

## ROTHERHAM BOROUGH COUNCIL – REPORT TO CABINET

1.	<b>Meeting:</b>	Cabinet
2.	<b>Date:</b>	9 <sup>th</sup> November 2011
3.	<b>Title:</b>	Management Review Consultation
4.	<b>Directorate:</b>	Strategic Leadership Team

### 5. Summary

This report provides an update on the progress made in reviewing the Council's management arrangements to improve the efficiency and effectiveness of the organisation. These proposals are designed to help achieve better outcomes for citizens while being flexible and robust enough to respond to the changing national policy agenda.

The Council has already taken a proactive stance to minimise the impact of the reductions in central government funding. Through careful stewardship and the support of Elected Members, colleagues and trade unions we have so far managed to avoid major employee relations issues evident in some Councils and minimised the need for compulsory redundancies.

Consultation has taken place with the management cohort on the proposals set out in this report and a headline structure has been drafted following extensive consideration by the Strategic Leadership Team, individually and as a group.

This report provides an update at the end of the consultation period and gives the latest position in respect of interest shown in the short term opportunity to apply for the Voluntary Redundancy programme which closed on the 19<sup>th</sup> August 2011.

### 6. Recommendations

- **Note the contents of the report and the staffing implications arising from the proposal**
- **Affirm the actions from this first phase of implementation, up to and including M3 manager and senior professional level appointments.**

## 7. Proposals and details

As part of the financial and service planning process for 2011/12, Elected Members agreed to a review of the Councils management arrangements.

This review has had three main objectives: -

- a) To deliver £1.25 million savings during the current financial year
- b) Enable us to organise our services in a way that makes more sense to our citizens
- c) Help us make better use of our limited resources to maximise the impact within the community.

This review is consistent with our overall organisational development strategy so that we are able to create a stronger, more purposeful council that is firmly focussed on Council priorities while supported by efficient integrated service and resource management.

Our overarching aim is to ensure our citizens, communities, and businesses can see that the management of the authority is designed around meeting their needs. We can visibly demonstrate this commitment, through this review, by making managers more accessible and accountable to the public.

External consultants (Hay Group) had described the council's management structures as "*lean and hard working*" before we undertook the various service reviews that took place over the previous financial year. The service specific reviews undertaken last year on Policy & Performance and Asset Management functions significantly reduced back office functions and brought together similar jobs from directorates to improve consistency and managerial effectiveness under a more streamlined managerial structure.

This activity was in addition to the ongoing recruitment 'freeze' that elected members had supported being put in place for all (except front line essential) jobs together with specific time-limited opportunities to apply for early and flexible retirement and voluntary redundancy.

All these initiatives together significantly contributed to a reduction of 591 Full Time Equivalent (FTE) jobs as at end of October 2011 (even after taking account of the TUPE in to the Council of 80 Grounds Maintenance employees from Ringways and 143 from 2010 Rotherham Ltd). Proportionately two thirds of the job reductions have been from back office and managerial levels rather than front line posts.

This review has been led by the Strategic Director Neighbourhoods and Adult Services, with Strategic HR support, involving individual consultations with Strategic Directors and reporting to SLT as a group.

SLT is committed to bringing about a managed reduction in the workforce which minimises the need for compulsory redundancies and maintains service continuity. It must be said that while the current level of service provision/delivery is required there may be less scope to reduce numbers significantly in future without ceasing some service provision and/or reducing the demands on the now much slimmer workforce.

The review is scheduled to be concluded in two phases: -

### **November 2011**

This first phase will bring about an early reconfiguration of our management arrangements following recent cross cutting and service reviews and the re-integration of 2010 Rotherham while also taking account of the significant reductions made due to voluntary redundancy.

This has so far been managed to produce maximum savings whilst minimising the risk of destabilising existing services during a period of significant uncertainty.

