

**Manchester City Council
Report for Resolution**

Report To: Personnel Committee
Date: 15 September 2010
Subject: ICT Senior Management Structure
Report of: Strategic Director of Transformation

PURPOSE OF REPORT

To seek approval on the proposed organisational changes within the ICT management structure and note the intention to reconfigure the existing service.

Recommendations

The committee are requested to agree the following recommendations:

1. Approve a regrade of the role of Chief Information Officer to *circa* £85k; this is a competitive salary in the current market to attract a suitably experienced leader with a good track record of transformational change.
2. Disestablish the existing post of Head of Strategy (£55,000) and establish new posts of Head of Applications and Infrastructure, Chief Architect and ICT Portfolio Manager at salaries of £55-60k to provide additional management capacity to support the Chief Information Officer.
3. Note the intention to reconfigure the ICT service below these posts in light of the need to strengthen capacity to meet the challenges of large scale transformation and the increasing pace of transformation within the Council.
4. Grant delegated authority to the Strategic Director of Transformation acting in consultation with the interim Head of Personnel to develop job profiles and effect appointment processes including interim capacity pending permanent recruitment to the new posts identified above.
5. Grant delegated authority to the Strategic Director of Transformation acting in consultation with the interim Head of Personnel to progress the reconfiguration of the remaining structure in terms of refining job roles within each area, including development of competency skills profiles.

FINANCIAL CONSEQUENCES FOR THE REVENUE AND CAPITAL BUDGET

None - proposals to be contained within existing budget.

Wards Affected:

All

Contact Officers:

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Background documents

1. Personnel Committee 27 May 2009 – *Restructuring of the ICT Service*
2. ICT strategy

1. INTRODUCTION

1.1 On 27 May 2009, Personnel Committee approved a report that reconfigured the ICT service into two functional teams of Strategy, and Change and Operations below the Chief Information Officer (CIO).

1.2 Following the implementation of the revised streamlined structure, it has become evident that there is now a need to create additional capacity in place to support the CIO on the delivery of ICT solutions that will drive transformational change at pace the organisation needs.

1.3 The issue of structure and staffing within the ICT service has been raised as a risk by the Audit Committee. As per recommendations from Audit, a high level analysis of the effectiveness of the current ICT organisation structure and its stage of implementation on ICT's performance was commissioned through our agreed ICT Strategic Partner in partnership with the ICT senior management team. The recommendations of the review have been incorporated into this report.

2. CURRENT ARRANGEMENTS

2.1 The ICT service currently delivers in excess of 200 projects per annum involving medium to large scale technology change. Some of these directly and visibly contribute to realising the 'One Council' vision, whereas others are pre-requisites for the establishment of a reliable, secure high availability ICT infrastructure. In addition to supporting a significant proportion of the current transformation agenda, ICT also operate and support live ICT services which span a diverse range of current and legacy technologies in order to maintain 'business as usual' across the Council.

2.2 This is a complex technical and management challenge. To meet this, ICT has approximately 170 people working within central ICT, in both employed roles and on a temporary contract basis as well as working with a wide group of suppliers providing multiple services. Within directorates outside of the service there are also federated teams carrying out ICT activity, though these are in the process of being consolidated into the central ICT service.

2.3 Following the virus problems experienced in 2009, changes to the way that ICT operated became necessary in order that it might transform to a structure that better suited to serving the business needs of the Council. A new organisational structure was designed and approved by Personnel Committee, including the creation of a number of key management roles, and a transition process begun.

2.4 However, due to the technical expertise required, it has taken some months to fill even 50% of the new management roles and this has significantly impacted on the ability to rapidly transform the operations of ICT, as well as posing a risk to the pace of the transformation of the organisation currently underway.

2.5 In the context of the high proportion of management vacancies and the recommendations from Audit Committee, a high level rapid review was commissioned from our strategic partner Ernst and Young, with a number of key observations emerging about the current structure.

3. ORGANISATIONAL REVIEW

3.1 The review identified a lack of clear continuous chain of command between those leading the department and those undertaking technical work, with inconsistent levels of visibility and management reporting throughout ICT.

3.2 The review also noted a high number of key posts unfilled within the current organisation structure, despite substantial recruitment activity. It was noted that the ability of the CIO and senior management to lead is undermined by the necessity to undertake the workload of the empty roles in addition to those defined by their own role.

3.3 Additionally, the lack of middle management means the engineering teams have become accustomed to making *ad hoc* arrangements for delivery between themselves and customers. This has resulted in a lack of clarity and visibility around the workload and quality of individuals' work as well as the quality of ICT service delivered to the wider Council.

3.5 In the absence of clearly delineated roles and solid management structures, the application of performance management within the ICT service has been almost impossible. The review has identified a number of technical skills gaps which exist within ICT, due to a mismatching of focus training and skills with the wide range of technologies and accelerating pace needed to meet the business appetite for change.

3.6 The technical skills gaps within ICT have to this point been filled with reliance upon external providers and suppliers, across a wide range of services. It is the intent of both the Strategic Director of Transformation and the CIO to reduce the reliance upon and number of external providers and suppliers, upskilling existing staff and recruiting to vacancies previously filled by contractors.

4. PROPOSALS FOR CHANGE

4.1 There are a number of key issues that can be readily addressed through the approach set out below. The following changes to the current organisational arrangements are proposed to address some of the more immediate issues:

4.1.1 As the outgoing CIO leaves and recruitment becomes underway to engage a new permanent CIO, it is proposed that the role be regraded to a salary of c.£85k in order to attract a high calibre of candidates to the permanent role, with sufficient experience and technical expertise. It should be noted that there is some evidence from the current market to suggest may be a need to further increase the salary of the role but it is proposed to initially start recruitment at c.£85k.

