

**Report of:** Chief Officer HR

**Report to:** Director of Resources and Housing and Director of City Development and Director of Communities and Environments

**Date:** 5th February 2018

**Subject: Senior Management Review – PPPU / Economic Development and Asset Management**

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 checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### Summary of main issues

This report sets out proposals for realigning JNC posts in the Projects, Programmes and Procurement Unit (PPPU) in Resourcing and Housing. This will rationalise management structures and support transferring staff to other areas in LCC and follows decisions to adopt a new operating model for functions coming under PPPU. Further work has been completed to scope out the roles at NJC level, details of which are contained in a separate report.

In parallel a number of proposals are made to amend the senior management structure in City Development to support a refocused service delivery in relation to Economic Development and Asset Management. This will also allow for the transfer of senior staff from PPPU.

### Recommendations

The Director of Resources and Housing is recommended to approve the proposals set out in this report in relation to:

- Transferring JNC staff in the PPPU to other areas of LCC, with appropriate staffing budgets

- Revising the Senior Management Structure to reflect this and support integration of staff. This will cover the deletion of posts at the following grades:
  - 1 x Dir 90%
  - 3 x Dir 70%
  - 2 x Dir 60%
  - 1 x Dir 52.5%
  - 1 x Dir 45%
  - 4 x Dir 45%

The full detail of the post titles being deleted are contained in a confidential version of this report.

- Creating a new/additional posts:
  - Head of Procurement & Contract Management (Housing) – Dir 60%
  - Senior Project Manager (Low Carbon) Dir 45%
  - 1 x Contracts Manager Dir 45%
  - 2 x Legal Manager Dir 45%
  - 1 x Procurement Manager Dir 45%

The Director of City Development is also recommended to approve a revised structure to support the transfer of staff and realign roles and duties to optimise service delivery going forward. This will cover:

- Deleting the post of the Chief Officer Economy & Regeneration currently graded at Dir 85%
- Creating two new posts to cover these duties at Dir 75%: Chief Officer Asset Management and Regeneration and Chief Officer Economic Development
- Realigning Head of Service posts beneath the Chief Officers; including 3 new JNC posts:
  - Head of Programmes and Projects – Dir 60%
  - Head of Station Development – Dir 60%
  - Technical Client Manager Dir 45%
- Regrade of Economic Development Programme Leader post within City Development from an acting Dir 45% to Dir 52.5 %; to promote the role in delivery of the Council's Inclusive Growth programme.
- Transferring the post of Head of Sector Development at Dir 52.5% from City Development to Adults and Health Directorate.
- Transferring Markets functions to the Chief Officer Service Development.

### **Purpose of this report**

1.1 To recommend changes to JNC posts in Resources and Housing and City Development to

- support the integration of PPPU staff into the other parts of LCC
- rationalise senior management roles, given the deployment of staff into other areas, and
- Realign work on Economic Development and Asset Management in City Development

## **2 Background information**

2.1 Proposals have already been made regarding disbanding the PPPU and integrating resources with other parts of LCC. This includes a leadership review.

2.2 The 2017/18 budget provided for 23 JNC posts within the PPPU. Responsibilities for programmes will be dispersed to existing and new Chief Officers. This includes new arrangements in City Development.

### **Specific PPPU Moves**

2.3 Commercial and Procurement Team

There are a number of activities which it is proposed remain the responsibility of a commercial and procurement team. This includes legal/commercial/project finance support (including as a minimum; involvement in development of procurement strategy and commercial sign-off of approach and terms and conditions/award of contract). Responsibility for those staff working on these activities will be with the Chief Officer Financial Services with revisions to roles to reflect new arrangements in terms of commercial support; but professional accountability for legal staff within the team will be with the City Solicitor.

