

Meeting:	Overview and Scrutiny Committee
Date:	10 th October 2006
Subject:	Action in response to Scrutiny Review of the Middle Management Review
Key Decision: (Executive-side only)	No
Responsible Officer:	Paul Najsarek, Director of People, Performance and Policy
Portfolio Holder:	David Ashton
Exempt:	No
Enclosures:	None

SECTION 1 – SUMMARY AND RECOMMENDATIONS

RECOMMENDATIONS:

That the report be noted.

This report sets out the action taken by the Council in response to the recommendations from the Overview and Scrutiny Committee Review of the Council's Middle Management Review.

SECTION 2 - REPORT

In July 2005 the Overview and Scrutiny Committee established a Group to conclude its review the council's Middle Management process. The MMR Phase 2 Review Group reported its findings to Overview and Scrutiny Committee on 27 March 2006 and made a series of recommendations, which were subsequently endorsed by Cabinet on 6 April 2006.

The Review Group recommendations are set out below together with the action taken in response

1. The organisation immediately recognises and acknowledges the significant impact that the MMR process has had on the staff who have been through it.

Cabinet formally acknowledged this when it considered the O&S report at its meeting on 6 April 2006 and resolved that:

- (1) the impact that the MMR process has had on middle managers in the Council be acknowledged and that these managers be thanked for their continued commitment and professionalism during the review;
- (2) the action already being taken which responded to the recommendations made by the Review be endorsed;
- (3) the further actions suggested in the report be noted;
- (4) recommendations 4, 5, 6, 9 and 10, as set out in the report of the Review Group, be used to guide the future Management of Change in the organisation.

2. The organisation immediately addresses the growing confusion surrounding the service manager and senior professional roles.

Directors and middle managers have received additional guidance so that they are clear on the principles and purpose that underpin service manager and senior professional roles. Advice and draft role profile templates are also available on the intranet.

3. The organisation brings the process to a conclusion in accordance with its own published timescale of 31st March 2006.

The MMR process formally concluded on 31st March 2006. The change management team remained in place for a further 3 months to support employees who had been displaced. Currently 17 members of staff have been displaced i.e. either not applied or failed to be appointed to one of the new Management roles. All but three have now been offered redundancy; redeployment or a temporary assignment intended to last upwards of six months.

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**

The most significant re-organisation undertaken since the O&S report has been the BTP change management programme associated with implementing Access Harrow. The change process directly affected 64 staff, with a further 40 indirectly affected, and followed the project planning and communication principles set out in the O&S recommendations and has been recognised by both staff and trade unions as being a well managed process.

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.

The BTP change management programme included setting up a formal consultative framework and a log where issues are recorded and signed off when resolved.

Consultation with the trade unions on the savings plan for 2006/07 is also being managed through formally recorded meetings.

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.

The absenteeism and turnover figures are reported as part of the council's strategic performance report, which Overview and Scrutiny Committee receive. They are also key indicators, which will be included in the portfolio holder's report.

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.

A review of the financial impact of MMR has been carried out.

The underlying principles were:

- Old M grade posts were classified as either managerial or professional in nature
- Directorates were to lose the budget for the old managerial posts and receive a budget for agreed Group Manager and Service Manager posts, based on the average cost
- This was expected to deliver a net saving
- Directorates were to manage any remaining costs associated with new Senior Professional roles themselves

For a number of reasons, the net cost over time is slightly higher than anticipated

- There were more GM higher and SM higher posts than expected
- There was some grade drift (in other words some of the new Group and Service Managers were appointed above the mid-point of the grade)
- The final number of posts that were classified as managerial was lower than expected, for instance because they were grant funded

The 2005-06 budget included an anticipated saving arising from the restructuring of £0.7m. The additional cost of the structure and this saving were both managed by allocating targets to Directorates. Each Directorate then reviewed its entire structure to meet the target.

The Business Transformation Partnership is currently the largest project being undertaken by the Council. It provides a monthly update to the Portfolio Holder, and reports to Cabinet on a quarterly basis. Members are also represented on the overall Partnership Board with Capita. In addition it reports to Overview and Scrutiny committee on a monthly basis, where it reports payments made to Capita under the agreed payments process. A report has been presented to the October Committee. These reporting arrangements are in addition to normal internal progress reports to Directors. A comprehensive benefits management process has been established to track the delivery of the agreed savings from the project.

- 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.**

This is considered in an item elsewhere on this agenda

- 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**

The council has introduced a proforma for monitoring the use of consultants, which complies with the principles set out in the O&S recommendations. The council makes all consultants aware that they are bound by the council's code of conduct and what delegations they may have. The new Enterprise Resource Planning system enables detailed monitoring of expenditure on capital projects and against revenue budgets.

- 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.**

The MI project went live on September 18th. This project delivers significant improvement in the capability to monitor service, HR and financial performance. Discussions are planned with members about the best way for councillors to use this new capability.

SECTION 3 - STATUTORY OFFICER CLEARANCE

Chief Finance Officer	<input checked="" type="checkbox"/>	Name:.....
		Date:
Monitoring Officer	<input checked="" type="checkbox"/>	Name:
		Date:

IF APPROPRIATE, does the report include the following considerations?

1.	Consultation	YES/ NO
2.	Corporate Priorities	YES / NO
3.	Manifesto Pledge Reference Number	