

North West Employers

Eden District Council

**Establishing an interim Chief Executive –
considerations**

Report submitted by Keith Power, Director, North West Employers

18 September 2020

Background

The requirement for a Head of Paid service role

There is a requirement, under the Local Government & Housing Act 1989, that every local authority must designate an officer as its Head of Paid Service (HOPS). However, the specification of what this role encompasses is only briefly set out;

It is the duty of the Head of Paid Service, 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.*

Regulations made under the Local Government Act 2000 supported these duties by making the appointment of staff below chief officer level the exclusive function of the HoPS or their nominee.

The designation of an officer to act as the Council's HoPS is a decision to be taken by a meeting of the full Council and cannot be delegated.

The requirement for a Chief Executive role

As the definition of the HoPS role is sparse, councils will make local choices as to the additional accountabilities they wish to add to this definition to create a chief executive role, which is the traditional single point of focus for the management of the organisation. This chief executive role (CEx) will then incorporate the HoPS requirements as well as other locally tailored accountabilities for the managerial leadership and representation of the council. Although the HoPS designation and a chief executive appointment are often talked about as the same thing, they are separate and different (established in public law or employment law) and in parts of this paper a practical distinction is made between them.

There is no legal requirement for a council to have a specific chief executive role and in recent years councils have developed alternative models, which contain variations in how the HoPS designation is deployed, and the supporting management arrangements that are considered most effective for local circumstances.

Managing the appointment of a Head of Paid Services / Chief Executive in times of uncertainty

Where circumstances are such that a council concludes that it would not be advantageous to make a permanent appointment to the HoPS / Chief Executive, it may choose to implement interim arrangements to cover a particular period of time. The requirement for a council to designate an officer as HoPS remains and so, even if the arrangements are of a temporary nature, confirmation by full Council is still required. This is not intended to cover short gaps of a few weeks between appointments, but rather to deal with periods of a number of months or more.

The planning of an appointment of a permanent or an interim HoPS will therefore follow a similar path in terms of the consideration of organisational options, although a few additional options are available for the interim position that are less practicable for a permanent commitment.

The current environment for local government in Cumbria indicates some significant uncertainty for the next 2-3 years as the potential for the development of a combined authority and the re-organisation of local government structures are explored. The Council also has its own ambitions to drive change and improvement through its transformation programme 'One Eden'. This presents a complicated judgement on how to balance not making immediate changes that may block strategic opportunities against the immediate needs to address and drive forward local improvement. North West Employers has been asked to provide some options and information for the consideration of interim arrangements as part of that judgement.

Options for the establishment of interim Head of Paid Service / Chief Executive

There are several main options that may be considered to resource an interim HoPS / Chief Executive (CEX), with variations and choices within the detail underpinning them:

a) *Recruit an interim HoPS / CEx from an external source on a temporary contract.*

In addition to the HoPS requirement, this may incorporate some or all of the additional accountabilities from the CEx role. This to a large part maintains the capacity of the organisation to address the required activities, depending on how closely the interim role matches the previous HoPS / CEx role. There is a 'market' of individuals and organisations that position themselves to fulfil such interim roles. The cost of this market provision can be relatively high, depending upon the time period contracted for;

b) *Recruit an interim HoPS / CEx from within current staff resources.*

As above, in addition to the designation as HoPS this may include some or all of the CEx accountabilities. A current employee is appointed to the interim role for a defined or estimated period of time. The individual may vacate their current role to take on the interim HoPS / CEx role (most likely closely matching the previous scope of role) or may retain most of their role and add on selected elements of the full HoPS / CEx role.

Either of these changes may require further adjustments to staff roles and resources, to cover any activities in the appointee's 'source' role that cannot be retained by the individual, or to take up activities that are to be dispersed amongst other management roles. As this reduces the overall capacity of the organisation, further re-alignment or additional resources may be required at other levels in the structure to provide for the delivery of corporate objectives;

c) *Establish a 'shared' HoPS / CEx with one or more partner councils.*

This provides the opportunity to bring in a limited, but additional, experienced resource during the temporary period. This requires careful design for the shared role itself (what is included within the council's proportion of the shared resource) and the supporting managerial leadership structure. A 'shared' HoPS / CEx role is often supported by a lead management role (acting as the key local interface or deputy when not available) or by certain accountabilities being dispersed across the local leadership team to ensure the effective operation of the council.

Although a limited amount of additional capacity is being brought into the organisation, overall there may be a net reduction in capacity (the council's portion of the shared resource being less than the previous full time resource).

Further re-alignment or additional resources may be required at other levels within the structure;

d) Attach the HoPS designation only to a current senior manager role.

One of the current leadership roles is designated as the HoPS. All or some of remaining leadership accountabilities, that had been carried out by the CEx role, are distributed amongst the leadership team or senior councillors (for a short period of time it may be determined that certain activities can be 'paused' without significant impact).

The CEx is not replaced as a defined role and managerial leadership becomes shared across the leadership team. The practical governance arrangements have to be worked out in detail to confirm the precise nature of collaborative decision-making arrangements. A further adaptation of this model is that, if the interim period is for a reasonably long period, the HoPS designation is rotated across the different members of the leadership team over time.

