

POLICY REVIEW & PERFORMANCE  
SCRUTINY COMMITTEE

5 September 2012

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**Proposed Senior Team Model**

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**Reason for the Report**

1. To provide Members with an opportunity to scrutinise the Proposed Senior Team Model, and to contribute to the Cabinet's consultation exercise prior to further consideration at its meeting on 20 September 2012.

**Background**

2. The Committee's Terms of Reference include scrutiny of the Council's use of human resources.
3. The Chief Executive is proposing a revised organisational model to support delivery of the vision of Cardiff's new administration. The model proposes strengthened management support to facilitate the Member-led delivery of local services, with less dependency on external consultants.

**Issues**

4. Attached at **Appendix A** is the report and the appendices outlining the Proposed Senior Team Model that were considered by the Cabinet at its meeting on 12 July 2012.
5. The guiding principles are that the proposed senior team model needs to :
  - Significantly reduce spend on consultancy
  - Use savings to meet the cost of the new proposals

- Employ skilled senior employees, demonstrating a loyalty to the organisation, to support Cabinet Members.
  - Reinforce commitment to scrutiny, cabinet support, policy & communications, and member support.
  - Recognises the importance of all Members in delivering local democracy.
  - Ensure adequate resources and profile is attributed to the economic development of Cardiff as a powerhouse of the City Region.
  - Place Cardiff in a position to respond to Welsh Governments emphasis on collaborative delivery of services.
6. In 2010 The Hay Group were asked to carry out an independent review of the existing senior management model, comparing the authority with others in the UK, and benchmarking against private sector organisations. The arrangements in Cardiff were considered lean in comparison.
7. The Proposed Senior Team Model is based on Directors and Assistant Directors working at the highest level to support their relevant Cabinet member, responsible for putting in place the strategies that give effect to the service delivery decisions taken by the Cabinet Member.
8. The Cabinet report attached at Appendix A includes details of the Existing Senior Team (**Appendix 1**) and the Proposed Senior Team (**Appendix 2**), Hay salary comparator analysis (**Appendix 3**), and Legal Advice (yellow pages/ confidential **Appendix 4**).
9. The proposals will require new role profiles that are significantly different to existing senior management roles, and therefore a slot and match process is unachievable. A consultation exercise is currently underway, and a further report to Cabinet on 20 September 2012 will consider the feedback of all those directly impacted by the new proposals, all political groups, Scrutiny, trade unions and Operational Managers.
10. Councillor Russell Goodway, Cabinet Member Finance, Business & Local Economy; Jon House, Chief Executive; John Gay of HayGroup; Emma Burns of Hugh James Solicitors; and representatives of trade unions GMB, UNISON and UNITE, have been invited to attend Committee to advise

Members of the proposals for a new Senior Team, and answer Members questions.

## **Legal Implications**

11. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers of behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances

## **Financial Implications**

12. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

## **RECOMMENDATION**

The Committee is recommended to:

(i). Consider the Proposed Senior Team Model and whether it wishes to relay any comments or observations for inclusion in the consultation and consideration by the Cabinet on 20 September 2012.

**Mike Davies**

Head of Scrutiny, Performance & Improvement

28 August 2012

## **CABINET MEETING: 12 JULY 2012**

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### **PROPOSED SENIOR TEAM MODEL**

#### **REPORT OF CHIEF EXECUTIVE**

#### **AGENDA ITEM: 7**

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#### **PORTFOLIO: CORPORATE AFFAIRS**

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

#### **Reason for this Report**

1. The Leader has made clear her Cabinet has a new vision to build Cardiff as a world-beating, Capital City and City Region. Cardiff Council will be at the centre of this process under the leadership of the Cabinet as a true, member-led City Government with Cabinet Members responsible and accountable for decision making.
2. The Cabinet has asked that the Chief Executive develop a model designed to support this ambition providing the capacity, skills and expertise to ensure that the vision of the new administration is achieved. It has been made clear by the Leader that the Council must lessen our dependency on external consultants. It has also been specified that although the model must deliver the necessary resources it must not be at an additional cost to the organisation overall. Building strength in the organisation whilst avoiding additional cost is imperative especially as the UK Treasury has made clear that public spending in the next seven years will be limited.
3. The Chief Executive has reviewed the senior team arrangements and concluded that, in order to deliver the ambitions of the new administration as a City Government, a new model is needed at the senior team level to deliver a cost neutral solution within the Council's overall budget.
4. This report outlines the proposed new model, the reasons for its submission and the subsequent consultation and decision making process.

