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Dear Sir/Madam

COUNCIL - THURSDAY, 26TH NOVEMBER, 2020

Please find enclosed a report to be included for consideration at the meeting of Council on Thursday, 26th November, 2020 .

8 Appointment - Acting Chief Executive (Pages 3 - 16)

To consider report F45/20 from the Interim Director of Corporate Services which is attached to consider the recommendations of Human Resources and Appeals Committee their preferred option for the appointment of the acting Chief Executive and to create a post of Deputy Chief Executive.

RECOMMENDATION that:

1. To agree the recommendation of the Human Resources and Appeals Committee to implement the preferred option for sharing a Chief Executive with Carlisle City Council by appointing Jason Gooding as acting Chief Executive to May 2021, on the terms set out at 6.1, subject to the agreement of Carlisle City Council.
2. That the Interim Director of Corporate Services, in consultation with the Portfolio Holder for Resources, be authorised to conclude any outstanding terms relating to the appointment.
3. That Council amends the post of Director of People and Place to that of Deputy Chief Executive and that Les Clark be appointed to act in the absence of the acting Chief Executive; and
4. That an honorarium be added to the Deputy Chief Executive post to May 2021, as set out at 6.1.

Yours sincerely

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

Paul Sutton
Interim Director of Corporate Services

Encs

Distribution

1. Reports to all Members of the Council for attendance.
2. Reports to Departmental Heads for information.
3. Reports to all remaining Councillors for information.

Report No: F45/20

**Eden District Council
Council**

26 November 2020

Recruitment – Acting Chief Executive

Portfolio:	Resources
Report from:	Interim Director of Corporate Services
Wards:	All Wards
Open Public Item	

1 Purpose

- 1.1 To consider the recommendations of Human Resources and Appeals Committee their preferred option for the appointment of the acting Chief Executive and to create a post of Deputy Chief Executive.

2 Recommendations

- 2.1 To agree the recommendation of the Human Resources and Appeals Committee to implement the preferred option for sharing a Chief Executive with Carlisle City Council by appointing Jason Gooding as acting Chief Executive to May 2021, on the terms set out at 6.1, subject to the agreement of Carlisle City Council.
- 2.2 That the Interim Director of Corporate Services, in consultation with the Portfolio Holder for Resources, be authorised to conclude any outstanding terms relating to the appointment.
- 2.3 That Council amends the post of Director of People and Place to that of Deputy Chief Executive and that Les Clark be appointed to act in the absence of the acting Chief Executive.
- 2.4 That an honorarium be added to the Deputy Chief Executive post to May 2021, as set out at 6.1.

3 Report Details

- 3.1 On 30 September 2020, Members discussed the principle of making the appointment of an acting Chief Executive on an interim basis until the end of May 2021 based on a preliminary report commissioned from North West Employers that set out the broad range of options available.
- 3.2 The Committee agreed to commission a further report from North West Employers examining in more detail the options for the appointment of an acting Chief Executive. This report was considered at their meeting of 10 November 2020. It examined variants of three main options:
 - recruitment of an acting Chief Executive from an external source on a temporary contract;

- recruitment of an acting Chief Executive from within current staff resources; and
 - establish a 'shared' acting Chief Executive with one or more partner Councils.
- 3.3 The report contains information on the key criteria that were used to evaluate these options:
- The comparative costs
 - The timescales for implementation
 - The impact on existing structures and resources.
- 3.4 The evaluation of the options concluded that on balance the option for sharing an acting Chief Executive with Carlisle City Council was the most favourable. This option has the lowest cost and is equal quickest to implement. Whilst its part time nature would not be a like for like replacement of capacity that a full time interim could bring, this option has the added advantage of bringing local knowledge and understanding of key issues facing the Council, including Local Government Reorganisation and is therefore likely to be impactful more rapidly during the interim period intended.
- 3.5 The appointment of an Acting Chief Executive on a part time basis will require there to be cover arrangements in place for when the Chief Executive is not available.
- 3.6 In the past this has been covered through the post of Deputy Chief Executive, which was one of the two second tier posts. It is therefore proposed that the Council creates the post of Deputy Chief Executive from one of its existing Director posts.
- 3.7 At Council on 24 September Les Clark, Director of People and Place was given the responsibilities of Deputy Head of Paid Service and as thus been Acting Head of Paid Service in the absence of a Chief Executive.
- 3.8 It is therefore proposed that the Mr Clark also be appointed as the Council's Deputy Chief Executive replacing the current role of Director of People and Place. The post will undertake both the Chief Executive role and Head of Paid Service responsibilities in the absence of the Chief Executive.
- 3.9 The role and responsibilities are not insignificant and therefore should be remunerated accordingly. The details of this are set out at Appendix 2 and in the financial implications at 6.1 below.

