

**DEPARTMENT OF HEALTH AND SOCIAL SERVICES
STRUCTURE AND ORGANISATION**

**REPORT PUBLISHED BY THE COMPTROLLER & AUDITOR
GENERAL**

APRIL 2009

*Department of Health and Social Services
Structure and organisation
Report published by the Comptroller & Auditor General
April 2009*

FOREWORD

BY THE COMPTROLLER & AUDITOR GENERAL

1. In November 2008, I commissioned PricewaterhouseCoopers, London, (PWC) to undertake a review of various issues relating to the management and organisation of the Department of Health and Social Services (the Department). I did this in response to concerns that had been expressed publicly about the efficiency and cost effectiveness of that organisation.
2. I commissioned this review because I was aware that members of the States Assembly had expressed concern that the Department is inefficiently organised. In particular, it has been suggested that the department has too many layers of management and an inappropriate number of management and supervisory staff. It has proved difficult for the Department to dispel these concerns.
3. Before this report was commissioned, the organisation of childcare services within the Island was the subject of a major review (the Williamson report). Among other matters, that review proposed that the Department should be re-organised so that all children's services should be brigaded within a single directorate. Since the more general review was within contemplation, it seemed wise that the organisational implications of the Williamson report should be taken into account in the current study.
4. The full PWC report is attached and includes the terms of reference that were set for the review.

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**PRICEWATERHOUSECOOPERS REPORT
ORGANISATIONAL REVIEW ~ DEPARTMENT OF HEALTH AND SOCIAL
SERVICES, STATES OF JERSEY**

*Department of Health and Social Services
Structure and organisation
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Summary

Introduction

This report sets out the results of an organisational review of the Department of Health and Social Services (the Department). Its objective is to provide an assessment of the appropriateness and efficiency of the Department's organisation, and specifically to assess the appropriateness of the Department's proposals for responding to the Williamson Report on child protection in Jersey.

Questions to be answered

Five main questions underlie the review terms of reference that we have set out to answer:

1. Does the Department have too many separate levels of management?
2. Does the Department have an inappropriately high ratio of managers and supervisors to doctors, nurses and other "front line" staff?
3. Is the Department's organisation structure as simple and integrated as it should be, or are there too many organisationally separate, specialist service functions that lead to unnecessary fragmentation and complication of the management structure?
4. Does the Department have appropriate management arrangements for both the corporate management of the Department as a whole and for the management of each of its individual Directorates?
5. Is the Department's proposal to create a new, dedicated Children's Directorate, and its current further proposal additionally to create a separate Adult Community Services Directorate, an appropriate and efficient approach to address the organisational issues that flow from the Williamson Report?

Method

The method that we have used to collect and analyse the information required to answer these questions has involved six distinct phases of work:

- Clarification of the scope of the review and the questions to be answered.
- Review of documents.
- Interviews with Departmental officials and one representative of the States Assembly.
- Comparator review.
- Analysis of the outputs from the document review, interview programme and comparator review.
- Testing of our findings.

Context

The Department has a number of distinctive contextual features that need to be taken into account in assessing its organisational arrangements. It provides a full range of health and social services to the population of the island of Jersey of some 90,000 people. In the UK this range of services would normally be provided by a number of separate institutions. The Department also performs a range of strategy and policy functions that in the UK would be performed by the Department of Health and by the relevant Strategic Health Authority.

The Department has developed an initial response to the Williamson Report but its organisational plans are currently at an early stage of development.

Current organisation

There are typically no more than six organisational levels in total from the Chief Executive of the Department to its most junior member. The number of management levels is typically fewer than the number of separate grade levels because in many cases people who are at different levels in the Department's grade structure report to the same manager. Professional supervision of doctors, nurses, allied health professionals and social workers is a distinct and separate aspect of supervision from their administrative supervision. In the case of doctors and to some extent nurses the professional and administrative supervisory structures diverge from each other, which complicates the management arrangements and may give the impression that there are more distinct, hierarchical levels of management than there actually are. Our interview programme showed that this can lead to ambiguity and confusion within the Department as well as among external observers, and the Department's unspecific approach to documenting accountability relationships in the organisation charts that were provided to us for the Medicine and the Surgery & Anaesthesia Directorates also reflects this complexity.

We observed no evidence of an excessive ratio of management and supervision to "front line" staff. The Department has recognised, however, that its current arrangements for collecting management cost data require improvement.

The Chief Executive of the Department has a wide span of control, consisting of twelve direct reports. The current proposals for responding to the Williamson Report would involve an increase in that span of control, potentially to fourteen, with the addition of a Directorate Manager for the Children's Directorate and a Director of Social Work. The Chief Executive currently manages the corporate business of the Department through the Department's Senior Management Team, which consists of all twelve of the direct reports to the Chief Executive. Some initiatives are currently being taken, however, to increase the role of the 5 Directors of corporate functions so as to play a greater role in the corporate management of the Department through planned monthly performance reviews of individual Directorates, through participation in a new Resource Allocation Panel, and through informal meetings of these Directors that have begun to take place in the fourth week of each month.

Proposed organisation

The Department has made a strategic decision to establish a dedicated Children's Directorate. It is currently also proposing to establish a new Adult Community Services Directorate with responsibility for services to older adults. The Department is still formulating its organisational plans for the internal structure of the Children's Directorate and the way in which the remainder of the Department should be organised in the light of the decision to form a Children's Directorate.

Comparator review

In addition to drawing on our general knowledge and experience of practice across the UK we have drawn on information about practice in the Isle of Man, the Isle of Wight (England), Northern Ireland, Wales and Scotland to undertake a comparative analysis of the Department's organising practices. Key findings from this comparator analysis are:

- **Does the Department have too many separate levels of management?** The number of management levels within the structure of the Department of Health and Social Services is in line with practice in comparator institutions in the UK, and there are fewer management levels than in some of the examples that we considered.
- **Does the Department have an inappropriately high ratio of managers and supervisors to doctors, nurses and other "front line" staff?** We uncovered no evidence of an excessive ratio of managers and supervisors to "front line" staff, and identified some evidence of strains on the available management resources, for example in the Medicine and Surgery & Anaesthesia Directorates. We were, however, unable to obtain reliable data about management costs that would have enabled us to make comparisons with management cost data for NHS Trusts in the UK.
- **Is the Department's organisation structure as simple and integrated as it should be, or are there too many organisationally separate, specialist service functions that lead to unnecessary fragmentation and complication of the management structure?** Jersey's Department of Health and Social Services is exceptional in the range of functions for which it is responsible, with only the Isle of Man having a similar range among the comparators considered. The Department's organisation structure is necessarily somewhat complex in order to accommodate this range. The Department's organisation structure in the Medicine and Surgery & Anaesthesia Directorates in particular is inevitably complex because of the need to provide the range of administrative, medical, nursing and other professional supervision that is required. In this respect the Department's practice is in line with that of Hospital Trusts in the UK.
- **Does the Department have appropriate management arrangements for both the corporate management of the Department as a whole and for the management of each of its individual Directorates?** Jersey's Department of Health and Social Services has comparable management arrangements with those of the similarly diverse Department of Health and Social Security in the Isle of Man, in that both have a Senior Management Team consisting of both Directors of corporate functions such as finance and Directors of the main service delivery functions. The Department's established, formal management processes, in particular the operation of its Senior Management Team in its three modes of governance, strategy and "formal" business, do not enable it to pay sufficient attention to all of the types of value-adding roles that it could usefully play.
- **Is the Department's proposal to create a new, dedicated Children's Directorate, and its current further proposal additionally to create a separate Adult Community Services Directorate, an appropriate and efficient approach to address the organisational issues that flow from the Williamson Report?** The separation of children's from adult services is well-established in England, so the move of the Department of Health and Social Services to create a Children's Directorate is in line with that approach. The scope of the services within the proposed Children's Directorate is appropriate and the new organisation creates an environment that could facilitate integration of services that need to work together seamlessly for children and their families. The provision of a separate Adult Community Services organisation is also well-established in England. The proposed Adult Community Services Directorate has the potential to provide a seamless service for adults and older people living at home and elsewhere in the community. Certain key interfaces will need to be managed in this structure, including those with Adult Mental Health Services and in relation to children in transition to adulthood.

Observations on the current and proposed organisation

Our observations on each of the questions raised by the review terms of reference in relation to the current and proposed organisation of the Department of Health and Social Services are set out below:

- **Does the Department have too many separate levels of management?** Assessment of the appropriateness of the Department's management structures, including the number of management levels within them, has been hampered by the absence of a systematic practice within the Department of producing organisation charts that show individual jobs and the accountability relationships between them. The comparator analysis that we have undertaken and our general experience lead to the conclusion that the management structures that the Department of Health and Social Services has adopted, and the number of management levels within them, are appropriate to the nature of the work that the Department does. The nature of those management structures, however, has not been articulated adequately, which creates the potential for both ambiguity regarding accountability relationships within the Department and concerns among external stakeholders about the organisation's efficiency.
- **Does the Department have an inappropriately high ratio of managers and supervisors to doctors, nurses and other "front line" staff?** It has not been possible to benchmark the Department's ratio of managerial and supervisory to "front line" staff against other comparable institutions because the management cost information that would be needed to make such a comparison is not available. The Department has itself recognised this and has decided to begin collecting and using management cost information that is based on a more rigorous definition of what should be included within the category of "management costs". We identified some evidence of strains on the available management resources, for example in the Medicine and Surgery & Anaesthesia Directorates, and in the finance function.
- **Is the Department's organisation structure as simple and integrated as it should be, or are there too many organisationally separate, specialist service functions that lead to unnecessary fragmentation and complication of the management structure?** The Department's organisation structure is inherently complex because of its need to perform a wide range of functions that elsewhere would normally be organised in a number of separate institutions. Given this context the Department contains the range of specialist functions that might be expected in an organisation of this nature and scale, taking into account practice in UK-based institutions.
- **Does the Department have appropriate management arrangements for both the corporate management of the Department as a whole and for the management of each of its individual Directorates?** The Department faces a substantial corporate management task in coordinating, and obtaining the full benefits of integration of, the different functions that fall within its scope. The current management arrangements do not provide the most efficient and effective way of achieving this. The Department has been making moves towards different management arrangements, which would provide a more structured and systematic approach to the overall corporate management of the Department. These include plans for performance review meetings with individual Directorates and Resource Allocation Panel meetings to make investment and disinvestment decisions.
- **Is the Department's proposal to create a new, dedicated Children's Directorate, and its current further proposal additionally to create a separate Adult Community Services Directorate, an appropriate and efficient approach towards addressing the organisational issues that flow from the Williamson Report?** The Department's plans for reorganising the Directorate in response to the Williamson Report are at an early stage of development, and it will not have completed its work on the future organisation design of the Department until the autumn of 2009. Its decision to create a dedicated Children's Directorate responds to the political and public expectations on the island to take action to give a stronger voice to children's needs. As discussed above this move is in line with practice in England and the initial proposals for the scope of the services within the Directorate are appropriate. The Department is currently

developing its strategy for providing services for older people, and this will influence its organisational arrangements in relation to the planned Adult Community Services Directorate, including whether to establish a distinct organisational focus within it on the needs of older people. The Department's strategic analysis should include fundamental examination of the most appropriate future balance of priorities in Jersey's circumstances between, on the one hand, synergy benefits from collaboration between the hospital-based and other functions of the Department and, on the other hand, benefits of organisational simplification and clarity of accountabilities from organisational separation of the hospital-based functions.