#### **Background**

5. Whilst the current senior team has delivered on what has been required to date, the vision set by the new administration provides a new direction for the organisation. To successfully deliver this, it is important that a

model is implemented to put the necessary skills and expertise in place for the organisation, whilst lessening the need to bring external consultants into the organisation. There is a challenging agenda that has to be met in order to protect frontline services, ensure we have the employees required to deliver them, and to develop the services that Cardiff needs whilst achieving the circa £55 million savings needed over the next 3 years.

6. This Administration has also committed to limit the use of consultants wherever possible and to develop the necessary knowledge and skills from within the Council's permanent workforce. These proposals afford an opportunity to significantly reduce spend on consultancy support by appointing candidates with the necessary expertise to permanent posts bringing senior knowledge and experience to the organisation. These savings would be used to meet the cost of the proposed new senior team model.
7. The value of employing permanent staff with skills and expertise needed at a senior team level is significant. It enables the growth of a team of skilled senior employees who demonstrate loyalty to the organisation, work effectively in a member-led local authority and develop a keen understanding of the city that they serve. The City Government is determined to deliver unprecedented levels of transparent decision making and responsibility, making sure that the resources are in place so that Cabinet members are at the centre of the decision making processes. This requires a proposed model to support the necessary constituent parts to enable effective decision making supported by skilled officers with the necessary knowledge and insight to ensure Cabinet Members are working from a highly informed position and can then implement their strategy.
8. The proposed new model makes particular provision for the areas of scrutiny, cabinet support, policy & communications and member support which the new administration consider to be intrinsic to effective City Government. Recognising how important they are to ensuring this Council is able to deliver the very best services to the people of Cardiff has been further reinforced by the proposals to have these relevant areas directly reporting to the Leader of the Council and the Chief Executive. Equally as important will be the economic development of Cardiff as a powerhouse for the entire City Region, given the challenges the City faces. Hence proposals reflect the need to ensure adequate resources and profile are attributed to this area.
9. Changes will be designed to provide the capacity to support the new administration to achieve sustainable, efficient leadership as a City Government with the Cabinet Member accountable for transparent decision making. In addition to this, there will be greater capacity within the organisation to support backbenchers from all parties as this administration wishes to recognise the importance of all members in delivering local democracy.

10. Finally, the Welsh Government recognise the impact that UK wide public sector funding will have in Wales. It is anticipated that there will be a £1.76 billion cut in funding across Wales. The Minister for Local Government and Communities has said that the Welsh public sector will need to think radically differently about the collaborative delivery of services. Cardiff Council will have to be in a position to respond to this challenge

### **Existing senior team structure**

11. Hay Group, in the Executive paper of 2 December 2010, commented that the current senior team arrangements were lean in comparison with others including a comparison with the most effective and successful private sector companies
12. Appendix 1 details the existing senior team structure

### **Proposed senior team model**

13. The proposed new model has been designed in response to the Cabinet's views by the Chief Executive to provide Cabinet with the senior team support needed in order to successfully achieve the new administration's City Government style of leadership, putting Cabinet members at the centre of Council decision making. Under these proposals, Directors and Assistant Directors would work at the highest level to support their relevant Cabinet member and manage the teams responsible for the delivery of portfolio priorities. Appendix 2 details the proposed outline senior team structure.
14. The proposed salaries reflect the degree of strategic interface needed with Cabinet and the external collaboration requirements moving forward. The absence of external consultancy support proposed in this report will also require post holders to be able to demonstrate a proven track record in delivering change in a large organisation context along with the personal attributes required to successfully deliver that change. It is therefore anticipated that the role profiles will specify significant changes making a slot and match process unachievable. This premise will be considered during the consultation process.
15. The proposed model indicative salary levels have been independently benchmarked against core cities, London boroughs and public and private sector comparators. Attached at Appendix 3 is the senior salaries benchmarking analysis. This analysis confirms that the Cardiff median for all current senior posts is lagging behind that of the Core Cities, London Boroughs and the public and not for profit sector medians. The proposed spot point salaries would bring Cardiff broadly into alignment with these comparators and would enable the Council to attract the best calibre candidates in the current market. This would only be possible, subject to confirmation of the weighting of the posts using the approved Hay job evaluation methodology. Therefore, following the job evaluation process, the spot salaries will be formally assessed externally to provide a robust position with the Council paying a reasonable amount to high calibre staff

with the goal of protecting frontline services. The current levels shown are therefore indicative and will require further testing.

