

Can Councils be run effectively without a CEO?¹

- Brian Dive²

Good quality politicians and competent senior officers working seamlessly together are needed to ensure the delivery of world class services in a local authority. Both are needed and expected for effective governance and leadership of our communities.

But a new fad is sneaking onto the local authority landscape, which runs counter to the above. Wiltshire County Council, Reading and Kent have removed the post of CEO. It seems these moves are justified by a desire to cut costs. Is this convincing or could it be that political and managerial leadership risk being confused? Can the primary functions of political and managerial leadership successfully be carried out by the same person? Or is the “strong leadership” being espoused actually party political interference?

This paper aims to bring into sharp focus the issues that intersect between good corporate governance and effective leadership. Clear accountability in the governance, executive and political domains is the vital interlocking component. This is not straightforward as they have different aims in achieving a common purpose. The development of the chiefless council will be critiqued to ascertain whether it enhances or undermines accountability and ultimately a council's sustained long term performance in providing what its community desires and needs.

1. Key questions

This critique therefore aims to ask important questions, the answers to which will help map a way forward and perhaps provide a basis to help improve both our knowledge and best practice in this important area of council leadership. They will tackle the cornerstones of corporate governance, political hegemony, effective organization design and the development of future leaders.

These are the decisions that need to be answered in this context.

Are these sensible cost saving moves?

Is there an electoral mandate?

Do they preserve local democracy or will “the other parties” be disenfranchised?

Are these changes legal?

Do they represent good governance?

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Do they improve management accountability?
Do they enhance political accountability?
What are the managerial leadership development implications?
Is there any evidence “chiefless” councils work better?

2. Does the financial squeeze justify this initiative?

The first reason cited by the Kent Leader³ for the removal of the CEO in December 2011 was the financial crisis.

“The financial squeeze is now a new permanent reality for local authorities”.

That is self-evident. But the leap in logic to argue for the removal of the CEO is not. Who is next, the CFO?

Let’s be frank: anyone can cut costs in a large council. Given a half £billion or one £billion net budget that is not difficult. The challenge is to know *which* costs should be cut, *why*, *when* and most importantly *when to stop*. A competent, experienced CEO knows that. For example, the CEO in Kent was successfully delivering a major change programme in an organization of ~12,000 staff. A change programme of that magnitude requires very careful orchestration and supportive, knowledgeable managerial leadership reaching into every facet and level of the organization. It starts with a clear strategy and the astute application of an organisational design laser that identifies non-value adding activities or those that are not in focus with the new strategy. We have encountered very different situations elsewhere where uninformed organization design, driven by diktat or the accountant’s knife, has cut into the muscle of an organization’s structure, doing long-term damage to the organization, its staff and customers/constituents.

Reading Council’s approach to the “financial squeeze” seems to be a further variation on the cost cutting theme. Having removed the CEO *it is set to recruit a new director!* This new “director and council manager will focus on the internal running of the organization.” This job will represent a “fundamental change to focus on organizational change and new ways of delivering services.” A Reading spokesman said in addition: “this would not adversely affect the council’s work with outside bodies.” To be honest this sounds suspiciously like the post of CEO in a new guise? It does not leap off the page as a money saving innovation.

Setting aside specific organisations the thrust of this paper will question whether the removal of the role of the post of CEO represents good, innovative organization design as a first principle. Is it a genuine cost saving measure given the redundancy implications? Or does it risk unpicking a vital stitch in the leadership development skein of local authority management, which could completely unravel as a consequence? When tried in the past, was it successful?

³ References are taken from Councillor Paul Carter cited in Local Government Chronicle of 10th Jan and 9th Feb 2012 and Municipal Journal of 19th Jan 2012 as well as “Change to Keep Succeeding – the Next Steps” Kent County Council - Council Papers 16th December 2012

Our combined experience demonstrates unequivocally that the success of an organization change programme in a large complex organization depends first and foremost on the vision, ability, knowhow and experience of the CEO. It is not a task for amateurs. Sadly the public sector at present is demonstrably bereft of sufficient competent senior officers and CEOs who have had experience of leading a large, successful change programmes, whether in central or local government. We argue that in these challenging times local government needs both the experience and knowhow of proven CEOs working closely and confidently alongside bold political leadership.

2. Is there an electoral mandate?

As a citizen I find the idea of my council being managerially run by the local estate agent for example, neither sensible nor appealing. I certainly don't vote for a candidate with that possible option in mind. I actually vote for the best person to represent me and my interests as a politician. I am not voting for a manager. Nor have I ever heard it proposed in a manifesto *before* an election. Democratic integrity is potentially at issue here.

