

# Arun District Council

<b>REPORT TO:</b>	<b>Full Council - 10 January 2024</b>
<b>SUBJECT:</b>	<b>Recruitment to the Permanent Chief Executive Officer Position</b>
<b>LEAD OFFICER:</b>	<b>Jackie Follis, Group Head of Organisational Excellence</b>
<b>LEAD MEMBER:</b>	<b>Cllr Stanley, Leader of the Council</b>
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION:</b> The role of the Head of Paid Service and Chief Executive Officer (CEO) is to provide the leadership to deliver the Council's vision and strategic direction, working with members and officers to create and implement the Council's Corporate Plan. The position of Head of Paid Service is a statutory position, and the Chief Executive's Recruitment and Selection Panel are responsible for the process to enable a successful appointment to this post.	
<b>DIRECTORATE POLICY CONTEXT:</b> It is important that the process for recruiting a permanent CEO is recognised as fair and robust allowing the Council to appoint the best possible candidate, including decisions on the remuneration for this post. These processes are set out in the Constitution under the Terms of Reference for the Chief Executive's Recruitment and Selection Panel and for the Chief Executive's Remuneration Committee.	
<b>FINANCIAL SUMMARY:</b> The total cost of the proposals in this report is £178,500, which includes salary plus salary on-costs. There is a minor funding shortfall of £5,260, which will be addressed as part of the 2024/25 budget setting process. A one-off budget of £30,000 will be set aside to fund recruitment costs.	

## 1. PURPOSE OF REPORT

- 1.1 The report informs members of, and asks approval for, the recommendations to Full Council from the Chief Executive's Recruitment and Selection Panel and the Chief Executive's Remuneration Committee. The minutes from both of these meetings are attached as Appendices.

## 2. RECOMMENDATIONS

It is recommended that:-

- 2.1 The recommendations of the Chief Executive's Recruitment and Selection Panel are agreed, as follows:
  - 2.1.1 That approval be given to recruit externally for a permanent Chief Executive Officer using a specialist executive recruitment agency.
  - 2.1.2 The recommendations of the Chief Executive's Remuneration Committee are agreed, as follows:

- 2.2.1 The annual salary to be paid for the permanent Chief Executive be £140,000;
- 2.2.2 This salary be an all-inclusive salary with no other allowances being paid; and
- 2.2.3 The annual pay award should continue to be aligned with the national pay award and should not be linked to the annual appraisal panel and subsequent review by the Chief Executive's Remuneration Committee.

### **3. EXECUTIVE SUMMARY**

- 3.1 The role of the Chief Executive's Recruitment and Selection Panel as set out in the Constitution is "to undertake all processes leading to the recruitment and selection of a new Chief Executive". This report confirms that the Recruitment and Selection Panel met and agreed, and is recommending to Full Council, to recruit a full time, permanent Chief Executive Officer and recommends that a specialist executive recruitment agency is used to assist with the recruitment process and search for suitably qualified candidates.
- 3.2 Following this recommendation, the Chief Executive's Remuneration Committee met to carry out its role as set out in the Constitution "to consider the remuneration to be paid for the post of Chief Executive that takes into account the report of the Chief Executive's Recruitment and Selection Panel". Having considered market data and other relevant factors in respect of recently recruited Chief Executive Officers in comparable local authorities, the Committee has recommended to Full Council an all-inclusive annual salary of £140k.

### **4. DETAIL**

- 4.1 The resignation of the previous Chief Executive presented an opportunity for the Council to review the requirements of the role, the skills and experience needed from a future postholder, the terms and conditions offered and whether there are alternative methods of working. The Recruitment and Selection Panel met on 20 September 2023 and 19 October 2023 to discuss these points and unanimously agreed that a full time permanent Chief Executive Officer should be appointed.
- 4.2 It is anticipated that a full and comprehensive recruitment process, recommended for a post of this seniority and importance, could take approximately six months, including a notice period of up to 3 months for the successful candidate.
- 4.3 The recruitment process for a Chief Executive post is complex with a number of stages to the process. The Recruitment and Selection Panel recommended that a Specialist Executive Agency is used to assist with marketing the vacancy and publicising via social media and known networks. In addition, they will lead on assessing the technical suitability of the candidates using tests and technical assessments. The final decision on the successful candidate will be made by a member recruitment panel who will take this information into account. Proposals for which agency the Council wishes to work with are being considered by the Leader of the Council, in consultation with Human Resources.