### **Reasons for Recommendations**

16. Proposals have been designed to ensure that the Council's senior team is resourced and structured to deliver the City Government ambitions of the new administration. The recommendations recognise the need to work on the detail of the new posts and the need to ensure full consultation takes place ahead of any decision to proceed.

### **Legal Implications**

17. In light of the significantly increased responsibilities and benefits to be offered and the step change in the roles, it is proposed that the new roles should go out to external competition. This will be in order to seek to demonstrate that every effort has been made to look at both internal and external candidates so that the very best are appointed to senior roles in the new structure. Legal advice, based on a review of the outline proposal, confirms that this would not appear to constitute an unreasonable or unfair way to proceed. The details of this are attached at Appendix 4 which is exempt from publication under paragraph 16 of Schedule 12A of the Local Government Act 1972 (Descriptions of Exempt Information: Wales)

### **Financial Implications**

18. The proposed changes to the senior team arrangements will be funded from within existing resources as the additional investment of £1.67m will be met fully through a reduction in the use of consultants particularly in relation to the Council's Transformation programme.

### **HR Implications**

19. The proposed model set out in this report is designed to provide the necessary boost to senior team capacity and capability in order to support Cabinet as City Government in their work to deliver their vision for Cardiff.
20. This proposal is subject to consultation with affected staff and their trade union representatives. It is proposed that consultation take place during the summer and an updated report is presented to Cabinet in September for final approval including any changes in pay.

## **RECOMMENDATIONS**

The Cabinet is recommended to:

- 1) approve the proposed senior team model on a provisional basis subject to the development of detailed role profiles to support the proposed structure and the outcome of a consultation process.



- 2) approve a 30 day consultation period on the proposed model to commence as soon as new role profiles are available.
- 3) receive a further paper in September 2012 which will provide full details on the proposed senior model including remuneration taking account of issues raised during the consultation process with a target implementation of the structure from January 2013 onwards.

