

Committee: Full Council

Date: 14th September 2022

Wards: All

Subject: Senior Council Structure

Lead officer: Hannah Doody, Chief Executive

Lead member: Chair of Appointments Committee and Leader of the Council

Contact officer: Liz Hammond, Interim head of Human Resources

Recommendations:

- A To **note** the outcome of the senior management review carried out by the Chief Executive and the creation of the following executive director roles;
- 1) Executive Director of Innovation and Change
 - 2) Executive Director of Adult Social Care, Integrated Care and Public Health
 - 3) Executive Director of Environment, Civic Pride and Climate
 - 4) Executive Director of Housing and Sustainable Development
 - 5) Executive Director of Finance and Digital
- B To **note** the outline job descriptions for all of the roles attached as appendix two and that Appointments Committee agreed the approval of the final documents to the Chief Executive in consultation with the Chair of the Appointments Committee.
- C To **note** that the Appointment Committee has agreed to engage an executive search agent for any recruitment campaigns based on their track record and approach to attracting Black, Asian and Minority Ethnic candidates and has delegated to the Chief Executive the authority to appoint the executive search agent following soft market testing.
- D To **note** that the Appointments Committee has agreed to establish a sub-committee for the purposes of agreeing a shortlist of candidates and to act as the interview panel for the final interview.
- E To **note** that the Appointments Committee has approved the general recruitment process as outlined in paragraph 2 and has delegated the implementation of that process to the Interim Head of Human Resources in consultation with the Chair of the Appointments Committee.
- F. To **agree** that the Council offer the current (2021) Director salary range of £110,192 - £127,716 for the roles together with such suitable market supplements as the Chief Executive, in light of the advice of the retained executive search agent, considers appropriate pending a wider review of pay.

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The Appointments Committee met on the 1st September and agreed recommendations A – E and agreed to refer recommendation F to the Full Council meeting on the 14th September.
- 1.2 The Chief Executive has been in post since July 2021 and, as would be expected, has spent some time getting to know the whole organisation and working with members to shape the priorities for the next few years. This has included a consideration of the top management structure and whether it is fit for the future. To this end the CEO commissioned the services of a well-regarded HR consultancy, the HR Lounge Ltd, to carry out a review of the current structure. The lead consultant carried out an extensive consultation exercise, including structured interviews with 15 people, including all the directors, as well as running a focus group with assistant directors and other senior staff and talking with the Trades Unions.
- 1.3 The conclusion in the report was the senior team needs expansion, with responsibilities in some cases being reallocated and additional skills and expertise introduced. However admirable it may be to maintain a lean management structure, it is simply too lean and generates significant issues of risk and capacity. The senior team is spread too thinly and it is to their credit and good will that they cope as well as they do. At the same time, it follows that the day-to-day leadership of products and needs is at the expense of a full vision and strategy for the future. There is a shortage of resources and ingenuity to lead the major and big-ticket projects and regeneration. All the current team can do is prioritise daily needs rather than having the space to concentrate on longer term needs. The HR Lounge report highlights how much better resourced other London Local Authorities are at the top level.
- 1.4 The HR Lounge have recommended a revised structure which would create a level of resilience as well as introduce new and specialist regeneration skills and broaden the agenda and cover the range of contemporary services required. The revised structure also includes the creation of some new roles and the reallocation of functions between some existing roles with some consequential changes in title. The structure is deemed important to provide Merton with the skills that it needs now at Executive Director level. The CEO will provide professional oversight and strategic direction for the Monitoring Officer, Head of Communications, Head of Democratic Services and Head of Policy and Strategy with the day to day management of these posts falling to the Executive Director of Innovation and Change.

Under the proposals, the new corporate management team would comprise the following posts in addition to the Chief Executive:

Executive Director of Innovation and Change

Customer Experience, *Policy and Strategy, Democratic Services, Corporate and Business Planning, Communications, Monitoring Officer, Press, Public Relations

and Affairs, Media including Social Media, Values, Professionalism and all Enabling Services including Legal, Governance, Registry, Secretariat and Human Resource

Executive Director of Finance and Digital

Finance, Accounting and Reporting, Financial Investment and Strategy, Treasury, s.151 duties, Procurement and Digital and Connectivity

