

NAME OF COMMITTEE	Council
DATE	9 December 2014
REPORT TITLE	Interim Senior Management Arrangements
Report of	Leader of the Council
WARDS AFFECTED	All

Summary of report: To consider a report that suggests interim senior officer arrangements to maintain progress of the T18 Transformation Programme following recent recruitment of the two Executive Director posts, as well as three Group Manager roles.

Financial implications: There is a cost of up to £23,000 arising from the initially suggested interim arrangements, subject to the suggestions set out in this report continuing until the end of June 2015. Assuming this sum is shared on a 50/50 basis, the cost for each Council is £11,500.

The proposal from South Hams to further enhance senior capacity during the transition period will add up to a further £11,000 to this overall cost, depending on the start date for the new Head of Paid Service.

It should be noted that the figures throughout the report are total costs not salary costs.

The additional costs need to be assessed against the time for the two new Directors to develop a full understanding of T18, the current scale of work being undertaken within the Programme and the potential delay to achieving future ongoing revenue savings if the Programme is delayed.

RECOMMENDATION:

That Council **RESOLVES** to:

1. delegate authority to the HR Community of Practice Lead, in consultation with the Leader and Deputy Leader, to agree the detailed arrangements in relation to the interim senior management proposals;
2. delegate authority to the newly appointed Executive Director (Strategy and Commissioning) and Head of Paid Service, in consultation with the Leader and Deputy Leader, to determine the appropriate timescales for handover periods.

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1. BACKGROUND

- 1.1 On 24 June 2014 Council agreed a report which established the future senior management structure, the recruitment process, salary scales and the timetable for implementing the changes, as a further step to implementing the next phase of the T18 Transformation Programme.
- 1.2 Members will be aware that the Member Selection Panel was unable to recommend appointments to both Executive Director posts following the initial recruitment process in September 2014. The Executive Director (Strategy & Commissioning) and Head of Paid Service role was re-advertised and formal interviews took place on 25 November 2014. Subject to the decision of Council relating to the recommended appointment (see report elsewhere on this agenda), the candidate is anticipated to start in post by March 2015. This creates a challenge for the T18 Transformation Programme and there is a need to manage the strategic risk to the Councils ensuring the Programme's momentum is maintained.
- 1.3 Discussions have taken place between the elected leadership of the two Councils to ensure that there is sufficient senior officer knowledge and capacity available to support the delivery of the Programme during the transition phase pending completion of the senior management recruitment process. It should be noted that there is a difference in view between the leadership of the two Councils on the level of senior capacity required during the transition phase to the new senior management structure.

2. ISSUES FOR CONSIDERATION

- 2.1 The Leaders of the two Councils have explored an appropriate hand over period from the existing interim Executive Director leading the Transformation Programme, Tracy Winser, to the two new permanent Executive Directors. In addition, there have been discussions with the current interim Executive Director (Communities), Alan Robinson, remaining with the Councils in his current role until a future appointment is made to the new Executive Director and Head of Paid Service post. Sophie Hosking will start in her role as Executive Director (Service Delivery & Commercial Development) at the beginning of January 2015.
- 2.2 In the new structure the unfilled Head of Paid Service post is responsible for driving T18, working in tandem with Sophie Hosking's role which is primarily responsible for delivering services in the new way and driving income generation. The two new Executive Director roles are different to the current interim roles held by Alan Robinson and Tracy Winser.
- 2.3 Alan Robinson was due to leave the Councils on 30 November 2014 and Tracy Winser on 24 December 2014.

- 2.4 It is suggested that the Council retains appropriate senior management capacity during the interim period by:
- 2.4.1 Extending Tracy Winser's notice from January 2015 potentially until the go live period of Phase 1b (currently anticipated to be June 2015) for three days per week on a monthly rolling arrangement. This proposed timeframe being subject to review by the newly appointed Executive Director (Strategy & Commissioning) and Head of Paid Service once in post, having had the opportunity to review the organisational capacity to ensure the Programme is kept on track. This arrangement provides flexibility to both Councils and the newly appointed Executive Directors about the transition timescale. It is also proposed that the duration of the handover period is agreed in consultation with the Leader and Deputy Leader;
 - 2.4.2 Initially extending Alan Robinson's notice period until 31 December 2014 under current working arrangements. It was originally proposed to further extend Alan Robinson's notice from January 2015 for three days per week on a rolling monthly arrangement, pending the appointment of the new Executive Director (Strategy & Commissioning) and Head of Paid Service, or an alternative interim arrangement is established. However, at South Hams' Executive meeting on 23 October 2014, the following amendment to this suggestion was proposed:

