

**MANCHESTER CITY COUNCIL
REPORT FOR RESOLUTION**

COMMITTEE: PERSONNEL
DATE: 27 MAY 2009
REPORT OF: CHIEF EXECUTIVE, NEW EAST MANCHESTER LTD
SUBJECT: NEW EAST MANCHESTER LTD: SENIOR MANAGEMENT
RESTRUCTURE

PURPOSE OF THE REPORT

To set out proposals to restructure the senior management arrangements within New East Manchester Ltd

RECOMMENDATIONS

The Committee is recommended to:

1. Redefine the existing post of Deputy Chief Executive into a new role of Deputy Chief Executive (Development) with no change to the existing salary of up to £90,000.
2. Disestablish the existing post of Director of Development and subsume the residual responsibilities of this post into the Deputy Chief Executive (Development) role.
3. Redesignate the existing post of Director of Regeneration as Deputy Chief Executive (Regeneration) on existing salary of £70,851.
4. Redesignate the existing post of Residential Property Manager to Director of Neighbourhoods at a salary of £66,724.
5. Redesignate the existing post of Head of Social Programmes to Regeneration Manager at a salary of £57,513.
6. Grant delegated authority to the Chief Executive, New East Manchester Ltd in consultation with the Head of Corporate Personnel, the Executive Member for Finance and Human Resources and the Chair of New East Manchester Ltd to agree the detailed job descriptions and progress arrangements for appointments to the posts.

FINANCIAL IMPLICATIONS FOR THE REVENUE AND CAPITAL BUDGETS

The proposals in this report to rationalise the management structure of New East Manchester Ltd will result in an overall saving of £100,000 per annum inclusive of salary related on-costs.

CONTACT OFFICERS

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BACKGROUND DOCUMENTS

1. New East Manchester Ltd (NEM) Chief Executive's Report to the NEM Board
21st April, 2009

WARDS AFFECTED:

Newton Heath & Miles Platting; Ancoats & Clayton, Bradford, Ardwick (Part); Gorton North; and Gorton South (Part)

IMPLICATIONS FOR:

Anti poverty	Equal Opportunities	Environment	Employment
No	No	No	Yes

1. INTRODUCTION

- 1.1 Following the appointment of a new Chief Executive the Board of New East Manchester Ltd (NEM) are now seeking to bring forward a staffing review that takes into account the current economic downturn, and its differential impact on delivery activity within the Company going forward, along with the pressures that will be placed on funding partners in terms of their investment into NEM from 2010/11 onwards. This report sets out a series of proposals to establish a new senior management structure within NEM.

2. BACKGROUND

- 2.1 Over the last nine months the NEM Board have considered the impact of the current economic downturn on the focus of, and the actions to be delivered by New East Manchester Ltd (NEM) to support the strategic objectives and targets set out within the 2008 – 2018 East Manchester Strategic Regeneration Framework. At the November 2008 meeting the Board considered the likely impact of the current economic conditions on the ongoing regeneration of East Manchester and identified the following approach to developing future investment priorities for the Company:
- 2.1.1 That existing commercial and residential investments made or being made within East Manchester are protected as far as possible so that they can continue to act as a positive influence on the future regeneration of the area;
- 2.1.2 That East Manchester is prepared for an upturn in the economy and is capable of capitalising on opportunities for new commercial and residential development which, in the medium to longer term, enables the area to prosper and secure the outcomes that have been set in the 2008 - 2018 East Manchester Strategic Regeneration Framework; and
- 2.1.3 That actions are put in place to ensure that the impacts of any economic downturn on East Manchester businesses and residents are minimised as far as possible and that there is a continued focus on supporting local businesses along with ensuring that residents are equipped with the necessary skills to enable them to compete for employment opportunities across the Manchester City Region and beyond.
- 2.2 Over the last six months economic conditions across the United Kingdom have rapidly deteriorated with these conditions presenting real challenges to East Manchester in terms of the development of sustainable residential and commercial property markets along with having impacts upon East Manchester businesses and residents of working age – both in and out of work.

- 2.3 In addition to these considerations the NEM Board have also acknowledged that a number of other key issues will impact on the future structure of the company. These are:
- 2.3.1 The closure of the Beacons New Deal for Communities (NDC) programme in March 2010 that funds or part funds staff costs of those employees who deliver social regeneration activity in the NDC programme area along with this funding stream making a contribution to company overheads; and
- 2.3.2 The certainty that Government will tighten public finances from 2011/12 onwards, if not before and that each of the three funding partners (Manchester City Council; the North West Development Agency; and the Homes and Communities Agency) are clearly signalling the need for New East Manchester Ltd to prepare for reductions in contributions to core running costs.
- 2.4 Against this backdrop the NEM Board has requested that Chief Executive takes forward a number of key actions as part of an NEM staffing review. These are:
- 2.4.1 The need to reduce the number of posts in the senior management group and put in place a fit for purpose senior management structure that is clearly aligned to the business needs of the company for the next three years; and
- 2.4.2 Beneath a redefined senior management structure bring forward a new staffing structure that is aligned to the business needs of the company, and, as with the redefined senior management structure, takes into account the need to reduce costs. In doing so there is a need to:
- take forward actions to secure efficiencies in the provision of central support services (in particular, administration and finance), and ensuring that all posts co-located within New East Manchester Ltd offices make proportionate contributions to these services and other Company overheads; and
 - acknowledge that the only area where growth can be anticipated is in relation to project management and that the costs of these services will be secured from capital rather than from the core revenue support provided by the three funding partners. This service will, as it is currently, continue to be procured from the Capital Programmes Group within Manchester City Council.

