

07 December 2017**Agenda Item: 7****REPORT OF THE CORPORATE DIRECTOR, PLACE DEPARTMENT****CATERING AND FACILITIES MANAGEMENT – MANAGEMENT
RESTRUCTURE****Purpose of the Report**

1. The purpose of this report is to seek permission to begin formal consultation with staff and recognised trade unions on a management restructure of Catering and Facilities Management.
2. A further report will be submitted to Members at a future date seeking permission to implement the proposed changes.

Information and Advice

3. CFM provides an important service in Nottinghamshire; by providing high quality school meals and clean learning environments the group of services supports many of the commitments integral to the achievement of the 'Your Nottinghamshire, Your Future' Council plan. Furthermore as one of the largest employment groups within the Council, CFM contributes significantly to the place building of the county, offering a significant number of jobs to local people (including more isolated rural areas), using local suppliers and adding value to the local economy.
4. However, the service has been, and continues to be, negatively impacted upon from a competitive perspective by significant internal and external costs pressures, including:
 - Foundation living wage, and other wage increases (the hourly wage cost, including employer contributions, for the lowest paid staff receiving the Foundation Living Wage has increased by around 35% since 13/14)*
 - Increasing corporate overheads (increasing by 108% since 13/14)*
 - Apprenticeship levy
 - Food cost increases (due to Brexit/falling value of GBP)

* It has been recognised that whilst the Foundation Living Wage has a significant impact on the profitability of the group it represents an organisation wide issue. Accordingly, it was agreed that it would be pertinent for decisions about the FLW to be made through the resources budget setting process as opposed to the Place Challenge Panel. Increases in corporate overheads reflect adjustments in 2014/15 and 2015/16 resulting from changes in the basis of allocating corporate overheads. These cost pressures are being addressed as part of wider work corporately (through the Corporate Services Review/HR).

5. In addition to internal and external costs pressures the CFM group operates in an increasingly competitive market place. Schools constitute the primary customers of CFM where increased academisation has led to more schools 'shopping around' for their services and therefore a greater interest in the market from the private sector. Both the nature of the market place and increasing cost pressures mean it is vital for CFM to adapt as a service in order to remain viable and relevant.
6. It is recognised that CFM can mitigate the impact of the aforementioned cost pressures by undertaking the management restructure. As a low margin business with labour costs making up a significant proportion of the cost base the core restructure activity would reduce the controllable costs within its remit. As part of the restructure it is proposed to review the management capacity within the group.
7. This proposal aims to implement a structural change within CFM whilst also embedding a cultural shift in the service by placing greater onus upon account management. At present the role of area manager is heavily focussed on operational duties, such as managing staff leave/sickness absence and ensuring staff have the necessary equipment. The proposed restructure involves staff specialisation in certain contract types - with roles focussed on secondary schools, PFI contracts, multi-academy trusts etc. (see restructure appendix for further detail). Area managers will still be expected to carry out operational duties under the proposed structure. However, it is anticipated that the introduction of the Customer Relationship Management (CRM) system and increased business support will allow this process to be accelerated and simplified; thus facilitating the transition to greater focus upon account management. In order to reflect this change it is proposed to alter the emphasis of the Senior Area Manager/ Area Manager roles significantly.
8. The cultural shift aims to empower and upskill staff in order for them to assume greater responsibility, whilst ensuring high value contracts, such as secondary schools, are prioritised. Delegating greater responsibility to Area Managers and empowering staff also reflects feedback which has recently been obtained from staff within the CFM service. It is expected that by placing greater onus upon account management, managers will be incentivised to spend more time nurturing and maintaining strong business relationships with customers. A shift towards a more dynamic account management approach lends itself to using systems such as Customer Relationship Management (CRM), which could be used to monitor and map performance. If CFM is based at the higher end of the cost spectrum in the market then a strong relationship with customers will be integral to demonstrating the value added by the service.
9. Business as usual changes, such as the development of a head office offer for managers to support their work are already underway to ensure that staff feel supported throughout this period of realignment.
10. A key element of the proposed restructure is the desire to instigate and embed a cultural change across the service. It has been recognised that working procedures have had the opportunity to normalise over a number of years, consequently it is acknowledged that working practices are not as dynamic as they could be with regards to both retaining customers and attracting new business. Under the new structure, specifically the significant changes to the account manager role, it is hoped that customers will see increased presence from the service and more focus will be placed upon building and maintaining relationships. Cultural change will be realised through a variety of methods, beginning with the restructure itself. Additionally, the

change in staff contracts and how they are aligned with job roles, and the review of business processes (introduction of CRM) are expected to focus minds and emphasise the importance of managing accounts and building strong business relationships.

11. Any restructure activity inherently involves risk and two main risks have been identified in relation to this proposal. Firstly, engagement from all parties involved and affected by the proposal will be important to deliver the project within agreed timescales and to secure the cultural changes required. In order to mitigate this risk a stakeholder matrix has been completed with a clear communications plan to ensure staff are engaged in the process, their questions are answered and their ideas can be taken on board.
12. A further risk is that staff will be unable to meet the increased demands on their time as a result of decreased management capacity while the number of contracts the service is responsible for does not proportionately decrease. As mentioned above a number of business as usual changes are already underway in order to help mitigate this risk. Additionally with changes in the contracts managers are responsible for their work will be more focussed.

Other Options Considered

13. Consideration was given to retaining the current structure of the Catering and Facilities Management. However, failure to undertake any restructure activity is highly likely to result in cost pressures continuing to negatively impact upon the service; consequently the viability of the group of services would be compromised moving forward. Additionally, retaining the current structure would not address the necessity of cultural change within the service which has been identified and outlined in this report.
14. Other restructure frameworks have been considered; however the proposed restructure was deemed most suitable having taken in to account both the potential costs of implementing any restructure and the potential impact upon the delivery of services.

Reason/s for Recommendation/s

15. The reduction in costs and cultural change within CFM, as a result of the restructure and other changes will enable CFM to be more competitive and this will empower the service to consolidate its market share in Nottinghamshire, improving financial viability and providing greater potential to be delivered differently/ become a saleable asset.

Statutory and Policy Implications

16. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

There are no financial implications arising directly from the report which is seeking approval to begin formal consultation on a management restructure. The financial implications arising from the proposed final structure will be included in a future report to committee.

Human Resources Implications

Staff and relevant trade unions will be consulted on the proposed restructure; additionally HR will continue to support the implementation of the new structure for the service (including redeployment)

Public Sector Equality Duty implications

The restructuring of the Catering and Facilities Management will be carried out in accordance with the County Council's employment and equalities policies.

Implications for Service Users

This restructure has been proposed as it can be implemented without compromising the quality of the service provided to customers.

RECOMMENDATION/S

It is recommended that:

- 1) Permission is granted to begin formal consultation with staff and recognised trade unions.
- 2) A further report be brought before the committee after formal consultation has taken place for the final structure to be considered.

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Constitutional Comments [SLB 06/11/2017]

17. Communities and Place Committee is the appropriate body to consider the content of this report.

Financial Comments [RWK 22/11/2017]

18. The financial implications are set out in the report.

HR Comments [TAC 23/11/2017]

19. Consultation will take place with staff and the recognised trade unions. The County Council's agreed enabling process will be applied in making appointments to the posts in the revised structure. Where applicable staff will be supported through the redeployment process.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All