

Management structure and planning

Introduction

3.1 This chapter describes the major management divisions within the four electricity boards, including the area/district structure and the responsibility for meter-reading, billing and collection at head office and in areas or districts. Recent changes in management structure and organisation are also noted, together with the main features of corporate planning.

The Board

3.2 The 1947 Electricity Act specifies the constitution of a Board as follows: the Chairman and between five and seven other members to be appointed by the Minister (now the Secretary of State for Energy), one of these members to be appointed Deputy Chairman; one additional member, who is the Chairman of the Electricity Consultative Council, appointed by the Secretary of State for Trade and Industry. The Chairman and the Deputy Chairman are normally appointed for a period of five years, their appointments being renewable. It is normal practice for part-time members to be appointed for a three-year period, and appointments may be renewed for a further two terms (although several appointments have lasted for a total of ten years). The 1947 Act lays various duties upon the area electricity board, but does not specify the duties of the Board or of its members. It is for the Board to decide how it will operate, including the frequency of meetings, the topics it will discuss and the items on which it will take decisions.

Management divisions

3.3 Below Board level the head offices of the four area boards are organised under four chief officers. These are the Engineer, Commercial Officer, Accountant and Secretary, although the titles of these officers vary from board to board. The major differences include a Corporate Affairs Department for EMEB, the head of which reports direct to the Chairman, a Personnel Manager for NEEB and SWEB, a Management Services Officer for SEEB and EMEB and a Computer and Information Systems Controller for SWEB, each of whom reports direct to the Deputy Chairman.

3.4 The current management structures for the four area boards are shown at Appendices 3.1 to 3.4.

Head office responsibility for meter-reading, billing and collection

3.5 In all four boards the Chairman is responsible for overall policy matters and the Deputy Chairman is responsible for the day-to-day implementation of policy. At chief officer level the Finance Director or Chief Accountant is responsible for a large element of the reference activities.

3.6 Within particular boards responsibility for other elements of the reference activities is allocated to other chief officers. The Engineering Director has responsibility for metering and the Commercial Director for some aspects of customer service, tariffs and advice about consumption. Responsibility for computing, management services, administration and industrial relations varies between the boards. EMEB's Director of Marketing (Commercial Director) and Director of Finance have a responsibility for costs charged to Customer Service. SWEB's Computer and Information Systems Controller provides support services for a number of aspects of the reference activities.

3.7 In NEEB, EMEB and SEEB responsibility for shops lies with the Commercial Director. In SWEB responsibility for direct control of shops is at area level.

Area/district structure

3.8 The number of management units in each of the four area boards are 5, 15, 10 and 4 for NEEB, EMEB, SEEB and SWEB respectively.

3.9 Except for EMEB, area/district structure is second-tier, that is below head office. EMEB's group structure is an extension of the head office, with each group separated into five districts. The organisation of reference activities at area/district level, as specified by each of the four boards, is shown at Appendix 3.5.

Major changes in management structure and organisation

NEEB

3.10 In 1973 NEEB moved from a three-tier organisation of board headquarters, 4 areas and 14 managed districts to a two-tier structure of board headquarters and 7 managed districts. In 1982 the number of districts was reduced from 7 to 5. In addition the number of chief officers and headquarters departments was reduced from 5 to 4 as a result of the merging of the Secretary's and Services Controller's Departments. The number of assistant chief officers was also reduced from 20 to 16. In 1984 the number of managerial staff in each of the 5 districts was reduced from 4 to 3.

EMEB

3.11 In 1968 a three-tier structure was introduced in EMEB. Recent changes include a reduction from 18 to 15 in the number of districts, Modifications were made in 1980, the fundamental change being the introduction of a revised supervisory structure and the introduction of a marketing strategy and a marketing organisation.

SEEB

3.12 SEEB has made organisation changes since nationalisation, at which time some 50 separate undertakings were grouped together in five sub-areas. By the late 1950s the number of districts had been reduced to 26 and in 1969-70 a major reorganisation created 14 larger districts and eliminated the five sub-areas. After a further examination of organisation in 1979-80 three districts were absorbed into adjacent ones, leaving a total of 11 districts from 1 April 1981. Another merger on 1 April 1984 reduced the number to ten.

