

## POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

18 JUNE 2013

Present: County Councillor Howells (Chairperson);  
County Councillors Bale, Keith Jones, Knight, Robson &  
Walker

Apologies: Councillors Hunt, Lloyd & Murphy

### 5: DECLARATIONS OF INTEREST

The Chairperson reminded Members of their responsibility under Article 16 of the Members' Code of Conduct to declare any interests in general terms and complete personal interest forms at the start of the meeting and then, prior to the commencement of the discussion of the item in question, specify whether it is a personal or prejudicial interest. If the interest is prejudicial, Members would be asked to leave the meeting and if the interest is personal, Members would be invited to stay, speak and vote.

### 6: REVIEW OF POST OF CHIEF EXECUTIVE

The Chairperson welcomed Steve Thomas, Chief Executive of the WLGA, Steve Belcher, Unison Regional Organiser, Ken Daniels, Branch Secretary GMB, Angie Shiels, GMB and Mike Formosa, Unite.

The Chairperson also welcomed the Leader, Councillor Heather Joyce and Jon House, Chief Executive.

The Chairperson advised Members that this item gave the Committee the opportunity for pre-decision scrutiny of proposals for the future of the post of Chief Executive and the interim arrangements to cover the position, following the announcement that the current Chief Executive would be leaving the Council in early July 2013. These proposals would then be considered by Cabinet.

The Chairperson invited the Leader to make a statement.

The Leader thanked Members of the Scrutiny Committee for facilitating this pre-decision process. The Cabinet would be considering three Options which were:

1. Appointment of a Shared Chief Executive/Managing Director with a neighbouring Council
2. Appointment of a new Chief Executive
3. Appointment of a new City Director.

The Leader advised that a Cabinet preference had been set out in the Cabinet report, however all proposals and suggestions from the Committee would be considered.

The Chairperson invited Steve Belcher to make a statement on behalf of Unison.

Steve Belcher thanked Jon House for his contribution to Cardiff Council. There were a considerable number of issues to be addressed in the Cabinet report and it was essential that the views of Unison members be considered. Concerns had been made regards the salaries of the new senior management team and considering their expertise Unison queried if it was essential that they have an acclimatisation period, rather than hit the ground running.

Unison felt that Option 1 presented issues with the Chief Executive's Term and Conditions and who exactly would be their main employer. If Cardiff had shared that provision with Caerphilly Council, taking into consideration the current issues faced by Caerphilly, what position would Cardiff be experiencing?

Option 2 was more welcomed by Unison, with a proposal to review the salary. Cardiff was the Capital city of Wales and a dynamic figurehead was essential in order to develop and keep the city on track. The salary would need to be addressed, especially as a result of Council officers only proposed to receive a 1% pay increase in these times of austerity.

Option 3 would result in a possible 15% saving, and certain duties of the Chief Executive being reduced and transferred to the respective Cabinet Member. Unison commented that this was similar ideology to having an elected mayor. This option was not favoured.

The interim arrangements also had to be considered and what had been put forward as the preferred option of the Leader and Cabinet to use an interim appointee provided by the WLGA would have a detrimental effect on the Council as a whole, in Unison's opinion. The salary discussed in the media for this individual was disgraceful. Sir Peter

Rogers, who had been mentioned in the media as the likely candidate, was a previous advisor to Boris Johnson, Mayor of London. It had been reported that he would receive £1,000 a day for 30 days work as Interim replacement for the Chief Executive. Sir Peter Rogers was also a previous Chief Executive at Westminster City Council, and therefore linked by Trade Union members with mass privatisation of services. In these times of austerity and with staff facing both pay cuts and redundancies, Unison queried if this was the type of appointment a Labour-run authority wished to approve. The position would be funded by the WLGA but that was still tax payers' money and those funds could be directed at services that were in disrepair. The people of Cardiff had elected a Labour-run authority and would not be prepared to witness it being run through these channels. Therefore, this appointment would be a disaster and the Cabinet should consider appointing one of the current in-house senior managers, with the relevant expertise.

The Chairperson invited Ken Daniels to make a statement on behalf of the GMB.

