

CITY OF MOUNT GAMBIER

Minutes of Special Meeting of Council held Monday 5th December, 2016 at 6.00 pm

PRESENT: Mayor Andrew Lee, Cr Mark Lovett, Cr Sonya Meziniec, Cr Frank Morello, Cr Des Mutton, Cr Steven Perryman, Cr Hanna Persello, Cr Penny Richardson, Cr Ian Von Stanke

COUNCIL OFFICERS: Chief Executive Officer - Mr M McShane
Team Leader Executive Support - Mrs L Dowling

APOLOGIES: Cr Lovett moved that the apologies from Cr Greco and Cr Lynagh be received.

Cr Meziniec seconded

Carried

WE ACKNOWLEDGE THE BOANDIK PEOPLES AS THE TRADITIONAL CUSTODIANS OF THE LAND WHERE WE MEET TODAY. WE RESPECT THEIR SPIRITUAL RELATIONSHIP WITH THE LAND AND RECOGNISE THE DEEP FEELINGS OF ATTACHMENT OUR INDIGENOUS PEOPLES HAVE WITH THIS LAND.

CONSIDERATION FOR EXCLUSION OF PUBLIC

Cr Richardson moved that the following Agenda Item be received, discussed and considered in confidence by excluding the public pursuant to Section 90(2) of the Local Government Act 1999, and an order be made that the public (with the exception of Councillors - Mayor A Lee, Cr Mark Lovett, Cr Sonya Meziniec, Cr Frank Morello, Cr Des Mutton, Cr Steven Perryman, Cr Hanna Persello, Cr Penny Richardson and Cr Ian Von Stanke and Council Officers - M McShane and L Dowling) be excluded from the meeting in order for the Agenda Item (Best People Best Community – Council’s Organisation Structure) to be considered in confidence.

The Council is satisfied that, pursuant to section 90(3)(a) of the Act the information to be received, discussed or considered in relation to this Agenda Item is information the disclosure of which would involve the unreasonable disclosure of:

- Information concerning the personal affairs of any person (living or dead), being senior officers and managers because the report contains information on a proposed organisational and management reporting structure and other information comprising employment records, suitability for particular positions, and other personal/employment matters.

The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the report contains substantial reference to the current and proposed organisational structure and management positions. Disclosure of such information would be unreasonable prior to a

commitment and staged implementation of the proposed structure, and should be periodically reviewed prior to any future release to ascertain whether disclosure remains unreasonable in the prevailing circumstances.

ITEM NO.	SUBJECT MATTER	S90 (3) GROUNDS
1.	STRATEGIC MANAGEMENT – Best People Best Community – Council’s Organisation Structure – Ref. AF16/185	(a)

Cr Mutton seconded

Carried

IN CONFIDENCE

1. STRATEGIC MANAGEMENT – Best People Best Community – Council’s Organisation Structure - Ref. AF16/185

Introduction

The Community Plan was endorsed by Council in May 2016 following comprehensive work by the Strategic Planning Sub-Committee, Councillors and Staff. The structure of the plan follows an extensive body of work in developing the Future Papers and the four key pillars identified, Our People; Our Location; Our Diverse Economy and Our Climate, Natural Resources, Arts Culture and Heritage.

As Council’s new Community Plan is a significant departure from the previous plan, discussion commenced early this year to how best align Council’s structure and resources to effectively deliver the Community Plan’s Outcomes and Strategies. In June 2016 this process evolved administratively into the “Best People Best Community” program.

Best People Best Community (BPBC)

The methodology of BPBC incorporated comprehensive staff engagement, data gathering, service identification, Strength, Weakness, Opportunities and Threats (SWOT) analysis on every service and analysis of the service alignment to the Community Plan and current levels of performance.

Over 200 services were identified, delivered either internally or externally and each was subject to the first round of review via the SWOT and subsequent analysis. The BPBC Steering Committee (CEO, Directors, Manager People Culture and Safety, Manager Business and Strategic Planning and Manager Community Services and Development) reviewed every service SWOT and analysis and identified those that required presentation and further explanation to the Steering Committee by the responsible Director or Manager. Presentation occurred over a 2 day period in early November. Of specific importance was the alignment of each service to the Community Plan (one of four pillars), gaps in current service and potential resources (staff, budget, skills) to ensure Council’s capacity to deliver the Community Plan.