Conclusions and recommendations

Conclusions

1. The Department's management structure contains an appropriate number of separate levels of management. Its organisational approach in this area is comparable with that adopted in UK-based institutions in the health and social welfare sectors.
2. There is confusion among some of the Department's own staff members, however, about the scope and nature of the accountability relationships within it, which relate particularly to the scope of the authority of managers and medical staff members. This suggests that the Department's approach to communicating the intent of its organisation structures, and in particular the way in which it prepares organisation charts (which often fail to define clearly the accountability relationships between posts as opposed to the organisational location of particular functions), is inadequate.
3. Based on the information that we collected through our document review, interview programme, and comparator analysis, the Department's ratio of managers and supervisors to doctors, nurses and other "front line" staff is broadly appropriate. In certain areas, however, in particular in the Medicine and the Surgery & Anaesthesia Directorate, the managerial capacity provided is extremely limited in relation to the work to be done, and the capacity of the finance function to meet the demands upon it is under strain.
4. The Department's current arrangements, however, for collecting and reviewing information about its ratio of managers and supervisors to doctors, nurses and other "front line" staff, and therefore for accounting to Ministers and the general public on this aspect of its organisational performance, are inadequate.
5. The Department's approach to organising specialist functions in discrete groups is appropriate and in line with practice in UK-based institutions in the health and social care sectors. These arrangements necessarily involve greater fragmentation and complexity than would be typical in simpler organisations that are less dependent on a diverse range of specialist skills among its staff. They reflect the distinctive needs of organisations such as this Department to maintain deep expertise in particular specialist areas as well as to coordinate activities effectively between managers and different specialist groups.
6. The Department's current arrangements for the corporate management of the Department as a whole are insufficiently focused and structured. They do not provide adequate mechanisms for challenging and supporting development of the performance of individual Directorates. Nor do they provide adequate mechanisms for managing the interrelationships between different Directorates, given the diversity of those Directorates' functions, and the prospective increase in the Chief Executive's span of control that would result from the Department's planned

response to the Williamson Report. The arrangements for decision-making about the Department's long-term strategies are also less efficient and effective than they could be.

7. The Department's current proposals for creating a Children's Directorate constitute a viable high-level organisational plan. The Department has not yet, however, determined its strategies for providing services to older people, so the organisational arrangements that would be required to deliver those strategies are as yet unclear. The Department plans to undergo a structured process to develop its strategies and its consequential detailed organisation design.

Recommendations

1. The Department should adopt new, consistent standards for the preparation of organisation charts, so as to make the administrative accountability relationships between posts clear. Important professional accountability relationships should be represented using "dotted lines", if necessary supplemented by explanatory notes to identify the scope of the accountabilities concerned. The organisation charts should be dated so as to avoid potential ambiguity as to the currency of particular management structures.
2. The Department should consider action, potentially through the restructuring that will be required by its response to the Williamson Report, to alleviate the pressure on managerial resources in particular in the Medicine and Surgery & Anaesthesia Directorates. This should include action to relieve the pressure on the resources of the finance function. The Department has indicated to us that it agrees with this recommendation, and is considering some action through its organisational response to the Williamson Report to reduce the size of the Medicine Directorate, and therefore the pressure on its existing management resource.
3. The Department should introduce a regular procedure of collecting and reviewing data on its management costs using clear and consistent criteria for the definition of what should be included in these costs. The Department has indicated to us that it agrees with this recommendation, and has already initiated action to begin preparing reports for review on a more rigorous and consistent basis. The Department should in addition consider defining targets against which to monitor its performance by reference to external benchmarking but with adjustments to take account of differences in roles and functions between the Department and external comparator organisations.
4. The Department should consider forming a "benchmarking club" with other comparable institutions, with a view to comparing data on management ratios and identifying good practices that the Department and its "benchmarking partners" could share. The Department has indicated to us that it agrees with this recommendation, and plans to seek to implement it.
5. The Department should adopt a more focused and structured approach to the corporate management of the Department. This should include a clear hierarchy of management committees including:
 - i) A Management Board, consisting of the Directors with specific responsibilities for corporate functions, which should meet monthly to review Department-wide performance in relation to agreed plans and budgets, to agree action to manage major corporate risks, and to make decisions about major corporate issues.
 - ii) A Governance Board, which should meet monthly and lead development of the Department-wide risk register, action to manage key corporate risks, and action by Directorates to develop their own risk registers and to embed a strong risk management culture.

- iii) A Performance Review Panel, consisting of the Directors with specific responsibilities for corporate functions, which should conduct a monthly meeting with the Senior Management Team of each Directorate, to review the Directorate's performance in relation to agreed plans and budgets, and to review action to address major Directorate risks.
- iv) A Resource Allocation Panel, consisting of the Directors with specific responsibilities for corporate functions, who should meet regularly to make investment (and disinvestment) decisions against agreed, objective criteria.
- v) A series of strategy workshops for the corporate management team, which should be whole-day events and take place three or four times a year, in place of the current, monthly meetings to discuss New Directions.

The Department had already put some elements of these arrangements in place before our organisational review, including the Governance Board, the Performance Review Panel, and the Resource Allocation Panel. It has not yet, however, made formal arrangements for a Management Board consisting solely of the Directors with corporate responsibilities, and its arrangements for discussing New Directions are focused on a series of short, monthly meetings. The Department has indicated to us that it agrees with these recommendations for further action, which are broadly in line with current developments in the Department's management arrangements.

Introduction

This report sets out the results of an organisational review of the Department of Health and Social Services of the States of Jersey (the Department) that was undertaken during the period from December 2008 to February 2009. The objective of the report is to provide an assessment of the appropriateness and efficiency of the Department's organisation, taking into account both public concerns that have been expressed about its organisation and any significant divergences from practice in the United Kingdom. The Comptroller and Auditor General of the States of Jersey commissioned the review in November 2008. The review terms of reference are reproduced in full at Appendix A.

The review terms of reference draw attention to the report of Andrew Williamson's (2008) inquiry into child protection in Jersey, and to the Department's (2008a & 2008b) response to that report. When this organisational review was initially commissioned in November 2008 the Department (2008a) had produced a response to the Williamson Report in the previous month. During the course of the review, however, a subsequent version of the Department's (2008b) response that was produced in December 2008, which contains different organisational proposals from those set out in the original version, was made available. The review terms of reference call for an assessment of the appropriateness of the Department's proposals for responding to that report as part of the organisational review.

The review report contains the following sections:

- **Questions to be answered:** The questions about the appropriateness and efficiency of the Department's organisation that have been raised by members of the States Assembly, and about the Department's response to the Williamson Report, to which this review has sought answers.
- **Method:** The method that we have adopted to collect and analyse the information required to answer these questions.
- **Context:** Key features of the context in which the Department operates that are relevant to the assessment of the appropriateness and efficiency of its organisation, including features that may differentiate it from comparator organisations in the UK.
- **Current organisation:** A description of the Department's current organisation structure and of the way in which work is managed within it.
- **Proposed organisation:** A description of the Department's proposed future organisation, incorporating organisational changes that the Department proposes to implement in response to the Williamson Report (2008b).
- **Comparator review:** An analytical comparison between key features of the organisational arrangements adopted or proposed in the Department with those adopted in selected United Kingdom comparator institutions.
- **Observations on the current and proposed organisation:** Our analysis of the strengths and weaknesses of the Department's organisation, taking into account the results of the comparator analysis.
- **Conclusions and recommendations:** The conclusions that we have reached about the answers to the questions that have been posed, and our recommendations for action in response to those conclusions.

The following section sets out the questions that we have sought to answer in this document.

Questions to be answered

The Comptroller and Auditor General commissioned this organisational review in order to examine issues and concerns about the appropriateness and efficiency of the Department's current organisation, and of its proposed changes to that organisation in response to the Williamson Report. This section identifies the specific questions that we have sought to answer in order to provide a focused examination of these issues and concerns.

We have identified five main questions that underlie the concerns that either members of the States Assembly have identified or that flow from the Williamson Report (2008). Concerns about the economy and efficiency of the organisation structure of the Department began to emerge among some members of the States Assembly as long ago as 2004. The following two questions embody these concerns:

1. Does the Department have too many separate levels of management?
2. Does the Department have an inappropriately high ratio of managers and supervisors to doctors, nurses and other "front line" staff?

While these questions focus attention on the Department's level of expenditure on managerial and supervisory positions, and the value for money obtained from it, they also reflect concerns about the complexity of the management structure, and the risk of blurring of accountabilities and disempowerment of "front line" line staff. These related concerns lead to the following further question:

3. Is the Department's organisation structure as simple and integrated as it should be, or are there too many organisationally separate, specialist service functions that lead to unnecessary fragmentation and complication of the management structure?

A further question has also been raised about the Department's overall, corporate management arrangements, that is:

4. Does the Department have appropriate management arrangements for both the corporate management of the Department as a whole and for the management of each of its individual Directorates?

As noted above, State Assembly members' concerns about the Department's organisation pre-date the Williamson Report (2008) by a few years. The emergence of that report, however, and of the Department's (2008) response to it, first in October 2008 and subsequently in December 2008, gives rise to the following question:

5. Is the Department's proposal to create a new, dedicated Children's Directorate, and its current further proposal additionally to create a separate Adult Community Services Directorate, an appropriate and efficient approach to address the organisational issues that flow from the Williamson Report?

At the time when the review terms of reference were drawn up, the Department's proposals for responding to the Williamson Report involved the creation of one Directorate dedicated to children and another to older people. In December 2008, however, the Department produced a revised version of these proposals, which involved instead the creation of an Adult Community Services Directorate rather than an Older People's Directorate, in addition to the Children's Directorate. We have therefore focused in this report on the more recent proposals that were set out in the Department's response of December 2008.

In summary, we defined the following questions as the focus for our collection and analysis of information in the course of this review:

1. Does the Department have too many separate levels of management?
2. Does the Department have an inappropriately high ratio of managers and supervisors to doctors, nurses and other “front line” staff?
3. Is the Department’s organisation structure as simple and integrated as it should be, or are there too many organisationally separate, specialist service functions that lead to unnecessary fragmentation and complication of the management structure?
4. Does the Department have appropriate management arrangements for both the corporate management of the Department as a whole and for the management of each of its individual Directorates?
5. Is the Department’s proposal to create a new, dedicated Children’s Directorate, and its current further proposal additionally to create a separate Adult Community Services Directorate, an appropriate and efficient approach to address the organisational issues that flow from the Williamson Report?

The method that we have adopted for carrying out this review has been directed towards collecting and analysing the information needed to answer these five questions. This method used is described in the next Section.

Method

We describe below the method that we have used to collect and analyse organisational information about the Department in order to explain the scope of the work we have done, and also to make any potential limitations and uncertainties transparent. Our method has involved six distinct phases of work:

- **Clarification of the scope of the review and the questions to be answered:** As indicated in the previous section, our starting point was to frame the questions that we needed to answer in order to achieve the review objectives.
- **Review of documents:** We have reviewed a wide range of documents that have been provided to us by the Department, as well as drawing on other relevant literature about organising practices, including practices in comparable institutions in the UK. Key documents that we reviewed are cited in the references at the end of this report.
- **Interviews with Departmental officials:** We have conducted a programme of interviews with Departmental officials and with one representative of the States Assembly. We prepared an interview schedule to provide a flexible structure for the interviews, which took account of the questions that needed to be answered and our initial review of relevant documents. This interview schedule is at Appendix B. A list of those interviewed is at Appendix C.
- **Comparator review:** We undertook an analytical comparison of the Department with other broadly comparable organisations in the UK. The sample of comparator organisations that we selected, the reasons for their selection, and the limitations and uncertainties associated with analysis of comparators, are explained in the Comparator Review section of this report.
- **Analysis of the outputs from the document review, interview programme and comparator review:** We analysed the results of each of these information collection activities in relation to the themes reflected in the identified questions for examination.
- **Testing of our findings:** We provided a summary of our findings to the Department for review in order to improve confidence in the factual accuracy of our findings and the reasonableness of the inferences that we drew from them.

Our information collection activities have consisted mainly of review of documents and an interview programme. They have not included detailed activity analysis of the Department's work. Our assessment of the ratio of managers and supervisors to doctors, nurses and other "front line" staff has therefore been based on our qualitative judgements about these matters in the light of the information collection activities that we did undertake, informed by our experience of good practice in the NHS and local authorities in the UK and in other institutions.

We set out in the following section a summary of the context within which the Department operates, which is important in assessing the appropriateness of the Department's organisational arrangements in relation to its particular circumstances.

