourages change through a clearer reward package. This will include, subject to consultation, revising our existing pay and grading systems as well as our existing performance related pay schemes.

51. Fundamental change in organisational culture is extremely difficult to achieve - but it is an aim that is firmly in sight. It is something that needs to be faced and addressed. Having clear work streams, operational plans, milestones and targets for achievement is one thing, but generating momentum for change and sustaining that change is more than an exercise in planning and programming. It is crucial that we realise that it is actions and the way that people work that generates new culture, not statements of intention nor detailed plans. As one authority on leadership suggests, "culture does not change because we desire to change it. Culture changes when the organisation is transformed; culture reflects the realities of people working together everyday."
52. As noted above, the Government's Taskforce has asked us to provide evidence of the depth and breadth of organisational culture change across our organisation. One way of gaining a reasonably reliable view as to the extent to which changes in the Council are sufficiently embedded is to take part in a local authority corporate peer review, led by the Local Government Association (LGA). However, while it is important that the Council is subject to a searching and thorough peer review, it is also important that the Council continues to be informed by the perspective of those most impacted by the Grenfell tragedy and the wider views of local communities and service users more generally.
53. It is therefore recommended that as well as considering the timing for an LGA corporate peer review, we need to engage an independent expert review to monitor the actual impact of our organisational culture changes on not just the way that we work but on how these changes impact upon the experience of our communities and service users. Those conducting the review will need to have relevant expertise and experience and they will need to have include the perspective of various community and service user reference groups. This will give added impetus to our change agenda as well as providing the reliable evidence that is required to give assurance about the impact of the changes that we are making.

### **The coming three years**

54. The Council's management arrangements requires significant changes to enable the swift consolidation of the Grenfell recovery strategy into the whole organisation. The management arrangements also need to be changed so that the goals and ambitions in the Council Plan can be realised. The next three years will be challenging for many reasons. Financial pressures to the Council's service budgets are real and palpable. Fast paced technical changes in information technologies and digital networks will enable many opportunities for the Council to change service design and delivery. While, the uncertainties that face London's economy in the context of Brexit are daunting in their complexity.
55. Added to these contextual challenges is the extraordinarily important issue of the Public Inquiry into the Grenfell Tower fire. The Inquiry's Phase 1 report is expected to establish what happened on the night of 14 June 2017. In Phase 2, the Inquiry will be examining the circumstances and causes of the disaster. Throughout this period

there will remain a vitally important public search for justice involving the bereaved and survivors of the Grenfell tragedy. The Public Inquiry is central to this search for justice and the Second Phase of its work (in terms of the evidential questioning in public to get at the root causes of the fire) is due to commence in early 2020. In this context, it is so important that the Council maintains its open and transparent approach to providing evidence to the Inquiry (as well as to the corporate manslaughter investigations by the police authorities).

