

## CABINET ITEM COVERING SHEET PROFORMA

**AGENDA ITEM**

**REPORT TO CABINET**

**17 MARCH 2011**

**REPORT OF CORPORATE  
MANAGEMENT TEAM**

### **CABINET DECISION**

**Lead Cabinet Member – Cabinet Member for Corporate Management & Finance-Cllr Terry Laing**

#### **GATEWAY REVIEW OF ADMINISTRATION, PA SUPPORT, BUSINESS SUPPORT AND PERFORMANCE MANAGEMENT**

1. Summary

The Gateway review of Administration, PA Support, Business Support and Performance Management (“The Admin Review”) has been undertaken to identify ways in which these “back-office” functions can be carried out more effectively across the organisation. The review has been carried out as a “Gateway” review under the scrutiny of the Housing and Community Safety Select Committee. The review has considered the work of 466 employees who carry out this work in 391.4 Full Time Equivalent (“fte”) posts at an annual salary cost of £9,380k. It is proposed that changes are made to these teams of support staff which will reduce the number of FTEs to 332.5 – generating annual salary savings of £1,518k per annum.

It has always been clear that the critical reason for this review was to contribute towards the savings needed to set the medium term financial plan and to ensure that all possible efficiencies have been identified in back-office functions in order to minimise the impact of reductions in funding on front line services. However it has become clear during the review that the changes proposed are in fact sensible and timely in their own right. The impact of other reviews, the changes in workload brought about by the Comprehensive Spending Review and the impact of technological changes mean that the administrative and support arrangements that this review will deliver will be more “fit for purpose” , more flexible and represent an improvement to the organisation as well as delivering financial savings.

2. Recommendations

1. It is recommended that the reconfiguration of Administration, PA support, Business Support and Performance Management is approved, delivering annual savings of £1,518k.
2. It is recommended that as part of this reconfiguration the posts of Head of Support Services (CESC) and Head of Performance (CESC) are deleted and replaced with the post of Head of Business Support and Improvement (CESC).

3. Reasons for the Recommendations/Decision(s)

To produce efficiencies and improvement in the delivery of the administrative, PA support, Business Support and Performance Management functions across the Council.

4. Members’ Interests

Members (including co-opted Members with voting rights) should consider whether they have a personal interest in the item as defined in the Council’s code of conduct

**(paragraph 8)** and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest **(paragraphs 10 and 11 of the code of conduct)**.

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting considering the business is being held -

- in a case where the Member is attending a meeting (including a meeting of a select committee) but only for the purpose of making representations, answering questions or giving evidence, provided the public are also allowed to attend the meeting for the same purpose whether under statutory right or otherwise, immediately after making representations, answering questions or giving evidence as the case may be;
- in any other case, whenever it becomes apparent that the business is being considered at the meeting;

and must not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter **(paragraph 12 of the Code)**.

**Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc; whether or not they are a Member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting (unless the interest arises solely from the Member's membership of, or position of control or management on any other body to which the Member was appointed or nominated by the Council, or on any other body exercising functions of a public nature, when the interest only needs to be declared if and when the Member speaks on the matter), and if their interest is prejudicial, they must also leave the meeting room, subject to and in accordance with the provisions referred to above.**

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**SUMMARY**

The Gateway review of Administration, PA Support, Business Support and Performance Management (“The Admin Review”) has been carried out to identify ways in which these “back-office” functions can be carried out more efficiently across the organisation. The review has considered the work of 466 employees who carry out this work in 391.4 fte posts at an annual salary cost of £9,380k. It is proposed that changes are made to these teams of support staff which will reduce the number of ftes to 332.5 – generating annual salary savings of £1,518k per annum.

