

Report of Chief Officer Property & Contracts

Report to Director of Resources and Housing

Date: 15th May 2018

Subject: Request for approval for the creation of 13 additional positions to deliver the procurement strategy for Property & Contracts programme from 2018/19

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 proposes the creation of additional staff resources to provide additional project management and procurement capacity in a consolidated team located in the Property and Contracts Division of the Directorate. The team requires additional staff to deliver a substantial programme of procurement and project activity which includes:

- Programme, project and procurement support to enable the delivery of £400 million of housing capital programme investment over the next 5 years;
- Project management and procurement support to deliver a complex procurement to put a new city wide contract in place to deliver responsive repairs and voids contract total value of £175 million over 5 years; and
- Project management support to deliver the change programme elements of the Leeds Building Services Improvement Plan to secure business efficiencies.

The delivery of these complex programmes, projects and procurements will secure significant cost savings and support efficiency targets to enable better business delivery. Current procurement activity has shown that price savings of at least 5% can be secured through effective procurement activity which would support additional outputs for the available budget equivalent to around £5.75 million p.a on the procurement activity outlined above.

There is insufficient capacity within the existing team in Property & Contracts to deliver these requirements and a budget of up to £1.2 million per year is required from the Housing Revenue Account in order to deliver the Property & Contracts procurement activity over the next 5 years.

The delivery of this procurement strategy and change programme are dependent on the recruitment of the posts outlined. This requires a significant operational decision, as a direct consequence of a previous Key Decision.

The Director of Resources and Housing is therefore requested to approve the recruitment of a total of 13 additional posts to ensure the required resources are in place to deliver the activity described in this report.

Recommendations

1. That approval is granted for the creation of the 13 permanent project management and procurement positions identified in this report onto the Property & Contracts structure in order that Property & Contracts can deliver its £115 million p.a procurement strategy over the next 5 years to be funded from the Housing Revenue Account.

Purpose of this report

- 1.1 To secure approval for additional resources to support delivery of the procurement strategy for Property & Contracts to support the delivery of Leeds City Council's Housing Leeds Refurbishment Programme.

2 Background information

- 2.1 This report seeks to put in place the personnel required to deliver the 2018-19 to 2020-21 Council Housing Investment Programme within the required timescales, for which expenditure of £58m for 2018-19 was approved in a Key Decision taken on 12th April 2018.
- 2.2 Project management and procurement support has historically been provided to Property & Contracts Division from specialist resources located in the Public Private Partnerships Unit (PPPU) on a recharge basis. The budget for this activity in 2017-18 was £1.2 million and was met by a recharge to the Housing Revenue Account. This resource supported a range of activity including the re-procurement of significant elements of the housing capital programme of £82 million p.a.
- 2.3 In addition to the specialist programme and project management and procurement resource located in PPPU, there were a number of Property & Contracts staff also involved in similar or related activity. It was determined that improved leadership and management could be secured by the amalgamation of these two teams into a single team, co-located in Navigation House as part of a pilot process starting in June 2017. This process identified a number of areas of potential duplication and enabled some of the existing staff across these teams to be flexibly deployed to deal with other pressing priorities.
- 2.4 At that time, a combined staff team of around 17 staff was available to support the required activity across Property & Contracts and Leeds Building Services. However over the intervening period, a number of staff moves and departures have taken place, and a greater understanding of the significant programme of work has now been developed such that it is apparent that significant additional resource is now needed to deliver all the work required by both these critical and significant areas for the Council.
- 2.5 In February 2018, it was determined by the Director of Resources and Housing that the existing 12 PPPU project and procurement staff resources should move on structure to the Property & Contracts Division with effect from 1st April 2018 and this transition has now taken place following a period of consultation with the affected staff.
- 2.6 This report will set out the significant challenges that need to be addressed in respect of programme, project and procurement activity over the next 5 years and identify the resources and related costs required to meet them.
- 2.7 In 2017/18, PPPU also provided programme and project management resource to initiate the Leeds Building Services (LBS) change programme. This work had been agreed as a corporate priority by CLT and Best Council Design Team as part of the prioritisation of resource available within PPPU. This equated to around £250k of resource during 2017/18 met from the Council's general fund budget, to deliver the programme.
- 2.8 A separate but related report which identifies specific procurement resources necessary to deliver the procurement strategy for Leeds Building Services has already been submitted for approval.