4.1.2 The CIO will have four direct reports instead of two, comprising of Head of Operations, Head of Applications & Infrastructure, Chief Architect and Head of Portfolio, covering four key areas within the service. This will address the lack of middle management identified in the review and seek to establish technical and strategic design architecture capacity that the current structural arrangements lack.

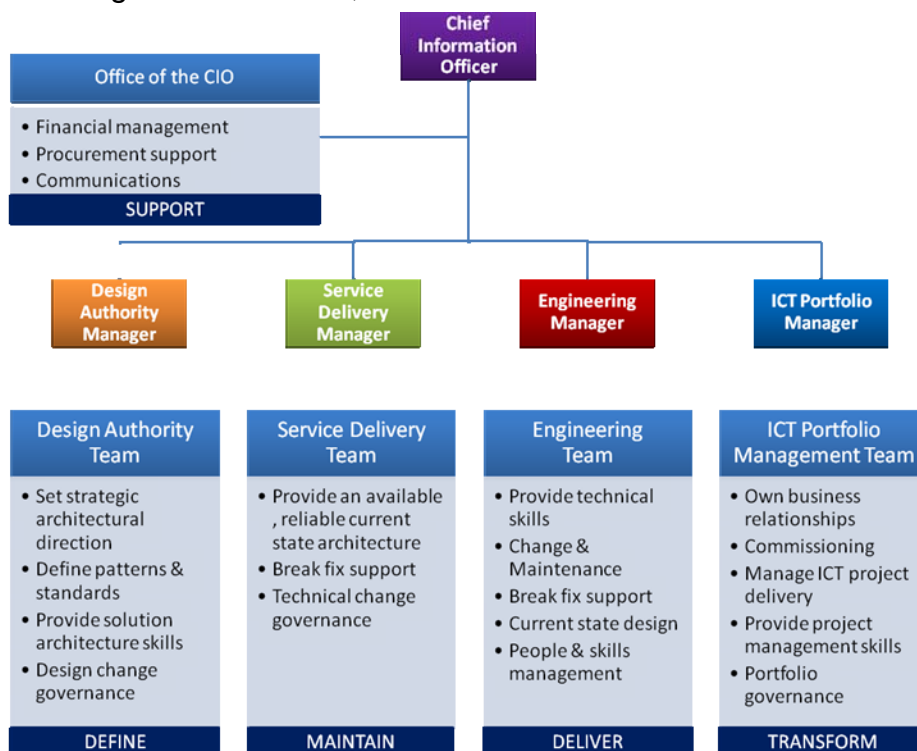
4.1.3 The new structure separates the responsibility for key functional areas and this will be cascaded downward through the line management structures within each area, creating greater clarity of roles and responsibilities.

4.1.4 This will enable skills analysis to be undertaken and clearly communicated to staff, and begin a process of assimilating staff into roles where their skills can best be utilised. This will increase the effectiveness of the new ICT processes being implemented, corresponding with the emerging 'M-People' principles, the revised MCC approach to flexible deployment currently being piloted in the HR/OD service.

4.1.5 With clearer role, responsibilities and skill definition across the service, the management team will have the ability to focus training and staff development as well as to carry out performance management, in line with recommendations from the Audit Committee.

4.1.6 The current reliance upon contractors / external providers will subsequently be greatly reduced (as per 3.6).

4.1.7 Budgetary and procurement responsibility will be appropriately devolved within the new management structure, set out below:



4.2 The changes set out above will promote the development of needed skills to meet business demand and provide clarity and variety of career paths. There remains a skills gap in the short term. For critical systems the ICT service will seek to obtain medium term contract resources from selected Technology Partners. These resources will be embedded within the department, both covering the skills gap and enabling a skills transfer to MCC staff.

5. COMMENTS OF THE INTERIM HEAD OF PERSONNEL

5.1 I have worked with the Strategic Director of Transformation to develop these proposals that will strengthen the management capacity below the CIO post. I am satisfied that the salary levels proposed for the Head of Engineering, Chief Architect and ICT Portfolio Manager posts are appropriate in the current market having conducted a salary survey of similar roles across the region.

5.2 I will work with the Strategic Director to develop job profiles for the new roles and effect the recruitment process. I will work up a delivery plan for implementing the reconfiguration of the remaining structure below these posts including development of skills profiles to inform the assimilation of staff to roles, and exit strategies for consultants' currently covering roles whereby medium term skills transfer should occur.

5.3 I will ensure that all related staffing issues which emerge from the adoption of the arrangements proposed in this report are delivered from within the new HR/OD service and will work with the Strategic Director of Transformation to ensure that a smooth transition from current to proposed arrangement occurs.

6. TRADE UNION COMMENTS

6.1 UNISON note the committee report and the changes to salary and structure. Unfortunately we have not been able to engage in full consultation regarding these changes, however we are happy to agree the changes in principal and will work closely with the Director of Transformation and the Elected Member for Finance and Human resources to understand these changes.

6.2 We note the increase in salaries and understand that if Manchester is to attract the right calibre of CIO, that is able to take the ICT unit forward then this sort of salary needs to be considered.

6.3 We would further like to raise with committee that as we are currently in a era of cut's that careful consideration is given before awarding increased salaries to Senior Officers in general.