



Council

13 December 2011

Shared Services: Forest Heath District Council and St Edmundsbury Borough Council

Recruitment of Joint Chief Executive

1. Purpose of Report

- 1.1 This report sets out the process for recruiting a Chief Executive to serve both Councils and seeks authority for the delegations to achieve this, including the establishment of a Joint Appointments Committee. Also included is a synopsis of the job purpose and a recommended salary level. In order to harmonise the process, reports containing identical information and recommendations are being presented to both Councils on consecutive days.**

2. Background

- 2.1 At their meetings on 19th (Forest Heath) and 25th (St Edmundsbury) October 2011, the Councils resolved to move towards a shared staffing structure, which would include one management team and a Joint Chief Executive. More detail of the process for recruiting the Chief Executive was to be presented to the December Council meetings for member consideration and approval.**
- 2.2 In preparing these proposals advice has been taken which indicates that the Joint Chief Executive role will be substantially and significantly different from those undertaken by the current Chief Executives.**

3. The new role and proposed salary

3.1 Job Purpose

- 3.1.1 A synopsis of the Job Purpose is set out below:-**

- (a) To be the Head of Paid Service for each Council, working with Elected Members and Management Team to provide leadership, vision and strategic direction for both Councils;**
- (b) To ensure the delivery of the strategic aims and objectives of each Council, ensuring value for money for residents, striving for continuous improvement and providing high quality services in accordance with the statutory requirements and Councils policies;**

- (c) To develop and lead an Organisational Development programme which supports the transformation required to establish a shared culture of transformation and efficiency;
 - (d) To Promote a Commercial / business focus for the Councils and identify opportunities for income streams and alternative delivery models;
 - (e) To establish and develop successful internal and external partnerships and relationships and oversee the communication strategies for both Councils to promote a positive image of each Council to residents, Partners and staff; and
 - (f) To actively promote and market a positive image of the Councils and the West Suffolk area both regionally and nationally.
- 3.1.2 The role will also include the responsibilities of Electoral Registration Officer and Returning Officer for District and Parish Council elections, and undertaking the Emergency Response lead across both Councils.
- 3.1.3 The final Job Description and Person Specification will be agreed by each Council's Head of Human Resources working together and after consultation with their respective Leaders. Delegated authority is sought in respect of these matters in section 10 of this report

3.2 Salary

- 3.2.1 In recommending a salary for the new post a salary comparison exercise was undertaken to include local, regional and national pay levels. Current market conditions were also considered, together with the requirements of the Localism Act.
- 3.2.2 This information was considered by the Heads of Human Resources of each Council in consultation with the Leaders in arriving at the proposal.
- 3.2.3 The proposal is:-
- (a) A spot salary within the range of £105k to £115k per annum, to be established and reviewed taking account of the top pay policy required under the Localism Act which requires that a top pay policy be approved by March 2012;
 - (b) No performance related pay at present, although this will be considered as part of the performance management process within the wider review for the Partnership;
 - (c) Membership of the local government pension scheme;
 - (d) Essential car user allowance, the value of which may be used for a lease car; and
 - (e) Additional fees for the delivering the role of Returning Officer.

3.2.4 Attached as Appendix 1 is a table showing for comparison the remuneration of Chief Executives in similar local authorities, locally, regionally and nationally.

4. Employment law position

4.1 The new job profile has been assessed as being substantially and significantly different from that of the existing Chief Executive posts for each authority. External legal advice has confirmed this view. When considering the reorganisation it, therefore, does not fall within the category of suitable alternative employment which would have to be offered to the post-holders of the existing Chief Executive roles. As a result, the existing posts are at risk of redundancy and this gives rise to a potential reason for dismissal. Further, as in any case of dismissal there is a risk of challenge to the process and a claim against the authority.

4.2 The existing Chief Executives are presently in a period of formal consultation. Any comments and questions about the proposal are being heard by the Leaders and will be reported orally to the meeting.

4.3 It is open to the existing Chief Executives to apply for the new post but, if unsuccessful, they would be eligible for redundancy payment as a result of the redundancy of their existing posts. A summary of indicative financial costs is shown below.

