

Manchester City Council Report for Resolution

Report to: Personnel Committee – September 2016

Subject: Capital Programmes & Procurement (Senior Management Arrangements)

Report of: Chief Executive and City Treasurer

Summary

This report follows the proposals agreed by Personnel Committee on the 1st June 2016, which set out changes to portfolios of the Strategic Management Team and the subsequent movement of services across Directorates. This report specifically brings forward proposals to draw together Capital Programmes and Procurement and establish new senior management arrangements to lead and deliver the significant work programme.

Recommendations

Personnel Committee is recommended:

1. To note that existing senior management arrangements for the Capital Programme Delivery will be disestablished.
2. To note that Capital Programme and Procurement functions will come together as agreed at Personnel Committee on 1 June 2016 and to agree the establishment of one single leadership post of Director of Capital Programme at salary of circa £95k reporting directly to the City Treasurer.
3. To agree the establishment of three new senior roles of Head of Major Capital Programme, at a salary of £65k, Head of Minor Capital Programme at an annual salary of £65k and the Head of Programme Management Office at an annual salary of £65k, all reporting to the Director of Capital Programme.
4. To note the intention to engage in a strategic partnership arrangement to support Capital Programmes to deliver best in class, effective programme delivery methodology, innovation, progression and capacity to all aspects of the service.
5. To provide delegated authority to the City Treasurer, in consultation with the relevant Executive Member(s), to develop and implement changes at Grade 12 and below within Capital Programmes & Procurement.
6. To re designate the existing post of Head of Client Relationships to the Head of Estates within the Strategic Development Directorate reporting to the Assistant Chief Executive (Growth). This change reflects the

separation of the Property and Corporate Landlord function from Capital Programmes and the responsibilities of the role.

7. To note that roles proposed within this report will be subject to the new senior Job Evaluation approach which is being developed.

Financial Implications – Revenue and Capital Budgets

The cost of the proposed structure is £381k which is affordable within the Capital Programme Team budget and is a cost reduction of £174k on the cost of the current senior management arrangements.

Wards Affected: All

Community Spine Strategy	Summary of the contribution to the strategy
Performance of the economy of the region and sub region	The proposals outlined will support the Council in the achievements of the Community Strategy priorities through aligning the strategy and delivery of growth, physical infrastructure and development to develop neighbourhoods and places of choice
Reaching full potential in education and employment	
Individual and collective self esteem – mutual respect	
Neighbourhoods of Choice	

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

- Report: Growth and Neighbourhoods, Executive and Personnel Committee, 10th April 2013
- Report: Growth and Neighbourhoods, Personnel Committee, 26th June 2013
- Report: The Review of Technical Services, Finance Scrutiny Committee, 6th March, 2014

1 Background and Introduction

- 1.1 The report to Personnel Committee on 1 June 2016 (Senior Management Arrangements) set out the clear context and vision for the Strategic Management Team which included the transfer of services across Directorates to ensure the leadership capacity is in place to deliver the Council's strategic objectives.
- 1.2 The report of 1 June 2016 specifically set out the proposal to separate the Capital Programme and Property functions which were brought together in 2013. These changes transferred the leadership of Capital Programmes to the City Treasurer in the Corporate Core with the Property and Corporate Landlord functions remaining under the leadership of the Strategic Director (Development) within the Strategic Development Directorate. The Committee also agreed to establish an integrated Highways function within the Corporate Core.
- 1.3 In line with these changes the City Treasurer has subsequently undertaken a review of the Capital Programme function and work programme to determine the senior capacity requirements to drive and develop the programme of works forward. It should be noted that this review has been developed in the context of drawing together appropriate service areas and in recognition of the existing Head of Procurement's intent to retire from the Council at the end of the financial year.
- 1.4 This report brings forward proposals for a new management structure within Capital Programmes and Procurement, designed to provide an integrated approach to capital programme procurement and delivery functions, aligning this to the operational leadership of the Council's procurement services.