Consider for example, the fragility of the Kent "mandate." Turnout in 2009, was only 36%. The leader won his seat on the County Council with a personal vote that dropped by 1,643 votes to 3,078 votes. 476,844 votes were cast in the whole of the Kent county council elections. The leader is in a new role in the new governance arrangements with 0.65% of the total Kent vote. One would expect, for example, an elected Mayor with stronger claims to executive decision making powers to have a stronger mandate than that

Politicians are elected to uphold the principles of democracy. The key rationale of the political process is the upholding of individual liberty, which is the fundament of a robust democracy. We have a right to be free and wish to have that jealously guarded. Politicians are accountable for delivering the promises on which they were elected. No more, no less.

Given the nature of party politics, politicians are representing the interests of those who elect them based on the aspirations set out in their manifesto. But, given the nature of democratic accountability, if the constituents are dissatisfied with their performance or don't align with their interest group, the politician can theoretically be removed at the next election. Or as happens regularly in local government the party itself overturns the political leader at any time of its choosing.

Politicians set policies in line with their party interests but implementation is left to professional officers. Politicians decide "what". The officers of the paid service decide "how", and advise on the "what" when it is patently impracticable and/or illegal. But given the nature of political accountability the professional advice of the CEO must also be given in public.

If politicians managerially "run" councils, there is a danger we are being given a GPS to the slippery slope of totalitarianism. History shows when politicians grab the managerial reins of power they are apt to hang on by changing the rules. Yet in Kent (and perhaps elsewhere) the changes run counter to this lesson as they seek, "the

greater involvement of Cabinet Members in the operational decisions of the Council to ensure effective service delivery.”⁴ The checks and balances of the current political arrangements in the UK were designed to avoid this risk.

The new arrangements also overlook a crucial CEO role across the political spectrum that a leader of only one party cannot fulfil. The UK is not a one political party state and nor are local authorities. One of the key roles of the CEO is to ensure that the officer cadre serves *all* elected members *equally*. How can a political leader satisfy those constituencies? In those cases where the CEO is a politician, who briefs the opposition parties or scrutiny with formal advice as the authoritative viewpoint of the professional officers?

Politicians are not elected first and foremost on grounds of managerial competence. This is recognised for example in the Whitehall model that does not allow politicians to “run” government departments. Secretaries of State are now chairing the departmental boards that meet approximately four times a year. There is no belief that they are replacing or should replace the permanent secretary. Effective organisational management and political leadership are both deemed essential and separate roles. It is worth noting that the Department for Communities and Local Government still has a permanent secretary and that the Secretary of State, the Rt, Hon Eric Pickles M.P., has recently recruited one – a previous local government CEO at that!

A further reason given for the removal of the KCC CEO post was “the shift towards a commissioning authority model. Many authorities...are increasingly commissioning services from the private sector, voluntary, community and social enterprise sectors. The ‘commissioning authority’ model does not lend itself to traditional, hierarchical and *linear (whatever that is – our italics)* management.”

One could argue exactly the opposite. If an authority is moving to more contracted out services this needs a clear strategy, firm commercial negotiation by people without a shadow of vested interest, able to draw up a water tight contract. Successful implementation and the meeting of the new objectives will depend upon continuing scrutiny and close management of the delivery of the negotiated Service Level Agreements. In many respects the successful management of outsourced or off-shored activities is more demanding than in-house delivery of services. Indeed the thought of a “commissioning authority” being managed by a political committee would probably be a providers’ delight.

3. Is this initiative legal?

Is it legal to remove the post of CEO from a council? This move seems to assume the roles of Leader and CEO are simply a matter of nomenclature. It is not. The two roles are fundamentally different.

Section 4.1 of the 1989 Local Government and Housing Act makes it clear that

⁴ from Kent County Council: Proposed Revisions to the Council’s Governance Arrangements, Council Meeting, 15/12/11

“It shall be the duty of every relevant authority to designate *one of their officers as head* (our italics) of their paid service.”

In Section 4.2 it further states: “It shall be the duty of the head of a relevant paid service ...to prepare a report” on: (as per Section 4.3):

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

The role of CEO emerged from the Bains Review in 1972, largely in response to the problems then of political patronage of certain ‘city bosses’ in the 1960s. The 1989 Act built on the Bains Review’s work. The defining of these duties was a further attempt to create some blue water between the activities of the politician and the officer cadre. This would also indicate that the appointment of a political leader as head of the “paid service” is not sanctioned in law and is therefore open to challenge.

It needs to be made clear that whilst the councils in question have designated other senior officers as Head of Paid Service, it appears that the leader in each case has taken on the functions and role of the chief executive. A further examination of accountability, power and decision-making is needed to understand the extent to which this is the case in the different new arrangements.

The Blair government opened up the possibility of the elected mayor in the Local Government Act of 2000 as a clear and very visible single political figurehead. But it also introduced the very important idea and role of Overview and Scrutiny, since, as Elcock⁵ has pointed out: “Overview and Scrutiny Committees must be alert to detect leaders who arrogate too much power unto themselves.”

