

<p>SHADOW EXECUTIVE</p>

<p>10 JUNE 2008</p>

SUBJECT	<p>Creating Central Bedfordshire: Recommended Management Structure and Recruitment Process</p> <p>(To consider the proposed management structure, recruitment process and associated interim management issues in respect of Central Bedfordshire)</p>
REPORT OF	Leader, Deputy Leader, and Portfolio Holder for Corporate Resources
<i>Contact Officer: Martin Williams (Tel: 01462 611604)</i>	

IMPLICATIONS

SUSTAINABILITY	None as a result of this report.
FINANCIAL	As set out in the Structure Options paper and paragraph 1 a and 22 of this report.
LEGAL	The Bedfordshire (Structural Changes) Order 2008 and employment legislation generally.
PERSONNEL/EQUAL OPPORTUNITIES	As set out in the Structure Options paper and the proposed process.
COMMUNITY DEV/SAFETY	None as a result of this report.
TRADES UNION	As set out in the Structure Options paper.
HUMAN RIGHTS	None as a result of this report.
KEY ISSUE	Yes
BUDGET/POLICY FRAMEWORK	No

<p>OTHER DOCUMENTS RELEVANT TO REPORT</p>
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<p>Central Bedfordshire Shadow Executive 10 June 2008 - Report L4</p>

<p>RECOMMENDATIONS:</p>

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| <ol style="list-style-type: none"> 1. that the proposed management structure, as set out at Appendix A to this report, be approved; 2. that the Chief Executive post is recruited in line with either Option A or B set out in paragraph 6; 3. that dependent on the decision taken in respect of recommendation 2, either:- |
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- (a) the three statutory officer posts are advertised externally with immediate effect; or
- (b) the post of Chief Executive and the three statutory officer posts are advertised with immediate effect;
4. that the other Senior Management posts set out in Appendix A be subject to an internal ring fence of the three constituent Councils in the first instance;
 5. that the salary ranges proposed by Tribal Resourcing in their report and set out in paragraph 14 be approved;
 6. that the Terms and Conditions for Chief Officers in Central Bedfordshire set out in paragraph 19 be approved;
 7. that the Interim Head of Staff, in consultation with the Leader, Deputy Leader and appropriate Portfolio Holder, be authorised to vary the structure at Head of Service Level to meet the needs of the emerging authority.
 8. that the Interim Head of Staff request the three constituent Councils to submit recommendations for additional payments to officers in recognition of their contribution to the Transition process and be authorised to approve such payments from the transition fund.
 9. that the Leader, after consultation with the Deputy Leader, Resources Portfolio Holder and Interim Chief Finance Officer, be authorised to make appropriate arrangements, including additional payments, to the Interim Head of Service and Interim Deputy Head of Service in line with advice from Tribal Resourcing.

Reason for Recommendation: Following the undertaking of consultation, to approve the proposed management structure for Central Bedfordshire, to determine the proposed recruitment process for senior management posts and put in place a mechanism for dealing with associated interim management issues.

Background

Information and Analysis

1. We are content that the paper (*Senior Management Structure Options – Consultation*) has been widely circulated and provided sufficient choice and analysis to enable the Shadow Executive to make decisions at this meeting. The information set out in that paper has been added to by a range of contributions and comments from officers and members alike and we have also reflected on these. To say there is a wide variety of management structure options would be an understatement. We set out below, in brief, the key choices that lead to the recommendations we make for the first Central Bedfordshire Management Structure and the recruitment to it.

Key Choices – Structure

2. There are many factors that influence the decision. The comparison of differing structure options against the key criteria (Table on page 12 of the consultation document) is helpful in focusing on the elements that are constant in most of the structure options and those elements where variation is greater. We believe the following are key:
 - a. Effective capacity in the early years. We believe that the transition period and the early years of Central Bedfordshire require a senior management capacity tailored for that purpose. We anticipate that once Central Bedfordshire Council has settled into its more normal rhythm then the senior management capacity requirement will change again. Each of the options that have been circulated in the Consultation document provided significant savings and our proposal also provides savings. Subject to the further detail required at Head of Service level these will be circa £1.1million.
 - b. There is much work to do on the service and business planning and aligning these plans to available financial resources. Nevertheless it is worth noting that the senior management structure will be 5.1% of the total employee budget or expressed as a percentage of the net revenue budget it will be 2.9% Attached at Appendix A is the diagram of the senior management structure we recommend. We have arrived at this by making the following choices:
 - i. We concur with the view that the structure should include the four constant posts of Chief Executive, Director of Resources, Director of Children, Families & Learning and Director of Social Care, Health & Housing. The vast majority of feedback we have received concurs with this view.