SWEB

3.13 In 1980 SWEB changed from 13 districts and four groups (which were established in 1958) to four areas. The changes involved reductions in the number of management and supervisory staff. SWEB told us that the new structure was designed to provide a basis for the introduction of future changes and improvements in labour productivity. Subsequent changes have included a reduction in local units from 13 to 9, the closure of one of the board's meter-test stations, a further rationalisation of supervisory structures; and the closure of 18 shops. A review of SWEB's headquarters structures was undertaken in 1981-82 which, in addition to staff reductions, involved a reduction in the number of departments and main sections, the closure of one of the board's two training centres, and the establishment of a Computer and Information Systems Department (which was given responsibility for all computing developments and associated operational aspects as well as the 'management services' and corporate planning functions).

Planning

3.14 NEEB produces no Medium Term Development Plan (MTDP) but the priorities for management flow from the load forecast, financial estimates and capital investment programme. Annual Operating Plans (AOPs) are produced. Reference activities are dealt with in the AOP produced by the Financial Director. Relevant extracts from the 1984-85 AOP are shown at Appendix 3.6.

3.15 EMEB has a Corporate Affairs Department which, through the Corporate Planning Working Group, is responsible for production of an Operating and Development Plan. This plan is produced annually and covers a five-year period, with particular emphasis on the next 12 months. No separate AOP is produced. Each division has a representative on the Working Group. Items for inclusion in the Operating and Development Plan, including those relating to the reference activities, are submitted via divisional representatives. The Chief Management Accountant coordinates the submissions of the whole Finance Division. These submissions include those relating to the reference activities which are primarily the responsibility of the Chief Income and Expenditure Accountant. Extracts from the Operating and Development Plan for 1984 to 1989 are shown at Appendix 3.7. The 'specific actions' for the current year included in the Operating and Development Plan are used as the basis for production of individual Action Plans. An Action Plan is produced by each department at board headquarters and by each group and district. This details action to be taken during the year and identifies the individuals responsible for this action. The overall planning for the allocation of resources to the reference activities is through the Capital, Revenue and Manpower Budgets and the Data Processing Strategy Plan.

3.16 SEEB produces a Corporate Plan covering a five-year period. Reference activities are included under customer relations, electricity sales and pricing, computer and other technology, performance indicators and customer relations. Extracts are shown at Appendix 3.8. Head Office and District Operating Plans are also produced annually, which include areas concerned with reference activities.

3.17 SWEB produces a Medium Term Corporate Plan covering a five-year period which is updated and published annually. The document is the main vehicle for providing information on the board's longer-term intentions. Once it has been approved by the Board it is circulated to all management staff. The plan concentrates on major objectives, assumptions and developments. The reference activities are dealt with in the appropriate section, for example references to meter-reading, billing and collection activities in the Cross-Functional Developments section include: doorstep billing, review of billing operations and terminals in shops. Illustrative extracts from the board's 1984-85 to 1988-89 Medium Term Corporate Plan are shown at Appendix 3.9.

3.18 AOPs are produced for each headquarters department and for each area. Headquarters departmental plans include a statement on the ongoing work of the department, specific development work which is to be undertaken during the year, a statement of the department budget target together with target dates for specifically identified actions. Extracts from the Computer and Information Systems Controller's Departmental Operating Plan 1983-84, which relate to reference activities, are shown at Appendix 3.10. Area operating plans are also produced annually and, in addition to setting out overall objectives and responsibilities, they include specific targets covering each main area of activity. These targets include improvement targets which, in relation to meter-reading, billing and collection costs, have been developed mainly through the application of multiple linear regression analysis taking account of factors representing geography and consumer distribution. An extract from one area's plan for 1984-85 (covering administration revenue expenditure) is attached at Appendix 3.10 to illustrate the approach adopted.