### **November 2013**

A second phase will enable a further progressive configuration of services and provide an opportunity to shape the structures to reflect prospective changes arising from the integration into the Council structure of Public Health, RBT services and any future potential shared service solutions currently being explored.

## **Guiding Principles**

A set of guiding principles (Appendix 1) have been drawn up designed around our intention to deliver the five priorities which are set out in the Corporate Plan and provide a series of commitments about how we, as a Council, will serve our community.

These guiding principles have been designed to ensure that we adjust the way we operate managerially to reflect the wishes of elected members. These guiding principles define how we will conduct our business to meet Elected Member and public expectations.

These ten guiding principles are designed amongst other things to: -

- Create a strong emphasis on “getting things right first time.”
- Eliminate duplication to speed up decision making and the time taken to translate decisions into action.
- Enable staff who directly serve the public to make decisions and take action to support people and resolve problems.
- Free our staff to be more creative in improving the way services are delivered and by encouraging them to try new ideas.
- Ensure that all back office services adopt a culture that supports front line and actively contributes to problem solving alongside front line staff.

## **Progress**

Analysis of the existing structures highlighted the primary areas of focus. As a result of this work we have arrived at some initial conclusions in relation to the first three tiers which cover SLT, Directors and M3 level managers and senior professional officers.

This is shown on the draft structure charts tabled in support of this report and has proposed: -

- SLT – Retention of four Strategic Directors and to create a new Resources Directorate consisting of HR, Legal, Financial Services, Asset Management and Commissioning, Policy and Performance to be managed by the former Strategic Director of Financial Services with a new broader job role. There may be potential to reduce the Strategic Leadership Team by a further post by November 2013.
- Directors – These have reduced from 19 to 14 in recent months but there has been scope identified for a further potential reduction of 3 Directors down to 11 by November 2011 by taking advantage of retirements, volunteers for redundancy etc and by broadening responsibilities in some areas.
- M3 Level Officers – 36 posts have been removed from the structure and mainly from back office functions and M3 managers/ Senior Technical Professionals following applications under the recent Voluntary Release opportunity.
- These proposals include the reduction in posts following the 2010 Rotherham Ltd transfer back into the council. All those posts are however HRA funded and do not contribute to the required budget savings.
- The proposed structures are considered suitably flexible to accommodate a variety of options to integrate Public Health and RBT functions in the future.

The proposals put forward represent a significant streamlining of the council's management arrangements and present lean management structures. Our citizens, communities, and businesses should be able to experience improved access to managers and understand who is accountable for decision making. Fewer management layers will help us translate decisions into action much more quickly.

Support services have been 'stripped out' of front line teams and unified in a new Resources Directorate. The culture of this new directorate will be critical to the success of the change. Front line services need to benefit from the creation of unified support services that can identify/spread best practice and proactively work with front line delivery staff on delivering better outcomes. Lean systems that are geared towards delivering better outcomes are essential.

### **Summary of key issues from the feedback to the proposals**

A good number of responses have been received in relation to the proposals in the form of comments from teams and individuals.

In the main there has been widespread support to the proposals and a general understanding of the reasoning behind the proposed arrangements. Generic responses to the frequently asked questions have been drafted following consideration of the issues raised and discussion with SLT colleagues. These are attached at Appendix 2 for information. These responses are intended to be published after final consideration by SLT and Elected Members.

By far the most fundamental change relates to the formation of a new Resources Directorate and the majority of specific comments relate to this proposal. The intention of this configuration of support functions is to provide truly effective operational support to

front line services and lead to more efficient internal operating arrangements through closer integration and broader sharing of knowledge and expertise between colleagues.

The recent arrangements combining Policy & Performance and a new Commissioning team together with the Asset Management review has been widely welcomed and has been seen to have already delivered significant improvements e.g. reduced the backlog of outstanding cases in Occupational Therapy service, increased food hygiene inspections and more assessments for adult social care within 48 hours.

