

Deployment Schedule by receiving Directorate			
Receiving Directorate	No of Staff at NJC	No of Staff at JNC	Comments
City Development	21	5	
Resources & Housing (DIS)	17	2	
Resourcing & Housing - Low Carbon	15	1	
Resourcing & Housing Strategy & Improvement	3	0	
Resources & Housing Finance (Commercial & Legal)	36	6	Includes x 5 Shared Services Staff
Resources & Housing Housing Property & Contracts	17		
Secondment to Leeds University		1	
Totals	109	15	

Questions 7/12/17 – Sent at 14:46

1. We have now been issued a report addressing JNC posts. As this is a restructure affecting the whole of the unit, there should be a unified report which covers all grades, all proposals and covering the full structure both current and proposed. We should not be being dealt with as separate entities. In addition what about the impact of this restructure on those staff in the units we will be deployed to? Surely they have to be consulted too?

A – We have set out overall options for disbanding the PPPU. Achieving this requires a review of senior management to effectively re-align roles to fit into other areas of Resources and Housing and City Development. Beneath JNC posts changes are not required. Other units have been consulted on changes in conjunction with PPPU. For example, consultations are being carried to seek views on the proposed structure change in City Development.

2. Are the new posts which are to be created to be ring fenced to those staff identified as facing MSR? Although this does not currently affect me directly, I think there should be ring fencing to support those affected.

A – Through the MSR process any staff who are at risk of redundancy will be offered alternative roles on the new structure in the first instance.

3. The proposal at JNC level is suggesting creating as many posts as are being deleted – what is the point therefore of the exercise? The overall saving projections taking into account the new post creations amount to less than £300k. Has the time spent to date on this and lost opportunity for real work and income generation outweighed any potential saving already?

A – Please see answer to question 1 above. The JNC review has been necessary as the unit is being disbanded and roles re-aligned to fit with other functions.

4. My understanding is that it is suggested the restructure is not subject to a key decision. However, a key decision is required where any cost implication (expenditure or saving) exceeds £250k. Given the figures being reported I cannot see how this cannot be a key decision.

A – We are revising the figures reported as there are a number of variables. It is likely that the savings made from deleting posts and creating other will be less than £250k. Final savings may also be reduced by any potential severance costs and the appointments are made.

5. With all of the above points, where is the council value of spending money wisely?

A – Reasons why new arrangements will be the interest of the Council and the arguments to support this are set out in the initial report on future options for PPPU.

6. We still have not been told specifically which unit / team / line management reporting we will be moved to. I am part of the team that is currently pointing towards City Development alongside a suggestion that a number of these identified staff will actually move to housing – when will clarity for individuals be provided?

A – We believe we have informed all PPPU staff where they will be placed. If you are unclear here please speak to a member of SMT. We have also stressed that the deployment will need to reflect the current work people are doing, but also the work they will need to do in the future as projects are completed. We expect there to be a degree of flexibility as work changes. The need to allocate staff to work on HRA activity was made to ensure we match people to workloads.

Line management arrangements cannot be confirmed at this stage as the JNC review is ongoing.

7. What will happen to current job descriptions – are we being relocated with our current JDs or will there be a review and potential change to these?

A – Apart from some JNC roles we will not make changes to job descriptions

8. Where is the clarity on forward programmes of work? Surely this is imperative to ensure that staff allocations are focussed in the right areas to both maintain resources where required and provide some assurance to staff that there is sufficient work for the foreseeable, otherwise how do we know that we will not just be facing a restructure in our new departments in the new financial year?

A – The situation you describe will have applied under our former arrangement – e.g. the amount of work that the PPPU undertook has always been subject to changing demands; projects ending and new work coming on-stream. Going forward the work which staff will be required to do will be more closely aligned to our priorities – not the ability of services to afford PPPU resources. This allows for a better deployment of staff and the ending of recharging potentially offers more work and assurance.

9. Who will be taking responsibility for project management professionalism across the council to ensure that colleagues are kept up to date, key skills and knowledge are maintained and there is not a dilution of this driven by “fitting in” with department processes.

A – Arrangements for professional development will be made in the respective directorates. This does not prevent a sharing of ideas and practice to ensure we maintain high standards and to share this with other staff involved in projects and programme management elsewhere as well.

10. The whole process has not been handled well to date. The latest reports were issued to everyone with named individuals in the report who are affected by MSR but don't appear to have been notified separately first – I am not sure on this but that is the perception. Is this really appropriate?

A – Reference to peoples individual roles will identify those staff affected by MSR., It would not be possible to discuss proposals otherwise, but staff affected were made aware of the proposals beforehand.

11. When are we going to be formally notified that formal consultation is starting?

A – Following the briefing about the JNC review the trade unions were written to confirming the start of the formal consultation process on 5th December.