4.4 Current Chief Executive salaries and costs to employ:-

| | SEBC | FHDC | Proposed Joint CEO salary |
|------------------------------------|---------|---------|---------------------------|
| | £ | £ | £ |
| Salary | 127,621 | 100,200 | 110,000 |
| Cost to employ (pension & NI) | 39,245 | 29,301 | 33,000 |
| Essential user, lease car, mileage | 4,589 | 4,594 | 4,500 |
| Total | 171,455 | 134,095 | 147,500 |

4.5 Indicative maximum redundancy and pension costs as at 31 March 2012:-

| | £ |
|-----------------------|---------|
| Redundancy costs | 202,536 |
| Pension Capital costs | 1,856 |

4.6 The details of cost and savings sharing will be reported to full Council at the same time as a recommendation concerning appointment is made, when the actual costs are known.

5. Constitutional matters

5.1 To comply with each Council's constitutional requirements whilst offering the most effective process, it is proposed to set up a Joint Appointments Committee of both authorities. This will oversee the process and carry out interviews before making a recommendation to each Council to appoint the selected candidate and deal with any resulting dismissals.

- 5.2 In St Edmundsbury's constitution the appointment or dismissal of its Head of Paid Service (the statutory role undertaken by its Chief Executive) has to be approved by full Council on the recommendation of *"a Committee of the Council specifically appointed for that purpose. That Committee must include at least one Member of the Cabinet"*. An offer of employment shall *"only be made where no well-founded objections from any Member of the Cabinet has been received"*. As appointment and dismissal are a function of Council it may, in accordance with Article 10 of the Constitution, enter into joint arrangements with another local authority to discharge that function.
- 5.3 Forest Heath's constitution similarly permits the process leading to the appointment or dismissal to be undertaken by a joint committee. It is proposed that a process commensurate with the endorsement of the preferred candidate by St Edmundsbury's Cabinet members be put in place for Forest Heath's Core Leaders.
- 5.4 The proposal is for the Joint Appointments Committee to comprise three councillors from each authority with *two named substitutes*. The quorum will be two from each authority. Where a joint committee contains more than two members from each authority then appointments to it must be politically balanced, unless that requirement is specifically waived. For both Councils this means that there will be three Conservative members appointed. Statutory requirements mean that in the case of an equality of votes the Chairman will have a casting vote. The Leaders have agreed a protocol which provides that the casting vote will not be used. This means that any split decision will be taken back and reconsidered.
- 5.5 In order that decisions be made at an appropriate level and to make the process as quick and efficient as possible, the recommendation is that the elements of the recruitment process be delegated as follows:-

| | |
|---|--|
| Draw up a Job Description and Person Specification. | Delegated to Heads of Human Resources in consultation with the Leaders. |
| Arrange for advertising/recruitment. | Delegated to the Heads of Human Resources in consultation with the Leaders. |
| Long listing. | Delegated to the Heads of Human Resources in consultation with the Leaders. |
| Short listing. | Delegated to the Heads of Human Resources in consultation with the Members of the Joint Committee. |
| Conduct interviews of applicants. | Joint Committee. |
| Propose appointment or dismissal. | Joint Committee. |

6. Recruitment timeline and process

- 6.1 It is proposed to engage the services of recruitment consultants; details of the cost and budget arrangements for the recruitment consultants will be reported verbally to the meeting.
- 6.2 Members are asked to delegate authority to the Heads of Human Resources in consultation with the Leaders, to undertake the appointment of a recruitment consultancy to provide appropriate advice, planning and management of a structured recruitment campaign.
- 6.3 The expectation is that the recruitment work will commence on the appointment of the consultants with initial promotion of the opportunity pre-Christmas and the advertising immediately in the New Year.
- 6.4 Long and short listing will take place during mid to late January, with the assessment centre and interviews planned for early February 2012. A Special Council for each Authority will be called, for the same day, to enable the appointment of the Joint Chief Executive and any consequential redundancies to be approved.

7. Employment arrangements

- 7.1 Whilst there is no requirement for a Council to have a "Chief Executive" there is a requirement for a "Head of Paid service" for both organisations and it is normal for that person to be the Chief Executive.
- 7.2 The Leaders have considered the options and agree that the Councils will enter into a secondment agreement under S113 Local Government Act 1972. One of the Councils would employ the Chief Executive with an agreement in place between the two Councils under which the officer is placed at the disposal of the other authority for one half of the time. Under the arrangement the employing authority would receive payment to cover half of the employment costs.
- 7.3 To appoint a Head of Paid Service the non-employing authority will enter into a direct appointment of the joint Chief Executive as its Head of Paid Service. Any attempt to remove the Chief Executive would require both Councils to go through formal steps for the removal of a Head of Paid Service.
- 7.4 It is the most practical in terms of management of employment responsibilities that the Chief Executive be employed by one of the Authorities and seconded to the other. The Leaders shall consider which of the Authorities will be the host employer for the post and make a recommendation to the Council meetings at which the appointment is to be formally made.
- 7.5 The agreement between the Councils will incorporate provisions for the sharing of liabilities that may arise for unfair dismissal or similar employment issues as well as the costs of any future redundancy that may arise from termination and any other necessary provisions.