3 Main issues

- 3.1 The additional staff requested in this report will enable the procurement activity required to meet the timescales outlined in the 2018-19 to 2020-21 Council Housing Investment Programme. As such, this decision is a direct consequence of the Key Decision cited in para 2.1.

Property & Contracts project and procurement activity

- 3.2 The existing cohort of projects and procurement staff comprised a mixture of grades and roles and was recharged against the HRA in the sum of £1.2 million and the Council's general fund budget at £250k in 2017/18.
- 3.3 Due to a number of staff moves and the need to address an increased work programme of complex programme, project and procurement activity set out below, the Director of Resources and Housing is asked to support the recruitment of additional resources to provide enough capacity in a consolidated team of procurement and project management staff to deliver a total programme of activity as follows
- £80 million p.a housing capital programme over the next 5 years;
 - £35 million p.a responsive repairs and voids contract to be re-procured over next 3 years together with activity to tackle disrepair; and
 - Support for the delivery of the Corporate Property Maintenance Programme of £5 million.
- 3.4 The Council is committed to maximising investment in maintaining and improving the quality of Council homes and neighbourhoods and has plans in place to deliver £80m investment each year 2015-24, which will not only drive continuous improvements in Council housing quality, but also support the Council's priority to drive sustainable economic growth employment opportunities in the construction sector. Key priorities for investment include delivering modern, fit for purpose homes and neighbourhoods by bringing properties up to the Leeds Homes Standard, meeting investment needs of the most challenging housing stock.
- 3.5 The Property & Contracts Responsive Repairs team are responsible for the delivery of responsive repairs to approximately 57,000 Housing Leeds managed Council homes as well as communal areas. The service currently delivers around 180,000 repairs a year. The existing contract arrangements commenced in 2016/17 and can run until March 2021. A complex re-procurement exercise is needed over the next few years to put new delivery arrangements in place. This will be undertaken alongside the introduction of a new ICT system for housing over the next 18 months and will require considerable project management and procurement resource and expertise to ensure appropriate commercial and operational management arrangements are put in place.
- 3.6 The Corporate Property Maintenance service is responsible for maintaining and enhancing the buildings and services of Leeds City Council for Council staff and visitors to the city. The service ensures buildings provide a safe working environment for wider partners such as NHS, commercial companies, charities, community groups and the like liaising and solving all day to day problems on a customer facing basis.
- 3.7 Specific services include provision of a Helpdesk service, a Building Responsive Repairs Service ensuring around 13,000 responsive repairs per year are undertaken in 2300 buildings included in the CPM portfolio in a timely manner. CPM are responsible for ensuring all regulatory / statutory maintenance is undertaken including Gas, Mechanical and Electrical, water treatment and in line with regulatory timeframes, a Voids Management Service; Demolition services and a Capital Programme of Planned Works. A £5 million programme of activity is now urgently required to address some long standing issues around these activities and additional procurement resource is required to deliver this.
- 3.8 The HRA budget for the projects and procurement activity in Property & Contracts is assumed to be £1.2 million in 2018/19, as in 2017/18 and enables Property & Contracts to secure 13 additional procurement and projects staff to deliver this extensive work programme. The funding for these staff is sought from the Housing Revenue Account as all the staff activity contributes directly to activity within the HRA.

3.9 At the R&H Vacancy Panel on 12th December 2017, the Director gave approval for the release of the first four of these posts. The Director of Resources and Housing is now requested to approve the recruitment of an additional 9 new posts to bring the required resource up to full complement.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 Local HR and the relevant Financial Management team have been consulted in relation to this requirement.

4.1.2 Staff and trade union representatives have been informed in relation to this requirement.

4.1.3 Recruitment to the posts would comply with council recruitment and selection policy and procedures including engagement with the Resourcing team and the talent pool.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 Recruitment to these posts would comply with the council recruitment and selection policy and procedures.