A number of concerns have been expressed regarding the relative size and apparent disproportionate number of senior graded professionals compared to front line services. There is also a reasonably widespread concern that a centralised culture could result in a lack of customer responsiveness from some services within the new Resources Directorate.

The role of the Strategic Director and Service Directors in Resources will be to work closely with the Chief Executive and SLT to ensure Strategic Directors and Service Directors in direct service delivery areas get the service / support they need. The end user customer is the most important focus of service work and therefore it is proposed that Directors will need to be tasked to support service managers by devising and proposing solutions.

Specific responses to the feedback are given on Appendix 2, but it should be noted that the posts that sit within the proposed Resources Directorate have already reduced by over 20%. In response to the consultation some further reductions have been proposed but no unnecessary risks have been taken where there is uncertainty about future service delivery options.

The newly formed Resources Directorate will represent around 6% of the total pay costs of the Council even after the introduction of Asset Management functions from EDS (including 400 plus cleaners) and those posts brought together as a consequence of the various cross cutting reviews undertaken last year.

It should also be noted that many of the posts in the Resources Directorate are specialist professionals who are paid the 'market rate' applicable to say Solicitors, Accountants, HR Managers etc at levels paid by most Councils and are necessary to perform the tasks required in the main on behalf of the whole organisation and not just one Directorate. In cases such as Legal Service Solicitors and Service Accountants for example these services are being provided from a centralised Resources Directorate but work on activity for a specific service directorate.

### **Priority Issues to be determined**

3 specific areas are tabled for information and to affirm the proposed direction set out as follows: -

- ***Under the initial proposals the Council's most senior Legal Adviser would have seen this post operate at Tier 3 level.*** In the light of discussions at SLT and taking account of feedback and research across the region, it is now believed this would be at too low a level to ensure the Council is served appropriately by such an arrangement. The Chief Executive now proposes to re-instate a post at Director level for Legal & Democratic Services and for an appropriate recruitment process to

source a suitable appointment. This post would also then act in the statutory capacity of Monitoring Officer, which traditionally is predominantly held by a legally qualified employee. This would result in an additional Director post having reduced from an original 19 posts down to 11.

- **Discussions have taken place regarding the seniority and allocation of Statutory roles** i.e. Monitoring Officer (see Legal consideration above), Section 151 Finance Officer, DASS, Safeguarding. It is considered there is scope to re-align these in the coming months as the situation regarding the appointment of a new Director of Legal Services and the holders of other statutory roles becomes clearer.
- **Representations regarding the position and influence of the Corporate Policy team have been made.** However it is considered the proposed arrangement does provide appropriate and timely access to the Chief Executive as per previous arrangements. This team also has matrix management responsibility to the wider group of SLT while it is felt reasonable for day to day management issues to continue to be dealt with through the proposed Resources Directorate structure.

### Overarching Issues

A number of further issues result from the decisions on the proposed management review which have a Council wide impact. Cabinet are asked to note that the following matters will naturally need to follow the implementation of the new management structure: -

- **The need to review Director and Extended Principal Officer Grades** - to eliminate inequities in the current arrangements.
- **The need to consider options for future service delivery models** - such as Mutual's, Social Enterprises, Voluntary or Private sector providers.
- **The need to consider options for managing Public health and RBT functions** - Public Health arrangements are still being discussed at central government level including impacts of TUPE legislation on such arrangements. It would be proposed that as in the case of previous transfer arrangements, there would be an initial 'lift and shift' approach while we learn where improvements / efficiencies are appropriate once integrated into the wider Council structure.