12. I now hear from my team meeting today that it is proposed to create another Dir45 post to add to the new structure so that all the current Dir45 solicitors can be slotted into a Dir45 posts and no-one will have to go down to PO6 – is this correct? Surely by doing this the Council will be saving even less money – so what is the point of this disbandment?

A – Following feedback it is now proposed that the current level of JNC legal capacity is maintained and x4 Dir 45% roles retained.

13. Looking at the Dir45 posts that are being created (we believe for the Dir45 solicitors that are being removed from the structure) the current Dir45 solicitors will not be able to meet the job spec – so how is it proposed to fill the new Dir45 posts? The posts have a requirement of being a solicitor – but they are not necessarily legal jobs – why is there this requirement when the jobs are not necessarily legal jobs? Is it just so that the current Dir45 solicitors can be slotted in? But how can this be done if they do not meet the skills required in the job description?

A – The Council's flexibility protocols will be used to deploy the current Dir 45% Solicitors into roles. Discussions are yet to be finalised to establish if staff will be deployed or will post preference for the roles.

Questions sent on 4.12.17

14. I think it was suggested at the briefing that the consultation period for the PO6 and below structure would commence before the JNC structure was released. Could we wait until we have a full structure before the consultation period commences? The report suggests that 6 staff will transfer to housing from the city development list and yet this is not on the structure, so this is also incomplete.

A – We have released a proposal on the overall realignment of the PPPU. To deliver this we will need to review JNC roles and a consultation on this has already been released. We do not plan to make other changes. In regard to the movement staff from work on schools (which would have been in City Development to HRA work (in Housing) people will be flexibly deployed across priority areas of work if necessary to respond changing workloads.

15. What plans are in place to address the potential cultural clashes or issues that may arise in the transfer of PPPU staff to receiving departments?

A - City Development are keen to make staff fully welcome and will put emphasis on there being a good working culture that reflects the needs of the whole Council. The same applies in Resources and Housing – which PPPU are currently part of.

16. Are the vacancies in the PPPU structure being deleted?

A – This will be subject to an ongoing review to reflect changes in workloads.

17. Are the JDs of the various roles in PPPU being retained? The concern is a risk to the project management professionalism of both the organisation and the individuals who have trained and developed in project management (APM plus experience).

A - See answers to question 7.

18. My own personal concern is that having worked in a broad range of departments in a range of local authorities over the last 11 years, the structured project and programme approach and associated ways of working has worked the best in my opinion. I see a real risk that in focusing on what is seen as the negative ways of working (e.g. charging), the positive ways of working of PPPU are not being recognised and could be lost in this restructure.

A – The report sets out options for bringing staff closer to key priorities in the Council and at the same time keeping valuable specialists skills in the organisation. These positive aspects need to be supported, with new deployment offering people a chance to retain and improve this in new settings.

19. Would it be possible to question whether ELI might be available? It was quite heavily pushed as an option a few times over the last few years as a way of achieving savings and it feels somewhat drastic to now be deleting a department without considering ELI either instead or as part of this new strategy.

A – We do not plan open offers for ELI as we do not want to reduce our overall resource base.

20. Quick question regarding re-structure I'd appreciate you passing on when you get back. PPPU currently runs training for the Association of Project Management Project Management Qualification, I would like to know if this training will still be available after the re-structure and if so, how it will be accessed.

A – We would need to look at this – and suggest that we look at development needs in this area across LCC. We also need to see whether there are different ways of offering development in the future e.g. using the Apprentice Levy and looking at skill needs in other parts of LCC where projects are undertaken.

21. There is no formal structure, lines of reporting and accountabilities. We have been provided with a list of names of staff allocated to directorates. It says that some of the staff listed as going to City Development will be going to Housing, but those staff have not been identified. How can staff in this group respond if they are not clear on where they are being moved to?

A - We believe we have informed staff where they would be deployed. Please get in touch with a member of SMT if you are unsure. Staff will also receive an individual letter to confirm which Directorate they are being deployed to.

22. People need to be able to make an informed decision and do not feel that it is possible with the current information.

A – This a very general comment/view. If you want to discuss any specific circumstances where you feel this applies please get in touch with HR

23. Has a revenue budget been identified and approved in the receiving departments?

A – The staffing costs associated with the restructure have been split into the receiving directorate(s). These will be agreed with the relevant directorates as part of the 2018/19 budget process.

Work is ongoing to identify work programmes for 18/19 so that appropriate income budgets e.g. Capital / Housing will also be set in the receiving directorate(s).

However, this process is no different to the programming work that the PPPU would have undertaken.

24. Will the funding model for staff transferring to departments be the same as staff already employed in those departments.

