

CHESHIRE EAST COUNCIL

Corporate Overview and Scrutiny Report

Date of Meeting: 11 September 2014
Report of: Peter Bates, Chief Operating Officer
Subject/Title: Senior Management Review
Portfolio Holder: Cllr Moran

1.0 Overview

- 1.1 The Council has now completed its Management Review. The outcomes of this review include a significant overall reduction in the numbers of management posts, even after allowing for necessary increased capacity in priority areas such as economic growth and social care and alignment of all new posts with the Council's new operating model as a Strategic Commissioning organisation. Permanent savings of £5m, have been realised over just two years rather than the three years anticipated in the original report.

2.0 Introduction and Background

- 2.1 The management review was carried out in three phases through a process of top-down displacement as follows:
- Phase 1 all senior posts *former* Grade 15 and above
 - Phase 2 all manager posts *former* grade 13 and 14
 - Phase 3 all frontline team leaders and supervisors grade 12 and below

3.0 Achievements

- 3.1 Phase 1 of the senior management review, which incorporated all managers at the former Grade 15 and above, was completed by Easter 2013, as per the original timetable. The second group of managers in phase 1 were appointed at the beginning of June. At the end of phase 1 there were a small number of vacant posts, which have now being recruited to and there are no interim managers in place for phase 1 roles.
- 3.2 Phase 2, which incorporates all managers at the former grades 13 and 14 ending on the 20th September 2013. Due to the numbers and complexity of phase 2, the timescales for completion of this phase took longer than expected and consultation was extended to reflect the extra time that has been required to develop the new structures and allow for adequate challenge to the roles.

- 3.3 Phase 3, which was significantly extended to include supervisors and team leaders at all grades, ended on the 31st March 2014 which was later than the original timetable however allowed but this ensured for a more comprehensive and thorough review and was in keeping with the key principles of the original report. It also enabled the savings to be delivered a year ahead of schedule due to the increased number of staffing reductions.

4.0 Financial Savings

- 4.1 Overall, the savings of £5m have been delivered as permanent savings in 2014/15, which is in line with the target and has been taken out of base budgets for 2014/15 as part of the Medium Term Financial Strategy that was approved by Council in February 2014.

Phase 1 has achieved a reduction in management costs of £0.95m (in a full year) which represents approximately a 19% reduction against the original management costs for this group of senior staff (managers grade 15 and above). The review also reduced the number of posts in this phase by 12.8 FTEs. This reduction in cost and FTEs is based on a comparison of the structure as at 1st April 2012 and at the end of phase 1.

- 4.2 Phase 2 achieved a reduction in management costs of £1.15m (in a full year) which represents approximately a 22% reduction against the original management costs for this group of senior staff (managers grade 15 and above). The review also reduced the number of posts in this phase by 17.9 FTEs. Again, this is based on a comparison of the structure as at 1st April 2012 and at the end of phase 2.
- 4.3 The scope of phase 3 was broadened to include managers and supervisors at all grades across the Council. The consultation process for this phase also enabled managers to consult on changes affecting staff outside of phase 3 in order to avoid multiple consultation exercises taking place in the service at the same time, which was in agreement with the Trade Unions. As a result, due to the size and complexity of the staff consulted as part of phase 3, it has not been possible to provide an exact baseline position. In summary however, the reduction in management costs as a result of this phase are £2.83m (in a full year) with a reduction of 70 FTE's.
- 4.4 Whilst the overall savings target was £5m over three years, the bulk of these savings, £3.5m, were front loaded into the first year (2013/14). Given the need to reschedule the timescales for the latter part of the project, this initial target for the first year was not achieved in full and the savings in 2013/14 were £2.9m.
- 4.5 However, the overall saving from the three phases in 2014/15 is £5m, which has been delivered a year ahead of schedule. It is also worth noting that the Management Review allowed for a period of 12-18 months for a smooth transition from the previous structures to the new ones and further

savings are expected to be realised in 2014/15 and 2015/16 through business as usual, as structures become embedded, services reviewed and the new commissioning model fully operational.

5.0 Cost of Investment

- 5.1 £1.7m investment funding (from the Transformational budget) was earmarked for the implementation of the management review in the current financial year. The spend against this budget has been £1.3m, which takes into account assessment costs, interim costs and a number of transitional /time limited posts.

6.0 Ongoing Restructuring

- 6.1 Clearly the organisation will continue to review its structures as part of service redesign and commissioning however these reviews will not be part of the Senior Management review which has now been closed down.

The background papers relating to this report can be inspected by contacting the report writer:

Name: > Julie Davies
Designation: > Head of HR and Organisational Development
Tel No: > 01270 686328
Email: > julie.s.davies@cheshireeast.gov.uk