Ken Daniels explained that joint working was included in the Labour Party Manifesto however, no role profiles of that particular post had been provided in the Cabinet report. Option 2 was favoured as Chief Executive of Cardiff was a high profile and established position. Members of the GMB had been consulted on this process and 100 responses had been received with Options 1 & 3 being favoured. In terms of Option 3, that role should be evaluated properly in terms of its duties.

The proposal for the Interim arrangements was adverse to the GMB especially with the salary being suggested. What results could be achieved in 30 days and what benefit would that have to the Council. The Labour Party had clearly stated in its Manifesto that consultants would no longer be required. A salary of £1,000 could not be justified to the GMB Members.

The Chairperson invited Angie Shiels, GMB to make a statement.

Angie Shiels explained that the proposed interim arrangements had united all unions in opposition. The GMB Members were disgusted at the suggestion being put forward and appalled at the recommended salary. A new tier of management would soon be in place and there were currently senior officers in a position to carry out those duties.

The Chairperson invited Mike Formosa, Unite to make a speech.

Mike Formosa explained that in previous instances an in-house appointment had been made for the position of Chief Executive. Therefore was there a possibility that either current officers Andrew Kerr or Sheila Locke be considered for the position. Making this type of external interim appointment would be expensive and unique to the Council, especially when essential savings had to be made. If current proposals were taken on board what plans were in place following the exit of Sir Peter Rogers prior to the appointment of a replacement for the Chief Executive? Finally, a Chief Executive post was fundamental for Cardiff and this needed to be relayed to the Cabinet.

The Leader explained that a 15% reduction in costs for the post would be realised in the appointment of City Director. The interim appointment would be that of the Head of Paid Service and not that of Chief Executive. Current in-house officers were capable of being placed in that position however, due to service area pressures their expertise were being directed elsewhere. The Council was currently experiencing severe pressures in Education, and Estyn would be concerned if the Director of Education's attention was focussed elsewhere. It was crucial that resources be positioned in that area.

Steve Thomas, WLGA explained to the Committee that discussions had taken place with the Cabinet regarding interim arrangements following the proposals for the Peer Review process. The proposed Peer Review Team included Sir Peter Rogers, Alex Aldridge, David Hopkins, Phil Hodgson and Gill Lewis; this team would be brought in-house to assess the Council's Corporate facilities. The Peer Review process had been agreed before it was announced that current Chief Executive Jon House was leaving. A member of the Peer Review representatives, Sir Peter Rogers had been considered as an Interim Head of Paid Service in the absence of a Chief Executive due to his vast range of experience and expertise in local government. It was made clear that Sir Peter Rogers role had not been as political advisor to Boris Johnson, but that of impartial Special Adviser, which was not a political post. The WLGA had approached Sir Peter Rogers about the interim position and would be delighted to take up the offer, if the council decided to pursue that course.

The Chairperson invited Members of the Committee to ask questions, during which the following points were made:

Members of the Committee asked when Councillors would be formally notified of the proposed arrangements. Steve Thomas explained to the

Committee that he had actually communicated with the media about this proposed Interim appointment, assuming that the information had been circulated to Councillors. The Leader explained that she had intended to discuss the appointment at the Group meeting a few days previously, but that it had been publicised in the media beforehand.

Consultation with senior managers should have taken place regarding the Interim proposals as part of the communication process. It was essential the city be driven forward with a figurehead playing a leading role in this process. Members queried Sir Peter's position if he was not made interim Head of Paid Service, It was confirmed that the Peer Review would still continue to take place and Sir Peter Rogers would be on site as part of this process and in a position to provide support for the Review.

The Leader confirmed that she had not met Sir Peter Rogers and this appointment was a decision that had to be taken by Full Council.

The Committee was advised by Steve Thomas that suggesting an Interim Chief Executive was not uncommon in local government practices. The offer from the WLGA was in the context of it acting in its capacity as an Improvement Agency.

Members of the Committee noted that the Peer Review was a separate entity to the post of Interim Chief Executive. It was recognised that Sir Peter Rogers had valuable experience to offer the Council. However, Members of the Committee were concerned that if Sir Peter Rogers was appointed as Interim Head of Paid Service, would his role in the Peer Review continue and if so would that be a conflict of interest. The Committee was advised that Sir Peter Rogers had vast experience as a leading figurehead and advisor and; would be in a position to separate the two roles. The Committee felt these two conflicting positions of Sir Peter Rogers should be looked at in more depth, with the WLGA considering an alternative option through the use of another person for that Interim role.

