

Chief Officer Appointments Committee

24 July 2015



The Chief Executive Officer Role

Report of Simon Henig, Leader of the Council

Purpose of the Report

- 1 To seek approval to initiate a recruitment exercise for the appointment of Chief Executive Officer (CEO) for the Council.
- 2 To consider the method and timetable for the recruitment exercise, should agreement be given to fill the post.

Background

- 3 The current post holder of the role of CEO for the Council was appointed following an external recruitment exercise in July 2008. This role was the key officer role to lead the establishment of the new authority for County Durham, as a result of Local Government Review.
- 4 In August 2008, as Chief Executive designate, the present incumbent initiated a consultation exercise with Cabinet members in relation to the structure for the new Corporate Management Team (CMT). This proposed five Corporate Director posts and an Assistant Chief Executive.
- 5 This was agreed and the service of an external recruitment consultant was secured, and a national search and selection process was undertaken. A key objective at that time was to ensure that, in light of the challenges of delivering Local Government Review in County Durham, the new authority could secure the best talent available nationally in order to successfully deliver the significant change agenda for the new council.
- 6 The structure of CMT has remained stable since that time, with the only changes being the recruitment of a new Corporate Director Resources in 2010 and the merging of the then Children and Young People's Services with the Adults, Wellbeing and Health Service, into one new Children and Adults Services in 2012.
- 7 Whilst the membership of CMT has therefore remained stable since 2010, the context within which this has been in operation has changed beyond recognition. The national austerity measures have posed unprecedented financial and other challenges for the CEO and CMT since the scope and scale of savings to be achieved were identified in 2010 and have subsequently grown exponentially since.

- 8 Despite this, the current CMT have a significant track record of achievement for the Council, leading the successful integration of the eight County Durham authorities, delivering £153m savings in the context of the Medium Term Financial Plan to 31 March 2016, whilst continuing the improvement journey for the delivery of services to the residents of County Durham. The work of the Council was also celebrated and recognised at a national level, with the endorsement of it being awarded the Local Government Chronicle Council of the Year in 2014.
- 9 The present incumbent has indicated his intention to retire in January 2016. It is therefore necessary for the Council to implement plans in this regard to establish a robust leadership succession plan given the degree of strategic challenges and changes that the Council continues to face into the future.

Proposed Recruitment Exercise – 2015

- 10 The Chief Officer Appointments Committee (COAC) is now asked to agree to move to a recruitment exercise to fill the post, and to consider the process and timing for the exercise.
- 11 In line with the Council's recruitment and selection policy guidelines, vacancies would normally be advertised in the first instance through an internal advertising process, only moving to external advert should no suitable candidate be identified internally. Alternatively the COAC may wish to go concurrently with an internal and external advertisement, with internal candidates able to apply alongside external candidates.
- 12 The timescale for an exercise that advertises both internally and externally at the same time would be considerably longer than an internal only process and by its very nature it would also incur greater cost than that of an internal only recruitment process.
- 13 The benefits of running an internal and external recruitment exercise concurrently include the potential to attract a wider field of candidates with leadership experience and ideas gained from a different organisational perspective. The COAC would also have the opportunity to consider the internal candidates in the context of candidates from the external market.
- 14 However, it is important to balance this consideration against the quality of the potential internal candidates, who could be tested through a shorter internal process leaving the external option open for consideration at a later date should this be unsuccessful.
- 15 It is important that there is an effective transition from the current CEO to the induction of a new CEO and the Council would benefit by maintaining stability and consistency at the CEO and CMT level during an extended period of austerity, considerable challenge and significant ongoing organisational change.

- 16 The current CMT members have been in post for between 5 and 9 years in the Council, however they have also prior to their current appointments all held Director' positions in other single tier organisations. They were each appointed as a result of a robust recruitment process that involved:

Technical Interviews prior to short listing

2 Day Assessment Centre including:

- Meeting with the Leader of the Council and CEO
- Various exercises with members of the COAC
- Interviews with Partner and Stakeholder Panels
- A presentation on a key strategic topic for the Council
- Final interview with the COAC.

An internal recruitment exercise would enable the Committee to further test the capabilities of the existing individuals of Corporate Management Team who choose to apply, with a view to an internal appointment in the first instance.

- 17 The current Corporate Management Team has consistently demonstrated significant expertise in both developing and delivering effective strategies for the Council and an internal appointment would demonstrate Elected Member confidence in the current CMT and send a positive message to partners, stakeholders, local communities and employees.
- 18 Whichever option is adopted, it is proposed that the services of an external recruitment consultant are procured in order to support the process.
- 19 The following table provides a brief over view of both an internal appointment timetable assuming a final appointment was to be made in October 2015 and an internal/external appointment timetable which assumes a final appointment to be made November/December 2015. The date on which the appointed candidate is able to take up the post will vary depending on whether the Committee opts for an internal or external appointment process. Given the timescales outlined below, and notice period requirements there is a risk that an external candidate would not be available to take up the position in January 2016.

Internal Recruitment

- **July**

Meeting scheduled for 24 July 2015.
Report to COAC to endorse the exercise and to agree timetable and assessment arrangements

- **August**

Advertise – internal 10 days

Internal/External Recruitment

- **July**

Meeting scheduled for 24 July 2015.
Report to COAC to endorse the exercise and to agree timetable and assessment arrangements

- **August**

Design Advertising Campaign – including advert, press release and microsite.

Internal Recruitment

- **September**
Short listing meeting with COAC
- **October**
Assessment and appointment of the CEO

Internal/External Recruitment

- **August/September**
Advertise – internal/external 21 days
- **September**
Long listing meeting with COAC
- **October**
Candidates attend Technical Interviews
- **November**
Short listing meeting with COAC
- **November/December**
Assessment and appointment of the CEO

- 20 Within either of the above recruitment processes, the COAC will select the preferred candidate for the role, for ratification by full Council.

Remuneration

- 21 The current remuneration for the post of CEO is £200k per annum. This was the agreed by the LGR Implementation Executive (IE) following a recommendation put forward by the Sub Group of the IE prior to the recruitment exercise in 2008.
- 22 However, given the impact austerity has had on Local Government as a whole since 2010, it is now appropriate for the Council to review the level of remuneration prior to advertising the CEO post.
- 23 The latest regional position on Chief Executives' salary levels will be provided to the Committee at the meeting. This will include a benchmarking exercise on both regional and national comparators.
- 24 Given that Durham is the largest authority in the North East, any salary should be appropriately positioned with others in the region. Any changes to the level of CEO remuneration would not at this time have any implications in relation to the level of Director remuneration, these posts having been independently evaluated, with pay not linked to the relative level of the CEO post.

Recommendations

- 25 It is recommended that the Chief Officer Appointment Committee:
- Agree to appoint to the post of Chief Executive Officer and that the recruitment process to commence immediately to ensure a seamless handover on the retirement of the present CEO;

- Decide upon the most appropriate recruitment process between:
 - An internal exercise initially only moving to an external exercise if an internal appointment is not made; or
 - An external exercise from the outset.
- Agree to engage the services of an external recruitment consultant to support the recruitment process;
- Agree the remuneration to be included in the advertisement for the Chief Executive Officer post, recognising that Durham is the largest authority in the North East of England.

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