### Service Specific Issues

The consultation process also highlighted a number of service specific questions for consideration, which in the main relate to those services proposed within Resources Directorate. General responses are detailed at Appendix 2 but a number of service specific points of detail have been raised. These are not exhaustive but specifically relate to :-

- **Member Development** - The lead responsibility for this work is currently proposed to sit within Scrutiny Team as they in reality probably have the most day to day contact with Elected Members, but it is also anticipated support would be available as necessary from the wider Resources Directorate team such as HR or Finance and Legal. It is proposed that Elected Members confirm their preference.
- **Estates and Projects & Partnerships teams within the Asset Management structure** - could be transferred into the new Resources Directorate but it is considered at this stage it would be more appropriate for this to remain with EDS and benefit from its close links with Planning & Regeneration.
- **Internal Audit** – their independence to act on asset management contractual matters has been questioned if co-managed within a joint Asset Management and Audit function. However Audit currently has close affiliation within Financial Services and still operates with independence on behalf of the Council. It is accepted

however that as the shared internal audit service with Doncaster develops and becomes more sustainable this would be proposed to aim to transfer once more to Financial Services.

## **Conclusions**

Good progress has been made in the last 12 months in reducing the cost of management across the Council however further savings are needed and this review highlights where these are considered possible.

A managed reduction in our management arrangements over the coming two year period will allow us to manage the reduction in a more sympathetic way and cause least disruption to services and customers.

This work to date has concentrated on the top three tiers of the organisation but this obviously impacts the whole of the organisation and so it is important that these principles are applied consistently at all management levels.

A structure chart setting out the proposed posts at M4 & M3 level and the functions they will manage is attached at Appendix 3.

A recent comprehensive audit of qualifications across the workforce has indicated that even after the significant job reductions and loss of experience through the retirements of longer serving employees there is evidence that the Council will still have well qualified employees for the work the Council requires to deliver current services. Activity to engage and develop the workforce continues and will help meet the demands of the current challenging economic climate.

Further consultation will be undertaken with employees and their representatives as proposals and decisions are implemented and as the consultation regarding M2 and M1 level officers evolves.

## **8. Financial Implications**

Overall salary savings from all of the associated FTE reductions identified to date including this latest round of volunteers are estimated at approximately £16m from our pay bill.

Colleagues in Financial Services have assessed the impact of changes agreed to date and forecast that the proposals drawn up so far under this management review will provide salary cost savings in the region of £1.76 million. However Cabinet are asked to note that the annual revenue savings within this are only £1.15m as a number of posts were funded through non-revenue sources. These include ring-fenced grants, externally funded, capital, Housing Revenue Account (HRA) or traded services etc.

The projected revenue cost savings assessed to date for this financial year from the Management Review savings are assessed at £567,000 with full year savings projected at £1.15m. Further reductions to lower level management level posts are still being considered and potentially there will be further reductions from the consultations into changes at lower management levels.

Costs associated with the voluntary redundancy opportunity are being met centrally and funded through a successful application to central government to capitalise appropriate costs. There is an ongoing budget challenge of funding these borrowing costs.

## **9. Risks and uncertainties**

This review involves a reconfiguration of resources and a reduction in the number of management layers with the aim of maximising efficiency, increase public confidence in our use of resources and through improved delegation improve our ability to satisfy the customer first time.

Good progress has been made to reduce the cost of management in the authority over the last 12 months however further savings are needed if we are to deliver our local commitments.

There is also a need to retain sufficient capacity, expertise and knowledge at managerial level to be able to maintain the high standards of service and customer care that we have delivered in recent years. The recent qualifications audit indicates an appropriately qualified workforce remains after the recent changes to help deliver the Council's priorities and continuing training and development will help prepare colleagues to meet these future challenges.

Changes in the management arrangements will need to be carefully balanced so that we are certain that we can continue to retain and attract high calibre managers and senior professionals so that we can deliver the aspirations of Elected Members.

There are also concerns that further reductions without the equivalent cessation of service provision will result in increased pressures on the remaining but significantly reduced workforce. This could have a potentially damaging and reduced level of engagement of the type being evidenced in recent electronic employee Pulse surveys and being discussed at forthcoming employee Focus Group events.

Other risks depend upon the response to specific concerns listed in the feedback section.