**JON HOUSE**

Chief Executive

6 July 2012

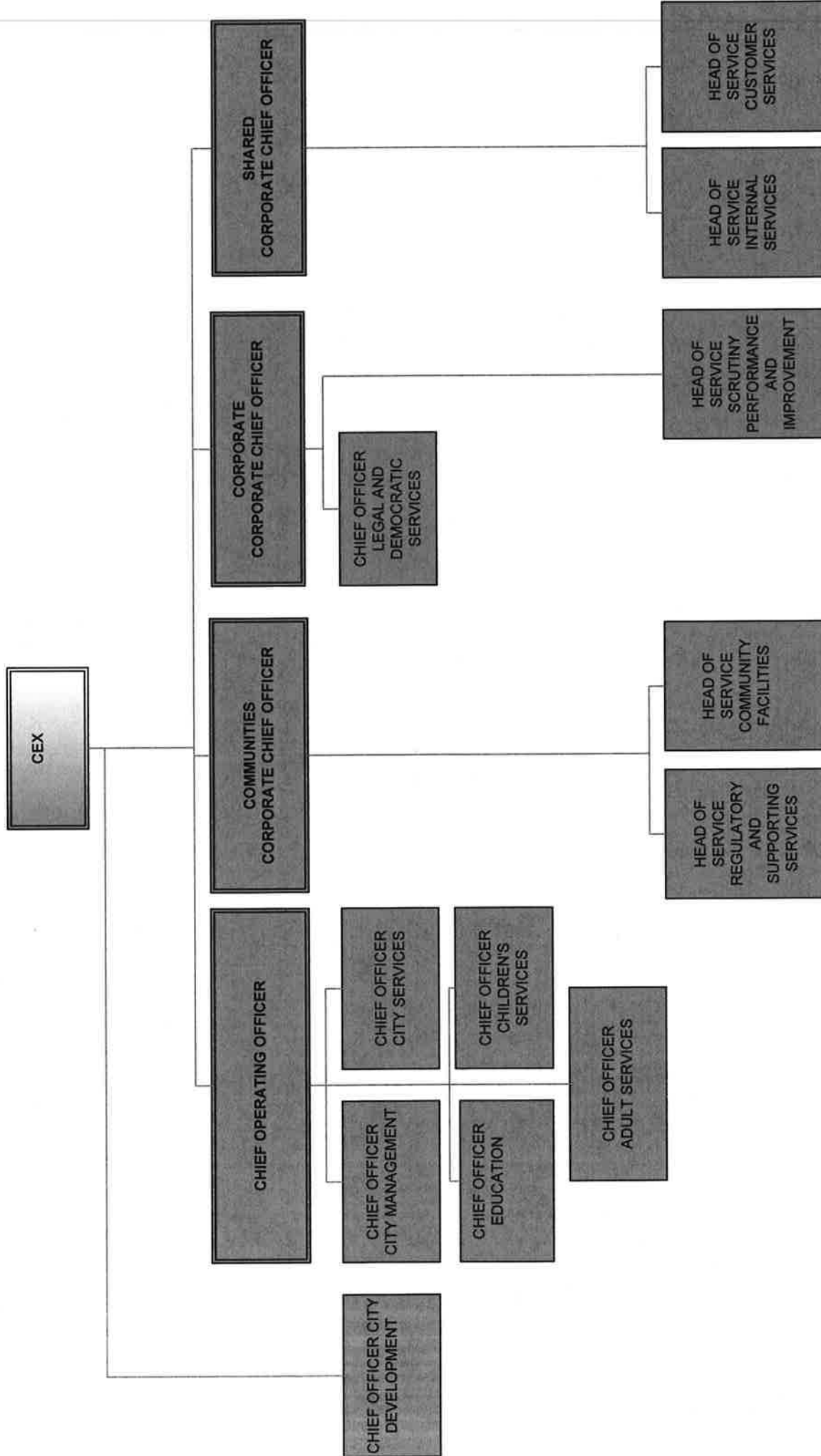
*The following Appendices are attached*

Appendix 1 - Existing senior team structure

Appendix 2 - Proposed outline senior team structure

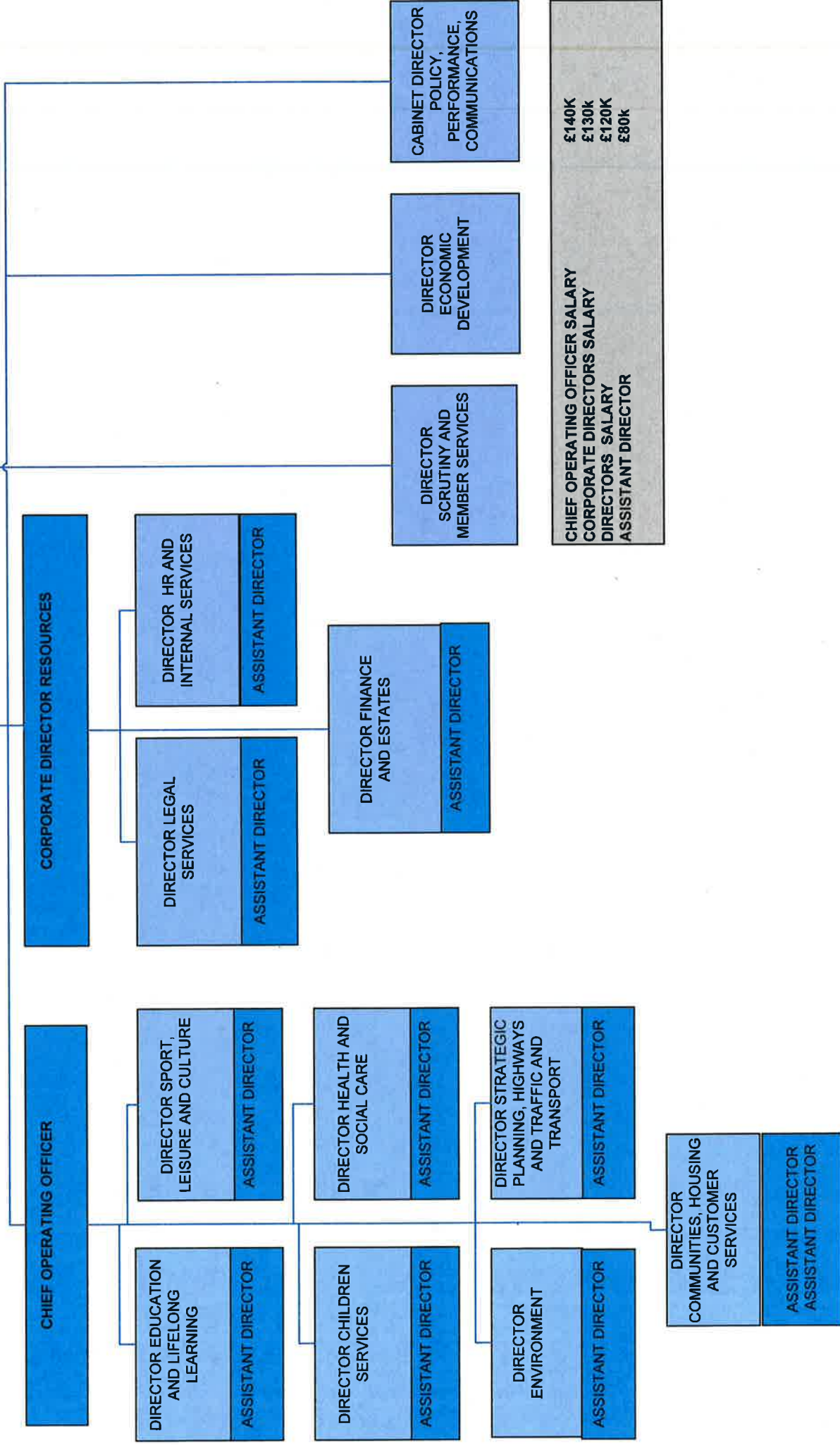
Appendix 3 - Hay salary comparator analysis