A – The intention is that recharging system will be simplified across the Council. Work is ongoing corporately (outside of these restructure proposals) to progress this. However, there will still need to be some form of recharging, for example

charges still need to be made to capital, HRA as well as income from external bodies.

25. Will staff be moving on their existing job descriptions?

A – Yes, apart from reviewed JNC roles.

26. Can any assurances be given to staff moving that they will not be subjected to further reviews or restructures in the near future as the stress level is already high and there is only so much people can take, there will need to be a period of assured stability.

A - As with all LCC staff we cannot give open-ended assurances like this. We would hope however that by aligning staff closer to our priorities we can offer more stability. Clearly if anyone feels they are affected by stress we can offer a variety of support arrangements. HR can advise on this

27. I had a question on the above P06 structure which is still to be released. Why are only part of the staff having a potential re-grade. I know it hasn't happened yet but to be honest if they weren't planning a regrade they would have said so already. My personal perspective is how can it be fair that only some staff are affected and not others.

A – Proposals are being made to disband PPPU and as a result of this some JNC roles will be changed. These changes are now subject to consultation. We are not planning further changes beneath this level and will do all we can to support staff where jobs are affected by the MSR process

28. Neil made a clear statement that post PO6 and below are safe but I am of the view that there is no guarantees with this statement and would like some confirmation on the following points:

- a. What is the management structure and how are we integrated within the service (ie legal services)? Are we moving with our JD and grade and being incorporated into the structure rather than expecting a re-structure as soon as we are in the directorate (which could result in staff reduction, regarding). Has the discussion taken place with these directorates in receipt of staff and function?

A – Apart from some changes to JNC posts, roles will not be changed and in the main be located in Finance.

- b. Has the posts moving across being fully funded and this not just for the financial year coming up but going forward too? Has the charging and recharging issue been resolved? Neil did indicate that the budgeting of this new structure is still to be worked out especially as the JNC is to be done

A – See answer to Q24. Funding for forward years including & beyond 18/19 is no different as there will be an assumed level of income from the HRA / Capital projects to be delivered. This principle is no different to current practice

29. In moving into a new service area, how specialism such as procurement will be maintained and developed?

A - This depends on your role, which is not clear in this question. However the aim of the changes and JNC restructure is to ensure we have skills in the right place going forward.

30. I went for a PO4 role in August and although I was the successful candidate I was told that the post had been frozen (presumably due to the disbandment of PPPU), although if something came up in the next 6 months I would be offered it, subject to people in the Talent Pool. Would this offer still exist? Or if I am moved to will I become part of that service and therefore miss out if say, a role came up in the Environmental team or even in the remaining PPPU team?

A – We would need to establish what was discussed with you in order to consider how we might deal with any potential vacancy. Perhaps you could contact HR

31. Queries:

1. No clear basis or rationale provided to support / justify as to why the Hub and Spoke approach has now been disregarded.

A – Arguments have been put forward in the Report which concludes to disband PPPU.

2. While personally I don't fully understand or support how the hub and spoke used in such as HR and Finance will operate or benefit the delivery of a Corporate Procurement function due to specialisms and expertise neither do I see the real benefit of just cutting a service up in pieces and sending it in many directions – surely this does not drive consistency or continuity of service across Directorates.

A – We are proposing to re-align resources to optimise the contributions staff and teams can make to LCC priorities and to find the best ways to deliver outcomes, which may not always need to be approached in the same way.

3. Concerns that the mechanism will severely reduce the profile of a Corporate function leading to silo operation with department functions – with no or very little voice in terms of Corporate Procurement.

A – Procurement will remain a corporate function in Resources and Housing. There will be scope for a Council-wide lead, as well as better links to some specific areas like HRA activity.

32. Whatever occurs and probably for a number of reasons (staff leaving the service through frustration or for other reasons) the simple fact remains that particularly in terms of Procurement staff and probably Project staff also, the simple position is that in order to deliver the massive construction, refurbishment, repairs and Maintenance across Housing Leeds, LBS and CPM as well as other areas of delivery I would estimate that we are 15-20 procurement staff short. Therefore, envisage risk of promising delivery in a new environment, chapter etc. is severely at risk of failure due to the lack of sufficiently knowledgeable and experienced officers.

A – Going forward we will need to match available resources to projects and the funding that comes with them. Currently we believe the current resources we have are in-line with the work we can derive from the capital programme, HRA and other revenue streams. If there is a future shortfall this will be addressed.

33. Just as an observation is one of the legs proposed in City Development with Projects and Programme staff potentially not just a slimmed down mini version of PPPU.

A – The re-alignment will ensure adequate skills and resources are put into City Development to deliver priorities in relation to Asset Management activities. This brings the benefits of PPPU skills and resource. This would not however fully replicate PPPU and support and advice would potentially be needed from the corporate functions.

