

Title of meeting: Employment Committee

Date of meeting: 26 August 2022

Subject: Transport Review

Report by: Chief Executive

Wards affected: None

Key decision: Yes/No

Full Council decision: Yes/No

1. Purpose of report

- 1.1 At its meeting of 9 March 2022 the committee agreed to review the structure of the Regeneration Directorate in the light of the resignation of two Assistant Directors (Assistant Director for Transport and the Assistant Director for Strategic Development), conduct a peer review of the Transport function, and give consideration to the creation of a new post of Director of Transport. The committee requested that a report be brought back to the committee on conclusion of the review, for members to give due consideration to recommendations arising.
- 1.2 This report sets out for the committee a summary of the outcome of the review and recommendations for member consideration.

2. Recommendations

- i. To note the recommendations of the peer review in relation to the three key areas of investigation
- ii. To note the pros and cons of the creation of a new Directorate/Director of Transport
- iii. To retain the Transport function within the Directorate of Regeneration
- iv. To note the further work to be undertaken by officers to improve structures within the Regeneration Directorate in line with the recommendations of the peer review

3. Background

- 3.1 A Peer Review has been carried out and tested the current approach to managing transport and highways matters in Portsmouth within the Regeneration directorate. This review has focused on officer, stakeholder and member communication and engagement along with the effective operation of the Council's statutory Transport,

PFI and Infrastructure functions. The review objectives are set out in Appendix A, and objective 9 specifically addresses the request of the committee to:

Review the current operating models of each of the three service areas, considering how best the highway authority can carry out its functions across the political and technical domains and advise on any structural changes that would be worthy of consideration to improve outcomes and behaviours. Could a simpler and more streamlined structure improve efficiencies and outcomes that support the policy objectives?

- 3.2 Shared Intelligence, an independent consultancy, was commissioned to undertake the review. The core of the work involved a series of facilitated workshops involving senior councillors and officers. The peer input was arranged by the Local Government Association (LGA) and provided by Cllr Howard Sykes MBE, *Leader of the Liberal Democrat Group at Oldham Metropolitan Borough Council* and Susan Halliwell, *Executive Director of Place at West Berkshire Council* (subsequently appointed as Chief Executive at Bracknell Forest Council). Between the facilitated workshops, members and officers continued to work closely to refine the overall portfolio of activity and decision-making processes.
- 3.3 The report set out findings and recommendations in relation to three key areas that were the focus of the review:
- a. Relations between elected members and the transport function and ways to improve
 - b. Stakeholder relationships and any ways to improve
 - c. Any ways in which the operation of the transport function could be improved, including structure.

4. Review Summary Findings

- 4.0 A summary of the findings against the three key areas outlined above is set out below as follows:
- 4.1. Relations between elected members and the transport function and ways to improve**
- 4.1.1 The momentum developed in improving the relationship between members should be maintained, the changes in terms of the focus of meetings between members and officers and supporting paperwork should be embedded, and progress should be reviewed in September 2022 (with an external dimension). Regular time slots need to be carved out from busy schedules to make this happen.
- 4.1.2 Protocols should be developed to govern access to information and papers by members of other political groups. A timetable for this needs to be agreed and build upon good practice in other authorities.

4.1.3 The scope for cross-party agreement on aspects of the transport programme should be explored.

4.2. Stakeholder relationships

4.2.1 Shared Intelligence recommended that a communications and engagement strategy is developed building on the shared understanding that has been established through the review.

4.2.2 It is important to note that progress in this area is dependent on actions to improve member/officer relations, including clear protocols for communication with members who are not part of the administration and actions to improve the operation of the transport function.

4.3. Operation of the function

4.3.1 Shared Intelligence emphasise that the city council's transport function is highly regarded by funders and external stakeholders, noting that it implemented the Clean Air Zone in record time; its LTP4 is seen as being a sound one; its Bus Services Improvement Plan was referenced in the Levelling-Up White Paper and its bid for resources to deliver it was described by the Department for Transport as "gold standard".

4.3.2 Shared Intelligence recommend that the steps being taken by the members of the transport team to operate in a more joined up way should be recognised and supported by council members and senior officers.

4.3.3 At the conclusion of the review, a plenary session was held with the facilitators, Shared intelligence, and the Members and officers who took part in the review. This was a constructive session and reinforced the progress that has been achieved since the review was commissioned, through its processes and subsequently. The cross-party members involved in the review concurred with the advice of Shared Intelligence that the creation of a separate transport directorate was neither desirable nor necessary, a view shared by the Leader and Portfolio holder.

