
**Manchester City Council
Report for Resolution**

Report to: Personnel Committee - 28 July 2016

Subject: Senior Management Arrangements - Highways

Report of: Chief Executive and Director of Highways

Summary

This report follows the report to Personnel Committee on the 10 May, which set out the strategic direction for the Highways service and established the Director of Highways post. The report outlines the development of an integrated approach to the development and management of Highways and proposals to establish a new senior management team to secure effective strategic, executive and delivery arrangements for the service.

Recommendations

The Committee is recommended to:

1. note that the Director of Commercial Services will transfer to the Highways Service reporting to the Director of Highways with no change to current salary.
2. approve the regrade and re designation of the post of City Centre Wide Support Lead at a Grade 12 to the Head of Citywide Highways at a salary of £70,000 reporting directly to the Director of Highways.
3. approve the establishment of two new posts of Delivery Manager (Highways Capital Programme) and Commercial Manager at a salary of £56,772 reporting to the Director of Commercial Services.
4. note the Strategic Lead (Public Realm) will support the transition of the new integrated service for a period of 12 months to the Director of Highways. The post of Strategic Lead, Public Realm will be disestablished after this 12 month period.
6. note the disestablishment of the following posts: Strategic Lead Public Realm (after 12 months), and Client Manager.
7. note the intention to engage in a strategic partnership arrangement to provide Highways with enhanced capacity to deliver, support the development of the permanent workforce and to facilitate the implementation of career pathways across all elements of the Highways Service.
8. provide delegated authority to the Chief Executive and Interim Director of Highways in consultation with the relevant Executive Member(s) and Deputy Chief Executive (People, Reform and Policy) to develop and implement

changes at Grade12 and below within Highways.

9. note that recruitment to these senior posts will be undertaken in accordance with people principles.

Financial Implications for the revenue and capital budgets

Revenue Budgets

The posts included in the new structure are a combination of mainstream funded positions, and income funded positions with the income being generated through the recharging of fees to projects. The current functions are also supported through the use of consultants, and it is expected that the increased senior management capacity will reduce the costs of consultant support.

The proposed new senior structure will have an initial total cost of £432k, although this will reduce by £78k to £354k following the deletion of the Strategic Lead, Public Realm.

The costs of the proposed new structure results in an increased staffing budget requirement of £142k, and it is anticipated that this will be funded through a combination of increased fee income and reduced consultant costs. The increased budget requirement will reduce by £78k to £62k after 12 months following the deletion of the Transition Manager post.

Capital Budgets

The increased fees of £142k would be charged against the Highways capital programme.

Wards Affected: All

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Background documents (available for public inspection):

Director of Highways, Personnel Committee, 10 May 2016
Senior Management Arrangements, Personnel Committee, 29 May 2016

1. Background and Introduction

- 1.1 On 10 May, this Committee approved the establishment of a new post of the Director of Highways reporting directly to the Chief Executive and outlined the strategic context for the creation of a new integrated Highways Service.
- 1.2 Since the appointment of the Interim Director of Highways in May 2016, a review has been undertaken of the current operation of the Highways function and the service's short, medium and long term priorities. This includes strengthening all aspects of the highways service to provide the platform for growth and improvement and create the capacity to develop and deliver the ambitious work programme for the City. As part of this review, an evaluation has been undertaken of the operation of senior management arrangements across functions which previously sat within City Wide Highways Service (within the Neighbourhoods Service), Highways Capital Service (within the Capital Programmes and Property division) and Manchester Contracts and Parking Services (elements of Business Units).
- 1.3 This report brings forward proposals for new senior management arrangements for the integrated Highways Service designed to enhance the strategic and operational leadership capacity to deliver a high quality function which supports the city's growth strategy.

2 Strategic Context

- 2.1 The next ten years will see a new phase in Manchester's evolution. The vision for Manchester in 2025 as set out in *Our Manchester*. the Manchester Strategy is to be in the top flight of world-class cities:
 - A competitive, dynamic and sustainable economy that draws on our distinctive strengths in science, advanced manufacturing, culture, creative and digital business, cultivating and encouraging new ideas
 - A highly skilled city with enterprising and industrious people
 - A connected city, internationally and within the UK
 - A liveable and low carbon city that plays its full part in limiting the impacts of climate change
 - A progressive and equitable city where residents from all backgrounds feel safe, can aspire, succeed and live well, that is clean, attractive, culturally rich, outward looking and welcoming.
- 2.2 To secure ongoing sustainable growth and to continue to attract and retain skilled, aspirational, resilient and productive people, Manchester will need to build upon its strong reputation nationally and internationally as a cultural hub and a place where businesses can thrive. Central to growth will be continued investment in the City and its infrastructure aligned to the ambitions of the Greater Manchester Combined Authority, the Northern Powerhouse and Core Cities. Major planned developments include St John's, Northern Gateway, HS2 and Piccadilly Station, the Airport City Enterprise Zone, the Siemens Princess Road Campus and at the Etihad Campus in East Manchester.

