

**MANCHESTER CITY COUNCIL
REPORT FOR RESOLUTION**

COMMITTEE: PERSONNEL

DATE: 20 JUNE 2007

REPORT OF: DIRECTOR OF HOUSING SERVICES
CITY SOLICITOR
HEAD OF CORPORATE PERSONNEL

SUBJECT: MIXED COMMUNITY REGENERATION PROJECTS

PURPOSE OF THE REPORT

To set out proposals to strengthen, support and resource the delivery of the mixed community regeneration projects funded using Housing Revenue Account (HRA) Private Finance Initiative (PFI) funds to ensure that there is capacity to meet the challenges of the next five to seven years.

RECOMMENDATIONS

The Committee is recommended to:

1. Agree to the redefinition of the post of Programme Manager (Grade 10 + 15%) to Head of Partnerships and Investment to a salary of £50,000 and the re-definition of the Principal Strategy Officer (Special Projects) Grade 10 to Design Manager Grade 10 + 15% (£42,117 - £44, 985).
2. Agree to the establishment of the new post of Delivery Manager, Grade 10+15% (£42,117 - £44,985), within the Housing Services Directorate.
3. Agree to the Assistant City Solicitor (Special Projects) undertaking the enhanced role set out in the report on a salary range of £57,000 - £60,000.
4. Grant delegated authority for the Director of Housing Services, in consultation with the City Solicitor, the Head of Corporate Personnel and the appropriate Executive Members, to develop revised job descriptions for these posts and arrange for the post of Delivery Manager to be advertised in line with City Council policy.
5. Agree that the Director of Housing Services review the existing structure and other positions in the structure at Grade 10 and below in consultation with the Head of Corporate Personnel under the Scheme of Delegation of Staffing Proposals.

FINANCIAL CONSEQUENCES FOR THE REVENUE AND CAPITAL BUDGETS

This proposal will result in a maximum increase of £95,000 per annum that will be contained within the budget agreed during the budget setting process. Efficiencies will be achieved in a reduction in the level of consultancy support costs over the life of the programme.

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BACKGROUND DOCUMENTS:

Report to Personnel Committee, City Solicitor's Division management structure, 4 September 2006.

Report Personnel Committee, Interim Third Tier Management Structure, Housing Department, 10 November 2005.

WARDS AFFECTED: NONE

IMPLICATIONS FOR:

Anti-poverty	Equal Opportunities	Environment	Employment
Yes	Yes	Yes	Yes

1. INTRODUCTION

- 1.1 The mixed community regeneration projects, funded through the Government's HRA PFI, form a significant part of the council's overall major project portfolio. In 2006 a review was carried out of the resources needed to deliver these projects and further assurances were required by Department for Communities and Local Government that the projects would be effectively resourced. It is therefore now necessary to strengthen the staffing arrangements, to develop and retain the right level of skills to deliver the long-term programme and ensure effective governance of these complex projects.
- 1.2 The staffing arrangements described in this report will facilitate the programme management of all phases of the projects from inception, to the closure of contracts and the commencement of monitoring, over the next five to seven years.

2. BACKGROUND

- 2.1 The City Council is promoting a series of mixed community regeneration projects that involve major council estate redesign and remodelling together with the implementation of focused neighbourhood management using HRA PFI as the delivery mechanism.
- 2.2 A Senior Management team is required to deliver the programme which includes approximately £500M PFI credits. The team will work with and manage a wide range of internal and external consultants including technical, legal and financial advisors procured from the Council's frameworks. Reporting directly to the team will be a significant number of staff working both full time and part time. Resources will be carefully managed to ensure maximum productivity throughout each phase of procurement. The complex nature of negotiations with potential partners requires officers with the relevant skills, experience and seniority.
- 2.3 A small team, originally set up to lead the delivery of the first PFI project - Grove Village, has been supported by a range of corporate colleagues and, by necessity, has become increasingly reliant on consultancy appointments. Inevitably the work of the team has grown with the expansion of the programme, which now includes four major projects, together with the responsibility for contributing to the wider corporate and regeneration strategy for key areas of the city.
- 2.4 The governance arrangements have recently been strengthened to ensure the programme is delivered within a wider strategic context. Individual projects are governed through Project Boards and the programme is overseen by an Executive Board comprising the City Treasurer, the City Solicitor, the Deputy Chief Executive (Regeneration), the Chief Executive (NEM), the Strategic Director of Neighbourhood Services and the Director of Housing supported by the Programme Manager and the Assistant City Solicitor (Special Projects).

