



Title: **Top Team Restructuring**

Public Agenda Item: **Yes**

Wards Affected: **Indirectly all wards in Torbay**

To: **Employment Committee** On: **23 November 2011**

Key Decision: **No**

Change to Budget: **No** Change to Policy Framework: **No**

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1. What we are trying to achieve and the impact on our customers

1.1 To agree the process for appointing the top team of directors, namely; Director of Children's Services, Director of Adults Services & Resources and Director of Place and Resources.. This decision will achieve a clear way forward in terms of the process that will then follow for interviews where necessary.

2. Recommendation(s) for decision

- (i) **that the urgent decision of the Chief Executive to reconfigure the director positions be noted;**
- (ii) **that the job descriptions, salary levels and terms and conditions of contract for the Director of Adults Services and Resources, Director of Children's Services and Director of Place and Resources (as set out at Appendix 1 to this report) be approved;**
- (iii) **that Caroline Taylor be appointed via slotting in to the post of Director of Adults Services and Resources and that Charles Uzzell be appointed via slotting in into the posts of Director of Place and Resources, subject to the appointments being notified to every member of the Executive with a**

given a time period by which to object to the proposed appointment and for the Committee to consider any objections. The start date to be 1 April 2012 with a transition period commencing on 1 January 2012;

- (iv) that the interviews for the post of Director of Children's Services be conducted in December 2011 by this committee, supported by the Chief Executive and a Human Resources Advisor, with observers to be identified by the Chief Executive; and**
- (v) that the appointment to the post of Director of Children's Services be determined following the interviews, subject to the appointment being notified to every member of the Executive with a given a time period by which to object to the proposed appointment and for the Committee to consider any objections.**

3. Key points and reasons for recommendations

- To ensure scrutiny and transparency of senior officers remuneration, job description and terms and conditions.
- To ensure the reorganisation policy has been undertaken.
- To ensure scrutiny and transparency of the appointments process.
- To ensure adequate protection of the taxpayer's interests in respect of senior officer appointments.

For more detailed information on this proposal please refer to the supporting information attached.

**Mark Bennett
Executive Head of Business Services**

Supporting information

A1. Introduction and history

A1.1 Following the Full Council Report entitled “Top Team Restructuring” which was agreed on 29th September 2011, the Chief Executive has been following the Council’s Reorganisation Policy to seek to fulfil the agreed structure, taking it from 5 full time equivalent posts (5.0 FTE) to 3.6 full time equivalent (FTE) posts (including a full time Chief Executive).

A1.2 Terms and Conditions of employment

The relevant terms and conditions for the proposed Director posts sit under the Joint Negotiating Committee for Chief Officers of Local Authorities (JNC). These terms and conditions are specifically designed for senior officers of local authorities and are therefore relevant to these director appointments. It is recommended therefore, that these continue to be recognised as the relevant terms and conditions of employment for these posts moving forwards.

A copy of standard terms and conditions for Chief Officers can be found at appendix 2.

A1.3 Salary – Hay Evaluations

Each of the Director posts has been evaluated using the HayGroup Job Evaluation Scheme. This is because the Council’s Job Evaluation scheme under the Greater London Provincial Council (GLPC) does not cater for very senior posts. Under the Chief Officer’s terms and conditions, it is recommended that all posts are evaluated using the Hay Scheme. The Hay evaluations produced the following results:

Director of Children’s Services	Hay Know how score of 608
Director of Adults and Resources	Hay Know How score of 608
Director of Place and Resources	Hay Know How score of 608

The Council uses Know How scores to determine pay, and for both Executive Heads and Commissioners, this has taken the form of a spot salary. The Hay Evaluations can be found at appendix 3.

A1.4 Justification for director salary levels

Under existing arrangements, a Know How score of 608 equates to a spot salary of £108,974 per annum. This salary is equal to that currently being earned by two of the current Commissioners. It represents a lower salary for the DCS than the People Commissioner, to take into account that it no longer carries the biggest portfolio of services. This salary will be pro-rata for any part time posts and under the proposal, realises a total cost saving in the region of £185,500 per annum.

There has been recent publicity about public sector pay levels in comparison to the private sector. It is difficult to compare apples with pears. However, a recent article published by HayGroup called “Public Private Pay ‘Gap’” the paper states “Hay Group’s data reveals disproportionate senior salary rises in the public sector to be a myth, with senior managers in private firms still earning significantly more than their public sector counterparts. And as Government spending cuts and calls for pay restraint begin to hit, public sector pay will plateau, whilst private salaries are set to climb.”