Having considered the feedback from the four current Senior Project Solicitors at Dir 45%, alongside the volume and complexity of the future work programme it is now proposed that the current level of JNC legal capacity is maintained. The new relationship between City Development and the Commercial Team, which the proposed changes bring about, will generate the level of work that warrants the commitment of these numbers of JNC staff. To reflect this the initial proposal has been changed and rather than 3 Dir 45% posts plus an additional PO6 role in this team the revised proposal is to maintain 4x Dir 45% solicitor roles.

2.4 Project Resources

The programme areas set out below are the ones against which it is proposed to re-allocate staff. It is acknowledged that there will be shifts in demand for work at times and therefore there needs to be a preparedness to keep numbers in different programmes under review and flexibly deploy. For JNC staff the following will apply.

2.5 Resources and Housing

Low Carbon - The low carbon team is currently delivering district heating, the preparation for clean air plans, the decarbonisation of the council's fleet, the management of the White Rose energy contract. It is proposed that this team is retained and reports directly to the Director of Resources and Housing, who is the Council lead for this area. An additional JNC post will be included here. At the same time options to second the Head of Sustainable Energy and Climate Change have been agreed with the University of Leeds, who would fund 50% of salary costs.

- 2.6 Housing Programme team - The HRA business plan assumes £80m capital expenditure per annum and a £35m annual repair expenditure. Staff in PPPU have been working alongside colleagues in Housing for the last six months to deliver this programme. It is proposed to consolidate this arrangement, with staff located in the Property and Contracts Division. At a JNC Level a new 60% post will be created to lead this.
- 2.7 HRA Growth - A number of PPPU staff have been working alongside colleagues in City Development and Housing to deliver the new council housing schemes. It is proposed that those staff, who are paid through the HRA, are assimilated onto the Housing structure but continue to be located in the growth team.
- 2.8 Digital - The digital team is a well-defined team of ICT project managers. It is proposed that this group of staff are transferred to work alongside their colleagues in DIS.

#### City Development

- 2.9 As indicated there is a wider set of changes in City Development, which are described next. In terms of integration of PPPU work and resources the following is proposed.
- 2.10 The Changing the Workplace and Schools Places teams will come under a new Head of Programmes and Projects post at JNC 60%. Senior Technical Manager posts and Senior Project Managers associated with this work would also report to this post, but workloads will be varied according to a changing portfolio of new capital and infrastructure projects. This includes the need to cover a Technical Client Manager post at JNC 45% will be created to support this. Otherwise resources will be allocated on a flexible basis or decided by the Chief Officer Asset Management and Regeneration. This can include any further options for integration of teams and work as opportunities arise.

#### **City Development Overall Requirements**

- 2.11 Whilst City Development will absorb project work as described above, wider changes will also be required. In the next decade Council will be expected to move to a self-sufficient funding model, which will be supported by the 100% retention of business rates. In this context there is a need to capitalise on the use of the Council's asset portfolio and attract inward investment to grow and develop a stronger economy ensuring business rates are maximised. Equally the Council is developing an Inclusive Growth Strategy and needs to ensure balanced growth in the city; encouraging stakeholders to support an economy that creates more

and better jobs. Finally, in a post-Brexit environment the promotion of Leeds and Leeds City region will gain importance in terms of the international profile our economy.

