

Report of: Chief Officer Public Private Partnerships Unit and Procurement Unit

Report to: Deputy Chief Executive

Date: 27/03/15

Subject: Changes to the Organisational Structure of Public Private Partnerships and Procurement Unit's

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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: 1-3	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. It is necessary to make changes to the organisational structure of the Public Private Partnership (PPPU) and Procurement Unit's (PU) in order to future-proof the service as well as to consolidate a number of existing informal arrangements which have been in place since 2011 when the procurement function was merged together with the PPPU. In 2013 project staff from Business Improvement and ICT also moved into the unit. The changes will:
 - consolidate existing temporary arrangements (which are contractual in nature), align similar roles, ensure consistency and fairness in how all roles in the service are described, graded and remunerated, and create a foundation for career families to be developed in the future.
 - effectively support the current and anticipated requirements of the council and the delivery of its business objectives
 - ensure the unit has sufficient capacity and capability to provide an effective and responsive service to the council now and in the future.
2. Comparing the existing and new structures, these proposals represent a saving of £1.995M (including vacancies). This represents a reduction from the 14/15 staffing costs of £636k. There are currently 195 posts including vacancies on the existing

structure and the proposal is to reduce this to 155 posts. These figures include 38 posts currently remunerated at JNC level and the proposal is to reduce this number to 28.

3. None of the employees directly affected by the changes will be subject to a redundancy situation.
4. In order to give due regard to equality, diversity, cohesion and integration, an Equality, Diversity, Cohesion and Integration Impact Assessment (EDCI) Screening Form has been completed. (Appendix 5).

Recommendations

5. The Director of Resources is asked to approve changes to the organisation structure of the PPPU/ PU as outlined in this report.

1 Purpose of this report

- 1.2 To outline the business case for changes to the organisational structure of the PPPU/PU.

2 Background information

- 2.1 The PPPU/PU takes the strategic lead on behalf of and provides support to, clients from both within the council and to external regional public sector bodies and partners on a wide range of projects and procurement programmes, managing the commercial interface between the public and private sectors. It provides guidance and support through all stages of the process including the preparation of business cases and options appraisals, project finance and procurement, project delivery and project management, facilities management and construction, contract management and change management.
- 2.2 The PPPU/PU are also tasked with successfully delivering the council's effective procurement programme, developing and implementing a category management approach to the council's "buying" activities; as well as delivering the councils transforming project management programme.

3 Main issues

- 3.1 In 2003 the PPPU was established as a traded service with resource costs being fully recoverable on a chargeable basis. In 2011 the Procurement unit (PU) joined the PPPU. Unlike the way in which the PPPU is funded, the PU is funded via a corporate payment from the council.
- 3.2 Changes in PU senior management necessitated a realignment of the PPPU and PU and that the procurement function be organised in a different way. Therefore, category teams were created with "specialists" from both project and procurement staff groups being flexibly pooled together and new work steam priorities were identified under the transforming procurement programme. Senior management

posts in PPPU were flexibly deployed to provide line management and direction to the newly formed category teams.

- 3.3 The formation of these category teams has successfully supported delivery of some major council objectives and has developed a strong sense of staff working flexibly in support of these goals. However, whilst the staff have been working flexibly under these new arrangements, in some cases their individual job descriptions have not accurately reflected the breadth and depth of their responsibilities as well as presenting a mismatch in terms of the current grading and remuneration arrangements for both sets of staff. This has posed a number of employment risks for the council, as well as threatening staff morale, motivation and engagement.
- 3.1 In addition to the general inconsistency across the service with grades the matter is further complicated as 15 posts within PPPU have, since their inception been structured as base salary plus 20% Market Supplement plus 10% Retention Supplement. In addition, 8 posts have been structured as base salary plus 10% Retention Supplement. These supplements, which are contractual in nature, were originally introduced to reflect the commercial or specialist nature of the roles, and were based on market analysis conducted at the time.
- 3.2 In 2013, as a consequence of recommendations by the Better Business Management review, strategy and resources directorate project staff moved into the PPPU/PU. This saw the relocation of 24 Business Improvement staff and 25 ICT staff along with their associated projects.
- 3.3 The BI and ICT project staff were flexibly deployed and incorporated where possible into the category teams. As in the case of the PU, the BI and ICT project staff also came with differing grades, job descriptions and funding arrangements. This has resulted in a situation where there are 56 different job descriptions within the unit. As an example, in the case of a PO4 Officer delivering project work (all doing the same role) there are 4 different job descriptions – Project Officer (PO4), Project Leader (PO4), Senior Project Officer (PO4), Senior Portfolio Delivery Officer (PO4). The existing structure detailing the current arrangements is attached. (Appendix 1).
- 3.4 As part of the transforming project management work stream, the best practice project team, in consultation with the career families working group, and in support of the flexibility protocol, have produced a generic set of project management, portfolio, commercial and procurement job descriptions. These align to the Association for Project Management competencies and Chartered Institute of Purchasing and Supply competencies respectively.
- 3.5 In summer 2014 the service shared with staff, HR and the Trade Unions plans to undertake a comprehensive internal job evaluation exercise covering all roles within PPPU/PU. This was undertaken jointly with LCC Job Evaluation team (including TU representatives) and the job descriptions, including those with supplements, have been evaluated and are presented as part of this report. (Appendix 4)