4 Policy Framework

- 4.1 The Council has four corporate priorities which are:
- Sustainable;
 - Healthy, safe and secure;
 - Connected; and
 - Creative
- 4.2 This report meets the sustainable and healthy, safe and secure corporate priorities.

5 Consultation

- 5.1 This is the start of the process for the appointment and therefore no consultation has taken place thus far.

6 Implications

6.1 Financial and Resources

- 6.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2019-2023 as agreed at Council on 7 November 2019.

- 6.1.2 The North West Employers report is set out at Appendix 1 and resultant comparative costs at Appendix 2. The total costs for the recommended option are set out below:

- Acting Chief Executive £26,000
- Deputy Chief Executive uplift £ 7,500
- £33,500

- 6.1.3 The overall costs will span two financial years and will be split as set out below:

- 2020/21 £21,775
- 2021/22 £11,725
- £33,500

- 6.1.4 The costs for both financial years will be met from the transformation earmarked reserve.

6.2 Legal

- 6.2.1 The legal implications of the arrangement will be set out in the form of a formal agreement reflecting the terms agreed by both Councils and signed by both parties.

6.3 Human Resources

- 6.3.1 The implications are set out in the body of the report.

6.4 Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	None arising from this report.
Health, Social Environmental and Economic Impact	None arising from this report.
Crime and Disorder	None arising from this report.
Children and Safeguarding	None arising from this report.

6.5 Risk Management

Risk	Consequence	Controls Required
That the Authority has insufficient senior leadership and management capacity and capability to operate effectively, at a time of significant pressures including COVID response and recovery and Local Government Reorganisation.	The Council is unable/ ineffective in delivering all of its statutory responsibilities as well as responding to additional pressures.	Implement the most appropriate option for recruiting an acting Chief Executive.

7 Other Options Considered

- 7.1 The other options considered are summarised in section 3.2 and in more detail in Report No: F38/20, HR & Appeals Committee, 10 November 2020, Recruitment - Acting Chief Executive.

8 Reasons for the Decision/Recommendation

- 8.1 To ensure that the Authority has the required senior leadership and management capacity and capability to operate effectively.

Background Papers: Report No: F38/20, HR & Appeals Committee, 10 November 2020, Recruitment - Acting Chief Executive

Appendices: Appendix 1 - North West Employers: Eden District Council - Establishing an Interim Chief Executive – additional report

Appendix 2 - Comparative Cost of Options

Contact Officer: Paul Sutton, Interim Director of Corporate Services

North West Employers

Eden District Council

**Establishing an interim Chief Executive –
additional report**

Briefing report submitted by Keith Power, Director, North West Employers

Background

An earlier report, provided 18th September 2020, addressed general items for consideration in assessing an appointment of an interim chief executive (CEEx) position, incorporating the statutory head of paid service (HoPS) role. The HR & Appeals Committee discussed this report at its meeting on 30th September and has requested further details in support of the range of options indicated within the report.

This additional report should be read in conjunction our original report (18th September), which provides general background and discussion of the main options usually considered by authorities when looking at a potential interim appointment. North West Employers has been commissioned to provide the following additional input to the HR & Appeals Committee:

For each of the following options;

- a) Recruitment of an interim HoPS / CEEx from an external source on a temporary contract*
- b) Recruitment of an interim HoPS / CEEx from within current staff resources*
- c) Establish a 'shared' HoPS / CEEx with one or more partner councils*

provide the following specific information;

- *The comparative costs*
- *The timescales for implementation*
- *The impact on existing structures and resources.*

A key decision for the Council will be the duration of any interim arrangement as this can have an impact upon the costs and upon existing resources. The timings of local elections in 2021 and the government's invitation to Cumbria to submit proposals for the reorganisation of local government, to potentially be in place by 2023, are significant issues that may influence the decision for a shorter time focus (9 months) or a medium term focus (18 months - 2 years).

Estimates of the comparative implementation costs of different options are provided in this report, these are to be balanced against the savings (salary plus on-costs) accruing from the current CEEx vacancy. Estimated costs are expressed as an annual value, so that they may be proportioned to the actual time period determined.

