

March 2006

Overview and Scrutiny Committee

Report of the Scrutiny Review Group

Middle Management Review' – Phase Two
Impact on Staff

SUMMARY REPORT

Members of the Review Group

Cllr Brian Gate (Chair)
Cllr Jean Lammiman (Vice Chair)
Cllr Alan Blann
Cllr Ann Groves
Cllr Mrs Kinnear
Cllr Myra Michael

Christine Lee, independent consultant

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ACKNOWLEDGEMENTS

The members of the MMR review are grateful to all of those officers from both within and outside of the council for the contributions they have made to the review. In particular the group would like to thank Paul Tarplett, Director, National and Local Services, Office of Public Management; Andy Jennings, Deputy Chief Executive, LB Islington; Lynne Butler, Employers Organisation and Nick Walkley, Director of Resources, LB Barnet. In addition the group would like to thank the Chief Executive and her Executive Directors, the Directors Group, Councillors Navin Shah, Dighe, Nolan and Stephenson and the representatives of Unison for providing information to the review Group. We would especially like to thank all of the officers of the council who are in the MMR process and who gave their time and energy so generously to our investigation of its strengths and weaknesses.

We are also grateful for the professional, independent advice we received from Christine Lee, as our expert advisor.

This report has been compiled by the Members named on the front cover. The views expressed are solely theirs.

INTRODUCTION

In April 2005, the Overview and Scrutiny committee received an initial report from the scrutiny review group considering the implementation of the Middle Management Review. This Phase One report was based on the investigation undertaken by Dr Kusum Sahdev of the effectiveness of the MMR process being implemented across the council. The report to the Overview and Scrutiny committee stated that:

'Pressure of time has meant that the group has not been able to consider the longer-term impact of the MMR process. However, it proposes to reconsider the process later in 2005 in order to ensure that any adverse impact on the organisation is identified and responded to. At this point, some of the outstanding items from the scope of this review, including discussions with the trade unions will take place.'

At this same meeting in April, the scope for the subsequent, Phase Two review was also agreed and it was scheduled to commence in the late autumn of 2005. This, Phase Two review was designed to investigate the impact of the MMR process on the organisation, specifically upon the middle managers who were/are the subject of the process. During the summer of 2005 further concerns with the implementation of the MMR process were raised by the Harrow Local Government branch of Unison and at a special meeting of the Employee Consultative Forum on 21st July it was agreed to ask for the expedition of the Overview and Scrutiny review.

To this end the review group was established comprising the following members:

Councillor Brian Gate – Chair
Councillor Jean Lammiman – Vice Chair
Councillor Alan Blann
Councillor Ann Groves
Councillor Mrs Kinnear
Councillor Myra Michael

In order to support the review group's investigation by ensuring it had access to expert HR advice, Christine Lee, an independent consultant and Chartered Fellow of the Chartered Institute of Personnel and Development joined the group.

The group met 11 times between November 2005 and February 2006 and considered evidence from experts in the field of change management and a wide range of staff from across the council.

METHODOLOGY

The Phase Two review of MMR is the second that has been undertaken by scrutiny. Unlike the Phase One review, which considered an independent assessment of the process itself undertaken by Dr Kusum Sahdev, this review has undertaken its own evidence gathering and statistical analysis to ascertain the impact upon those staff who have been through the process. Evidence has been gathered using the following:

Desk top research

- Consideration of the reasons for change including Audit Commission Corporate Assessment and I&DeA peer review reports
- Consideration of best practice in change management

Round table discussion with a panel of experts

- To gather information as to what good organisational change should look like
- To gather evidence as to how organisational change should be planned and managed.
- To identify the plans/processes that should be in place to deliver effective change
- To identify what is needed to provide a good foundation for organisational change
- To assess the risks that might be expected and how they might be overcome.
- To provide a baseline against which to measure the process/outcome of the process in Harrow

Round table discussion with Executive Directorate Group

- To identify what they expected to achieve through the process
- To identify the road map for the change process in Harrow – NHP/MMR/vision for the borough?
- To ascertain their assessment of the risks associated with the process and how they proposed to mitigate these
- To ascertain their perception of the strengths/weaknesses of the process as it has been undertaken
- Their impression of the long-term impact of the process on the organisation
- To ascertain if they would have done anything differently.
- To ascertain how far the process has delivered what they expected
- To ascertain the EDG's view as to whether the project represents value for money

Focus Group with Directors

- To ascertain their perception of the strengths/weaknesses of the process as it has been undertaken
- Their impression of the long-term impact of the process on the organisation
- To ascertain if they think anything should have done anything differently.
- To ascertain how far the process has delivered what they expected/the organisation expected

Meeting with Unison

- To gather evidence from staff representatives of the impact of the MMR process

Focus Groups with staff – unsuccessful and successful in the MMR process

- To ascertain their perception of the strengths/weaknesses of the process as it has been undertaken
- Their impression of the long-term impact of the process on the organisation
- To ascertain if they think anything should have done anything differently.
- To ascertain how far the process has delivered what they expected/the organisation expected

Round table discussion with the Leader, Deputy Leader and HR portfolio holder(s)

- To ascertain their perception of the strengths/weaknesses of the process
- To discuss emerging issues

Survey of all staff in the MMR pool

- To ascertain their perception of positive and negative impacts of the process on the organisation – a copy of the questionnaire is attached as Appendix One.