Staff identified services that would benefit from a more comprehensive review into the future including alternative service delivery methods. These reviews will occur over the next several years as a process of continually recalibrating and improving Council services.

The comprehensive service and function analysis combined with detailed discussions between the CEO and senior staff informed the development of a revised organisation structure that is incorporated into this report.

Council’s Strategic Planning Sub-Committee (Cr Frank Morello Presiding Member, Cr Steven Perryman, Cr Penny Richardson, Cr Mark Lovett and Mayor Lee) has met monthly, reviewing progress and providing input into Best People Best Community. The full reports have also been included in Corporate and Community Service and Council Reports to ensure all Councillors have been well informed of the BPBC program.

Council’s structure was adjusted approximately four years ago including recognition of the increased focus on community development via the establishment of a cluster of services in a

portfolio including community development, visitor information, library, main corner and community engagement. The other changes were generally minor with the fundamental structure of Council not altered for approximately 20 years; that is two traditional Departments of Operational Services and Corporate Services. (Some changes occurred in 2001 combining Planning and Development into Engineering to form Operational Services).

One of the CEO's Key Performance Indicators endorsed by Council reflects the expectation that the CEO will identify and conduct service reviews, projects to obtain improved Council performance and in this instance the process has been undertaken with continuous engagement of the Strategic Planning Sub-Committee.

In addition to the new Community Plan triggering the need to adjust Council's organisation structure, there is a raft of other factors impacting on this Council and Local Government generally now and into the future.

Specific to Mount Gambier has been:

- Assuming control of the Riddoch Art Gallery and associated focus on arts and culture
- The increased importance of economic development and tourism with the collaboration between Council and Tourism Mount Gambier
- Importance and budget impact of waste management and sustainability
- Completion of many major infrastructure projects
- Enhanced focus on Community Wellbeing through Life Long Learning, Reconciliation Action Plan, Community Engagement and Social Inclusion, Resilience, Science Technology Engineering and Maths (STEM)
- Scheduled development of a Youth Strategy
- Scheduled review of Visitor Information Services
- Place activation

Generally Local Government stressors include:

- Higher level of scrutiny via ICAC, OPI, Ombudsman, Auditor General and Minister scrutiny and oversight
- Demands on internal controls and audit
- Reduction of external funding such as the Federal Government Grants
- Increasing demand on governance and transparency
- Increasing service demands such as the new Public Nuisance Legislation "Doing more with Less"
- Work Health and Safety and meeting demands from the Local Government Insurance Schemes
- Changing and increasing demands on employees and Councillors
- Increasing and varied community engagement practices and major focus and use of social media

Council's current situation is generally very positive via:

- Track record over many years of balanced budgets
- Moderate rate increases acceptable to the community
- Effective infrastructure maintenance and replacement program

- High level of city amenity
- Commencement of addressing critical City issues including economic development, tourism arts and culture, place activation, community wellbeing and youth services
- Low debt level
- Generally positive image of Council in the community while noting the need for proactive messaging and use of social media
- Effective Council operations, Council decision making, governance and corporate reporting
- Maturing internal audit control
- Successful grant applications

Organisation Structure

A revised organisation structure will maintain the above strengths, continuously improve and meet the Community Plan objectives now and into the future. As noted in this report the revised structure has been informed by the BPBC program, the comprehensive staff engagement and the factors impacting on Council and Local Government.

Views and ideas from senior staff have been canvassed during this process, supplementing those of the CEO and those distilled from the BPBC process while also noting the sensitivities and confidentiality relating to the restructure.

Confidential feedback on the macro organisation structure has also been sought from Council's Strategic Planning Sub-Committee prior to this report and presentation to Council. Feedback from the Sub-Committee on the BPBC process and ultimately on the organisation structure has been ongoing and constructive, reflecting the CEO's position on engagement with Councillors on this important project and the desire to go significantly beyond the requirements identified in the Local Government Act pertaining to consultation in determining or changing to a significant degree the organisation structure.

