

**Report of Chief Asset Management and Regeneration Officer**

**Report to Director of City Development**

**Date: 16<sup>th</sup> April 2014**

**Subject: Proposed Asset Management and Regeneration Restructure**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: 10.4 (1) Appendix number: Schedule A - Final Assimilation to New Structure	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

**Summary of main issues**

1. This report outlines a proposed new structure for Asset Management and Regeneration, in the context of:
  - the Best Council Plan and using our assets wisely, including the Budget Plus asset review and rationalisation programme;
  - the economic and housing growth agenda which requires significant Asset Management and Regeneration leadership or input, including the delivery of significant and major projects in the City at the East Leeds Extension, inner East Leeds, Aire Valley, the Enterprise Zone, South Bank, Holbeck Urban village and other city centre regeneration and redevelopment activity that are highly complex and long term projects aimed at adding to the economic prosperity of the Leeds economy. Specifically, additional resources have been made available via the HRA to support the council housing growth programme delivery, and a business case is being drawn up for non-HRA resources to support housing growth generally, including affordable housing; and an additional post has been funded through the Townscape Heritage Initiative specifically for work on Kirkgate Market First White Cloth Hall regeneration project.
  - the major drive to continue to rationalise the assets of the Council;
  - the August 2013 decision to merge the asset management and regeneration functions under a single chief officer in the City Development Directorate (CDD);

- the Asset Review outcome that proposed the transfer of operational building maintenance activities to the Resources Directorate and the consolidation of strategic asset management activities in City Development;
  - Executive Board (July 2013) and CLT acknowledgement of the need to strengthen the Council's strategic asset management function, and recognition that the Council's professional property function is operating under-capacity due to a number of vacant posts and is at risk of being unable to respond effectively as the property market recovers;
  - the Council's need to achieve significant budget savings over the current spending review period; and
  - the organisational design principles which seek flatter more flexible structures.
2. This report outlines a new structure which combines Asset Management and Regeneration structures below the Chief Officer post.
  3. This proposal has been subject to consultation with Trade Unions and with the staff affected. It takes into account the range of comments and suggestions made, balancing these with the business requirements of the service and the financial and organisational design context that the Council is operating within.
  4. The revised structure is designed to deliver savings from the operational structure and establish a flatter structure, reducing the number of grades in line with the new corporate organisational design principles. The new structure is also designed to be resilient and more flexible and to provide capacity to manage the major number of complex areas of work that Asset Management and Regeneration are working on now and new priorities as they get identified in the future. A number of these projects will take place over a considerable period of time and require the expertise and knowledge of staff working at a high level of responsibility contributing and managing such projects
  5. Overall the number of posts is reduced by 24, and this partly reflects the 28 vacant posts still held on the structure and the requirement that the proposal makes budget savings. The proposed new structure includes 86 posts, a net reduction on the formal structure of 110 remaining in city development after the transfer of 36 posts to CEL without structure change in January 2014. The 36 posts are therefore formally deleted from CDD's structure as part of this proposal. The new structure recognises the loss of posts and budget over the last three years and realigns resources to activity to deliver agreed corporate priorities. Due to the nature of the activity in Asset Management and Regeneration posts are generally needed within the PO grades. However the proposal reintroduces the career grade posts and deletes the lowest graded posts (A1/3)
  6. In terms of the organisation design principles, the current structure includes 16 posts in the JNC range. This proposal includes 11 posts in the JNC range; the current structure includes 61 posts in the PO range. This proposal includes 57 posts in the PO range (excluding the 3 career graded posts proposed).
  7. The proposed structure includes 86 posts. 46 people will be slotted into positions, leaving 31 people in a ringfence for 40 positions.
  8. The current structure includes 25 posts in the A1/2 – S02 range of which 16 are filled with 2 pending retirements. This proposal includes 15 posts at B3 – S02 i.e.

the same number as those currently in post and intending to say with the Council. In addition there are the 3 proposed career grade posts. The career grade and any vacant entry level posts may be suitable for apprentices. This will provide the opportunity for staff to develop and learn to assist in the work delivering the major projects referred to above.

9. The structure proposal includes re-introducing career grades and a number of posts at SO2 with the purpose of growing talent within the service. The overall budget savings from these services over the last three years amounts to £750k. The net cost of the proposed new structure is £3.443m as against the initial 2013/14 operating costs of £3.725m delivering a saving of £282k in a full year (2015/16). This will be used in meeting the service staffing target for 2014/15.
10. The structure clearly shows that savings will be made by creating a flatter and more flexibility structure compared to greater number of grades in the current structure.
11. The transfer of a significant proportion (36 out of 45) of the CPM staff to CEL allows scope for more effective working in that directorate, with a view to creating future efficiencies in the way that the Council delivers its property maintenance programme. In recognition of potential future savings, the Deputy Chief Executive has agreed that City Development can plan on using a corporate contribution of up to £75k p.a. as part of this restructure. It is proposed that City Development will take advantage of this on a one off basis only during the structure implementation in 2014/15 to cover transitional costs associated with the timing of the implementation.
12. The new arrangements will allow flexibility to provide the right mix of professionally skilled resources to deliver a range of regeneration and asset management activities, routine and complex. It is intended that posts will be flexible within the services to enable the council to deliver on key objectives and outcomes. The new structure provides sufficient capacity in key areas while recognising the potential need for future adjustments to reflect budget requirements in 2014/15 and 2015/16.

## **Recommendations**

1. The Director of City Development is recommended to:
  - i. formally delete the 36 posts transferred to CEL from the Asset Management & Regeneration structure; proposed staff in scope for the Asset Management and Regeneration restructure as per schedule a);
  - ii. proposed formalisation of transfer of one post of Programme Manager (JNC 45%) to Employment & Skills;
  - iii. formalise the transfer of four staff from Economic Services to Asset Management & Regeneration and for their posts to be included in scope for this restructure.
  - iv. restructure proposal as outlined in this report; and
  - v. the slotting and ring-fence arrangements as outlined in this report in para 8.8, and as proposed in confidential schedule a.
  - vi. agree to savings of £282k to be implemented from the 2015/16 Asset Management and Regeneration staffing budgets.

