

Report to: **Full Council**
Date: **5 December 2017**
Title: **Head of Paid Service Replacement**
Portfolio Area: **Cllr Philip Sanders – Leader of the Council**

Wards Affected: **All**

Relevant Scrutiny Committee:

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: A version of this report will also be considered by the SHDC Council at its meeting on 14 December 2017

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Recommendations:

1. That the Council designates the Executive Director for Service Delivery and Commercial Development to be the Head of Paid Service for an interim period until the end of the current administration (May 2019) with an option to extend for a further period if required.
2. That a report be brought back to the Council towards the end of the interim period to consider the permanent strategic leadership and senior management arrangements.
3. That the Executive Director for Service Delivery and Commercial Development receives an uplift of £3,000 in recognition of the Head of Paid Service responsibilities.
4. That Members approve a further salary uplift of £10,000 for the Executive Director in recognition of the extra duties that will need to be undertaken as a result of there being only one Executive Director during the interim period.

5. That the Executive Director for Service Delivery and Commercial Development maintains strategic leadership and senior management capacity by allocating additional responsibilities to members of the senior and extended leadership team, in consultation with the Leader and Deputy Leader.
6. That a review of the arrangements takes place after 6 months to ensure that all responsibilities are being satisfactorily covered.

1. **Executive summary**

- 1.1 The Council has a statutory duty to designate a Head of Paid Service to replace the incumbent officer who has tendered his resignation.
- 1.2 The report proposes that the Council adopts an interim arrangement to secure a period of stability and continuity and designates the current Executive Director for Service Delivery and Commercial Development the Head of Paid Service for the remainder of this administration (until May 2019).
- 1.3 If Members agree the recommendations the new Head of Paid Service will need to ensure that enough capacity is maintained within the Senior Leadership team to undertake all the functions necessary to continue moving the organisation forward.
- 1.4 This will necessitate asking a number of existing Senior and Extended Leadership Team to 'act up', the details of which will be agreed by the HoPS, in consultation with the Leader and Deputy Leader.
- 1.5 In recognition of the extra duties that will be incurred as a result of having only one Executive Director, Members may wish to enhance the salary of the Executive Director for Service Delivery and Commercial Development by £10,000 per annum, for the duration of the interim period.

2. **Background**

- 2.1. On 16th November 2017, the Executive Director for Strategy and Commissioning and Head of Paid Service tendered his resignation. His last day of employment with the Councils will be 18th February 2018.
- 2.2. Under the provisions of section 4 of the Local Government and Housing Act 1989, the Council must designate a Head of Paid Service. This duty currently attracts a salary supplement of £3,000 per annum.
- 2.3. The current structure consists of two Executive Directors, and 4 Level 2 officers making up the Senior Leadership Team.

3. **Outcomes/outputs**

- 3.1. Over the next 18 months, the Council will be facing a number of significant challenges and opportunities. Alongside business as usual and completing the T18 programme, it needs to address a budget deficit, undergo a procurement exercise to find our next ICT partner and consider (and commission) the future delivery of waste and recycling services.

- 3.2. Given the scale of the challenges, it is important that the Council retains stability and continuity in its strategic leadership and senior management capacity.

4. Options available and consideration of risk

- 4.1. There are three principal options available to the Council, each of which would involve some interim arrangements being in place until the option is implemented.
- 4.2. First, the Council could seek to replace the incumbent post holder and retain the existing senior leadership structure.
- 4.3. Second, it could move to a different structure to replace the current Executive Director arrangements.
- 4.4. Third, it could agree a longer, interim approach (until the end of the current administration in 2019) and designate the Head of Paid Service and the Strategy and Commissioning responsibilities to the existing Executive Director for Service Delivery and Commercial Development with appropriate support from the Senior and Extended Leadership Team.
- 4.5. The first option would involve a costly recruitment campaign to identify and attract a suitable candidate and a short period of interim arrangements would be necessary.
- 4.6. The second option would involve making both Executive Director roles redundant and recruiting to a new structure; this would also involve a short period of interim arrangements and may incur redundancy costs.
- 4.7. By adopting the third option, the Council would secure stability and continuity. Other members of the senior and extended leadership team can be given additional responsibilities (including the role of deputising for the remaining Executive Director) to ensure the Council maintains sufficient strategic leadership and senior management capacity. It would also achieve a temporary saving by holding one of the Executive Director roles vacant. However, it is proposed that approximately 40% of that saving be set aside to cover any special responsibility allowances that are put in place for the interim period.
- 4.8. The third proposal would be intended to give continuity until the end of this political administration. After the interim period, the Council can determine the best long term solution. It is anticipated that there will be more clarity about key financial issues (such as Business Rates retention and the fair funding formula by 2019 which would inform the future structure).
- 4.9. It is proposed that, should the 3rd option be agreed, then a review of the interim arrangements is carried out after 6 months to make sure that responsibilities are being covered satisfactorily.
- 4.10. The options have been discussed by the Leader and Deputy Leader, in consultation with the Leader and Deputy Leader of South Hams District Council.

5. Proposed Way Forward

- 5.1. It is proposed that the Council adopts an interim arrangement to replace the current Executive Director and Head of Paid Service until the end of this administration in May 2019 by designating the existing Executive Director for

Service Delivery and Commercial Development as Head of Paid Service. There should be an option to extend this for a short period should Members of the new administration wish to do so.

- 5.2. It is further proposed that the Executive Director for Service Delivery and Commercial Development, in consultation with the Leader and Deputy Leader of both Councils, allocates strategic leadership and senior management responsibilities to other members of the current senior and extended leadership team to maintain sufficient capacity. It is recommended to set aside £40,000 for special responsibility allowances (£20,000 each Council). This is further explained in the Financial Implications in Section 6.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Council has a statutory duty under section 4 of the Local Government and Housing Act 1989 to designate a Head of Paid Service.
Financial		<p>If the proposal (the third option) is approved, there is an interim saving of £108,000 per annum by not appointing to the vacant Executive Director role and also modelling in a salary increase of £13,000 in recognition of the extra duties that will be incurred as a result of having only one Executive Director, this includes the salary supplement for the Head of Paid Service role.</p> <p>It is recommended to set aside £40,000 for special responsibility allowances as detailed in 5.2 (£20,000 each Council), producing a net saving position of £68,000 (shared 50%/50% across both Councils).</p> <p>It is for each Council to decide whether to make a temporary saving of £34,000 (this is only an interim arrangement) or whether to use this amount to improve services/increase capacity (again only temporary).</p> <p>It should be noted that if the second option is selected then the cost of redundancy for the remaining Executive Director may be incurred.</p>
Risk		The report needs to clearly set out all the significant risks associated with the decision. Significant risk can be defined as the chances of something going wrong that has a material impact on the Council.

		<p>Risks may fall under any of the following categories: performance/customer satisfaction, legal/legislative compliance, finance, project management/management of significant change, procurement, staffing, partnerships/relationships with other bodies, information technology, property, equipment and infrastructure and fraud and corruption.</p> <p>Where the risk information is an integral part of the main body of the report reference to the relevant sections should be made.</p> <p>Guidance: Where the risks associated with the decision are significant input into their assessment and if required, the wording of this section would be appropriate from the Council's SLT Rep, S151 Officer and Legal CoP</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity		There are no Equality and Diversity implications.
Safeguarding		There are no Safeguarding implications.
Community Safety, Crime and Disorder		There is no potential positive or negative impact on crime and disorder reduction
Health, Safety and Wellbeing		
Other implications		

Supporting Information

None