In addition to these structured meetings, absence and leaver statistics have been analysed.

EXECUTIVE SUMMARY

General Conclusion

The group has taken evidence from a wide range of officers and has carried out the largest survey of officers in the MMR pool yet undertaken – 63% of officers in the MMR pool have provided evidence to the review team, either via focus groups or the staff questionnaire. This evidence, together with the submissions from the Executive Directorates' Management Teams, the Corporate Management Team and the political leaders of the organisation form the basis of the review's conclusions. The key findings from the review are outlined below.

From the evidence we have considered, the process appears flawed with regard to project planning and timetabling.

In general terms the majority of comments made by officers within the MMR pool are negative towards the process though this is not to say that officers have not recognised the need for change or that they had not expected some positive outcomes from the process. However, even where officers have had a fairly positive experience of the process this is generally moderated by their concerns about for example, the length of time the process has taken. Negativity with regard to the process is evident across departments and both successful and unsuccessful officers. Whilst a certain level of dissatisfaction would have been expected from unsuccessful officers, we would not have anticipated the same level of unhappiness from those who were successful.

Members of the review group have been concerned by the depth of feeling that has been expressed during the evidence gathering process, to their credit many officers have identified the potential benefits of the process for the organisation but the evident emotional turmoil which many officers who have contacted the review have been through, has been disturbing.

The review group is aware of only one formal grievance. Given the extent of the dissatisfaction that has been brought to our attention, we would have expected more. Whilst the review group has been made aware of officers' views as to why this might be the case, comments with regard to 'fear' and 'recriminations' cannot be substantiated with any authority. Nonetheless whilst conscious of the differing interpretations that may be placed on evidence gathered, the review group expects the organisation to acknowledge the very real experiences and concerns of officers who have been through MMR that have been forcefully brought to our attention and not dismiss them out of hand.

We have been encouraged by the candour with which members of staff have shared their concerns and we have been particularly heartened by the Chief Executive's and the political leaders' comments regarding the contribution they feel the scrutiny review group will make to the council's overall analysis of the process. In this context we hope that our findings will be accepted as an objective assessment of the impact of the process as experienced by staff across the organisation. We would suggest that the council, with an express wish to improve current standing in the local government field, would not ignore or dismiss the strength of feeling that has been expressed by officers in the MMR pool. After all it is precisely this cadre of officers that will help the organisation to deliver this ambition – indeed it is a fact that, despite the evident dissatisfaction, loyalty to the organisation is indeed a driving force in the commitment of this pool of officers.

It is our belief that the review recommendations will help to move the organisation forward by positively harnessing the goodwill of these officers whose commitment has been evident despite the difficulties they have undoubtedly experienced. Lessons to be learnt from this process must be taken on board if the organisation is to successfully navigate the Business Transformation Partnership (BTP) process. Our recommendations in the section below outline how we think this might be achieved.

Key Findings

1. There is general agreement across all staff grades and with staff representatives on the need for the council to change generally and to restructure its middle management tier specifically. There is also a generally expressed view that the organisation needed to change to be fit for purpose in the 21st century and if it is to attract the calibre of staff capable of delivering the kind of services that local people need in the most effective way. The need to ensure that staff had the competencies to deliver the new organisation was highlighted by many.
2. There is general agreement that the proposed split between managerial and technical roles would simplify the senior structures and be beneficial to the organisation and individuals. However it was made very clear to the review that the subsequent confusion surrounding these roles and recruitment to them means that any original enthusiasm has dissipated and in many cases officers' career prospects have been undermined – ultimately defeating the object of the exercise.
3. There is general agreement that the process undertaken to restructure the middle management tier was flawed:
 - No overall blueprint and not sufficiently planned at the outset – the proposed structure appears to have continually changed and is still not clear in Urban Living
 - Time taken to complete the process
 - Introduction of changes to the application procedure following the Phase 1 Review
 - Poor communication
 - Continuing failure to deal with displaced/unsuccessful staff
4. The middle management tier appears to be significantly demoralised and de-motivated by the experience, though the level of commitment those interviewed have displayed to maintaining a service to the public despite their concerns and dissatisfaction with the process is commendable. It is essential to address this demoralisation urgently as this tier of management is expected to drive the organisation's improvement agenda. This goodwill cannot be assumed to be inexhaustible.
5. Officers in the MMR pool have expressed the view that the MMR has been a disproportionate response to the problem the organisation faced – we share concerns raised by managers who could not understand why all managers have been forced to go through the process. In this context many officers expressed concern that although their jobs remained the same, they could not be assimilated into new positions – in accordance with the agreed 'Protocol for Managing Change'. There may have been legitimate reasons of equity for not directly assimilating all staff and for putting all managers through the 'same' process, however, this does not appear to have been articulated to staff.
6. It has been suggested to the review group that the organisation is losing expertise and corporate memory. Whilst new blood can invigorate the organisation, there must be a balance between long-term experience and knowledge and the introduction of new staff.
7. Evidence was provided to the group of an apparent breakdown of industrial relations at a critical time in the process between the senior management of the council and the Unison branch and this has left a potential legacy of mistrust. There seems to have been poor communication between the management team and the trade union, however the review recognises that the MMR process was not the sole cause of this breakdown.

