

READING BOROUGH COUNCIL
REPORT BY THE CHIEF EXECUTIVE

TO:	PERSONNEL COMMITTEE		
DATE:	27 JANUARY 2021	AGENDA ITEM:	2
TITLE:	DESIGNATION OF DEPUTY CHIEF EXECUTIVE		
LEAD COUNCILLOR:	COUNCILLOR JASON BROCK	PORTFOLIO:	LEADER OF THE COUNCIL
SERVICE:	CHIEF EXECUTIVE	WARDS:	BOROUGHWIDE
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 To agree the re-designation of the post of Executive Director of Resources as Deputy Chief Executive in order to strengthen senior management capacity to deliver the Council's ambitious plans in relation to social inclusion, anti-poverty and the 'levelling up' agenda, and to undertake the statutory functions of the Head of Paid Service in the Chief Executive's absence.
- 1.2 In addition, to designate the Director of Finance post as Chief Finance Officer and Section 151 Officer which will also support recruitment and retention for this vital role, and to advise on other consequential changes.

Appendix 1: Current Corporate Management Team structure
Appendix 2: Proposed Corporate Management Team structure
Appendix 3: Senior officers' salary benchmarking
Appendix 4: Proposed amendments to Article 12 of the Constitution

2. RECOMMENDED ACTION

- 2.1 That the Corporate Management Team structure set out at Appendix 2 be approved in principle, and a new Director of Finance post be created.
- 2.2 That the designations in the amended Article 12 of the Constitution (as attached at Appendix 4) are recommended to Council for approval.

3. BACKGROUND

- 3.1 This report details a restructure proposal for the Corporate Management Team which seeks to continue to support the Council's good track record of delivery of front-line customer facing services, but also increase capacity to deliver a range of projects to support the continued growth and development of Reading, alongside balancing the Council's budget. The proposed new structure will enable delivery of the Council's ambitious agenda through increased capacity in several key areas as outlined below.
- 3.3 The Council's current Corporate Management Team structure is outlined in Appendix 1. It comprises the Chief Executive, 3 Executive Directors, Director of Children's Services¹, and Assistant Director of Legal and Democratic Services (Monitoring Officer).
- 3.4 In January 2019, the Chief Executive undertook a restructure which aimed to strengthen senior management capacity in light of the changing needs of the Council. Following this, we successfully recruited a strong and experienced senior leadership team of Executive Directors and Assistant Directors. However, since this time, there has been a growing need to strengthen capacity further to address issues within the borough around social inclusion, anti-poverty and the 'levelling up' agenda. Currently, there is no single post with overall responsibility and accountability to lead and deliver successful outcomes in this complex area; instead the remit is contained within several senior posts. It is therefore considered essential to designate one of the Executive Director posts as overall lead for this agenda; specifically, the Executive Director of Resources post which already has a corporate wide remit. This post would also be designated as Deputy Chief Executive and be required to undertake the statutory functions of the Head of Paid Service in the Chief Executive's absence.
- 3.5 It is proposed that the Deputy Chief Executive is paid an additional responsibility allowance of £14,335 per annum which is 50% of the salary difference between the Chief Executive and Executive Director of Resources current grade maximums. Cost of living pay awards agreed by the Joint Negotiating Committee for Chief Officers of Local Authorities would be applied to the allowance. This would result in a total salary for the Deputy Chief Executive which is equivalent to just over 90% of the Chief Executive's salary. This also provides for a reasonable pay gap between the Chief Executive, Deputy Chief Executive and Executive Director salaries which helps to ensure fairness for equal pay purposes. Benchmarking has been undertaken of senior officer salaries in neighbouring unitary councils and west London boroughs which is attached in Appendix 3. Two other councils have a Deputy Chief Executive post, and in both cases, they are also paid approximately 90% of the Chief Executive's salary.
- 3.6 Currently, the Executive Director of Resources is designated as the statutory Chief Finance Officer and Section 151 Officer. It is proposed to move this

¹ The Director of Children's Services is seconded for 80% of the time to Brighter Futures for Children

function to the tier below. This will provide the Deputy Chief Executive with more capacity to focus on addressing the issues within the borough around social inclusion, anti-poverty and the 'levelling up' agenda. In April 2020, the Assistant Director of Finance left the organisation. The post was filled on an interim basis initially due to the pandemic situation. The post was advertised nationally in September 2020 at the current Assistant Director salary level of up to £96k per annum, but despite receiving 31 applications, none were of a high enough calibre to proceed to final interview.

- 3.7 Advice has been sought from several external recruitment consultants and all have advised that the salary and responsibilities of the role are not sufficient to attract the quality of candidates we are seeking; all have recommended a salary of between £115,000 to £120,000 per annum in order to attract candidates undertaking similar level roles in unitary authorities and London Boroughs. It has also been recommended that designating the post as Section 151 Officer will help to attract high quality candidates. It is absolutely essential to appoint a suitably qualified and experienced senior officer into this role given the significant budget challenges facing the Council. Whilst there has been good progress, there is still significant work needed to transform and raise the skills and capability of the function, implement a new finance system, and complete the accounts for 2018/19 and 2019/20. The post has therefore been reviewed and it is proposed to re-designate it as Director of Finance and Chief Finance Officer and Section 151 Officer. They will also be a member of the Corporate Management Team. A market supplement of £24,000 per annum will be paid on top of the base salary (currently up to £96,392 per annum) in order to attract and retain a suitably qualified and experienced candidate. This will achieve a maximum salary of £120,392 per annum which is at the higher end of the salary range recommended by external recruitment consultants.