2 Strategic Context

- 2.1 If Manchester's economy is to remain resilient, and the strongest opportunities to drive future economic growth and jobs are to be maintained as conditions continue to improve, the Council needs to demonstrate strong leadership which drives growth at both a neighbourhood and City level. This leadership must support the City and Greater Manchester (GM) to deliver the transformational economic projects Manchester will need in the future. In this context effective support to the City Treasurer and the Chief Executive in their leadership roles for both Manchester and Greater Manchester will be essential. This support will be critical to translating strategy into effective delivery in the City.
- 2.2 Over the past ten years, Manchester's population has grown at a faster rate than any other UK city. The objective of Our Manchester Strategy will be to continue this population growth. The key will be the nature of the population; we can expect continued inward migration to support

- the functionality of our labour market and growing numbers of people living longer. A key priority going forward will therefore be to secure the right housing offer to attract and retain successful families. This will require a close working relationship across Capital Programmes and the services with the Strategic Development Directorate to ensure a joined up approach to the delivery of the improvements, development and investment in housing.
- 2.3 If Manchester people are to make the most of the opportunities that will be created by growth, the Council will need the strongest possible capacity in place to connect actions at all levels in order to secure skills provision which matches the needs of the economy. In terms of schools, this will be achieved through a strategic relationship with Education and effective school place planning to ensure that we have the right capacity and facilities in the right places through the development and improvement of primary and secondary schools to meet the demands of the growing population.
- 2.4 The scale of the programme of work for the Capital Programme division over the next three years is significant at a cost of circa £132m capital programme. Managed in a planned way, this presents enormous opportunities for the recruitment, training and employment of Manchester residents through programmes such as apprenticeships and graduate programmes.
- 2.5 It is recognised that changing structures, process and organisational arrangements in themselves will not create the improvement in services, the ethos of collaboration and partnership (internally and externally) or the behaviours needed in this challenging context. Underpinning the proposed changes therefore is a commitment to create a management team and services with the skills, capacity and behaviours to deliver the City's priorities. This will be alongside more robust governance and accountability arrangements to oversee the delivery of the programme to the agreed quality, budget and timescales.

3 Review of Existing Arrangements

- 3.1 Since taking on leadership responsibility for Capital Programmes the City Treasurer commissioned an internal review of existing arrangements. This review was undertaken in the context of developing a revised target operating model that would enable successful delivery of strategic objectives. The review considered:
- Current and planned capital programme line with the City and Council and strategic objectives
 - Capital Budget
 - Resources, Capacity and Skill of our permanent workforce
 - Use of consultants and value for money
 - Outcomes of the b heard survey and subsequent follow up work and actions

- Feasibility of drawing together Capital Programme and Procurement activity
- 3.2 Work to implement the findings of the review is now being developed in the context of the Capital Strategy which will inform the size of the delivery function required. Overall there is a need to ensure that the right resources are in place to deliver the programme in a way that provides the best value for money. A new Improvement Board is in place to progress the work chaired by the Interim Head of Capital Programmes. In the light of the above the immediate focus is on strengthening governance and accountability and improving arrangements for the support, management and development of the workforce.
- 3.3 Work on governance and accountability will include:
- The inclusion of an internal programme management function within the structure, building on the council's previous investment in the Development Management Framework designed to provide detailed project reporting
 - Improving the Capital Gateway process which is being reviewed in line with the work to develop the Capital Strategy, to ensure that proposals not only meet the Council's corporate, strategic and spatial objectives but have the resources to ensure that agreed project priorities are capable of developing the scheme to investment decision stage.
 - A new charging model is to be introduced to ensure transparency and enable an annual review of how fees are calculated.
 - Strengthening procedures for the recruitment of consultants to ensure that value for money is achieved,
- 3.4 It is a priority to develop within the Capital Programme and Procurement function, to develop a wide range of skills to deliver high quality services. The service model will be based around a core permanent workforce supplemented by a flexible workforce aligned to specific projects and programmes. This approach will enable specific technical skills to be drawn in when these are either not present in the permanent workforce or are only required for time limited pieces of work and therefore a permanent engagement or development would not represent value for money. Arrangements to procure a Strategic Partner to provide particular skills and support the function in delivering its improvement plan will also be progressed.
- 3.5 The core principles of the service will include a 'grow your own' approach to skills via the introduction of graduate trainee posts and embedding of career pathways for the key components of 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 and effective succession planning. This will be designed to

