

Blackpool Council

6 November 2015

To: Councillors Blackburn, Cain, Campbell, Clapham, Jones, I Taylor and T Williams

The above members are requested to attend the:

CHIEF OFFICERS EMPLOYMENT COMMITTEE

Monday, 16 November 2015 at 6.00 pm
in Committee Room B, Town Hall, Blackpool

A G E N D A

1 DECLARATIONS OF INTEREST

Members are asked to declare any interests in the items under consideration and in doing so state:

- (1) the type of interest concerned; and
- (2) the nature of the interest concerned

If any member requires advice on declarations of interests, they are advised to contact the Head of Democratic Governance in advance of the meeting.

2 MINUTES OF THE LAST MEETING HELD ON 25 FEBRUARY 2015 (Pages 1 - 2)

To agree the minutes of the last meeting held on 25 February 2015 as a true and correct record.

3 CHIEF OFFICER STRUCTURE REVIEW (Pages 3 - 40)

To present to the Committee proposals for a review of the Council's senior management arrangements.

Venue information:

First floor meeting room (lift available), accessible toilets (ground floor), no-smoking building.

Other information:

For queries regarding this agenda please contact Lorraine Hurst, Head of Democratic Governance, Tel: (01253) 477127, e-mail lorraine.hurst@blackpool.gov.uk

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MINUTES OF CHIEF OFFICERS EMPLOYMENT COMMITTEE MEETING - WEDNESDAY, 25 FEBRUARY 2015

Present:

Councillor Blackburn (in the Chair)

Councillors

Cain	Clapham	Williams
Campbell	Jackson	

In Attendance:

Neil Jack, Chief Executive
Carmel McKeogh, Deputy Chief Executive
Mark Towers, Director of Governance and Regulatory Services
Lorraine Hurst, Head of Democratic Governance

1 DECLARATIONS OF INTEREST

There were no declarations of interest.

2 MINUTES OF THE LAST MEETING HELD ON 4 JULY 2014

The Committee agreed that the minutes of the meeting held on 4 July 2014 be signed by the Chairman as a correct record.

3 COUNCIL'S PAY POLICY STATEMENT

The Committee noted that the Council was required to produce a pay policy statement for the 2015/ 2016 financial year that set out chief officer salaries, remuneration of its lowest paid employees, the definition used for this group and the reason for adopting that definition. The Statement was also required to set out the relationship between chief officer remuneration and that of other staff as well as a number of areas recommended by guidance from the Department for Communities and Local Government.

Members were reminded that the Pay Policy incorporated the fee paid the Returning Officer and a revised schedule of fees for staff employed by him in carrying out duties as an election was submitted for consideration. It was reported that a number of minor changes had been proposed that would assist with external recruitment and were proportionate to the roles undertaken.

The Committee agreed:

To recommend to Council that the Pay Policy Statement and the scale of fees for elections be approved.

**MINUTES OF CHIEF OFFICERS EMPLOYMENT COMMITTEE MEETING - WEDNESDAY, 25
FEBRUARY 2015**

4 CHIEF OFFICER STRUCTURE REVIEW

Members were aware that a number of temporary changes had taken place over the previous year in relation to the Council's senior management structure, namely the secondment of a chief officer to Blackpool Coastal Housing and the interim arrangements following the resignation of the former Director of Children's Services.

The Chief Executive emphasised the importance of establishing a sustainable structure for the organisation that was fit for purpose and allowed retention and attraction of a strong senior management team. He also highlighted that the statutory posts of Director of Children's Services and Director of Adult Services, in particular were subject to a high level of challenge and external scrutiny in terms of performance.

Members considered the proposals for commissioning the Hay Group, as a specialist service that has had previous experience of working with the Council in respect of the chief officer core, to work with the Chief Executive, in reviewing the senior management structure.

The Committee agreed:

1. To authorise the Chief Executive to commission the Hay Group to assist him in an evaluation of the authority's senior management structural arrangements.
2. To note that a paper will be presented to the Chief Officer Employment Committee in June regarding the outcome of the review.

Chairman

(The meeting ended at 5.35 pm)

Any queries regarding these minutes, please contact:
Lorraine Hurst, Head of Democratic Governance
Tel: (01253) 477127
E-mail: lorraine.hurst@blackpool.gov.uk

Report to:	Chief Officer Employment Committee
Relevant Cabinet Member	Councillor Simon Blackburn
Date of Meeting :	16 November 2015

CHIEF OFFICER STRUCTURE REVIEW

1.0 Purpose of the report:

- 1.1 To present to the Committee proposals for a review of the Council's senior management arrangements.