Appendix 4 - Legal advice (confidential)



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## APPENDIX 2



## Senior Salaries Benchmarking Analysis

Cardiff Council, June 2012

### Introduction

Cardiff Council is embarking on an ambitious programme of change in order to achieve the objectives of its new Administration. As part of these changes the Council needs to ensure it has the right senior management structure and capacity. Consequently, it is restructuring its senior management and reviewing the pay levels used to ensure it is able to recruit and retain the required caliber of senior managers, particularly from comparable authorities.

To support Council's decision on the new salaries to be used the following paper provides data on senior pay levels in:

- local government and the broader public sector;
- "Core City" local authorities;
- and London Boroughs.

### Data Analysis

The following data has been provided from both our database of over 700 UK organisations and supporting desktop research. All of the roles in the sample have been evaluated in accordance with our methodologies in order that comparisons are robust. The table below analyses the data against the Council's current grade and pay structure and by level of role, Know How (KH) Points, as determined by the Hay Group Method of Job Evaluation.

Base Salary, April 2012 Database

Role	Cardiff Council Midpoint	KH Points	Core Cities Median	London Boroughs Median	Public and Not for Profit Median	Industrial and Service Sector Median
Corporate Directors / COO	£119,548	800	£153,483	£180,645	£158,360	£190,769
Chief Officer 1	£98,268	700	£145,814	£131,394	£135,427	£163,634
Chief Officer 2	£91,260	608/528	£120,136	£126,618	£120,000	£131,619
Chief Officer 3	£77,397	528	£90,375	£97,290	£100,005	£111,473
Heads of Service	£63,833	460			£83,052	£92,500
Operational Manager 1	£58,312	400			£70,094	£77,022
Operational Manager 2	£47,404	350			£59,297	£64,981
		304			£50,750	£54,552

Notes:

1. The data shown at 800KH in the Core Cities is made from a small sample
2. Roles at Chief Officer 1 level have been benchmarked against 608KH roles

As all of this analysis only considers base pay and so therefore doesn't take into account any performance related payments that may be more prevalent in other sectors. At the levels above we would expect to see approximately 30 per cent of base salary on top of the 'Industrial and Service' sector figures as short term incentive.

The Council's current pay policy as we understand it from previous work we have undertaken is to set its senior salaries around the median of the Public and Not for Profit data.

### Proposals for change

Council's initial proposals on new senior management salary arrangements are to use spot points, as opposed to salary ranges, and are as follows:

Role	Proposed spot salary	KH Points*
Chief Operating Officer	£140,000	700
Corporate Directors	£130,000	700
Directors	£120,000	608
Assistant Director	£80,000	460

\* Indicative only. Once the structure proposals have been further developed, the roles will be fully evaluated using the Hay Group Job Evaluation Method to confirm the levels.

When comparing the proposed salaries by level (KH Points) with the comparative pay data in the first table it can be seen that they are broadly in line with Public and Not for Profit Median. Whilst there is more variation, the proposals are also at a similar level to the salaries paid by “Core Cities” and London Boroughs.