The final process is presenting the revised structure to Council in this report and seeking feedback noting that responsibility for the structure ultimately rests with the CEO.

The revised structure is shown in attachment 1 and summarised below:

- Four Departments
 - Community Wellbeing incorporates the Community Plan Goal 1, Our People and Goal 4, Our Climate, Natural Resources, Arts Culture and Heritage. These two goals are strongly people and community focussed with logical synergies in service delivery.
 - City Infrastructure incorporates Goal 2, Our Location being our built infrastructure (maintenance and new build) parks and gardens, waste collection and depot operation.
 - City Growth reflects the Community Plan Goal 3, Our Diverse Economy and clusters a number of services including economic development, tourism, planning, Carinya, Caroline and Visitor Services.

- Council Business Services meets the internal needs of Council and Customer Service delivery, reflecting the need for strong, effective internal governance, administration, systems and processes.

As in the case with the current structure there is a need to often work across Council to achieve particular objectives. This can deliver positive benefits and the recent Rail Lands Activation and Riddoch Transition Teams reflect this style of across Council project delivery.

Implementation

- Four new General Manager positions will be advertised as soon as possible and filled early 2017. Current Council staff may apply for these roles. These four positions replace the current roles of Director Operational Services, Director Corporate Services, Manager Community Services and Development and Manager Economic Development with the total salary for the four existing positions being essentially equal to the four new positions.

The four positions will be approximately equally remunerated, will be on fixed term contract, are not tied to the Workplace Agreement, are expected to gain experience in all four areas and it is suggested that all be appointed “Acting CEO” on a rotational basis during the absence of the CEO.

- Current organisation structure will continue with the new structure staged and implemented in line with the commencement of each General Manager. It is anticipated that by April/May 2017 the new structure will be in full operation.
- The current Director Operational Services, Daryl Sexton, has indicated a preparedness to accept a new role in managing Council’s waste services (Caroline, Waste Transfer and potentially material recovery) for a period of approximately two years, to the conclusion of his current employment contract. Through recent reports Council is well aware of the matters relating to waste management, including budget, risk and future infrastructure requirements.
- The Director Corporate Services, Grant Humphries’ employment contract ceases in May 2017 and should he elect to do so may apply for one or more of the new General Manager positions.
- Senior staff whose positions are discontinued have employment security and salary maintenance to the end of their employment contract term as provided for in the Workplace Agreement and will, as far as practicable, be provided with a similar role utilising their skills and abilities. This includes Barbara Cernovskis, Gary Button, Daryl Morgan and Michael Silvy.
- Over time all senior staff will have revised employment contracts not tied to the Workplace Agreement.
- Kristina Roberts, Economic Development Manager (on a part-time contractor basis) has requested a reduction in working days commencing in 2017 and this will allow for an effective transition to a new position and person, General Manager City Growth by April/May 2017. Kristina Roberts’ role has been pivotal in energising and providing direction to economic development.

- A new full time position Arts, Cultural Development and Heritage has been established in the Riddoch Art Gallery, replacing the administrative position, (0.6 FTE) initially budgeted in 2016/17.
- The review of the Lady Nelson and Visitor Information Services will occur in 2017 and will lead to changes in the function and operation of the Lady Nelson and Main Corner/Riddoch building operations and staff.
- A new position of Team Leader Communication will be established to better manage the media, social media, Council marketing and promotion.
- A new field staff work team will be established to manage Council's building maintenance significantly reducing the use of external contractors to carry out general maintenance of Council buildings. This team will be drawn, where possible, from existing field staff.
- Field Staff numbers will be slightly reduced, subject to ongoing review of maintenance, project work, work loads and the transition from many major projects to few and a greater focus on maintenance of existing infrastructure. Field Staff deliver on many services across several Community Plan pillars including Community Wellbeing, Location and City Growth.
- Reporting levels in the new City Infrastructure Department have been reduced with two Field Staff Managers reporting directly to the new General Manager rather than to the Engineering Manager who then reported to the Director of Operational Services. The Engineering Manager, Daryl Morgan's principle roles will be engineering design and contract supervision.
- Manager Regulatory Services, Michael Silvy will manage planning, building, general inspectorate and design in the City Growth Department. Barbara Cernovskis will manage community development, engagement, and community health in the Community Wellbeing Department.
- Positions of Manager Governance, Manager Business and Strategic Planning, Asset and Compliance Officer and Procurement Officer will form a work team in Council Business Services Department. This Department will also be responsible for Council administration including Council, Committee and Sub-Committee agendas and minutes.
- A "One Stop Shop" single counter customer service facility and call centre will be developed and implemented by June 2018 and incorporated into the responsibility of Council Business Services Department.
- Manager Finance will continue in a similar role.