34. It is not clear in terms of the proposed central procurement service (not sure if it sits under Legal or Finance direction) what the purpose / point of this is to be – is it a much reduced version of a top sliced funded excellent procurement service that operated successfully winning Beacon awards for example etc. until late 2011 or is it something else? Again where will work be generated from to maintain this function? Further this again as things currently stand is not fit for purpose as only approx. 12 – 15 posts will fall under it and a clear in balance as large majority of these staff are PO6 and PO4 – is this is to be an effective Corporate Procurement service then many more offices are required to be recruited.

A – The purpose of the Procurement function is to provide overall frameworks for the Council and to give specialist commercial advice. The procurement function will sit within R&H directorate, it will have a revenue budget and therefore not charge to projects / programmes to cover all of its costs. There will still be some income budgets for procurement e.g Purchasing rebate income.

35. I am sure people are not frightened and are keen to embrace change where for the better though based on what has been seen this far I think there is a particular risk of these new arrangements being set up with a real risk of failure due to the following reasons:

- a. Breaking up of service,
- b. Insufficient knowledgeable, experienced officers in place to deliver.
- c. Removal of the corporate banner then leading to 'silo' operation and real risk in both ability to deliver and / or delivery of inconsistent standards across the Council.
- d. One major asset of the PPPU service particularly around the Commercial function – legal, financial, technical etc. has been for Projects and Procurement officers to work closely with a knowledgeable, experienced and excellent team of officers by breaking this aspect of the service up and splitting it across separate

A –The benefits of the changes set out in the initial report outweigh some of the issues you raise.

Questions sent 4th December 18.47

37. When will we receive the financial data to back up your proposals?

A – Could you be more specific in terms of what this relates to. You may want to refer to other questions

38. The draft reports provided to date are weak on the justification of a disbandment of PPPU. We are still unclear as to why PPPU needs to be disbanded. Please clarify

A - Arguments that support the report are put forward in the initial report.

39. This ties in with Q1 above (Q39) – what are the proposed saving that will be made on the disbandment of PPPU? Has this been considered along with the loss of income for the Council due to officers working on disbandment/restructure issues rather than being able to work on chargeable work? How will this all be calculated taking into account loss of income because the Council is not able to undertake chargeable work for bodies outside of the Council.

A - The primary reason for the restructure was not financial as outlined in other responses. However, as part of the initial budget proposals and in line with other support services there was an initial anticipated saving of up to £300k. This has been revised and will be be under £250k in terms of the structure proposals.

With regard to the “loss of chargeable work” whilst working on the restructure, this is a one off issue whereas the savings from the review are recurring.

Questions Sent 6th December

41. There are more posts being created than deleted, so the savings are rather minor. If this was just about rationalising senior management posts, was there not a less disruptive means of doing this than involving the whole department and indeed the proposed 'receiving departments'? Are we 'spending money wisely' by undergoing this process? We have lost income as a department and a great deal of staff time has been spent on this, not to mention the impact on morale and wellbeing.

A – An overall proposal is that to work more effectively the PPPU needs to be disbanded. Following from this it is necessary to change some of the JNC posts and adapt structures in City Development. We recognise that staff may find some aspects of this change unsettling. Therefore if you feel you need any support please speak to HR.

42. What is the process for filling the new posts? Will these be open to all in the Council or are they held for the PPPU senior management displaced from their current positions?

A – This question has been answered previously

43. "There are no significant risks" – could we see the full risk analysis for this initiative?

A – A detailed risk analysis has not been undertaken and we feel risks are relatively low in terms of staffing changes. These are referred to in the initial report. We would stress that given the level of staffing changes we would not normally expect a more detailed risk analysis.

44. Consultation process concluding on 2 Jan – how does this work since it has not started yet and we have a Christmas closedown to factor in?

A – We feel that sufficient time is being allocated to consultations. But subject to any new or significant issues raised we can consider timescales accordingly.

45. The naming of individuals on this Excel sheet, especially those with no suggested area for deployment – are we 'treating people fairly' during this process?

A – We want to give staff clarity on where they would be deployed. If you are still unclear please let a member of SMT know.

46. We are yet to see any business case or evidence-base for this disbandment. This was requested several weeks ago, and may help staff understand why this is happening to them.

A – Arguments for changes have been put forward in the initial report

47. Are we keeping our project management JDs? We are professional PMs, qualified to APM, and forging careers in project management. Our JDs reflect this. The fear is that we will end up doing business as usual roles and lose our PM expertise. Can we have some reassurance that this will not happen?

A – We want to retain and develop project management skills and will look at ways in which we can professional develop this across the Council in the future.

