
**Manchester City Council
Report for Resolution**

Report to: Personnel Committee - 21 February 2017

Subject: Review of the Highways Senior Management Structure to Deliver Capital Investment

Report of: Chief Executive

Summary

This paper sets out proposals to establish a new senior management structure within the Council's Highways service to deliver the Highways Improvement Programme supported by proposed capital investment of an additional £100m over the next five years. This additional investment forms part of the Executive's Budget Proposals for 2017 - 2022.

Recommendations

The Committee is recommended to:

1. To approve the establishment of a new post of Strategic Director (Highways, Transport and Engineering) reporting directly to the Chief Executive at a salary of £117,314-£137,045 (SS5) and to recommend to the City Council the salary within the senior management pay structure following job evaluation.
2. To approve the establishment of a post of Director of Operations (Highways) at a salary range of £90,419 - £101,824 (SS4) reporting directly to the Strategic Director (Highways, Transport and Engineering) and to recommend to the City Council the salary within the senior management pay structure following job evaluation.
3. To approve the establishment of a post of Head of Highways Capital Delivery at a salary range of £74,175 -£83,830 (SS3) in accordance with the Council's senior management pay structure.
4. To approve the reassignment of the Strategic Business Partner (Corporate Core) to support the development and implementation of a new operating model in a time limited post of Head of Business Transformation at existing salary of SS2 (£64,574-£71,295).
5. To agree the composition of an Appointment Panel of Members to progress all aspects of the recruitment and appointment of the Strategic Director (Highways, Transport and Engineering).
6. To determine whether the Director of Operations (Highways) post should be made by the Chief Executive in consultation with an all officer panel or in consultation with a mixed panel of officers and members.

7. To note that the posts of Director of Highways, Director of Commercial Services, Delivery Manager (Highways Capital Programme) and Commercial Manager will be disestablished.
 8. To provide delegated authority to the Chief Executive in consultation with the Director of Human Resources and Organisational Development to implement the proposals set out within this report.
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Wards Affected:

All

Financial implications for the revenue and capital budgets

The proposals increase the overall cost of the management structure by £50k, to be offset through the capitalisation of salaries ensuring the Council's revenue budget remains unaffected.

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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.

Personnel Committee (28 July 2016) Senior Management Arrangements - Highways

1. Background

- 1.1 Following the decision by members to create an integrated Highways function, Personnel Committee approved the creation of a post of Director of Highways in May 2016, reporting directly to the Chief Executive. This post has been filled through interim management arrangements.
- 1.2 Over the past eight months, the Chief Executive and Interim Director, in consultation with the Executive Member for Environment, have undertaken an in depth assessment of what is required to improve the network to ensure it supports the city's strategic priorities around growth and connectivity. This has included the development of a roadmap setting out the improvement journey for Highways and investment required over the next ten years.
- 1.3 In late 2016 and subject to approval by Council in March, the Executive published its draft budget proposals, which includes a capital strategy containing £100m investment in Highways over the next five years to bring the city's roads to a good standard, to be delivered alongside a programme of proactive maintenance to secure the quality of the highways asset over the medium to long term.
- 1.4 This report sets out proposals for a senior management structure to deliver this investment strategy and which will secure effective strategic, executive and delivery arrangements over the next five year.

2. Developing an Integrated Highways Function

- 2.1 Since the integrated service was established in mid-2016, significant progress has been made towards the Highways improvement journey. Firstly, the creation of the integrated highways service, which drew together the City Wide Highways Service from within the Neighbourhood Service, the Highways Capital Service from within the Capital Programmes and Property division and Manchester Contracts and Parking Services from within Business Units. This has been supported by a detailed review of all highways capital and revenue budgets and strengthened financial and performance monitoring arrangements.
- 2.2 The Chief Executive and Interim Director of Highways, in consultation with the Executive Member for Environment have also brought forward a Highways Improvement Plan and Roadmap setting out the vision for Manchester's roads to reach and stay at a good standard; this strategy formed the basis of the proposed £100m investment into the highways network over the next five years.
- 2.3 The integrated service has also sought to strengthen partnership working with key bodies, including Transport for Greater Manchester and is also in the process of developing a new, innovative service delivery model for the regional centre with Salford City Council.