## **10. Policy and Performance Agenda Implications**

This review will determine the Council's approach to resourcing and delivery of its management arrangements and should ensure that the Council has a fit for purpose structure which is responsive and agile and offers an effective and value for money approach.

## **11. Background papers and consultation**

Whilst headline discussions commenced early in the current financial year the formal consultation commenced on 13<sup>th</sup> June 2011 with an M3 session on 16<sup>th</sup> June set out the broad overview of the process and timetable.



Directorate specific meetings have been taking place and views contributions sought from the employee groups.

Elected Members and Trade Unions have been informed about the progress at JCC, Leader's Meeting and other briefings.

All affected managers have been consulted about the proposals.

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## **Appendix 1**

### **Management Review Guiding Principles**

#### Outcome

1. Fit For Purpose organisation that will deliver our core offer to residents

#### Shaping

2. Use limited resources to deliver maximum impact for the citizens
3. Flatter structure with clear, added value from each layer
4. Organisational fluidity to facilitate emergent organisational issues
5. Simple structures that the public can understand
6. Consistent and equitable gradings and responsibilities
7. Human resource levels are linked to the corporate plan

#### Behaving

8. Rational and consistent delegation hierarchy
9. Distinction between senior professionals and managers
10. Consistent job profiles, behaviour and capability requirements.

## Appendix 2

### **Management Review – Frequently Asked Questions**

Feedback received generally welcomes the formation of a Resources Directorate which facilitates the key strategic services that impact across the Council operating much more closely together.

A number of common themes emerged, the majority naturally around the Resources Directorate that will affect employees across all Directorates and so it is thought helpful to summarise these in one document.

- **Why are there more Directors in Resources than other Directorates? Should the roles of Directors be combined?**

The structural changes propose a significant reduction from the nine Directors previously managing the functions now proposed to operate under the new Resources Directorate. Any further reduction at this time would place the Council at risk of not being able to fulfil its organisational obligations and priorities.

- **How can we justify the comparative size of the Resources Directorate when we have stated we prioritise front line services?**

The Resources Directorate has drawn together most of the back office activity that was embedded within Service Departments and consolidated it in one location. This has highlighted the total resources deployed on these activities and provided the opportunity for us to streamline processes, drive out efficiencies and reduce and combine managerial roles. It has also strengthened our ability to ensure the whole of the organisation has a firm focus on making sure our front line service delivery is as effective as it can be.

The process of consolidation has seen us considerably reduce the number of Directors working in these areas. In total, the directorate has transferred in about 75 posts that previously sat in service departments, and about 50% of the reduction in posts that have occurred in the new structure fall within the resources directorate.

The Resources Directorate as proposed will only account for around 6% of the Council staffing cost and this includes the costs of the employees transferring in from Asset Management including Cleaners and Caretakers in Facilities Services.

The structure has evolved following this consultation exercise and will be sufficiently flexible to take into account changes in functions over the next few years e.g. transfer of Public Health from NHS, re-integration of services in RBT and changes in service delivery models such as shared services, social enterprises and co-operatives.

The support functions are routinely compared and benchmarked to ensure they provide efficient, high quality value for money services. These services are being aligned to support front line staff and to ensure the organisation is adequately served in both an organisational and professional capacity.

- **Almost half of the remaining M3 level posts sit in the Resources Directorate and there are several instances where it appears there are multiple M3's managing what are ostensibly single functions. Why is this?**

These officers are specialist professionals providing high level of advice and guidance in specialist areas or strategy to senior management or elected members and in most cases work across and support the whole organisation.

Approximately 50% of M4/M3 post reductions in the new structures are from Resources: Chief Executives loss of 39 employees, Financial Services loss of 32.5 employees and corporate cross cutting review reductions in Directorates account for a further 26 employees.