- ii. In seeking to ensure that Central Bedfordshire begins with effective capacity we believe that there should be a Director of Sustainable Development and a Director of Stronger & Safer Communities. We do see the merit in the argument that a single Director role of Director of Sustainable Communities would be more likely to fit into the usual or long-term structure for Central Bedfordshire but we do, on balance, side with the view that the two Directors would be more likely to meet the Central Bedfordshire desire to not only have high performance in Local Service Delivery but also to ensure we have a high profile beyond our area.
- iii. We believe the case for business transition and transformation strongly linked as it is with customer service, access, and delivery, is well made. We believe this should be placed at the most senior level and therefore we are recommending a post of Deputy Chief Executive. In addition to the above, the role will be responsible for overseeing the Council's policy development and performance review.
- iv. We believe there is always a strong case to be made that Human Resources (including the Organisational Development function) should report directly to the Chief Executive rather than leaving HR as part of Corporate Resources. We believe this to be particularly important for Central Bedfordshire in the transition/early years period. Although we will be clear about the high level shape of services at the point of transition much work will be required in terms of ensuring the success of the new Council by driving a programme of change management relating to service provision and the way we employ and deploy our workforce. Although a Head of Service level post, we recommend this post be designated Assistant Chief Executive to reflect its reporting line and position in the organisation.
- v. We have received good feedback in respect of the Heads of Service tier in the structure. Not surprisingly there have been a wide variety of views regarding the number of Heads of Service required and their exact designation and role content. In Appendix A we take on board these views and recommend the number of Heads of Service as now set out. We appreciate there is further work to do on the detail but we would not expect there to be further significant change to the overall number in the structure although the detailed designations may be finessed.
- vi. However it would be sensible to allow for adjustment and this would be agreed by the Interim Head of Staff in consultation with ourselves.

Key Choices – Recruitment

3. There has been much debate at a national and local level for many months regarding the Staffing Regulations and not least the recruitment process at the most senior level. We strongly support the view that posts at this level should be appointed following competition.
4. We also agree with the suggestion that this should take place in two ways, firstly through national advert and secondly through ring fencing in appropriate cases. We have appointed specialist recruitment advisors to work with us following the recent tender competition where Tribal Resourcing were successful. Tribal Resourcing will provide a detailed recruitment programme for all externally advertised posts.

Chief Executive

5. The regulations require that this post be competed for through a national recruitment process by no later than 1st April 2010. There are, therefore, two main timing options:
 - A. We can lead the sequence of senior appointments by starting with the Chief Executive recruitment process immediately. There has been strong feedback that we should give priority to the appointment of the three key Directors for Children's Services, Adult Services and for Corporate Resources for the reasons given in the options paper. However if we do seek to recruit a permanent Chief Executive first then it makes good sense to secure a successful appointment and allow the appointee the opportunity of taking part in the appointment of the other Director roles. Whilst this delay may not be too great, and will to some extent depend on the availability of the new Chief Executive, it is potentially significant in terms of getting the statutory post holders into post.
 - B. The second choice is to recruit this post in early 2009 with a view to a shortlist being presented to newly elected members immediately after the election for the new Council. There is general support for the view that we have benefited from the joint working of the two District Chief Executives over many months and this has now been supplemented by the interim Chief Executive of the County Council. At the first meeting of the Shadow Council the interim appointment of Head of Staff was made, as was the Deputy role. This teamwork approach could continue and this gives us the option to move more swiftly to appoint to the other Director roles. There is a statutory requirement that full and open competition must take place before April 2010 and therefore the newly elected Council and the political leadership will be able to recruit the permanent Chief Executive following the 2009 elections.