Comparative information on options for the appointment of an interim Chief Executive (incorporating Head of Paid Service)

The range of options set out in the original report have been clustered into three main areas and are addressed with the requested additional details below.

Recruit an interim CEx from an external source on a temporary contract.

Both individuals and specialist organisations provide supply in the interim market. Interim appointments may be secured from the market through;

- recruitment and employment (or service engagement) by the authority from a short list of candidates provided by an agency / agencies,
- employment (or service engagement) using a third party agency to carry out a search and recommendation process, this is often a 'payment on appointment' service,
- entering into a service contract for the provision of the interim resource via an agency.

The cost and timescale of an authority carrying out a full direct recruitment campaign are often considered prohibitive for a short term and even for a medium term appointment. The authority has recent experience of conducting a full chief executive appointment process (using external support) and the costs and timescales for an interim appointment would be similar, except for notice period.

Individuals operating in the interim market may choose to provide their services through a personal service company or partnership, rather than becoming an employee of an authority. It would be for the authority to determine how the 'off payroll working' rules, commonly known as IR35 rules, apply in such circumstances.

The role design (the proportion of the full CEx role to be delivered) and the duration of the employment or service contract are likely to have an impact on the structure of the arrangement and costs

Estimate of potential costs

An appointment to an interim role may have a different scope to the full CEx role, both in terms of range of accountabilities allocated to the interim role and in whether it is expressed at a lower than a full time equivalent commitment.

Where the interim role is fulfilled via a daily (or monthly average) charge through an agency or a personal service company contract, only the active days are charged and it is possible to set a particular number of chargeable days for a year (not including holidays, other absences and unavailable days) e.g. 200 days per year. A number of

recent senior interim appointments within the sector have been on a part time basis of 2-4 days per week and the authority has some experience of operating with a less than full time chief executive role.

Any decision to establish the interim role as having a lesser scope than the full chief executive role, or of a less than full time commitment, may have an impact upon the cost calculations of agencies where these relate to the normal salary of the target role. For the following cost estimates a full time CEx salary of £110k has been used, Employer NI costs have been included in estimates for the first three models, although if a service contract is used this would not apply. Amounts have been rounded to the nearest £5k where appropriate.

Table 1: Cost and timescale comparison – external resource appointment

Option	Initial costs	Salary + NI / placement costs (expressed as annual equivalent)	Timescale
Direct recruitment by authority	£20k	£125k	12 weeks +
Recruitment by authority (from agency shortlist)	£6k	Short term £150-180k	8 weeks
		Medium term £145-170k	
Third party agency search	£25-30k	Short term £145-170k	6 weeks
		Medium term £135-160k	
Service contract (200 chargeable days)		Short term £800-1100@day £160 – 220k	4-6 weeks
		Medium term £800-900@day £160 – 180k	

CEx current employment costs (incl NI & pension)	£150k
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Internal resource implications

This approach essentially brings into the authority the scale of resource it chooses to secure and so at the highest level it is a like for like replacement. Any reduction in scope of the role would be a known and planned reduction in capacity for the interim period, implying an acceptance that during the period certain activities will not be progressed at the previous rate.

There would be minimal resource / structure implications expected beyond the implementation timescale, unless the interim role was significantly reduced in scope compared to the full role.

Recruit an interim CEx from within current staff resources.

If the potential to manage this arrangement exists, it will usually make available more flexible options, which may include a greater dispersal of accountabilities than a single role replacement. Authorities may choose to utilise this option where they are developing their succession and talent planning, providing a time-limited opportunity to expose managers at a number of levels in the organisation to new accountabilities and challenges. That is not to minimise the difficulties associated with requiring staff to return to their original role at the end of the interim period, when they feel they have demonstrated success at the higher level.

a) Recruitment to a full CEx interim role

The appointee would leave almost all of their current accountabilities behind and adopt the full CEx scope. Where there are specific areas of professional leadership or other expertise that need to be maintained, it should be possible to accommodate retention of a very limited amount. If an authority chooses to manage the change internally this movement out of one current position may lead to a cascade of changes where the opportunity is provided for other staff to 'step up' into a higher-level role, or a proportion of that higher role.