2.0 Recommendation(s):

- 2.1 To agree a revised Chief Officer management structure for the Council, (to be distributed at the meeting as Appendix B) to be implemented by the Chief Executive and agree the proposed resulting impact of that structure on the chief officer pay and grading arrangements to take effect from the 1 December 2015.
- 2.2 To delete the post of Assistant Chief Executive (Built Environment).
- 2.3 To continue consultation regarding the proposed deletion of the post of Deputy Director of People Services – Education and delegate authority to the Chief Executive after consultation with the Director of People to agree terms if appropriate in accordance with standard practice or report back to this Committee if appropriate.
- 2.4 To note the deletion of the post of Head of Early Help and Head of Children's Social Care and confirm the creation of the post of Deputy Director of People – Children's Social Care and Early Help, as a Chief Officer post, which has been evaluated as within the pay range of chief officer posts in accordance with the council's pay policy.
- 2.5 To refer to Council for ratification the posts of Chief Executive, Director of Public Health and Director of People whose posts in line with the Council's Pay Policy statement remuneration packages will be over £100,000.
- 2.6 To recommend Council to confirm that Delyth Curtis be designated as statutory Director of Children's Services and Karen Smith statutory Director of Adult Services on a permanent basis.
- 2.7 To delegate powers to the Chief Executive to keep under review on an annual basis the need for market supplements that apply to chief officer posts in the Children's Services department.

2.8 To note the comments of Hay with regards to transformation, prevention and commissioning in their report and to ask the Chief Executive to work with the Corporate Leadership Team to determine the most effective way to take the need for focus in these areas forward in the Council's structure given the complex landscape that exists which requires the Council to work in partnership with others in all these areas.

3.0 Reasons for recommendation(s):

3.1 In February 2015, a report was presented to the Committee which explained that a number of temporary changes had taken place over the previous year in relation to the Council's senior management structure, namely the secondment of a chief officer to Blackpool Coastal Housing Ltd and the interim arrangements put in place following the resignation of the previous Director of Children's Services.

The Chief Executive emphasised the importance of continuing to review the chief officer structure in line with ongoing budget pressures but also highlighted the need to establish a structure for the organisation that was fit for purpose and allowed the retention and attraction of a strong senior management team. He also highlighted that the statutory posts of Director of Children's Services (Delyth Curtis) and the Director of Adult Services (Karen Smith), in particular, were subject to a high level of challenge and external scrutiny in terms of performance. Members are reminded that Council approved these statutory appointments on a temporary basis until the end of November 2015, as part of this review.

Members also considered the proposal for commissioning the Hay Group, as a specialist service that has had experience of working with the Council in respect of the chief officer core, to work with the Chief Executive in reviewing the senior management structure.

Members agreed that the Chief Executive should commission such support from the Hay Group and that a paper should be presented which detailed their findings together with a report from the Chief Executive, for a revised Chief Officer structure, reflecting these findings and the future priorities and challenges of Blackpool Council. It was originally planned to present this report in June but that was not possible given the need for consultation.

3.2a	Is the recommendation contrary to a plan or strategy adopted or approved by the Council?	No – although the salary for the positions of Chief Executive, Director of Public Health and Director of People need Council ratification.
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3.2b Is the recommendation in accordance with the Council's approved budget? Yes

4.0 Council Priority:

4.1 The relevant Council Priority is to deliver quality services through a professional, well-rewarded and motivated workforce.

5.0 Background Information

5.1 Attached at Appendix 3(a) is a summary of the report from the Hay Group which outlines their observations and findings having reviewed the Council's senior management structural arrangements and had discussions with the Chief Executive, chief officers and members of the senior leadership team.

5.2 Based on the findings of the report and his knowledge of the most appropriate way to deliver the best possible outcomes for the people of Blackpool, taking into account the Council's priorities and the challenges faced, the Chief Executive proposes a senior management organisation structure, which will be presented to the committee as Appendix 3(b).

5.3 Additional Posts to be Included within the Chief Officer Structure

Following the restructure of Children's Social Care, the post of Head of Early Help has been disestablished (as approved in 2015/ 2016 budget). The Early Help service has now been brought together with the social care service and will be managed by one new post of Deputy Director of People – Children's Social Care and Early Help. This post has been evaluated by Hay as falling within the Chief Officer grade as a result of this amalgamation of two roles into one and with the deletion of the Head of Early Help, has created a saving for the Council.