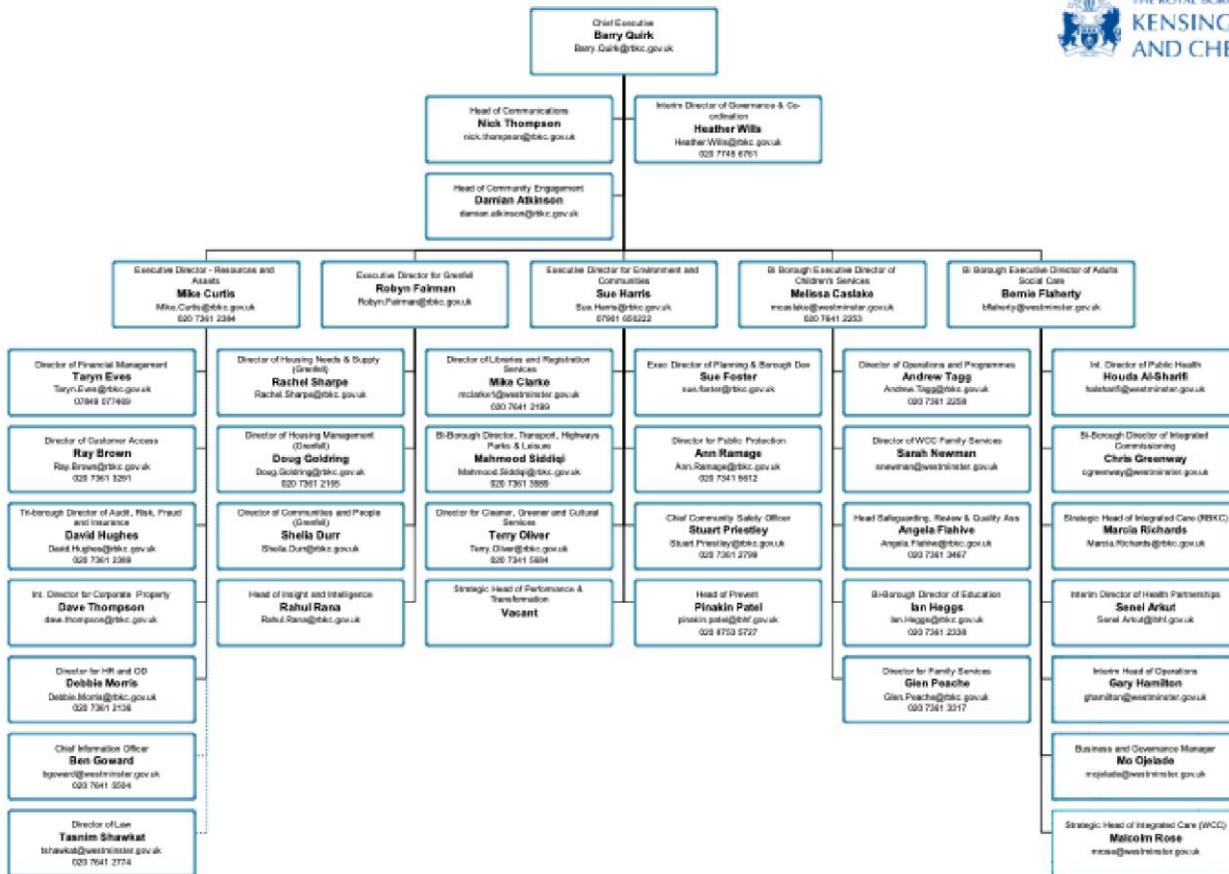
56. In 2018, the Council agreed to sign up to the recommendations of the Hillsborough Charter. It is important that all staff recognise the importance of this decision. It means that it is absolutely critical that the Council maintains a stance that reflects the duty of candour and openness in everything it does in relation to the Public Inquiry, the Police investigation, and in all of its work. This is required not simply because of the Council's adoption of the principles of the Hillsborough Charter but because of the overriding moral requirement to place the public interest and the interests of those who suffered above all other interests.
57. Agreeing the Hillsborough Charter means that the Council is obliged to be truthful in their particular and general responses and it is obliged to disclose relevant information and be open in its approach to the enquiries of others. The Council is also obliged to do all not can to ensure that that its staff and agents (etc) are correspondingly open and truthful. By agreeing to adopt the Hillsborough Charter the Council has committed itself to:
  - Place the public interest above its own reputation.
  - Approach forms of public scrutiny – including public inquiries and inquests – with candour, in an open, honest and transparent way, making full disclosure of relevant documents, material and facts. Our objective is to assist the search for the truth. We accept that we should learn from the findings of external scrutiny and from past mistakes.
  - Avoid seeking to defend the indefensible or to dismiss or disparage those who may have suffered where we have fallen short.
  - Ensure all members of staff treat members of the public and each other with mutual respect and with courtesy. Where we fall short, we should apologise straightforwardly and genuinely.
  - Recognise that we are accountable and open to challenge. We will ensure that processes are in place to allow the public to hold us to account for the work we do and for the way in which we do it. We must not knowingly mislead the public or the media.
58. Changing our governance and management arrangements, improving our service responsiveness, altering our approach to investment, and humanising our organisational culture are some of the small steps we can make as an organisation to reinvent our relationship with the communities we serve. It is also vital that we ensure that our organisation remains open to criticism and challenge from without as well as from within: from complaints from service users and from citizens; as well as from whistle blowing by our staff and our agents.

## Summary of Financial Implications

59. The management arrangements proposed in this report includes a number of changes to the staffing establishment which will have financial implications. This includes both new posts and the re-alignment of existing posts in accordance with the revised arrangement. Four new posts will be created at the senior management level – Director of Communities, Director of Grenfell Partnerships, Director of Social Investment & Property, and the Director of Corporate Strategy. A further ten posts will be created and will form the new corporate strategy function. The aggregate cost of these new posts is expected to be around £850k but the net cost is expected to be much lower (some £100k) and will remain subject to review until the organisation of the new corporate strategy function has been confirmed. The Director of Financial Management comments that: there is a provision for these additional costs within existing budgets and will be funded through a combination of:
- Existing provision within the ‘fit for purpose’ budget that was built into the Council’s budget to deliver the Change at the Council programme.
  - Underspend on existing budgets where vacancies have not been appointed and which will now be used to fund these additional costs.
  - The virement of existing budgets from Directorates to align the staffing with the Council’s new management arrangements.
60. Financial plans assume that any additional costs will be contained within existing budgets as defined above. However, if additional costs exceed the funding available when departmental structures are finalised this will require a bid for additional provision to be submitted as part of the 2020 budget planning process.