*"That the current Executive Director (Communities) and Head of Paid Service should continue to work under current arrangements until 31 March 2015 (rather than 31 December 2014 as stated in the report). This was **PROPOSED, SECONDED** and on being put to the vote declared **CARRIED.**"*
 - 2.4.3 During the proposed interim arrangements Tracy Winser will retain the strategic lead for delivery of the T18 programme with the remainder of her role passing to Sophie Hosking, while Alan Robinson will continue as Head of Paid Service.
 - 2.4.4 Based on the initial proposal, extending Tracy Winser and Alan Robinson's notice period until the new Executive Director (Strategy & Commissioning) and Head of Paid Service is in post will increase the current cost of the interim Executive Director arrangements by the equivalent of one day per week at a cost of approximately £7,000 (January 2015 up to March 2015) creating 2.2 FTEs of Executive Director capacity. Based on a rolling monthly arrangement the approximate monthly cost totals £2,300 above budgeted costs across both Councils;
 - 2.4.5 The cost of increasing the current Executive Director (Communities) and Head of Paid Service role to full time until 31 March 2015 from January to March is £18,238, an increase of circa £11,000. Based on a rolling monthly arrangement the approximate monthly cost totals £6,000 above budgeted costs across both Councils;

2.4.6 The additional cost of Tracy Winser’s extended notice period from April 2015 up to June 2015 at three days per week to continue to lead the Programme during a period of major organisational change will be approximately £16,000 creating 2.6 FTEs of Executive Director capacity. Based on a rolling monthly arrangement the approximate monthly cost totals £5,300 above budgeted costs across both Councils;

2.4.7 These costs will be reduced if the two new Executive Directors conclude that there is sufficient organisational capacity available that enables early termination of the interim arrangements.

2.5 In summary the initial proposal will increase combined Executive Director capacity by one day per week from January to March 2015 and by three days per week from April to June 2015. While the first six months of 2015 is a critical period for T18, based on current implementation timescales the period from March to June will be particularly busy as a large number of staff involved in delivering “outward” facing services will be recruited to the model. If the transitional capacity is in place until June, the total additional cost of maintaining the pace and focus on the T18 Programme, while also securing an effective handover to the two new post holders, is £23,000 (ie, £11,500 for each Council).

2.6 The proposal suggested by South Hams District Council will increase Executive Director level capacity to 2.6 FTE for up to 6 months at a total cost of up to £34,000 (ie, £11,000 more than the initial proposal).

2.7 The following table summarises the proposal:

SUMMARY – INTERIM SENIOR MANAGEMENT ARRANGEMENTS		
Timeframe	Full Time Equivalent (FTE) additional Executive Director capacity	Approximate additional total cost across both Councils
<i>Initial Proposal:</i>		
(i) January 2015 – March 2015	0.2 FTE (1 day per week)	£7,000
(ii) April 2015 – June 2015	0.6 FTE (3 days per week) (assumes new Head of Paid Service in post by end of March 2015)	£16,000
<i>SHDC Modified Proposal:</i>		
(i) January 2015 – March 2015	0.6 FTE (3 days per week)	£18,000 (£11,000 more than the initial proposal)

3. LEGAL IMPLICATIONS AND STATUTORY POWERS

3.1 The terms and conditions of employment and any redeployment and/or redundancy consequences that arise from senior management recruitment will continue to follow the Council’s policy and procedures.

4. FINANCIAL IMPLICATIONS

- 4.1 The cost of increasing combined Executive Director capacity from January to March 2015 by one day per week will be £7,000 and by three days a week will be £18,000. The cost of increasing Executive Director capacity from April to June 2015 by three days per week will be £16,000.
- 4.2 It is proposed to finance this cost from Unearmarked Reserves. While both options involve additional cost, it is worth noting that the decision to not fill the Chief Executive post following the previous post holder's retirement, delivered early savings for the T18 Transformation Programme.
- 4.3 The proposed interim arrangements have yet to be finalised. The detailed arrangements will be designed to protect the interests of the two Councils as well as the existing Executive Directors, at least one of which, and possibly both, will experience a salary reduction as a result of the suggested interim proposals, depending on the final option adopted. A specific issue to resolve is the impact on redundancy payments if reduced hours occur within an extended notice period. It is therefore recommended to delegate authority to the HR Community of Practice Lead, in consultation with the Leader and Deputy Leader, to agree the detailed arrangements, but for Council to indicate its preferred approach, ie, to support the initial proposal or the amendment suggestion proposed by South Hams Council.