4.2.2 An equality screening document is attached at **Appendix 1** relating to these proposals.

4.3 Council policies and City Priorities

4.3.1 The recruitment of the identified posts will enable Property & Contracts and LBS to deliver priority schemes which support the Best Council Plan.

4.3.2 The resulting contracts will contribute to the following Best Council Plan objectives:

- Supporting Communities and Tackling Poverty
- Promoting sustainable and inclusive economic growth
- Cutting carbon in Leeds

4.4 Resources and value for money

4.4.1 The additional procurement and project resource will underpin the delivery of the Housing Capital Programme and current procurement activity and pricing has identified that the Council can increase the level of outputs for its available budget worth around £5 million p.a over the next 5 years based on a prudent estimate of 5% savings on tendered rates for similar types of work.

4.4.2 The introduction of competition to existing arrangements, some of which have been in place for a number of years will ensure better commercial terms and improved value for money for the Council as has been demonstrated on all the recent procurement exercises that have been undertaken.

4.4.3 In addition, there will be significant efficiency savings within LBS as a result of the reduction in operational costs that the new streamlined business processes will offer, in comparison to the existing arrangements for the organisation.

4.4.4 The cost of these posts represent less than 1% of the total value of contracts being procured and therefore offer significant value for money for the council, whilst also supporting the delivery of the Best Council Plan.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 It is not believed that there are any legal implications in relation to this decision
- 4.5.2 This is a significant operational decision, taken as a direct consequence of the 'HRA Housing Leeds Refurbishment Programme 2018-19' Key Decision, taken on 12th April 2018, which authorised capital spending for the Housing Revenue Account Housing Leeds Refurbishment Programme.

4.6 Risk Management

- 4.6.1 The additional resources made available to deliver the Property & Contracts procurement activity will reduce the risk of failing to deliver the Council's housing capital investment programme. The implementation of the procurement programme will reduce the level of risk the Council has to manage by introducing open competition to a number of significantly enhanced works packages.
- 4.6.2 It will put in place a new group of suppliers and will widen the supplier base. It will also enable the Council to put a forward plan for re-procurement that provides a more deliverable phasing programme for mobilising and exiting contract and supplier arrangements.
- 4.6.3 If these additional posts are not recruited, the ability to deliver the procurement programme will be significantly impaired and this will significantly reduce the ability of Property & Contracts to deliver its investment targets.

5 Conclusions

- 5.1 Creation of the identified 13 posts on to the Property & Contracts staffing structure is critical to ensuring that it can deliver its procurement strategy and service plan targets.
- 5.2 These posts will provide key resource and deliver value for money for the council.

6 Recommendations

- 6.1 That approval is granted for the creation of the 13 permanent project management and procurement positions identified in this report onto the Property & Contracts structure in order that Property & Contracts can deliver its £115 million p.a procurement strategy over the next 5 years to be funded from the Housing Revenue Account.

Appendix 1 - Equality, Diversity, Cohesion and Integration Screening – Organisational change impacting on the workforce

As a public authority we need to ensure that all organisational change arrangements impacting on the workforce have given proper consideration to equality, diversity, cohesion and integration.

Equality and diversity will always have relevancy to organisational changes which impact on a diverse workforce. If you can demonstrate you have considered how your proposals impact on equality, diversity, cohesion and integration then you have already carried out an impact assessment.

A **screening** process is a short, sharp exercise, which completed at the earliest opportunity will help to determine:

- whether or not equality, diversity, cohesion and integration is being/has already been considered, and therefore
- whether or not it is necessary to carry out an impact assessment.

