

Cheltenham Borough Council
Appointments and Remuneration Committee – 3 July 2017
Council – 24 July 2017
Review of the Head of Paid Service Arrangements

Accountable member	Councillor Rowena Hay, Chair of Appointments & Remuneration Committee
Accountable officer	Julie McCarthy
Ward(s) affected	None
Key/Significant Decision	No
Executive summary	<p>The purpose of this report is to propose that following the decision of Cabinet to withdraw revenues (including council tax), benefits and customer services from the 2020 Partnership Joint Committee that a decision is taken to replace the current Head of Paid Service post with that of the post of Chief Executive Officer for the reasons outlined in the body of this report.</p> <p>It is proposed that Pat Pratley, who is the Council's current Head of Paid Service on an interim basis, is appointed permanently to the new post and that she is requested to undertake a review of the current senior leadership and management team to ensure that it is fit for purpose.</p> <p>The final decisions on the creation of the post of Chief Executive Officer and the appointment of Pat Pratley to that post rest with Council.</p> <p>It is recommended that the Appointments and Remuneration Committee:</p> <ol style="list-style-type: none"> 1. Endorses the rationale for creation of the post of Chief Executive Officer to replace the current post of Head of Paid Service. 2. Agrees the responsibilities (to include the statutory roles of Head of Paid Service (HoPS) & Returning Officer), grade and salary for the post of Chief Executive Officer. 3. Agrees that the current Head of Paid Service, Pat Pratley, be appointed to the post of Chief Executive Officer from 1 August 2017 4. Requests that the Chief Executive Officer undertakes a review of the Senior Leadership Team (Phase 1) and Service Managers (Phase 2) to ensure that the Council has the necessary capacity, skills and behaviours within the executive and service management organisational delivery model and budget to deliver the Council's vision.

It is recommended that the Appointments and Remuneration Committee recommends to Council that:

1. A post of Chief Executive Officer (to include the statutory roles of Head of Paid Service & Returning Officer) is created as set out in this report
2. Approval be given to the appointment of Pat Pratley to the post of Chief Executive Officer with effect from 1 August 2017.

<p>Financial implications</p>	<p>The decision to withdraw revenues and benefits and customer services from the 2020 partnership resulted in a negotiated reduction in Cheltenham's contribution towards the partnership MD of £16,400. Alongside the review of the senior management structure, it is anticipated that the proposals within this report will be contained within the existing base budget.</p> <p>Contact officer: Paul Jones paul.jones@cheltenham.gov.uk, 01242 26 5154</p>
<p>Legal implications</p>	<p>The Council has a duty to appoint to the statutory role of Head of Paid Service. The Appointments and Remuneration Committee may agree who to appoint but no appointment may be made without the approval of Council. The Employment Rules must be complied with and this includes the need to consult with Cabinet before any offer of appointment is made.</p> <p>Contact officer: Peter Lewis, peter.lewis@tewkesbury.gov.uk, 01684 272012</p>
<p>HR implications (including learning and organisational development)</p>	<p>As outlined in the body of this report.</p> <p>Contact officer: Julie McCarthy, julie.mccarthy@cheltenham.gov.uk, 01242 264355</p>
<p>Key risks</p>	<p>See appendix 1</p>
<p>Corporate and community plan Implications</p>	<p>None arising from this report</p>
<p>Environmental and climate change implications</p>	<p>None arising from this report</p>
<p>Property/Asset Implications</p>	<p>None arising from this report</p>

1. Background

- 1.1 In October 2015 Council approved the creation of the 2020 Partnership Joint Committee (joint committee), the delegation of GO Shared Services (GOSS) (finance, HR, internal audit, procurement, counter fraud) and ICT from the date of its creation.
- 1.2 As a result of this direction of travel, members will recall that the authority's revised senior management structure, which included the deletion of the post of Chief Executive and consequential costs, was approved for consultation.
- 1.3 The structure was approved and the post of Chief Executive Officer was deleted and the post holder left the employment of the Council at the end of March 2016. The Deputy Chief Executive post was also deleted and this placed the then post holder Pat Pratley at risk of redundancy.
- 1.4 Council agreed to internally recruit to the new post of Head of Paid Service (who it anticipated would also become the Returning Officer/Electoral Officer). Following a report to this committee in January 2016, Pat Pratley was appointed to the post of Head of Paid Service, on an interim basis of 18 months, pending the anticipated changes to the council senior leadership team following the creation of the new 2020 company, and the need to review the remaining senior management structure during 2017.
- 1.5 On 17 October 2016 Council approved the transfer of GO Shared Services and ICT functions to a local authority business support company (limited by guarantee) which would be owned by this authority together with Cotswold District Council, Forest of Dean District Council and West Oxfordshire District Council.
- 1.6 Having previously delegated revenues, benefits and customer services to the joint committee, In February 2016, members will recall that Cabinet decided to withdraw those services and to return them to the direct management of the Council rather than commit them to the company. This decision took effect from November 2016.
- 1.7 The extent of service provision through a company model is therefore substantially less than originally envisaged. The structure of the authority's services and the number of directly employed staff remain very similar to the structure and number of staff employed prior to the deletion of the post of Chief Executive with effect from March 2016.
- 1.8 Council now needs to review the current organisational and leadership structures to ensure it has capacity and skills to deliver the services to the people of Cheltenham into the foreseeable future.