- 2.3 The City will also need to continue to support residential growth. As the population continues to grow, a minimum of 25,000 new homes will be required between now and 2025. Creating neighbourhoods, for example Manchester Place where people want to live, with good quality housing of different tenures, and connecting people and neighbourhoods with growth, is central to the city's continued success.
- 2.4 A well maintained road network is essential if the City's strategic priorities are to be achieved. The scale and pace of economic and residential growth will increase the demands on the current network and the Highways Service will therefore have a critical role to play to ensure the network is managed and maintained effectively and efficiently.

3 Integrated Highways Service

- 3.1 As reported to this Committee in May, prior to the establishment of the post of Director of Highways arrangements for the strategic planning and delivery of highways related activity sat across a number of service areas: the City Wide Highways Service within the Neighbourhood Service, the Highways Capital Service within the Capital Programmes and Property division and Manchester Contracts and Parking Services elements of Business Units.
- 3.2 Although this configuration delivered some successes over the past five years, the Chief Executive considers that achieving the city's *Our Manchester* priorities within an increasingly complex framework requires a fundamentally different approach. The integrated service will therefore be responsible for discharging all Highways functions and provides the best possible service within resources available, including citywide highway services and a responsive and high quality service to residents, the effective management of Highways assets, maximisation of income and strengthened resource prioritisation and management. A centralised team enables the Director of Highways to bring skills and expertise into a single service to strengthen capacity and introduce career paths, skills development and skills transfer across the different elements of the service.
- 3.3 Proposals for the development of an integrated service have been informed by an independent review undertaken by industry experts commissioned by the Council, complemented by an internal review undertaken by the Interim Director of Highways and the Chief Executive. These reviews identified a number of areas of strength from within existing teams including the clear sense of commitment and responsibility for the service area, effective working relationships within and between teams and with partners and member and resident engagement.
- 3.5 The reviews also identified a number of areas for improvement, the majority relating directly to Highways functions and responsibilities previously being dispersed across the Council and which has been a key consideration as the integrated model has been developed. This includes the need to strengthen the client and commercial functions, improving connections between strategy and operational delivery, better reactive maintenance, the requirement to

provide consistent working practices within teams and revised governance arrangements to ensure effective oversight of all parts of the function

- 3.6 Reviews also highlighted a severe shortage of technical and professional skills across all areas of highway activity which have had a significant impact on the ability of highways related services to deliver services consistently to the standard required. These shortages have increased the Council's dependency on framework providers and temporary resource.

4. Strategic and Operational Priorities and an improved Highways function

- 4.1 As agreed with Executive Members, the core objectives for the new service are to:

- Provide the strategic and operational leadership of the Highways function
- Work with partners to create a deliverable strategy for the development and maintenance of the city and region's highways network
- Deliver an effective, adequately maintained road network, at local and key route level, which supports priorities for continued economic and residential growth
- Develop and deliver a robust client function, asset management and delivery plan for the Highways network
- Improve the service offering, with a view to consistently achieving key performance indicators
- Provide appropriate support to Elected Members to support their place leadership role
- Improve the consistency, quality and value for money of services
- Strengthen internal and external partnerships and cross-directorate working, through a stronger focus on leadership and co-ordination of place
- Develop the skills of our permanent workforce creating opportunities for development at all levels.
- Increase capacity within the permanent workforce and reduce the dependency on the framework and temporary resources.

Senior Management proposals are designed to achieve these objectives by:

- Creating a stronger commercial management ethic for the delivery of value for money in both new works and maintenance programmes
- Integrating Manchester Contracts and the Capital Programmes team to create a one team approach
- Bringing Parking and Bus Lane enforcement into the new unified highways structure
- Strengthening the client function to ensure that client requirements are correctly specified from project inception through delivery and are demonstrable post-commissioning
- Delivering service improvement through defined, industry-recognised continuous improvement processes

- Enhancing partnership and cooperative working with external organisations/authorities to drive economies of scale, improve funding prospects and up skill staff
- 4.3 Realising these objectives will require investment into the Highways service to provide the platform for service improvement and delivery by putting in place the right capacity and skills within the Core team and the revenue budget implications of these proposals is outlined above.
- 4.4 A procurement exercise is currently being undertaken to procure strategic partner services for Highways. This service will enable Highways to use embedded resources from industry – leading partners, in an integrated team approach to help develop our organisation and train our staff with a view to creating a team, which is well placed, to deliver continued future challenges.
- 4.5 In the short to medium term, the strategic partner approach will enable Highways to draw in resource whilst a new resource and development strategy and approach is embedded. Through the use of a strategic partner there will be a reducing dependency on framework contractors to fill vacancies. The aim is to build from the ground up, bringing new talent into the organisation at apprentice and graduate levels, whilst creating opportunities for career development from within.

5 Highways Senior Management Arrangements

5.1 The strength of the new senior management team will be integral to successful delivery. The senior management arrangements set out within this report have been designed to provide the Chief Executive and Director of Highways with the required level of senior leadership to drive and develop the highways strategy and work programme for the service. An organisation chart of these proposals is attached as Appendix A.

5.2 The new model will introduce two service areas under the Director of Highways :

Delivery and Commercial, responsible for the commercial contracts and income generation related to large scale capital programmes and re active maintenance.