6. Shadow Executive should consider this matter carefully and weigh the consequences of each option:

A to go to immediate advertisement or;

B to place the advertisement early in 2009 with a view to having a shortlist of candidates immediately available for the new Council to consider in May or June 2009.

Director of Corporate Resources, Director of Children, Families & Learning Services, and Director of Social Care Health & Housing

7. We concur with the analysis in the options paper and believe that we should move expediently to recruit to these permanent posts. In the case of the Directors for Children Families & Learning Services and Social Care Health & Housing, the recruitment process should be carried out together with Bedford Borough, if this is timely. Advice to date is that we can be confident these roles will be attractive to a high quality field of candidates.
8. The options paper begs the question as to whether the Director of Resources should have a finance background and be qualified to undertake the Section 151 role. We believe that this transition/early years period is particularly critical with regard to resource management and strong financial advice and we recommend the post be advertised on that basis.

Deputy Chief Executive, Director of Sustainable Development and Director of Stronger & Safer Communities

9. With our current knowledge of national, sub-regional, and local pressures it is in these areas that we can identify the need for strong leadership in the transition/early years period but also where there may be significant change as Central Bedfordshire comes towards the end of the period for its first vision in 2012. We therefore conclude that these three posts should be offered on a fixed term basis through until March 2012 so that, as part of putting in place arrangements for Central Bedfordshire, we build in sufficient flexibility to reshape the top-level structure to meet changing needs. Fixed term contracts do not reduce the employer responsibilities or the employee rights but we believe they would be useful in these circumstances to send a clear message about the dynamism required over the next three years and the level of change that we all face.
10. This approach also takes on board the views that the initial structure at the top should be as close as possible to the one that is most likely to be most cost efficient in the longer term.

11. From our own experience, and through comments from a number of Councillors from our three authorities, the view is supported that for these three posts we should, certainly initially, ring fence the competition to officers from the County Council, Mid Beds District and South Beds District Council. Should members charged with the responsibility of making appointments decide not to appoint from the internal field of candidates then a national recruitment process would be put in place. We recommend that the recruitment process for these posts be commenced in July with the anticipation that the respective employer Councils of the successful candidates will be very supportive regarding release on a full-time basis to take up the appointments and complete the Director level team.

Assistant Chief Executive Human Resources

12. In our recommended structure the Human Resources lead is a standing member of the Corporate Management Board and reports directly to the Chief Executive. We see this as an essential appointment which should be made at an early opportunity and we would recommend that this post is initially ring fenced to candidates from the three Councils and that this process be commenced in September. Once again we see this as a fixed term appointment until 2012. The Appointments & Appeals Committee deals with appointments at Chief Officer and Deputy Chief Officer level. For the purposes of this critical appointment we believe that this post should be appointed by the panel.

Salary Benchmarking

13. We found the Tribal analysis and advice very helpful and see no reason to seek to “buck the market” in either direction. The proposed grade range is also compatible with the accommodation of certain senior posts where either assimilation or ring fence competition is adopted.
14. The Tribal advice makes clear that the point at which each individual successful candidate is appointed should take into account a number of factors. The overall cost of the recommended management structure will be dependent on these individual decisions but the over-all cost range of £4.1m provides significant payroll cost reduction when comparing with the current four authority costs.

Chief Executive	£145,000	£180,000
Directors	£115,000	£135,000
Heads of Service level1	£70,000	£90,000
Heads of Service level2	£60,000	£80,000