4.4. Management Structure

4.4.1 As requested by the Employment Committee the review has considered creating a Director of Transport role. Some of the pros and cons of such a change are set out below as follows:

Pros	Cons
Director role with only two or three direct reports for the Transport service areas could be more focused on Transport only issues.	A transport only service runs the risk of losing sight of the wider Place-making narrative.
Bringing the PFI service together with Transport and Infrastructure will help to provide a consistent approach, single voice on transport issues and better reporting functions, however this can be achieved within the Regeneration directorate.	The revenue costs of a further Director post to the organisation
Recognises the focus of transport for members and residents within the city.	Narrow spans of control for both the Director roles (current Director of Regeneration span of control of 1:6 in line with best practice)
Retaining the PFI (Highways Maintenance) role recognises the breadth of work and the level of commercial risk for the council in the next stages of the PFI negotiation.	A risk that many of the synergies established with teams in Regeneration may be lost (i.e. Planning, Major projects, Property and Business Admin)
	The Regeneration directorate would be reliant on a separate Director of Transport to deliver the infrastructure changes needed to enable regeneration on sites like the City Centre north, Somerstown, Tipner etc
	Regeneration would need to be reviewed in terms of the reduced remit of the directorate
	The role of Director of Regeneration would no longer exist (in line with the point above) placing the incumbent at risk of redundancy at best, or slotted into a new potentially lower graded redefined role risking the loss of the current incumbent and incurring costs of redundancy and/or cost of recruitment
	Reputational risk to PCC of making changes to a highly regarded function that is recognised for delivery and its ability to secure significant inward investment.

4.4.2 Addressing the current challenges for delivery of transport functions in the city is best achieved through the recommendations in the peer review report, and not necessarily through changes to structure. The process of undertaking the peer review has engaged the administration, opposition spokespersons, and officers in a constructive dialogue and good progress is being made in achieving improvements to how the transport function operates and delivers transport policies. As a result, and in view of the findings of the review, it is no longer considered appropriate to pursue the creation of a new Transport Directorate or Director role. This position is shared by the Administration.

4.5. General Workforce Challenges

4.5.1 The peer review has made some recommendations for improvements to the officer structure below Director level and these are being explored further within the service. The officer structure below director level is outside the remit of the Employment Committee and any changes will be taken forward for implementation by the Director of Regeneration and the Chief Executive. Members will be engaged on any changes through Cabinet and portfolio meetings and in line with the recommendations from the peer review around communication and protocols for member engagement.

4.5.2 It should be noted that only a few of the challenges faced within the transport function relate to management structure. In addition to issues around communication addressed through the review, workforce capacity at lower levels is also impacting on delivery. The most significant issue affecting capacity is the current number of vacancies being experienced, with 22% of the permanent establishment currently vacant. A number of roles have been advertised several times, and in one case over the course of an 8-month period, without success. Although the service is taking active steps to review recruitment strategy, the situation is one mirrored across the organisation and more broadly within the public sector. Portsmouth City Council salaries are not competitive with the market even with market supplements, not just for roles in Transport, but in an increasing range of professions and disciplines.

4.5.3 The service is working with Human Resources to review ways in which to address the workforce challenge of recruitment and retention across a range of areas such as job design, salary benchmarking, career pathways and grades, training and development, to name a few. Focused attention is needed on ways to attract and retain high-calibre staff, taking full advantage of opportunities afforded by schemes and policies like flexible/hybrid working, apprenticeships, graduate schemes, and investment in staff development and career progression.

5. Integrated Impact Assessment

5.1 This report does not require an Integrated Impact Assessment as there are no proposed changes to PCC's services, policies, or procedures included within the recommendations. In the event that a policy decision is taken an Integrated Impact Assessment will be completed.

6. Legal Implications

6.1 This report notes the position post the Peer Review of the Transport function. It is however appropriate to note that should a decision be taken to split the existing directorate and create two distinct director roles there will be a need to consider the employment status of officer(s) affected by the change and the position as to new employment appointments. We should be alive to issues of contract variation, redundancy, re-deployment and recruitment in a general sense. It should also be noted that appointment to Director roles is one for Employment Committee, but other appointments will vest with the relevant Director and Chief Executive as Head of Paid Service.

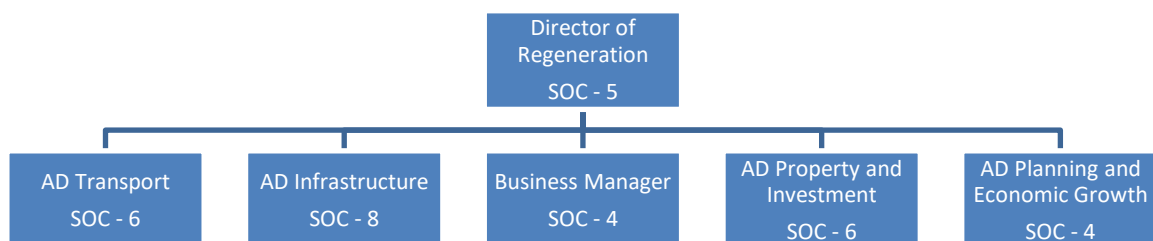
7. Director of Finance Comments

7.1 The current Regeneration Directorate consists of a Director for Regeneration plus four Assistant Directors and a Business Support manager. The total cost of this structure is £710,000, of which £490,000 relates to and is charged to Revenue activities and £220,000 relates to and is charged to Capital activities. This structure is set out in Figure 1 below and is fully funded across the Revenue Budget and Capital Programme.

