

20 March 2017

Agenda Item: 7c

REPORT OF SERVICE DIRECTOR ENVIRONMENT, TRANSPORT & PROPERTY

PROPERTY GROUP- STRUCTURE

Purpose of the Report

1. To seek Finance and Property Committee approval to a revised Property Group structure.

Information and Advice

2. Members may recall that a report was presented to this committee on 21st March, 2016, outlining a preliminary revised staffing structure for the retained NCC property function. This restructure was in response to and in advance of the set-up of Arc partnership on 1st June 2016.
3. The property group following these restructure changes reflected the pre-existing structure prior to Arc allowing for specific roles that would enable adequate commissioning of services, management of the Arc contract, performance management and ensuring the Council is able to determine value for money through the services delivered.
4. The current structure, outlined in Appendix 2.0 is spread over three teams involving the following broad activities delivered by 44 posts:-

Departmental Services

5. Responsible for supporting other service departments in providing suitable accommodation to meet service need. In terms of spend by far the largest component of this work is Pupil Places and general school works. Within this team also resides the main commissioning function between NCC and Arc.

Compliance

6. Responsible for facilitating the safe use of all NCC buildings via understanding the condition of the building; the presence and management of asbestos; monitoring the risk of Legionella and taking preventative action; undertaking fire risk assessments and remedial works and managing from a client perspective the safe commissioning of building works.
7. It is worth highlighting that some of these services are delivered to external bodies to generate income.

Property & Strategy

8. Responsible for estate management (sales/lettings/valuations etc.); asset management planning, repairs and maintenance, property records and records management(P2) management of the rental payments and income for NCC, Inspire and Highways and working with partners on general asset management initiatives such as One Public Estate.
9. Since the Structure was established there have been some key issues that have arisen notably: -
 - **Resourcing:** With the commencement of Arc the level of resourcing requirements to commission and manage workflow has become clearer for example since June approximately 400 projects have been raised with Arc; around 260 invoices are processed each week, equating in excess of £9m since September 2016. Predominantly the invoicing and payment process is undertaken by three staff within the Departmental Services team and while the resource is stretched, longer term it is expected processes will become more streamlined, as outlined later in the report and this resourcing level will be adequate.
 - **Synergy:** Connected with the above is the developing synergy that has arisen between some workflows. As an example repairs and maintenance planning has over recent years resided in the property and strategy teams. However, it has become evident that in order to facilitate the smooth flow of work between Arc and NCC property, there is greater reliance on the departmental services team, which oversees performance of Arc, to ensure these works are delivered on time and on budget, as opposed to Property and Strategy.
 - **Demand:** During the last 6- 12 months there has been a growing demand for asset management in order for the Council to re-profile its property portfolio in order that it is sustainable in the long term and meets the changing needs of users; occupiers and partners. This represents a large volume of work that requires a full review of all non- school properties and extensive dialogue with Services. Once the asset management plan has been formulated, which is expected during the summer of 2017, it will require on- going resource for implementation.
10. Similarly there is an increasing demand for more joined up asset management planning with our partners to rationalise properties and remove barriers to the development of sites. This activity is mainly progressed through the Governments One Public Estate initiative in which NCC is a key and lead participant.
 - **Leavers and Recruitment;** At a time when the property group is experiencing an increasing demand for its services, the teams have lost four experienced officers, one from Departmental services and three from property and strategy due to a mixture of retirement and career moves. Two further senior officers are retiring over the next few months again from these teams. At the same time it has proven very difficult to recruit into vacant posts. This has been the situation for several years and is not unique to NCC property. There is a lack of supply of experienced property officers and those which are available are seeking salaries significantly above NCC pay grading. This has meant that property teams are operating with vacant posts or relying on temporary agency staff and at times graduates who require training and a period of time to be fully productive. This has placed

significant strain on those teams affected with a high degree of exposure to unplanned events such as new work or absences.

- **Budget Savings:** Along with other NCC services, Property has been responding to budget savings targets and has successfully been able to meet its planned target reductions. Between 2013/14 and 2016/17 over £930k of savings have been delivered of which £838k has arisen through staff budget savings. The group has a further savings to deliver of £216k in 2017/18 and £129k in the following year prior to any additional savings that are under consideration. Any resourcing requirement will need to work within this financial envelope and while Property will seek to meet this challenge through a range of initiatives and changed working practices, it is worth highlighting there is a growing tension between demand and resources.

Short – Term Specific Changes

11. The issues above required urgent redress during the autumn of 2016 if the Property Group was to maintain an acceptable level of service delivery. The main changes undertaken consisted of:-

- **Re-assigning posts:** The initial priority was to ensure that asset management could be progressed effectively to progress the work associated with re-profiling the property portfolio and the OPE initiatives. The following temporary changes were implemented until 31st March 2017.
 - (i) New Asset Management team created, resourced by moving the team manager property and strategy (job share 2 days per week) to lead this team of three strategy officers. The three strategy officers have moved from the departmental services team, providing a more focused and dedicated resource that can respond more effectively to this area of resourcing need.
 - (ii) The vacated job share post in property and strategy has been temporarily filled by one of the senior surveyors acting up into this role providing an opportunity for training and career development.
 - (iii) The vacated development surveyors post has been temporarily filled by moving an experienced agency officer to this role and seeking to back-fill across current provision.
- **Splitting posts:** The vacated post of PFI/Capital Programme Officer within the Departmental Services team was a post which had evolved over a number of years covering, PFI management; School places delivery; commissioning; contract and budget management. As such the post was a hybrid role that would have proven difficult to recruit into given pay gradings. A decision was taken to split the role with PFI contract management being exported to Waste and Energy which has in-house expertise in PFI contracts and the remaining activities being spread out across 2 new roles:-
 - (i) An extended scope within the Strategic Quantity Surveyors role
 - (ii) A new temporary post of project officer