It also states “When including bonuses, senior management in the private sector earn £57k more annually on average than their public sector counterparts – a consistent difference of over 60 per cent since 2000. The average pay (including bonuses) for a senior manager in the public sector is £118,673, compared to £176,498 in the private sector. In terms of base salary, private sector managers still earn almost £24k more per year on average than the equivalent role in the public sector.” In addition, the impact of outsourcing many ‘blue collar’ services has meant that the public sector now has a greater proportion of graduates than the private sector and the impact of these services on private sector pay rates brings down overall averages in the private sector.

In the article, David Smith a reward information consultant for Hay Group states “with pay restraint taking hold in the public sector and pensions set to become a less valuable benefit, we predict that the salary gap will start to widen at all levels in the next couple of years. In these tough times, the challenge for the public sector will be to contain costs yet still be able to attract and retain key talent.”¹
Please see appendix 4 for a full copy of this article.

The Hutton Review of Fair Pay entitled ‘Hutton Review of Fair Pay in the Public Sector: Final Report March 2011’ the report states “attacking pay and the overall reward package, especially given the growing and extraordinary differentials with parts of the private sector, will make it harder to recruit and retain good people just at the moment the UK is embarking on an ambitious programme of public service reform – and the painful rebalancing of its economy.”²

A1.5 Job Descriptions

A copy of each of the three job descriptions can be found at appendix 1. These have been written by the Chief Executive in conjunction with Human Resources. The Job Descriptions have been designed to ensure flexibility yet accountability for functions across the authority as well as to take into account future changes to the organisation and its services.

Recommendation to confirm Caroline Taylor to the post of Director of Adults and Resources and Charles Uzzell to the post of Director of Place and Resources.

In order to explain this recommendation it is necessary to summarise the position to date:

As part of the Reorganisation policy, there is a duty for the Council as an employer to seek to avoid the need for compulsory redundancies. The Commissioners have put forward operationally relevant proposals which, under the Reorganisation Policy, would negate the need for a competitive process to be undertaken.

Given the requirements of the Director of Children’s Services post, none of the Commissioners put forward an expression of interest for this post. This left only 1.6FTE posts available to the three full time Commissioners.

One Commissioner has proposed that they be allowed to take voluntary redundancy. Following this request being accepted, the remaining two Commissioners put forward a proposal to voluntarily reduce their hours from

¹ HayGroup “Public-Private Pay ‘Gap’”. Web publication can be found at www.haygroup.com/uk/press/details.aspx?ID=31724
² Hutton Review of Fair Pay in the Public Sector, Final Report March 2011 (see background document)

1.0FTE each (full time) to 0.8 FTE each (part time).

Having reviewed this proposal, the Chief Executive accepted that it would be operationally acceptable to re-align services under each of the two posts of Director of Adults and Resources and Director of Place and Resources. Therefore, under the Officer Scheme of Delegation, the Chief Executive made an urgent Council decision to make the following adjustment:

- To adjust the post of Director of Adults Services to Director of Adults Services and Resources and move it from a 0.6FTE to 0.8FTE
- To adjust the post of Director of Place and Resources from 1.0FTE to 0.8 FTE

In doing this, the functions will be re-aligned by the Chief Executive in consultation with the Mayor and Group Leaders. Accordingly, the title of both posts is now Director of Adult Services and Resources, and Director of Place and Resources (the split of the Resources portfolio to be agreed)

Under the Council's Reorganisation policy, there is a requirement to slot individuals into posts where they meet the requirements of the role. Each of the Commissioners were asked to make an expression of interest to the re-aligned posts. The Commissioners expressed an interest in different posts, and it has been agreed that it is a relevant and appropriate decision to "slot" the Commissioners into these posts without the need for an interview process. This decision has been taken by the Chief Executive, in consultation with Human Resources. This is consistent with the approach previously taken to re-allocation of Commissioner responsibilities.

A1.6 Recommendation to determine the appointments process for the remaining post of Director of Children's Services

Subject to the confirmation by the Employment Committee, this post will be appointed to before Christmas 2011.

Given that none of the existing "at risk" Commissioners have decided to apply for this post, the next step is for the Chief Executive to begin to determine the most appropriate recruitment process. In line with the Council's current policies in terms of recruitment and redeployment, it has been decided by the Chief Executive to seek to recruit to this post internally in the first instance.

A1.7 Recommended Appointment process

It is recommended that the interviews for the post of Director of Children's Services be conducted in December 2011 by this committee, supported by the Chief Executive and a Human Resources Advisor. It is proposed that the Chief Executive asks the interview questions (drawn up by the Committee in advance) leaving Employment Committee panel members the freedom to focus on responses and follow-up questions. The Chief Executive, in conjunction with the Chairman, will also determine any observers who may be present to provide feedback and advice to the panel.

In accordance with the Officer Employment Standing Orders, at the conclusion of the interview/s the appointment will be notified by email to every member of the Executive with a given a time period by which to object to the proposed appointment and for the Committee to consider any objections.

A2. Risk assessment of preferred option

A2.1 Outline of significant key risks

Risks	Mitigation / Advantages
To not accept Chief Officers terms and conditions of employment would step outside of current best practice for this level of employee.	Chief Officer terms and conditions are relevant for those working at this senior level and are standard national terms and conditions, used widely across local authorities. All existing Commissioners are covered by Chief Officer terms and conditions, which currently suit the needs of the Council. There is still room to be flexible within these terms and conditions where necessary.
To further change the Job Descriptions	The Job Descriptions have been designed to ensure flexibility yet accountability for functions across the authority and have been financially evaluated. They have also been designed to take into account future changes to the organisation and its services. Through the reorganisation process, existing Commissioners have been consulted on the job descriptions. The versions presented to the Committee contain changes as put forward in the representations by Commissioners as part of our consultation with them.
Changing the proposed evaluated salaries.	Each post has been evaluated using Hay and the current relevant spot salary has been applied. This is in keeping with Executive Head and current commissioner salaries. As there are internal candidates who have expressed an interest in these posts, any detrimental change to their terms and conditions would mean the posts would not be suitable alternative employment. The risk here is that the organisation loses stability, experience and knowledge at the top of the organisation as this would mean all commissioners would be entitled to take redundancy.
Slotting in without the need for a recruitment process may not be seen in a positive way by partners or the community	Where an employee can demonstrate that they are a slot into a post in accordance with the Council's policies, this should be considered. To not do so would place the Council in breach of its employment policies and could place the Council at risk of a claim such as unfair selection for redundancy. At current Commissioner levels, taking on a different portfolio is not unusual, and current commissioners were appointed with proven leadership skills and the understanding that they

	could be required to work flexibly.
The Employment Committee may make the wrong decision in appointing the Director of Children's Services.	The Chief Executive will design a suitably robust and vigorous interview process, in consultation with the Chairman of the committee. The Committee will have an opportunity to review the feedback from relevant observers prior to making any decision, and will do so with available advice from Human Resources and any other external professionals as recommended by the Chief Executive. Any shortfalls by the candidate will be discussed and the Chief Executive will seek to provide adequate support and performance monitoring. If the internal process is not successful, the Council then will go to public advertisement.

A2.2 Remaining risks

There are few remaining risks, as this paper sets out more about agreeing a process. There is still the risk that despite the process being agreed, objections to the appointment process are made by the Executive. However, with the recommendations followed, the Council will have met its obligations in terms of best practice and employment law.

A3. Other Options

A3.1 There are limited other options that the Employment Committee can take in terms of the appointment panel, as these are member appointments. Should the post of Director of Children's Services not be appointed to, an external recruitment process will follow.

A4. Summary of resource implications

A4.1 Resources will be required to carry out the appointment for the Director of Children's Services. This will mainly be through officer time and to book a venue (with associated costs) for the interviews to take place. If an external process is required, significant additional resources will be required.

A5. What impact will there be on equalities, environmental sustainability and crime and disorder?

All the proposals will be carried out in accordance with approved Human Resources Policies. These policies have been equality impact assessed, and have been agreed through the Council's consultation process.

A6. Consultation and Customer Focus

A6.1 The Chief Executive's paper *Leading Through Austerity* was consulted on in the late summer and early autumn. Since the structure was agreed at full council, the Chief Executive has been carrying out consultation with individuals concerned. Commissioners were given opportunity under the Council's policy to feed back on

the structure, job descriptions and their own personal circumstances. It has been through this individual consultation that the recommendations have been made.

A7. Are there any implications for other Business Units?

A7.1 If the role of Director of Children's Services is filled by one of the Executive Heads within Children's Services, there may be further need to consider the structures beneath. There will be no other direct implications for Business Units. However, reporting lines may change further.

Appendices

- Appendix 1 - Proposed Job Descriptions
- Appendix 2 - Example of Chief Officer Terms and Conditions
- Appendix 3 - Hay Evaluations
- Appendix 4 - HayGroup article – "Public – Private Pay Gap"

Background Papers:

The following documents/files were used to compile this report:

Hutton Review of Fair Pay in the Public Sector, Final Report, March 2011