5.4 Posts to be Removed from the Chief Officer Structure

The Committee approved the changes to Chief Officer structure on 17 June 2014, this included the secondment of the then Assistant Chief Executive for Built Environment, John Donnellon, to Blackpool Coastal Housing Limited. The proposed structure permanently deletes this post from the Council's management structure. This change saved £120,000 in 2015/ 2016 and is reflected in the current budget position.

5.5 The Director of People has undertaken a review of how the Council delivers on its education role in light of the changing landscape, with a majority of the schools now academies and the setting up of the Blackpool Challenge Partnership with the Regional Schools Commissioner. Consultation has commenced on a proposal to remove the post of Deputy Director of People – Education and provide support and challenge to schools in a different way.

5.6 The Chief Executive recognizes the need to ensure a fair and equitable salary structure for senior managers that allows the Council to attract and retain talented individuals who can develop, support and deliver the organisations aims, taking cognisance of the financial situation that the council faces and the issue of affordability. At Appendix C is a proposed pay and grading structure for chief officers. This proposed pay arrangement is based on the following principles:

- The minimum salary for the post is based on the lower quartile salaries for posts with the same level of responsibility in the market.
- The maximum salary for the post is based on the median salaries for posts with the same level of responsibility in the market.
- Normal arrangements will apply for grade assimilation as for all employees – i.e. post holders will move to the nearest point from their current grade and pay protection arrangements applied as for all employees if necessary.

5.7 The salary structure review does not include the Chief Executive post, but it is proposed that the current grade range of £137,840-161,560, that includes 8 spinal column points is reduced to contain 5 SCPs to match the other Chief Officer posts and the new grade range is therefore reduced to £137,840-151,396. The Chief Executive has for the last four years taken a reduction in pay beneath the bottom point for the role on the basis of a personal agreement which has now ended.

Does the information submitted include any exempt information?

Yes (Appendices D and E) which include personal information relating to individuals under Description1 of Schedule 12 A to the Local Government Act 1972 (as amended)

List of Appendices:

Appendix 3(a) - Summary of Hay Report

Appendix 3(b) – Senior Management Organisation Structure (to be circulated at the meeting)

Appendix 3(c) – Proposed Pay and Grading Structure for Chief Officers.

Appendix 3(d) – Detailed Proposal regarding the Deputy Director of People (Education) (includes exempt information) – to be circulated at the meeting.

Appendix 3(e) – Hay Report - Review of Senior Management Structures (includes exempt information).

6.0 Legal considerations:

6.1 Equal Pay considerations are at the heart of all processes connected with structures, responsibility and pay grade. This independent review process by an organisation that are well established for their gender bias free pay evaluation model is recommended as a means of ensuring that all proposals in this regard are free of gender bias.

6.2 The Council's current Pay Policy Statement states that "appointments made to posts with a remuneration package of more than £100,000 being ratified by Council".

7.0 Human Resources considerations:

7.1 The Chief Executive, chief officers and senior managers were consulted in the development of the Hay report by members of the Hay group.

7.2 The Trades unions have been invited to comment on their position on the matter of chief officer pay in advance of the publication of this report and are of the view that the Council allows for officers duties to be reviewed as part of its Job Evaluation scheme and this same opportunity should therefore be available to Chief Officers.

8.0 Equalities considerations:

8.1 Please see legal considerations above

9.0 Financial Considerations:

9.1 Over the past 4 years, the cost of senior management to the organisation has reduced by £3 million.

9.2 Implementing this new chief officer structure will save £33,000 in the year 2016/2017 and will allow for a possible investment of £60,000 in alternative education provision to be discussed with the Schools Forum.

10.0 Risk management considerations:

10.1 The Council must have a senior management structure that enables it to deliver services and outcomes for the people of Blackpool in line with the Council Plan. It needs to attract and retain talented people in a difficult market, particularly given the very difficult financial climate in which it operates. The risks associated with having a weak management team are significant in terms of service failure.

10.2 The Council operates in a difficult financial climate and must consider affordability in determining its arrangements for senior officers and their pay. This must however be balanced in such a way that is fair in terms of equal pay legislation and enables the attraction and retention of talent and meets the Council's obligations in terms of equal pay.

11.0 Internal/ External Consultation undertaken:

11.1 Consultation has been undertaken internally within the Council and with the recognised trades unions.

12.0 Background Papers

12.0 None.

SUMMARY OF THE HAY REPORT

The detailed report from the Hay Group regarding the council's organisation structure is provided as a confidential background document to the Committee. Below is a summary designed to assist members of the committee by summarizing the main points made in their detailed report.