Directorate: Resources & Housing	Service area: Property & Contracts
Lead person: Simon Costigan	Contact number: 0113 3181337

1. Please provide a brief description of the organisational change arrangements that you are screening
Request for approval for the creation of 13 additional staffing positions on the Property & Contracts organisational structure

2. Consideration of equality, diversity, cohesion and integration checklist		
Questions	Yes	No
Have you already considered equality and diversity within your current and future planning	X	
Where you have made consideration does this relate to the range of equality characteristics	X	
Have you considered positive and negative impacts for different equality characteristics	X	
Have you considered any potential barriers for different groups	X	
Have you used equality information and consultation where appropriate to develop your proposals	X	
Is there a clear plan of how equality areas identified for improvement will be addressed	N/A	

If you have answered **no** to the questions above:

- there may be gaps in your equality and diversity considerations and you should complete an equality and diversity, cohesion and integration impact assessment (organisational change). Please go to **section 4**

If you have answered **yes** to the questions above and;

- Believe you have already considered the impact on equality, diversity, cohesion and integration within your proposal please go to **section 3**.

3. Considering the impact on equality, diversity, cohesion and integration

If you can demonstrate you have considered how your proposals impact on equality, diversity, cohesion and integration you have carried out an impact assessment.

Please provide specific details for all three areas below (use the prompts for guidance).

- **How have you considered equality, diversity, cohesion and integration?**

(**think about** the scope of the proposal, who is likely to be affected, equality related information, gaps in information and plans to address, consultation and engagement activities (taken place or planned) with those likely to be affected)

This proposal will affect our workforce and result in organisational change in that it will increase the full time equivalent (FTE) staff numbers of Property & Contracts by 13 FTE.

Recruitment to the posts would be in line with the usual council recruitment and selection policy and procedures, and as such would include engagement with the resourcing team and the talent pool. Recruitment to the posts would be undertaken with due regard to equality, diversity, cohesion and integration considerations.

Local HR and the relevant Financial Management team will be consulted in relation to the proposal to create the required posts.

Staff and trade union representatives will be consulted in relation to the proposal to create the required posts.

- **Key findings**

(**think about** any potential positive and negative impact on different equality characteristics, potential to promote strong and positive relationships between groups, potential to bring groups/communities into increased contact with each other, perception that the proposal could benefit one group at the expense of another)

This proposal will affect our workforce and result in organisational change in that it will increase the full time equivalent (FTE) staff numbers of Property & Contracts by 13 FTE.

Recruitment to the posts would be in line with the usual council recruitment and selection policy and procedures, and as such would include engagement with the resourcing team and the talent pool. Recruitment to the posts would be undertaken with due regard to equality, diversity, cohesion and integration considerations.

- **Actions**

(**think about** how you will promote positive impact and remove/ reduce negative impact)

This proposal will affect our workforce and result in organisational change in that it will increase the full time equivalent (FTE) staff numbers of Property & Contracts by 13 FTE.

Recruitment to the posts would be in line with the usual council recruitment and selection policy and procedures, and as such would include engagement with the resourcing team and the talent pool. Recruitment to the posts would be undertaken with due regard to equality, diversity, cohesion and integration considerations.

4. If you are not already considering the impact on equality, diversity, cohesion and integration you will need to carry out an impact assessment.

Date to scope and plan your impact assessment:	
Date to complete your impact assessment	
Lead person for your impact assessment (Include name and job title)	

5. Governance, ownership and approval		
Please state here who has approved the actions and outcomes of the screening		
Name	Job title	Date
Simon Costigan	Chief Officer	
Date screening completed		

6. Publishing	
<p>Though all key decisions are required to give due regard to equality the council only publishes those related to Executive Board, Full Council, Key Delegated Decisions or a Significant Operational Decision.</p> <p>A copy of this equality screening should be attached as an appendix to the decision making report:</p> <ul style="list-style-type: none"> • Governance Services will publish those relating to Executive Board and Full Council. • The appropriate directorate will publish those relating to Delegated Decisions and Significant Operational Decisions. • A copy of all other equality screenings that are not to be published should be sent to equalityteam@leeds.gov.uk for record. <p>Complete the appropriate section below with the date the report and attached screening was sent:</p>	
For Executive Board or Full Council – sent to Governance Services	Date sent:
For Delegated Decisions or Significant Operational Decisions – sent to appropriate Directorate	Date sent:
All other decisions – sent to equalityteam@leeds.gov.uk	Date sent: