
**MANCHESTER CITY COUNCIL
REPORT FOR RESOLUTION**

REPORT TO: Personnel Committee

REPORT OF: Deputy Chief Executive (Regeneration)

DATE: 19 November 2008

SUBJECT: Review of Senior Management Structure in Engineering Services and Technical Services (Highway Services) - Regeneration Division - Chief Executive's Department

PURPOSE OF REPORT

To provide the Committee with an overview of the proposed changes to the operating model for the Highways service to more closely align the service with the strategic needs of the City Council and the customer needs. The report seeks approval to restructure the top tier management within the service as the first step towards transforming the current service. The report also details proposed changes to the Greater Manchester Transportation and Urban Traffic Control Units to align the services with the strategic direction of the Greater Manchester Integrated Transport Strategy.

RECOMMENDATIONS

The Committee is recommended to:

1. Note and endorse the overall approach to re-organising the Highways Service as set out in this report.
2. Approve the disestablishment of the eight existing posts in the service Management Team below the Head of Engineering Services.
 - Technical Services Manager :- PO6+15%
 - Traffic Engineering Manager :- PO6+10%
 - Business Development Manager :- PO6
 - Landscape Practice Manager :- PO6
 - Highways and Development Manager :- PO6+ 10%
 - Roads and Bridges Manager :- PO6+10%
 - Head of GMTU :- PO6+4 increments
 - GMUTC Chief Engineer :- PO6+ 4 increments
3. Approve the establishment of four posts to form the management team of the Highways service:
 - Highway Strategy, Policy & Performance Manager - circa £50-55k
 - Highway Network Manager - circa £50-55k
 - Highway Major Projects Manager - circa £50-55k
 - Highway Maintenance & Improvement Manager – circa £50-55k

4. Approve the establishment of one post to manage GMTU and GMUTC:
 - Greater Manchester Strategic Transport Manager – circa £50k - £55K
5. Grant delegated authority to the Deputy Chief Executive (Regeneration), in conjunction with the Head of Engineering Services and the Head of Corporate Personnel, to finalise Job Descriptions and then subsequently appoint to the new posts as above.
6. Grant delegated authority to the Deputy Chief Executive (Regeneration) and the Executive Member for the Environment in conjunction with the Head of Personnel to progress the remainder of the Highways Service Improvement Project and implement revised organisational arrangements in line with established City Council policies and practice.
7. Approve the redesignation of the Head of Engineering Services to the Head of Highway Services as this better reflects the portfolio of work and is more meaningful internally and externally.

FINANCIAL CONSEQUENCES FOR THE CAPITAL AND REVENUE BUDGET

The immediate impact of the proposals will be a short term saving of approximately £42,500 within the City and £33,000 within the AGMA services. However these savings will be held against the anticipated additional cost of filling the structure below the senior management team. The cost of the rest of the structure will be determined by the number and type of posts required to deliver the new service and will be delivered within revenue budget provision for this service.

CONTACT OFFICERS:

- Eamonn Boylan, Deputy Chief Executive (Regeneration)
(email: e.boylann@Manchester.gov.uk)
Tel : 0161 234 3280
- Chris Barber, Head of Engineering Services
(email: c.barber@manchester.gov.uk)
Tel: 0161 234 4494
- Jon Redfern, Head of Corporate Personnel
(email: j.redfern@manchester.gov.uk)
Tel: 0161 234 1800

WARDS AFFECTED:

All

IMPLICATIONS FOR KEY COUNCIL POLICIES:

Anti-poverty	Equal Opportunities	Environment	Employment
No	Yes	Yes	Yes

BACKGROUND PAPERS

Highways Service Improvement Project High Level Design document and associated documentation held in the Highways offices.

1. BACKGROUND

- 1.1 The Highways service was last formally and significantly restructured over 8 years ago. A Best Value Review in 2003 concluded that the elements of the service then within the Chief Executive's department were fit for purpose. Since then there have been a number of specialist units (Acoustics, Material Testing and Land Surveying) that have been disestablished when their workload reduced below a level that enabled services to be delivered efficiently. The Highways service now consists of two groups;
- **Engineering Services** - provides services for municipal and civil engineering design, construction and maintenance works to the City Council and to clients both inside and outside the public sector. The Road Safety team and School Crossing Patrol teams are also managed from within this group. The AGMA Units based within Engineering Services are the subject of separate consideration in Sections 4 and 9 below.
 - **Technical Services** - this group undertakes the over-arching regulatory, enforcement and management duties for the highway network in accordance with various acts such as the Highways Act, Traffic Management Act and New Roads and Street Works Act. They provide a frontline service dealing with the maintenance and management of Manchester's highway assets.
- 1.2 Technical Services formally came under the management of the Head of Engineering Services with effect from 1 April 2008. Temporary management arrangements are in place in order to stabilise service delivery and integrate existing ways of working.
- 1.3 Highways have an overall budget for 2008/09 of over £25 million (£10m capital, £15m revenue). The Capital Programme funds minor and major programmes of work which includes the South East Manchester multi model study (SEMMMS), integrated transport measures on schemes such as congestion reduction and local safety schemes and bridges/strategic road and footway maintenance schemes.
- 1.4 The service is currently preparing for the implementation of the Highways Asset Management Plan (HAMP). This will be the trigger for the service to assess the existing and future demand on the highways. The main aim of the HAMP will be to assist Manchester in adopting a strategic approach to decision making for capital and revenue expenditure and to ensure that a systematic and integrated approach is applied to the maintenance and management of the Council's asset group that make up the comprehensive transport system. It will also provide a means of effectively integrating asset management with corporate strategies and coordinate planning across the Council as well with other agencies.
- 1.5 Changes are being considered to the way that transport is governed in Greater Manchester with the possible creation of an Integrated Transport Authority. This will require a new strategic traffic management function, supported by the two AGMA Units, and the enhancement of both the Highways Client and Network Management functions to support and integrate

with the new strategic traffic management function. It is therefore important that the current Service Improvement Project is designed to deliver this improved support.

- 1.6 The Council's in-house engineering design service (MEDC) have a fluctuating workload and have developed ways of working with the private sector to ensure that the Council has sufficient skills and resources available for both urban design and the delivery of the highways capital programme. MEDC work with two private sector consultants selected on a 70/30 quality/cost basis and operate under a 5 year contract due to expire in April 2009.
- 1.7 The main contractor who supplies construction services to Engineering Services and Technical Services is Manchester Contracts¹ (the Council's in-house DSO), although a number of one off contracts do exist for example in winter gritting.
- 1.8 The whole service has approximately 360 posts which includes 166 school crossing patrol staff. There are 135 in Engineering Services and 60 in Technical Services. Approximately 30 posts are vacant, the majority of these on the design side where the number of major schemes requiring design services has reduced.
- 1.9 The total number of posts in the service has stayed relatively static, however the number of permanent staff has reduced and been replaced with consultant engineers which enables peaks and troughs in the workflow to be managed efficiently. The split between Council staff / consultants on the engineering side varies between 80/20 and 65/35 depending on the workload, budget and specialist skills required.

2. INTRODUCTION

- 2.1 The Highways Service is recognised as in need of significant change if it is to achieve its high level vision of a service which:-
 - Takes an overarching strategic view of the highway network and the services provided through a 'lean and mean' strategic function
 - Focuses on customer service by understanding customer needs and shapes delivery accordingly
 - Has a proactive traffic management function
 - Is easily accessible and transparent in its dealing with the public
 - works in an integrated and streamlined manner
 - has a strong procurement, commissioning and management contracting function

¹ Manchester Contracts are not part of the re-design scope although it is envisaged that their business will be affected by changes in the Highways service

3. FUTURE SERVICE DELIVERY

3.1 The main challenges currently presented by the industry are:

- To reduce maintenance costs by increasing individual productivity and becoming more efficient operationally.
- To reduce design and construction costs by having standard designs, common processes and a performance management framework in place
- The need to match skills to workflow, resulting in improved overall productivity
- The need to find procurement savings through economies of scale
- To be able to keep up with the industry environment by developing appropriate skill sets and matching skills to work demands.

3.2 Whilst Manchester has managed to improve its competitiveness in a piecemeal manner it is not immune from the industry pressure to make a step change in efficiency. The service has introduced a number of improvements such as co-located multi-disciplinary teams of designers and project managers related to work areas such as the Quality Bus Corridor. This arrangement has produced better collaborative teamwork and savings, however the service has not had the capacity to implement the radical change that is needed to meet the challenges presented by the highway industry.