- 4.4 The submissions received from agencies indicate a cost of £25,000 to £30,000, although the final cost will depend on the detail of the process, a significant element of which is for advertising.
- 4.5 The Chief Executive Remuneration Committee met on 11 December 2023 and agreed that a recommendation should be made to Full Council that an all-inclusive salary of £140,000 be approved. This figure was decided based on market data provided by an external agency. The data gathered was taken from published statutory accounts for 2022/23, recent job adverts for Local Authority Chief Executives and published structure charts, as well as population size. The average salary being paid in October 2023 to Chief Executives of Local Authorities close to our population size (130,00 to 170,000) is £138,191. It was the opinion of the agency that a salary of £140,000 would attract existing Chief Executives from similar sized authorities.
- 4.6 In between the meeting of the Recruitment and Selection Panel on 20 October and the Remuneration Committee on 11 December, the national pay negotiations for Chief Executives were concluded and an award of 3.5% was agreed, effective from 1 April 2023. Local authorities have a number of different ways in which they determine CEO salaries, not necessarily linked to national agreement, so it is not possible to apply this accurately to the data received in October 2023. However, it is likely that this would mean that the proposed salary of £140,000 is no longer above the average of £138,191 stated in the previous paragraph.
- 4.7 Members of the Committee agreed that the salary to be offered should be all-inclusive with no other allowances being paid, in particular that no relocation allowance should be offered.
- 4.8 It was also agreed that the annual cost of living pay award for the Chief Executive should continue to be aligned with the national pay award. It should not revert back to being linked to the annual appraisal and subsequent review by the Remuneration Committee each year.

## **5. CONSULTATION**

- 5.1 Given the nature of the recommendations there has been no consultation as the recommendations are a Full Council decision.

## **6. OPTIONS / ALTERNATIVES CONSIDERED**

- 6.1 The Recruitment and Selection Panel asked officers to carry out research into different models for the appointment of a Chief Executive which was presented to the Panel. They considered a number of other options, including a fixed term contract, different structures that did not include a Chief Executive, sharing a chief executive and a part time contract. Their conclusion is that research into other authorities' experience and practical considerations mean that the Council should recruit a full time permanent Chief Executive to provide the leadership and ongoing commitment that is required.

6.2 To undertake the recruitment process in house using internal resources – Although there is sufficient expertise to undertake a comprehensive recruitment and selection process internally, the HR team does not have access to the same senior officer networks that a specialist agency would have to encourage suitably qualified ‘passive’ applicants to apply. Additional external resource would also have to be sourced for technical interviews and tests, such as a neighbouring Chief Executive.

## **7. COMMENTS BY THE GROUP HEAD OF FINANCE/SECTION 151 OFFICER**

7.1 The costs set out above are £178,500 per annum, which includes the salary for a Chief Executive Officer plus employers pension and national insurance costs.

7.2 Recruiting the right candidate to the role will also incur a one-off cost of up to £30,000 as set out in paragraph 4.4. It is not possible at this stage to know exactly when these costs will fall. If any are incurred in 2023/24, the Section 151 Officer is confident that the costs can be absorbed within existing budgets. However, as a precaution, a budget will also be set aside in 2024/25 to fund this.

## **8. RISK ASSESSMENT CONSIDERATIONS**

8.1 The current CEO vacancy is identified as a significant risk factor in the Corporate Risk Register. Although appropriate arrangements have been in place to cover the post since the resignation of the previous CEO a longer term solution is now required and the recruitment process should commence as soon as possible.

## **9. COMMENTS OF THE GROUP HEAD OF LAW AND GOVERNANCE & MONITORING OFFICER**

9.1 Under section 4 of the Local Government and Housing Act 1989 it is the duty of the Council to designate an officer as Head of Paid Service and to provide that officer with such staff, accommodation and resources as are, in that officer’s opinion, sufficient to allow their duties to be performed.

9.2 The duties set out within the 1989 Act:

- a. the manner in which the discharge by the authority of their different functions is co-ordinated;
- b. the number and grades of staff required by the authority for the discharge of their functions;
- c. the organisation of the authority’s staff; and
- d. the appointment and proper management of the authority’s staff.

9.3 Under the Local Authorities (Standing Orders) Regulations 2001, this appointment has to be approved by the Full Council and cannot be delegated to a committee or a sub-committee of the Council. The Head of Paid Service, in addition to their statutory role, undertakes all the functions listed in the Council's constitution, including overall responsibility for the delivery and direction of Council services.

#### **10. HUMAN RESOURCES IMPACT**

The Council must have a Head of Paid Service, a requirement under section 4 of the Local Government and Housing Act 1989 as described in section 9.

#### **11. HEALTH & SAFETY IMPACT**

No direct impact

#### **12. PROPERTY & ESTATES IMPACT**

No direct impact

#### **13. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE**

13.1 No direct impact as a fair and legal best practice recruitment process will be followed.

#### **14. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE**

No direct impact

#### **15. CRIME AND DISORDER REDUCTION IMPACT**

No direct impact

#### **16. HUMAN RIGHTS IMPACT**

No direct impact

#### **17. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS**

No direct impact

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#### **CONTACT OFFICER:**

Name: Jackie Follis

Job Title: Group Head for Organisational Excellence

Contact Number: 01903 737580

#### **BACKGROUND DOCUMENTS:**

The Council's Constitution – Part 3 – Responsibility for Functions – Chief Executive Committees and Panels

[PART 3 - Responsibility for Functions.pdf \(arun.gov.uk\)](#)