## **1 Purpose of this report**

- 1.1 This report outlines a proposal to restructure Asset Management and Regeneration in line with the recently approved combining of the roles of Chief Asset Management Officer and Chief Regeneration Officer. It is proposed that the new service includes Asset Management, Regeneration and Land & Property divisions.
- 1.2 The report also formalises the staffing implications of the asset review in relation to the transfer of operational activities associated with property maintenance to CEL.
- 1.3 The report also seeks to formalise a number of temporary arrangements that would otherwise result in some posts not being included in any structure.

## **2 Background information**

- 2.1 From 1<sup>st</sup> August 2013 a new post of Chief Asset Management and Regeneration Officer was established in City Development and two existing Chief Officer posts were deleted. This provides the opportunity to reshape the new division as a whole to reflect current and future priorities. The Chief Officer was slotted in the single remaining post and this has facilitated the current restructure proposal.
- 2.2 The new Asset Management and Regeneration division of the directorate is made up of a range of service areas which have been restructured at different times since 2008. The current formal structures and operating arrangements for Asset Management, CPM, Regeneration and Property Services are detailed in Appendix 1 and changes summarised below.
- 2.3 The Asset Management Division was last restructured in 2008. A number of design staff were subsequently transferred to the Council's JV company NPS Leeds. Excluding these posts and excluding the Chief Officer, the formal structure included 30 posts: 19 posts in Strategic Asset Management, 4 in Construction Best Practice, 7 in the projects team. There are 20 people in post at present in Asset Management, with the major gap being that there are no officers currently in post in the strategic asset management function.
- 2.4 In 2009 Property Services was restructured to reflect market conditions at the time giving a structure of 33 posts, a reduction of 12 posts. However, there are 8 vacant posts and the service will struggle to respond to the Council's requirements in its current form.
- 2.5 A number of staffing changes have been agreed since 2009 as part of corporate moves for greater efficiencies. This has included: the transfer of staff out to ADS and the establishment of an NPS client unit; the move of CPM in from Resources; a number of transfers of staff between Resources (business improvement) and Environment and Neighbourhoods (Aire Valley); and some internal directorate moves of project staff.
- 2.6 CPM transferred to CDD in 2011 covering building maintenance planning, the directorate property managers, and development and support team. The water management team had previously moved to CPM from CDD, and in total 45 CPM

posts were transferred into CDD. These teams are led by a head of service (60%, hon to 65% dating back to Resources).

- 2.7 Regeneration Programmes division was last restructured in 2011 as a division of the (then) Environment & Neighbourhoods directorate. At the time 27 posts, excluding the chief officer post, were on the structure covering area based regeneration, affordable housing investment, and investment in town & district centre regeneration projects. Subsequently, a 45% post was transferred informally to Employment & Skills in 2010 to help strengthen that activity and this restructure formalises that position, leaving that post out of scope for this restructure.
- 2.8 Four posts currently operating in asset management originated from Economic Services. Two of these include permanent post holders. One of the posts is formally acting up following competitive interview, and a further member of staff who was supernumerary and unbudgeted within economic services but whose role covers regeneration related activity. All of the activities of the four post holders are appropriately contained within the asset management and regeneration restructure and they are therefore proposed to be transferred and included in scope.

### **3 Detailed Proposals**

- 3.1 The proposal establishes three services: Asset Management, Regeneration, and Land and Property. The new structure has adopted the new corporate organisational design principles whilst reflecting the particular nature of the activities carried out in Asset Management and Regeneration requires high calibre professional staff capable of taking forward significant regeneration or property matters. The proposal aims to provide a structure which is sustainable for a number of years with flexible staff who can pick up priority work across the whole of asset management and regeneration, sometimes at short notice regardless of their line management arrangements. It also delivers planned savings in line with the budget strategy and allows adequately for career progression particularly across the range of technical disciplines deployed in the division seeking to establish a sustainable future for the service.
- 3.2 The management of the new division is led by the Chief Asset Management and Regeneration Officer with a head of service at Dir 60% level to lead each service are supported by senior staff (Dir 45% or Dir 52.5%) to lead on significant areas of work within each service. This also reflects that nature of the work undertaken by the service which is of a high profile and complex nature involving major levels of investment in the city. The proposed structure, however meets the organisational design principles by both reducing the overall JNC posts and reducing the number of management levels at JNC levels.
- 3.3 The proposal formally deletes CPM from the structure in City Development, as 36 operational maintenance staff transferred to CEL (including 2 from Asset Management) on a 'lift and shift' basis, with all other posts being included in scope for this
- 3.4 This structure has been developed in response to a number of emerging significant priorities, which require a different and more strategic response than that provided previously in Regeneration and currently in Asset Management.