3.3 Current service analysis to date has shown that the service exhibits the following:

- Overlapping structures with disjointed processes and few clear policies and procedures to follow. Where they do exist many are in the heads of individuals and are not documented for others to follow and review as necessary.
- Few published points of contact for customers. This means that there is no consistent entry point, several people deal with the same customers and customers don't get to the right person first time.
- Lack of strategic capability, outlook and management. This results in unclear and often inconsistent policies with a lack of consistency and transparency from a customer/client perspective.
- Budgetary constraints leading to long lead times and conflicting priorities.
- The need to reduce and/or eliminate the risk of the uneven workflows which cause Manchester Contracts (the City Councils in house civil engineering contractor) to source non Council work to maintain existing workforce levels.

4. HIGHWAYS FUTURE OPERATING MODEL (See Appendix 1)

4.1 The proposed operating model of client and operator is proposed to drive out inefficiencies by creating clear roles and responsibilities between the customer focussed client and the network management, improvement and maintenance functions of the operator. The delivery model is based on closer working between designers and constructors both internally (MEDC and Manchester Contracts) and externally through frameworks contracts, including a

collaborative consultants framework operated jointly with Bolton, Stockport and Trafford Councils.

- 4.2 Accordingly the client function will effectively manage the customer relationship; allowing the Highways Service to better understand Manchester's local communities and their needs. It will create a real dialogue with its customers so they understand why improvements cannot always be done because of higher priorities elsewhere. The client will be the sole authority in commissioning and defining the outcome of works and owning the budget for all works.
- 4.3 The operator will act on behalf of the client and ensure that the highways are kept flowing and safe and that the Council discharges its statutory responsibilities. The Maintenance and Improvements teams will discharge on-going maintenance as well as programmes of one-off improvement projects.
- 4.4 At the heart of the re-design is the creation of efficient and robust business processes that take account of the needs of the customers and move away from silo-based delivery to make the service leaner and more responsive. These processes will minimise the number of handoff and process breaks and ensure that resources spend their time on value-adding activities.
- 4.5 These improved processes will be supported by systems that allow high volume and simple enquiries to be managed by the Council's Contact Centre (EoC) and where there is a case, processes will be automated and removed where they add no value.
- 4.6 In order to transform the service the future organisational structure will need to change, existing staff developed and new skills acquired. The most significant change will be in the Customer and Client functions where customer service, communication and managing stakeholder skills will be required. There will also be a need for skills and experience in managing policies, developing strategy and plans, asset management planning and contract management. These are areas where the current service lacks skills and experience. This will be addressed by a combination of reassigning and training existing staff and recruiting staff with the required skills and experience.

5. DIRECTION OF TRAVEL FOR CUSTOMER SERVICE

- 5.1 Customers today want public services that are accessible, more convenient, and simply better quality than they sometimes experience presently. Similarly, customer expectations continue to rise. People now demand services which are accessible at weekends, in the evening, that respond instantly to their queries, are easy to get in touch with from home or work, use modern means to deliver effective services and which keep them informed of the services they provide.

- 5.2 Over the next few months work is ongoing between the Highways Service and Environment on Call (the Council's Contact Centre) to finalise the transfer of the appropriate telephone calls, emails, web forms and faxes. This will mean that customers can access the service at times when it is convenient to them.
- 5.3 Using standards and policy set by the client, customer enquiries will be captured and processed using SAP CRM. Where the first-line enquiry requires technical support because it is a less frequent or a more complex enquiry, the customer would be passed to service support in the highways client service. These client staff will have the skills and knowledge to deal immediately with the most complex enquiry types, ensuring that the highest level of customer service can be provided.
- 5.4 The Highways Service and Environment on Call (EoC) will continuously work together to ensure that the customer experience is working well, including opportunities for EoC to take additional calls and areas where information on the internet can be improved such as webforms. In order to inform future changes to the service, the client will regularly review policy, monitor performance and analyse customer data.
- 5.5 When an account management relationship with customers is required (for example with developers and ward co-ordinators), highways client staff will be required to build relationships based on shared objectives, make decisions which align with policy and devise solutions based on the resources at their disposal. A number of stakeholders may also be involved and the client service will need to ensure all stakeholders expectations are managed carefully.