An authority's change management approach will usually identify how temporary changes and development opportunities such as this are managed (how staff are invited to apply / selected). Overall, a pathway of a series of 'stepping up' or 'back filling' changes may be expected to be cost neutral against current budgets (as existing roles are simply being re-filled) until a role or an area of activity is identified that requires additional resources to be brought in to maintain delivery. This may be identified at a managerial, professional or technical support level, with the respective costs of any temporary appointment(s) being incurred.

Alternatively, as the above involves careful planning and management of change, an authority may choose to make an interim appointment to the vacant role generated by the CEx appointment. This provides a sharper focus on recruiting for leadership of a particular set of accountabilities, rather than for the whole authority.

b) Appointment to a 'tailored' CEx interim role

Where an authority determines that a sharp focus on a particular set of accountabilities, beyond the HoPS requirements, would be most beneficial, this may point to a hybrid arrangement. A selected set of accountabilities are grafted onto an existing senior management role, but the full scope of the previous CEx role is not adopted. This requires clear prioritisation and potentially acceptance that certain activities will be paused or dropped from immediate delivery plans, as there is a reduction in leadership capacity.

For Eden DC there are significant challenges over the short to medium term that will have to be balanced within any focussing of the CEx role;

- Electoral Returning Officer responsibilities for the 2021 local elections,
- Engagement and advice on the options, impact and opportunities of any local government re-organisation proposals for Cumbria,
- Over £1m savings to be delivered across 2020/21 – 2021/22 within the medium term financial plan,
- Digital transformation of the resident / service interface,
- Re-configuration of the authority's service profile, to support achievement of the above savings.

For a current senior manager to adopt a range of additional accountabilities, a similar process of delegating packages of accountabilities to other staff may need to occur to maintain delivery. If only a very limited set of accountabilities are allocated to the interim CEx, beyond those of the HoPS, this process of dispersing accountabilities may not be necessary at all.

An assessment of the scale and impact of any additional accountabilities allocated should be made at each level required. Where a significant increase in the accountability level is generated a temporary addition to salary would be appropriate. Where the change is a broadening out of a role within the same accountability level, or an increase in volume only, prioritisation decisions will be required to appropriately manage workload.

For Eden DC most of the impact of change would be seen at the Director, Asst. Director / Head of Service and specialist professional levels, where either additional accountabilities or a re-prioritisation of activity may be required. There are already a number of positions within the structure that are vacant or currently filled on a temporary basis and this may restrict the capacity to disperse packages of accountability in some areas.

c) Allocation of the HoPS designation only

This is generally a short term option, which involves designating a particular officer and role as the HoPS to meet the necessary statutory and governance requirements. This is a significant reduction in leadership capacity as the current CEx accountabilities, beyond the limited definition of HoPS accountabilities, would not be addressed. As noted above, significant choices on prioritisation would be required from councillors. This is often characterised as a 'holding pattern' that maintains general momentum rather than initiating significant change, therefore, limited progress on the strategic challenges facing Eden DC might be expected during the period.

The management leadership team would need to operate in a highly collaborative manner to avoid fragmentation or dislocation of council level objectives and plans. The HoPS designation would provide a co-ordinating point to bring issues together and crystallize decisions, particularly on organisational and staffing matters.

Table 2: Cost and timescale comparison – internal resource appointment

Option	Gross additional cost (incl NI & pension) expressed as annual equivalent	Timescale
Full CEx role	Target total budget £110k [Cost appointed Dir £50k] [Cost re-allocations £60k]	4 weeks
'Tailored' CEx role (80%)	Target total budget £50k [Cost appointed Dir £20k] [Cost re-allocations £30k]	4 weeks
HoPS designation only	Target total budget £15k [Cost appointed Dir £15k]	2 weeks

Establish a 'shared' CEx with one or more partner councils.

The establishment of a CEx role shared across two or more district councils is a model utilised on both a permanent and interim basis within the sector. The most common model is an arrangement across two authorities, with an approximate 50/50 split of time and accountabilities across the partners. There are a range of practical matters to resolve to ensure such an arrangement works and that both sets of authorities, leaders and staff teams consider the necessary leadership and advice is available to them.

A 'shared' CEx role may be considered more demanding due to the increased scale and complexity. Where such roles are established on a permanent basis, they tend to be placed towards the higher end of the range of CEx salaries for district councils.

Table 3: Salary levels at district councils with permanent 'shared' CEx role

District Councils with 'shared' CEx	Salary
Babergh and Mid Suffolk	£119 to £138k
High Peak and Staffordshire Moorlands	£159 to £172k
Eastbourne and Lewes	£147 to £152k
Adur and Worthing	£125k
South Hams and West Devon	£123k

Where the arrangement is of a temporary nature, some recognition of the increased accountabilities of a combined role is often made.