Delivery Models

The report deals with the types of delivery models used in the council and highlights that there is a 'mixed economy model' ranging from creating wholly owned companies, commissioning services and delivering them in house.

They note that the delivery models have led to the creation of a flat management structure built around the talent of the people in the chief officer cadre and that it was felt by chief officers that there was not a need for wholesale change.

They also noted from figures verified by the councils finance team that since their last review of senior management in 2013 there has been a further reduction in the cost of the senior management structure to the value of £153,000.

In considering how future services would be delivered Hay found that most chief officers supported the continuation of a mixed economy that was subject to challenge using the rigour of a commissioning approach to evaluate service delivery options over time. It was recognized that this approach was developed and familiar to the adult services directorate and becoming a strong feature in children's services but capacity had seen it mostly limited to those areas of work. Some chief officers felt that a corporate approach to commissioning would be beneficial and was important given the continued pressure on budgets

All senior managers felt that becoming a pure commissioning council was not the best way for the council to deliver for the residents of Blackpool. There was recognition that some of the operational services the council currently delivered could realistically be commissioned and outsourced, there was an argument that this may not deliver the same local economic benefit as council delivered services do in some cases.

Hay recognized that Blackpool Council was committed to working with partners across the town, across the Fylde Coast and across Lancashire. They were made aware of several examples of integrated services across organisations, shared services, shared management teams and joint commissioning. These arrangements not only drive efficiencies but also improve services for residents

Based on their findings Hay suggests that the council might consider a high level view of the way things are organized that does focus on 'People, Place and Resources'. This would very much support the proposed Council Plan priorities which focus on the economy and Blackpool as a place and building resilient communities – which is focused on the people of Blackpool.

In addition they suggest a focus on transformation and strategic commissioning is needed to support the council and all its directorates to meet future demands and challenges with public health leading on supporting directorates with 'up front' preventative work.

Impact on Structure

In terms of the impact of their proposals on the current structure Hay suggest a change to the Deputy Chief Executive role. Moving this to hold more of a transformational remit (it already has accountability for the main functions associated with transformation) would mean it would seem like the best place for a strategic commissioning hub in the future.

They also suggest that the structure at the top could become less flat depending on the talent available over time. However the council would need to be confident it had the talent below the Director level to take on more responsibility and accountability and drive the council forward in the strategic/operational space.

Hay note that should the council consider moving to this structure the following is worth noting:

- The Peoples Directorate has already been established with one Director responsible for the delivery of services to adults and children as part of the temporary arrangements made by the Chief Executive. This arrangement has worked well and it is suggested that it continues. The statutory DCS and DASS roles however should be held by different post holders although the DASS will report directly to the Director of People who will also be the DCS.
- It is suggested that over time the council gives consideration to the place agenda being led by one post holder mirroring the arrangement for the Peoples Directorate. To a certain extent the two senior officers working on the place agenda currently already work hand in hand; one focusing on the strategic decisions affecting the town whilst the other is focused on delivery on the ground. Over time as the council explores the different delivery models for services it is likely that at some point this element of the structure will change naturally
- Rather than the current Deputy Chief Executive post being seen as part of Corporate Resources there would need to be a change in culture to create a fourth strand to the usual "people, place, resources" structure that was focused on transformation, driving change through people, technology and commissioning.
- There would need to be a strong Resources function as there will still need to be a requirement for a Section 151 Officer. We would not recommend this statutory role sits with the Chief Executive as it places too much risk on the council structure and operations.
- Public Health would lead the agenda for preventative solutions to reduce demand on public services.

Impact on Salaries

Hay commented that like all Local Authorities, Blackpool Council has had to change the way it operates to deal with the financial restrictions that are being instigated by central government. Pay for senior roles in the public sector was typically frozen for three years from 2010 and senior management remuneration has come under increased scrutiny making senior roles less attractive. Councils are now fighting an increasingly difficult battle to keep talented staff within the organisation. The sudden change to salary practice after 2010 has also left some councils with illogical relativities, as some senior officers are paid less than their peers for doing similar or even more complex work, just because of when they were appointed. The combination of developing market pressure and incoherent policies and practices presents a good case for reviewing senior pay. At the same time, political and media scrutiny remains close, the public remains skeptical about public sector pay rises and members are understandably cautious.

Blackpool Council has a pay policy in place which has been designed to motivate staff to achieve the accountabilities expected of them while being seen to be a fair and equal employer:

'Blackpool Council is committed to paying all its employees appropriately and fairly using recognised job evaluation schemes that have been tested to ensure that they are free of gender bias. The pay scales for employees at all levels are in the public domain and the Council complies with requirements to publish data on senior salaries and its entire pay scale in the interests of transparency.'

