

Management Cost Reduction (MCR) update

South-East London Joint Overview and Scrutiny Meeting
February 2024

Context

- All Integrated Care Boards (ICB) were informed in March 2023 of a requirement to deliver a Running Cost Allowance (RCA) reduction of 30% in real terms by 2025/26, with at least 20% to be delivered in 2024/25.
- The ICB agreed a set of 6 principles to underpin the process of achieving the required reduction. These were tested with the ICB Board prior to the Staff Consultation being published.
- To reduce the impact on staff, the ICB carried out a line by line review of its non-pay running costs to identify potential efficiencies.
- A vacancy freeze has been in place in 2023 to minimise redundancies.
- The ICB has explicitly re-structured to secure delivery of its core and statutory functions and remain within the reduced running cost allowance.
- The changes, which also seek to reflect our developing ICS and system architecture, will result in the need for organisational and system development and new ways of working, inclusive of a spread of inputs from partners in supporting the work of the Integrated Care System (ICS).

The MCR process in overview

Step 1

(May)

A set of initial cross-directorate, functionally-focussed discussions to frame our approach. Step 1 concluded with a test of overall coherence and positioning across all functions.

Step 2

(June – July)

Open discussions that identified the core offer/ requirement of each function, obtained staff views on the future configuration options that emerged from step 1, and identified new options for how our functions could be configured

Step 3

(Aug – Oct)

Executive Directors used the outputs from step 2 discussions to draw together a single set of proposals that have translated into costed proposed structures. Step 3 output has, at a high level, been tested with the ICB Board and they are content with the direction of travel

Staff consultation

(16 Oct – 29 Nov)

45 (calendar) day consultation period for staff to respond to the proposals in the consultation document to be published on 16 October. Engagement sessions scheduled at launch and mid-way through consultation period

Consultation outcome

(Dec – Jan)

Consultation responses used to create and publish a consultation outcome in mid-December. Final outcome letters to staff to be sent from 9 January 2024

Implementation

(Jan – Mar 2024)

Implementation of structures as per consultation outcome; including interviews for ring-fenced posts, giving/serving of notice, redeployment/ suitable alternative employment approaches etc.

Implementation

- The Staff Consultation closed on the 29 November.
 - 298 responses from staff received
 - Capacity and managing workload plus how the interface between different parts of the ICB will work post MCR implementation were the two most common concerns raised.
 - A large number of generic and individual HR related queries were also raised by staff.
- The management response was published on the 13 December – this provided our response to the consultation responses received, in the context of the continuing need to secure our management cost reduction target. The management response included the publication of final structures.
- A limited number of changes were made to the proposed structures, noting the key feedback above.
- A slotting in and job matching process is now in train and staff will be informed of the outcome of this process from 9 January 2023 (as part of a phased process over the month).
- Ring fenced interviews will take place during February and March with new structures being implemented from April, noting this is a two-year programme and some changes will be implemented later in 2024/25.

Description	Figures
Overall savings secured	£15.2m
Total WTE reduction	376.03 WTE posts removed 158.91 WTE new posts 217.12 WTE net reduction