48. Linked to this, where will the responsibility lie for maintaining and indeed strengthening the project management professionalism and practice in LCC? While the report states there are no significant risks, this can be disputed. Managing projects without the robust PM methodology and expertise currently used could risk significant financial and reputational costs to LCC.

A – See Q48

49. Will there be a specific fund to pay for the PM roles? Again, can we be reassured that we will continue to work on projects?

A – We are not sure what the question means in terms a specific fund. However, as referred to earlier there will still be a requirement for the receiving Directorates to charge to capital schemes / HRA etc. It will be up to the Directorates to identify the appropriate work programmes.

50. What plans are in place to manage the transfer of staff to 'receiving departments'? What plans are in place for induction and cultural change/acceptance?

A – In City Development, arrangements will be led by a new Chief Officer Asset Management. Prior to the appointment of this post, the Director of City Development and Chief Officer Service Development will work with Heads of Service to support a transition. This will include issues like inductions etc. Elsewhere the Chief Officers PPPU staff report to will lead on the themes you raise i.e. Chief Officer Financial Services, Chief Officer Property and Contracts etc.

51. Will team cohesion be maintained? If staff are to be moved, can they stay together unless they have indicated a preference to go elsewhere in accordance with the proposals?

A – As staff move to new areas, managers will need to consider how staff work in line with upcoming accommodation changes. If any staff have any particular needs please get in touch with a member of SMT.

52. In the reports under the heading Legal Implications it says N/A – surely there are substantial legal implications ranging from possible constructive dismissal claims, to stress claims, to judicial review for failing to follow a reasonable process and not following policies reasonably etc etc.

A – For a change of this nature we do not feel there are any specific legal risks. If through consultations we become aware of anything this will be considered.

Q – Confirmation of how funding arrangements will work?

A - In contrast to the current budgeted structure for PPPU the revised arrangement provides both the PPPU hub and the Low Carbon Unit with a net managed budget. For staff based in Resources and Housing directorate supporting the housing function, there is certainty, as set out in the HRA Business Plan, with the regards to the level of resources available to support both the housing investment programme and the new build programme. For rest of the staff supporting DIS and services and functions based in the City Development directorate the Council is projecting to spend £1.13b on capital in the next three financial years and former PPPU staff will play a key role in the delivery of projects contained in this programme.

Report of: Director of Resources & Housing
Date: 5th Feb 2018
Subject: PPPU Service Review

Are specific electoral wards affected? If yes, 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

Following a review of PPPU, this report sets out a proposal for a new operating model. The report proposes that the current unit is disbanded and resources are integrated into existing Directorate Teams. Initial options were considered following feedback from a series of staff workshops that were held in September and October 2017.

For the majority of staff there will be no significant change to job roles, responsibilities or grade. They will be flexibly deployed into Directorate Teams. Further work has been completed to scope out the future senior leadership capacity at JNC, details of which are contained in a separate report.

1. Background

1.1. Launched in 1996 as the Facilities Development Unit, a team of existing experienced project managers, technical, legal and financial staff was drawn together to complement the Asset Management Unit in City Development and support Directorates in the implementation of the council's Capital Programme.

1.2. With the promotion of PFI by central government, the Unit was initially seconded to the Education Department to deliver a number of PFI contracts, bringing significant capital investment into mainly inner city areas. At first heavily reliant upon external advisers, as the work progressed officers were able to develop and retain knowledge, skills and experience. This allowed external costs to be significantly reduced and in-house capabilities and delivery enhanced. In turn this resulted in further opportunities being secured, in line with expanding government spending. The Unit was then moved to the

Chief Executive's Office in 2002, where the scope of work became wider. Adult Social Care, Highways, Leisure, Housing, Education and Waste, all sought and secured further capital investment (and PFI credits), and the Unit was also called upon to support external partners, including Health, and Police, to rationalise and enhance their capital assets and service delivery.

- 1.3. In 2011 the function of the Corporate Procurement Unit was incorporated along with a revenue budget and some 50 staff. In 2013, through the Better Business Management review, 24 Business Improvement staff, and 25 ICT staff and their associated projects were relocated into the unit through the flexible deployment policy. This brought overall staff numbers to 195, with budget provision for 60 FTE and the remainder engaged as part of a 'traded service'.
- 1.4. Following a full restructure in 2014-15, changes were implemented to adopt a national drive in procurement to create a Category Management approach to delivery supported by a Commercial Team of legal and financial advice, and a Portfolio Management Office collectively designed to optimise the resources and expertise available to the council, and external partners.
- 1.5. The budget to the Unit has reduced consistently over the last 5 years. The Unit is now operating with 142 posts, including unfilled vacancies, supporting all Directorates, NHS partners, West Yorkshire Police, and the Leeds City Region with a range of projects, procurements and contract management resources. 19 posts are currently vacant.