4 Assimilation to the new structure

- 4.1 In order to recognise and mitigate the stress which a restructure can put on employees, it is intended that arrangements for the filling of posts on the proposed structure are consistent with ensuring that a proper and fair process is followed, with appropriate consideration of applicants for available positions.
- 4.2 Working together with HR the flexibility protocol has been utilised to assimilate staff to the new structure.

5 Corporate Considerations

5.1 Consultation and Engagement

- 5.1.1 Building on the consultation and communication carried out during the Summer, a formal consultation programme has been undertaken with staff, Trade Unions and Chief Officers during the period 12/01/15 – 27/03/15 inclusive. The restructure will be implemented by 01/05/15.

5.2 Equality and Diversity / Cohesion and Integration

- 5.2.1 An Equality, Diversity, Cohesion and Integration Impact Assessment (EDCI) Screening Form has been completed (Appendix 5).

5.3 Council policies and City Priorities

- 5.3.1 This proposal will be implemented in accordance with the Council's established policies and procedures, including the Flexibility Protocol and will reflect the outcomes from Job Evaluation. Any deviations from the above policies are proposed in line with Cross-Council Priorities as a response to the consultation undertaken with staff and trade unions (Being Open, Honest and Trusted) and are proposed in order to streamline the process, minimise the cost and resource implications (Spending Money Wisely), and minimise the stress caused to employees (Treating People Fairly).

5.4 Resources and value for money

- 5.4.1 The current and proposed Team structures are outlined at Appendix 1 and Appendix 2.
- 5.4.2 The existing structure staffing costs (full year inc. vacancies) totals £9,507,841. The proposed structure (full year inc. vacancies and using 15/16 salary scales with pay increases) £7,512,229, this is an overall saving of £1,995,612. A full breakdown of costs is attached at Appendix 3.
- 5.4.3 A List of Job Descriptions/ Person Specifications are attached at Appendix 4. All the posts have been formally evaluated by the councils Job Evaluation team, which includes TU representatives and accurately reflect the roles being carried out by the staff involved.

5.5 Legal Implications, Access to Information and Call In

- 5.5.1 The Deputy Chief Executive holds delegated authority to take this decision.
- 5.5.2 It is not believed that there are any legal implications in relation to this decision.
- 5.5.3 It is believed that there are no access to information issues in relation to this report.

5.6 Risk Management

- 5.6.1 Due to its nature, it is not believed that there are any significant risks associated with this proposal.
- 5.6.2 A quality and assurance exercise in relation to the updated JNC job descriptions has been undertaken by Corporate HR in consideration of any wider equal pay issues.

6 Conclusions

- 6.1 In order to consolidate existing arrangements, bring four services together formally and continue to effectively support the current and anticipated requirements of the unit and the delivery of the council's business objectives it is necessary to undertake the changes to the organisation structure.
- 6.2 The process for assimilation of staff and posts to the new structure seeks to ensure that people are treated in a consistent and appropriate way which minimises the amount of unnecessary stress and upheaval to individuals. The approach also seeks to minimise disruption to 'business as usual', provides a significant saving on salary costs with minimal impact for staff, and ensures the unit has sufficient capacity and capability to provide an effective and responsive service to the council now and in the future.
- 6.3 Due attention has been paid to ensure that the approach aligns with council values and behaviours and employment policies and procedures.

7 Recommendations

- 7.1 It is recommended that the Deputy Chief Executive approve:
 - The changes to the organisational structure of the PPPU/PU
 - The application of revised Job Descriptions and Person Specifications and the outcome of formal LCC Job Evaluation recommendations.
 - The approach to arrangements for assimilation of staff and posts to the new structure

8 Background documents¹

8.2 Appendix 1 – Existing structure

Appendix 2 – New structure

Appendix 3 - Budget

Appendix 4 – Job Descriptions

Appendix 5 - An Equality, Diversity, Cohesion and Integration Impact Assessment (EDCI)

¹ The background documents listed in this section are available for inspection on request for a period of four years following the date of the relevant meeting. Accordingly this list does not include documents containing exempt or confidential information, or any published works. Requests to inspect any background documents should be submitted to the report author.