There is no mention within the pay policy of where the council wants to benchmark the senior roles against the market but at present the positions at the executive level are benchmarked at levels below the lower quartile of the market rather than the median. We have shown a comparison against both the median and lower quartile in the pay analysis below.

It is worth noting that pay for other employees in the council is benchmarked against the North West median range for jobs where clear comparisons are available working with the Association of Greater Manchester Authorities and Lancashire. As a result it is likely that most posts in the council are comparable to the median range for local authority pay levels.

Hay have compared the results of the job evaluation process against a Public sector pay database (excluding London) and in their view it provides a sound basis for determining preferred pay market positions within and overall reward strategy.

Comparison of salary against the Public and Not for Profit sector January 2015 (excluding London)

		Public / Not For Profit (Exc London)		
Job Title	Hay Points	Market Upper Quartile	Market Median	Market Lower Quartile
Director of People	1,418	£131,959	£116,453	£103,846
Deputy Chief Executive	1,232	£115,168	£100,928	£91,381
Director of Resources	1,232	£115,168	£100,928	£91,381
Director of Place	1,192	£111,873	£97,762	£88,903
Director of Community & Environment	1,142	£107,928	£94,032	£85,562
Director of Governance & Regulatory Services	1,142	£107,928	£94,032	£85,562
Deputy Director of People (Adult)	1,142	£107,928	£94,032	£85,562
Deputy Director of People (Education)	1,040	£100,638	£87,406	£77,690
Deputy Director of People (Social Care and Early Help)	1,040	£100,638	£87,406	£77,690

Hay comment that Pay and grading structures should support an organisation in the following ways:

- Aligning to the culture, characteristics and needs of the organisation and its employees
- Facilitating the management of relativities and ensure equity, fairness, consistency and transparency in pay management
- Enabling roles to be graded appropriately and minimise grade drift
- Allowing flexibility to adapt to market rate changes and skill premium
- Enabling the exercise of control over the implementation of pay policies and budgets

Blackpool's current grading structure does not appear to meet these needs as there is a lack of internal relativity management, inequality in terms of pay for job size and no clearly defined policy regarding market position.

It is recommended that consideration is given to a clear pay policy regarding market positioning in the first instance with pay scales developed to reflect this decision. These steps will enable an implementation plan to be developed that takes affordability into account and moves the Council towards a pay and grading system that meets the points above.

It is noted that failure to take remedial action may contribute to recruitment and retention issues at senior level and runs the risk of complaints under equal pay legislation. Given the Council's commitment to equal pay and the significant programme of activity within the Council's strategic plan, failure to retain or attract key individuals with the required skills to provide critical leadership and drive success represent a risk to delivery of strategic objectives.

This Appendix will be circulated at the meeting.

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CHIEF OFFICER - PROPOSED GRADING STRUCTURE

Post Title	Hay Points	Grade	SCP	Salary
Deputy Director of People (Children's Social Care and Early Help)	1040	Grade 1	1	77,690
			2	80,119
			3	82,548
			4	84,977
			5	87,406
Director of Governance and Regulatory Services	1142	Grade 2	6	85,562
Deputy Director of People Services (Adult Services).	1142		7	87,680
Director of Community and Environment	1142		8	89,798
			9	91,916
			10	94,032
Director of Place	1192	Grade 3	11	90,142
Director of Resources	1232		12	92,443
			13	94,744
			14	97,045
			15	99,345
Deputy Chief Executive	1232	Grade 4	16	103,846
Director of People	1418		17	106,998
			18	110,150
			19	113,302
			20	116,453
Chief Executive	2128	Grade 5	21	137,840
			22	141,229
			23	144,618
			24	148,007
			25	151,396

Market Supplements

It is recognized that the statutory positions of Director of Children's Services (DCS) and the most senior lead role in Children's Social Care at present are attracting higher than normal market values. The council has provision in its pay policy to apply market supplements subject to the provision of documentary evidence from at least three sources to support it. Based on current data it is proposed to apply a £5,000 supplement to the Director of People role which includes the DCS designation and a £5,000 supplement to the Deputy Director of People (Children's Social Care and Early Help). All market supplements are reviewed annually by the Councils Human Resources team to ensure they remain bone fide and the committee is asked to delegate powers to the Chief Executive to take a decision about the continuance or otherwise of the market supplement based on the evidence provided by the Human Resources Team each year.

Director of Public Health

The Director of Public Health is not covered by the Hay grading arrangements, as a result of TUPE.

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