The purpose of this report to Cabinet is to seek final approval for the recommendations of the 9 month Admin Review prior to implementation. The scope of the review was initially agreed by Housing and Community Safety Select Committee on 1<sup>st</sup> July 2010 and the Baseline Information reviewed at Committee on 21<sup>st</sup> October 2010. Options for improvement were considered by Committee on 18<sup>th</sup> November 2010 and as a result preferred options were agreed. The preferred options were then endorsed by Cabinet on 16<sup>th</sup> December 2010 and a formal 90 day consultation with staff and unions began on 17<sup>th</sup> December 2010. Final detailed recommendations identifying the impact of the review for individuals were agreed by Committee on 13<sup>th</sup> January 2011 prior to notification to individuals. The 90 day consultation ended on 16<sup>th</sup> March 2011, a verbal update on the final period of the consultation will be provided at the Cabinet meeting to cover the period between preparation of this report and the date of the meeting.

**RECOMMENDATIONS**

1. It is recommended that the reconfiguration of Administration, PA support, business support and performance management is approved, delivering annual savings of £1,518k.
2. It is recommended that as part of this reconfiguration the posts of Head of Support Services (CESC) and Head of Performance (CESC) are deleted and replaced with the post of Head of Business Support and Improvement (CESC).

**BACKGROUND**

1. It has always been clear that the critical reason for this review was to contribute towards the savings needed to set the medium term financial plan and to ensure that all possible efficiencies have been identified in back-office functions in order to minimise the impact of reductions in funding on front line services. However it has become clear during the review that the changes proposed are in fact sensible and timely in their own right. The impact of other reviews, the changes in workload brought about by the Comprehensive Spending Review and

the impact of technological changes mean that the administrative and support arrangements that this review will deliver will be more “fit for purpose” , more flexible and represent an improvement to the organisation as well as delivering financial savings.

2. Having recognised the need for these changes, the review is very aware of their impact - the proposed arrangements represent a reduction in staff equivalent to 58.9 FTEs. All efforts will be made to make these changes as sensitively as possible. A process is being followed which makes maximum use of expressions of interest in voluntary redundancy, voluntary reduction in working hours, vacancy control, redeployment and reviewing the status of temporary contracts before compulsory redundancy is necessary. Where competition exists for reduced numbers of roles, a fair and transparent recruitment process will be applied. Comprehensive communication and support arrangements are in place for all affected employees and constructive dialogue with employees and union representatives is ongoing.

## DETAIL

3. The Admin Review has considered the delivery of the following functions across the Council:

- General Administration
- PA Support
- Technical (Service Specific) Administration
- Business Support and Performance Management

The review has considered the work of 466 employees who carry out this work in 391.4 full time equivalent posts at an annual salary cost of £9,380k. It is proposed that changes are made to these teams of support staff which will reduce the number of FTEs to 332.5 – generating annual salary savings of £1,518k per annum.

The reduction of 58.9ftes is detailed in the report but can be summarized as follows:

Employee Grades	Annual Salary range	Reduction in FTEs	Reduction as a % of FTEs in the review
Grades L to HOS (inclusive)	£30k-£77k	15.1	51%
Grades G – K (inclusive)	£18k- £30k	17.6	15%
Grades A – F (inclusive)	£12k-£18k	26.2	11%
Total		58.9	15%

### General Administration

4. The review has considered the 51.2 General Administration roles which currently exist across the organisation and proposes a new operational model.
5. It is recommended that general administrative staff will be transferred out of the 12 Services where they currently work and be reconfigured in one smaller Council-wide team. The new team will be based in, and serve, a main admin building and a number of satellite offices in the locality – a council-wide “hub and spoke” model. It is proposed that 2 Hubs and one standalone arrangement will operate initially:

#### **Municipal Buildings (Hub)**

16 Church Road (Spoke)

Business Centre (Spoke)

#### **Kingsway House (Hub)**

Billingham Council Offices (Spoke)

Alma House (Spoke)

Wrensfield House (Spoke)

Queensway House (Spoke)

#### **The Education Centre (Standalone)**

The number and location of the hubs will be linked to the outcome of the Building Assets EIT Review and will be changed to meet changing needs over time.