- **How will the movement of staff to the central Resources Directorate affect the service provided to Directorates?**

By consolidating common functions it is possible to reduce management costs, share knowledge and experience and through economies of scale improve the overall level of services provided across the organisation. The intention is not to adopt a centralised approach but ensure that these staff continue to support front line service delivery through streamlined management arrangements.

- **Will the span of control and workloads across the M3's be comparable?**

The structure has been put together based on a corporate set of guiding principles, which includes spans of control and statutory responsibilities. This has been designed to incorporate flexibility for variations to cater for the wide diversity of functions. This will help ensure that the organisation is consistent where possible, is fit for purpose but with organisational fluidity to still meet any future emergent issues.

- **Why is Asset Management being moved out of Environment Development Services? Should Audit transfer into Environment Development Services?**

The property portfolio currently being managed by Asset Management is one of the Council's most valuable resources. The principal of creating the Resources Directorate is to draw together such services to focus attention on how we deliver related activity to maximum effect.

- **Will the merger of Audit and Asset Management compromise the audit of Asset Management contracts?**

There are various areas in the Council where appropriate "firewalls" are needed for the Council to operate lawfully and ethically. Audit currently has to operate 'independently' of Financial Services direction where this is necessary and it is considered this arrangement will be no different.

- **Has consideration been given to setting up a separate governance function?**

Yes, a number of options including one of a separate governance function were looked at as part of the structure deliberations. However this approach was not recommended because it was felt the Council as a whole will benefit more from combining functions and generating savings by reducing the number of Director Posts whilst delivering the services that the Council requires.

- **Will the split of Environmental Health professionals based on a division between environmental/public health result in an arrangement that best suits the organisation rather than the citizen?**

There are strengths and weaknesses from different models. Following representations made during the consultation phase proposals have been reconfigured to move regulatory service delivery functions such as pest control, motor vehicle nuisance and dog wardens to Streetpride while the majority of Public Health responsibilities remain in Neighbourhoods and Adult Services. The future model for services will be reviewed in light of functions transferred to the Council from NHS Public Health.

