

APPOINTMENT OF DIRECTOR, FINANCE & PROCUREMENT

Purpose of the Report

1. The purpose of this report is to present the Officer Appointments Committee with a candidate recommended for appointment to Director - Finance and Procurement (Section 151 officer).

Background

2. The post of director, finance & procurement has been vacant since 22 April 2018. The post is a statutory position of section 151 officer for the council and is therefore a critical role with regards to the organisation's finances. The role is a member of the council's corporate leadership team and the postholder provides statutory advice and guidance on all financial matters to the executive directors, and to the councils Cabinet and elected members. The role description for this post can be seen in Appendix 1.
3. Market conditions for this role are difficult, with several other local authorities failing to recruit to this role, or similar roles. The council engaged the services of two executive search and selection agencies in 2018 to find a candidate suitable for appointment to this role but in both cases, this was not possible. As a result, the council has employed interim directors in this role, with the current one being in place since November 2018.
4. Proposals for a further search and selection exercise for this role were sought from several executive search agencies again recently. The specification included applying a market supplement on the salary for the role but despite this some of the proposals received indicated that the market for this role is unchanged and that a further attempt to search for suitable candidates may not result in an appointment.
5. One of the agencies who responded is a specialist in finance recruitment and have told us that there is still a shortage of candidates for this role and similar roles as several established finance directors/section 151 officers are approaching retirement, and that there is a lack of talent ready to step up into the role. In London, the Home Counties and in the South West there are around 14 councils with either interims or people acting up into this role. They also indicated that a higher salary would be required to attract the calibre of candidate that we are looking for.
6. There is significant evidence of recruitment issues being experienced by councils with Somerset, North Somerset, Kent, Islington, Enfield and Bexley all having all failed to recruit in the last 18 months.
7. CIPFA are taking some steps to develop deputy directors to address this national shortage but this is at its very early stages.

Main Considerations

8. The current interim director has been in post since November 2018 following a competitive process of interviewing candidates to find a suitable interim director. The CV of the interim director is in Appendix 2, which is part II.

9. Since joining the council in November 2018, the interim director has taken steps to develop new approaches in financial planning, outcomes business planning and is currently reviewing the service delivery models in the finance & procurement directorate to ensure the services are better aligned with the council's priorities and the new approach to financial planning. Some of this work however is still at its early stages.
10. Discussions have now taken place with the interim director about their employment status moving from an interim arrangement, where employment is via a third-party agency and based on a daily rate, to one where they would be directly employed for a fixed term and paid a salary. In these discussions they indicated that they would accept a change in their employment status.
11. Following these discussions, it is recommended that the Officer Appointments Committee approve the employment of this interim director on a 2-year fixed term contract, to include the application of special provisions relating to salary and expenses. The agency contract for this interim director ends on 31 October 2019 so the fixed term contract would commence on 1 November 2019. Details about the candidate and the special provisions that will apply are outlined in Appendix 3, which is part II.
12. Employment for a fixed term of 2 years would provide stability to the services in the finance and procurement directorate while the work that has started to change financial planning processes, and changes to service delivery models are implemented and embed. In addition, market conditions may change during the fixed term period so steps to recruit to the role in 2021 may result in applications from suitable candidates.

Overview and Scrutiny Engagement

13. No engagement is required as the recommendations in this report are a staffing matter.

Safeguarding Considerations

14. There are no safeguarding considerations required in relation to an appointment to the role of director finance & procurement/section 151 officer.

Public Health Implications

15. There are no public health implications because of the recommendations in this report.

Environmental and Climate Change Considerations

16. There are no environmental or climate change impacts because of the recommendations in this report.

Equalities Impact of the Proposal

17. There is no equalities impact because of the recommendations in this report. The council has in place robust policies and procedures to support appointments to roles in the council, all of which have been subject to an equalities impact assessment.

Risk Assessment

18. If appointment into this role is not approved the current interim director will leave the council on 31 October as they have indicated that they would not remain on an interim basis beyond that date.

19. Steps to recruit to the post permanently could be taken now but feedback from agencies has indicated the market conditions for similar roles means that an appointment would be unlikely and, as a result, the council would need to take steps to recruit another interim while the market conditions improve. This would be a third interim appointment and could cause disruption and instability within the directorate and senior leadership team.

Financial Implications

20. The cost of a further executive search and selection to recruit permanently to this role would be approx. £25k. This cost is delayed until November 2021 if we appoint the current interim director on a 2-year fixed term contract.
21. The other financial implications are outlined in Appendix 3, which is part II.

Legal Implications

22. The appointments policy & procedure for chief and senior officers outlines the process for appointing staff to posts where the role is already being performed by an employee on a temporary basis. This process has been followed.
23. The special provisions in the employment contract that will apply have been discussed with the council's monitoring officer who has advised that the council's pay policy statement has been approved by full council and through this the council has expressly delegated the function of appointment to executive director and director posts to the officer appointments committee. The pay policy statement goes on to explain how chief and senior jobs are evaluated including those paid over £100,000 per year and makes provision for the payment of a market supplement in exceptional cases where this is supported by evidence.
24. This advice, and the councils pay policy statement is in line with the guidance issued under section 40 of the Localism Act 2011.

Options Considered

25. An option to carry out a third executive search and selection process was considered and proposals from were sought, see paragraphs 4 & 5. It was due to the feedback from these agencies that the market conditions for similar roles would make an appointment unlikely, that the options recommended in this report were explored. The cost of an executive search and selection exercise is approx. £25K.
26. Another option considered was to recruit a third interim director in this role to start in November 2019. However, the nature of interim managers is that they can leave at short notice with a months' notice and this could cause further disruption to the directorate, senior leadership team and to service provision. In addition, the cost of an interim director is greater than the cost of the recommendations being made.

Conclusion

27. The other options considered could result in additional cost, a failure to recruit permanently and potential disruption to the business of the council if a third interim director is recruited, or the role remains vacant particularly given the critical nature of the role.
28. The recommendation to appoint the current interim director on a 2-year fixed term contract would provide stability and consistency for the directorate, senior leadership team and service delivery, and is the most cost-effective option.

29. The appointments policy & procedure for chief and senior officers provides a clear and agreed process for appointing to posts where the role is already filled on a temporary basis, and this process has been followed.

Proposals

30. It is proposed that the Officer Appointments Committee approve:

- a. The appointment to Director - Finance and Procurement (Section 151 officer) on a 2-year fixed term contract to commence on 1 November 2019. The contract will terminate on 31 October 2021.
- b. The special provisions that will apply to the employment contract in respect of salary and expenses, as outlined in Appendix 3.

31. This appointment will be subject to consultation with the leader and cabinet members in accordance with paragraph 5(2) of the Officer Employment Procedure Rules.

Reason for the Proposals

32. The reasons for these proposals are outlined in paragraphs 2 – 12.

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Appendix 1 – Role description for Director, Finance & Procurement

Appendix 2 – Appointment to Director, Finance & Procurement *Part II*

Appendix 3 – CV for the candidate *Part II*