6. The General Admin team will be managed from within the Customer Services & Taxation Service under an existing managerial post. This Service will be responsible for the development and delivery of general admin services with the rest of the organisation as customers.
7. The major benefit of the single team approach is that it provides efficiency through its capacity to better manage peaks and troughs in workload across individual Services. There are significant peaks in workload across the year which can be evened-out across a council-wide service. The arrangement also provides improved cover for absences. The single management arrangements will also promote a consistent approach and standardisation around the use of technology and general office procedures wherever possible which will generate further savings. The model offers a career path and opportunities for staff to develop and progress in an admin role. The structure can more easily shrink or expand in line with the changing general admin requirements that will emerge as the strategy recommended in the EIT review of building assets is implemented and as new technologies are introduced to further streamline operations. It will also enable an improved corporate approach to records management to be adopted in the future.
8. The new model will deliver savings of £199k per annum:

Grade of general admin staff covered by the review	Current FTE posts	Proposed FTE posts	Reduction in FTEs
Grade K	1	1	-
Grade J	1.9	0	1.9
Grade I	2	0	2
Grade H	3	3	-
Grade G	1.3	0	1.3
Grade F	3	2	1
Grade E	2	2	-
Grade D	35.9	34.2	1.7
Grade A	1.1	0.2	0.9
Total	51.2	42.4	8.8

	Current	Proposed	Annual Saving	Annual Saving %
Total Annual Cost	£1,054k	£855k	£199k	19%

### PA Support

9. The review has considered the 20.2 PA roles which exist across the organisation and proposes a new operational model.
10. The number of options for reorganisation was limited by the relatively small size of the team and the fact that the Directors and Heads of Service they support are located in 6 buildings. The current ratio of PAs to Directors/Heads of Service ranges between 1 to 1 and 1 to 2.5 with a mean of 1 to 1.37. The evidence from the review suggests that this could be shifted to a norm of 1 to 2 if a number of supporting changes in working practices are also adopted. These changes promote greater team working, co-ordination of the posts through the newly created General Administration team, creation of a standard job description and refresher training for PA s and the staff they support.
11. The new model will deliver annual savings of £88k per annum:

Grade of PA staff covered by the review	Current FTE posts	Proposed FTE posts	Reduction in FTEs
Grade J	1	1	-
Grade H	14.59	14	0.59
Grade G	4.61	0	4.61
Total	20.2	15	5.2

	Current	Proposed	Annual Saving	Annual Saving %
Total Annual Cost	£499k	£411k	£88k	18%

### Technical Administration

12. Technical (or Service Specific) Administrative support is currently provided by 249.9 FTEs. An option to create a Service Grouping or Corporate-wide technical administration team was explored and rejected on the grounds that the time needed to train employees and maintain the Service specific knowledge needed in the technical administration roles would lead to a less efficient operating model.

13. The review team have worked with Service Managers and Heads of Service to assess the impact of:

- The outcome of the other strands of this review
- The impact of other EIT reviews
- Changes due to systems developments
- The reduction/change in workload associated with the CSR
- To apply the logic of economies of scale applied in the general administrative strand.

In carrying out the detailed work to formulate recommendations it became clear that in many Services the technical/service-specific content of the administrative work undertaken meant that it was impractical to take advantage of the general administration model, however the principle has provided benefits on a smaller scale within services where individual teams can be combined to provide admin support across a service. This approach has the benefit of retaining service knowledge and expertise and gaining some of the benefits of spreading out workload.

14. The provision of technical administrative support in each Service has been reviewed in detail and new working arrangements are proposed which deliver annual saving of £724k:

Grade of technical admin staff covered by the review	Current FTE posts	Proposed FTE posts	Reduction in FTEs
Grade L	0.6	0.6	-
Grade K	6	5	1
Grade J	7	6	1
Grade I	7.8	6.5	1.3
Grade H	13.5	13.6	(0.1)
Grade G	22.2	16.9	5.3
Grade F	33.8	29.8	4
Grade E	75.7	68.1	7.6
Grade D	75.7	65.4	10.3
Grade C	7.5	6.7	0.8
Grade A	0.1	0	0.1
Total	249.9	218.6	31.3

	Current	Proposed	Annual Saving	Annual Saving %
Total Annual Cost	£5,328k	£4,604k	£724k	14%

### Business Support and Performance Management

15. Business Support and Performance Management is currently carried out by 70.1 ftes based in 5 Services. The proposed structures combine all the business support and performance functions in 3 Services - one each for CESC and DNS and a combined corporate-wide and Resources Service.