- **Temporary appointments:** A total of five agency appointments have been made in property and strategy ranging from graduate to senior surveyors until 31st March, 2017 to fill vacant posts pending permanent recruitment. The first attempt at recruitment has been mainly unsuccessful and further recruitment activity will be required subject to the proposals being approved within this report.
 - **Outsourcing** work where it is appropriate and cost effective to do so.
12. All the above actions have been undertaken within existing budgets, while at the same time meeting the 2016/17 savings target.

Way Forward

13. It is apparent that recruitment of suitably experienced officers will continue to be challenging. As a result it is proposed to make greater use of the skills sets that exist within the Group already; splitting roles when posts cannot be filled and providing greater opportunity for career advancement.
14. The changes undertaken during last autumn involving the reassignment and splitting of roles has proven to be successful. It is proposed that these changes are now substantiated within the structure of the team enhanced by the following additional changes:-
15. Team Manager- Asset Management
It is proposed that this post is extended from the current transitory arrangement of 0.4 FTE to 0.8 FTE. It is anticipated that as a minimum 0.2 FTE cost will be covered by capacity funding that has been applied for and is expected to help fund this type of role within OPE. The remaining 0.6 will represent an additional salary cost that will be met from existing budget provision.
16. Due to the establishment of a separate asset management team, it is proposed to rename property & strategy, *Property & Estates*, a terms which is already widely used within the Council for the functional activities of the team.
17. Property Systems
At present both NCC property and Arc utilise an IT property management system that is hosted by an external provider. In order to bring about efficiencies in how both organisations operate it is apparent that there needs to be further development of P2 and how it can be manipulated. Currently NCC property and Arc have a single post –holder that has intimate knowledge of how P2 functions. Both these post holders have insufficient capacity to undertake any further work. This arrangement also poses a succession planning risk for both if one should leave. It is therefore proposed to jointly fund one additional post that will be shared between the two organisations on a 50:50 basis. This will represent an additional salary cost that will be met from existing budget provision. Discussion are ongoing with Arc whether the post-holder will be split on employment contracts between the two organisation or whether Arc/NCC is the main employer with the resource then being exported to the other party.

18. Compliance Water Risk Assessors

The Compliance team undertake water monitoring to avoid the risk of Legionella outbreak. This involves in part regular water testing of temperatures and analysis. At present this is undertaken by a mixture of in-house and external resources.

19. At present within the structure there are 3 FTE posts split as 2 x risks assessors and 1x monitoring technician. The latter post being occupied by agency for an extended period due to grading level. The proposal is to delete this post and create a further risk assessors post which will reduce the need to outsource this function to a third party. Current estimates are this would generate savings of circa £18,000 per annum. A invest to save situation.

20. Computer Aided Design (CAD) Technician

The purpose of this post is to produce detailed working drawings of existing buildings, sites, plant and equipment. This is important to facilitate accurate condition surveys; fire risk assessments and generally provides the base information for undertaking planned works on buildings. At present this activity is performed by a 0.6 FTE post which has been supplemented by a full time temporary appointment over a prolonged period, to enable a better understanding of this ongoing need. The demand for accurate plans remains and in order to bring this long standing agency arrangement to an end and bring about cost savings it is proposed to create a further 1 FTE CAD technician post.

Budgets

21. The Property Group has challenging budget savings to achieve over and above any efficiency savings that will be achieved through the operation of the JV and the return of funds via the anticipated future payment of a dividend. These savings have been outlined above.
22. The revised structure proposed seeks to continue working within current budgets after allowing for savings targets.

Current Staffing budget 2017/18	=	£2,096,945
Proposed retained staffing budget 2017/18	=	<u>£2,032,225</u>
Balance		£64,720

Other Options Considered

23. Alternative options for the delivery of property service functions were outlined in the report to Finance and Property Committee in November 2015. Following the resolution of that Committee there was an acceptance of the continuing need for a retained client function and the structure being proposed aligns with the committee resolution.

24. Specific activities within the property team will be routinely market tested to ensure that the current service delivery model represents Value for Money. It is proposed that in circumstances where an external provider is able to undertake the activity which demonstrates overall best value then a separate report will be brought to this committee outlining the options for change.

Reason/s for Recommendation/s

25. To obtain approval of the Finance and Property Committee to the revised property group structure.

Statutory and Policy Implications

26. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Human Resources Implications

27. The revised staffing structure will be subject to full consultation with affected staff, the recognised trade unions and ARC partners. Any staffing changes will be subject to the Authority's enabling procedure.

RECOMMENDATION/S

1) That Finance and Property Committee approves the changes to the structure outlined in sections 14 to 20 of the report as represented diagrammatically in Appendix 1.0.

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For any enquiries about this report please contact: Andrew Stevens on 0115 977 2085

Constitutional Comments (EP 28.02.2017)

28.The recommendation falls within the remit of the Finance and Property Committee by virtue of their terms of reference.

Financial Comments (SES 24.02.2017)

29.The financial implications are set out in the report.

Background Papers and Published Documents

30.None.

Electoral Division(s) and Member(s) Affected

31.Ward(s): all
Member(s): all

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