# APPENDIX 1

## 2017: current organisational design



May 2019

## 2018: Core Values and Behavioural Framework for staff

### Putting communities first

- we put local people at the heart of decision making in everything we do
- we seek to include and involve: all voices matter
- we provide quality services that are responsive, effective and efficient

### Respect

- we listen to others and value the personal experiences of people in our communities and each other
- we adopt a fair and involving approach regardless of any way in which an individual is different to us

### Integrity

- we act with openness, honesty, compassion, responsibility and humility
- we let people know how we are doing and communicate why and how decisions have been made

### Working together

- we work together and in partnership with everyone that has an impact on the lives of our residents
- we want to understand, learn from each other and continually adapt

## 2019: Summary of the Council Plan



## **APPENDIX 2 - Sources, Notes & References**

### **2019 Local Government & Housing Act 1989**

#### **Section 4**

It shall be the duty of the head of a relevant authority's paid service, where they consider it appropriate to do so in respect of any of their proposals with respect to any of the matters specified in subsection (3) below, to prepare a report to the authority setting out their proposals.

- (3) Those matters are—
  - (a) the manner in which the discharge by the authority of their different functions is co-ordinated;
  - (b) the number and grades of staff required by the authority for the discharge of their functions;
  - (c) the organisation of the authority's staff; and
  - (d) the appointment and proper management of the authority's staff.
- (4) It shall be the duty of the head of a relevant authority's paid service, as soon as practicable after he has prepared a report under this section, to arrange for a copy of it to be sent to each member of the authority.
- (5) It shall be the duty of a relevant authority to consider any report under this section by the head of their paid service at a meeting held not more than three months after copies of the report are first sent to members of the authority."

### **APPENDIX 3: a new approach to property**

1. The Council's current property function was established some years ago. In line with many other London authorities the property function was designed so as to manage the Council's asset base better as well as to realise the benefit of increasing land values across the capital (in terms of potentially increasing rental income as well as securing capital receipts).
2. The Council gains about £15 million of gross revenue income (some £12m net after associated costs are taken into account) from its commercial rental portfolio of over 400 properties. This revenue income supports the Council's net revenue budget. In addition, the function manages about 150 operational assets (including schools and libraries, etc). The Council need to make best use of its assets, including its property holdings, while ensuring that they serve its purposes and service strategies. Importantly, the Council also needs an asset management strategy that ensures that its property assets are properly maintained and have sufficient investment so as to keep them fit for purpose and sustain their longer term value.
3. Over the past two decades, different London authorities adopted slightly different approaches to what became known as development-led approaches to regeneration. Some adopted asset backed development approaches while, more recently housing development vehicles have increased in number. By 2018 it was reported that, throughout the country, some 50 Councils had created over 60 wholly owned or joint venture companies to enable housing development. At the same time, Councils' approaches to asset ownership, company holdings and property investments have become increasingly diverse.
4. Over the past year it has become clear that we need to review our approach to property holdings, our asset base and to property development generally. We need to ensure that operational assets meet the future service needs in adult social care, children's services, social housing and community services generally. There is an undoubted case for the Council to possess an effective professional property capability and one which has a high degree of commercial acumen. However, a major shift in policy is required and it is crucial that we review our management arrangements for this important function into the future.
5. Commercial considerations are not the primary consideration in the Council's ownership of land and property. Instead, property ownership is best viewed as an enabler of the Council policies and priorities. In 2012, Parliament passed a Public Services (Social Value) Act that required all public authorities to have regard to economic, social and environmental well-being in connection with public services contracts, as well as for connected purposes. We need to ensure that community benefit, social value and the public interest are prime considerations in our investment and capital development planning.
6. The property function in Kensington and Chelsea has a set of significant operational responsibilities beyond direct property management (including acting as the client for both major capital works, clienting land valuation, as well as facilities management). These functions all need to be delivered securely and professionally.
7. We are currently in discussions to conduct a detailed audit of the propriety of certain decisions to invest in property in the period up to 2017. This audit will cover the character of professional advice giving and the nature of Member decision making.