- 2.12 At the same time City Development continues to deliver a number of major infrastructure projects that relate to our capital programme and asset portfolio. This ranges from HS2, South Bank developments, the Highways Capital programme etc. The Basic Needs for Schools and Changing the Work Place programmes will be added to this now.
- 2.13 Given these demands, realignment the activities covered under the Chief Officer Economy & Regeneration is required to cover a widened span of control and new activities. Given this post is vacated it is proposed that the following changes are made to the senior management structure across Asset Management, Regeneration and Economic Development
- 2.14 The post of Chief Officer Economy and Regeneration will be deleted
- 2.15 A Chief Officer Economic Development post created – which would focus on the management of programmes to develop our economy. Current JNC staff working on the Visitor Economy, Business Support and Sector Development would report to this post. This postholder would also maintain a lead role and work in conjunction with the Chief Executive and Leader regarding external work and international relations where this relates to Leeds' economy and partnerships with the WYCA, Core Cities etc. This includes helping to shape strategy on potential devolution offers and our skills strategy. Whilst providing a strategy lead on business relationships and the city centre economy, operational aspects of service delivery relating to the Markets would transfer to the Chief Officer Service Development.
- 2.16 A Chief Officer Asset Management and Regeneration post created – which would manage the following: Asset Management, Land and Property, Regeneration and Projects. Within this portfolio further roles would be created to ensure we can resource major projects like HS2 and also to ensure we have a strong technical client capacity regarding our procurement of design and related services. Specifically, the following JNC roles would report to this postholder, with 3 new posts created:
- Head of Asset Management – JNC 60%
  - Head of Land and Property - JNC 60%
  - Head of Regeneration - JNC 60%
  - Head of Station Development - JNC 60% (New post)
  - Head of Programmes and Projects – JNC 60% (New post)
  - Technical Client Manager - JNC 45% (New post)
  - Head of Housing Growth – JNC 52.5%

### **3 Main Issues**

#### Changes to Structures

- 3.1 Given the background of re-alignment proposals, this section details specific changes to JNC structures.
- 3.2 To rationalise the structure and support an effective transfer of staff it is necessary to review the Senior Management structure in PPPU. It is proposed that posts at the following grades will be deleted:
- 1 x Dir 90%
  - 3 x Dir 70%
- 3.3 An additional Senior Project Manager Dir 45% post which will support Low Carbon work will be created, with a Dir 52.5% post seconded to the University of Leeds. Finally a Head of Procurement & Contract Management (Housing) – Dir 60% would be created.
- 3.4 The proposals also reflect that posts at the following grade will be deleted as a result of staff leaving the service either through a voluntary basis, or by accessing the Council's ELI scheme:
- 2 x Dir 60%
  - 1 x DIR 52.5%
  - 1 x DIR 45%
- 3.5 Within City Development the following is proposed:
- Deleting the post of the Chief Officer Economy & Regeneration currently graded at Dir 85%
  - Creating two new posts to cover these duties at Dir 75%: Chief Officer Asset Management and Regeneration and Chief Officer Economic Development  
Realigning Head of Service posts beneath the Chief Officers; including 3 new JNC posts to support the transfer of PPPU staff:
    - Head of Programmes and Projects – Dir 60%
    - Head of Station Development – Dir 60%
    - Technical Client Manager Dir 45%

- Regrade of Economic Development Programme Leader post within City Development from an acting Dir 45% to Dir 52.5 % to promote the role in delivery of the Council's Inclusive Growth programme.
- Transferring the post of Head of Sector Development at Dir 52.5% from City Development to Adults and Health Directorate

3.6 Accountability for the Markets function will also transfer to the Chief Officer Service Development.

### 3.7 Workforce Implications

Where the proposals mean that posts within PPPU are to be deleted, staff will be managed in accordance with the Council's Managing Staff Reductions (MSR) policy as the affected staff are potentially at risk of compulsory redundancy.

3.8 The Council's flexibility protocols will be used to deploy the current four Project Solicitor Dir 45% roles into the Legal Manager, Contracts Manager and Procurement Manager Dir 45% job descriptions. Discussions are yet to be finalised to establish if the staff will be deployed or will post preference for the roles.

3.9 All other PPPU JNC staff are out of scope of the above as they will be flexibly deployed on current job descriptions within the Resources and Housing and City Development Directorates.

## **4 Corporate considerations**

### **4.1 Consultation and engagement**

4.1.1 The nature of the work of PPPU is such that it is linked to the majority of services the Council delivers. As such, the future operating model must take account of views from across the organisation and not just those of staff currently working in the Unit.

4.1.2 The initial proposal was developed following discussions at CLT and a series of workshops with staff within the unit and key stakeholders across the Council, which took place in September / October 2017. The proposal has also been shared with the appropriate Executive Members. Formal consultation with staff and Trade Union colleagues commenced in November 2017 and feedback was sought.

