

Coventry City Council
Minutes of the Meeting of the Audit and Procurement Committee held at 10.00 am
on Wednesday, 25 January 2017

Present:

Members: Councillor S Bains (Chair)
 Councillor R Brown
 Councillor J Clifford
 Councillor J Lepoidevin
 Councillor T Sawdon

Employees (by Directorate):

Chief Executive's M Reeves (Chief Executive)
Resources B Barrett, L Knight, H Lynch

Apologies: Councillor H Sweet

Public Business

56. Declarations of Interest

There were no disclosable pecuniary interests.

57. Minutes of Previous Meeting

The minutes of the meeting held on 19th December 2016 were agreed and signed as a true record.

Further to Minute 45, Members indicated that they had not yet received a list of officers undertaking work for the West Midlands Combined Authority.

Further to Minute 47, Member were advised that work was ongoing to identify a suitable date to undertake training on the Corporate Risk Register.

Further to Minute 48, Members reported that they were yet to receive details of how many Freedom of Information requests had been received from journalists.

Officers undertook to provide the Committee Members with the outstanding information.

58. Approval Process for ER/VR Applications by Audit & Procurement Committee

The Committee considered a report of the Chief Executive, which set out the proposed approach in determining the value of exit packages to improve openness and transparency.

In accordance with Section 40 of the Localism Act 2011, the Secretary of State for Communities and Local Government issued guidance regarding "Openness and accountability in local pay". The guidance, which local authorities must have

regard to, provided for elected Members to be offered the opportunity to vote before large salary packages were offered in respect of new appointments and large payments were offered to staff before leaving the authority. The Secretary of State considered that £100,000 was the appropriate threshold for salary and severance packages requiring approval.

The Council's Audit and Procurement Committee were therefore required under the Council's Constitution to determine any salary or severance package for an employee of the Council of £100,000 or over, or such other sum as determined by legislation in respect of any new appointment of severance package.

Historically, the Committee had been asked to approve severance packages where the entitlement to be received by the employee exceeded £100,000. This was consistent with the guidance.

In May 2016, the Enterprise Act 2016 received Royal Assent, and would make further changes to public sector exit payments in order to increase openness and transparency and to also ensure that exit packages delivered best value for money for local taxpayers. The changes, which were yet to come into force, would include capping the value of exit packages at £95,000. When calculating the value of an exit package, it was anticipated that local authorities would be expected to calculate and include the costs to the authority as well as payments / benefits to the employee. This would mean that pension strain costs (an additional one-off sum that an employer would be required to pay to the Pension Fund in order to allow the early release of pension benefits without actuarial reduction) would need to be included within the calculations.

It was recommended that the Committee authorise all exit packages where the benefits payable to the employee and costs to the Council exceed £100,000. Whilst this would encompass some less senior, lower paid employees than previously covered, it was important that the Council was transparent as to the cost of all exit packages, particularly in light of the current ERVR programme, which was due to close on 31st January 2017.

Having considered the report, the Committee indicated that, when considering packages exceeding £100,000, it would be of benefit to have an understanding of the overall costs of ERVR rounds on the authority in order to provide context of the impact on the Council. On that basis, they requested that when reports are submitted for consideration, they include this information.

RESOLVED that the Audit and Procurement Committee request officers to report all exit packages where the benefits to be paid to the employee and the cost to the Council exceed £100,000 to the Audit and Procurement Committee for approval and that reports include information on the overall costs of ERVR rounds on the authority.

59. **Report on Resources Directorate Proposals**

The Committee considered a report of the Chief Executive, which set out proposals for the Resources Directorate following the agreement to delete the post of Executive Director of Resources.

The Committee noted that a number of options had been considered for managing the deletion of the Executive Director post including the creation of one or two senior Director Posts directly reporting into the Chief Executive and in effect to maintain the status quo for the Resources Directorate.

Each of the scenarios would require the deletion of current posts within the directorate and would unintentionally place other members of staff 'at risk'. Creating additional senior Directors posts was counter to the organisation's aim to reduce management layers and it would maintain senior management costs at the current level, which was unacceptable in the current climate of budget reductions and ongoing ER/VR programme.

It was therefore proposed to leave all the current Resources Directorate job roles as they were at present, transferring the functions currently sat within the Resources Directorate to the remaining Executive Directors of Place and People. This would allow the deletion of 1 Executive Director post (cost saving of £150k) and 2 senior posts (cost saving of circa £200k).

The two remaining Executive Directors would absorb the leadership and strategic corporate duties of the Executive Director Resources. In addition, the two most senior posts (currently in receipt of enhanced payments) of Assistant Director ICT Transformation and Customer Services and Assistant Director Finance and Corporate Services currently reporting into the Executive Director of Resources would absorb the operational line management of the functions within the Directorate including the allocation of 151 Officer and Senior Information Risk Owner (SIRO). These job roles and responsibilities would need to be revised / adjusted in light of the realignment, and would be evaluated to ensure that any changes to scope, size and impact were appropriately recognised and rewarded. Where the evaluations resulted in proposed salary packages exceeding £100,000, the salary packages would be subject to the approval of the Audit and Procurement Committee.

It was acknowledged that due to the significant organisational shift set out in the proposal, reducing from three to two Executive Directors, it would be prudent to carry out an assurance process. An Appointments Panel to be chaired by the Leader of the Council comprising nominated elected members (including Opposition members), the Chief Executive and the Executive Directors, would be convened to meet with the two most senior post holders Assistant Director ICT Transformation and Customer Services and Assistant Director Finance and Corporate Services in the current Resources Directorate and seek confidence that this proposal could be safely implemented at this time.

The report set out the main realignment of post title / line management proposed and it was noted that the appointment of the section 151 Officer must be confirmed by full Council. Officers would prepare a report to the next meeting of Council on 21st February 2017 to confirm this appointment and any changes required as a result of these proposals to be made to the Officer Scheme of delegation within the Constitution.

For consistency, it was also proposed that all Assistant Director posts within the Place Directorate will be renamed as Directors. At this stage, this would be a change to job titles only and not to their terms and conditions.

Appendix 1 of the report showed the proposed movement of the two new Director posts under the Executive Directors of Place and People and it was noted that the direct management responsibility lines from Place Directorate had been omitted from the structure and would mirror those set out for People Director.

RESOLVED that the Audit and Procurement Committee:-

- 1. Confirm the proposal for the realignment of services as set out in the report submitted, subject to the evaluation of the new Director roles and completion of the assurance process referred to in Paragraph 3.2 of the report.**
 - 2. Commission a review and evaluation of the Executive Director roles and all roles that directly report to the new Director posts.**
 - 3. Commission a review of all remaining Hay Graded staff in 2 stages, firstly grades AD2 and above and secondly SM1-3 to take place from March through to December 2017.**
 - 4. Request officers to bring a further report to Audit and Procurement Committee to approve any new salary packages exceeding £100,000 which are recommended following any of the review / evaluations referred to in 1 – 3 above.**
- 60. Any other items of public business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

There were no other items of public business.

(Meeting closed at 10.50 am)