Steve Thomas, WLGA, recognised that Members of the Committee had concerns with the Interim appointment and advised that considering alternative options could be considered except that would still result in the possible appointment of a consultant.

Members were also concerned that an Interim appointment for 3 months was not a viable solution due to the fact that no permanent appointment could be made in that timescale. This would leave the Council for a

further 3 months without an Head of Paid Service following the departure of Sir Peter Rogers if appointed. A time scale of 3 months was not exceptionally long in local government and it was questioned what exactly Sir Peter Rogers could achieve in that instance and would lead to a further period of uncertainty for the organisation.

The comments of the Committee were noted and it was emphasised that in 3 months one of the new directors would hopefully be in a position to act up as Interim Head of Paid Service. This was not an ideal situation but a sound appointment had to be made with the departure of the current Chief Executive expected in the very near future. A capable individual had to be appointed into that post in order to lead the workforce and deliver on priorities of the Council.

Members queried if any of the current officers in the Council's own in-house senior management team been considered for the Interim position. The Committee strongly emphasised that the Cabinet considered appointing an internal candidate on a temporary acting up basis until the recruitment process could take place. This would provide greater continuity to the organisation; would have less impact on stakeholder relationships, which had already been adversely affected by the publicity surrounding the proposals; and would offer greater benefits than a part-time, short term arrangement which would need to be reassessed in the very near future.

The Leader informed the Committee that the acting Director of Education would be called upon to deal with the pressing matters taking place in Education, so it would not be advisable for them to take on the role of Interim Head of Paid Service.

Members of the Committee sought further information on the role of Interim Head of Paid Service. With the current Chief Executive leaving the authority in 13 days, would those "external duties" then transfer to the respective Cabinet Members or be referred to the Interim Head of Paid Service.

Members were advised that whole process of "External Duties" would be a decision for the Cabinet itself and Cabinet Member capacity would be addressed. Cabinet Members would not receive additional allowances for carrying out these duties.

It was explained to the Committee that as part of the Peer Review agenda, including original discussions it had been agreed that this review be in

readiness for the Wales Audit Office Corporate Assessment. This was a preparation process and would assist with information required by the Wales Audit Office. Estyn would also be on-site in autumn 2013 to address matters in Education and to develop ways forward. The Peer Review would provide evidence to reflect and support the works of the Council to the Wales Audit Office, as part of the Corporate Assessment. The Council faced severe pressures and it was imperative not only to have strong political leadership but that of a strong and inspiring Head of Paid Service to lead the staff at this juncture.

Members of the Committee were updated on Paragraph 21 of the report, Other Matters referring to the appointment of Assistant Directors. Recruitment to the remaining Assistant Director/Chief Officer posts would be timetabled to coincide with the outcome of the new review. In order to derive efficiency savings, a further management review would be considered at a later stage.

The Committee expressed concerns on the fact that the proposed Interim appointment would only work on a part-time basis. Members felt that the Council needed a full-time resource given the various pressures which it was currently facing, including the ongoing Wales Audit Office's Corporate Assessment and significant financial challenges.

The Committee drew attention to the 3 Options. There were concerns with Option 1, especially considering the size of Cardiff as a whole and which local authority would take on a shared role. Secondly, the appointment of City Director with internal facing duties would increase the workload of the Cabinet. The Committee also questioned if business communities and Council stakeholders had been consulted on these proposals been consulted with

The Cabinet would consider the Options and make the final decision. Timescales were stretched and limited time had been given for consultation purposes due to this fact. The Welsh Government was pushing for local authorities to consider shared appointments. Either the Vale of Glamorgan or Caerphilly Councils could be considered. However, Members felt that Cardiff was the largest authority in Wales and to share a Chief Executive with a neighbouring authority was not the ideal option to take on board at this time.

Members of the Committee were advised that both the Leader of the Council and Cabinet Members worked excessive hours to deliver on what was required of them. External events would have an impact on this

workload however, it was assured the Cabinet Members would deliver on these added duties.