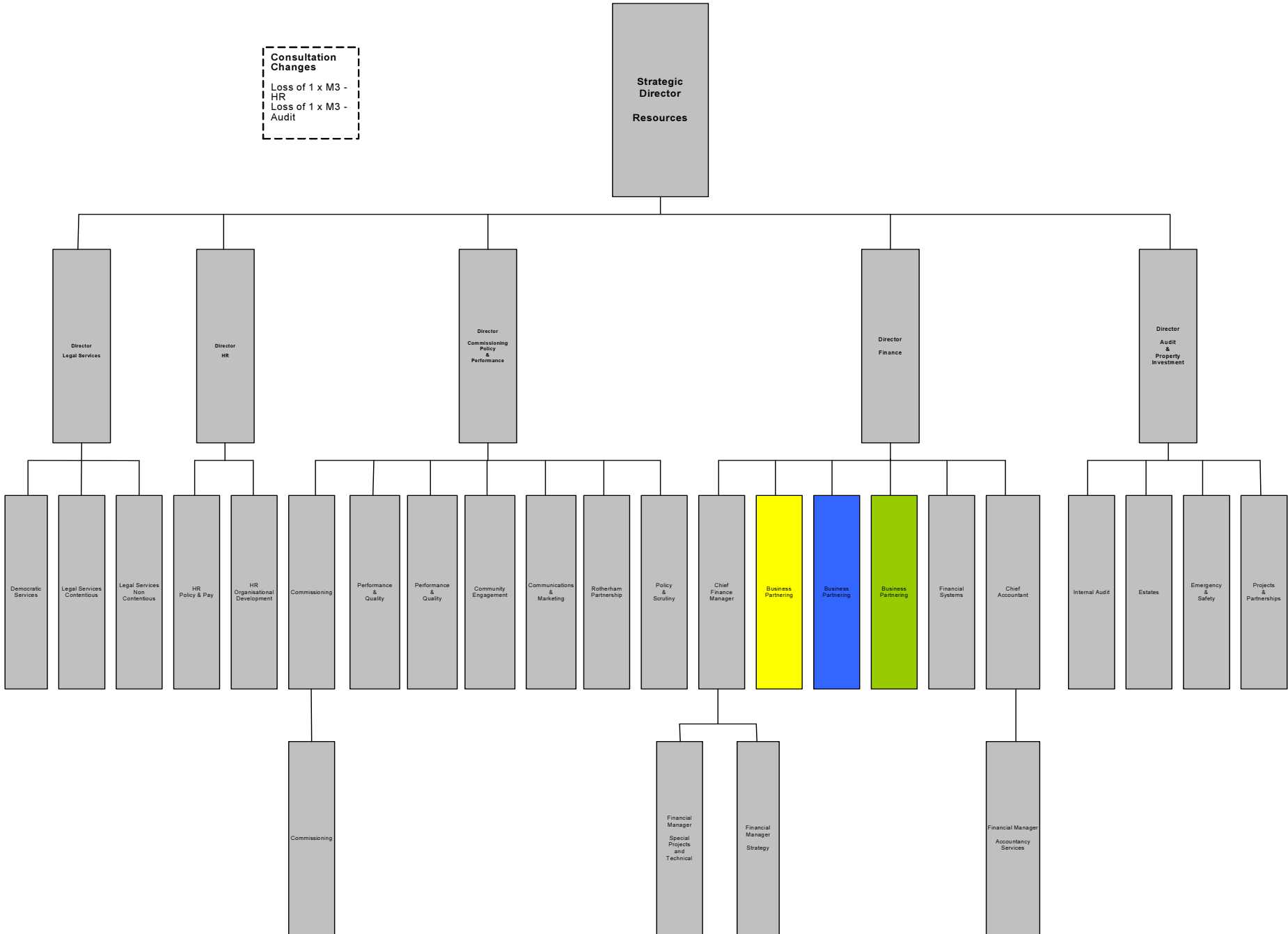
- **What will happen to the functions in RBT when the contract ends?**

We believe the new structures are flexible enough to allow for the re-integration of the functions in RBT, such as Customer Services, Procurement, ICT, HR & Payroll, as and when they are released from the contract. The majority of functions are expected to move into the Resources Directorate but options for some functions require further consideration.

- **The Children's and Young People's Service, Early Intervention and Planned Intervention appear to have six M3 Managers working on an area basis. Has consideration been given to combining these functions?**

Services and functions have been reviewed and combined where practicable resulting in a reduction of three Directors and seven M3 Manager Posts. This is seen to be the minimum required at this time. The six M3 Managers proposed are not working on an area basis only two are. The others have very clearly defined statutory functions and appropriate responsibilities commensurate with the grades.

# Appendix 3



Consultation Changes  
Environmental  
Health M3 not  
transferring in  
Building Control  
6 month  
temporary  
appointment

**Strategic Director**  
**Environment & Development Services**

**Director**  
**Planning, Regeneration and Culture**

**Director**  
**Streetpride**

Building Control  
(6 month temporary)