Citywide Highways Service and Client Management which will be responsible for the Asset Management aspects of the highways network, including planned and reactive maintenance.

5.3 These functions will be supported by a dedicated service improvement and performance management framework which will support the Senior Management Team to develop and deliver a programme of change across all functions and report progress against a range of critical indicators and measures of success. Systems and Data development will also be owned by this team and there will be a highways communications coordinator who will

- ensure consistency of approach with stakeholders through contractors, partners and corporate communications.
- 5.4 It is proposed that the current Director of Commercial Services moves into the Highways Service at the existing salary of £88,057, reporting directly to the Director of Highways. The core functions of this role will provide the strategic and operational leadership required to manage the Highways Capital Programme and combined income generating elements of the highways function. The post will continue to have responsibility for Manchester Contracts, Parking and Bus Lanes and for delivery of existing capital programme services to ensure robust commercial and change management and the integration of Manchester Contracts into the team. The post holder will also be responsible for procurement; contract and supply chain management including management and oversight of the strategic partner process and contract arrangements. The postholder will also retain existing responsibilities for Commercial Strategy and focus as determined by the Chief Executive.
- 5.7 To support the Director of Commercial Services and to both renew the services commercial focus and to effectively manage the capital programme, it is proposed to establish two new senior posts. The new post of Capital Programme Delivery Manager at a salary of £56,772 will be responsible for the overall operational delivery of the Capital Programme and Manchester Contracts Team. It is proposed to establish a new post of Commercial Manager at a salary of £56,772 with responsibility for detailed commercial aspects of the Capital Programmes and Manchester Contracts and resource management, including supporting the Director of Commercial Services to effectively manage the strategic partner arrangements.
- 5.9 It is proposed that City Wide Support post be re designated to Head of Citywide Highways at a salary of £70,000 reporting directly to the Director of Highways. This role will assume responsibility for the Asset Management aspects of the highways network, including planned and reactive maintenance. There will be a close working relationship with the Deputy Director of Highways and the Commercial Manager to ensure that Manchester Contracts and their subcontractors are delivering maintenance works against in line with the agreed targets.
- 5.10 The Head of Citywide Highways will also be responsible for Network Management, including issue of permits, interface with TfGM on operational matters and interface with the Council's Policy, Partnerships and Research team to ensure that strategic objectives are mapped into the client delivery plans. Furthermore, a key aspect with this team is the creation of a new Engineering Management function to take ownership of client requirement specification and assurance throughout the delivery process and into commissioning.
- 5.11 In recognition of the strategic importance of successful implementation of the new integrated highways service it is proposed that Head of Public Realm focuses on supporting Director of Highways to develop and implement the transitional arrangements for a 12 month period. The Head of Public Realm

will report directly to the Director of Highways and under their leadership will drive and support all aspects of the new model as set out in this report through to implementation. The post holder will lead on implementing all aspects of the service redesign and will be integral in facilitating relationships with departments and developing new compatible processes and procedures.

- 5.12 The Regional Centre Coordination function, currently jointly funded by the Council and TfGM, will also report in to the Director of Highways.

6 Implementation of the New Model

- 6.1 The recruitment to the posts detailed in this report will be undertaken in alignment with our *m people* principles which includes the use of external recruitment if we are unable to identify the required skills and experience within our internal workforce. The senior roles will form the management team for highways focussed services. Following appointments to the senior management roles, the team, led by the Director of Highways and supported by the Head of Public Realm will work together to develop the more detailed design of the full highways service. This will enable the knowledge and skills of the management team to be used to ensure the principles set out above are delivered.
- 6.2 The principles of the new model will include a 'grow your own' approach to skills via the introduction of graduate trainee posts and apprenticeships; embedding career pathways will be a key priority for the service. Creating job families and career grades that reflect a range of experiences and qualifications will allow the service to manage its resource efficiently and effectively. It will provide clearly defined career paths for job families and where possible provide entry level positions for Manchester residents. The use of trainee and intermediate technical staff however needs to be managed carefully with the appropriate supervision of suitable qualified individuals. The further development of career pathways, apprenticeships and graduate programmes will be prioritised to enable succession planning. This approach will be underpinned by continuous professional development.
- 6.3 Personnel Committee are asked to provide delegated authority to the Chief Executive and Director of Highways to develop and implement changes to the structures at Grade12 and below in the new Highways function in consultation with the relevant Executive Member(s) and Deputy Chief Executive (People, Reform and Policy).

7 Comments from Deputy Chief Executive (People, Reform and Policy)

- 7.1 I support the proposals in this report and believe they will provide a strong platform to take forward the management and delivery of the Highways function.

8 Comments from Trade Unions

8.1 To be tabled

9 Conclusion

9.1 The proposals set out within this report seek to provide the Chief Executive and Director of Highways with the leadership capacity, behaviours and skills required to drive forward the new delivery arrangements. Proposals for the integrated service will ensure a high quality service at a local and Citywide level, and to maintain the strategic focus required to maximise the contribution of these services to creating growth, delivering places where people want to live and creating access for Manchester people to jobs.