The Committee drew attention to the Job Description of the City Director and asked why one of the Key Accountabilities referred to

*“working with partners and stakeholders to develop deep rooted partnerships that will place Cardiff at the forefront of the City region, where this is seen to be to the benefit of the Council’s corporate objectives”*

This seemed to completely contradict the information being provided by the Leader on “external duties”.

Members of the Committee expressed concern with the removal of the Chief Executive’s role and suggested that the title remain the same with the possibility of amending the job description to reflect that of an inward facing role.

Members of the Committee asked why the position of City Director had not been considered as part of the overall management restructure that commenced in 2012. The Committee was advised that the review and restructure of the management of the Council began beneath the role of Chief Executive. This was the first time the post of Chief Executive was being addressed and there were possibilities of changing the role profile. The current Administration encouraged a Member-led authority and it was now recognised that an inward looking role was essential.

Members of the Committee asked who decided what “external duties” the current Chief Executive undertook. In response, the Leader explained that in May 2012 the Chief Executive was already committed to some boards and this was not changed at the time. Both the Leader’s role and the Cabinet Members’ roles had now transformed following May 2012 and a different working process was being introduced by means of developing a more Member-led authority. The WLGA encouraged Member-led authorities, with continuous support being provided from Chief Officers. Welsh Councils overall were encouraging this type of model, promoted as part of the Hill Review and being developed to enhanced Member-led working practices.

The Leader of the Council emphasised to Members of the Committee that the views and comments of the Scrutiny Committee would be considered as part of the Cabinet Report. No decision on the matter had been made as yet and would be considered the following day at the Cabinet Meeting.



Members of the Committee sought further information on the role of City Director and asked how this type of role had developed in neighbouring authorities. In response, Steve Thomas explained that both Newport and the Vale of Glamorgan had previously appointed City Director positions. However, as a result of a change in Administration in May 2012, both roles were then reverted back to that of Chief Executive.

The Committee was advised that to date no neighbouring authority had indicated a move to consider a shared Chief Executive post.

Timescales were proving to be limited on the exit of the current Chief Executive and therefore all possible options had to be considered. The Council needed a strong figure head to lead the work force and the Cabinet had welcomed suggestions from all avenues. It was acknowledge that one of the proposals had not received full consultation and comments from Unions and Councillors were welcomed.

Members of the Committee were of the view that the City Director post may be seen as a ‘downgraded’ position in comparison to that of Chief Executive, meaning both that Cardiff’s reputation nationwide may suffer and that the Council may not find a candidate of sufficient calibre.

The Committee was concerned that the shift towards a City Director post would create unnecessary pressures on the Cabinet in terms of their capacity to assume external duties as well as those they currently undertook.

If Cabinet Members were inclined to move towards “External Facing” duties demand on their current schedule would be limited.

Members of the Committee recognised that the Trade Unions seemed to favour the original role of Chief Executive. Hay Consultancy were responsible for evaluating the role of Chief Executive and this role and salary could be readdressed with a possible spot salary proposal.

The role of City Director was that of a first amongst equals, this was not how the current role of Chief Executive was carried out. A City Director would be the first point of contact for the Leader and Cabinet before other senior managers. It was accepted that overall in Wales the position of Chief Executive remained predominant and the role of City Director was still evolving.

The Committee wished to highlight issues with the City Director job description and suggested that it would be more appropriate for the role to 'support and advise Full Council' other than support the Leader and Cabinet only.

The Chairperson thanked all witnesses for attending and the Committee would now consider the Way Forward

AGREED that the Chairperson on behalf of the Committee write to the Leader of the Council, Councillor Heather Joyce highlighting the following issues:

- The Committee advised that while the cost of the arrangement would be borne by the WLGA, the Cabinet should remain conscious that this would still be a considerable cost to public funds.
- The Committee emphasised the Administration had also made it clear on several occasions that it had aimed to move away from the use of external consultants and towards building internal capabilities, which seemed at odds with this option.
- The Committee noted the interim arrangement would only be funded by the WLGA for three months. As the recruitment process was highly likely to be concluded by that time, it would leave the Council to find an alternative arrangement for up to another three months, if the chosen candidate had to complete a notice period. Councillor Joyce informed the Committee that this was likely to be an acting-up arrangement. The Committee was particularly concerned that this would lead to a further period of uncertainty for the organisation.
- The Committee also discussed the specific appointee to be provided by the WLGA, as identified in the media. The Committee heard from the Chief Executive of the WLGA that the candidate had extensive experience in English local government and that this originally led to his selection as a member of the Independent Peer Review commissioned by the Cabinet. While the WLGA felt that he would be able to successfully undertake both the roles of Head of Paid Service and Peer Reviewer, the Committee felt that this would be an inappropriate conflict of interest and could undermine the value of the Review.

