

**EMPLOYMENT CONDITIONS COMMITTEE:  
24 OCTOBER 2012**

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**SENIOR MANAGEMENT ARRANGEMENTS**

**REPORT OF CHIEF EXECUTIVE**

**AGENDA ITEM:**

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Appendix 3 to this report is not for publication by virtue of paragraph 16 of Part 4 of Schedule 12A of the Local Government Act 1972 (descriptions of Exempt Information: Wales).

Appendix 4 to this report is not for publication by virtue of paragraphs 12, 13, and 14 of Part 4 of Schedule 12A of the Local Government Act 1972 (descriptions of Exempt Information: Wales); and paragraph 21 of Part 5 of Schedule 12A of the Local Government Act 1972 (Qualifications: Wales)

**Reason for this Report**

1. Cabinet on 11 October 2012 agreed a revised senior management structure designed to ensure that the Council has the capacity necessary to address the combined challenges of delivering the new administration's ambitious agenda for Cardiff whilst dealing with the consequences of the severe financial settlements facing Welsh Local Government. This report refers the matter of the remuneration and terms and conditions of the posts included in the structure to this Committee for determination. The 12 July 2012 and 11 October 2012 Cabinet reports on the structure and consultation findings should be considered as background papers.

**Background**

2. The purpose of this report is to determine the remuneration and terms and conditions for the senior team structure. It is intended that should Employment Conditions Committee be minded to accept the recommendations contained in this report the new structure would be implemented from April 2013.

**Current position**

3. The existing senior management structure is shown at Appendix 1 and includes the Chief Executive, a Chief Operating Officer, three Corporate Chief Officers, seven Chief Officers and five Heads of Service.

## **Approved Senior Management Structure**

4. The structure approved by Cabinet on 11 October 2012, as a response to the extensive consultation, is included as Appendix 2. This structure also addresses the Administration's need to have confirmation by the Head of Paid Service that there will be sufficient managerial capacity to deliver the programme for County Government. This will also address the consequences of the on-going financial challenges. The Administration has made clear the proposals must be cost neutral. In other words, there is no new money to fund the proposed changes but must instead be wholly funded by a consequential reduction in the current level of expenditure on external management consultants. The Section 151 Officer has confirmed that the funding for the agreed structure can be met from reductions in the cost of management consultancy particularly in relation to the former transformation programme which incurred costs of £3.5 million in this area in 2011/12.
5. This structure has been approved following two separate streams of independent advice. The original legal advice was concerned with the transition to the new model and so is not relevant to be considered today. It is included at Appendix 3 by way of background information. The Hay senior officer remuneration report is included as Appendix 4. Both of these reports are exempt from general publication. Appendix 4 however, details the recommended remuneration levels which are clearly set out in paragraph 10 of this report
6. The new structure, with the exception of the Chief Executive post, replaces all existing posts with the new roles meeting the management capacity required to deliver the Administration's agenda. The transition from the current structure to the new structure is to be managed on the basis of principles approved by Cabinet. Further information about these is set out in below in the section on People Implications.
7. Applying the principles allows one opportunity for an existing member of staff to be "slot and matched" to one of the new roles. This is the existing Chief Operating Officer who, in accordance with the principles, could be "slot and matched" to the new Corporate Director – Operations post, subject to the approval by Employment Conditions Committee of the salary level for that post.
8. Currently the existing Chief Operating Officer is employed subject to a fixed term appointment to April 2015. Should Employment Conditions Committee be minded to agree the remuneration and terms and conditions associated with this post, the current incumbent will be invited to a confirmatory Appointment Committee to enable the slot and match to be confirmed as a permanent position. The Appointment Committee will be convened as soon as is practicable following the Employment Conditions Committee decision.
9. All other posts will go out to external advert in two phases – Phase one will be for the Corporate Director Resources and the Director posts.

Phase two will be for any residual Assistant Director or equivalent posts following the appointments at Director level, as there is scope to offer some of these posts to existing senior managers who do not wish to apply for Director posts or who may be unsuccessful in their applications

### **Proposed Spot Salaries and proposed changes to terms and conditions**

10. With the exception of the Chief Executive, existing salary scales for these senior management roles will cease to apply on adoption of this new structure. This will be replaced as outlined in the 11 October 2012 Cabinet report with a spot salary arrangement as follows:

- Corporate Director Operations -£130k
- Corporate Director Resources - £130k
- Directors £120k
- County Solicitor £120k
- County Clerk and Monitoring Officer - £120K
- Chief Officer - £80k
- Assistant Director - £80k

The rationale for these spot salary levels is contained within Appendix 4 - the Hay Senior officer remuneration report

11. The current "in scope" posts are covered by the Joint Negotiating Committee for Chief Officer Terms and Conditions of Employment. It is proposed where possible that the terms and conditions for the new posts will take account of the need to align with the Council's recently agreed Collective Agreement relating to Single Status for National Joint Council for Local Government Service staff.