3. PROPOSALS

- 3.1 There are six posts that make up the current senior management structure within New East Manchester Ltd (NEM). These are:

- Chief Executive;
- Deputy Chief Executive;
- Director of Development;
- Director of Regeneration;
- Social Programmes Manager; and
- Residential Property Manager.

The Deputy Chief Executive post is currently vacant.

- 3.2 NEM has operated with this senior management structure since July 2007 albeit on a virtual basis. Following the departure of the Chief Executive in January 2008 and an extended period that awaited the appointment of a permanent Chief Executive, steps were not taken to formalise these arrangements. The new Chief Executive has now reviewed these arrangements and is now in a position to consolidate some of these arrangements but also to recommend a series of changes.
- 3.3 In terms of looking forward over the next three years the key transformational initiative that NEM will have responsibility for is the next phase of redevelopment at Sportcity which will involve:
- the continued work on the development of the site as a new visitor / leisure destination;
 - the addition of new world leading sports infrastructure; and
 - working with the new owners of Manchester City Football Club to deliver their aspirations for new infrastructure to enable them to achieve their wider ambitions.
- 3.4 In order to enable the Chief Executive to be able to direct the various programmes of activity at Sportcity there is a requirement to ensure that there is appropriate support that can take forward other key commercial and residential development activity along with providing the necessary strategic support to the Chief Executive. In order to facilitate this it is proposed to create two Deputy Chief Executive roles. One post, the Deputy Chief Executive (Development) will take forward responsibility for all commercial and residential development activity, while the second post, the Deputy Chief Executive (Regeneration) will have responsibility for all economic and social regeneration activity within the Company, along with central support services.
- 3.5 It is therefore proposed to redefine the existing post of Deputy Chief Executive into a new role of Deputy Chief Executive (Development) and in doing so disestablish the existing post of Director of Development and subsume the residual responsibilities of this post into the Deputy Chief Executive (Development) role. The key duties and responsibilities of the Director of Development that will be transferred to the Deputy Chief Executive (Development) role will focus on the leadership of all new commercial and residential development within east Manchester. With a vacant Deputy role there is an opportunity to strengthen the strategic management capability of NEM and bring a strong commercial development focus into the operation of the Company.

- 3.6 The Director of Development is seconded to NEM from the City Council and, subject to the Committee approving these proposals, discussions would be held with the postholder to ensure that his circumstances are dealt with appropriately and in line with the relevant policy and contractual requirements. It is also proposed to redesignate the existing post of Director of Regeneration as Deputy Chief Executive (Regeneration) with no change to the postholder's substantive salary.
- 3.7 With regard to the remaining senior management posts the Chief Executive has reviewed these arrangements and is satisfied that they are fit for purpose and are providing the necessary inputs into the operation of the Company. The roles of Residential Property Manager and Head of Social Programmes will be disestablished and it is proposed to establish new roles of Director of Neighbourhoods and Regeneration Manager.
- 3.8 In relation to the new role of Director of Neighbourhoods the responsibilities of this post will be a focus on:
- transforming the east Manchester housing market by increasing housing choice;
 - ensuring that the residential property offer is supported by a neighbourhood offer that can attract and retain residents;
 - leading on the neighbourhood and housing market renewal activity within east Manchester; and
 - leading on the establishment of sustainable approaches to neighbourhood management across east Manchester.

This post will be established with a salary of £66,724 which formalises the rate of honoraria already agreed with the Head of Corporate Personnel. An updated job description will be developed for this role with the Head of Corporate Personnel. The post will report to the new role of Deputy Chief Executive (Development).

- 3.9 In respect of the new role of Regeneration Manager the responsibilities of this post will be a focus on:
- the strategic management of the regeneration functionality across east Manchester;
 - bringing together public, voluntary, private and community sectors to improve regeneration outcomes for residents that support the targets set in the Manchester Community Strategy, the Manchester Local Area Agreement and the east Manchester Strategic Regeneration Framework; and
 - overseeing the strategic development and delivery of new capital investment associated with new public service provision and its integration into the transformation and establishment of new neighbourhoods in east Manchester.

This post will be established with a salary of £57,513 which formalises the rate of honoraria already agreed with the Head of Corporate Personnel. An updated job description will be developed for this role with the Head of Corporate Personnel. The post will report to the new role of Deputy Chief Executive (Regeneration).

4. CONCLUSIONS

- 4.1 The challenges facing New East Manchester Ltd are significant and it is essential to bring forward a new senior management structure that can respond to the demands being placed on the Company by the current economic downturn and ensure that this structure takes into account the reductions in partner contributions that will be faced by NEM going forward. The Chief Executive of NEM believes that the proposals set out in this paper will be strengthen the senior management capacity within NEM and enable the Company, not only to face the challenges and opportunities which will confront east Manchester going forward, but also help make a significant contribution to meeting future reductions in the core running costs of the Company.

5. COMMENTS OF HEAD OF CORPORATE PERSONNEL

- 5.1 I have discussed these proposals with the Chief Executive of New East Manchester Limited and support them in their entirety. In light of the current economic climate, the proposal to rationalise the senior management structure of the company from six posts to five is prudent and pragmatic.
- 5.2 I believe that the proposed salaries are reasonable and in the case of the proposed redesignated posts of Director of Neighbourhoods and Regeneration Manager, they consolidate existing honoraria arrangements which had been previously authorised through the appropriate reporting mechanisms.
- 5.3 I will work with the Chief Executive of New East Manchester Limited to amend job descriptions for the new roles that have been created and to deal with other staffing issues which emerge from the adoption of the arrangements proposed in this report.

6. IMPLICATIONS FOR KEY COUNCIL POLICIES

- 6.1 The proposals set out in this report are entirely concerned with supporting the economic and social regeneration of East Manchester and creating employment opportunities for local people.