2.5 This report sets out a detailed proposal for strengthening the medium term staffing structures, meeting CLG requirements and reducing the reliance on external consultancy appointments to deliver this programme. This will also give the team some scope to review and assess future opportunities to utilise HRA PFI credits to support the Council's aims and objectives.

3. PROPOSAL

3.1 The aim is to create a flexible and robust programme team that will effectively design, manage, negotiate and deliver this complex programme of projects. This will ensure effective project, risk and financial management by bringing together and enhancing a skilled and experienced team of officers working on these complex long-term projects.

3.2 The programme team originally set up to deliver and implement the Grove Village project needs to be strengthened due to:

- Rapid expansion of the programme for delivering four complex regeneration projects - two of which are in the construction phase and two about to enter the procurement phase.
- Need to maintain current project progress within tight timescales
- Address the new and challenging European Union rules (Competitive Dialogue)
- Address the complexity of running a series of projects in parallel procurement exercises which will significantly increase the demands on the existing staffing resource and those of supporting departments.

4. POSTS REQUIRED TO DELIVER THE PROGRAMME

4.1 To structure deliverable projects that are both attractive to the Council and the housing finance market whilst meeting the current programme timetable, it is essential that steps are taken not only to retain the existing skilled resources but also to strengthen and support the team tasked with overall management and delivery of the programme. The posts required to do this are set out below.

4.1.1 Head of Partnerships and Investment

Personnel Committee approved a report in November 2005 to establish a Principal Strategy Officer, with responsibility for delivering the PFI programme graded at grade 10 plus 15%. Given the expansion of this programme there is now a need to broaden the scope of this post to include the following duties and responsibilities:

- Provide strategic leadership to the mixed communities programme;
- Take a strategic role so that opportunities for funding arrangements can be maximised;
- Take coordinate and establish clear, appropriate linkages with other investment streams;
- Provide support and advice to the Director of Housing Services and the Executive Board;
- To develop and encourage market responsiveness to the programme;

- To deal with complex issues both project specific and programme wide basis.

The proposal involves an additional cost of £5,015 p.a., which can be accommodated within the Housing Revenue Account.

4.1.2 Design and Development Manager

The development of the programme has resulted in significant and increasing calls on the existing post holder to design, integrate, develop and procure a series of complex projects within the authority. As the role has grown, in line with the overall programme and increasingly complexity of CLG and Treasury guidance the postholder is now required to have high level technical expertise and take responsibility for providing both direct technical advice and managing and coordinating internal and external specialist advice on all aspects of design development and construction related activity up to contract sign and during the subsequent five-year construction phase of contract delivery.

Key additional duties attached to the post now include:

- Leading and directing the team providing technical and design advice and support both on a project-by-project and programme basis;
- Structuring the projects in such a way that they deliver a high quality design solution for local people whilst achieving long-term project value for money for the council;
- Developing and managing the relationship with the contractor during the construction phase of contract implementation.
- Working alongside the programme manager, the Assistant City Solicitor (Special Projects), the Delivery Manager to negotiate the projects;
- Deputising for the Head of Partnerships and Investment.

To recognize the increased strategic duties attaching to the post it is proposed that the existing post of Principal Strategy Officer (Development) is redefined to assume the above additional responsibilities. It is proposed that the post is re-designated to Design and Development Manager at a salary of Grade 10 + 15%. This post, together with its support team, would be based centrally within the mixed communities programme team.

The proposal involves an additional cost of £5,853 p.a., which can be accommodated within the Housing Revenue Account.