Context

We have sought to take account of the particular circumstances of the Department in providing a wide range of services to the inhabitants of the island of Jersey in conducting our examination of the issues identified in the review terms of reference. We set out below some key features of these circumstances.

The Department provides health and social services to the island's population of some 90,000 people. It runs the only hospital on the island. It performs a wide range of functions, including:

- Department of State functions, for example in supporting Ministers in making laws relating to the Department's area of responsibility.
- Strategic Health Authority functions, including formulating long-term strategies for the provision of healthcare services on the island.
- Local Authority functions in determining the strategies for, and providing, social services.
- Regulatory functions, such as those performed by environmental health departments in the UK, for which Jersey's Medical Officer of Health is accountable.
- Undertaking in-house many operational support functions, such as linen services for the hospital, in the absence of a provider market of sufficient maturity on the island.

These contextual factors create a number of opportunities for the Department. In particular they make it possible for the States of Jersey to have a single Department that potentially can integrate both horizontally and vertically a range of functions that in the UK system have to be coordinated through collaborations between a range of separate institutions. The Department is able to manage the horizontal integration of functions that in the UK are performed by separate institutions such as acute hospital trusts, mental health trusts, primary care trusts, ambulance trusts and local authority social services departments. It is also able through vertical integration to eliminate much of the investment in commissioning activity that occurs in the UK system between separate institutions and thereby to avoid the associated transaction costs.

The context in which the Department operates, however, also presents it with a number of challenges. It is unable to achieve the benefits of scale that are available to comparator institutions in the UK. It is unfeasible for the Department to achieve economies of scale that are available to UK institutions, and it also faces challenges in including within its organisation the range of specialists that are provided in UK-based institutions. This in turn gives rise to challenges in attracting, recruiting and retaining professional staff who may wish to develop their careers in specialist positions.

The diversity of the Department's functions also gives rise to challenges in providing effective corporate management of the Department as a whole, without which the potential benefits of integration of functions referred to above cannot be realised. Furthermore the absence of the sharp division that exists in the UK system between commissioning and provision may reduce the degree of attention that is given to decision-making about priorities in service provision because there is the potential for there to be less scrutiny and challenge of these decisions.

With regard to the Williamson Report, as noted above in the first two sections of this report, the Department's thinking on its organisational response to it has been evolving and it is not yet fully formed. It has made the strategic decision to create a dedicated Children's Directorate. This decision represents a significant move towards Recommendation 8 of the Williamson Report (2008, p.27) to "Develop a new management structure to ensure all services – CAMHS, YAT, Youth Service and Schools – contribute to well-being of children and young people". The Department's management perceived

that adaptation of its organisation so as to provide such a Directorate was essential in order to meet the expectations of Ministers and the public. The restructuring that is proposed, however, would be confined to the Department of Health and Social Services and would not extend to responsibilities that fall within the scope of other Departments. The Department has undertaken initial thinking on the detailed organisation structure of a Children's Directorate that might be put in place, and the December version of its response to the Williamson Report (2008b, p.62) sets out the results of this initial thinking. This proposed organisation structure is, however, subject to revision, for example to take account of the views of whoever is eventually appointed as the Manager of the Children's Directorate.

The Department has not yet reached firm views on its strategies for providing services to adults, and specifically for older people, and its current proposals for the organisational arrangements for these services are therefore provisional. The question of how to provide services for older people on the island is a major strategic issue for the Department, which it has begun to address through its strategy development project, "New Directions". This project is currently the primary task of the Department's Strategic Planning Director, and this work will inform the Department's decisions about how to organise its services to adults, including older people, in the light of the decision to create a Children's Directorate.

The timescale for decision-making and action in relation to both the new Children's Directorate and other consequential structural changes is necessarily fairly protracted. The Department's proposed structure for the Children's Directorate would encompass the functions of Health Visitors and School Nurses, which currently are provided by a voluntary sector organisation, Family Nursing & Home Care Inc. It is likely to take some time to make the institutional changes that will be involved in integrating these functions into the Department. The Department's senior management has advised us that it intends to involve a wide range of its senior staff in a process of consultation about its future organisation structure, with a view to reaching final proposals about the structure by about September 2009. It would then expect to put the new Directorate structure in place by about July 2010, with the Directorate Manager of the Children's Directorate taking up that appointment at that time. It is likely, however, that all elements of the new Directorate will not be in place until after that time, for example in respect of the Health Visitors and School Nurses. The consultative process that the Department plans to undertake up to September 2009 will be modelled on the process that it adopted for developing its current organisation structure, for which a high degree of consensus and engagement was achieved.

In summary, the Department has responsibility for a highly diverse range of functions, and it faces challenges in providing services that are both economical and include the necessary range of specialist capabilities because of the unavailability of benefits of scale. Its thinking on how to adapt its organisation structure so as to incorporate a Children's Directorate and consequential organisational changes in respect of services to adults, including older people in particular, is still emerging, and final decisions are not expected to be made until autumn 2009. The next section describes the Department's current structure, which provides the starting point for these organisational changes.

Current organisation

This section sets out a description of the current organisation of the Department, including both its management structure and its corporate management processes. This description provides the basis for addressing the questions of whether or not the Department has too many separate levels of management, whether the its organisation structure is as simple and integrated as it should be, and whether it has appropriate management arrangements for both the corporate management of the Department as a whole and for the management of each of its individual Directorates.

This section is set out under the following main headings:

- **Analytical perspectives:** The analytical perspectives that we have adopted, drawing on academic work by Henry Mintzberg (1983), in characterising the Department's organisation structure.
- **The Department's overall management arrangements:** A description of the overall management structure of the Department and the corporate management processes through which it is governed.
- **Illustrations of the Department's detailed organisation structure:** Examples of the management structure of the Department within particular Directorates, which identify the number of management levels in the structure.
- **Control of management costs:** The Department's approach to monitoring the ratio of managers and supervisors to doctors, nurses and other "front line" staff.
- **Summary:** Key characteristics of the Department's organisation including key findings on the number of management levels in its structure.

Analytical perspectives

The distinguished scholar Henry Mintzberg (1983, p.2) defined organisation structure as the ways in which activities and people are grouped in separate organisational units and in which the work of those different organisational units is coordinated. Although Mintzberg's account was written more than 25 years ago it remains authoritative and contains a detailed analysis of coordinating mechanisms, which provides a valuable conceptual framework within which to analyse organisations such as the Department of Health and Social Services.

In addition to examining these two different dimensions of organising (i.e. structuring into separate organisational units and coordination between units) in relation to the Department, two separate levels of analysis also need to be borne in mind. First, the Department contains a number of individual Directorates, each of which can be considered as an individual organisational unit with its own internal structures and coordination mechanisms. Second, the Department can be considered holistically as a multi-business enterprise. We draw on Mintzberg's analysis below to consider the Department's organisation in both of these two ways.

Mintzberg (1983, pp.3-9) defines five distinct mechanisms for coordinating people and activities. One of these mechanisms is direct supervision, whereby supervisors coordinate the work of the people who report to them by giving instructions and monitoring what they do. In this case there is no distinction between the organisation's hierarchical structure and the coordination mechanism that it uses. Mintzberg defines four other coordination mechanisms, however, which are:

- **Mutual adjustment:** People coordinate their work through informal communication among themselves.

- **Standardisation of work processes:** Standard operating instructions are defined which, if everyone follows them, ensure coordination.
- **Standardisation of work outputs:** Work outputs are coordinated by defining clear expectations as to what those outputs should be.
- **Standardisation of knowledge and skills:** People in the organisation are trained to common standards.

Mintzberg (1983, pp.157-162) observes that a structure that relies on coordination through direct supervision, which he defines as the “simple structure”, is appropriate for small, simple businesses but not for more complex ones. He characterises hospitals and social work agencies (1983, pp.189-213) as typifying what he defines as the “professional bureaucracy”, which he says has the following features:

- Coordination of the professional work of these institutions depends on the skills and knowledge of their professional staff.
- The standards to which professional staff members work originate largely outside their own institution, in the professional bodies of which those individuals are members along with other similar professionals working in other institutions.
- Professional staff members’ skills and knowledge are developed under the supervision of experienced members of their profession within their institution.
- Professional staff members have a high degree of control over their own work.
- Professional staff members seek “collective control of the administrative decisions that affect them”, leading to a somewhat “democratic” or “collegial” administrative structure.
- The administrative structure “relies largely on mutual adjustment for coordination”, and is supported by committees and task groups.
- Matrix structures may be used for administrative work.
- Support functions within professional bureaucracies are likely to be organised in “machine bureaucracies”, i.e. in hierarchical management structures that adopt standardised work processes, that are completely different in character from the organisation structures within which their professional colleagues work.
- Full-time administrators within professional bureaucracies have less organisational power than their counterparts in simple structures or “machine bureaucracies” because their ability to give instructions to their professional colleagues is constrained. Full-time administrators are, however, able to exert considerable influence, for example through their management of relationships with key external stakeholders such as the Government on behalf of their institutions.

Mintzberg (1983, pp.215-252) distinguishes the “divisionalised form” from other organisational models, defining it as “a set of quasi-autonomous entities coupled together by a centralised administrative structure”, and coordinating the activities of those entities through “standardisation of outputs”. An organisation that adopts the divisionalised form incorporates a number of individual divisions, each of which may itself be organised for example as a machine bureaucracy or a professional bureaucracy. In the divisionalised form there is typically a high degree of delegation from the headquarters to each individual division, while the headquarters monitors and responds to the decisions and performance of those divisions. When the extent of delegation of decision-making to individual divisions becomes very high, however, the question arises of whether there is any advantage in those divisions remaining within the corporate whole, bearing in mind the overhead costs imposed on them by the headquarters (Goold & Campbell, 1994). A condition of the continued existence of a multi-divisional form, therefore, is that the headquarters must find ways of managing the

enterprise as a whole in such a way as to produce more value than could be produced in sum by the individual divisions operating entirely independently.

Most of the Department’s Directorates, i.e. Medicine, Surgery & Anaesthesia, Mental Health, Social Services and Public Health, match the conditions to be expected in a professional bureaucracy. The Ambulance Directorate has some of those characteristics, but also – to the extent that it adopts standardised processes for responding to the demands placed on it – some characteristics of a machine bureaucracy. The operational functions of the Estates & Hotel Services Directorate have the characteristics typical of a machine bureaucracy. These Directorates with their diverse businesses can be compared with divisions in the divisionalised form of organisation.

Against this background, Mintzberg’s analysis suggests examination of the structural factors identified in the table below in answering the questions raised by the review terms of reference.

Table 1: Factors to consider in answering the review questions

Questions	Factors to consider
Does the Department have too many separate levels of management?	<ul style="list-style-type: none"> • Number of levels of administrative supervision, i.e. management of people, money & other resources, in the structure. • Number of levels of professional supervision in the structure in respect of standards, development and discipline in medical, nursing, allied health professional and social work disciplines. • Use of informal communication and collaboration between peers for the coordination of work. • Interrelationships between the above forms of supervision and coordination of work.
Does the Department have an inappropriately high ratio of managers and supervisors to doctors, nurses and other “front line” staff?	<ul style="list-style-type: none"> • Number of levels of administrative supervision (i.e. management of people, money and other resources) in the structure.
Is the Department’s organisation structure as simple and integrated as it should be, or are there too many organisationally separate, specialist service functions that lead to unnecessary fragmentation and complication of the management structure?	<ul style="list-style-type: none"> • Range of different types of professional supervision, i.e. medical, nursing, allied health professional and social work disciplines in the structure.
Does the Department have appropriate management arrangements for both the corporate management of the Department as a whole and for the management of each of its individual Directorates?	<ul style="list-style-type: none"> • Processes used by the Department’s “centre” for managing activities on a Department-wide basis, including monitoring of Directorates’ outputs and adding value to Directorates’ activities on a Department-wide basis (e.g. through management of inter-Directorate relationships and provision of functional leadership).
Is the Department’s proposal to create a new, dedicated Children’s Directorate, and its current further proposal additionally to create a separate Adult Community Services Directorate, an appropriate and efficient approach towards addressing the organisational issues that flow from the Williamson Report?	<ul style="list-style-type: none"> • Number of levels of administrative supervision, i.e. management of people, money & other resources, in the structure. • Number of levels of professional supervision in the structure in respect of standards, development and discipline in medical, nursing, allied health professional and social work disciplines. • Use of informal communication and collaboration between peers for the coordination of work. • Interrelationships between the above forms of supervision and coordination of work. • Processes used by the Department’s “centre” for managing activities on a

Questions	Factors to consider
	Department-wide basis, including monitoring of Directorates' outputs and adding value to Directorates' activities on a Department-wide basis (e.g. through management of inter-Directorate relationships and provision of functional leadership).

