



Leicester
City Council

EMPLOYEES COMMITTEE

13 NOVEMBER 2006

CORPORATE DIRECTOR POSTS

Report of the Chief Executive

1. Purpose of the Report

- 1.1 To propose the way forward for these posts in the light of two vacancies in the event of a Cabinet decision to merge two departments.

2. Report

- 2.1 The posts of Corporate Director of Regeneration and Culture and Corporate Director of Adult and Community Services will soon be vacant. The Cabinet is considering whether to merge the Housing Department and the Adult and Community Services Department under a single Corporate Director of Adult and Housing. If approved, that post needs to be filled, and recruitment started to the Regeneration and Culture post.

Corporate Director of Regeneration and Culture

- 2.2 Although full external recruitment is more usual at this level, Members may wish to consider whether the internal pool of potential candidates is sufficient to justify a low key approach to external recruitment. Wider external recruitment could still be undertaken if Members did not wish to make an appointment after the internal stage.

- 2.3 The advantages of this approach are:

- A statement of confidence in the calibre of current staff, which may be well-received after so much management reorganisation.
- A swift appointment and if an internal candidate is successful, continuity of management during a period of widespread transformational change.
- Saving the costs of full external recruitment, estimated at about £35k.

- 2.4 The disadvantages are:

- A smaller pool of candidates.

- 2.5 To ensure all still have the opportunity to apply, there would still be low cost external advertising (such as the Jobs Bulletin and the Web Site).
- 2.6 A job description for the post is attached (to follow).

Corporate Director of Adult and Housing

- 2.7 A job description for the new post is attached (to follow). Two Corporate Director posts are deleted. One is, in any event about to become vacant. The Director of Housing is eligible to slot into the new post, as being the post most similar to the one he occupied previously. That being currently at a higher grade, a personal interview would be required under existing arrangement, but not if the Committee decided to link the two grades for all Corporate Directors. In that case, the slotting would be automatic.

Corporate Director Grades

- 2.8 There are currently two Corporate Director grades:

UCOS	UCOR
£87,702	£105,237
£91,071	£109,284
£94,443	£113,334
£97,815	£117,381
£101,193	£121,431

- 2.9 The posts for Housing, Resources and Regeneration and Culture are at the lower grade, whilst those for Children’s and Young Peoples Services and for Adult and Community Services are at the higher. The differential in Corporate Directors’ salaries was introduced last year because of market evidence in relation to our need to recruit two new posts of Corporate Director of Children’s Services and Adult Services. The departure from our practice over the last ten years of a single salary structure for Corporate Directors brings certain disadvantages in managing a team addressing the corporate priorities of the Council. The arguments for re-establishing a single linked grade for all Corporate Directors revolve around additional responsibilities, equity, corporate flexibility and the recruitment market as follows: -

- a. There has been a recent reduction of 33% (from six to four posts) in the number of Corporate Directors. This adds considerably to the responsibilities and workload of the remaining Corporate Directors.
- b. The core responsibilities of all Corporate Directors are the same. Each must ensure the delivery of their departmental service and financial outcomes, (through performance management) and each carries a substantial cross-service strategic brief. Each has a wide and complex portfolio of services and, irrespective of their exact nature and budget, the core management skills required, the type of consequences of any one of them failing and the level of their contributions to the effectiveness and direction of the Council are identical. A single linked grade minimises risks around pay inequalities.
- c. It is vital to the future direction and reputation of the Council that services join up under clear strategic leadership. For this the Corporate Directors’ Board, more than any other group, must act as a team with a unified style and a preparedness to take on roles as needed outside departmental boundaries.

Pay needs to be freed from departmental associations, if we really want Corporate Directors to function effectively outside Departmental boundaries. I would like to develop a wider partnership role for each Corporate Director in Leicester and in the region. I would like greater flexibility over departmental boundaries, so that Members can move service responsibilities where that makes sense (for example, there will undoubtedly be some rebalancing arising from the latest departmental merger). Differential pay scales inhibit this kind of teamwork and flexible dynamism. It may inhibit the corporate flexibility required for the review of Adult and Housing.

d. I believe that, with such large departmental and extra-departmental portfolios, external recruitment to any of the Corporate Director posts would be difficult at the lower scale alone. We have not found it easy to assemble a large shortlist in recent years and the likelihood is that we would be given advice by market specialists to trigger the higher scale to recruit. It is normal to approach retention in the same way and, in any event, unfair to take advantage of the loyalty of those who could command a higher salary if they chose to leave. A strategic approach is preferable to piecemeal reactions to individual recruitment situations. At their meeting on 10 September 2001 Cabinet gave me delegated powers in consultation with the Leader and Deputy Leader "to determine an appropriate remuneration mechanism to maintain the Council's position in the recruitment market for senior staff". The higher Corporate Director scale described in paragraph 2.8 was designed at that time. Members may feel in the light of the new circumstances outlined above in relation to additional responsibilities, equity, corporate flexibility as well as the recruitment market, that now would be an appropriate moment to approve a consistent approach for all Corporate Directors.