provide where possible entry level positions for Manchester residents. The approach has to be underpinned by continuous professional development in those professions where this is required.

- 3.6 The Capital Programme and Procurement delivery and activity is a significant element in supporting the Council's ambitions to provide world class facilities and services for Manchester and its residents.

4 The New Operating Model

- 4.1 Whilst a number of immediate improvements have been identified and acted on it is important to ensure the Capital Programme is set up for success. When designing the new operating model consideration has been given to direct delivery and delivery through partners. This has concluded that the majority of areas related to core delivery should remain 'in house' with the potential to complement this via a strategic partnership arrangement.
- 4.2 The new operating model will address the technical gaps that currently exist within the present structure as well as creating the leadership capacity, skills and industry experience that are needed for the future. The model will see the thematic areas within the service change to focus on the programmes of work and embed a client management ethos across all areas of the service.
- 4.3 The operational design of the service will be based on the foundation of recognised industry standards globally recognised as best practice in the organisation and delivery of capital programmes. This provides the core framework for how a Capital Programme department is established, operated and maintained and is the core standard by which most similar environments and organisations are structured.
- 4.4 Through engagement with Directorates a set of simple Service Level Agreements will be established and monitored, with progress and delivery visible to Directorate management teams. The process to manage small scale change will also be simplified to deliver rapid business change.

The operating model has been developed on the basis of the following principles:

- All activity will be planned in line with the Council's strategic objectives
- Close stakeholder relationships with Strategic Development, Highways and Growth & Neighbourhoods to ensure a joined up approach to development and infrastructure
- Capital Programme activity, skills and resources sit within Capital Programme and Procurement.

- Capital Programme and Procurement will use a variety of approaches to deliver the work programme for example the use of framework provides and public and private sector partners
- Capital Programme and Procurement will have a fully flexible resource profile using third party resource only where agreed as part of a managed service or to manage peaks in demand.

4.5 The ambition to move the service to best in class status will require additional support to the core establishment from a strategic partner service arrangement. The current activity to progress with this approach has ceased, however will be reconvened once the requirements have been fully determined.

5 Proposed Senior Management Arrangements – Capital Programme and Procurement

5.1 The senior leadership will be critical to the effective delivery of the programmes of work and the integration of activity through Capital Programmes and Capital Procurement services. The model is designed to provide best in practice programme delivery and procurement advice.

5.2 Personnel Committed is recommended to approve the establishment of the new post of Director of Capital Programmes at a salary of circa £95k to lead the new integrated service. The new post will be responsible for setting the strategic direction for the service, ensuring the integration of capital procurement and delivery activities and be accountable for ensuring the effective delivery of the Councils capital programme. The Director of Capital Programmes will also lead the implementation of the new target operating model for the service which will develop the platform for a high performance culture, skills development and succession and embed Our Manchester principles and behaviours across the service, within the workforce and with client groups and stakeholder and partner relationships.

5.3 In line with the outcomes of the review the Director of Capital Programme will be responsible for developing and leading an improvement agenda to cover all aspects of service and delivery improvement. This will include improvement to professional development and delivery; this will require a shift in the approach to people development. There is also a requirement to increase the understanding of the broader organisation, increase compliance and introduce transparent governance arrangements.