The Department's overall management arrangements

We discuss below the Department's overall management arrangements, including the management processes adopted by its "corporate centre" to govern activities on a Department-wide basis. We subsequently turn to the Department's organisation at the level of individual Directorates, by examining selected examples of the way in which the organisation structure operates. The States of Jersey have created a Children's Executive, but this is not part of the Department of Health and Social Services and is therefore not included in this account of the Department's management structure.

The Department's senior management structure consists of 7 positions below the Chief Executive that are accountable primarily for provision of services to patients or clients, or to internal customers. These positions are:

- Directorate Manager, Medicine.
- Directorate Manager, Surgery & Anaesthesia.
- Directorate Manager, Mental Health.
- Directorate Manager, Social Services.
- Medical Officer of Health.
- Chief Ambulance Officer.
- Estates & Hotel Services Director.

All of these senior managers participate in the corporate management of the Department through involvement in Senior Management Team meetings and in other ways. The Medical Officer of Health has key roles in the formulation of the Department's strategies, and the Estates & Hotel Services Director is accountable for the formulation of the Department's estates strategies and for capital planning as well as for management of the delivery of a range of corporate services. Viewed from the perspective of the Department as an organisation with a divisionalised form, however, we believe that it is appropriate and useful to consider these positions distinctly from the perspective of their roles in leading individual "divisions".

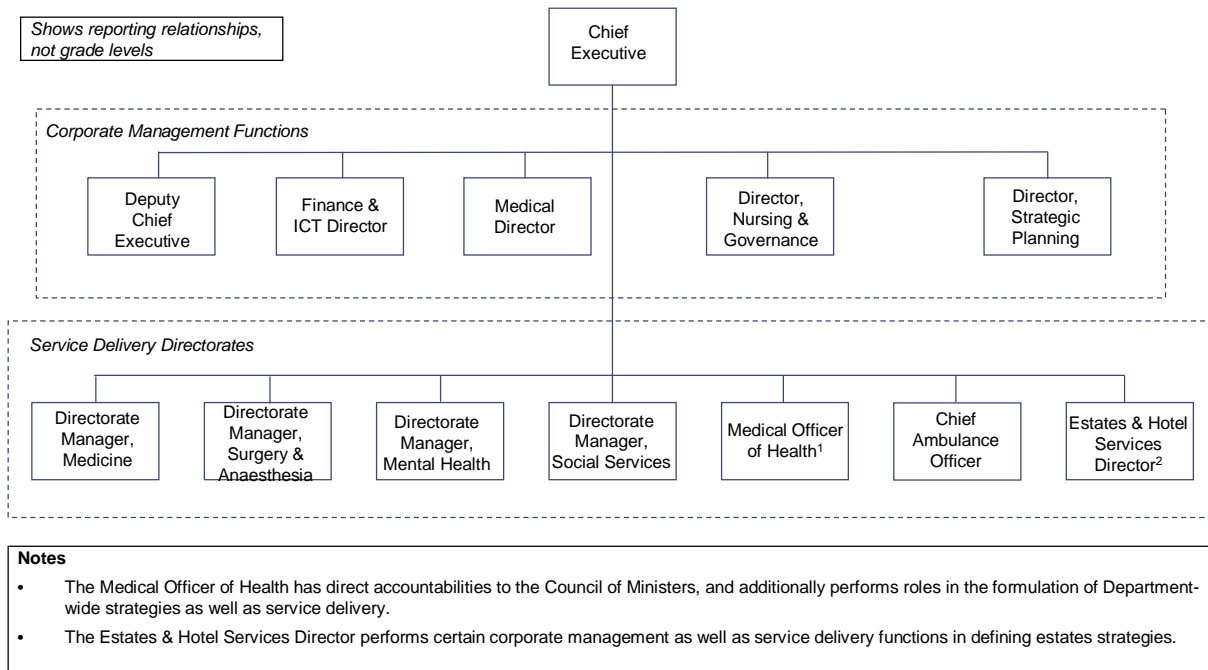
There are in addition 5 Directors who are accountable to the Chief Executive for a range of corporate functions. These are:

- The Deputy Chief Executive, who has particular responsibilities for corporate planning and corporate performance management.
- The Finance & ICT Director.
- The Medical Director, who has Department-wide responsibilities for medical standards, professional development and discipline.

- The Director, Nursing & Governance, who has Department-wide responsibilities for nursing standards, professional development and discipline, as well as for clinical governance including leadership of the Department's risk management processes.
- The Director, Strategic Planning, who has lead responsibility for development of the Department's long-term strategies.

The Department's own organisation chart for its senior management structure (2008b, p.60), which is included in its response to the Williamson Report, does not distinguish in this way between primarily service delivery and primarily corporate functions. We believe, however, that it is useful to represent these distinctions in illustrating the Department's management structure. An organisation chart that illustrates the Department's senior management structure in this way is set out in Figure 1 below.

Figure 1: Senior Management Structure of the Department of Health and Social Services



The Department's response (2008b, p.60) to the Williamson Report provides an analysis of the distribution of responsibilities for its various functions between its main Directorates, and this is reproduced at Appendix D.

Each of the direct reports to the Chief Executive is a member of the Department's Senior Management Team (SMT), which constitutes the Department's management board. The SMT meets in each of the first three weeks of each month. It meets in three distinct modes. First, it meets to discuss the New Directions project, where topics for discussion have included the investment programme for New Directions and the sustainable hospital. Second, it meets as the Department's Governance Board, where topics such as the Department's risk register, infection prevention and control, and child protection policy have been discussed. Third, it has a "formal" meeting, when topics such as Ministerial Decisions and the month-end financial report have been discussed. The Department has recently initiated plans to hold a monthly performance review meeting with each Directorate, and to adopt more formal arrangements for reviewing investment and disinvestment decisions through the creation of a Resource Allocation Panel. Under the planned arrangements for performance review meetings, a number of the Directors with responsibilities for corporate functions will meet with the senior management teams of each Directorate to review the Directorate's key risks. These meetings will normally be led by the Deputy Chief Executive but will periodically be led by the Chief Executive. The Resource Allocation Panel will similarly consist of Directors with responsibilities for corporate functions.

The Directorate Senior Management Teams, which typically include the Directorate Manager, the Clinical Director and the Lead Nurse, and other managers as requested by these three senior managers, meet in the fourth week of the month. It has become an informal practice for the Directors with responsibilities for corporate functions also to meet as a group in this fourth week of the month.

With regard to a specific issue in relation to the portfolios of Senior Management Team members, we understand that the Department is proposing to transfer the Capital Planning function from its current position in the Estates & Hotel Services Directorate to the Finance & ICT Directorate. The function currently includes two posts, those of Asset Manager and Asset Officer. Capital planning relates to future capital schemes and the revenue implications of those capital schemes. It involves setting appropriate funds aside for future capital schemes and prioritising how the Department will use its capital assets. It requires capabilities in using forecasting and modelling techniques. Capital planning is a strategic activity, going well beyond the purchase and replacement of equipment. It should help in identifying the contribution that capital assets make to management of the Department's corporate risks through the use of a Corporate Asset Register and provide an indication of what assets should be capitalised.

We have been told that the States of Jersey are planning to move to a new Resource Budgeting Framework and to UK Generally Accepted Accounting Principles (GAAP) and wish to become UK GAAP compliant in the future bringing accounting and budgeting for revenue and capital onto a common GAAP basis. This will include separate allocations for Revenue and Capital spending limits at a Department level.

Capital planning is normally part of the finance function within NHS Trusts in the UK. The move to a new Resource Budgeting Framework and UK GAAP accounting reinforces the argument for moving Capital Planning to the Finance Department.

Illustrations of the Department's detailed organisation structure

The Department of Health and Social Services produces organisation charts for its various Directorates. It does not, however, adopt a standard approach to preparing them. The examples of organisation charts for the Medicine and the Surgery & Anaesthesia Directorates that were provided to us showed functions rather than actual jobs below the level of the Directorate Manager, so that accountability relationships between different positions were not made clear. By contrast

the examples of organisation charts that were provided to us in relation to the Mental Health, the Social Services, Public Health and the Estates & Hotel Services Directorates did show individual positions and the accountability relationships between them. These differences may reflect the greater complexity of depicting clearly the separate administrative and professional accountability relationships within the Medicine and the Surgery & Anaesthesia Directorates in a single organisation chart. We therefore examined the existing accountability relationships in relation to both professional and administrative matters through our interview programme. It should be noted that this examination was to some extent interpretive, drawing on the analytical framework provided by Mintzberg (1983), because there were differences between the accounts of the accountability structures in the Department that different interviewees provided, which reflected the complexities of the intertwined professional and administrative accountability structures in the Medicine and Surgery & Anaesthesia Directorates.

In the course of our interviews with Directorate representatives and others we examined typical management structures in each Directorate in order to identify:

- The number of levels of administrative supervision.
- The number of levels of professional supervision.
- The use made of informal communication and collaboration between peers for the coordination of work.
- Interrelationships between the above forms of supervision and coordination of work.

It should be noted that there may, and frequently are, fewer levels in the management structures in an organisational unit in the Department than there are separate grade levels, because staff members of different grade levels often report to the same manager.

Medical consultants responsible for functions such as Accident & Emergency and Pathology, and Anaesthesia and Obstetrics & Gynaecology, in the Directorates of Medicine and of Surgery & Anaesthesia, report administratively, i.e. in relation to the management of people, money and other resources, to the Directorate Manager. They have a separate, professional reporting line, however, to the Clinical Director of their Directorate in respect of professional standards, development and discipline, and in turn through this Clinical Director to the Medical Director of the Department. Doctors within one of these functions within these two Directorates would therefore have three levels of administrative supervision above them, i.e. the medical consultant responsible for their particular function, the Directorate Manager, and the Chief Executive. The doctors would separately have two levels of professional supervision, i.e. the Clinical Director of their Directorate and the Medical Director of the Department.

Nurses and Auxiliary Nurses would have four levels of administrative supervision above them. These would typically be the Ward Manager, the Lead Nurse of the Directorate, the Directorate Manager, and the Chief Executive. These staff members' professional supervision would consist of their Ward Manager, the Directorate's Lead Nurse, and the Department's Director of Nursing & Governance.

A Pharmacy Technician within the Directorate of Medicine would report through five levels of management. These include a Senior Technician, Clinical Pharmacy Manager, Chief Pharmacist, the Directorate Manager of Medicine, and the Chief Executive. In this case there is no distinction between the structure for administrative supervision and that for professional supervision.

A Medical Secretary within the Directorate of Surgery and Anaesthesia would report through three levels of management. These include a Team Manager, the Directorate Manager of Medicine and the Chief Executive. Again there is no distinction in this case between the structure for administrative supervision and that for professional supervision.

A Ward Receptionist/Clerk within the Directorate of Surgery & Anaesthesia would report through four levels of management. These include a Ward Manager, the Directorate's Lead Nurse, the Directorate Manager of Medicine, and the Chief Executive.

Most staff members within the Directorate of Mental Health Services are Mental Health Nurses. A Health Care Assistant in this Directorate would typically report up to five distinct levels of management, i.e. their Charge Nurse, their Team Leader, the Directorate's Head of Nursing & Operations Manager, the Directorate Manager, and the Chief Executive. A Psychologist would report up to four distinct levels of management, i.e. the Head of Psychology, the Directorate's Head of Nursing & Operations Manager, the Directorate Manager, and the Chief Executive. In these cases there is no distinction between the structure for administrative supervision and that for professional supervision. Professional leadership for Mental Health Nurses is provided by the senior Mental Health Nursing professional in the Directorate.