4.1.3 The trade unions issued a questionnaire to their members seeking views on the proposals. The feedback from Unison, Unite and UCATT indicates that the majority of their members are in agreement of the proposals to disband the Unit and realign the work programmes and staff into the Resources and Housing and City Development Directorates. Feedback from GMB indicates that although some members are supportive of the proposal; the majority of members are not and would like to consider alternative operating models.

4.1.4 Although some PPPU staff are not in agreement with the new proposed operating model there has been an overwhelming level of support from across the Council

to disband the unit and weight has needed to be given to this view in deciding on the future direction

4.1.5 It is however worth noting the changes that have been made to the initial proposal following feedback from staff. Changes include:

- Reviewing and increasing the level of legal resource and capacity at JNC level within the Commercial Team;
- Listening to views on where the Commercial Team is best placed within the Resources & Housing Directorate and moving line management responsibility from Legal Services to Finance
- Responding to views on the Technical Client function and the establishment of a Head of Technical Client post
- Seeking views from staff about proposed realignment to Directorate Teams
- Listening to concerns about capacity issues in both procurement and housing.

4.1.6 During the consultation process concerns were raised by staff and Trade Union colleagues about the future of this operating model and associated job security. Integrating resources into Directorate Teams and aligning work programmes to the Council's top priorities is intended to offer more security than there is currently. Whilst no fixed guarantees can be given to any staff about future employment security the operating and financial model proposed in this report does provide staff with a more stability.

4.2 The current operating model has not protected staffing levels due in part to the need to deliver budget savings but also due to the requirement to bid to internal providers to secure work. In the past, a consequence of not securing sufficient work internally has resulted in the need to reduce staffing levels. Indeed, staffing levels have reduced by circa 50 FTEs over recent years although it is acknowledged that some of this reduction was planned due to required budget savings. The need to bid for internal work will cease with this new model and as outlined above by better aligning staff to the Council's top priorities there will be greater job security than has been experienced in the past.

As part of the consultation process an FAQ document was produced and updated to respond to staff queries. A copy of this document is appended to this report.

## **5. Equality and diversity / cohesion and integration**

Due regard has been given to equality, diversity and cohesion when developing these proposals. A copy of the equality impact assessment screening document can be found at Appendix III to this report.

## **6. Council policies and best council plan**



These proposals are intended to provide a fit for purpose and sustainable senior management structure that creates capacity to build on achievements to date and continue to deliver positive outcomes for Leeds.

## **7. Resources and value for money**

- 7.1 Taking into account the post deletions and the creation of new posts outlined above, together with the savings made from other JNC staff who have left the PPPU since the approval of the 17/18 budget, the estimated annual savings from this proposal are forecast to be around £200k. These amounts are in line with the 2018/19 budget assumptions.
- 7.2 Actual savings will be dependent upon the timing of filling these new posts and any future ELI / severance costs.
- 7.3 The PPPU posts referred to within this structure are primarily funded by charges to HRA, capital and other external income. A piece of work is underway on a Council-wide basis to review how staff time is charged to projects. This review will involve staff beyond the PPPU and will seek to ensure there is a consistency of approach to future charges to capital projects and other funded work.

## **8. Legal Implications, access to information and call In**

This report is not subject to call in.

## **9. Risks**

There are no significant risk issues arising from this report. In developing these proposals account has been taken of the impact on the Councils capacity to deliver successful outcomes for Leeds.

## **10. Recommendations**

The Director of Resources and Housing is recommended to approve the proposals set out in this report in relation to:

- Transferring JNC staff in the PPPU to other areas of LCC, with appropriate staffing budgets
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## 11. Appendices

Appendix I	Proposed Role Profile and Specifications – Chief Officer Asset Management, Chief Officer Economic Development, Head of HS2 Delivery, Head of Projects and Technical Client Manager, Development Programme Leader, Head of Contract Management (Housing)
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Appendix II      Structure Charts – existing and proposed

Appendix III     Equality Impact Assessment Screening Document