Planning

Transportation & Highway Design

Business Retail and Investment

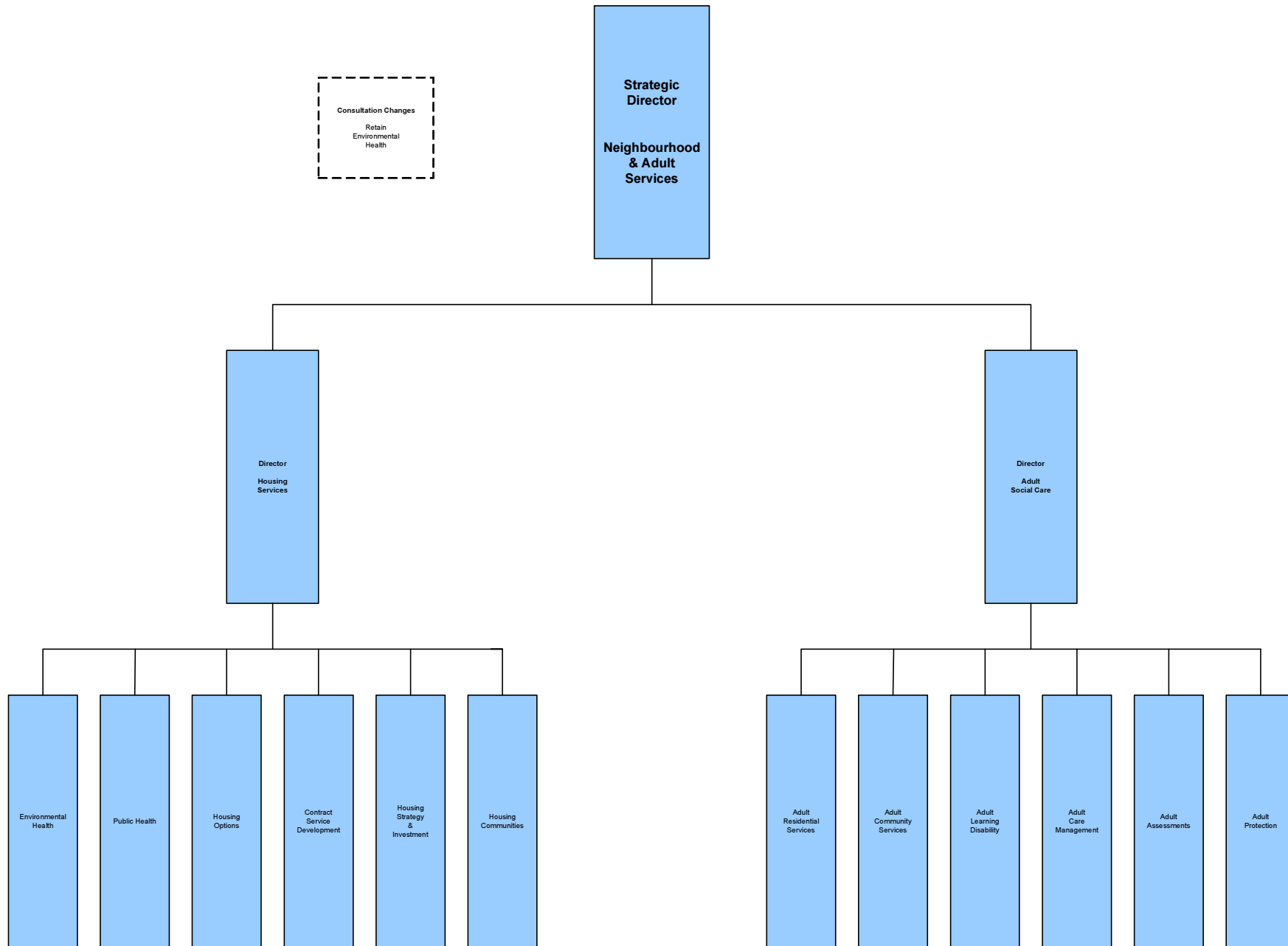
Regeneration

Cultural Services

Waste Management

Network Management

Community Delivery & Leisure Services





No Consultation  
Changes

**Strategic  
Director**  
  
**Children and  
Young People's  
Services**

**Director**  
**Safeguarding  
and  
Corporate  
Parenting**

**Director**  
**Schools  
&  
Lifelong  
Learning**

Prevention  
and  
Early  
Intervention

Planned  
Intervention  
North

Planned  
Intervention  
South

Youth  
Offending

Long Term  
LAC

Provider  
Services

Safeguarding

Extended  
Learning

School  
Organisation  
& Development  
&  
SENAS

Youth  
Service

School  
Music  
Service

School  
Effectiveness

Education  
Psychology