6. FUTURE SKILLS REQUIREMENTS

- 6.1 This change in direction of travel for the service requires a workforce that can continually change and respond quickly to customer demand. The workforce will need to be able to manage a multitude of stakeholders when in some circumstances the service may be unable to meet their specific need.
- 6.2 To transform the service the future organisational structure will need to be populated with staff who not only have design expertise and service delivery skills but also have skills in:
- Strategic Management – business planning, managing performance, budget monitoring and partnership working
 - Leadership and Change Management – supporting staff through the change journey, leading by example and motivating staff to reach their potential. Positively promoting and embracing change where there is a business case.
 - Contract and Supplier Management – monitoring performance, relationship management, negotiation and budget management
 - Customer Service - dealing effectively with customers, meeting customer service standards and providing the best possible service within budgetary constraints

- Written and verbal communication skills – report writing, relationship management, engaging and influencing stakeholders
- Investigating, Analysing and Problem Solving – researching, developing options and delivering solutions
- Teamwork – jointly identifying solutions and working together to achieve joint outcomes

7. PROPOSED SENIOR MANAGEMENT ARRANGEMENTS – HIGHWAYS

- 7.1 A review of senior salary levels in local authority highway services has been undertaken as part of the review of the service. Within Greater Manchester, the six authorities, including Manchester, pay senior highway managers within the range £40,000 to £45,000 and four pay within the range £52,000 to £60,000. The new roles require professionally qualified people with skills in strategic leadership, performance and change management, outcome and delivery focus. To attract and retain suitable managers the salary levels proposed for these new posts (£50-55k) are higher than the existing management team grades.
- 7.2 The proposed senior management structure is attached at Appendix 2. This proposal would replace the existing management structure of 8 section heads all graded between PO6 and PO6+15%. Three of these post holders have recently retired. Once appointed the new senior management team will further drive forward the change programme including any decisions taken on the future delivery model.
- 7.3 It is considered that the most significant increases in responsibility arising from the service change is expected in the client function where there is a need to take a more proactive lead on the strategic development of the service, policy setting and management, performance management and implementation of the Transport Asset Management Plan, which will assist in decisions regarding future investment and the prioritisation of schemes. Current delivery of this client role is ineffective as it is spread across a number of different officers resulting in a lack of consistency and ownership. This will be resolved by introducing new centralised processes to drive a customer focused service in delivering highway services that support corporate objectives. It is proposed that the service will be led by four senior managers across the following functions.
- 7.4 **Highway Strategy, Policy & Performance Manager** - This function will listen to customer demand, consult stakeholders and develop and maintain relevant highway policy which determines clarity of decision making for customer service requests. This will then drive the prioritisation of strategic interventions to deliver the Council's highway plans and achieve its outcomes. It will manage customer services to proactively publish information for customers and respond to service requests. It will also manage relationships we have with our customers (e.g. developers and utility companies) and our suppliers.

- 7.5 Client and Customer Services will be responsible for asset management and performance reporting and will brief and commission the Network Manager, Major Project Manager and Maintenance and Improvement Manager to deliver services to the required timescale, cost, quality and safety. It will therefore have a commissioning and contract monitoring role. This function will be responsible for the client side of project delivery, ensuring projects deliver the required outcomes for the City and region. It is proposed that the salary for this role would be circa £50-55k.
- 7.6 **Highway Network Manager** - This unit will proactively manage highway routes to key centres to ensure that travellers can reach their destinations with minimum delays. To do this highway, public utility and developer works will be co-ordinated and influenced to minimise congestion. Traffic management of major sporting, leisure and community events will be undertaken to minimise disruption. Routine operations such as deliveries, refuse collections and customer parking on key routes will be co-ordinated and where necessary enforced by orders. Improvements to the highway network by developers and highway works will be promoted to resolve potential congestion or safety problems. This unit will also manage Road Safety & School Crossing Patrol services. It is proposed that the salary for this role would be circa £50-55k.
- 7.7 **Highway Major Projects Manager** - This unit will project manage and design major highway schemes and developer's projects which will be delivered by external contractors (approximate programme value of £4million). Project teams will be responsible for the delivery of programmes of work from start to finish rather than designing individual stages of work. The unit will also manage the maintenance and improvement of highway structures and bridges the bulk of which is capital funded. It is proposed that the salary for this role would be circa £50-55k.
- 7.8 **Highway Maintenance and Improvement Manager** - This unit will project manage and design highway maintenance and minor improvement schemes which will be delivered by the current in-house contractor Manchester Contracts (approximate programme value of £6 million). These are usually projects with a value of less than £250k. Project teams will work collaboratively with Manchester Contracts to form one team rather than the traditional consultant / contractor relationship. The unit will also manage routine highway maintenance, winter maintenance and emergency services and the inspection of highways and collection of data. It is proposed that the salary for this role would be circa £50-55k.
- 7.9 The creation of these four new roles reflect the need and urgency to change the way the service is currently delivered and reflects the need to strategically lead the service through a significant amount of change now and in the future, addressing performance issues and the need to effectively manage capacity throughout the change.
8. **PROPOSED SENIOR MANAGEMENT ARRANGEMENTS – GREATER MANCHESTER AGMA UNITS**
- 8.1 Manchester is the lead authority for two AGMA units;