- 3.5 Regeneration: in Environment & Neighbourhoods, the Regeneration Division's focus was neighbourhood regeneration issues, albeit sometimes on a larger scale. Major economic regeneration activity associated with the Aire Valley transferred to City Development where most of the technical resources to deliver a programme on this scale are based. Now that the whole of the division is in City Development, its focus needs to, and is, changing to reflect the needs of the Council to facilitate and deliver major infrastructure and both city centre and area based regeneration outcomes, but primarily physical regeneration projects. The service will provide leadership on a range of projects and programmes including the Council House Growth programme, the East Leeds Extension, Aire Valley Leeds including the Enterprise Zone, South Bank and Holbeck Urban Village. The service will make a key contribution to provide a coordinated response to housing growth.
- 3.6 Property Services (to be renamed Land and Property to avoid any confusion with operational property maintenance in CEL): in the last restructure Property Services was reduced to reflect the reduction in activity during the property recession. However, the division now needs to be able to respond to the recovery of the property market and growth in more strategic activity, including for example the housing growth agenda and the investment portfolio. The significant areas of activity the division is now involved in, and will be for the foreseeable future include: the refurbishment of Merrion House; Victoria Gate; Sovereign Street and the new city park; the East Leeds extension; housing investment and the council house build initiative; the regeneration of city centre south and the Enterprise Zone; the growth in Council based property activity including the outcome of the rationalisation programme; reviewing the current investment portfolio to create a high income generating portfolio of properties and consideration of new asset and investment models.
- 3.7 Asset Management: Executive Board has agreed that as a result of the asset review, the operational building maintenance activity CPM transfers to CEL and Asset Management should focus on strategic asset management activity. This will include: the development of the asset management plan; delivery of the asset rationalisation programme; ensuring retained estate is fit for purpose; other reviews of assets; and leading consideration of the Council's long term use of its land and property assets. At present, none of this activity is resourced at a strategic level or organised effectively and efficiently, and in fact formally there is no post holder in place above the grade of PO4. This in itself has seriously affected the ability of Asset Management to plan the Council's asset use wisely.
- 3.8 Overall, the proposed structure therefore rebalances the resources available to match these emerging priorities within a very strict financial envelope. It reduces the number of JNC posts from the formal structure, by 5 despite the significant major and growing areas of work that require leadership at this level, and the number of tiers of management and grades throughout the structure. It also rebalances the resources to ensure that the leadership of programmes is at the right level (primarily for asset management and regeneration this is at the JNC 45% and PO6 levels), reducing the middle ranges of posts and enhancing the career grade and programme support capacity. It also reduces the number of grades operating across the structure (by a number of grades) to ensure there is a flatter structure mainly at PO6, PO4 and PO2. There were more people affected at these grades than on those grades deleted. This also deals with the issue that

project managers in asset management are on PO1, PO3 and PO5, whilst project managers in regeneration, subject of the most recent restructure are on PO2,4 and 6, There is no rationale for this; it is simply the historic position. In addition, some of the PO1 surveyors in Property Services are fully qualified RICS surveyors or have a considerable number of years of property related work experience. It is quite clear that the nature of the work they do, along with the professional qualification, is comparable to staff elsewhere on this structure on PO2. All roles will be subject to job evaluation in any case to verify this. Within Property Services, there is no distinction between the work of PO4s and PO3s at present. The existing structure has 61 posts at the PO grades compared to the proposed with 57.

3.9 Although there has been a reduction in the number of posts at SO2 and below this reflects the same requirement to reduce the number of overall posts on the structure and reflects the similar reductions in the posts graded above these. The grades at A1/3 have been deleted to reflect the Unions requirements for pay scales at or above the living wage pay scale. The realignment of these posts will enable the better use of these grades to support the service across the whole of the Asset Management and Regeneration Service. Posts at SO1, SO1/2 are proposed now to be at SO2, to reflect the revised duties.

3.10 The overall proposal is summarised in the table below which also shows the number of people currently in post and the numbers on the formally approved structures for these services. As outlined in 3.7 above, there is a significant gap in current resource in the strategic asset management function. In addition, it is also necessary to properly resource activity to support housing growth and specifically the increase in affordable and council housing. At this stage five additional posts, on top of those outlined in the table below, will be added, paid through the HRA and a business case for housing growth resources, to increase the capacity to deliver council house growth programme (in excess of £40m over 3 years). The structure proposal primarily does this by realigning resources, but it is not realistic to expect this work to be carried out without some increase in actual resource to do deliver.

**Table 1 Proposed Structure Compared to Historic Position**

<b>Grade</b>	<b>Formal</b>	<b>In post</b>	<b>Proposed</b>
Dir 75%	1	1	1
Dir 70%	1	0	0
<b>August 2013 Decision</b>			
<b>Subject of the restructure proposal</b>			
Dir 65%	0	1 (hon)	<b>0</b>
Dir 60%	3	1	<b>3</b>
Dir 52.5%	2	1 (hon)	<b>1</b>
Dir 45%	9	5	<b>6</b>
PO6	10	9 (2 hon)	<b>13</b>
PO5	7	3	<b>2</b>

PO4	16	14 (1 Hon)	<b>23</b>
PO3	9	11 (3 hons)	<b>0</b>
PO2	<b>14</b>	<b>11</b>	<b>19</b>
PO1	6	4	<b>0</b>
SO1/2 – SO2	5	3	<b>6</b>
SO1	3	2	<b>0</b>
B3-PO1	3	2	<b>3</b>
C3	3	2	<b>2</b>
C1	6	4	<b>4</b>
B3	6	2	<b>3</b>
A1/3	2	2	<b>0</b>
	<b>110</b>	<b>78</b>	<b>86</b>

### **Asset Management**

- 3.11 The re-established Asset Management Unit will be headed by a senior post (60%) who will lead two teams, a technical and a strategic team. The current asset management unit includes a Head of Service post at 60% which has not been filled for a period of time and as a consequence the Council's strategic capacity to do asset management planning and projects has been very restricted. This post is critical to the delivery of the asset review; a priority for the budget strategy and the business case for its establishment is the deletion of 1 x 60% and 1 x 52.5% in the original structure. The proposed capacity of the unit has been increased from the current operating position to reflect the increase in support to directorates in implementing service transformation with asset implications. The Head of Asset Management post will focus a greater proportion of their time on the strategic asset management issues facing the authority. The strategic asset management team will ensure that the Council has effective measures in place to ensure best use of its land and property resources to support service delivery, economic growth and to support the Council's overall strategic financial planning.
- 3.12 It is proposed that the strategic asset management team is led by an officer at 45% reporting to the Head of Asset Management, retaining the original (but currently unfilled) 45% post from the Strategic Asset management Unit Structure. The asset review project concluded that the Council's strategic asset management function needs capacity to work with services and localities to agree asset management solutions to their emerging service delivery issues. The post holders in this team need to have the expertise, seniority and capability to work credibly with service directorate leadership teams, the area leadership teams, and Ward, Lead and Executive Members to establish asset management plans and solutions often in very challenging circumstances. It is on this basis that the majority of posts are in the PO range.
- 3.13 This team will also: provide the agenda management support for Asset Management Board and Strategic Investment Board; be responsible for the preparation of the Council's asset management plan; ensure that strategic asset management decisions are taken in the appropriate place in the Council; and ensure the Council responds effectively to the community asset transfer agenda and community right to bid legislative requirements; and liaise with Property Maintenance in CEL to ensure that the Council is spending its maintenance budgets in line with the asset management plan agreed by the authority.