2. Achievements

- 2.1. In proposing a new way forward, it is worth recording the achievements of the unit. The unit developed an enviable expertise in the delivery of PFI projects which has served the council and city enormously well over the course of more than fifteen years. The investments won and delivered through PPPU include:
 - The delivery of the Building Schools for the Future Programme
 - The Swarcliffe Housing PFI
 - Little London and Holbeck PFI
 - The RERF
 - Street Lighting
 - Care for people with learning disabilities
- 2.2. In total, the team has handled an estimated £1.5bn level of investment - few, if any councils, have been so successful. Without the existence of PPPU and the discipline and expertise it has brought, the city would have been unlikely to see many of these transformational projects. In addition PPPU have undertaken important non-capital projects, most significantly the delivery of the Tour de France. Over the last 5 years the

revenue budget for procurement work has reduced by 60%, yet over £300m in savings have been secured from this area of work as reported to Executive Board.

3. Going Forward

- 3.1 Given the ongoing financial challenges facing the Council, Services are being asked to review ways of working to maximise effectiveness and efficiency. As such, the council is moving towards a more integrated and collaborative approach to delivering strategic outcomes, which brings together the right people with the right skills and expertise into a single team to deliver. Working successfully in this way heavily relies upon positive and productive working relationships
- 3.2 In spite of the tremendous record, the operating model of PPPU within the Council has for some time created tensions within the organisation.
- 3.3 By seeking to attract and retain staff who could reduce the council's reliance upon expensive external advice, the service offered salaries based on retention and market arguments more than most other parts of the Council. Whilst these have subsequently been consolidated, the tension this has created, exacerbated by the method of paying for the service via recharges, rather than through its own revenue budget, has created the impression of the service being an expensive resource.
- 3.4 The strong methodology used by the service has also been at odds with less formal ways in which most departments have operated, which has also led to a clash of styles. Whilst the Council will rightly want to see more rigour, there has been a sense that departments during the period of austerity have been unable to resource projects in the same way as PPPU.
- 3.5 The context in which the Unit works has also changed. Whilst some of the differences could be overlooked whilst the flow of important PFI investment was on-going, there is now less justification. PFI funding has effectively ended and the PPPU service is engaged on projects and procurements which are more similar in scale to works being carried out elsewhere within the council.
- 3.6 Some of these tensions have now resulted in poor working relationships between PPPU and Directorate services, which serves to undermine the Council's approach to acting as a single team and fails to make best use of the resources and talents we have available.
- 3.7 For all these reasons, the PPPU service needs to change.

4. Options

- 4.1 A number of options have been considered as a result of feedback from staff workshops. There are a number of ways forward, each of which has its advantages and disadvantages. The chief arguments are briefly outlined below.
- 4.2 A reformed PPPU

One model is to leave PPPU essentially in its current form but move towards a hub and spoke delivery model in which PPPU staff were deployed to work more closely with departments but nevertheless remained responsible to the Unit. The benefit of the current shape is that the central commercial and procurement team consolidates expertise to the benefit of the council, whilst the project team provides not only professionalism but a high degree of flexibility, enabling resources to be moved to meet new priorities.

This approach, however, would not break down the existing barriers. The different working methods between services are likely to persist, as will the problem of staff working alongside each other answering towards different management teams. The change would not eradicate the perception of the separation and cost of the service.

4.3 An expanded PPPU

One way to address differences in practice across the council, duplications between roles and inconsistencies in pay, is to bring all project officers and procurement staff under the single umbrella of PPPU. Arguably this same logic has been applied over the years to Finance, HR and ICT staff, so could be extended to procurement and project staff. There were moves a couple of years ago to try to map this which could be built upon.

Proponents would argue that such a move would improve the professionalism and consistency of the disciplines and provide the council with greater flexibility to deploy resources where needed. Arguably such an approach could lead to the greatest staff savings by consolidating roles. The exercise to identify project roles in departments, however, in practice proved very difficult, with a great degree of blending of staff roles with different responsibilities. Many managerial posts are engaged in projects, as are HR, Finance and Legal staff.

As well as this practical difficulty, there is an underlying concern within departments that a shift in this direction might effectively disempower management teams when it comes to key projects for which they hold ultimate responsibility.

4.4 Disbanding PPPU

In view of the difficulties of the current arrangement and the above, a further option is to disband the current group. Disbandment provides a fresh start. In essence the option has two components: the distribution of project staff into different parts of the organisation to enable Directors to deliver key programmes; and the continued delivery of core functions for the whole council, working alongside other corporate colleagues who provide complementary functions.

In taking the step to disband, there are risks. The disciplines which have been so successful in delivering key projects can be lost; the Council may find itself unable to respond to emerging opportunities and problems due to the lack of a central resource. These two issues will be harder to deal with if resource is distributed. The Corporate

Leadership Team will need to give strong attention to these points as we move forward.