16. The proposed model concentrates expertise in the 2 main operational Service Groupings. The central service will provide the support and performance service for the Resources Service Grouping as well as leading the corporate-wide policy and performance co-ordination. The

model generates savings from the combining of currently dispersed functions and the reduction of one HOS post. The central service would be rationalised as responsibilities would be focussed in Service Groupings. The reconfiguration promotes flexibility and joined-up working across service groupings and also reflects a reduction in the workload associated with reporting of corporate performance. However a fine balance has been drawn between an expected reduction in performance reporting and the need to continue to maintain monitoring which adds value. It is also becoming increasingly clear that the much publicised reduction in burden is limited.

17. The new model will deliver annual savings of £507k:

Grade of Business Support and Performance Mgmt staff covered by the review	Current FTE posts	Proposed FTE posts	Reduction in FTEs
Head of Service	4	3	1
Grade Q	1	-	1
Grade P	3	4	(1)
Grade O	4	-	4
Grade N	2	1	1
Grade M	5	3	2
Grade L	10.1	3	7.1
Grade K	3	9	(6)
Grade J	12.6	11	1.6
Grade I	5.8	-	5.8
Grade H	9.8	13	(3.2)
Grade G	1.5	1	0.5
Grade F	3	3	-
Grade E	0.5	0.5	-
Grade D	4.4	4.5	(0.1)
Grade C	0.4	0.5	(0.1)
Total	70.1	56.5	13.6

	Current	Proposed	Annual Saving	Annual Saving %
Total Annual Cost	£2,532k	£2,025k	£507k	20%

#### Views of the Housing and Community Safety Select Committee

18. The Admin review has been carried out as a Gateway Review within the EIT process, reporting to the Housing and Community Safety Select Committee. The Committee has met 4 times during the course of the 9-month review to set the scope of the review, review baseline information, consider options and approve final proposals. All members of the Committee supported the final recommendations in January 2011. The Committee expressed interest in the grade of posts to be reduced as a result of the review and suggested that it would be helpful to state clearly the range of grades affected by the review, this information is provided in this final Cabinet report. Members also sought reassurances about the implementation process and noted that appropriate training and support packages should be in place for employees affected by the review. Members also noted that implementation must proceed immediately following final approval to secure savings in the 2011/12 financial year. These issues are addressed in the Implementation process and timetable section below.

#### Outcome of the Consultation

19. The 90 day consultation period with unions and employees began on 17<sup>th</sup> December 2010 and ran until 16<sup>th</sup> March 2011. This report includes a summary of the consultation responses received up to 3<sup>rd</sup> March (the date at which the report was filed) a verbal update on the final 13

days will be provided at the Cabinet Meeting on 17<sup>th</sup> March 2011. The consultation has been constructive and active and has involved weekly meetings with union representatives, small group meetings in individual Services, drop in sessions and road shows for all staff affected by the review as well as detailed communication with individuals via the review email account.

20. The majority of consultation responses have been specific queries and questions about the impact of the review for individuals, questions of clarification about working practices and questions about the implementation process. Where changes have been agreed with a small number of individuals – these have been reflected in the numbers included in this report. In addition a number of useful suggestions have been made about admin related issues such as admin related procurement practices, IT and telephone arrangements etc. All of these have been captured and will be provided to the relevant service managers in the new structures.
21. Three proposals were submitted during the consultation which suggested alternative structures; one for the Business Support and Performance Management Service and two for teams within the technical admin strand. All three proposals were given serious and detailed consideration and 2 have been adopted and incorporated into the final recommendations.
22. The 90 day consultation period also provided an opportunity for employees affected by the review to express an interest in voluntary redundancy and voluntary reduction in working hours. This process has been extremely positive and has a huge impact in terms of avoiding compulsory redundancies. At the start of the consultation process 48.7ftes were facing the possibility of compulsory redundancy as a result of the review. Through the expression of interest process we have managed to reduce this number to 20.4ftes . Furthermore there are three factors which are likely to reduce the compulsory number further:
  - 4.2fte vacancies arise from the creation of the new structures.
  - There are an additional 7fte voluntary redundancy requests which have been received from employees in the admin review which whilst not directly attributable to achieving the new structure offer an opportunity to replace a compulsory redundancy with a voluntary redundancy.
  - There is 1fte vacancy arising from the termination of a temporary contractual arrangement in a permanent post.