At a number of the authorities, where a permanent CEx role is in place, there have been further adjustments to the management leadership structure, through strategic decisions to progress towards a joint management leadership team (roles covering both authorities). In interim arrangements it is less likely that such strategic and longer-term arrangements would be suitable, however adjustments to management leadership at one or both of the authorities are often made to support the 'shared' CEx role.

The 'shared' CEx role would provide some immediate, experienced capacity input to Eden DC's structure, but this would be clearly less than that previously available through a full time CEx. If it does not already exist, an adjustment often made is to create an interim Deputy CEx or Chief Operating Officer (COO) role to provide leadership focus and consistent access within one or both authorities. This would usually be achieved through additional accountabilities being grafted onto an existing senior role, where capability and capacity exists. Depending upon the scale of accountabilities added this may be sufficient on its own, or some further specific adjustments on significant projects or initiatives may be necessary.

Table 4: Cost and timescale – 'shared' CEx appointment

Element	Gross additional cost (expressed as annual equivalent)	Timescale
'Shared' CEx	50/50 split £50-85k	4 weeks
Deputy CEx / COO	£15k	2 weeks
Other re- allocations	£5k	2 weeks

A 'shared' CEx arrangement is usually set up by one authority enabling its CEx to adopt the wider role. The CEx remains employed by the original authority and an agreed charge is made to the partner authority to recover some of their costs in proportion to the split of accountabilities and time. At the end of the arrangement the CEx will revert to their original position.

Appendix 2 - Comparative Cost of Options

Option	Initial Cost	Full Year Cost		Full Cost (6 months)	
		From	To	From	To
1. External Resource (short term)					
a. Direct recruitment by EDC					
i. Full Time	£ 20,000	£ -	£ 125,000	£ -	£ 82,500
ii. 2.5 days	£ 20,000	£ -	£ 125,000	£ -	£ 51,250
Deputy CX / COO uplift		£ 15,000	£ 15,000	£ -	£ 7,500
sub-total		£ 15,000	£ 140,000	£ -	£ 58,750
b. From agency shortlist					
i. Full Time	£ 6,000	£ 150,000	£ 180,000	£ 81,000	£ 96,000
ii. 2.5 days	£ 6,000	£ 150,000	£ 180,000	£ 43,500	£ 51,000
Deputy CX / COO uplift		£ 15,000	£ 15,000	£ 7,500	£ 7,500
sub-total		£ 165,000	£ 195,000	£ 51,000	£ 58,500
c. Third party search					
i. Full Time	£ 30,000	£ 145,000	£ 170,000	£ 102,500	£ 115,000
ii. 2.5 days	£ 30,000	£ 145,000	£ 170,000	£ 66,250	£ 72,500
Deputy CX / COO uplift		£ 15,000	£ 15,000	£ 7,500	£ 7,500
sub-total		£ 160,000	£ 185,000	£ 73,750	£ 80,000
d. Service Contract				£ 81,250	£ 87,500
i. Full Time		£ 160,000	£ 220,000	£ 80,000	£ 110,000
ii. 2.5 days		£ 160,000	£ 220,000	£ 40,000	£ 55,000
Deputy CX / COO uplift		£ 15,000	£ 15,000	£ 7,500	£ 7,500
sub-total		£ 175,000	£ 235,000	£ 47,500	£ 62,500
2. Share with other Authority					
a. Comparator Districts (50/50 cost share)					
Shared CX		£ 119,000	£ 172,000	£ 29,750	£ 43,000
Deputy CX / COO uplift		£ 15,000	£ 15,000	£ 7,500	£ 7,500
sub-total		£ 134,000	£ 187,000	£ 37,250	£ 50,500
b. Carlisle CC proposal (2.5 days)					
Shared CX		£ -	£ 52,000	£ -	£ 26,000
Deputy CX / COO uplift		£ 15,000	£ 15,000	£ -	£ 7,500
sub-total		£ 15,000	£ 67,000	£ -	£ 33,500
3. Internal Appointment					
80% CX Salary			£ 25,000	£ -	£ 12,500
Interim Director (4 days)			£ 147,200	£ -	£ 73,600
sub-total			£ 172,200	£ -	£ 86,100

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