- 3.14 The technical asset management team will focus on the implementation of major Development based proposals arising from asset management plan reviews and other investment plans. The unit will retain responsibility for the Council's client role for the design services joint venture with NPS. The original team around which this unit is proposed includes highly capable staff, which delivered the Leeds Arena and associated investment in excess of £70m, the Grand Theatre refurbishment/ redevelopment (£31m), Northern Ballet (£12m). It is intended that in future the team focuses on delivering technical solutions within the city development remit and that any project work in other services arising from asset management reviews is supported primarily from PPPU. In addition, as there is some cross over in the skills delivering the THI and HLF work in Regeneration, the scope to bring these resources together at a future point will be kept under review and in any case the resource will be used flexibly. To reflect the complex and technical requirements of this type of project this team will be led by a manager at Dir 52.5%. This is in place of the previous 2 x 45% posts covering these activities, and therefore there is a business case for this specific proposal.
- 3.15 The team will also manage the interface with the Council's joint venture company, NPS Leeds, as staff in this team will have the appropriate technical appreciation of the design process and contract management.
- 3.16 The unit will include an energy technical advice to advise about high level energy solutions. This activity will be subject to a separate review following restructure as it may fit better with the environmental sustainability work carried out in Environment & Housing. Similarly, the purchase of gas and electricity is not core asset management activity and the responsibility of this may best sit in Finance or PPPU.
- 3.17 The number of PO posts reflects the nature of the major project delivery responsibility as outlined above and the capacity in this team has been increased from the current number of people in post, but is below the formal structure level. The senior post at 52.5% in effect replaces 2 x 45%.
- 3.18 Overall the asset management capacity which has to be flexible across teams is proposed as follows;

**Table 2 - Asset Management**

1 x Head of Service - 60% 1 x Executive Manager - 52.5% 1 x Executive Manager - 45%
3 x Principal Asset Management Officers - PO6 10 x Senior Asset Management Officers - PO4 4 x Asset Management Officer - PO2 1 x Asset Management Support Officer - SO2 <b>Total 21</b>

## **Regeneration**

- 3.19 The service has been operating in CDD for twelve months and the move has enabled major regeneration priorities to move forward with multi-disciplinary support across the directorate. The move has also enabled a broader understanding of regeneration priorities and their contribution to corporate economic and development plans to be embedded in City Development more effectively than was possible when the service was in Environment and Neighbourhoods.
- 3.20 The post of Head of Regeneration is proposed at 60% and in effect replaces the Chief Regeneration Officer post, using the resource from the Post of 'Head of East' which in recent years has covered the Aire Valley area and has been located in Asset Management. The level of the post is justified in that the post holder will be expected to take a strategic overview of regeneration, establish effective relationships internally and externally and lead multi-disciplinary project teams delivering significant programmes of work which will support the economic and housing growth agendas as well as the physical regeneration plans which are developed at neighbourhood level in inner city regeneration priority areas. In addition, the post holder will be responsible for the development of the Leeds Regeneration Strategy and will support the Chief Asset Management and Regeneration Officer in managing a range of outcomes and relationships externally e.g. with the HCA. It is not possible for the Chief Asset Management & Regeneration Officer to manage the detail of the full range of regeneration programmes in addition to the asset management and land and property responsibilities. This post is therefore considered essential to ensure that the Council's strategic capacity to deliver area based regeneration programmes is well managed and that there is capacity to prepare regeneration strategies and contribute effectively to the Best Council Plan.
- 3.21 The new structure proposes that resources are rebalanced to ensure that the appropriate resource is available for strategic activity and support levels. The overall resource proposed is smaller, but more focussed. To reflect the nature of work it is proposed to rebalance the posts across the principal officer grades. Some of the housing investment activities will need to be refocused onto the housing growth and in particular the council house growth programme, whilst some of the previously detailed support to housing association delivery is unnecessary and will need to be scaled back. There is some anticipated growth in this area in both Land and Property and Regeneration to enable this programme to be fully developed, and which will be funded separately. Current high level priorities include area based regeneration programmes in the Aire Valley, East Leeds and Holbeck Urban Village; and some city centre or city wide programmes including the brownfield land programme, older people's housing, derelict & nuisance properties programme, council house build, and the townscape heritage initiatives. In recognition of the additional work to support the new council house build programme the structure it is proposed to include additional provision at PO6 in Regeneration, and at PO4 and PO2 in Land and Property . As these have been added to the proposed numbers on the structure these are subject to special funding at this stage by the housing revenue account there is no net addition to the budget required to fund this element of the structure.

