

EAST AYRSHIRE COUNCIL

CABINET – 1 JUNE 2011

REVIEW OF MANAGEMENT STRUCTURES – EXECUTIVE SUMMARY AND PROGRESS REPORT

Report by the Chief Executive

1. PURPOSE OF REPORT

- 1.1 To provide Cabinet with an executive summary of the outcome of the reviews of the Finance Service, the Planning and Economic Development Service and the Internal Audit Service; advise Cabinet of overall progress against the management review programme; and to advise Cabinet of a number of cross cutting activities that have been identified during the course of the management reviews completed to date and propose further examination and business review of these areas all in accordance with the Council's Efficiency Strategy (SRRB2).

2. BACKGROUND

- 2.1 Cabinet on 26 January 2011 and subsequently, Council on 10 February, agreed a programme which will facilitate the review of the Council's management arrangements over the course of 2011. For ease of reference, a copy of the review programme is enclosed at Appendix 1. Members will note that separate reports on the outcome of the management reviews of the Finance Service, the Planning and Economic Development Service and the Internal Audit Service have been included for consideration by Cabinet as separate agenda items. This report provides Cabinet with an executive summary of the outcome of these reviews and recommends that Cabinet approve the recommendations as detailed in the accompanying reports on the future management arrangements for these services.
- 2.2 This report also provides an overview of progress against the management review programme and proposes arrangements for the further review of cross cutting activities that have been identified during the course of the management reviews completed to date.

3. REVIEW PROCESS

- 3.1 In advance of the proposed new management structures for the Finance Service, the Planning and Economic Development Service and the Internal Audit Service being presented to Cabinet, the proposals have been subjected to an iterative challenge process involving the Chief Executive, the Head of Human Resources and finally the Council's Corporate Management Team (CMT). As a consequence Members can take assurance that the proposals have been tested against the Guiding Principles and subjected to rigorous challenge. This has ensured that all potential opportunities for streamlining management tiers and maximising spans of control have been taken.

- 3.2 The involvement of the CMT in the challenge process has also allowed for consideration of the wider strategic fit of the new structure and for discussion of potential shared service arrangements for those areas of activity that are unable to meet the span of control requirements. The CMT has also considered the potential impact of the proposed changes on the Council's overall operational and service delivery requirements and future performance and corporate governance arrangements.

4. RATIONALE FOR NEW STRUCTURES

- 4.1 **Finance Service** - The financial management and governance framework is well established within East Ayrshire Council and the proposed changes will build on this. The proposed new structure will realign the core functions of the Finance Service to provide a basis for flexible, proactive services to be delivered in a financially constrained environment. Recognising the specialist and senior practitioner responsibilities associated with certain management posts, the proposals arising from the review will deliver a structure that is largely compliant with the guiding principles and will enable savings to be generated from more streamlined management arrangements and efficient work practices.
- 4.2 **Planning and Economic Development** – The proposals arising from this review will streamline management arrangements within the Planning and Economic Development Service to reflect the requirements of the Guiding Principles. In addition, the proposals for service redesign will ensure that future staffing and resources respond to the shift in emphasis and workload between operational and economic development and regeneration activities. This will provide a greater focus on business support and inward investment and ensure an appropriate response to the challenging economic environment in which the service is currently operates.
- 4.3 **Internal Audit** - The Internal Audit Service has been recognised as delivering a high quality service and it is anticipated that the workload of this section will remain constant in the future. The existing team comprises of a range of specialist staff that it is considered remains appropriate to deliver an effective internal audit service in accordance with the CIPFA Code of Practice for Internal Audit. For these reasons, it is proposed that no changes be made to the management structure within the Internal Audit Service.

5. TEST OF PROPOSED NEW STRUCTURE AGAINST THE GUIDING PRINCIPLES

- 5.1 **Finance Service** – With the exception of the Strategic Finance Advisor, which is a specialist senior practitioner post, all third and fourth tier management posts meet the requirements of the guiding principles. At fifth tier management level, 5 of the 10 managers comply with the guiding principles, the remaining 5 managers are again considered to be senior practitioners responsible for a range of smaller highly specialised teams.