Nevertheless, despite these difficulties, there are some major attractions to taking this route. There is an opportunity to consolidate groups of staff into single teams with a united purpose to deliver against some of the biggest challenges facing the city. There is also the opportunity to analyse where the council has gaps and seek to address these. Key issues such as HS2 and the Transport Strategy need to be resourced. The Council should also seek to establish a stronger technical client for major capital projects to better specify our needs and manage the interface with NPS.

The retention of a smaller central team, focussed on procurement and technical financial appraisal, remains a sensible proposition. The Council is fortunate to have developed strong expertise and it is best placed to serve the whole council if retained in this form as an integrated commercial teams. The proposal, however, seeks to create better links to the appropriate professional leads within the council i.e. to the City Solicitor and Chief Officer Financial Services to ensure that all relevant commercial matters are considered in future in one place.

5 Proposals

5.1 Feedback has been sought from PPPU staff and stakeholders and has been taken into consideration in developing potential options and the proposed direction of travel. It is acknowledged that there are differing views on the proposal.

5.2 Leadership Review

The 2017/18 budget provided for 22.5 FTE. Staff leavers through turnover and ELI mean that the current JNC cohort in post is 17.5 FTE. The proposal to disband PPPU in its current form means that responsibilities for programmes will be dispersed to existing Directors and Chief Officers. Commercial and procurement decisions will be managed through the integrated commercial team as happens now, with responsibility for those staff sitting with the Chief Financial Services Officer; but professional accountability for legal staff within the team will be with the City Solicitor.

The recent resignation of the Chief Economic Development Officer has led the Director of Development to reconsider his senior management requirements. Further work has been completed to scope out the future senior leadership capacity at JNC, details of which are contained in a separate report

5.3 Commercial and Procurement Team

There are a number of activities which it is proposed remain the responsibility of a commercial and procurement team. This outcome was strongly supported by staff in workshops:

- 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);
- Formal OJEU processes;

- Identification of procurement opportunities across Directorates;
- Statutory responsibility and requirements (including CPRs and monitoring);
- Management of the YORtender portal and contracts register (data transparency and associated publication);
- Procurement and FMS helpline;
- Delivery tools and guidance on InSite;
- Monitoring and challenge of off and non-contract spend;
- Regional and national links procurement collaboration and best practice.

The team will provide specialist commercial support to Directorates across key corporate initiatives, as well as operational PFI projects (including ongoing contract management of PFI Projects). The team will remain responsible for key regional and external commercial support (RIF, regeneration fund support, YORhub, etc) and income.

There is also an opportunity to ensure duplications between PPPU, Legal and Finance are addressed with advice provided by the best team, rather than determined by which team departments choose to go to. Whilst the team will continue to be an integrated commercial team, legal and procurement staff will report to the Chief Financial Services Officer with the City Solicitor as the professional lead across the Council for legal staff within the team

There is also an argument to retain a small capacity which keeps track on the range of work going on across the Council and develops a network of professional project management across the council as a whole. The network should not be restricted to the PPPU staff distributed into programmes but to all staff engaged in projects. To improve effectiveness, efficiency, and address the better utilisation of resources across the council, all staff engaged in project and procurement work should utilise a locally agreed, simplified methodology for project and procurement delivery. It is proposed that this is best achieved by joining a small number of staff together with the corporate planning and risk team and staff report to the Chief Officer Strategy and Policy.

By picking and dropping staff into the Directorates, there are no specific financial implications for the Council. Existing funded vacant posts will be reviewed and replaced with posts that are better aligned to the Council priorities. The disbandment of the PPPU with project staff being allocated into Directorates therefore affords the opportunity to create a council wide team with responsibility for procurement and commercial legal / finance contract management.

Under these proposals the estimated staff cost of these teams (34.8 FTE) is approximately £1.7m. These teams will report to the Chief Officer Financial Services. Under the current arrangements some of the staff on these teams were working on projects to generate income, in addition to their procurement and contract management work.

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.

6 Distribution of Project Resources

The programme areas set out below are the ones against which it is proposed to 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. Staff, however, should be assured that they are being allocated to programmes of work of great importance, the priority of which is the best guarantee of job security.

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 contract, amongst other projects. 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. This proposal was supported by staff in the consultation.

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. Additional staff are required to deliver this programme. This proposal was supported by many staff during the consultation. Some concerns were expressed that opportunities for professional development might be limited. This will be guarded against through the review of programmes.

HRA Growth Team

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. This proposal was supported during the consultation.

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. This proposal was supported during the consultation.