Budget Implications

The revised organisation structure focusses on achieving the Community Plan and creating a robust Council fit to meet future challenges. The structure was not conceived from a blank canvas and needed to accommodate a number of staffing and related matters including potential short and longer term budget impact, redeployed employees and newly identified employee roles and functions.

- The implementation of a four general manager structure replacing four current positions balances total current and anticipated new salaries. Remuneration will reflect market levels and that employee numbers and functions are distributed across four departments.
- The redeployment of Daryl Sexton as Project Manager Waste will carry forward his current remuneration for approximately two years. The importance of Caroline Landfill, waste transfer station and potentially materials recovery is well understood as is an anticipated budget for Caroline in 2018 of approximately \$3 million. Daryl Sexton's capacity and interest in this field is significant and improvements to process, capacity, strategic direction, environment, social and budget parameters are anticipated – setting up the waste process for the future. This will enable a further review of resources required to manage this service in several years time.
- Council's current 2016-2017 budget included positions of Economic Development Manager, Tourism Development Manager, Director Riddoch Art Gallery and 0.6FTE Riddoch Administration, hence no new additional budget will be required in 2017-2018 for the ongoing positions of Tourism Manager, Riddoch Director or for the new position of General Manager City Growth (replacing the Economic Development Manager). All of these positions are directly aligned with and will deliver on the Community Plan.

Councillor's strong support and direction in these areas is noted and has filled obvious capability gaps between service delivery and Council resources.

- A new position of Arts, Cultural Development and Heritage Officer will be established replacing the previous 2016-2017 budgetted 0.6 FTE administration role in the Riddoch Art Gallery. An increase in remuneration of approximately \$30,000 p.a. is required.
- A new position in Communication and Media, Social Media and Marketing has been created to improve marketing and engagement. Anticipated budget of approximately \$90,000 p.a.
- Minor increase of \$10,000 to equalise the Field Staff Managers' salaries.
- Establishment of the Building Maintenance Team from within Council's existing staffing will reduce reliance and cost of external contractors, representing a direct and ongoing saving of approximately \$180,000 p.a.
- Reduction of two field staff positions resulting in an ongoing saving of approximately \$140,000 p.a.
- Council's current workplace agreements extend to December 2017 with the final agreement salary increase of 3.5% paid in September 2016. Negotiation for the next agreement will commence mid 2017 commencing January 2018.

Knowledge of Workplace Agreements in the Limestone Coast and elsewhere indicates that, reflective of current and forecast inflation, salary increases will be significantly lower than 3.5%, in the vicinity of 2%. This reduces the salary cost (increases) to Council by approximately \$150,000 p.a. ongoing for the foreseeable future.

- Minor direct savings from new general managers (and eventually senior managers) not linked to the workplace agreement approximately \$16,000 p.a.

Accordingly It is anticipated that there will be minimal impact on Council's operational budget as a direct result of the organisation restructure. There will be ongoing need to monitor, review and adjust the organisation structure, reflecting potential change in, for example, visitor services, Riddoch/Main Corner staffing, digital strategy and Council identified and endorsed new services.

Council's Decision Making Structure

Council's own decision making structure is determined by Council and was considered and endorsed by the new Council early in this current term. The Local Government Act provides minimal guidelines reflecting that each Council will determine the structure best suited to their own needs.