- The Committee was also concerned that it was proposed that the candidate would work on only a part-time basis. Members felt that the Council needed a full-time resource, given the various pressures it was currently facing, including the ongoing Wales Audit Office's corporate Assessment and significant financial challenges.
- The Committee stressed that it welcomed the experience the WLGA candidate could offer in his original proposed role as a member of the Peer Review Panel. However, Members strongly recommended that the Cabinet consider appointing an internal candidate on a temporary acting-up basis until the recruitment process could take place. This would provide greater continuity to the organisation; would have less impact on stakeholder relationships, which had already been adversely affected by the publicity surrounding the proposals; and would offer greater benefits than a part-time, short-term arrangement, which would have needed to be reassessed in the very near future.

Secondly, with regard to a longer-term replacement for the current Chief Executive, the Committee heard Councillor Joyce's preference was to create a new role of "City Director", which would undertake fewer externally facing duties and could save around 15% on the current Chief Executive's salary. The Committee had a number of concerns around the proposed role:

- Members did not feel that adequate clarity had been established about the external duties currently undertaken by the Chief Executive that would shift to the Cabinet to provide sufficient distinction between the roles. The Chief Executive offered to provide a list of his current external-facing duties, and the Committee requested take up this offer, but felt this clarity should have been given in the Cabinet report to permit an informed decision.
- The Committee was also concerned that the shift towards a City Director post would create unnecessary pressures on the Cabinet in terms of their capacity to assume external duties as well as those currently undertaken.
- Members believed that the City Director post could be seen as a downgraded position in comparison to that of Chief Executive,

meaning both that Cardiff's reputation nationwide could suffer and that the Council may not find a candidate of sufficient calibre.

- The Committee was concerned that the “first among equals” status to be attributed to a City Director role would not allow the post holder sufficient strength and direction in a relatively new senior-management structure.
- Members wished to highlight issues with the City Director job description included with the Cabinet report. The Committee felt that it would be more appropriate for the role to “support and advise Full Council” (as in the current Chief Executive job description) than “support the Leader and Cabinet” only.
- Despite the Committee's misgivings around the proposed City Director role, Members were pleased to hear from the WLGA that the number of Member-led bodies and partnership groups was increasing across Wales. They were very much in support of this agenda.
- The Committee agreed that it was not appropriate at that time to create a shared Chief Executive post with a neighbouring authority.
- Members felt that, in light of the challenges facing the Council, any arrangement where it would share a Chief Executive would take away vital capacity from the Council's management structure.
- The Committee also felt that, as a capital city, it was fitting for Cardiff to have its own dedicated Chief Executive. Members were, however, surprised that no discussions had been held to explore this option with other local authorities, feeling the Cabinet had not gathered sufficient evidence in this regard.
- The Committee remained unconvinced by the evidence base to support the creation of a City Director role or to pursue a shared role.
- The Committee recommended recruitment to a Chief Executive role should proceed as soon as possible. If the Cabinet wished the role to concentrate on internal matters, this would remain within its control. However, continuing with the established role of Chief

Executive role would prevent an unnecessary lack of clarity and loss of status within the organisation at a time of considerable flux.

- The Committee noted the desire to achieve budget savings by creating a City Director role and encouraged the Employment Conditions Committee to investigate whether a replacement Chief Executive could be recruited on a spot salary at the lower end of the current scale.
- The Committee further noted the Cabinet’s intention to undertake a further review of senior-management structures to deliver additional savings.
- The Committee thanked Jon House for his work as Chief Executive and wished him well in his new role.

CHAIRMAN.....DATED.....