8. The impact of MMR may have damaged the organisation in other ways as well. The review has not examined the impact of the MMR on the whole of the organisation in detail. However, it has been a strongly expressed view of those interviewed that there have been difficulties in recruiting and retaining staff. There may of course be other explanations for recruitment or retention difficulties and the council has employed a number of strategies to try to address these. Some believe that the council's reputation has suffered. It may be the case that demoralisation is seeping throughout the organisation as staff managed by officers going through the MMR process become increasingly aware of and concerned about the treatment of their managers and the potential knock on effect upon themselves. The authority needs to be mindful of these potential issues.
9. There was some concern expressed by MMR pool officers about the overall cost of the exercise. One view from Urban Living expressed concern that this year's MMR budget has been exhausted and costs have to be found from other Urban Living budgets. There is also concern that potential budget reductions may mean that optimum structures can no longer be afforded. From information provided to the review group there appears to have been a saving on the budget for the middle management tier. However, from the evidence presented it is not clear how much the MMR has cost and whether or not there have been any absolute savings and thus whether the project represents value for money. The review group is gravely concerned not to have received more timely financial information concerning the overall cost of the project.
10. The review group is deeply concerned regarding the apparent management structure for the MMR project, in particular the job evaluation element, which has seen external consultants, the Change Management Team, responsible for the management of other external consultants, Hay who provided the job evaluation component. It is essential that effective management structures are in place to ensure the transparency and accountability of such projects and that there is a named senior officer designated who reports regularly at specified intervals to the portfolio holder to guard against a repetition of this situation.

RECOMMENDATIONS

The review group recommends that:

1. The organisation immediately recognises and acknowledges the significant impact that the MMR process has had on the staff who have been through it.
2. The organisation immediately addresses the growing confusion surrounding the service manager and senior professional roles.
3. The organisation brings the process to a conclusion in accordance with its own published timescale of 31st March 2006.
4. The lessons to be learnt from the MMR process are captured and applied to future reorganisation – in particular the BTP. These would include:
 - A blueprint for change
 - Clear project planning and risk assessment
 - Effective project and risk management
 - Effective two-way communication
 - Assured adherence to agreed protocols
 - Timely completion
5. The organisation ensures that all future negotiations/communications with the trade unions follow agreed formal protocols and all are formally logged by both sides.
6. The organisation monitors the potential impact of the MMR process on other staff and on the council's wider reputation. We expect this information, including information regarding absenteeism and voluntary leavers, to be incorporated into the annual HR report submitted to the Overview and Scrutiny committee and to form part of the portfolio holder's 6-monthly presentation to the committee. The information should also be provided on a quarterly basis in the information circular to the Overview and Scrutiny committee.
7. An audit process be put in place urgently to monitor of the costs of the MMR project and for all future such projects. Information from this to be made available in an appropriate format, for all councillors on a monthly basis. Details of the audit process to be reported to the Overview and Scrutiny Committee at the earliest opportunity.
8. Further investigation of the cost effectiveness of the MMR process be undertaken by the Overview and Scrutiny committee as part of its proposed review of the overall value for money delivered by the New Harrow Project. This review is proposed for 2006/07.
9. Monitoring of the use of external consultants, at an appropriate level, be introduced in order to ensure there is compliance across the organisation with the following principles:
 - A clear business case for the use of external consultants has been established
 - Clear terms of reference and objectives for each specific project have been established
 - An appropriate, internal managerial structure is in place to ensure the consultants' direct accountability to the organisation and the chief officer and portfolio holder responsible for the management of this should be clearly stated
 - Cost of the use of consultants is closely monitored
10. Steps are taken to ensure that the MIS stream being developed as part of BTP is able to furnish councillors with financial and other monitoring information they require to undertake their role.