5.4 The Director of Capital Programmes will have overall responsibility of the Capital for both the strategic planning of pipeline of development and delivery of the overall programme. The existing Head of Procurement post will remain as the Council's most senior procurement specialist directly supporting the Director of Capital Programmes for capital procurement and working with the City Treasurer to continue to

- develop the Revenue Procurement function in the context of the development of the Strategic Commissioning function and the significant changes the council is facing over the next three years.
- 5.5 Personnel Committee approved the establishment of a new senior role of Strategic Lead, Integrated Commissioning in June 2016; the post holder will report to the City Treasurer and will be responsible for leading the integration of commissioning across all public services. The Strategic Lead, Integrated Commissioning will have a close working relationship with the Head of Procurement to collectively drive change and efficiencies and shape the skills that will be required in the future including new types of procurement and commissioning approaches with a more commercial focus. Personnel Committee are asked to note that this role will be undertaken via a secondment arrangement from the Department for Education.
- 5.6 It is proposed that two new posts of Head of Major Capital Programme and Head of Minor Capital Programme are established at an annual salary of £65k each, both reporting to the Director Capital Programmes. Within their respective areas of expertise the post holder will be responsible for the effective leadership of the business area; provide coordination, direction and governance to multi-disciplinary professional teams both internal and external; develop key collaborative relationships across the Council, procure and manage a variety of capital projects and programmes as required and act as an enabler for the service with influential stakeholders.
- 5.7 It is proposed that a new post of Head of Programme Management Office (PMO) be established at an annual salary of £65k reporting to the Director of Capital Programme. The Head of Programme Management Office will be responsible for the development and management of integrated planning and performance processes across the service ensuring best in class quality of activity. The post will also have responsibility for reporting on the service cost and income management data, quality processes, compliance with statutory and financial regulations, the monitoring of commissions and the co-ordination of resources both internally and externally to deliver the programme of works. The new Programme Management Office for capital programmes will be critical in providing client focused best in class activities, governed appropriately by a Performance Board, to support the Director of Capital Programme to establish and maintain a performance management culture through implementation of robust metrics, performance targets, KPI's and performance analysis.
- 5.8 Personnel Committee is requested to provide delegated authority to the City Treasurer and Director of Capital Programme in consultation with the relevant Executive Member(s) to develop and implement changes to the structure at Grade 12 and below.

6 Researching the Structure and Salaries

- 6.1 The proposals set out within this report have been formulated in partnership with an external industry specialist with proven industry experience similar environments. This advice has been provided in relation to both the revised operating model and the new roles, including an insight into the required skills and expectations of the new management team.
- 6.2 The research undertaken has involved a review of senior structural arrangements in both the public and private sectors, including job descriptions and salaries. This information has then been considered alongside market conditions and the Council's Pay Policy Statement.
- 6.3 The market research undertaken resulted in obtaining information and advice from specialist recruitment partners and other comparable Councils and private sector industries. This has highlighted that the market and, in particular, the skills and experience the Council need to attract is active, with high calibre candidates in demand.
- 6.4 This evidence does not change the proposed salaries which have been determined in line with the principles of the Pay Policy Statement; however market research undertaken has indicated that in order to attract high calibre skills in a highly competitive market there may be a requirement in the future to introduce market supplements for some roles.
- 6.5 This consideration reflects the strategic importance of this area as well as the skills and experience which are deemed to be essential to attract and retain appropriate skills over this period of transformation.

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

- 7.1 I have been involved with the development of the proposals set out within this report and agree with the recommendations made. The proposals have been developed to ensure the relevant and appropriate leadership capacity is in place for the future.

8 Comments of Trade Unions

- 8.1 To be tabled

9 Conclusion

- 9.1 In summary the proposals set out within this report will provide the leadership capacity, skills and organisational scope required for the delivery of the Capital Programme and Procurement activities. The arrangements will ensure high quality services and maintain the

strategic focus of the service ensuring the outcomes are aligned with those of the Council.

- 9.2 The recruitment to these posts will progress immediately, given the specialist nature of these roles and based on there being no internal matches the roles will be advertised internally and externally.