5. CONCLUSION

- 5.1 The proposals for additional senior capacity suggested in this report are the unfortunate consequence of the delay in being able to recruit to the new Director/Head of Paid Service post. Furthermore, as both appointed Directors are people relatively new to the Councils, it is felt that managing the transition during a key period of organisational transformation requires investment in additional interim senior management capacity to ensure there is sufficient corporate knowledge to successfully implement major change.

6. RISK MANAGEMENT

- 6.1 The Risk Management implications are shown at the end of this report in the Strategic Risks Template.

7. OTHER CONSIDERATIONS

Corporate priorities engaged:	All
Considerations of equality and human rights:	None directly arising from this report
Biodiversity considerations:	None directly arising from this report
Sustainability considerations:	None directly arising from this report
Crime and disorder implications:	None directly arising from this report
Background papers:	Reports to Council - 24 June 2014 and 7 October 2014
Appendices attached:	None

STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Delay in resolving the appointment of Executive Directors and establishing appropriate interim arrangements	Ongoing uncertainty regarding senior management arrangements may lead to delays in the T18 Programme. The recruitment process to date has resulted in an increase in costs than was initially anticipated	4	4	16	↑	<p>Rigorous selection process by Member Panel and professional support from IESE ensures that suitable candidates are recommended to Council for the long term future, backed up with appropriate interim arrangements</p> <p>Increased costs will be modelled in updates of the T18 business case. However, it is anticipated that this will be balanced by greater savings arising from implementation of the model than envisaged in the initial business case</p>	<p>Lead Members</p> <p>Lead Members/ Executive Directors</p>
2	Introduction of an Executive Director Model	That it fails to deliver sufficient senior management capacity needed to ensure success of the T18 model during the interim period	5	2	10	↔	<p>Design sufficient transition capacity into the senior management structure to enable the successful introduction of the new operating model</p>	Council

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
3	Robustness of the appointment process and interim arrangements	That it fails to deliver appropriate senior management capability needed to ensure success of the T18 model	5	2	10	↔	<p>An open recruitment process provides the widest field to select from, given that different skill sets will be needed in the new model</p> <p>Any current SMT member who is not successful in the recruitment process may be prepared to provide transitional capacity to support the delivery of the T18 Programme if required</p>	Member Selection Panel
4	Implications of ongoing external competition recruitment process	Could lead to significant redundancy costs and actuarial pension strain costs	3	1-5	3-15	↔	<p>Take a balanced view on achieving an appropriate senior management team for the future and the potential impact on the payback period anticipated within the updated business plan</p> <p>Lead Members have taken a range of advice and on balance have concluded that it is in the wider interest of both Councils to have open competition for all SMT posts given the different skill sets needed in the new model</p>	Member Selection Panel/ Council

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
5	Implications of external competition recruitment process	Potential loss of knowledge, continuity and experience within the senior management team	2-5	1-5	2-25	↔	The Member Panel, or the subsequently appointed Executive Directors, to take a balanced view at interview, assessing the quality of existing members of the senior management team against the quality of external candidates. The impact and chance of a negative outcome and therefore the risk score, will depend on the scale of change within the senior management team and the quality and number of new appointments that occur from the recruitment process	Member Selection Panel/ Executive Directors

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
6	Implications of external competition recruitment process	Timescale could be at risk if external appointments are made and they need time “to find their feet” and understand the new model	2-5	1-5	2-25	↔	<p>The Member Panel, or the subsequently appointed Executive Directors, to take a balanced view at interview, assessing the quality of existing members of the senior management team against the quality of external candidates. The impact and chance of a negative outcome and therefore the risk score, will depend on the scale of change within the senior management team and the quality and number of new appointments that occur from the recruitment process</p> <p>Any current SMT member who is not successful in the recruitment process may be prepared to provide transitional capacity to support the delivery of the T18 Programme if required</p>	Member Selection Panel/ Executive Directors
7	Delay in implementing this aspect of T18	Ongoing deferral of SMT recruitment may lead to delays in other elements of the Programme	4	2	8	↔	Commission external support for Lead Members as required to ensure that change is delivered in line with the timetable and that key issues are communicated to the wider membership	Lead Members