Staff members working within a residential team in the Social Services Directorate would report through five levels of management. These include a Residential Team Leader, who would manage a "cluster" of units, the Provider Services Team Manager, the Special Needs Service Manager, the Directorate Manager of the Social Services Directorate, and the Chief Executive. A member of the Assessment & Child Protection Team would report through four levels of management, including the Assessment & Child Protection Team Manager, the Children's Service Manager, the Directorate Manager of the Social Services Directorate, and the Chief Executive. There are significant formal requirements for professional supervision of social workers' casework. The structure for professional supervision of social workers' activities is, however, aligned exactly with the administrative management structure. By contrast with the administrative heads of the Directorates of Medicine and of Surgery & Anaesthesia, the administrative head of the Social Services Directorate is a senior, professionally qualified social worker. There is no Departmental Director of Social Work operating in parallel with the Medical Director and the Director of Nursing & Governance.

The Senior Management Team of each Directorate includes the Directorate Manager, the Clinical Director and the Lead Nurse, and may include other senior individuals. For example the Directorate Executive of the Mental Health Directorate consists of the Directorate Manager, the Clinical Director, the Head of Nursing & Operations Manager, and the Head of Psychology. While members of these Senior Management Teams report administratively to the Directorate Manager, the Clinical Director and the Lead Nurse have considerable authority in respect of their areas of professional expertise. Informants in the Department described the relationships within these Senior Management Teams as being based on teamwork, i.e. informal communication and collaboration, rather than on coordination through supervision by the Directorate Manager.

Taking a contrasting example in the Estates and Hotel Services Directorate, we were advised that the Chargehand Chefs, Chefs, Driver, Storemen and Catering Assistants report through four separate levels of management, i.e. the Head Chef, the Manager of Catering & Hotel Services, the Director of Estates & Hotel Services, and the Chief Executive. While these individuals occupy different grade levels, and individuals in more senior grades among them may supervise individuals in less senior grades for particular tasks or during particular periods of time, there is no separate, permanent level of management between them and the Head Chef.

In summary, we found that there are typically no more than four or five levels of administrative management above the most junior members of the Department's staff. Professional staff members also have professional supervision. In the case of doctors the arrangements for their professional supervision diverge significantly from those for their administrative supervision. The arrangements for professional supervision of nurses also diverge from the administrative arrangements at the point where the Directorate Lead Nurse reports professionally to the Director of Nursing & Governance rather than to the Directorate Manager. Arrangements for the professional supervision of allied health professionals and social workers are largely aligned with the arrangements for their administrative supervision.

Control of management costs

The Department currently has a process for collecting data for measuring management costs as a proportion of the workforce. This information is used as an indicator that is included in the Department's quarterly "balanced scorecard" and is reported to the Senior Management Team. The definition of management costs that is used for gathering the data, however, appears unreliable and involves some inconsistencies. This definition has been the subject of critical comment by members of the Senior Management Team in the recent past. Following discussions with the Department as part of this review the Department has decided to adopt the method for collecting management cost data that has been defined by the Department of Health in the UK. This will provide a more internally consistent and complete method of collecting the data and will facilitate benchmarking with other institutions.

Our review did not include use of activity analysis methods to assess the efficiency with which the Department deploys its resources at a detailed level. In the course of our work, however, we observed no evidence of excessive management capacity, and in some areas there was evidence that managerial resources were over-stretched, for example within the Directorates of Medicine and of Surgery & Anaesthesia whose Directorate Managers have little or no administrative support, and in the finance function whose resources were under strain.

Summary

We found that there are typically no more than six organisational levels in total from the Chief Executive of the Department to its most junior member. The number of management levels is typically fewer than the number of separate grade levels because in many cases people who are at different levels in the Department's grade structure report to the same manager. Professional supervision of doctors, nurses, allied health professionals and social workers is a distinct and separate aspect of supervision from their administrative supervision. In the case of doctors and to some extent nurses the professional and administrative supervisory structures diverge from each other, which complicates the management arrangements and may give the impression that there are more distinct, hierarchical levels of management than there actually are. Our interview programme showed that this can lead to ambiguity and confusion within the Department as well as among external observers, and the Department's unspecific approach to documenting accountability relationships in the organisation charts that were provided to us for the Medicine and the Surgery & Anaesthesia Directorates also reflects this complexity.

We observed no evidence of an excessive ratio of management and supervision to "front line" staff. The Department has recognised, however, that the current arrangements for collecting management cost data require improvement.

The Chief Executive of the Department has a wide span of control, consisting of twelve direct reports. The current proposals for responding to the Williamson Report would involve an increase in that span of control, potentially to fourteen, with the addition of a Directorate Manager for the Children's Directorate and a Director of Social Work. The Chief Executive currently manages the corporate business of the Department through the Department's Senior Management Team, which consists of all twelve of the direct reports to the Chief Executive. Some initiatives are currently, however, being taken to increase the role of the 5 Directors of corporate functions to play a greater role in the corporate management of the Department, through the planned monthly performance reviews of individual Directorates, through the Resource Allocation Panel, and through the informal meetings of these Directors that have begun to take place in the fourth week of each month.

In the next Section we describe the Department's proposed organisational response to the Williamson Report, and the potential impact of that response on its organisation structure.

Proposed organisation

This section describes the Department's current proposals regarding its organisational response to the Williamson Report, including its high-level plans for managing the implementation process. It also discusses the way in which the new structure would operate and its strengths and weaknesses.

The revised version of the Department's response to the Williamson Report (2008b, p.61) that it produced in December 2008 contains the latest version of its proposed organisation structure. This is reproduced at Appendix E. The Department (2008b, p.62) has also defined an illustrative, detailed structure for the Children's Directorate. As noted above, aside from the strategic decision that the Department has made to adopt the principle of creating a Children's Directorate on the lines of Recommendation 8 of the Williamson Report, this latest proposed structure reflects emergent thinking rather than a definitive statement of the Department's stance.

This proposed structure organises children's services so far as possible in a single Directorate. Certain services would necessarily continue to be provided by the Medicine and the Surgery & Anaesthesia Directorates, but the child's "journey" through the Department could be managed from within the Children's Directorate.

The strategy for providing services to older people is currently being considered within the Department. The current position is that the original proposal to create an Older People's Directorate, which appeared in the Department's response to the Williamson Report in October 2008, has been replaced by the proposal instead to create an Adult Community Services Directorate. Whereas children represent a significant minority of the Department's patients and clients, and therefore may benefit from a dedicated organisational unit to give them a distinctive voice in the Department's affairs, this does not hold true for older people because they predominate among the Department's patients and clients. Because of this the Department's management perceived that there was not such a strong argument for an Older People's Directorate as for a Children's Directorate.

In addition to adapting the Directorate structure with the creation of a Children's Directorate, the Department proposes to establish a new position of Director of Social Work, which would be a corporate position parallel to those of the Medical Director and the Director of Nursing & Governance, providing professional leadership in relation to standards, development and discipline.

As discussed above, the Department plans to adopt a consultative approach to defining its future structure. It has identified in its response to the Williamson Report (2008b, p.36) the following key milestones on the path to implementation:

- Confirmation of the management structure for the Children's Directorate within the overall development of the Department's organisation structure.
- Integration of the functions of the current Children's Executive with the Children's Service within the Social Services Directorate.
- Implementation of the management structure for the Children's Directorate.
- Integration of the Child and Adolescent Mental Health Service and Psychological Assessment & Therapy Services for children and young people into the Children's Directorate.
- Integration of Paediatric Services, Child Development Service and Speech & Language Service in the Children's Directorate.
- Agreement with Family Nursing & Home Care Inc for integration of Health Visitors and School Nurses functions into the Children's Directorate.

Comparator review

The review terms of reference call for a comparison between the organisational arrangements adopted by the Department and those adopted within the UK, and assessment of the appropriateness of significant divergences in Jersey from those arrangements. In this section we summarise the key lessons learned from external comparisons, and discuss the insights that these provide in relation to the specific questions to be answered through this organisational review.

In addition to drawing on our general knowledge and experience of practice across the UK we have drawn on information about practice in the Isle of Man, the Isle of Wight (England), Northern Ireland, Wales and Scotland for our comparative analysis. While we have selected these particular settings because of points of comparison with the situation in Jersey, it is essential to be wary of holistic comparisons between Jersey and institutions elsewhere because of the distinctive characteristics of Jersey as a context for the provision of health and social services. We have therefore approached this aspect of the work analytically, focusing on comparisons in relation to particular aspects of organisational practice and taking into account the limitations of those comparisons. Our rationale for selecting the particular sample of comparators that we have used, together with key limitations of this sample, is summarised in the table below.

Table 2: Rationale for sample selection

Comparator	Rationale for inclusion in the sample	Limitations
Isle of Man	The Isle of Man is another island and an independent jurisdiction with a population of similar size to Jersey's. It has a single layer of government that integrates health and social care.	Considered holistically there are fewer limitations to the Isle of Man as a comparator than to other examples in the sample.
Isle of Wight (England)	The Isle of Wight is another island with a population of similar size to Jersey's. Although it operates within the English health and social care system it has adopted its own distinctive structure.	The Isle of Wight is not an independent jurisdiction. Social services are organised within a local authority and have not been integrated with health services.
Northern Ireland	Northern Ireland is an independent jurisdiction. Health and social care services are integrated organisationally.	Northern Ireland has a much larger population than Jersey, which creates opportunities for benefits of scale that are not available in Jersey.
Wales	Wales is an independent jurisdiction.	Wales has a much larger population than Jersey, which creates opportunities for benefits of scale that are not available in Jersey.
Scotland	Scotland is an independent jurisdiction.	Scotland has a much larger population than Jersey, which creates opportunities for benefits of scale that are not available in Jersey.

Comparator information about the corporate management of organisations in the health and social services sectors that are relevant to institutions with the range of different functions that Jersey's Department of Health and Social Services performs is sparse. The situation in the Isle of Man provides the closest comparator. We have supplemented our analysis of this aspect of the review by drawing on the empirical research by Goold, Campbell and Alexander (1994) into the practices of multi-business corporations as a source of normative benchmarking in relation to this aspect of the Department's organisation. Our analysis of the key points of comparison between the organising practices of Jersey's Department of Health and Social Services and external comparators are set out in the table below.