This re-allocation of accountabilities reduces the overall capacity of the organisation. A cascade of further re-alignment or additional resources may be required at other levels in the structure to ensure delivery capacity;

e) Attach the HoPS designation and certain decision making accountabilities to a current senior management role.

One of the current leadership roles is designated as the HoPS. The role designated as HoPS also takes on decision-making accountabilities for certain specified areas of operation in order to sustain delivery of key objectives. Often this is established as a new interim role to clearly define the new accountabilities and that, for certain defined areas, it is the primary management leadership role for the organisation.

This is usually used for a shorter temporary period and looks to maintain progress, it reduces the capacity of the organisation and further re-alignment or additional resources may be required at other levels in the structure.

Implementation issues to be considered

Supporting information

In order to support the evaluation of the different options the following background research has been conducted to establish certain information points.

Where comparative salary information has been developed certain 'filters' have been applied to make comparable data more relevant;

- English District Councils
- Excluding South East and East of England regions (as their particular market rates may distort comparisons)
- As the correlation between population size and salary ranges is weaker than was previously the case, a full range of councils has been used from the selected regions,
- Certain roles that can be identified within the data group that are identified as having other significant accountabilities (e.g. deputy chief executive, statutory role) have been retained within the data group,
- The most recent national pay agreement (2.75% increase effective April 2020) has **not** been applied, as some authorities from other regions captured in the data group may not participate in the national bargaining arrangements.

A detailed review of organisational structures has not been undertaken, where references are made to the numbers of roles within an organisation this is indicative only and drawn from available data. The exact scope, organisational relationship and accountabilities of roles cannot be determined from this indicative data.

Where 'average' salary levels, e.g. the average minimum salary, are identified within the report this is the mean value of the range and so will sit within a span of values contained in the detailed output. Values are expressed as rounded to the nearest £500.

Recruitment of a HoPS / Chief Executive

Eden DC's remuneration offer at the chief executive level is reasonably placed against the average salary levels for full time substantive roles, see table 1. It may, therefore, be considered competitive if it were to seek to recruit a HoPS / CEx from outside the organisation (option a) or from within the organisation (option b). Short term assignments of only a few months, that are sourced from the market, do tend to carry a 'pro rata' premium, but interim assignments of up to or over a year tend to operate within the established salary market.

Table 1 Chief Executive Salaries – NW, selected regions

Comparator Group	Ave min salary £pa	Ave max salary £pa	Top 10% of max range
NW Districts	104,000	108,000	120-124,000
National Districts (selected regions)	106,000	110,000	128-134,000
Eden DC selected comparators*	94,000	99,000	
Eden DC	105,000	110,000	

*Craven, Richmondshire, Ryedale

The average salary values presented, for the minima and maxima of pay ranges, will mask the full variation in the range of salaries offered. The top 10% column indicates where the top paying authorities are placed. It is noted that in other regions there are more examples of chief executive roles encompassing more than one authority.

Adjustments within current structures to support interim arrangements

There are many variations in the ways that councils choose to structure their senior (strategic director, director) and extended leadership teams (assistant director, head of service). Certain variations across council structures are clear and therefore impact upon the local choice of how and where any local adjustment to management structures may take place to support the selected interim arrangements;

- The number of immediate strategic / corporate leadership roles reporting to the chief executive may vary from 2 to 5
- There can be differentiation between leadership team roles and as such there may more than one level or management grade within the senior leadership team
- The number and structure of supporting 'Head of Service' / 'Assistant Director' (or equivalent) within portfolio groups varies significantly
- Wider locality based or cross-organisational influence and accountabilities may be allocated to specific roles e.g. joint leadership roles, integrated teams across organisations, city-wide accountabilities.

For a number of the interim options discussed above there is the expectation that additional accountabilities may be allocated to one role, or across a number of roles. The salary gap between a chief executive role and the next senior leadership role (strategic director / director) is often substantial at district councils. Therefore, there is sufficient scope to assess any change in

roles and make temporary adjustments to the relevant remuneration for affected roles in accordance with a council's pay and reward policy. At some authorities an intermediate support role to the chief executive is established, that has accountability for a large proportion of service or functional areas. This may be identified as a deputy chief executive or a chief operating officer.

Table 2 Deputy Chief Executive / Chief Operations Officer Salaries – selected regions

Comparator Group	Ave min salary £pa	Ave max salary £pa
National Districts (selected regions)	83,000	93,000

Depending upon the interim option selected and the extent to which some accountabilities are allocated to a singular role or across a number of roles, this may provide some indication of how close to such a role a council considers its interim arrangements to be, and therefore, how salary comparisons with such a role may work.

Where a shared HoPS / CEx is established with one or more partner councils (option c) there will be certain accountabilities taken on by the shared resource. Unless the Council considers that this is sufficient, it may be necessary for certain other accountabilities to be allocated to one role or across a number of roles.

The allocation of a significant proportion to a single role would come closer to the deputy chief executive / chief operating officer type role indicated above.

Where one role is designated as HoPS and takes on a specific set of accountabilities only (option e) there would need to be an assessment of the scale of the accountabilities allocated, relative to the previous chief executive role. This may be considered less than the accountabilities of a deputy chief executive type role, depending upon how constrained the allocation is.

The designation of a current leadership role as HoPS (option d) is more limited and is often addressed as a temporary supplement for the adoption of the statutory accountabilities.