



**Report of: Programme Manager - Housing PFI - Property and Contracts**

**Report to: Director of Environments and Housing - Administrative Decision**

**Date: August 2015**

**Subject: Request to temporarily enhance the PFI Contract Management Team structure**

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|--|------------------------------|--|
| Are specific electoral Wards affected?<br>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 checked="" type="checkbox"/> No |
| Does the report contain confidential or exempt information?<br>If relevant, Access to Information Procedure Rule number:<br>Appendix number: | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

## 1.0 EXECUTIVE SUMMARY

- 1.1 It is proposed to create an additional, Contract Liaison Officer (SO2) post and thereby temporarily enhance the existing structure to support the increase in workloads within the Little London, Beeston Hill and Holbeck (LLBH&H) PFI project over the next 18 months.
- 1.2 The PFI Team structure currently has two Contract Liaison Officers, (SO2). One of these posts has been vacant since December 2014, the post has been recently recruited to and the new starter will commence in September 2015.
- 1.3 The cost to the service of an additional SO2 at the top of the pay scale is £35,997 per annum.

## 2.0 RECOMMENDATIONS

- 2.1 The Director of Environment and Housing is requested to approve a revised, temporarily enhanced structure for the PFI contract management team within

Property and Contracts, at an increased cost of up to £35,997 per annum.

### **3.0 Purpose Of This Report**

To request the approval of an additional, temporary Contract Liaison Officer (SO2) for an 18 month period to cover the additional activity generated through the Little London, Beeston Hill and Holbeck (LLBH&H) PFI project. This project is high profile, high value and business critical to the E&H directorate and to the City Council.

### **4.0 Background Information**

**5.0** The PFI Contract Management team manage two housing PFI contracts, Swarcliffe and Little London, Beeston Hill and Holbeck (LLBH&H). Both contracts are high value. The contract management team are responsible for the day to day management of both contractors, including performance management and ensuring that both parties meet their contractual obligations.

**5.1** The Swarcliffe contract is a 30 year contract, currently in steady state; routine contract management includes monitoring the contractor's performance against KPI targets, expenditure on voids, tenant and third party damage, dealing with complaints/member enquiries and processing of payments. The expenditure on this contract in 2014/15 was circa £9m. The post holder will support this routine activity. Alongside this there is a significant piece of work required to review existing procedures and to plan and manage the lifecycle replacement activity now that we are ten years into the contract. The post holder will provide project support to this review and development activity.

**5.2** The Little London, Beeston Hill and Holbeck Regeneration project became operational on 30<sup>th</sup> September 2013 and is the largest single area regeneration investment in Leeds for many years and one of the largest housing PFI projects in the country. The project will deliver significant capital improvements to 1245 existing Council homes (plus external improvements to 51 leaseholder properties), and see the construction of 388 new council homes by 2017, making a significant contribution to the overall delivery of the city's Core Strategy housing targets to 2028.

**5.3** Improvements to estate areas will also be undertaken as part of an ongoing service contract to maintain building and environmental standards over a 20 year period until 2033. Other contractor services include responsive repairs, gas servicing, planned and cyclical works, caretaking and cleaning services and the provision of tenant liaison services and regular communication to all stakeholders.

**5.4** The £145 million initial capital investment will deliver significant economic benefits to the local economy in the form of employment and training opportunities.

- 5.5 The LLBH&H contract is now 22 months into a 3.5 year capital works period. Following this there remains a 17 year period of steady state contract management responsibility for the responsive repairs and maintenance; facilities management and environmental elements of the contract. Alongside this the relationship with the contractor and key stakeholder need to be managed as does the interface with Housing Management. The level of refurbishment, new build and environmental improvement activity over the next 18-24 months will be at its highest. The project is high profile with high levels of expectations from key stakeholders including tenants, local residents and ward members. It is important that the resource allocation supports the high levels of activity within this project over the next 18 months.
- 5.6 There is a high volume of data coming in from the contractor including certification of new build dwellings, refurbished and external environmental improvement works and performance data. There is a high volume of interaction and meetings with the contractor; the post holder would support activity in the areas of risk management; access refusals; complaints and member enquiries; KPI auditing; invoicing and supporting the installation of adaptations in refurbished and new build activity.
- 5.7 Whilst additional support can be procured through PPPU, if the post -holder is recruited to the current E&H structure this will allow more effective management of the resource by the service and provide better value for money.
- 5.8 Initially the position will be passed through Managing Workforce Change. If not successfully filled through this means an internal recruitment exercise will be undertaken.

## **6.0 Main Issues**

- 6.1 The PFI contract management team require an additional SO2 Contract Liaison Officer resource to support the heightened level of activity in the LLBH&H PFI project over the next 18 months.
- 6.2 The cost to the service will be an additional to £35,997 (top of SO2) per annum.

## **7.0 Revenue Implications**

- 7.1 The additional cost to the service will be £35,997 (top of SO2) per annum.
- 7.2 The funding for the PFI contract management team is drawn from the Housing Revenue Account (HRA) and the same source of funding would be applied to this temporary contract.
- 7.3 The PFI team budget is £385k; the team has been carrying a number of vacancies which will be filled by September 2015. The projected spend for 2015/16 is £357k. This will lead to a saving of £28k in 2015/16.

- 7.4 In 2015/16 the post will be funded for 6 months from savings in the PFI team staff budget. Finance will factor the remaining 12 months in to the staffing budget for 2016/17.

## **8.0 Corporate Considerations**

### **8.1 Consultation and Engagement**

- 8.1.1 The recommendations have been developed by the PFI Programme Manager in consultation with the Senior Management and Finance Teams.

### **8.2 Equality and Diversity / Cohesion and Integration**

- 8.2.1 The Equality Impact Assessment is enclosed within this report as Appendix B

### **8.3 Council policies and City Priorities**

- 8.3.1 The proposals within this report support wider aspirations for Leeds set out in the new Leeds Vision, City Priority Plans, Directorate Priorities and Cross Council Priorities.

- 8.3.2 The proposals support the Best Council objectives of:-

Ensuring high quality public services; and  
Becoming an efficient and enterprising Council  
Promoting sustainable and inclusive economic growth

## **9.0 Resources and value for money**

- 9.1.1 The additional post will cost £35,997 per annum. The recommendation is to fill the post for a period of 18 months only.

- 9.1.2 Ensuring the PFI project team is adequately resourced during the period of heightened activity will deliver value for money to the directorate and reduce the risks of LCC not meeting its contractual obligations.

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

- 9.2.1 The decision being requested in this Report is a Significant Operational Decision and as such is not eligible for call in.

- 9.2.2 There are no significant legal implications associated with this decision.

- 9.2.3 The report contains no information which is considered confidential or exempt as determined by the Access to information Procedure Rules within part 4 of the Constitution.

### **9.3 Risk Management**

- 9.3.1 Failure to adequately resource the PFI contract management team over the next 18 months when activity levels are at their highest could have an adverse impact the contract being delivered on budget, time and to the requisite quality. It could also impact on the managing the interface with Housing Management and other parts of the Council and also the efficiency with which complaints and member enquiries are dealt with.

## **10 Conclusions**

- 10.1 The additional Contract Liaison Officer will support the delivery of the LLBH&H PFI project during the heightened level of activity over the next 18 month period.

## **11 Recommendations**

- 11.1 The Director of Environment and Housing is requested to approve a revised, temporary enhancement to the PFI team structure and note the increase in cost at £35,997 per annum for an 18 month period.