3. Delivering a Best in Class Highways Network

- 3.1 In July 2016, Personnel Committee approved a senior management structure for Highways comprising four senior posts to support the Interim Director of Highways. The senior management team was responsible for bringing together the integrated service and the development of the improvement journey with a revenue budget of over £13m. Since this time, the Executive's budget proposals have been brought forward and contain proposals for an additional £100m investment in the Highways network over the next five years. The scale of this investment has required the Council to revisit the senior management structure and the capacity and skills required to deliver the improvements associated with such a significant investment.
- 3.2 The interim Director of Highways has reported directly to the Chief Executive since his appointment and this has provided the strategic direction required to stabilise the service and to bring forward the Highways Roadmap. Strategic leadership of the Highways services is essential to deliver service priorities: maintaining effective relationships with government, TfGM and Salford City Council and also overseeing the management of the Strategic Partner when this arrangement is in place. The Highways function will also need to continue to develop closer links with Strategic Development and Growth and Neighbourhoods to play a full and active part in realising the city's growth and place ambitions.
- 3.3 It is therefore proposed that a post of Strategic Director (Highways, Transport and Engineering) is established, reporting directly to the Chief Executive, to provide the strategic oversight for the Highways function, building on existing connections across the Council and with partners whilst also overseeing the Highways Improvement Programme and Investment totalling £134m over five years and a revenue budget of £13.575m per annum. The postholder will require a detailed understanding of the city's priorities, the role of the Highways service to support these objective and will also ensure that the Highways Service delivers a best in class service to residents and businesses. It is proposed that this postholder also leads the development of the Council's transport policies and strategies, including negotiations with Department for Transport and Transport for Greater Manchester, with active support from the Head of Policy, Partnerships and Research. In accordance with the Council's Senior Pay and Grading Structure agreed by the Personnel Committee in December 2016, and which is due to be submitted to Council for final approval on 22 March 2017, this salary for this role is anticipated to be within the Strategic Director band (SS5), which is £117,314 - £137,045. Due to his extensive experience of delivering major Highways, Transport and Engineering projects, it is recommended that the Council invites the current interim Director of Highways to apply for this post.
- 3.4 To strengthen the operational and delivery capacity under the leadership of the Strategic Director, it is proposed that the post of Director of Highways is disestablished and to create a post of Director of Operations anticipated to be evaluated to SS4 (£90,419 – 101,824) The Director of Operations will be

responsible for the day to day operational delivery of a first class highways service and driving and overseeing improvements to the way the council manages contracts and the Highways Capital Programme, including Manchester Contracts.

- 3.5 The post of Director of Commercial Services transferred to the new Highways function in July 2016 on an interim basis. Since this time, the Growth and Neighbourhoods Directorate have provided senior oversight of the Council's commercial focus via the Head of Commissioning and Delivery and this arrangement is working well. It is proposed to disestablish the role of Director of Commercial Services (salary £88,057) and distribute the remaining duties within the operational structures proposed.
- 3.6 The posts of Commercial Manager and Delivery Manager, Highways Capital Programme (both £56k) were also established in July 2016; the former post is vacant. In view of the scale of the investment to be approved by Members, it is necessary to strengthen skills and delivery capacity in this area, in what is a very competitive market. It is therefore proposed that both these posts are disestablished and instead a post of Head of Highways Capital Delivery is created at SS3 (£74,175-£83,830). The Head of Highways Capital Delivery will work to the Director of Operations (Highways) to manage and oversee all aspects of the Highways Capital Programme on a day to day basis. It is considered that the role of Director of Operations (Highways) and the Head of Highways Capital Delivery demand a specific set of skills and experience to deliver the investment programme to a high standard.
- 3.7 In July 2016, Personnel Committee agreed that the Head of Public Realm would have a change of emphasis to lead and support the transition of services to the integrated Highways Service. This Committee agreed that this post would be disestablished after 12 months in July 2017. The Highways Target Operating Model and Service Transformation is not yet complete and the Chief Executive and Interim Director consider that this journey will take at least another twelve months to deliver the scale of organisational change required. The need for senior capacity to support the Strategic Director and Director to accelerate this change programme, including the strategic partner arrangement, is critical if the Council is to make the progress required in the first two years of the capital investment. Therefore, dedicated senior capacity is therefore required as part of the Highways Senior Management Team to lead and manage organisational change required, including integration with the rest of the City Council structure. It is considered that this requires a detailed knowledge and understanding of the Council and the networks and experience to deliver and enact transformational change. Due to her extensive experience of supporting Strategic Directors to manage change and transformation, it is proposed that the Strategic Business Partner (Corporate Core) is reassigned to the role of Head of Business Transformation (Highways) at her existing salary of SS2 (£64,574-£71,295), funded by Highways.
- 3.8 In addition to the posts set out in this report, the Strategic Director and Chief Executive will be required to progress the establishment of other posts Grade