8. Financial implications

8.1 These are as set out in Sections 4.3 to 4.6.

9. Risk Assessment

9.1 There is a risk of dismissal claims arising from the process used. This can be mitigated by adopting the process proposed in this report, but it cannot be eliminated.

9.2 There is a further risk arising from a failure to agree an appointment. The quality of the process and the recruitment consultants will mitigate this risk but again, it cannot be eliminated

10. Recommendations

10.1 Subject to the passing of these resolutions by Forest Heath District Council at its meeting on 14 December 2011, it is **RECOMMENDED** that:-

- (1) Council approve the recruitment of a Joint Chief Executive and Head of Paid Service to serve both St Edmundsbury Borough and Forest Heath District Councils at a spot salary within the range of £105k to £115k per annum and on the further terms set out at 3.2.3 above;
- (2) the Joint Chief Executive be employed by one council and seconded to the other council, and the existing post of Chief Executive be deleted;
- (3)
 - (a) a Joint Appointments Committee be established for the purpose of recommending to full Council the candidate for appointment and where necessary to recommend any consequential dismissals; and
 - (b) the Joint Committee have the following Terms of Reference:-
 - (i) to carry out the process of appointing a Joint Chief Executive, including conducting interviews of applicants and recommending the person to be appointed to Full Council; and
 - (ii) to recommend any consequential dismissals.
- (4) the Joint Appointments Committee comprise three full members and one substitute member of each authority including at least one member of the Cabinet, to be appointed by the Head of Legal and Democratic Services upon the nomination of the Leader of the Council;

- (5) authority be delegated to the Head of Human Resources in agreement with the Head of Human Resources at Forest Heath District Council:-
- (a) In consultation with the Leader of the Council to:-
 - (i) draw up a Job Description and Person Specification;
 - (ii) arrange for advertising/recruitment;
 - (iii) undertake long listing of candidates; and
 - (iv) procure the services of a recruitment consultant.
 - (b) in consultation with Members of the Joint Committee to undertake short listing of candidates.

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Salary comparators

| <u>Councils</u> | <u>Chief Executive pay</u> | | <u>Population</u> |
|---------------------------------------|------------------------------------|------------------|-------------------|
| Local comparators (current) | Basic | Additions | |
| Suffolk County Council | £156k | | 719,500 |
| Babergh/Mid Suffolk | £99k to £115k | | 180,600 |
| Waveney/Coastal | £128k | | 241,800 |
| Ipswich | £91 to £113k | | 128,300 |
| | | | |
| SEBC existing | £102k to £133k | | 104,500 |
| FH existing | £100k | | 64,300 |
| | | | |
| Joint CEO (current) | | | |
| Breckland/South Holland | £122,000 | | 215,500 |
| Cherwell/South Northants | £125,000 | | 229,200 |
| East Hampshire/Havant | £125,000 | | 229,400 |
| Staffordshire Moorlands/High Peak | £151,000 | | 188,000 |
| South Oxfordshire/Vale of White Horse | £129,000 | | 250,800 |
| Hambleton/Richmondshire | £127,000 | | 140,600 |
| West Oxfordshire/Cotswold | £104,000 | | 187,300 |
| West Devon/South Hampshire | £115,000 including 10% enhancement | | 136,800 |
| National benchmarking. (2010) | | | |
| Districts national | | | |
| Bottom 10% | £92,375 | | |
| Lower Quartile | £100,792 | | |
| Median | £109,512 | | |
| Upper Quartile | £120,000 | | |
| Top 10% | £130,372 | | |
| Mean | £110,556 | | |
| Districts East of England | | | |
| Bottom 10% | £101,640 | | |
| Lower Quartile | £107,500 | | |
| Median | £117,205 | | |
| Upper Quartile | £128,061 | | |
| Top 10% | £143,000 | | |
| Mean | £118,565 | | |