3.22 The following table sets out the proposed posts for Regeneration.

**Table 3 – Regeneration Proposed**

<b>Head of Regeneration (60%)</b>
4 x 45% Executive Manager (Regeneration)
5 x PO6 Principal Regeneration Officer
5 x PO4 Senior Regeneration Officer
10 x PO2 Regeneration Officer
2 x S02
<b>Total 27</b>

- 3.23 In Regeneration, there are currently 23 people in post excluding the chief officer and support posts. It is proposed that Regeneration will now also take on responsibility for area based development work to include for example the Aire Valley, EZ and Holbeck Urban village programmes. The new structure proposes that regeneration will be established with 27 posts, with the support of a shared career grade post and technical support via service development.
- 3.24 The service has been operating in CDD for some eighteen months and the move has enabled major regeneration priorities to move forward with multi-disciplinary support across the directorate. The move has also enabled a broader understanding of regeneration priorities and their contribution to corporate economic and development plans to be embedded in City Development more effectively than was possible when the service was in Environment and Neighbourhoods. The structure already reflects the Council's approach to a flatter structure and as part of the restructure will build in greater flexibility in the way the resources are used across the service. It is the model which works and is being reflected in the structure proposal for Asset Management and for Property.
- 3.25 Looking forward, the link between Regeneration activity and Asset Management has strengthened beneficially and it is proposed to build on this link with this restructure.
- 3.26 A matrix management arrangement will be used and it is proposed that as far as is practically possible, there will be no division into sections in Regeneration. It will operate as a team with four senior posts leading a range of regeneration priorities and supported by a pool of staff who may be working across a number of programme areas. Line management will not be based on programme area responsibility, as the division is small enough for there to be a broadly shared understanding of the regeneration priorities.
- 3.27 Staff in the posts provided for each of the regeneration teams will be used flexibly with the intention of effectively delivering on priority work and to give opportunities for staff development by allowing them to be involved with and manage a variety of workloads and technical areas. These teams will be required to provide a range of technical support for business case development, master planning and design work, contracting and procurement (advisors and contractors) and the on-

going monitoring and delivery of schemes. Senior development and management responsibility will be provided for schemes at the PO6 level and these posts will be supported by a mix of support at SO2, PO2 and PO4.

**Land & Property (previously Property Services)**

- 3.27 The current rationale for retaining Property Services is basically sound. However it is proposed to delete the two 45% posts and create one single Deputy Head post to take an overview across disposals/acquisitions and investments. In addition it is proposed to streamline and simplify the grading structure. However, the actual structure is made up of 33 posts and in practice the service is operating below this level with 25 posts filled (23.6 FTEs) ( of these 4 are business support and are not included in the professional land & property teams in this proposal)) This is now having an adverse effect on its ability to deliver, and will certainly prevent the service responding adequately to future challenges as the property market recovers and as the Council shifts its property interests towards high quality investment assets. It is also recognised that there is little scope for progression of lower graded staff and it is proposed to reintroduce the career grade system for a number of posts for this reason.
- 3.28 In total there will be 25 professional/technical property staff in the new proposal including those associated with the housing growth, with an additional two career grade posts dedicated to this division. It is proposed that Land & Property is led by a Head of Land and Property graded at 60% to reflect the responsibility for leading the Council’s professional surveyor support and will also have overall responsibility across Asset Management and Regeneration for service planning and development, data, and the career grade posts. The Head of Land & Property will be supported by a deputy at Dir45% (a reduction of one EO45% from the existing structure) to reflect the complex area of work and to provide support needed to grow the strategic property investment portfolio and continue to support the disposal and acquisition programme including undertaking major development projects in the City.
- 3.28 It is proposed that there are two sections in Property, although with some flexibility across the two professional property sections that will be used to meet the delivery of the various work programmes. As now, the two property sections will cover acquisitions & disposals, and managed property, leases and the investment portfolio. This latter function will be subject to review at future date on the basis that alternative ways to deliver high value investment portfolio activity might need to be explored. The proposed structure is shown in the following table, with some shared technical support.

**Table 4 – Land and Property**

1 x Head of Service – 60%
1 x Deputy Head - 45%
4 x Principal Officers – PO6
2 x Principal Officers - PO5
6 x Senior Officers - PO4
5 x Principal Officers - PO2

Technical Support Across Land & Property
2 x SO2
1 x C3
3 x C1
<b>Total 25</b>
+ 2 x career grade fixed term

- 3.29 The Land & Property service provides the Council's professional surveyor resources and the structure for the service has been designed to recognise the practising requirements as defined by the RICS. Property covers a diverse range of work from small garden land sales, miscellaneous disposals and the granting of licence agreements through managing a substantial investment portfolio and dealing with major development disposals and agreements. The valuation service is also regulated by the RICS.
- 3.30 Currently Property Services has circa 1,000 work instructions to undertake with further work forthcoming in respect of the Flood Alleviation Scheme and Council House Growth Programme with anticipated delivery of 400 Council houses over the 4 years.
- 3.31 Land & Property will incorporate a new Service Development team for the whole of Asset Management and Regeneration. This replaces: the current Property Services Business Unit; the retained element of the CPM Development & Support Team; and other related activities in asset management and regeneration. The Service Development team will have responsibility for land records, service planning and performance across the whole of asset management & regeneration, the career grade posts, advertising income project and RTB administration. The proposed structure is shown in the following table.

**Table 5 - Asset Mgt & Regeneration Technical Support and Service Development**

1 x PO6 - Service Development Manager	
2x PO4 – Senior Service Development Officer	
<b>Shared support used across the division</b>	
1 x SO2 –Support Officer	
1 x C3 – Assistant Support Officer	
1 x C1 – Support Assistant	
3 x B3 – Technical Service Assistant	
3 x career B3-PO1 (fixed term)	
	<b>Total 12</b>
3 x B3 –PO1 (fixed term) 5 yrs 2 x Property 1 x 3 yrs generic (2 included in property service table above)	