1. Greater Manchester Transportation Unit (GMTU) provides a strategic highway transportation role by; collecting highway data and maintaining strategic highway models, providing advice to strategic highway and transport teams, monitoring the performance and supporting the delivery of the Local Transport Plan targets. In addition the Unit provides transportation support to local highway authorities and private sector clients.
 2. Greater Manchester Urban Traffic Control Unit (GMUTC) maintains, manages and improves 2100 traffic and pedestrian signal installations together with variable message signs and CCTV cameras which monitor signalised junctions. This includes the management of the traffic signal control room which oversees the automatic and manual management of signals and fault repairs to minimise congestion and maximise road safety. In addition the Unit provides a design services for new or modified signals junctions for local highway authorities and private sector clients.
- 8.2 Both units provide services to a high level of technical competence and are recognised as good value for money within their current remit. However, they have been set up as stand alone units and are poorly integrated with either strategic city region transport organisations or the ten local highway authorities. This manifests itself through a lack of transparency in their services, duplication of effort with other organisations and disputes over the best way to deliver services.
- 8.3 Following publication of the Local Transport Bill which reviews governance arrangements for transport, it is anticipated that an Integrated Transport Authority will be introduced within Greater Manchester in the medium term. The development of the Transport Innovation Fund bid packages have demonstrated the need for an integrated approach between public transport and highway strategic planning and management. This, and the introduction of the Traffic Management Act, has also demonstrated the need for a common strategic approach across Greater Manchester for the management and operation of the strategic highway network. Both GMTU and GMUTC have a significant role to play in achieving this integrated approach to traffic management between local authorities and across transport modes. To achieve this, the services delivered by the two units need to be transformed to become transparent, fit for purpose and fully integrated with the services provided by the Greater Manchester Joint Transport Team, Greater Manchester Passenger Transport Executive, the ten local highway authorities, the Highways Agency and with the traffic management aspects of Greater Manchester Police.
- 8.4 **Greater Manchester Strategic Transport Manager** - To ensure that the services are transformed in the short term it requires a more strategic, business planning, performance management and partnership approach than is currently the case. The skills described in Section 6.2 are also relevant to the two AGMA units. There is a need to utilise these skills to a high level to engage with other authorities and agencies in developing strategic traffic analysis and management capabilities. It is proposed that a single post of

Greater Manchester Strategic Transport Manager replaces the current two heads of unit posts at a salary of circa £50k - £55k.

9. UNION CONSULTATION

- 9.1 Both UNISON and Unite have been consulted by the Head of Engineering in relation to the recommendations made within this report and a number of issues and points of clarity were subsequently raised with him. These points were considered and the Unions views and opinions taken on board which has resulted in additional information being included within this report, an example of such issues pertain to the Engineering Best Value report.
- 9.2 Further matters were raised relating to; the use of Consultants within Engineering, the AGMA Client Board/UTC Agreement and ringfencing arrangements concerning the future filling of the proposed Senior Management posts, subject to the recommendations made by Personnel Committee. It has been determined that these matters do not fall within the remit of this report and the Head of Engineering has met with, and responded to, the Unions through separate communiqué.