Executive Director of Housing and Sustainable Development

Regeneration, Growth, Major Projects, Strategic Planning, Strategic Transport Planning, Innovation and Asset Management, Planning consents and approvals, Building Control, All Property – Schools, Commercial, Housing Policy and Strategy, Liaison with LSVT, Homelessness,

Executive Director of Environment, Civic Pride and Climate

Facilities, Waste, Licensing and Enforcement including Trading Standards, Fly Tipping, Public and Green Spaces, Traffic, Highways and Parking, Emergency Planning, Civic Pride, Borough of Sport, Climate Change, Libraries and Community Hubs and Community Development

Executive Director of Children, Lifelong Learning and Families

Children's Social Care, Child Protection, Youth Offending, Schooling, Jobs and Skills, Apprenticeships, Lifelong Learning and Education for all ages

Executive Director of Adult Social Care, Integrated Care and Public Health

Adult Social Care, Integrated Care Systems, Adult Safeguarding, Adult Commissioning, Provider Services, Mascot Telecare, and Public Health

Note: Please note that for the activities highlighted in red the CEO will provide professional oversight and strategic direction with their people management line management remaining with the Executive Director of Innovation and Change.

- 1.5 As the proposals directly affect some of the existing directors, the Council's reorganisation procedures require those affected staff to be consulted about them. A formal consultation document was issued on 6 April and there have been meetings with the affected individuals with final consultation meetings concluding on the 26th July. The current Director of Corporate Services has direct assimilation rights to the Executive Director of Finance and Digital and the current Director of Children, Schools and Families has direct assimilation rights to the Executive director role of the same title. The Chief Executive considered the formal responses received and made a decision to make some amendments to the proposed restructure as a result.
- 1.6 The consultation report set out the proposals for filling new posts. The current Director of Environment and Regeneration retired in June and his role is being

covered by an interim and the current post of Director of Communities and Housing is covered by an internal acting up arrangement. In order to bring some stability into the organisation and allow it to move forward with its ambitious agenda, it is important that we now seek to recruit to the new structure with some priority. The London Market is buoyant due to a number of CEO roles being advertised which in turn generates churn at the next level down.

- 1.7 In order to ensure the Council can attract a strong field for these critical posts, the Appointments Committee agreed to the engagement of an executive search agent to support the recruitment process, and to delegate their appointment to the Chief Executive.
- 1.8 Members will note the job descriptions attached as appendix two are currently in outline form and the selected executive search agent will be asked to work with us to finalise the job descriptions. Appointments Committee have agreed to delegate approval of the final documents to the Chief Executive in consultation with the Chair of the Appointments Committee.
- 1.10 Full Council is asked to agree that, in line with the Council's pay policy, that the Council offer the current (2021) Director salary range of £110,192 - £127,716 for the roles, and apply suitable market supplements (which will be guided by benchmarking across London and as advised by the successful Executive Search agency). It is clear that Merton's current pay grades for Directors have now significantly fallen behind the market and Merton have had to use Market Factor Supplements of approximately £21k for a number of years in order to remunerate Directors appropriately. The HR Lounge have carried out Benchmarking across London which included a full review of both inner and outer London boroughs, Incomes data research, Xpert HR, pay trends and pay claims. The analysis of all this data shows median salaries for these roles at a conservative £153,000 - £163,000 in London. Some Local Authorities are operating two tier director structures. Post this restructure a wider review of Director grades would be recommended and the HR Lounge would recommend an overall salary band set with a minima of £140,000 and a maximum of £165,000 pa.

2. Details

- 2.1 A indicative proposed timetable is attached for information. This is indicative only at this stage as we may be able to move faster with some posts than others, dependent on the availability of good candidates.
- 2.2 As per our normal approach for senior appointments the full recruitment process will involve agreement of a longlist of candidates, who will then be put through a preliminary interview with a technical assessor. The technical assessors will be agreed by the Interim Head of Human Resources in consultation with the Chair of the Appointments Committee after recommendations by the chosen executive search agent.
- 2.3 The recruitment process will then continue with agreement of a shortlist of candidates, who will then be put through psychometric profiling. This is standard practice for senior appointments. Shortlisted candidates will then be invited to the interview day, which will consist of a stakeholder interview, 1-1 meeting with the Chief Executive, an informal lunch with key colleagues and ending with the final

panel interview with the Appointments Sub Committee who will make the final appointment decision.

