

COUNCIL
13 JULY 2017**CONSTITUTIONAL ARRANGEMENTS - HEAD OF PAID SERVICE/CHIEF EXECUTIVE: REPORT OF THE APPOINTMENTS ETC PANEL**

Recommendation

1. **The Appointments etc Panel recommends that:**
 - a) **Council adopts the Chief Executive model for its 'Lead Officer'; and**
 - b) **the Panel be authorised to finalise the specifications and proceed as soon as practicable with the recruitment process in relation to the Chief Executive post.**

2. Clare Marchant, Chief Executive (who held the statutory post of Head of Paid Service) left the organisation on 29 June. The Panel interviewed candidates for the interim role and its recommendation that Steve Stewart be appointed as Interim Chief Executive was agreed by Council. It was agreed that recruitment to the permanent post would not commence immediately but recommendations put to July Council once an Appointments etc. Panel had debated the different models. Steve Stewart commenced his role as interim Chief Executive on 19 June, on a fixed term contract, for a period of six to nine months whilst the permanent arrangements were agreed and implemented.

3. The nature of the interim role selected for 'Lead Officer' was without prejudice to the nature of the permanent role to be decided by Council. The Panel has therefore considered the nature of the permanent 'Lead Officer' role in order to make recommendations to Council.

4. The Council is required by law to have a Head of Paid Service, appointed by full Council. There is no legal requirement to have a Chief Executive, but this is the model the Council has operated under to date. The Council's Chief Executive has also been the statutory Head of Paid Service.

5. The Panel noted that a number of models exist across Councils, with the Chief Executive model continuing to be the most popular choice. Others include: Head of Paid Service, Rotating Head of Paid Service and Managing Director. Each model still brings with it a level of remuneration premium for high quality candidates.

6. In reviewing the employment marketplace and organisational structures at other Local Authorities, the decision to recruit to a Chief Executive remains the most popular Lead Officer model. However, there are a small number of authorities, particularly Mayoral authorities, who have moved to recruiting a Managing Director (MD) or City/County Director and Wiltshire Council who has a rotating Head of Paid Service model.

7. The Panel considered three main models: Managing Director, Chief Executive and

Head of Paid Service.

Managing Director model

8. For the MD model, the key attributes must focus on: strong financial acumen, in-depth knowledge of markets and changing economical environments and robust understanding of a multi-faceted operation. The financial climate continues to be increasingly challenging and therefore the requirement for the Lead Officer to have sound commercial acumen and a track record in delivering results (synonymous with an MD role) are in the highest demand. In delivering results, an MD must also ensure that services are delivered creatively and efficiently to ensure value for money. Recruiting to a role with a different title to Chief Executive can symbolise a step change but Executive Search agencies who specialise in recruiting at Executive levels have advised that a change in title from 'Chief Executive' can have an adverse bearing on the quality of candidates.

Chief Executive Model

9. The Chief Executive model is the one with which the Council is most familiar as it is the model it has operated since its creation in 1998. Job Descriptions and Person Specifications for this role can vary dramatically across Councils, with some role profiles very similar to that of Managing Director (but with the Chief Executive title). A Chief Executive gives clarity on the management and leadership of the officer group and will be focused on delivering against the political vision and overseeing the delivery of services within the agreed budget. The Chief Executive can also be seen to 'invest' more time and focus on building the Council's reputation, brand and contribution to the wider 'place' of Worcestershire (but this will depend on the role brief which is set). This role is most identifiable externally both with the public and with partners. Keeping the title of Chief Executive does not exclude a re-development of the Job Description and Person Specification to reflect the current and future direction of the Council. This Lead Officer model is more likely to bring forward a stronger pool of quality candidates.

Head of Paid Service Model

10. The final Lead Officer model is that of 'just' Head of Paid Service (either sole occupancy or rotating). These models have reduced across Local Government (although as indicated above, each authority is required to have an officer fulfilling the function of HPS) and in the main they do demand a lower premium in terms of remuneration, but can also be seen as quite traditional Local Government Lead Officer roles. This in turn presents its own significant challenges, as it can restrict the choice of suitable candidates. The key designated duty of a Head of Paid Service (Local Government and Housing Act 1989) is: where he or she considers it appropriate to do so, to prepare a report to the authority setting out their proposals as to:

- the manner in which the discharge by the authority of their different functions is co-ordinated;
- the number and grades of staff required by the authority for the discharge of their functions;
- the organisation of the authority's staff;
- the appointment and proper management of the authority's staff.

11. Regulations made under the Local Government Act 2000 reinforce these duties by making the appointment of staff below deputy chief officer level the exclusive function of the Head of Paid Service or someone nominated by him or her.

Expected remuneration levels for each model

12. In speaking with an experienced Executive search agency regarding the market conditions and the remuneration 'reality', the data they provided show that the recruiting benchmark set for CX roles for County/Unitary authorities range between £140 - £180k (14% average reduction over last 5 years). The highest paid Chief Executive is in Wandsworth at £245k (joint now with Richmond).

13. For MD models they would advise that the salary would normally be pitched at about 20-25% above the level of our existing Director posts.

14. For Head of Paid Service the salary offered would be less, but they would recommend that this is still 5% above the Director remuneration level.

15. Our current salary band for a 35 hour contract Chief Executive is £154,038 to £173,421. Our Directors' salary range (35 hour contract) is £109,035 to £119,938 (and for 37 hours is £115,272 - £126,798). Our 3 Operational Directors are on this salary band.

16. The Panel considered that the best 'fit' for what the Council needed in the difficult years coming was the Chief Executive model. This was the model most likely to attract strong candidates, and the salary range needed to reflect the demands of the job. The Panel resolved to recommend the Chief Executive model to Council.

17. Following the Council decision on the preferred model, the Panel seeks authority to progress the recruitment process. It is proposed that the following steps would then take place:

- (a) Development of a final job description and person specification for approval by Panel;
- (b) Development of a 'candidate pack' for use as part of an agreed recruitment campaign; and
- (c) Development of a recruitment process including timeline and recommended panels for interviews/assessments etc. including by the Appointments etc. Panel in order for a recommendation to be made to Council.

Mr S E Geraghty

Chairman

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Background Papers

In the opinion of the proper officer (in this case the Head of Legal and Democratic Services) the following are the background papers relating to the subject matter of this report:

Agenda and background papers for the meeting of the Appointments Etc Panel held on 6 July 2017.