15. The relevant salary for the Deputy Chief Executive, Director posts and the Assistant Chief Executive (Human Resources) will be resolved as part of the recruitment process.
16. For the interim Head of Staff and Interim Deputy Chief Executive role we propose that the Leader, after consultation with the Deputy Leader, Portfolio Holder for Resources and Interim Chief Finance Officer, be authorised to agree the salary for the interim period following advice from Tribal. This approach is in line with the Tribal advice and their option for paying senior team members at the rate at which new unitary managers will be paid. As appointments are made throughout the structure at Head of Service level this philosophy will also be followed.
17. At this stage the three constituent Councils affected by LGR have not introduced a specific additional pay allowance for those officers undertaking LGR duties. The principle to date has been that the ongoing work of Councils is rationalised so that key services are not affected if at all possible and that where key officers are working on the longer-term future of service delivery (for the two new unitaries) backfilling as far as possible is achieved. Where this backfilling requires compensation as officers are “acting up”, the appropriate reward is given. There has been no direct enhancement of pay for those officers who are operating at the senior level and effectively, in many respects, carrying dual responsibility and dual workloads. The expectations on these officers is high and in many cases these key officers will find themselves in competition for a post in the new authority. The Tribal advice recognises the risk to successful transition if this aspect of change is not carefully managed.
18. It is therefore proposed that the Interim Head of Staff formally request the three constituent authorities, in respect of key employees identified as key to creating Central Bedfordshire, to recommend suitable recompense as part of the employees’ existing contracts. The Interim Head of Staff would consider these recommendations in consultation with ourselves. Such additional cost to be treated as a transition cost and charged to the transition budget.

Conditions of Service

19. It is proposed to appoint the Chief Executive, Deputy Chief Executive, Directors, Assistant Chief Executive and Heads of Service on the following Conditions of Service:
 - The National Conditions of Service for Chief Executives and Chief Officers will apply to these posts.
 - Salary Scale as defined by Tribal Resourcing. Progression through the scale to be based on the performance of the individual with no automatic right to incremental progression.

- A nominal working week of 37 hours but an expectation that individuals will work those hours necessary to carry out the duties of the post but mindful of the requirements of the European Working Time directive.
- The opportunity for employees to operate with a degree of flexibility to carry out the duties of their posts and manage their work life balance
- An Essential User Car Allowance.
- Annual leave of 30 days progressing to 35 after 5 years continuous Local Government Service.

Notice periods of:

- Chief Executive – 6 Months.
- Deputy Chief Executive, Assistant Chief Executive, Directors, and Heads of Service - 4 Months.

20. It is expected that as the detailed employment policies and procedures of Central Bedfordshire are developed these senior employees will be subject to a Performance Appraisal Scheme which will involve Member level appraisal for the Chief Executive, Deputy Chief Executive and Directors.

Appointment via Ring Fenced Pools

21. Where these posts are to be filled from Ring fenced pools, the pool will be made up of employees from the three constituent Councils whose substantive posts require them to operate in a similar role and at a similar level with the necessary skills and experience to carry out the posts. The details of this process is presently being developed by officers of the three constituent Councils.

Response to the Consultation Exercise

22. We are grateful to the organisations and individuals who contributed to the consultation exercise and it is our intention that the new Council develops this 'listening approach' to ensure it is meeting the needs of the Council Tax payers and wider community. That said, as with all consultation processes, we considered the feedback and then drew from it those issues that developed our thinking and helped us focus on the key decisions included in this report. We are also aware that many of the views were contradictory and to that end it was not possible to take all of the views expressed on board.

Financial Consequences

23. We are very aware that the Central Bedfordshire proposal was predicated on producing ongoing revenue savings of £11.5million compared with existing budgets. The proposals in this report will contribute saving of between £1,119,184 and £1,990,334 dependent on the salaries of senior employees on appointment.

Conclusion

24. The much-truncated timescale for the implementation of the two new authorities means that we have to take decisions that are timely and effective. In some respects the establishment of the senior structure ahead of the Central Bedfordshire visioning exercise and ahead of the knowledge about what the first Central Bedfordshire Cabinet will look like seems premature. However we are clear that successful transition and successful early years development of Central Bedfordshire will be critically affected by successful appointments at the senior level and the establishment of new high performing directorates.
25. In most of the options and choices concerned the decision is a question of balance. We believe that having listened to the contributions from members, stakeholders and officers alike, the recommendations in this paper, taken as a package, fulfil the duties of the Shadow Executive in this respect.

Background Papers: Management Structures Options paper circulated week commencing 12 May 2008

Location of Papers: Central Beds website:
<http://www.centralbeds.gov.uk/implementation/default.aspx>

File Ref: N/A