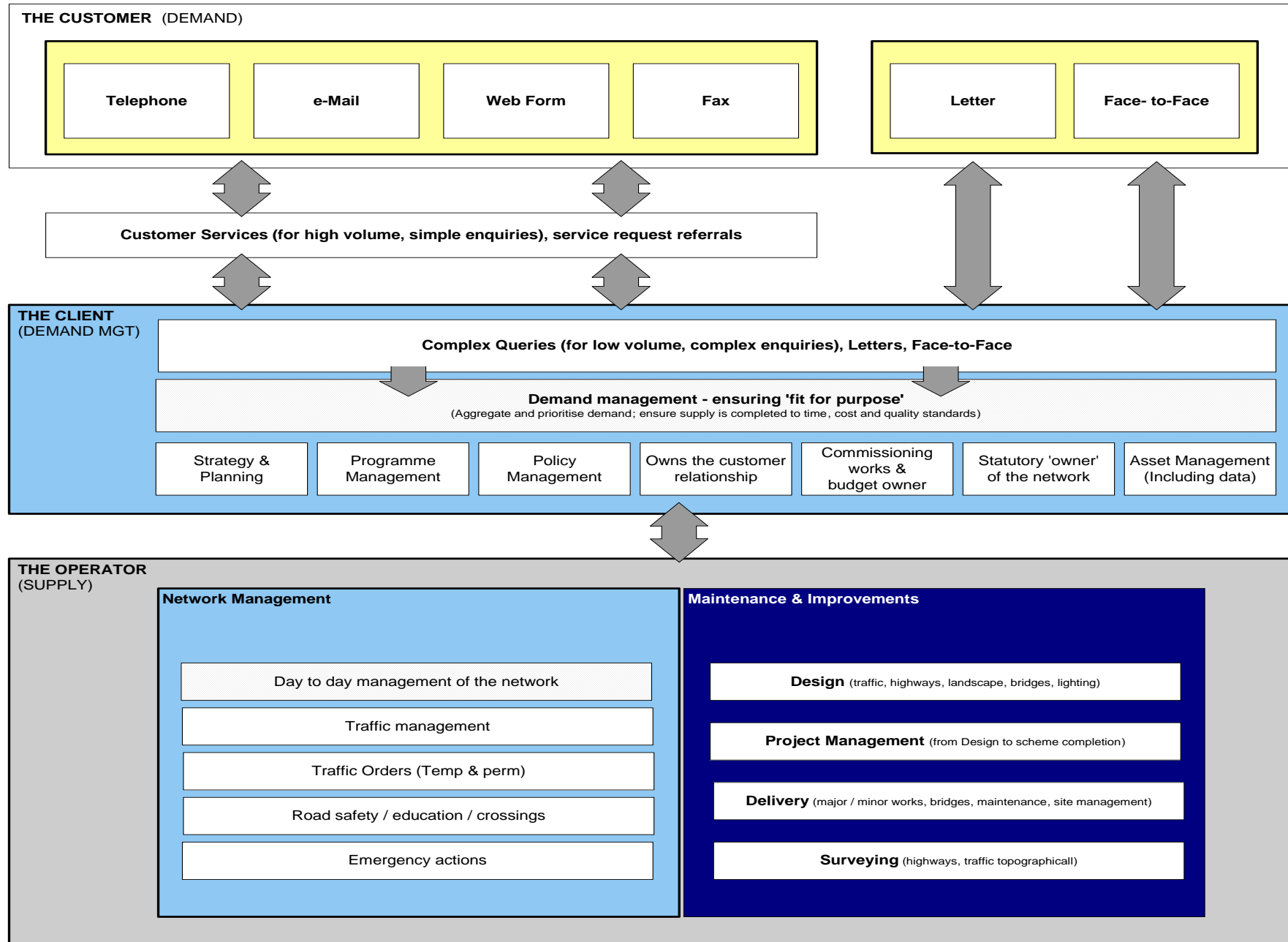
10. COMMENTS OF HEAD OF CORPORATE PERSONNEL

- 10.1 I have worked with the Head of Engineering Services in developing this report. Whilst there is still some further work to be undertaken on the development of the overall structure for Engineering Services moving forward, a clear plan and direction has been established for the service moving forward and therefore it is timely to consider a reconfiguration of the senior management structure.
- 10.2 Given the departure of a number of the existing senior management team I agree with the proposals for a reconfiguration of roles and the salary proposals of £50,000 - £55,000 will support the recruitment and retention of suitably qualified and motivated individuals whilst remaining competitive in the market place.
- 10.3 I will support the Head of Engineering in implementing these proposals and recruitment processes and in the development of the structure below the management team.

11. IMPLICATIONS FOR KEY COUNCIL POLICIES

- 11.1 The proposals in this request will support the retention and development of management staff employed in the Highways Service of the Chief Executive's Department. The service makes a significant contribution to the development of a well maintained and managed highway infrastructure which is essential to the economic growth of the City and development of local business opportunities. This directly contributes to key Council policies in respect of the environment, equal opportunities and the creation of employment opportunities.

Appendix 1 – Future Operating Model



Appendix 2 – Proposed Highways Senior Management structure

