

Norfolk County Council

Date: **Monday 10 December 2018**

Time: **10.00 a.m**

Venue: **Council Chamber, County Hall, Norwich**

Supplementary Agenda

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8 Senior Management Review

Report by the Leader of the Council, Andrew Proctor

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Report of the Personnel Committee Meeting held on 4 December 2018

1. Gender Pay Gap

- 1.1 New legislation took effect in 2018, requiring all employers with 250+ employees to publish their Gender Pay Gap by the end of each financial year. The Committee received a report which outlined the second cycle of reporting under this new legislative regime and set out the position in respect of Norfolk County Council's gender pay gap as at 31 March 2018 and compared against the position in 2017
- 1.2 The Committee noted that the mean gender pay gap has increased by 1.76%, compared to the 2017/18 outcome, and the median pay gap has remained broadly steady having increased by 0.07%. The Committee noted the data by grade and in particular that the pay gaps for the majority of grades still do not exceed the Equality and Human Rights Commission's definition of a significant pay gap of +/- 3% pay gap.
- 1.3 The Committee **RESOLVED** to agree the Gender Pay Gap Report, and has authorised the Head of Human Resources to publish the 2018/19 results and supporting narrative before the statutory deadline.

2. Pay Structure Review

- 2.1 The Committee received a report, containing exempt information, which reviewed the Council's structure of pay scales and the pay points within them to ensure that the pay structure reflects legislative pay awards and aligns pay scales appropriately. In September 2018, the Committee considered a model pay structure for discussion with unions. Those discussions have now taken place and the Committee **RESOLVED** to agree the final structure to be taken forward for formal consultation.

3. Proposed grade of the post of Executive Director – Strategy and Governance and interim pay arrangements for Head of Paid Service

- 3.1 Following the resignation of the Managing Director immediate plans are required to ensure that the statutory accountabilities of the Head of Paid Service are discharged on an interim basis initially. The Committee received a report, containing exempt information, which outlined proposals for the grade of the post of Executive Director – Strategy and Governance and also the interim pay arrangements for the Head of Paid Service. The Committee **RESOLVED** to agree these proposals, subject to sign off to the proposed management structure, to be considered at full Council on 10th December 2018.

Andrew Proctor
Chairman

Senior Management Review

Report by Andrew Proctor, Leader

This report seeks approval to adopt a new senior management structure and delete the post of Managing Director.

1 Executive Summary

- 1.1 Aligned to changes to the Council governance arrangements as recommended to Full Council by the Policy and Resources Committee on 26 November 2018, a number of proposed changes to the senior management structure have been developed.
- 1.2 Subject to Council's resolution to move to an Executive Leader and Cabinet style of governance from May 2019, the Cabinet Member Working Group on authority from the Policy and Resources Committee will continue to develop the remaining Appendices of the new draft Constitution for approval by Full Council in April 2019 for an implementation date of May 2019.
- 1.3 The appointment of the Head of Paid Service is a function reserved to Full Council. Further, any changes to the number or substantive amendment to the description of responsibilities of Chief Officers has historically been brought to Full Council.
- 1.4 The Personnel Committee is designated to review changes to roles of Senior Officers (as defined in the Constitution) and related terms and conditions. A paper was presented to the Personnel Committee on 4 December 2018 to approve grading and pay arrangements for Senior Officers.

2 Context and case for change

- 2.1 This report follows the recommendations from Policy and Resources Committee on 26 November to Full Council that the Council resolves to change to an Executive Leadership and Cabinet system of governance with effect from May 2019. This change if approved will implement the Administration's ambition for a member-led Authority to drive forward the strategy and policy direction of the Council providing for close working relationships with the Head of Paid Service and Chief Officers (who continue to lead their portfolios and deliver their statutory accountabilities).
- 2.2 The development of the Executive Leader and Cabinet system of governance would have afforded an opportunity to consider whether the senior management structure was optimal for the Authority. With the current Managing Director's resignation to move to a new role, this has enabled a more substantive review of the current arrangements. The Executive Leader and Cabinet system of governance is a very different arrangement to the current Committee system of governance. With more direct involvement of members in decision making with the existing Chief Officer management team individually carrying statutory and other accountabilities there is a substantially reduced need for a Managing Director.