7.2 Until recently this structure included an Assistant Director of Strategic Development at a total cost of £110,000, being a cost to the Revenue Budget of £51,000 with the remaining £59,000 of the cost being charged to the Capital Programme. These savings were approved as part of the Annual Budget Report to Council in February 2022 and are already factored into the sums referred to in 7.1 above.

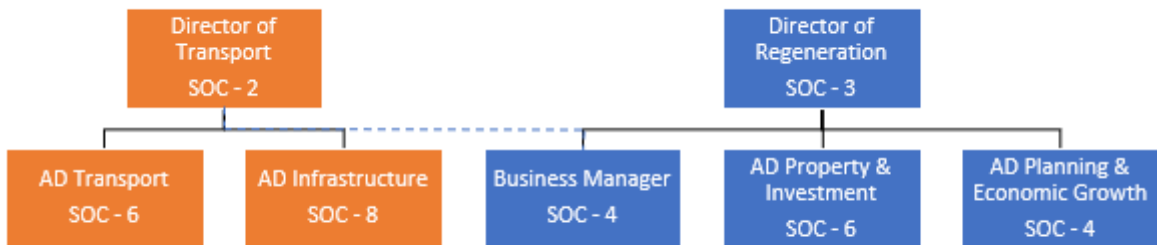
7.2.1 [The March 2022 Committee report contained an erroneous reference to a savings target of £100,000, resulting from transposing from a much earlier report to the Committee related to a different directorate, for which officers apologise. There is no outstanding savings target related to the subject of this report.]

Figure 1 - Current Regeneration Management Structure



7.3 A financial appraisal has been carried out to ascertain the cost of the creation of a new Director for Transport supported by two assistant Directors covering Transport and Infrastructure (including the PFI Contract) alongside a Director of Regeneration supported by 2 Assistant Directors and a Business Manager (Fig 2 below). In total, the cost to the Council would be £850,000 with £630,000 attributable to the Revenue Budget and £220,000 attributable to the Capital Programme. This is £140,000 above the existing Cash Limited budget and which therefore, if implemented, would require savings of this amount to be found within the Council's existing budget.

Figure 2 - New Structure with a Director of Transport



7.4 Both structures need to accommodate the professional expertise necessary to manage the performance of the Highways PFI contract. The Highways PFI contract is the largest strategic contract of the Council at an overall cost of £550m over the 25-year period and amounts to £25million per annum. Managing cost and performance at this scale is a significant undertaking and retaining the professional and technical capacity at a senior level avoids the need for additional external consultancy support and /or expose the Council to undue financial and operational risk. The contract will shortly enter the hand-back phase which signals the commencement of the preparations for transitioning the entire highways maintenance function to a new contract; this also presents the Council with considerable risk if not managed adequately.

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Signed by David Williams (Chief Executive)

Appendices:

Appendix A - Transport Peer Review Objectives February 2022

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

Peer Review Objectives

1. Provide an external view on the relationships between elected members and the three service areas (Transport, Infrastructure and PFI), noting how successes and failures have been reported whilst pointing the service towards practical ideas for improvement.
2. Identify what works well and what does not from a key stakeholder perspective. Identify any patterns and themes from this to support improvements to the service.
3. Examine the alignment between the Administration's and residents expressed priorities and the adopted local and national policy framework.
4. Assess the appropriateness of the existing metrics for assessing the effectiveness of the service (both locally and comparatively), with a specific focus on value for money (revenue and capital). Advise how members and officers can work together to establish a multi-year funding package to improve value for money, considering the likely revenue and capital funding requirements.
5. Advise whether the team's focus on winning capital funding to deliver major projects is driving delivery capacity away from meeting local policies and Member priorities.
6. Assess the effectiveness of the service in communicating and delivering the Administration's vision to stakeholders, including staff, public, contractors, elected members and partners (i.e. Solent Transport, TfSE, DfT, Defra/EA and JAQU) and advise how the Highway Authority can improve its practices for engagement including on the relationship between the wider strategic narrative and practical changes being proposed for the city and managing expectations. What does good look like?
7. Advise how members and officers can work together better to deliver effective decision making, community advocacy and leadership, allowing the teams to focus activity on the Administration's priorities and vision.
8. Assess the readiness of the Council for the end of PFI contract in March 2030 and any additional actions that may need to be taken.
9. Review the current operating models of each of the three service areas, considering how best the highway authority can carry out its functions across the

political and technical domains and advise on any structural changes that would be worthy of consideration to improve outcomes and behaviours. Could a simpler and more streamlined structure improve efficiencies and outcomes that support the policy objectives?