- 5.2 **Planning and Economic Development** - All third and fourth tier management posts meet the requirements of the guiding principles. At fifth tier management level within Operations, only 1 of the 5 Team Leaders meets the guiding principles. This is due to posts being deleted from the structure below to reflect current reduced demand/workload. Within Economic Development 2 of the 3 Team Leaders meet the guiding principles. There is no fifth tier of management within the Development Planning and Regeneration Service.
- 5.3 **Internal Audit** – The requirement for independence and the unique reporting arrangements whereby the Chief Auditor reports direct to the Chief Executive mean that there are only 3 tiers of management within the Internal Audit Service. This Service comprises of a small specialist team (8 staff in total) and as a consequence of the limited number of staff in this service, it is difficult to apply the guiding principles in terms of spans of control. One of the two Audit Managers at third tier management level is compliant with the guiding principles. The other is a senior practitioner with specialist IT skills and specific audit responsibilities for the interrogation of the various IT systems used across the Council. This will remain the position as no structural changes are proposed as a result of this review.

6. IMPLEMENTATION

- 6.1 **Finance Service** – The restructuring proposals for this service will result in the deletion of 30.1 posts and the creation of 12.5 new posts giving a net reduction of 17.6 FTE posts.
- 6.2 **Planning and Economic Development** – The restructuring proposals for this service will result in the deletion of 12.5 posts and the creation of 5 new posts giving a net reduction of 7.5 FTE posts.
- 6.3 **Internal Audit** – As no changes are proposed there are no implementation issues associated with this review.
- 6.4 It is anticipated that posts will be filled through a combination of matching in, where appropriate, and interviews. Staffing implications arising from these reviews will be dealt with in accordance with the Council's well established Workforce Planning Policies on Severance and Redeployment as agreed by Cabinet on 23 June 2010. Every effort will be made to minimise the need for compulsory redundancies arising from these reviews.

7. OVERVIEW OF PROGRESS AGAINST THE MANAGEMENT REVIEW TIMETABLE

- 7.1 Details of the reviews scheduled to be completed during phase 1 of the review programme are enclosed at Appendix 1. Members will note that four of the six reviews scheduled to be undertaken during phase 1 of the management review programme (April to June 2011) have now been completed. Good progress has also been made in relation to the management reviews of Central Support Services and the Waste Management, Outdoor Amenities and Street Cleaning

Service. A summary of the progress made and issues that have impacted upon the completion of these two reviews is provided below:-

- 7.2 **Central Support Services** – This cross cutting review of Best Value, Community Planning, Performance and Business Support staff across the Council has confirmed that each department currently has people who undertake duties in these areas and identified opportunities for improved consistency of approach to policy development, planning and performance management, improved links between Community Planning and Service Planning and enhanced business support for the Chief Executive, Executive Directors and departmental management teams, all at a reduced cost.
- 7.3 It was envisaged that job descriptions would provide a reliable assessment of which posts should be involved, but it was necessary to interview a number of specific staff to determine the nature and extent of their duties in these areas. These interviews have now been completed and the review is now in its final stages.
- 7.4 **Waste Management, Outdoor Amenities and Street Cleaning Services** - Within these Services, the initial focus was on the implementation of the budget proposals for 2011/12. Within the Street Cleaning and Outdoor Amenities Service, this involved the reconfiguration of squads and routes and the provision of additional training for casual staff. This delayed commencement of this review, however, good progress has now been made.
- 7.5 In addition, early work on the cross cutting review of Leisure and Community Learning and Development Services, included in phase 2 of the review programme, has also identified potential areas of overlap with this review. As a consequence, it is proposed that the outstanding review of Waste Management, Outdoor Amenities and Street Cleaning Services be carried forward into the second phase of the review programme.
- 7.6 **Overall Progress** - Whilst there has been some slippage in terms of completion of all phase 1 reviews, it should be noted that over half of the reviews programmed in phase 2 (July to September 2011) have commenced ahead of schedule and that on the whole, excellent progress has been made against our ambitious management review programme.

8. CROSS CUTTING ISSUE IDENTIFIED BY REVIEWS TO DATE

- 8.1 **Customer Contact Arrangements** – Both the IT and Asset Management and Finance Reviews highlighted the importance of and need for highly effective customer contact arrangements to be in place and included specific proposals to ensure that this was achieved within these respective services. It is anticipated that this will be a common theme across a number of reviews and for this reason, it is suggested that a wider business review of the Council's Customer Contact arrangements should be added to the programme of business reviews already agreed as part of the Council's Efficiency Strategy (SRRB2).