Table 3: Summary comparative analysis

Comparator practices	Observations on implications for Jersey
<p>Levels of management: Does the Department have too many separate levels of management?</p>	
<p>We examined the number of management levels in a range of comparator organisations. NHS Trusts in the UK have management structures that are similar to those described above in Jersey's Department of Health and Social Services. In some cases Trusts in the UK contain additional levels of management. For example there may be an intermediate position of Chief Operating Officer between Directorate Managers and the Chief Executive, and the Department of Health & Social Security of the Isle of Man also has the intermediate senior management level of a Chief Operating Officer/ Deputy Chief Executive. It is common for Directorate Managers to be supported by Assistant Directorate Managers or Business Managers.</p> <p>There are 6 management levels above a frontline social worker in a small Metropolitan Borough in England that we have examined from Team Manager (the worker's immediate superior) through the Director of Children's Services up to the Chief Executive of the Council. We understand that the situation of a Social Worker in the Isle of Man is comparable with this.</p>	<p>The Department of Health and Social Services has a similar number of management levels to its English and other comparators. As noted above, for example, there are 4 levels of management above a member of the Assessment & Child Protection Team, from the Team Manager (the individual's immediate superior), through the Directorate Manager of the Social Services Directorate to the Chief Executive. The proposed, post-Williamson organisation would retain the same number of management levels.</p>
<p>Ratio of managers and supervisors: Does the Department have an inappropriately high ratio of managers and supervisors to doctors, nurses and other "front line" staff?</p>	
<p>English Hospital Trusts publish data on their management costs expressed as a percentage of their income. For example the Annual Accounts for 2007/08 for the Nottingham University Hospitals NHS Trust show that management costs were 3.28% of annual income, compared with 3.41% in the previous year. Management costs are identified in accordance with a detailed definition that is published by the Department of Health¹.</p>	<p>The Department of Health and Social Services collects information about management costs on a regular basis. Discussions with the Department of Health and Social Services, however, revealed that the basis on which the information is collected is not internally consistent or complete, and therefore is not comparable with management cost data in other institutions. The Department of Health and Social Services has since decided to adopt a systematic method for collecting this information in line with the definition published by the Department of Health in the UK, and to seek to benchmark itself against other institutions. This definition will be used as a basis for collecting data in relation to all the Department's activities and not only in relation to those to which the Department of Health's criteria are applied in the UK.</p>
<p>Structural simplicity and integration: Is the Department's organisation structure as simple and integrated as it should be, or are there too many organisationally separate, specialist service functions that lead to unnecessary fragmentation and complication of the management structure?</p>	
<p>Current trends in the UK run in favour of separating community services organisationally from hospital-based services. This helps to ensure that community services receive sufficient attention and resources. It also reflects and supports current policy trends towards care at home and prevention through earlier intervention.</p>	<p>Jersey's current integration of community- and hospital-based healthcare diverges from current trends in the UK. Its post-Williamson proposals would produce greater alignment with external practice in this area.</p>
<p>It is a common practice to organise all therapy services in a single Directorate. In the Isle of Wight, for example, all therapy services are</p>	<p>Jersey's current, and (with a number of changes), proposed future structure requires careful management of intra-Departmental interfaces in</p>

¹ This definition is available from www.dh.gov.uk/en/Policyandguidance/Organisationpolicy/Financeandplanning/NHSmanagementcosts/index.htm.

Comparator practices	Observations on implications for Jersey
organised in one Directorate.	order to provide well-coordinated services. It is proposed to organise Speech & Language Therapy Services in the Children's Directorate, which will need to manage interfaces elsewhere in the Department in relation to adults requiring these services. There will be key interfaces to manage between the proposed future Children's and Adult Community Services Directorates in relation to children with physical and learning disabilities, and with mental health problems, who are at the point of transition to adulthood.
English local authorities do not include Directors of Social Work in their structures.	The current organisational arrangements of the Department of Health and Social Services, whereby the Directorate Manager of Social Services is also the Department's most senior professional social worker, is in line with the usual practice in England. Its proposal in response to the Williamson Report, to appoint a separate Director of Social work, is a divergence from this practice.
Corporate management arrangements: Does the Department have appropriate management arrangements for both the corporate management of the Department as a whole and for the management of each of its individual Directorates?	
<p>The Department of Health and Social Security of the Isle of Man faces similar corporate management challenges to Jersey's Department of Health and Social Services. It has adopted similar management arrangements to those in Jersey, including a Senior Management Team that includes the heads of its main service delivery functions such as Social Services as well as the heads of corporate functions such as finance.</p> <p>Goold, Campbell & Alexander (1994) identify 4 main ways in which the "corporate centres" of multi-business companies may add value to the activities of their individual businesses. First, they may "stretch" their performance by setting objectives and monitoring performance in relation to them. Second, they may manage interrelationships between different businesses. Third, they may provide functional leadership. Fourth, they may act to develop the business portfolio, e.g. through mergers, acquisitions and reconfiguration of the existing business portfolio.</p>	<p>The Senior Management Team of Jersey's Department of Health and Social Services is its principal management board. This body includes the senior managers of the main service delivery Directorates in its Senior Management Team alongside those with primarily corporate responsibilities. Reliance on this body for most executive management functions reduces the scope for scrutiny and challenge of Directorates' performance, and for the development and application of formal, objective processes and structures for decision-making about priorities between competing demands for attention and resources. The Department of Health and Social Services is, however, now making initial moves to introduce greater separation between service delivery and corporate roles, and more intensive and objective scrutiny of operational performance and decision-making about investment priorities.</p>
<p>Sharp separation of commissioning from provision is a key policy initiative in England. Primary Care Trusts are being asked to focus purely on commissioning, while organising their provider services at arm's length with a view to making them fully autonomous in due course.</p> <p>In the Isle of Man, the Department of Health and Social Security is creating a Children's Commissioning Unit, which will 'establish a mechanism whereby resources, rather than being allocated unilaterally within Departments, will be allocated centrally to schemes, projects, services and agencies, on the basis of demonstrating improved outcomes, co-ordinated and integrated services provision'.</p> <p>In Northern Ireland there are separate commissioner and provider organisations.</p> <p>In Wales, however, commissioner and provider functions are being reintegrated in new Local Health Boards.</p>	<p>There is some current use of commissioning in Jersey, for example in relation to Health Visitors and School Nurses. It is proposed, however, that this should be discontinued under the proposed post-Williamson structure. Jersey's arrangements have the advantages of facilitating greater integration of services and avoidance of the transaction costs involved in separate commissioning and provider organisations. Provision for separation of commissioning from provision roles within the Department's internal management arrangements would, however, be beneficial in supporting objective decision-making about priorities.</p>

Comparator practices	Observations on implications for Jersey
<p>Separate Children's and Adult Community Services Directorates: Is the Department's proposal to create a new, dedicated Children's Directorate, and its current further proposal additionally to create a separate Adult Community Services Directorate, an appropriate and efficient approach towards addressing the organisational issues that flow from the Williamson Report?</p>	
<p>The separation of Children's from Adult Services is well established in England. In English Local Authority Social Services Departments children's social services have been separated from adult services and combined with education to create integrated Children's Services Directorates. Eleven English local authorities have, however, recombined adult and children's services directorates.</p> <p>In the Isle of Man the Social Services Division has 3 Assistant Directorships – Children and Families, Adults and Mental Health. A key aim in 2008 was to improve coordination of health and social services for children through a multi-agency approach involving creation of Integrated Children's Services.</p> <p>The Isle of Wight NHS Primary Care Trust has a separate Child, Family & Therapy Services Directorate.</p> <p>Northern Ireland has 5 combined health and social care trusts. The Belfast Health & Social Care Trust, for example, has a Social Services, Family and Child Care Services Directorate, incorporating child health, maternity & women's services, Child & Adolescent Mental Health Services and Child Care.</p> <p>The Welsh Department for Health and Social Services includes a Children's Health and Social Services Directorate².</p>	<p>Jersey's proposed, post-Williamson structure, with separate Directorates for Children, Adult Community Services and Adult Mental Health Services is consistent with practice in England and to varying degrees with practice in the other comparators considered, subject to Jersey's distinctness (with the Isle of Man) in integrating health and social care services in a single institution.</p>
<p>The provision of a separate Adult Services organisation, apart from Children's Services, is well established in England. In smaller English local authorities, adult services have often been combined with services such as leisure and lifelong learning. English Adult Services Directorates combine adult and older people's services, but there tend to be separate Assistant Directors for each.</p> <p>In the Isle of Man, there are plans for Social Services and Health Services, in partnership with voluntary organisations and the community, to develop an integrated strategy for older people.</p> <p>The Belfast Health & Social Care Trust, for example, has an Older People Medicine and Surgery Services Directorate.</p>	<p>Jersey's proposed, post-Williamson structure, with separate Directorates for Adult Community Services, Children and Adult Mental Health Services is consistent with practice in England, subject to the difference that it integrates health and social care services.</p>

Does the Department have too many separate levels of management?

The number of management levels within the structure of the Department of Health and Social Services is in line with practice in comparator institutions in the UK, and there are fewer management levels than in some of the examples that we considered. For example Directorate Managers in Jersey report direct to the Chief Executive. The position of Deputy Chief Executive in Jersey's Department of Health and Social Services does not constitute an intermediate management

² The Welsh Assembly Government is however currently consulting on a new structure for health services. Parts of Wales are reintegrating children's and adult social services.

level between Directorate Managers and the Chief Executive. By contrast some Directorate Managers in Hospital Trusts in the UK report to the Chief Executive through a Chief Operating Officer position. NHS Trusts in the UK also often provide Assistant Directorate Manager and Business Manager positions to support Directorate Managers. These positions are not found in the Department of Health and Social Services in Jersey. There are also fewer management levels above front line social workers in the Social Services Directorate than in examples that we examined in an English local authority and in the Isle of Man's Department of Health and Social Security.

[Does the Department have an inappropriately high ratio of managers and supervisors to doctors, nurses and other "front line" staff?](#)

As noted above, our organisational review did not include use of activity analysis methods to provide a detailed, objective analysis of the efficiency of its use of management resources in comparison with other institutions. The observations that we did make, however, uncovered no evidence of an excessive ratio of managers and supervisors to "front line" staff, and it did uncover some evidence of strains on the available management resources, for example in the Medicine and Surgery & Anaesthesia Directorates. Comments were also made to the effect that staffing in the finance area was limited relative to the requirements.

We were unable to obtain reliable data about management costs that would have enabled us to make comparisons with management cost data for NHS Trusts in the UK. The Department of Health in the UK has published a definition of what should be included in data sets about management costs whose use in the Department of Health and Social Services in Jersey would greatly improve the accuracy and reliability of its information about this subject. The Department has now initiated action to collect information in accordance with this definition, and plans to explore the opportunities for using this information to benchmark itself in relation to other comparable institutions. The availability of such information would also enable the Department to make its performance in this area more transparent to Parliamentarians and the general public. Targets might be set against which performance could be measured that would take into account the Department's additional functions that NHS bodies in the UK do not have individually (and those the NHS bodies do have but the Department of Health and Social Services does not, for example in the area of commissioning).

[Is the Department's organisation structure as simple and integrated as it should be, or are there too many organisationally separate, specialist service functions that lead to unnecessary fragmentation and complication of the management structure?](#)

Jersey's Department of Health and Social Services is exceptional in the range of functions for which it is responsible, with only the Isle of Man having a similar range among the comparators considered. The Department's organisation structure is necessarily somewhat complex in order to accommodate this range.

The Department's organisation structure in the Medicine and Surgery & Anaesthesia Directorates in particular is inevitably complex, in order as discussed above to provide the range of administrative, medical, nursing and other professional supervision that is required. In this respect, however, the Department's practice is in line with that of Hospital Trusts in the UK.

Current trends in the UK run in favour of separating community services from hospital-based services in order to help focus sufficient attention and resources on each. To that extent the Department's structure embodies more complexity than other models because both types of function are currently organised within individual Directorates. The proposed post-Williamson structure is more in line in this regard with the practice in UK comparator institutions.

Does the Department have appropriate management arrangements for both the corporate management of the Department as a whole and for the management of each of its individual Directorates?

Jersey's Department of Health and Social Services has comparable management arrangements with those of the similarly diverse Department of Health and Social Security in the Isle of Man, in that both have a Senior Management Team consisting of both Directors of corporate functions such as finance and Directors of the main service delivery functions. The Isle of Man, however, has a Deputy Chief Executive and Chief Operating Officer whereas the focus of the role of the Deputy Chief Executive of Jersey's Department of Health and Social Services is on staff functions related to planning and performance management.

The Department's established, formal management processes, in particular the operation of its Senior Management Team in its three modes of strategy, governance and "formal" business, do not enable it to pay close attention to the types of value-adding roles identified by Goold & Campbell (1994). At the time of this review, however, the Department was beginning to consider moves to focus on these types of roles, in particular through new roles for the Directors with primarily corporate responsibilities in reviewing the performance of individual Directorates, reviewing investment and disinvestment decisions on a structured corporate basis, and meeting as a group in the absence of the Directorate Managers of the primarily service delivery Directorates to address corporate issues.

A key difference between the Department of Health and Social Services and most of the comparator institutions considered is the limited organisational separation in Jersey between commissioning and provision. While there are some potential efficiency benefits in this limited degree of separation the trend in England towards increasing separation suggests that the benefits of independent decision-making about commissioning should be considered. The current strategic discussions in the Department about New Directions, undertaken through monthly meetings of the Senior Management Team, reflect the Department's objective of defining and applying a strong, evidence-based strategic framework for decision-making about the approach and priorities in relation to service delivery.