- 2.3 The designation of Head of Paid Service is a statutory requirement and also provides the overall officer leadership to the Council's work force. The legal definition of this role is provided in 6.1 below.
- 2.4 Whilst the driver for change is to align to a reshaped governance model and support a member-led leadership arrangement, Full Council should note that in a climate of significant financial challenge, all opportunities to release corporate cost needs to be examined. The saving of a senior post, together with consequential changes, will be able to deliver a significant annual saving. It is recommended that the post be deleted with effect from 15 December 2018.

3 Detailed proposal

- 3.1 In deleting the post of Managing Director, Full Council will note the statutory requirement for local authorities to designate one of their officers as Head of Paid Service. It is proposed that interim arrangements are made following the departure of the current Managing Director and that all Chief Officers will thereafter be eligible to apply for this accountability as a permanent designation. The recommendation for appointment to this permanent designation will be the responsibility of a politically balanced appointments panel, including the Leader, and will be subject to the final approval of Full Council.
- 3.2 Following consultation with the political group leaders and current Executive Directors, it is proposed that the Executive Director, Community and Environmental Services be designated as Interim Head of Paid Service with effect from 15 December 2018 until a permanent designation is made by the Council. The accountabilities of the Head of Paid Service are set out in section 6.1 of this report.

4 Other proposed senior management changes

- 4.1 It is proposed to bring together the functions which collectively lead the people, strategy and governance arrangements of the Council under the responsibility of a newly defined role of Executive Director – Strategy and Governance, within a renamed Directorate – Strategy and Governance.

The details of the change and the evaluation process to regrade the role has been reviewed by the Personnel Committee as part of their terms of reference and has been approved. Additionally, as agreed at the P&R Committee on 26 November, this post holder has been appointed as a Director of the NORSE group as an additional accountability beyond the substantive regraded post.

5 Financial implications

- 5.1 The Managing Director's annual cost of salary, pension contributions and employer's national insurance is c. £243,000.
- 5.2 Deletion of the post will contribute to the realisation of annual savings as will other costs relating to some supporting administration of a total of around £275,000 per annum.
- 5.3 The Personnel Committee approved the following three proposals at their meeting on 4 December 2018:
- a) An allowance to the Head of Paid Service on an interim basis of £10,000 per annum (£13,000 including on-costs) and this will be paid pro-rated to the designated Chief Officer on an interim basis.
 - b) That the role of Strategy Director be redefined as Executive Director, Strategy and Governance and be regraded to Grade R with an additional annual cost of £7407 (£9629 including on-costs)

- c) That this post holder additionally receives an annual allowance of £10,000 per annum (£13,000 including on-costs) for taking on the role as a non-executive director of the NORSE group in recognition of these additional statutory accountabilities.

5.4 The potential total annual savings from these proposals will be around £239,000 per annum

6 Legal Considerations

6.1 Every local authority has the duty to designate one of their officers as head of paid service in accordance with Section 4 of the Local Government and Housing Act 1989 which provides: -

“(1) It shall be the duty, not later than 30th September 1995, of every relevant authority –

(a) to designate one of their officers as the head of their paid service: and

(b) to provide that officer with such staff, accommodation and other resources as are, in their opinion sufficient to allow their duties under this section to be performed.

7.2 If these recommendations are accepted, consequential changes will need to be made to the Constitution. Pursuant to paragraph 2.1 of Article 3 of the Constitution, authority exists for the Monitoring Officer to make such consequential changes.


8. Recommendations

- I. The post of Managing Director which currently includes the discharge of responsibilities on local authorities to designate one of their officers as a Head of Paid Service, be deleted.
- II. The Executive Director, Community and Environmental Services to be designated as Interim Head of Paid Service in addition to his existing Chief Officer role until the appointment of a permanent designation by Full Council in due course.
- III. The current role of Strategy Director to be re-designated as a Chief Officer and retitled Executive Director, Strategy and Governance
- IV. Note the decisions of the Personnel Committee in relation to grading and payments
- V. Confirm that the Monitoring Officer will make the necessary consequential changes to the Constitution pursuant to paragraph 2.1 of Article 13 to the Constitution.

Officer Contact

If you have any questions about matters contained in this paper please contact:

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