- 8.2 **Clerical/Admin Support Functions** – Where the opportunity has arisen, the reviews completed to date have streamlined clerical and admin support arrangements. It should be noted, however, that a wider review of clerical/admin support functions is already underway as part of the Council's Efficiency Strategy (SRRB2) and that the outcome of this wider business review may require further reconfiguration of these functions to ensure the delivery of more effective and efficient clerical/admin support across the Council.
- 8.3 **Cross Service Issues** – Members will note that the review of Planning and Economic Development has identified a range of activities, the impact of which it is considered would be better exploited and maximised by transferring responsibilities for the management of these activities to another service in the Council. As a consequence, future arrangements for the management of these activities will be incorporated into the appropriate management reviews.

9. FINANCIAL AND LEGAL IMPLICATIONS

- 9.1 It is estimated that implementation of the new structure for the Finance Service will release full year savings of £463,000 and that implementation of the new structure within the Planning and Economic Development Service, taking account of the negative impact of reducing income, will deliver a net saving of £200,000. Some of these savings will be delivered in 2011/12 with the full year effect being available in 2012/13.
- 9.2 This brings the cumulative savings total arising from the management reviews completed to date to £1.183M.

10. RISK MANAGEMENT IMPLICATIONS

- 10.1 The review of management structures seeks to minimise risk by ensuring that the Council has in place effective management arrangements, with appropriate responsibilities assigned and clear lines of reporting in place. The new structures provide an assurance that the Council is making the most effective use of its resources and is focusing on the provision of front line service delivery.
- 10.2 An individual impact/risk assessment has been carried out for each of the posts being deleted.

11. RECOMMENDATIONS

- 11.1 Cabinet is asked to:-
- (i) agree the proposed structural changes to the Finance Service and the Planning and Economic Development Service, as outlined within the separate reports to Cabinet, on the outcome of these reviews;
 - (ii) note the outcome of the review of the Internal Audit Service, as outlined within the separate report to Cabinet and agree that no change to the existing structure is required;

- (iii) agree that the two outstanding phase 1 reviews (Central Support Services and Waste Management, Outdoor Amenities and Street Cleaning Services) be carried forward into the second phase of the review programme;
- (iv) note the excellent overall progress made against our ambitious management review programme;
- (v) note that a wider business review of the Council's customer contact arrangements will be incorporated into the Council's Efficiency Strategy (SRRB2); and
- (vi) otherwise endorse the contents of this report.

Fiona Lees
Chief Executive
15 June 2011

LIST OF BACKGROUND PAPERS

Nil

IMPLEMENTATION OFFICER: Martin Rose, Head of Human Resources.

APPENDIX 1

MANAGEMENT REVIEW PROGRAMME – PROPOSED TIMETABLE

| Service Area | Phase | Timescale for Completion |
|--|--------------|---------------------------------|
| Internal Audit | 1 | April – June 2011 |
| Planning and Economic Development | 1 | April – June 2011 |
| Central Support Services | 1 | April – June 2011 |
| IT and Asset Management | 1 | April – June 2011 |
| Finance | 1 | April – June 2011 |
| Waste Management, Outdoor Amenities and Street Cleaning | 1 | April – June 2011 |
| Legal Procurement and Regulatory Services | 2 | July - September 2011 |
| Roads and Transportation | 2 | July - September 2011 |
| Leisure Services and Community Learning and Development | 2 | July - September 2011 |
| Schools (including Quality Improvement Team) | 2 | July - September 2011 |
| Facilities Management | 2 | July - September 2011 |
| Early Years and Additional Support Needs | 2 | July - September 2011 |
| Resource Support (Educational and Social Services) | 2 | July - September 2011 |
| Housing | 3 | October – December 2011 |
| Social Work Children and Families and Criminal Justice | 3 | October – December 2011 |
| Social Work Community Care | 3 | October – December 2011 |
| Democratic Services | 3 | October – December 2011 |
| Human Resources | 3 | October – December 2011 |