2. Reasons for recommendations

- 2.1 The authority has not reduced its workforce to the extent it originally planned nor has it reduced the level of activity or the focus on outcomes for Cheltenham and its communities.
- 2.2 External stakeholders, partners and the public recognise the position and role of a chief executive as the most senior accountable officer within an authority whereas the role of head of paid service, being a wholly familiar term within the local government community, as one of the statutory roles which needs to be fulfilled, is a much less familiar descriptor and can and is perceived by many as of a lower status. It is for these reasons that the post title of the council's most senior officer is being recommended for change.
- 2.3 The post of chief executive will carry greater authority when forging relationships and negotiating with partners and stakeholders specifically as other councils and external partners are likely to be represented by a chief executive and/or Managing Director.
- 2.4 A free standing chief executive will have the capacity to support leading politicians by acting as an ambassador for the Council; locally; regionally and nationally.
- 2.5 Organisational stability is key for any organisation especially during periods of significant change and financial challenge. The appointment of Pat Pratley to the role will ensure the stability continues.
- 2.6 Members are already familiar with her knowledge, skills and expertise having worked closely

with her in her role of Deputy Chief Executive and now head of paid service for a significant number of years. As a senior officer, Pat Pratley has played a key part in many of the major changes this authority has already gone through including the setting up of GO, her work to date with 2020, her leadership of the organisation following the departure of the former CEO in 2016 until present day.

- 2.7 The reinstatement of the post of chief executive will ensure the requisite strategic capacity is in place to work with leading members to further develop the vision for the town in terms of place, and put in place a senior leadership structure which will deliver the outcomes that members want to see to secure the future prosperity of Cheltenham and the financial sustainability of the authority.
- 2.8 Other local authorities, in the context of diminishing resources, and the need to work in partnership with others, see it as critical to have a chief executive with the capacity to operate at this level and secure the best possible outcomes for the authority and the residents and the various communities of the area served.
- 2.9 If the Council is minded to appoint Pat Pratley to the re-designated post of chief executive (see appendix 2 Job Profile), following an analysis of relevant comparative pay data by the Local Government Association (LGA), a salary band of £105k-£115k (see appendix 3 SLT Pay and Grading Structure) is recommended for the re-designated post.

3. Appointment Process

- 3.1 This report highlights the reasons for replacing the current Head of Paid Service role with that of creation of a Chief Executive Officer role.
- 3.2 It is intended that the role of HoPS be replaced by the post of Chief Executive Officer.
- 3.3 In line with Council policy the new role has been through a job evaluation process. The outcome of the job evaluation process is that the grade/proposed salary level is higher than that of the HoPS post.
- 4.4 In line with Council policy and to avoid a compulsory redundancy situation, the current HoPS post holder must be ring fenced and given 'prior consideration' for the new suitable alternative post.
- 3.5 As members are already very familiar with the current HoPS skills, abilities and work style an interview process is not required.

4. Alternative options considered

- 4.1 Appoint current post holder permanently to the role of Head of Paid Service but the more limited nature of that post does not reflect the responsibilities that are now identified as required to be met by a Chief Executive Officer post.
- 4.2 Extend the current interim arrangement for the HoPS post but this option does not provide the longer-term stability that the Council requires at senior level at this time.

5. Consultation and feedback

- 5.1 The HoPS is supportive of the recommendations as are Group Leaders.
- 5.2 The LGA have been consulted and their advisors support the creation of the post of Chief Executive Officer for the reasons outlined in this report.
- 5.3 Cabinet will be consulted on the appointment in accordance with the usual processes.

6. Performance management –monitoring and review

- 6.1 The post-holder is accountable to the whole Council. The Leaders of each of the Council's political groups will be responsible for monitoring performance through regular 1-2-1 meetings as well as through the appraisal process.

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Appendices	<ol style="list-style-type: none"> 1. Risk Assessment 2. Chief Executive Officer Role Outline 3. SLT Pay Grades
Background information	<p>Council Reports dated:</p> <p>19 October 2015</p> <p>25 February 2016</p> <p>17 October 2016</p> <p>A&R Committee Report dated:</p> <p>20 January 2016</p>

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likely-hood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If the Council does not appoint the current HoPS to the role of CEO the post holder will be redundant. She will also be entitled to early access of her pension	JMc	01.06.2017	5	2	5	Reduce	Council to be made aware of the risk and impact of the MTFS.	31.07.2017	PJ	
	If the council does not secure a permanent appointment to the role then there is a risk that the council may not fulfil the statutory responsibilities covered by this role.	JMc	01.06.17	5	2	10	Reduce	Council to ensure there is an appropriate appointment to the role of HoPS/CEO officer with access to adequate resources.	31.07.2017	PJ	

Explanatory notes

Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)

Likelihood – how likely is it that the risk will occur on a scale of 1-6
 (1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)

Control - Either: Reduce / Accept / Transfer to 3rd party / Close