The revised organisation structure does not necessarily materially affect Council's present decision making structure, being monthly Council meetings, preceded the week before by two Standing Committees, each dealing with approximately half of Council's business. This is supplemented by a number of sub-committees, other Committees and Statutory Committees, less formal advisory groups and information sessions such as workshops.

There is no immediate need for the decision making structure to alter, noting the staged implementation of the new organisation structure in the first quarter next year. The CEO suggests that Councillors consider options late January, early February 2017, initially at a workshop.

Summary

The organisation restructure has been completed without the use of external consultants, has featured comprehensive staff engagement and significant input and work by senior staff. All staff have been involved in identifying and analysing services and reflecting on how productivity improvements can be made. As previously noted, Best People Best Community will be ongoing with a continuous improvement focus, staff development, career progression and staff engagement. Comprehensive information has been gained and documented on services delivered by Council and reviews of these will occur based on priority and benefits to Council and the community.

The implementation of the organisation structure will take some time and will necessitate a degree of flexibility, goodwill, adaptation and tolerance as it takes shape. Structural change is a normal part of organisational growth and adjustment reflecting continuous change in our internal and external environments while also recognising that change may be challenging.

Feedback from Councillors to this report and from staff as the structure is released may be reflected in the final detailed structure.

RECOMMENDATION:

Cr Morello moved;

- (a) Council notes the report from the CEO of the 5th December, 2016 titled Best People Best Community – Council’s Organisation Structure. Council’s Strategic Planning Sub-Committee has provided a consultation platform for the proposed organisation restructure including regular and comprehensive reports from the CEO being provided to all Councillors.**
- (b) Council notes that the Chief Executive Officer shall begin implementation of the organisational restructure detailed in the report commencing from Tuesday 6th December 2016.**
- (c) With the restructure senior executive officers (General Managers) will be recruited via internal and external advertising, be selected on merit, be employed on fixed term contracts with performance assessed by Council’s Performance Development and Review process. The above is in accordance with Section 99(2) of the Local Government Act 1999 (SA).**
- (d) Council provides the following feedback to the Chief Executive Officer in relation to the proposed organisation restructure:**
 - (i) Councillors sought responses to a significant number of matters relating to the proposed organisation restructure with the feedback not altering the proposed restructure.**
- (e) The Chief Executive Officer shall;**
 - i. During the organisational restructure transition period, commencing forthwith, appoint an existing Senior Officer to act in the Office of Chief Executive Officer during any scheduled or unscheduled leave or absence of the Chief Executive Officer and the Mayor and Councillors be notified of each appointment period when made;**
 - ii. Following appointment of incumbents to new Senior Officer positions, periodically appoint the persons holding the following positions on a rotational basis:**
 - General Manager – Community Wellbeing**
 - General Manager – City Infrastructure**
 - General Manager – City Growth**
 - General Manager – Council Business Services**

to act in the office of Chief Executive Officer during any scheduled or unscheduled leave or absence of the Chief Executive Officer and the Mayor and Councillors be notified of each appointment period when made.

Cr Perryman seconded

Carried

CONSIDERATION FOR KEEPING MATTERS CONFIDENTIAL

Cr Lovett moved that an order be made pursuant to Section 91 (7) of the Local Government Act, 1999 that the document in relation to item 1 which has been considered by the Council on a confidential basis pursuant to Section 90 (3) be kept confidential as follows:

<u>Item No.</u>	<u>Subject Matter</u>	<u>S.90(3) Grounds</u>	<u>Element To Be Kept Confidential</u>	<u>Duration</u>
1.	<u>STRATEGIC MANAGEMENT</u> – Best People Best Community – Council’s Organisation Structure – Ref. AF16/185	(a)	Report and resolutions (c) and (d)	Until not earlier than when the Council’s Organisation Structure as detailed in the report has been fully implemented, and to be reviewed once in every year for consideration to release.
			Resolution (e)	Until the proposal in resolution (e)(i) has been actioned by the Chief Executive Officer.
			Resolutions (a) and (b) and report attachment (Organisation Chart) to be released immediately with the minutes.	

Cr Persello seconded

Carried

Resumed Open Session.

Meeting closed at 6.23 p.m.

LD