City Development

Before considering the distribution of staff to a number of key programmes, the issue of the development of a stronger technical client within the Council needs to be addressed. The Council currently lacks a single team which provides technical input to ensure that specifications are properly drawn up and ensures that NPS are properly instructed and work effectively. There is a further role to ensure that major capital schemes are properly monitored. The roles are currently performed in City Development and PPPU but there is partial coverage. There is an opportunity to join the technical team together with colleagues in City Development to address this strategic weakness within Asset Management. Specific proposals are set out in the Senior Management Review – PPPU / Economic Development and Asset Management report.

With regard to the wider project resource, the following programmes are proposed within City Development.

Changing the Workplace

The Changing the Workplace team has played a vital role in the rationalisation of buildings and working practices. The team is currently in the middle of the largest move by the Council in many years, back into the Merrion building. The project straddles cultural and HR issues, as well as ICT issues, whilst much of the work performed by the team relates to asset management and property. This team could be assimilated within City Development or remain in Resources and Housing but the balance of skills within the team points towards the former.

School Places

Responsibility for the delivery of school places currently rests in three parts of the Council – Children’s Services, City Development and PPPU. There is an argument for the transfer of all resources to Children’s Services to ensure that they are in one place and reporting to the Director ultimately responsible for provision. Given, however, that the expertise regarding construction lies elsewhere in the Council, this isn’t favoured. Children’s Services should continue to determine need but an integrated delivery team would be better placed in City Development. This would have the added benefit of being able to flexibly deploy staff onto other capital projects, given that the flow of work is uneven across the year. (There is likely to be reduction in activity in this area next year, which will be addressed through a redistribution to work on the HRA, which has a secure funding base.)

Regeneration and Transport

Very few PPPU staff are currently engaged in the delivery of the major transport and regeneration schemes that the Council is engaged in. The Leeds Living proposition, encompassing the residential redevelopment of the South Bank and wider city centre, HS2 and the delivery of the transport strategy are all under resourced. A number of staff have been allocated to this work and other staff will be aligned to such projects and to other significant pieces of work.

7 Consultation and Engagement

- 7.1 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.
- 7.2 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.
- 7.3 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.
- 7.4 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
- 7.5 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.
- 7.6 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.
- 7.7 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.

7.8 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.

7.9 Feedback has highlighted concerns about future professional development and the risk of being limited to working in specified niche areas. These are valid concerns and plans need to be adopted to avoid this becoming the case.

Implementation Proposals

It is proposed to use the flexibility protocols to allocate NJC staff to areas of work, on existing grades and job descriptions. The Council will follow its agreed processes in implementing this change. The proposals will involve the development of a full implementation plan. Whilst it is the intention to give staff certainty as to where they will be working as soon as possible, it is proposed that a practical implementation date of 1st April is adopted. This will enable an orderly transition of projects and new arrangements for financing to be introduced.

The implementation process for the changes to leadership roles is outlined in a separate report.

8 Corporate Considerations

9 Equality and diversity / cohesion and integration

Due regard has been given to equality and diversity and a copy of the screening document can be found at appendix 2 to this report.

10 Council policies and best council plan

This proposal provides an opportunity to integrate groups of staff into single teams with a united purpose to deliver against some of the biggest challenges facing the City and support the delivery of the Best Council Outcomes

11 Resources and value for money

The 2018/19 budget reflects the allocation of the PPPU staff resource into the Directorates as outlined above. With respect to the ongoing funding a piece of work to allocate the appropriate income budgets to both Resources and Housing and City Development (from the Strategic and Central Accounts) is underway. A significant level of this income will be primarily derived from recharges to capital and charges to the HRA

A piece of work is underway on a Council wide basis to review how staff time is charged to capital projects. This 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.

The ability to focus on procurement and contract management should allow more focus towards the Council achieving increased value from future procurements. In the past year there has been marked increase in contract extensions as opposed to new procurements being undertaken (68 to 148), additional concentrated procurement resource can help improve this situation and help ensure the Council gets better value from its procurements.

12 Legal implications, access to information, and call-in

The report is not subject to call-in.

13 Risk management

There are potential risks with adopting the proposals set out in this report including the potential loss of key professional skills that have developed from having a dedicated centre of excellence; risk of procurement challenge, reduction in quality and timely outcomes; development of different Directorate based approaches and loss of flexibility in the deployment of resources. These risks will be mitigated by allocating key staff within deeper pools of technical expertise and an improved distribution of skills across the Council. An awareness of risk at senior management level will also help ensure that the potential downsides are avoided.

14 Recommendations

The Director of Resources and Housing is recommended to approve the disbandment of PPPU and the realignment of resources into integrated teams within Directorates

15 Appendices

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| Appendix 1 | Flexible Deployment Proposal |
| Appendix 2 | FAQs document |
| Appendix 3 | Equality Impact Assessment Screening Document |