4.1.3 Delivery Manager

This is a new post designed to manage and enhance the housing project delivery aspects of the programme on a day-to-day basis. The post will be responsible for:

- The day-to-day management of the project managers;

- The provision and procurement of specialist housing management and commercial support and advice to the programme;
- Working with the Head of Partnerships and Investment and the Assistant City Solicitor to procure and negotiate the contracts.
- To deputise for the Head of Partnerships and Investment

The proposal involves an additional cost of £44,985 p.a., which can be accommodated within the Housing Revenue Account.

4.1.4 Assistant City Solicitor (Special Projects)

As part of a review of the management structure of the City Solicitor's Division approved by Personnel Committee in September 2006 a post of Assistant City Solicitor (Special Projects) was established to lead a small team to carry out legal work on specialist commercial projects. It was recognised at that stage that for the foreseeable future the post holder would need to devote his whole time to legal work for the Housing Investment Options Programme. The Assistant City Solicitor has considerable experience in commercial matters generally and projects associated with the regeneration of neighbourhoods including PFI's. The scoping, procurement and delivery of PFI's requires a considerable legal input. The task of providing legal advice to the projects and managing external resources will, in the future, be more extensive and demanding particularly in view of the new legal frameworks such as the new procurement rules. The wider ambit of the mixed community regeneration projects and the extension of the PFI programme mean that it will be critical that a senior experienced legal advisor becomes part of the Programme Management team. The key additional duties proposed for the post include:

- Working with the Director of Housing and Programme Manager in scoping, initiation and management of mixed communities projects
- Providing support and advice to the Executive Board
- Providing appropriate legal advice in relation to new approaches to delivery and investment
- Providing support and training to the augmented staffing team in practices and procedures governing the procurement of mixed community projects particularly those funded through the use of PFI credits

To recognise the increased duties attaching to the post it is proposed that the existing post of Assistant City Solicitor (Special Projects) should be redefined to assume these additional responsibilities at a salary of £57,000-£60,000. The post holder will work closely with the Director of Housing Services and the Programme Manager in the management and delivery of the PFI Programme but will continue to report to the Head of Legal Services and will procure additional legal support as required from Legal Services.

The proposal involves an initial additional cost of £5,500 p/a funded through the Housing Revenue account.

4.2

All of the above post holders will ensure that the programme, works coherently to deliver an improved mixed communities programme. As leaders of this team, the post holders will work closely to develop and support existing staff to be responsible for ensuring that the work of the team is financially sound and transparent.

5. CONCLUSION

- 5.1 Inevitably the work of the Programme Team has expanded with the development of two new and ambitious mixed community regeneration projects - Brunswick and Collyhurst. The current programme portfolio, of £500m of public sector investment, is likely to bring investment into both housing and corporate projects of approximately £1bn over a 30-year period.
- 5.2 In order to continue to meet the increasing demands and challenges of this programme it is necessary to consolidate the work already undertaken and provide a more flexible and robust structure that can respond quickly to new issues and develop future projects

6. COMMENTS FROM THE HEAD OF CORPORATE PERSONNEL

- 6.1 I have worked with the City Solicitor and Director of Housing Services in the development of this report and recommendations. I confirm that I am in agreement with the recommendations.
- 6.2 Given the number of stakeholders involved in such projects it is imperative that we have appropriate support and programme arrangements in place that will ensure effective delivery on time and in cost that also meet our ambitions around design.
- 6.3 I agree that the mixed communities programme is and will continue to be complex and diverse and warrants the assignment of these officers at this level that are capable of steering a programme of this gravity through to completion. I also agree that salaries need to be set at a rate that will both retain talented staff and attract senior officers to the Council from other authorities or public sector bodies.
- 6.4 I am also cognisant that further structural proposals will be required beneath this level to support the programme moving forward. I will work closely with the Director of Housing Services in order to develop and implement revised structural arrangements that will support implementation of this Programme.

7. IMPLICATIONS FOR KEY COUNCIL POLICIES

7.1 Supporting the effective delivery of PFI projects across the city will support the achievement of all key Council policies.