## **4 Organisational Design Principles**

- 4.1 The proposal has been developed in the context of the organisational design principles. Overall, in comparison with the status quo, it does this. There are a number of examples where the organisational design principles have been embraced by Asset Management and Regeneration. To enable this restructure two chief officer post have been deleted and replaced by a single new post, producing an overall flatter structure. The Regeneration Service was subject to the strategic review of JNC posts across Environment and Neighbourhoods which flattened the directorate senior management structure. As this report shows there have been on-going discussions on the most effective deployment of JNC resources including moves between directorates and services. The services have also continuously supported ELI requests and a number of staff have left the service, ranging from A1 through to JNC level since March 2010.
- 4.2 In line with the organisational design principles, it is not intended that staff below HOS are assigned to specific work unless there is a strong case for specialisation as is the case in Land & Property where the expectation is that surveyors are professionally qualified, and in the technical asset management where there is a post working on a project with a strong technical emphasis. Otherwise, it is intended to design in maximum flexibility across Asset Management & Regeneration to enable the service to respond more effectively to changing priorities. In reality a number of staff already work in this way, but this needs to be the common approach throughout asset management and regeneration.
- 4.3 It is also proposed to include the asset management and regeneration service planning and land records activities in Land and Property for day to day management purposes, but with these staff providing support across the whole of Asset Management and Regeneration. This will streamline these arrangements which currently operate across Asset Management, CPM and Property Services.
- 4.4 It is proposed to reintroduce the use of career grades and the structure makes allowance for three posts which will be graded between B3 and PO1. Professional oversight for the posts will be provided by the Head of Land & Property but the posts could work in any of the services. The use of the career grades will be designed to enable the division to provide a strong training and development route for new and existing employees in key disciplines, in particular the professional property career route. Initially 2 of the career grades will be allocated to land and property services and one to regeneration services
- 4.5 In summary:
1. the number of JNC posts has been reduced from 16 to 11;
  2. the number of PO posts has been reduced from 61 to 57;
  3. the proposal has reduced the number of tiers of management, with posts within a band of grades being included in a single tier, a reduction in the tiers or JNC and a reduction in the number of JNC posts; and
  4. whilst posts may be listed under asset management, it is intended that there is flexibility across resources in Asset Management and Regeneration given the overlap in activities and skills.

## 5 Proposed Timetable for Implementation

5.1 Subject to CDD approval, it is proposed to schedule trade union and staff consultation as follows:

Start	Complete	Tasks
	31/1/14	Staff transfers to Resources
09/12/13	30/4/14	Consultation
w/c 12/12		Draft JDs for staff consultation
1/5/14	22/05/14	Call In
2/6/14		Implementation Date
23/5/14	6/6/14	Post preference process
9/6/14	11/7/14	Stage 2 Interviews and Stage 3 Ringfence to run concurrently.

5.2 It is proposed to implement slotted posts with immediate effect (2/6/14) and proceed to fill posts through the ringfencing arrangements in the first instance. The target date for structure implementation is now August 2014.

## 6 Workforce Implications

6.1 An Equality Impact Assessment (EIA) has been produced and the final EIA form has been included as an appendix.

6.2 Posts will be filled in accordance with Appendix A of the Recruitment & Selection procedure and in line with the agreements reached as part of the consultation process with the trade unions. In overview it is proposed:

- staff will be slotted to posts where there are enough posts and the grade and substantial nature of the role is unchanged. There are 46 posts in this position.
- staff not slotted will be in a narrow ring fence to staff directly affected by the restructure (Stage 2 ringfence)
- the ring-fence will be on the basis that staff can apply for positions two grades above their current substantive grade.
- staff will complete a post preference application form and wherever possible the number of interviews minimised.

6.3 Any displaced staff will be treated in accordance with the Council's Managing Workforce Change policy.

6.4 Schedule a) includes all staff included in scope for this review

- 6.5 Any posts that are not filled through slotting or Stage 2 ringfence process (i.e. where no staff are included in the slotting or ringfence for these posts) will be released for Stage 3 ringfence simultaneously with Stage 2; whilst any remaining vacant posts at end of Stage 2 will be released at that point for Stage 3 ringfence.

## **7 Financial Implications**

- 7.1 The structure proposal detailed in this report will cost **£3.443m** in a full year, a saving of **£282k** against the initial operating structure cost of **£3.725m**.
- 7.2 This will permit the service to meet its 2014/15 staffing efficiency target and also deliver savings of **£18k** towards the business management budget target..
- 7.3 The potential savings that will accrue in 2014/15 are dependent upon the deployment following the recruitment process and the number of staff displaced. At worst it is estimated that the service will meet its budget allocation in 2014/15, including managing workforce change costs.
- 7.4 The costs referred to above reflect the service after the transfer of some of the current CPM staff to CEL and the one-off central funding provided to fund the retained Dir60% post in 2014/15.

## **8 Consultation with Staff and Trade Unions**

- 8.1 The proposals and draft job descriptions were initially circulated to trade union representatives and staff in scope in December 2013. A revised proposal was issued in February 2014, and this further revised proposal takes into account comments made during consultation and engagement, as far as is possible within the financial constraints of the Council, the organisations design principle, and the business needs of the service.
- 8.2 Meetings have been held with the Trade Unions throughout the process and normal facilities offered for union members to attend meetings were supported.
- 8.3 A formal staff briefing session was held in December 2013 by the Chief Asset Management and Regeneration Officer, who outlined the details of the restructure to staff in scope. Further staff engagement sessions have been held by service area by the Chief Asset Management & Regeneration Officer, with Trade Union representatives invited. In addition a meeting was held specifically for Trade Union Members with the Asset Management & Regeneration Officer.
- 8.4 A further Trade Union formal consultation meeting is planned for 23<sup>rd</sup> April, and staff engagement meetings will take place prior to that meeting and afterwards.
- 8.5 Staff have also been invited to respond and discuss the proposals directly with the Chief Asset Management and Regeneration Officer if they wish and a number have done so.
- 8.6 In summary Trade Unions have fed back as follows:
- a) Those represented expressed a preference to be slotted into their current position and on their current grade.