12 and above in accordance with the target operating model, noting that any other posts above grade 12 will also be subject to Personnel Committee approval.

4. Costs

- 4.1 The current cost of the current senior management structure is £535k. The cost of the proposed new structure would be £585k which is an increased cost of £50k. It is recommended that the costs of the proposed structure will be met through a combination of £315k from the Highways Revenue Budget and that the remaining £270k per annum is drawn from the additional £100m Capital Investment due to the clear correlation between the additional senior capacity within the Highways Management Structure and this investment programme.

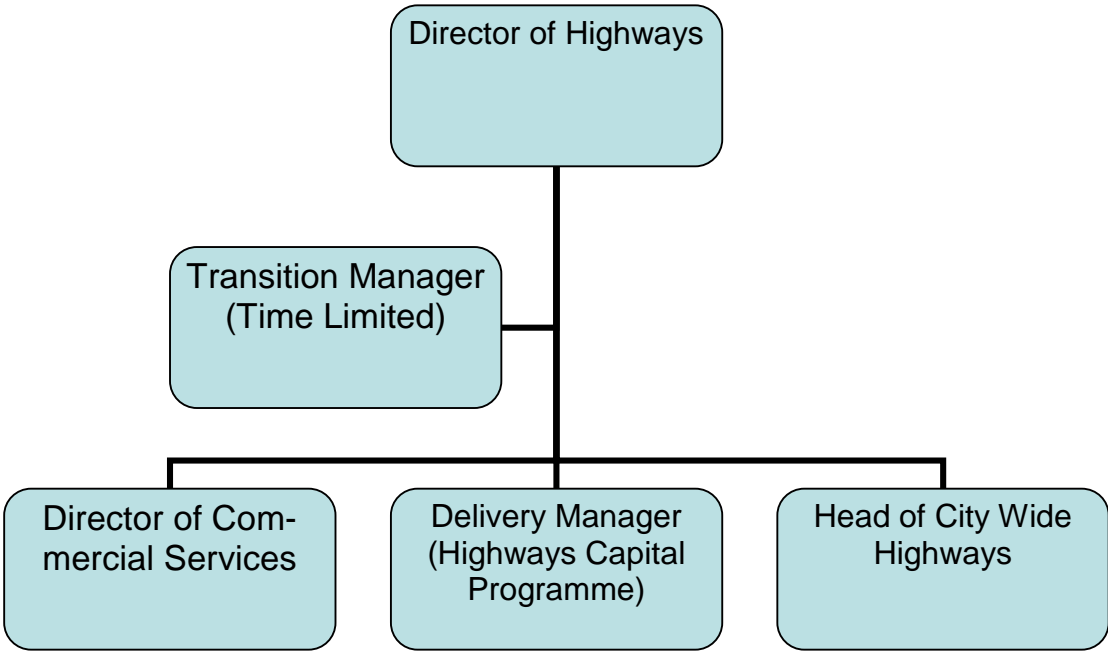
5. Comments from Deputy Chief Executive (People, Policy & Reform)

- 5.1 I have been consulted on the proposals and recognise the need to ensure sufficient expertise and capacity to deliver the Council's additional £100m in improvements to our highways network.

6. Comments from Trade Unions

- 6.1 To follow.

Appendix 1: Existing Management Structure



Appendix 2: Proposed Management Structure