2.10 There have been substantial reductions in the Council's top management since the departure of the Director of Environment and Development in 2003. At that time, the Council had 6 corporate directors supported by 28 service directors. If the proposals to merge the departments of Housing and Adult Services are progressed, the Council will have 4 corporate directors supported by 21 service directors. It is never simple to translate this into ongoing cost savings, because things never stand still, and new decisions are taken based upon present arrangements which might have been taken differently under previous arrangements (e.g. the deployment of administrative resources). On a notional basis, however, and allowing for direct secretarial support, it can be estimated that these top management reductions have saved the Council £0.8m to £0.9m per annum. This has been achieved through a period of considerable turbulence, reorganisation and performance improvement across the Council.

2.11 There is, I believe, a straightforward and cost-effective solution which is affordable and financially justified in the context of recent senior management savings, and which gives the Council flexibility over future appointments. This is to combine the two current grades into a linked grade:

- Everyone would be on the same grade.
- Existing postholders on the lower grade would progress incrementally into the higher grade without causing any sudden increase in costs.
- Recruitment to all posts could be advertised at the top of the whole range, but appointment would be determined by Members at appointment on the lowest reasonable level taking account of the experience of the candidate, general

market conditions and the strength of the shortlist. Appointing new people lower down, would help to balance overall costs.

- The two appointments, currently in prospect, could be flexibly accommodated within this approach.

3. Legal & Financial Implications

3.1 It is noted that the costs of the top two tiers of management have reduced in recent years following rationalisation. The savings already made are not, however, available to finance further changes.

3.2 The cost of creating a linked corporate director grade can be met from the savings arising from deleting the post of Corporate Director of Housing. This is shown as follows (disregarding any saving which might be made in the future, were the Directors of Adults and Children's Services to become vacant again and appointed at the lower end of the scale).

Saving from deleting Director of Housing post	£118,100
Regrading costs of 2 posts	(£21,900)

Net Saving	£96,200
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3.3 Of the net saving, allowance needs to be made for the fact that some work carried out by the Corporate Director of Housing benefits the Housing Revenue Account, and a reduction in top management costs will therefore benefit the HRA as well as the general fund. Savings accruing to the HRA cannot be used to fund the cost of regradings elsewhere in the Council. It is impossible to be precise about the apportionment, but of the £96,200 net saving, approximately £30,000 will benefit the HRA.

3.4 The above table adopts the normal convention of costing posts at the mid-point of the appropriate salary scale, and applying on-costs. This provides an equitable estimate of the long-run costs. It would, however, under-estimate the costs of regrading the two unchanged posts were there to be no turnover in the medium term, and both postholders progressed to (and stayed at) the top of the new scale. This is because the new scale is longer than the old one. The maximum possible cost of regrading is £25,300 for each post.

Mark Noble
Chief Finance Officer Ext 7401.

3.5 Reducing the number of Corporate Directors has averted a redundancy situation at that level, although two resignations mean that there are still fewer people in post than posts available. The relevant postholders have been consulted. The Council's procedure for dealing with the situation is in paragraph 2.7 of the report.

3.6 There is a statutory requirement for the Council to have a Director of Adult Social Services (DASS) and Chief Executive. There is no current requirement for the DASS to have a social service based professional qualification. Statutory and best practice guidance from the Department of Health includes:

- 1 The DASS must be directly accountable to the Chief Executive and be comparable in terms of seniority with the Director of Children's Services.
 - 2 The Council may extend the DASS's responsibilities to cover other Local Authority services and responsibilities (examples given are Leisure, Housing, Transport and Adult Education).
 - 3 The Council is required to appoint to the DASS by 2008 and as it has already designated a DASS in advance, the requirement is to take the necessary steps to bring the functions in line with the guidance.
- 3.7 Social Services is subject to a statutory inspection process. The Council will need to be able to satisfy the Commission for Social Care Inspection that it can comply with the statutory guidance with particular reference to professional leadership – designating a Service Director who holds a professional social services qualification might assist and this should be addressed during the merger of the departments, consulting CSCI as appropriate.

Anthony Cross
Head of Environment and Advocacy Law
Ext 6362.

4. Recommendations

- 4.1 That the two Corporate Director grades be combined into a linked grade, leaving the Council flexibility to make new appointments at the appropriate level (normally the minimum).
- 4.2 That the post of Corporate Director for Regeneration and Culture be advertised with a focus on our internal pool of talent, albeit published externally through the Jobs Bulletin and website, offering the linked Corporate Director grade on the basis that Members will determine the starting point at interview.

5. REPORT AUTHOR

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