- b) There is a worry about having to apply for jobs as a number of staff have not been interviewed for a number of years, and some feel they may lack the relevant experience for higher graded positions and become subject to MWFC.
- c) The trade unions find it really difficult to agree to a structure that proposes to regrade a number of positions due to the removal of the PO1, PO3 & PO5 roles in Property Services.
- d) Although there is a need for expertise in the roles, the proposal sees an increase in roles from the principal officer range and above. Staff want to see an increase in numbers of positions rather than an increase in grades; and also feel that staffing levels below the principal officer range have not even been considered.
- e) Proposal is for x3 HOS roles. Business cases requested for the creation of the Head of Asset Management and Head of Regeneration.

8.7 The proposal and report have been amended to take on board concerns raised by the Trade Unions. Trade union comments have included:

- a) A preference for slotting
- b) Business case required for grade changes to justify Heads of Service.
- c) Support required for staff facing interviews
- d) To ensure the appropriate level of junior and technical resource.

8.8 Further work to review the structure and job descriptions to ensure that they are fit for purpose and to maximise the slotting potential, or where there is a ringfence the number of posts available is the same or higher than those in the ringfence, reducing the risk that staff could be faced with a reduction in grade or not finding a post at all in this restructure.

8.9 The JDs have been reviewed to create greater clarity in respect of the job roles and reflect the flexibility that is required to deliver the wide and varied service areas undertaken by asset management and regeneration. Given the deletion of posts at certain grades, the fairest approach is likely to be ring fence all posts. However, it is possible to 46 posts. These are listed below. This approach will put 32 staff whose current posts are on deleted grade or whose JDs do not sufficiently match into a ring fence pool for 40 jobs.

#### 8.8 Ring Fencing Proposals

<b>Grade</b>	<b>No. of posts on structure</b>	<b>No. of slots</b>	<b>No. of posts remaining</b>
DIR 75	1	1	0
DIR 60	3	1	2
DIR 52.5	1	0	1
DIR 45	6	6	0
PO6	13	6	7
PO5	2	2	0
PO4	23	8	15
PO2	19	12	7

SO2	6	3	3
C3	2	2	0
C1	4	4	0
B3	3	1	2
B3/PO1	3	0	3
Total	86	46	40

There will be 31 people ringfenced at Phase 2 for the remaining 40 positions.

- b) a confident application and interview course can be provided for those staff that will be ringfenced and who feel they will benefit from this support.
- c) & d) Job descriptions have been developed to meet service requirements and result in the removal of most of the P01 P03 and PO5 posts. This reflects the corporate approach to the organisational design principles around de-layering and reducing tiers thus, creating flatter and more flexible structures to meet the service delivery needs of the council. It also reflects an assessment of parity across the services being brought together in Asset Management & Regeneration. There is an actual reduction to the number of existing posts at principal officer grade compared to the new structure from 61 to 50. The work of asset management covers a broad range of work at a senior level leading and contributing to major work areas across the city requiring high levels of professionalism and expertise. This also provides scope for the development of staff and future progression supported by grades from B3 up to SO2 and the creation of career grade posts B3/PO1.
- e) The structure maintains 3 HOS dir 60% posts that have been absorbed by asset management and reflects the deletion of the Chief Regeneration Officer post and three other posts at 60%. These reflect the need to have managers working at a high level of responsibility and accountability delivering major works areas for the council reviewing the assets of the council and how the assets are used to create further economic growth and prosperity in the city.

## **9 Legal Implications, Access to Information and Call In**

- 9.1 The information contained in Schedule A is exempt under Access to Information Rule 10.4 (1) as it contains information relating to any individual. It is considered that the public interest in maintaining the content of Schedule A as exempt outweighs the public interest in disclosing the information as this schedule contains personal details relating to members of staff.

## **10 Recommendations**

The Director of City Development is recommended to agree,

- i) formally delete the 36 posts transferred to CEL from the Asset Management & Regeneration structure; proposed staff in scope for the Asset Management and Regeneration restructure as per schedule a);
- ii) proposed formalisation of transfer of one post of Programme Manager (JNC 45%) to Employment & Skills;

- iii) formalise the transfer of four staff from Economic Services to Asset Management & Regeneration and for their posts to be included in scope for this restructure.
- iv) restructure proposal as outlined in this report; and
- v) the slotting and ring-fence arrangements as outlined in this report in para 8.8, and as proposed in confidential schedule a.
- vi) agree to savings of £282k to be implemented from the 2015/16 Asset Management and Regeneration staffing budgets.

## **11. Background Documents<sup>1</sup>**

11.1 None

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

## Appendix 1: Formal Structure and Current Operating Arrangements for Asset Management, CPM, Property Services and Regeneration.

### Existing Formal Structures

The old Asset Management division was last restructured in 2009. This restructure brought together strategic asset management and construction best practice into one unit. It also formalised the move of projects staff from the previous asset management and technical client units to ADS. Property Services remained essentially the same but was reduced from 45 to 33 staff to reflect the economic downturn. The table below shows the formal structure, excluding any ADS post reductions since 2009 but including four posts which were retained as part of the agreed ADS staffing transfers:

<b>Asset Management 2009</b>					<b>Total</b>
<b>Chief Officer</b>	<b>1</b>				<b>1</b>
	<b>Strategic Asset Management</b>	<b>Construction Best Practice</b>	<b>Projects + Ex ADS</b>	<b>Property</b>	
<b>60%</b>	<b>1</b>			<b>1</b>	<b>2</b>
<b>52.5%</b>	<b>1</b>				<b>1</b>
<b>45%</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>5</b>
<b>PO6</b>	<b>2</b>			<b>4</b>	<b>6</b>
<b>PO5</b>			<b>1</b>	<b>2</b>	<b>3</b>
<b>PO4</b>	<b>2</b>	<b>1</b>		<b>4</b>	<b>7</b>
<b>PO3</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>9</b>
<b>Sc3-PO1</b>				<b>3</b>	<b>3</b>
<b>PO2</b>			<b>1</b>		<b>1</b>
<b>PO1</b>	<b>1</b>		<b>1</b>	<b>4</b>	<b>6</b>
<b>SO2</b>	<b>1</b>	<b>1</b>		<b>1</b>	<b>3</b>
<b>SO1</b>	<b>1</b>		<b>1</b>		<b>2</b>
<b>C3</b>			<b>1</b>	<b>1</b>	<b>2</b>
<b>C1</b>	<b>1</b>			<b>3</b>	<b>4</b>
<b>B3/C1</b>	<b>6</b>				<b>6</b>
<b>B3</b>				<b>2</b>	<b>2</b>
<b>A1/A3</b>				<b>2</b>	<b>2</b>
<b>Total</b>	<b>20</b>	<b>4</b>	<b>7</b>	<b>33</b>	<b>65</b>