Is the Department's proposal to create a new, dedicated Children's Directorate, and its current further proposal additionally to create a separate Adult Community Services Directorate, an appropriate and efficient approach to address the organisational issues that flow from the Williamson Report?

The separation of children's from adult services is well-established in England, so the move of the Department of Health and Social Services to create a Children's Directorate is in line with that approach. The scope of the services within the proposed Children's Directorate is appropriate and the new organisation creates an environment that could facilitate integration of services that need to work together seamlessly for children and their families. The inclusion in the Directorate of Speech and Language Therapy Services, which will need to provide services for Adult Community Services and acute hospital services as well as within the Children's Directorate itself, will require cross-structural working.

The provision of a separate Adult Services organisation is also well-established in England. The proposed Adult Community Services Directorate has the potential to provide a seamless service for adults and older people living at home and elsewhere in the community. Key interfaces that will need to be managed under this structure include those with Adult Mental Health Services and those in relation to children in transition to adulthood. The Department is currently developing its future strategy in relation to services for older people and these will need to be taken into account in the further development of these organisational proposals. Consideration should be given in the light of this strategic discussion to the possibility of introducing an organisational separation within the Adult Community Services Directorate between services to older people and to younger adults. This approach could have value in enabling the Department to focus particular attention on the needs of older people. A risk that needs to be managed, however, in relation to any age-

based structure is that people may encounter an unwelcome change and potentially a loss of service as a result of crossing an age-related boundary while having no change in need. There are also risks that when people in early adulthood have needs that are more commonly associated with older age, such as certain mental health conditions, they may receive less good service than older people receiving a targeted older people's service. Similarly people with younger adult mental health conditions such as schizophrenia may be served less well when they move into older people's services where the service is focused more on the conditions more commonly encountered among older people. Good care pathway management, protocols for managing interfaces, and flexible working would be important in managing the risks that could be associated with such a structure.

In the next section we draw upon this comparator analysis to set out our observations on the Department's current organisation and its proposed future organisation in the light of the Williamson Report.

Observations on the current and proposed organisation

We set out below our observations in turn on each of the questions raised by the review terms of reference in relation to the current and proposed organisation of the Department of Health and Social Services.

Does the Department have too many separate levels of management?

Assessment of the appropriateness of the Department's management structures, including the number of management levels within them, has been hampered by the absence of systematic practice within the Department of producing organisation charts that show individual jobs and the accountability relationships between them in a systematic and consistent way. It has been hampered also, in part no doubt as a result of the absence of such systematic documentation, by confusion in the minds of some staff members in the Department as to the nature and scope of the accountability relationships within it. The importance of professional as well as administrative reporting relationships for the conduct of the Department's business, and the major role of teamwork within non-hierarchical relationships in conducting that business, makes it more complex to produce organisation charts that reflect the reality of the way in which business is done. It also makes it more important for such organisation charts to be produced in order to make the organisational arrangements clear to both employees and external stakeholders. The appropriate way in which to reflect the essential relationships is to produce organisation charts that show all the jobs in particular organisational units, with solid lines to indicate administrative reporting lines and dotted lines to show professional reporting lines where these differ from the administrative reporting lines. The relatively large number of separate grade levels within the Department's pay and grading structure gives rise to some further potential for confusion, and for creating the impression that there are more separate levels in the management structure than there actually are. Systematically produced organisation charts on the lines described above would dispel potential confusion from this source also.

The comparator analysis that we have undertaken and our general experience lead to the conclusion that the management structures that the Department of Health and Social Services has adopted, and the number of management levels within them, are appropriate to the nature of the work that the Department does. The nature of those management structures, however, has not been articulated adequately, which creates the potential for both ambiguity regarding accountability relationships within the Department and concerns among external stakeholders about the organisation's efficiency.

Does the Department have an inappropriately high ratio of managers and supervisors to doctors, nurses and other "front line" staff?

It has not been possible to benchmark the Department's ratio of managerial and supervisory to "front line" staff against other comparable institutions because the management cost information that would be needed to make such a comparison is not available. The Department does collect data on management costs but this information does not provide an accurate or reliable basis for making such an assessment because it is incomplete and contains internal inconsistencies. The Department has itself recognised these shortcomings and has decided to begin collecting and using management cost information that is based on a more rigorous definition of what should be included within the category of "management costs". This will involve using a method for collecting management costs data that will allow direct comparison with the performance of other institutions. Such comparisons must nevertheless take account of the distinct characteristics of the Department of Health and Social Services as an institution providing a particular range of services to a small island's population. The Department has begun the significant manual task of collecting data in accordance with the definition provided by the Department of Health in the UK, but it was not possible for the Department to prepare a new data set on this basis in time for inclusion in this report. Once this initial manual task has been completed it is expected that a more streamlined process for collecting the data will be able to be used in future.

The current Department of Health definition of NHS Trust management costs was introduced in December 1997, and it has been in use with minor modifications since then. The detailed definition of NHS Trust management costs is based on staff costs only. The wide range of management posts in NHS Trusts means that there may be areas of uncertainty about whether or not staff should be included. In general salary costs of staff within the Board or the Corporate functions are included in the definition, and for posts that fall within the clinical and operational or support functions the salary costs of the most senior manager only are included. The Department of Health has published its detailed definition of management costs on its website (available from www.dh.gov.uk/en/Managingyourorganisation/Financeandplanning/NHSmanagementcosts/index.htm; accessed on 18 February 2009).

Much of the value of collecting and reviewing management costs data is to gain the opportunity of benchmarking against other institutions. In the course of discussions during this organisational review the Department expressed interest in forming a small benchmarking "club" with a sample of other, selected institutions to provide a forum for dialogue about good practices in obtaining value for money in return for expenditure on management and supervision.

Our work did not include a detailed review of the efficiency of the Department's use of managerial and supervisory resources. Our review uncovered no evidence of excessive expenditure on managerial or supervisory posts. We did however observe some evidence of shortage of management capacity in some areas. For example, within the Directorates of Medicine and Surgery & Anaesthesia the Directorate Managers had little or no support in their roles despite the substantial scale of their managerial responsibilities. The resources of the finance function were also under strain.

As in relation to the question of the number of management levels in the organisation structure, therefore, we found no evidence of inefficiency. There is, however, a current problem of a lack of systematically collected information that would enable the Department to monitor and control its management costs appropriately and to provide the necessary assurances to external stakeholders. Action that the Department now has in hand to address this is expected to resolve this problem.

Is the Department's organisation structure as simple and integrated as it should be, or are there too many organisationally separate, specialist service functions that lead to unnecessary fragmentation and complication of the management structure?

The Department's organisation structure is inherently complex because of its need to perform a wide range of functions that elsewhere would normally be organised in a number of separate institutions. Given this context the Department contains the range of specialist functions that might be expected in an organisation of this nature and scale, taking into account practice in UK-based institutions.

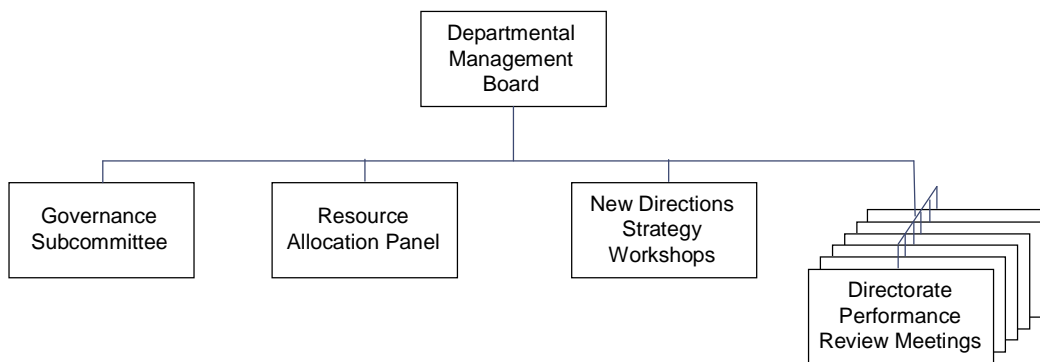
The way in which the Department has organised its activities in some areas diverges to a certain extent from practice in the UK, for example in that the Department currently organises some community- and hospital-based healthcare activities within a single Directorate. Its proposals for restructuring in the light of the Williamson Report would align its structure more closely with current trends in the UK towards separation of these two types of activity.

Does the Department have appropriate management arrangements for both the corporate management of the Department as a whole and for the management of each of its individual Directorates?

The Department faces a substantial corporate management task in coordinating, and obtaining the full benefits of integration of, the different functions that fall within its scope. The current management arrangements do not provide the most efficient and effective way of achieving this. The Department has been making moves towards different management arrangements, which would provide a more structured and systematic approach to the overall corporate management of the Department. These include the proposed performance review meetings with individual Directorates and Resource Allocation Panel meetings referred to above. The Department's focus on governance including use of formal risk management methods is a fairly recent development also, which is important in providing a structured framework within which the senior management of the Department can focus in a systematic way on identifying and managing the most significant risks that it faces. While the Department's long-term strategy is discussed in monthly meetings of the Senior Management team, in our opinion this is not the most appropriate forum for dialogue about strategy development. The meetings are too short to enable senior managers to focus intensively on the high-priority strategic problems that they need to solve. We understand that, partly because this and the relative frequency of the meetings, they tend to be used to update the Senior Management Team on the activities that have been taking place rather than to engage Senior Management Team members in strategic discussion of the issues.

In the course of our review we discussed with representatives of the Department's senior management the possibility of introducing a number of formal changes to its current arrangement for management meetings, which would in part formalise developments that have already begun to happen on an informal basis. First, we suggested that the Chief Executive and the Directors with specifically corporate responsibilities should form a Departmental Management Board. Directorate Managers with primarily operational service delivery responsibilities would not be formal members of this Board, whose focus would be on corporate rather than on Directorate-specific issues. Second, we suggested that the Governance Board, the Resource Allocation Panel, the Strategy Workshops, and the Performance Review Meetings for individual service delivery Directorates, should constitute subgroups of the Management Board. These adaptations would enable the senior management of the Department to focus attention more sharply, first, on the overall performance and priorities of the Department, and management of the interrelationships between Directorates and, second, on supporting and challenging the performance of individual Directorates. We believe that they would also enable the senior management to engage in higher quality dialogue about the strategic issues that it faces. The resulting committee structure is illustrated in the figure below.

Figure 2: Proposed top committee structure for the Department of Health and Social Services



As noted previously, the Department's current management structure contains no intermediate level between the Directorate Managers and the Chief Executive. As a result the Chief Executive has a wide span of control, with 12 direct reports under the existing structure. This arrangement enables the Chief Executive to maintain close contact with the operational performance of the Department, but at the same time gives rise to challenges in dealing with the range of corporate issues for which the Chief Executive is accountable. We believe that these committee arrangements will enable the senior management of the Department to work more effectively as an integrated leadership team, enabling the Chief Executive to make more effective and efficient use of the overall corporate management capacity of the Department.

Is the Department's proposal to create a new, dedicated Children's Directorate, and its current further proposal additionally to create a separate Adult Community Services Directorate, an appropriate and efficient approach towards addressing the organisational issues that flow from the Williamson Report?

The Department's plans for reorganising the Directorate in response to the Williamson Report are at an early stage of development, and it will not have completed its work on the future organisation design of the Department until the autumn of 2009. Its decision to create a dedicated Children's Directorate responds to the political and public expectations on the island to take action to give a stronger voice to children's needs. As discussed above this move is in line with practice in England and the initial proposals for the scope of the services within the Directorate are appropriate.

The Department is currently developing its strategy for providing services for older people, and these will influence its organisational arrangements in relation to its current plans to create an Adult Community Services Directorate, including whether to establish a distinct organisational focus within it on the needs of older people. The move to create an Adult Community Services Directorate is in line with practice in England.

A key challenge in moving towards an age-related organisational model will be to ensure that relevant interfaces are well-managed, both in relation to transitions between different age-related categories and cross-structural working where services are organised in one Directorate but may be needed in others as well, as in the case of Speech and Language Therapy Services.