- 2.4 The stakeholder panel will include representatives from a range of key partners, which will be decided in consultation with the Chair of the Appointments Panel.

3. Financial, resource and property implications

- 3.1 The costs of creating two additional Executive Directors roles will be circa £0.388m. This will be funded from the Internal Review contingency budget of £1.8m which was established to meet the financial implications of the Internal Review and the LGA Peer challenge which recognised the need for investment in corporate areas.
- 3.2 It is expected that the new management structure will help reduce the need for a range of senior interim management staff. Indications are that interim managers earning over a gross amount of £500 per day are costing the Council, on a daily basis, some £13,000. Albeit some of these posts are grant funded and project based.

4. Legal and statutory implications

- 4.1 The recommendation contained within this report are designed to ensure that the Council meets its statutory obligations to appoint staff on merit pursuant to the Local Government & Housing Act 1989. This means that the procedure should be capable of objective justification.
- 4.2 The decision on the composition of the senior management structure rests with the Chief Executive as head of Paid Service, pursuant to Article 12.3 (c) of the Council's Constitution. The proposals in this report reflect her final proposals and the draft JD's have been updated accordingly.
- 4.2 These posts are covered by the Employee Procedure Rules (part 4H) of the constitution. The Appointments Committee or subcommittee is responsible for appointing the Executive Directors.
- 4.3 However, before making an offer of a post with a remuneration package in excess of £100,000, as is proposed here, the approval of that package by full Council is required.
- 4.4 Once the recruitment process is completed in accordance with the Council's recruitment procedures an offer of appointment cannot be made until the Appointments Subcommittee has notified the Leader of the name of the person to whom the Subcommittee wishes to make an offer. The appointment will only be made where no material or well founded objections from the Leader have been received. This process should therefore be built into the recruitment planning timetable.
- 4.3 In all other respects the process must comply with the Council's recruitment procedure.

5. Human rights, equalities and community cohesion implications

- 5.1 The contents of this report are designed to ensure that the Council's processes are human rights and equalities compliant.
- 5.2 It is unlawful to discriminate on grounds of gender, race, disability, age, religion and belief and sexual orientation. This refers to both direct and indirect discrimination. In effect the process has to be evaluated against three tests (1) intention (2) method (3) effect. Where there is an **intention** to discriminate on any of the prohibited grounds, this would be unlawful. Where there is no such intention but the recruitment **methods** used are discriminatory, then the outcome may be open to challenge. Where the intention and method are sound but the **effect** is shown to have disproportionate effect on a particular category of applicant then the outcome may be open to challenge.
- 5.3 Committee is invited to satisfy itself that the procedures operate as designed. Committee should therefore be satisfied that the advertisement and shortlisting and appointment criteria are objective in order to assist in objective justification of the final decision.

6. Risk management and health and safety implications

- 6.1 To do nothing and leave the structure as is. This would severely limit Merton in its aspirations to deliver its strategic aims. The Senior team is lacking the full compliment of skills required and the team has little or no resilience and capacity to deliver Merton's aspirations.

7. Appendices – the following documents are to be published with this report and form part of the report

- 7.1 Appendix One: proposed time table;
- 7.2 Appendix Two: draft job descriptions

8. Background Papers – the following documents have been relied on in drawing up this report but do not form part of the report

- 8.1 Consultation report dated 6 April 2022.

9. Contacts

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10. Useful links

- 10.1 Merton Council's Web site: <http://www.merton.gov.uk>
- 10.2 Readers should note the terms of the legal information (disclaimer) regarding information on Merton Council's and third party linked websites.
- 10.3 <http://www.merton.gov.uk/legal.htm>
- 10.4 This disclaimer also applies to any links provided here.

Appendix One – overview of draft recruitment timetable

Detailed Briefing Meeting	15 th September after the Appointments Committee on 1st September and full Council on the 14 th September
Preparing the adverts, JD's and microsite	Ongoing
Permission to recruit to posts above £100k to be approved by Full Council as per pay policy	Full Council meeting on 14 th September
Job Advertised and Search goes live	26th September (advert in MJ 29 th September)
Closing date	Friday 17th October
Longlist Meeting	24 th October
Preliminary Interviews	26 th Oct – 4 th Nov (carried out by executive search agent and agreed technical assessor)
Shortlisting meeting	8th November
Final Panel and Assessments	14 th – 25 th November