### Operating position

Since the 2009 restructure there have been a number of ELIs and transfers which have reduced the operating budget available, and particularly the senior staff level has been eroded. The 2009 structure included a 60% and a 52.5%. Although the 60% was on hold,

it was replaced with a further 52.5% which subsequently transferred, with budget, to Business Improvement to carry out different activities associated with changing the workplace. The 60% was held nominally on the structure and a 45% post holder, with an honorarium to 52.5%, who was covering the strategic asset management role in interim, left under ELI in April 2011 and has not been replaced. In addition, the 45% construction best practice post holder left under ELI and that post has not been replaced. Two of the PO5 project staff were, at some stage, informally transferred to Resources in City Development, with one subsequently transferring on to Business Improvement.

The biggest change in Asset Management was the transfer, in January 2012, of the professional design staff in ADS to the Council's joint venture with ADS. Prior to this, the acting Chief Asset Management Officer had separated the project delivery staff from ADS. In addition, the ADS business unit was reduced in size, with one member of staff transferring into a vacant post in Resources and the other staff forming part of the client unit for design services. This element for the interim was nominally included in the project delivery team, but has in practice primarily been managed by the Head of CPM.

The Property Services restructure in 2009 created an establishment at 33 posts. There are now 25 posts filled and the ability of Property Services to deliver the Council's professional property activity in terms of disposal, acquisitions, leases and investment properties has been significantly diminished.

CPM transferred into City Development at the time of the departure of the acting head of asset management unit. The interim arrangement included the energy unit being managed by CPM, and two members of staff from the asset management unit transferred with it. The Water Management Team had previously transferred to CPM whilst it was still in Resources.

In 2011, the Aire Valley team was transferred to City Development and sits in Asset Management. It has not been formally incorporated into Asset Management structure yet.

In 2009, a member of economic services staff was seconded part time with honorarium to cover new community asset transfer activity. This became full time in 2010 and the post effectively transferred into asset management, but has not been formally structured as such.

In 2012, four members of staff from Economic Services transferred to Asset Management to reflect the asset based work that they do, which supports economic regeneration, although one of these was in fact seconded to Highways & Transportation until August 2013. This included two members of staff covering primarily Holbeck Urban Village and Eastgate, and one member of staff covering capital receipts preparation work. This last post, however, is held on an honorarium secondment basis from Planning, while the original post holder is in a different post in Planning.

It is proposed that all of the posts included above are in scope for the restructure of Asset Management and Regeneration.

Asset Management Operating					Total
Chief Officer	1				1
	Strategic Asset Management	Construction Best Practice	Projects + Ex ADS	Property	
60%				1	1
52.5%	1				1
45%	1	1	1	2	5
PO6				4	4
PO5			1	2	3
PO4	2	1		4	7
PO3	3	1	1	4	9
Sc3-PO1				3	3
PO2			1		1
PO1	1		1	4	6
SO2	1			1	2
SO1	1		1		2
C3			1	1	2
C1	1			3	4
B3/C1	6				6
B3				2	2
A1/A3				2	2
<b>Total</b>				<b>33</b>	<b>61</b>

### Corporate Property Management

	Formal	Operating
<b>Grade</b>		
Dir 75%		
Dir 70%		
Dir 65%		1
Dir 60%	1	
Dir 52.5%		
Dir 45%	1	1

PO6	4	4
PO5		
PO4	8	7
PO3		1
PO2	4	3
PO1/2	7	7
PO1		
SO1/PO1	8	6
SO2		1
SO1/2		
SO1	1	1
B3-PO1		
C3	1	2
C1		
B3/C1		6
B3	4	4
A1/3	3	3
	42	47

**Structure position:** CPM was restructured in the Resources Directorate in 2008. In 2011, part of CPM – the building maintenance planning, directorate property managers, the development & support team and the Head of Services transferred to Asset Management in City Development, whilst the facilities management element remained in resources.

**Operating Structure:** The structure of the service has not changed since its arrival with the exception of a number of ELIs and some interim arrangements in relation to energy management and the client management role for the NPS joint venture.

### Regeneration

	Formal	Operating
<b>Grade</b>		
Dir 75%		
Dir 70%	1	
Dir 65%		
Dir 60%	1	
Dir 52.5%		
Dir 45%	5	4
PO6	4	3
PO5		
PO4	4	4
PO3	1	1
PO2	11	11
PO1	1	1
SO2	2	2
SO1/2	1	1

SO1		
B3-PO1		
C3		
C1	2	1
B3/C1		
B3		
A1/3		
	33	28

**Formal Structure:** Regeneration Programmes was included as a division of the (then) Environment & Neighbourhoods Directorate and was restructured there in 2011, to reflect the reduction in resources available to support regeneration activity. The formal structure includes 27 posts, covering area based regeneration (primarily East Leeds, but including some work across the city), affordable housing investment, and investment in town & district centre regeneration projects. A 45% post was transferred informally to Employment & Skills in 2010 and this restructure formalises that position, leaving that post out of scope for this restructure.

**Operating position:** the Regeneration Programmes Division transferred from the then Environment & Neighbourhoods Directorate in July 2012 to enhance its ability to deliver major regeneration initiatives that required significant development input and overview. The Chief Officer was at that time already sitting in City Development as Acting Chief Asset Management Officer.