12. Specifically the proposed changes to terms and conditions for the new posts would be:

- Car mileage to be remunerated at HMRC rate of 45 pence per mile (the current arrangement for this group is 58.7 pence per mile - casual user rate )
- Annual leave would be aligned to Single Status for those with under five years' service from 26 days to 23 days and those five or more years' service from 30 days to 28 days. It should be noted that these totals exclude the extra 4 statutory days previously taken on the Tuesdays following bank holiday Mondays. These have already been added to existing annual leave entitlements, so the actual figures will be 27 days for staff with under five years' service and 32 days for staff with 5 or more years' service. For existing employees there would be a commitment to protect current annual leave entitlement for a period of three years (as per the collective agreement for Single Status staff)

## **Reasons for Recommendations**

13. To ensure the senior management arrangements take account of the emerging priorities of the Administration and to provide the opportunity to enhance the in – house management capacity.

## **Legal Implications**

14. Cabinet has determined the senior manager arrangements of the Council, but does not have authority to determine the terms and conditions of the employment of Chief Officers and above. The latter is a Council function delegated to the Employment Conditions Committee.
15. In deciding on pay levels and terms and conditions for the new senior manager posts, Employment Conditions Committee should have regard to relevant national agreements affecting pay and terms and conditions. These do not prohibit the changes that are proposed in this report.
16. Finally, consideration should be given to whether the pay arrangements are based on a robust legally defensible basis from an equality perspective. Legal advice is that this is the case.

## **Financial Implications**

17. The proposed cost of the senior team arrangements, as approved by Cabinet on 11th October are cost neutral as they will be funded from within existing resources. The additional investment of £1.1 million will be met through a reduction in the use of external management consultants which cost the Council over £3.5 million in 2011/12. In addition it is estimated that recruitment costs of circa £200,000 will be incurred in support of these changes. These costs will also need to be met from savings in external management consultancy as will any resultant severance costs arising from the process.

## **People Implications**

18. The approved organisational structure presents significant people implications which will need to be managed in accordance with the recommended legal principles and the employment legislative framework. Cabinet has delegated the power to implement the new model to the Head of Paid Service in consultation with Cabinet Member for Finance, Business & Local Economy, There is to be ongoing dialogue with Trade Unions colleagues and impacted staff, with work done to minimise any disruption to the organisation, .
19. A range of employee support measures will be available for those staff impacted including one to one support.
20. The following principles have been adopted and information is provided about these by way of background:

- A number of the roles are significantly different from the current roles. Where roles differ in this way, it would be unfair to slot any existing managers into them. However, we also recognise that where existing senior managers are currently undertaking tasks that are very similar to the new roles, fairness requires us to give consideration to a slot and match process.
  - In undertaking the restructure, the new role profiles recognise that local government in Wales is facing a period of unprecedented challenge and must respond to pressures to embrace change, develop new service delivery models and rise to the challenge of collaboration set by the Welsh Government. This calls for three key areas of management competency: change control, commerciality and collaboration. The current job descriptions for the senior management team have, for the most part, not included these skill sets and it cannot be assumed that current senior managers have these capabilities. Given the importance of these key capabilities at Director level, the desire is to appoint candidates who can successfully demonstrate they have a proven record in these areas. For Assistant Director level roles, however, there is greater scope to appoint candidates who can develop these capabilities.
  - The remuneration levels for the roles have been positioned to ensure salaries are in line with other authorities in core cities facing similar challenges to the Council. This is to attract the best talent and experience. In some cases, the salaries being offered are significantly higher than the levels of pay of current senior managers. As a public body, the Council cannot justify raising remuneration levels without testing the external market to ensure that the qualities of the successful candidates justify the levels of remuneration being offered.
21. As indicated above, applying these principles means that, with the exception of the post of Corporate Director Operations post, an external recruitment process will be undertaken for all Director level posts. Current senior managers will be eligible to apply for these roles. There is scope to offer Assistant Director and some other roles to a number of existing senior managers who do not wish to apply for Director level posts or who may be unsuccessful in their applications. It is proposed, however, that no such roles are offered where this would involve a salary increase. In addition, pay protection will not be offered where this would involve a reduction in salary.

## **RECOMMENDATIONS**

It is recommended that the Employment Conditions Committee:

- 1) notes the senior management arrangements to be implemented from 1 April 2013 as set out in Appendix 2
- 2) approves the independent Hay Senior officer remuneration spot point salary proposal relating to the "in scope" posts
- 3) approves the revisions to terms and conditions of employment as outlined in paragraphs 10, 11, and 12

**JON HOUSE**

Chief Executive

18 October 2012

The following Appendices are attached

Appendix 1 – Existing structure

Appendix 2 – Cabinet approved structure

Appendix 3 – Hugh James Legal advice

Appendix 4 – Hay Senior officer remuneration Report

The following Background Papers have been taken into account:

12 July 2012 - Proposed Senior Team Model Cabinet report

11 October 2012-Senior Management Structure Cabinet report

APPENDIX 1

EXISTING SENIOR TEAM