The contextual factors identified earlier in this report highlight some special needs in the island that are atypical of those faced in most of the comparator organisations that we considered. The strategic options that the Department examines should include fundamental consideration of how best to meet the island's particular needs and should not be inappropriately constrained by assumptions that underpin strategies that are adopted in the UK where different conditions apply. For example the strategic analysis should include fundamental examination of the most appropriate future balance of priorities in Jersey's circumstances between, on the one hand, synergy benefits from collaboration between the hospital-based and other functions of the Department and, on the other hand, benefits of organisational simplification and clarity of accountabilities from organisational separation of the hospital-based functions.

In the next section we set out our conclusions and recommendations in the light of our examination of the Department's organising practices, our comparative analysis of these in relation to those of other institutions, and our observations on the questions raised by our review terms of reference in the light of the information collection and analysis activities that we have undertaken.

Conclusions and recommendations

Based on our examination of the Department's organisation, and our comparative analysis of it in relation to UK-based institutions, we have reached the following conclusions:

Conclusions

1. The Department's management structure contains an appropriate number of separate levels of management. Its organisational approach in this area is comparable with that adopted in UK-based institutions in the health and social welfare sectors.
2. There is confusion among some of the Department's own staff members, however, about the scope and nature of the accountability relationships within it, which relate particularly to the scope of the authority of managers and medical staff members. This suggests that the Department's approach to communicating the intent of its organisation structures, and in particular the way in which it prepares organisation charts (which often fail to define clearly the accountability relationships between posts as opposed to the organisational location of particular functions), is inadequate.
3. Based on the information that we collected through our document review, interview programme, and comparator analysis, the Department's ratio of managers and supervisors to doctors, nurses and other "front line" staff is broadly appropriate. In certain areas, however, in particular in the Medicine and the Surgery & Anaesthesia Directorate, the managerial capacity provided is extremely limited in relation to the work to be done, and the capacity of the finance function to meet all the demands upon it is under strain.
4. The Department's current arrangements, however, for collecting and reviewing information about its ratio of managers and supervisors to doctors, nurses and other "front line" staff, and therefore for accounting to Ministers and the general public on this aspect of its organisational performance, are inadequate.
5. The Department's approach to organising specialist functions in discrete groups is appropriate and in line with practice in UK-based institutions in the health and social care sectors. These arrangements necessarily involve greater fragmentation and complexity than would be typical in simpler organisations that are less dependent on a diverse range of specialist skills among its staff. They reflect the distinctive needs of organisations such as this Department to maintain deep expertise in particular specialist areas as well as to coordinate activities effectively between managers and different specialist groups.
6. The Department's current arrangements for the corporate management of the Department as a whole are insufficiently focused and structured. They do not provide adequate mechanisms for challenging and supporting development of the performance of individual Directorates. Nor do they provide adequate mechanisms for managing the interrelationships between different Directorates, given the diversity of those Directorates' functions, and the prospective increase in the Chief Executive's span of control that would result from the Department's planned response to the Williamson Report. The arrangements for decision-making about the Department's long-term strategies are also less efficient and effective than they could be.
7. The Department's current proposals for creating a Children's Directorate constitute a viable high-level organisational plan. The Department has not yet, however, determined its strategies for providing services to older people, so the organisational arrangements that would be required to deliver those strategies are as yet unclear. The Department plans to undergo a structured process to develop its strategies and its consequential detailed organisation design.

Recommendations

In the light of these conclusions, we make the following recommendations:

1. The Department should adopt new, consistent standards for the preparation of organisation charts, so as to make the administrative accountability relationships between posts clear. Important professional accountability relationships should be represented using “dotted lines”, if necessary supplemented by explanatory notes to identify the scope of the accountabilities concerned. The organisation charts should be dated so as to avoid potential ambiguity as to the currency of particular management structures.
2. The Department should consider action, potentially through the restructuring that will be required by its response to the Williamson Report, to alleviate the pressure on managerial resources in particular in the Medicine and Surgery & Anaesthesia Directorates. This should include action to relieve the pressure on the resources of the finance function. The Department has indicated to us that it agrees with this recommendation, and is considering some action through its organisational response to the Williamson Report to reduce the size of the Medicine Directorate, and therefore the pressure on its existing management resource.
3. The Department should introduce a regular procedure of collecting and reviewing data on its management costs using clear and consistent criteria for the definition of what should be included in these costs. The Department has indicated to us that it agrees with this recommendation, and has already initiated action to begin preparing reports for review on a more rigorous and consistent basis. The Department should in addition consider defining targets against which to monitor its performance by reference to external benchmarking but with adjustments to take account of differences in roles and functions between the Department and external comparator organisations.
4. The Department should consider forming a “benchmarking club” with other comparable institutions, with a view to comparing data on management ratios and identifying good practices that the Department and its “benchmarking partners” could share. The Department has indicated to us that it agrees with this recommendation, and plans to seek to implement it.
5. The Department should adopt a more focused and structured approach to the corporate management of the Department. This should include a clear hierarchy of management committees including:
 - i) A Management Board, consisting of the Directors with specific responsibilities for corporate functions, which should meet monthly to review Department-wide performance in relation to agreed plans and budgets, to agree action to manage major corporate risks, and to make decisions about major corporate issues.
 - ii) A Governance Board, which should meet monthly and lead development of the Department-wide risk register, action to manage key corporate risks, and action by Directorates to develop their own risk registers and to embed a strong risk governance culture.
 - iii) A Performance Review Panel, consisting of the Directors with specific responsibilities for corporate functions, which should conduct a monthly meeting with the Senior Management Team of each Directorate, to review the Directorate’s performance in relation to agreed plans and budgets, and to review action to address major Directorate risks.

- iv) A Resource Allocation Panel, consisting of the Directors with specific responsibilities for corporate functions, who should meet regularly to make investment (and disinvestment) decisions against agreed, objective criteria.
- v) A series of strategy workshops for the corporate management team, which should be whole-day events and take place three or four times a year, in place of the current, monthly meetings to discuss New Directions.

The Department had already put some elements of these arrangements in place before our organisational review, including the Governance Board, the Performance Review Panel, and the Resource Allocation Panel. It has not yet, however, made formal arrangements for a Management Board consisting solely of the Directors with corporate responsibilities, and its arrangements for discussing New Directions are focused on a series of short, monthly meetings. The Department has indicated to us that it agrees with these recommendations for further action, which are broadly in line with current developments in the Department's management arrangements.

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APPENDICES

This report has been prepared for and only for the Comptroller & Auditor General of the States of Jersey in accordance with the terms of our engagement letter dated 15 December 2008 and for no other purpose. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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Designed by HRS DPS Services (02.09)

Appendix A: Terms of reference

The review is to be undertaken as a part of the programme of the C&AG:

1. The review should assess whether the organisation and structure of the Department are appropriate in all of the circumstances.
2. In doing this, the review should consider whether the organisation and structure of the Department represent the most efficient way in which the Department could be organised.
3. The review should take account of the basis for public concern about the organisation of the Department.
4. To the extent that practice within the Department does not adopt standards which have been implemented within the United Kingdom, the review should consider to what extent those standards should also be implemented within the States of Jersey.

The review should lead to the preparation of a full report for submission to the C&AG. The outcome of the review and the draft recommendations should be discussed with the C&AG before the preparation of a draft report and before discussion of proposals with the staff of the States.

The review report will be published in accordance with the normal policy of the C&AG.

Organisational review of the Department of Health and Social Services, States of Jersey

Topics for discussion

1. Introduction
2. Main roles and functions of interviewee's "business area" and its strategic priorities
3. Main roles and functions of the Department's corporate management team, e.g. in managing performance, managing relationships between different business areas, and providing functional leadership
4. Main roles and ways of working of politicians in exercising oversight of the Department
5. Strengths and weaknesses of the Department's current management structure, e.g. in relation to the number of management levels and the clarity of accountabilities
6. Department's proposals for responding to the Williamson report, including the way in which it will manage its activities, and obtain benefits from, a structure that includes one Directorate dedicated to children's services and another to older people's services
7. Other topics

Appendix C: List of interviewees

Interviewee	Position
Baudains, Marnie	Directorate Manager of Social Services
Body, Angela	Directorate Manager of Surgery & Anaesthesia
Clifford, Michala	Senior HR Manager
Coverley, Dr. Carolyn	Consultant Child and Adolescent Psychiatrist
Cox, John	Service Manager for Adult Social Work
Dennett, Phil	Coordinator of the Children's Executive
Dyer, Ian	Directorate Manager of Mental Health Services
Ferguson, Sarah	Politician
Geller, Dr Rosemary	Medical Officer of Health
Hutt, Mair	Senior Nurse Manager for Older People
Jones, Dr Mark	Consultant Paediatrician
Jouault, Richard	Deputy Chief Executive & Director of Corporate Planning and Performance Management
Lane, Dr Richard	Medical Director
Le Feuvre, James	Director of New Direction Strategy
Le Fevre, Mike	Director of Estates
Le Sueur, Tony	Service Manager for Children's Service
Little, Mark	Directorate Manager of Medicine
Moulin, John	Manager of Ambulance & Patient Transport services
Naylor, Rose	Director of Nursing and Governance
Pearson, Russell	Directorate Manager of Finance & ICT
Pollard, Mike	Chief Executive
Rattle, Gill	Head of OT Services
Wilson, Dr Lesley	Consultant in Old Age Psychiatry

Appendix D: Directorate Managers' current responsibilities for Departmental Functions

Medicine	Surgery & Anaesthesia	Mental Health	Social Services	Public Health
<ul style="list-style-type: none"> • A&E • Access & Capacity • Acute Medicine • Ambulatory Care/ Outpatients • Appointments • Dietetics • Paediatrics • Pathology • Pharmacy • Occupational Therapy • Rehabilitation • Services for Older People • Speech & Language Therapy 	<ul style="list-style-type: none"> • Anaesthesia • CSSD • Dental • General Surgery • Head & Neck • Medical Secretaries • Obstetrics & Gynaecology • Orth. & Trauma • Physiotherapy • Plastic Surgery • Private Patients • Procurement • Radiology 	<ul style="list-style-type: none"> • Adult Services • Child & Adolescent Services • Drug & Alcohol • MH Social Work Team • Older People • Mental Health • Psychology 	<ul style="list-style-type: none"> • Adult Social Services • Children's Services • Special Needs Service 	<ul style="list-style-type: none"> • Health Promotion • Health Protection • Strategy & Policy • Registration & Inspection • Health Intelligence Unit

Note: Drawn from the Department's response to the Williamson Report (2008b, p.60)

Appendix E: The Department's proposals of December 2008 for the allocation of responsibilities for Departmental Functions in response to the Williamson Report

Medicine	Surgery & Anaesthesia	Adult Mental Health Services	Adult Community Services	Children	Public Health
<ul style="list-style-type: none"> • Ambulance • A&E • Acute Medicine • Ambulatory Care & Outpatients • Appointments • Dietetics • Pathology • Pharmacy 	<ul style="list-style-type: none"> • Anaesthesia • CSSD • Dental • General Surgery • Head & Neck • Medical Secretaries • Obstetrics & Gynaecology • Ortho. & Trauma • Physiotherapy • Private Patients • Radiology 	<ul style="list-style-type: none"> • Drug & Alcohol Services • Elderly Mental Health • Forensic Services • MH Social Work Team • Continuing Care Services • Acute Services 	<ul style="list-style-type: none"> • Adult Special Needs • Acquired Brain Injury • Psychology Services • Rehabilitation Services • Continuing Care • Adult Social Work Team • OT Services 	<ul style="list-style-type: none"> • CAMHS • Children Service • CDC • Health Visitors • School Nurses • General Paediatrics • Children's Special Needs • Children's Executive³ • Speech & Language Therapy 	<ul style="list-style-type: none"> • Health Promotion • Health Protection • Strategy & Policy • Registration & Inspection • Health Intelligence Unit

³ Although the Department lists the Children's Executive as one of the functions of the Children's Directorate, we understand that the Council of Ministers decided to abolish the Children's Executive on 29 January 2009.