4. THE PROPOSALS

- 4.1 A proposed structure chart for the Corporate Management Team is attached at Appendix 2.
- 4.2 It is proposed that the post of Executive Director of Resources is re-designated as Deputy Chief Executive. This post already has a corporate remit which would widen to become overall lead with responsibility and accountability for delivering successful outcomes within the social inclusion, anti-poverty and 'levelling up' agenda within the borough. The post would also undertake the statutory functions of the Head of Paid service in the Chief Executive's absence.
- 4.3 Currently, the Executive Director of Resources fulfils the statutory role of Chief Finance Officer and Section 151 Officer. It is further proposed to move this function to the new Director of Resources post in the tier below, which will also support recruitment and retention for this vital role as detailed in paragraph 3.7.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 These proposals are important to the achievement of all of the Council's Strategic Aims as set out in the Corporate Plan 2018-21, but in particular to the aim of remaining financially sustainable to deliver the service priorities set out in the plan.

6. COMMUNITY ENGAGEMENT AND INFORMATION

- 6.1 The proposals concern the internal senior management of the authority. It is neither appropriate nor required for them to be the subject of external consultation.
- 6.2 The Chief Executive has consulted with the Corporate Management Team and the trade unions and there is broad agreement with the proposals.

7. EQUALITY IMPACT ASSESSMENT

- 7.1 At this stage it is not considered that an Equality Impact Assessment (EIA) is required.

8. LEGAL IMPLICATIONS

- 8.1 The authority's power to appoint staff and to determine their terms and conditions of employment is under Section 112 of the Local Government Act 1972. This power has been delegated by Council to the Personnel Committee to exercise.
- 8.2 There are mandatory Standing Orders governing the recruitment, appointment and dismissal of senior management staff in a local authority, as set out in the Council's Officer Employment Procedure Rules in Part 4 of the Council Constitution. These derive from the Local Authorities (Standing Orders) (England) Regulations 2001, as amended by the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015. They were adopted by Council on 26 March 2002 and revised by Council on 7 July 2015. They cover Executive Director and Assistant Director posts in the authority, where any external recruitment process is the responsibility of the Personnel Committee.
- 8.3 The Personnel Committee has delegated powers to appoint Executive Directors (as statutory and non-statutory Chief Officers), the Monitoring Officer, the Chief Finance Officer, and other posts covered by the mandatory Standing Orders.
- 8.4 The Personnel Committee is being asked to consider four legal matters as a result of this re-organisation:
- (i) The re-designation of the Executive Director for Resources role as Deputy Head of Paid Service (instead of being designated as the Section 151 Officer);

- (ii) The appointment of a new post as Director of Finance
- (iii) The designation of the Director of Finance as the Chief Finance Officer and Section 151 Officer
- (iv) The re-designation of the Financial Planning and Strategy Manager post as Deputy Chief Finance Officer and Deputy Section 151 Officer

The Re-designation of the Executive Director for Resources as Deputy Head of Paid Service

- 8.5 The Executive Director of Resources is already employed as a Chief Officer of the Council. Article 12 of the Constitution designates this role as the Chief Finance Officer and Section 151 Officer. Personnel Committee is asked to recommend the amended Article 12 (as shown in Appendix 4) to Council. This re-designates the role as Deputy Head of Paid Service, but it remains as a Chief Officer role. The role will now be styled, Deputy Chief Executive, and in addition to the substantive duties of the role (managing the Resources Directorate, contributing to the overall corporate management of the Council), further duties as outlined in this report will be added to the role description.

The Appointment of a new post as Director of Finance

- 8.6 The Assistant Director of Finance role was a Deputy Chief Officer role. This role will now be removed from the structure. As an AD role, it was designated as the Deputy Chief Finance Officer and Deputy Section 151 Officer (Article 12) and the appointment to the role was made by the Personnel Committee (Officer Employment Procedure Rules). The appointment of a Director of Finance is similarly classified as a Deputy Chief Officer role (reporting to the Deputy Chief Executive), and the appointment is made by Personnel Committee. This is within the Committee's existing powers.

The designation of the Director of Finance as the Section 151 Officer

- 8.7 Whilst the Personnel Committee has power to appoint the Director of Finance, the status of the role as Chief Finance Officer and Section 151 officer is a matter for Council, since Article 12 of the Constitution specifies the designations of each role. The amended Article 12 attached to this report as Appendix 4 deals with this and these amendments can be recommended by this Committee to Council.

The re-designation of the Financial Planning and Strategy Manager post as Deputy Section 151 Officer

- 8.8 The Assistant Director of Finance was previously designated as the Deputy Chief Finance Officer and Deputy Section 151 Officer. If the Committee agrees to recommend the appointments outlined above, then a consequential effect is to designate another post reporting to the Director of Finance as the Deputy Chief Finance Officer and Deputy Section 151 Officer. This is

proposed to the Financial Planning and Strategy Manager. Again, the amendments in Appendix 4 deal with this.

9. FINANCIAL IMPLICATIONS

- 9.1 The proposals result in total additional salary costs of £38,335. This is comprised of £14,335 per annum paid to the Deputy Chief Executive post as an additional responsibility allowance for taking on additional responsibilities and for the extra 'acting up' in the statutory Head of Paid Service role in the Chief Executive's absence, and £24,000 per annum paid to the Director of Finance post as a market supplement in order to attract and retain a suitably qualified and high calibre applicant. The overall number of posts at senior management level remains the same.
- 9.2 The additional costs will be met from within existing salary budgets.

10. BACKGROUND PAPERS

- 10.1 None.