Therefore, assuming no changes to the current list of confirmed voluntary redundancies and successful recruitment of employees at risk to the vacancies created by the review, the compulsory redundancies will be further reduced to 8.2ftes. These additional jobs will be included in the recruitment process described below

For employees involved in the review this means the changes are delivered as sensitively as possible and many fewer will need to undergo competitive interviews for a reduced number of posts. The impact for employees is set out below:

Outcome of the Admin review for employees	Impact on employees before Expressions of Interest	Impact on employees after Expressions of interest
No Change / Slotted in to a new role	248	<b>324</b>
Ring-fenced for recruitment by competitive interview for a reduced number of roles	190	<b>75</b>
Role deleted – post does not exist in the new structure	9	<b>4</b>
Pursuing voluntary redundancy	0	<b>45</b>
Ending of temporary contract	7	<b>6</b>
Left the organisation during the review	6	<b>6</b>
Transferred to another review	4	<b>4</b>
Reduced working hours agreed	2	<b>2</b>



Total number of employees	466	<b>466</b>
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### Implementation process and timetable

23. It is planned that, subject to Cabinet approval, the implementation process will begin on 18<sup>th</sup> March 2011.
24. Redundancy notices for employees who have sought voluntary redundancy and for those whose roles have been deleted will be issued immediately. This results in a final date of service for employees with 12 weeks notice of 17<sup>th</sup> June 2011. Active work will begin through the redeployment process to pursue alternative roles for those who do not wish to leave.
25. The competitive recruitment process will begin for ring-fenced and new posts created in the review. It is anticipated that available posts will be published on 18<sup>th</sup> March 2011 with recruitment taking place between the end of March and 8<sup>th</sup> April 2011. Redundancy notices for employees who are ultimately not successful through the recruitment process will be issued in the middle of April. This results in a final date of service for employees with 12 weeks notice of mid July 2011. Active work will take place through the redeployment process to pursue alternative roles for those who do not wish to leave.
26. Once the recruitment process is complete managers will begin to implement the new structures during the notice periods. Service managers are working on transition plans to ensure a smooth transfer to the new arrangements.

### **FINANCIAL IMPLICATIONS**

27. As detailed in the report the recommendations will deliver annual savings of £1,518k. The MTFP anticipates that this review will make full year savings by 2012/13, with half of those savings by 2011/12. Any costs of redundancy will, in the first instance, be met by any savings in excess of those assumed for the review and thereafter funded from the reserve approved as part of the budget setting process.

### **LEGAL IMPLICATIONS**

28. There are no legal implications.

### **RISK ASSESSMENT**

29. Assessed in the low-medium category that is managed by everyday controls.

### **SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS**

30. No implications.

### **EQUALITIES IMPACT ASSESSMENT**

31. An Equalities Impact Assessment was completed for the review before proposals were presented to Cabinet on 16<sup>th</sup> December 2010 this indicated that the review had a neutral impact (a score of 70). This assessment has been updated to reflect the impact of the consultation, the impact is still concluded to be neutral.

### **CORPORATE PARENTING**

32. No issues arise from this report.

### **CONSULTATION INCLUDING WARD/COUNCILLORS**

33. This review has been widely consulted on with employees and unions. The Housing and Community Safety Committee are carrying out a scrutiny role.

Contact Officer: Beccy Brown, Administration Review – Programme Manager

Telephone No. 01642 524309 Email Address: [beccy.brown@stockton.gov.uk](mailto:beccy.brown@stockton.gov.uk)