It seems Wiltshire may be aware of this legal complication. They have explicitly stated that their head of paid service is the human resources and organizational development director *sitting under one of the three remaining top corporate director roles*. This suggests the head of the paid service reports to one of his/her subordinates, which could be described as an innovative nuance to the need for clear accountability.

Furthermore even this approach appears to ignore the statutory and best practice guidance requirements that the statutory roles prescribed for a local authority, Director of Children’s Services (DCS), Director of Adult Social Services (DASS) and the chief finance officer (S151 officer) *all* report to the Head of Paid Service.

The issue at stake here is one of effective and appropriate distribution of publicly owned resources that can be challenged and explained in open public meetings. It is

⁵ See “Local Political Leadership in Britain: Rakes Progress or Search for the Holy Grail.” H. Elcock.

about the allocation and expenditure of tax-payers money in a free and open way that does not bias either against or towards anyone political party's interests – electoral or otherwise. Politicians are the ultimate elected decision making authority.

To balance that authority the local government constitutional settlement and statute says that the Head of Paid Service is responsible for these functions and speaks to the full council on how they are being met.

That is the moment of truth - speaking to power and informing the public at large of his or her professional advice on the use of resources on the council. Councillor's decisions are then made in the full and public knowledge of that professional CEO / HoPS advice in front of all political parties – that is why the advice is given to the full Council and not the one political party cabinet.

These councils are blurring the distinction between cabinet elected members and senior officers and there may be a case for challenging these arrangements in a court of law. Why? Because it would appear that the checks and balances of local democracy may have been significantly damaged.

4. Is it good Organization Design?

The idea of removing the post of the CEO in a council offends four fundamental principles of effective organization design.

Firstly it offends against the clear principles of good governance.

Secondly it offends against the first principle of officer accountability.

Thirdly it offends against the need for a clear distinction between officer and political accountability.

Fourthly and arguably most importantly in this context, it offends against the principles of officer leadership development. While the consequences of the first three are recoverable rather quickly, the damage unleashed by the fourth has far reaching consequences that could hobble the performance of local authorities for many years to come.

5. Is it good governance?

When describing the decision taken last December, the leader of Kent County Council announced,

“We decided to move to a governance model in which the post of managing director (CEO) was removed.”

The private sector has agonised over the issue of good governance for 35 years. This commenced with the Bullock Commission in 1977 and was extended through a number of reports by Cadbury, Greenbury and Hampel. The last of these reports,

the Higgs Review in 2003, crystallised what is now generally accepted in the private sector as good governance. Its primary recommendation was:

"A chief executive should not become the chairman of the same company."

This is now accepted best practice and when Marks and Spencer tried to flout this principle recently it encountered a hail of protest and gave way. In other words the same person cannot be both chairman and CEO.

In the context of the local authority there would be an even clearer conflict of interest between having one person in control of both the party political governance and officer arms of the council. It also represents a dangerous concentration of power, which is too easily open to abuse. Surely what is sauce for the private sector goose also applies to the public sector gander?

So, putting this principle of good governance into the context of local authorities:

The elected leader of a council should not also be the CEO of the same council either explicitly in a combined role or in actual but not declared practice.

This would be bad governance. Given the different emphasis upon and need for demonstrable competence in the officer cadre as against the political councillors, this principle of good governance is arguably even more critical in the public sector.

There are plenty of examples in local government where member interference on a large scale in the domain of executive officers is the recipe for poorly performing councils. Research on high performing councils suggested a key factor was a strong relationship between the CEO and Leader.

The mechanisms for removing a political leader are quite different to those needed in the case of removing a CEO. The latter process is inherently a matter of performance and competence and is enshrined in clear fair, dismissal legislation. The former is not. Recent events, such as the Shoemith case at Haringey, illustrate how things can go badly astray. There, the political and managerial processes got confused and unduly tangled. As that case showed, national and local political motives and the health of the council do not necessarily mesh seamlessly together. The officer world needs to be insulated from this political turbulence, which could otherwise undermine its effectiveness if the post of CEO is straddling both domains.

The reason given for the removal of the CEO's of Wiltshire, Reading and Kent was allegedly "to save money." But the cost of implementing these decisions, the costs of the turbulence caused to the councils themselves and the "redundancy" payments needed were not highlighted. The logic seems to be politically driven rather than based on any assessment of CEO competence, any analysis of more effective governance models or any transparent cost benefit analysis. When these factors are ignored organization change is rarely successful let alone cost effective.

Finally, there is also little evidence these councils lead by “CEO politicians” have thought through liability and accountability for worst-case scenarios:

- Who goes to prison for corporate manslaughter?
- Who is held to account for management failure in health and safety – the politician?
- Does employer liability insurance cover for management decisions when taken by politicians?

Overall the governance shortcomings of this new development are a major cause for concern.

6. Does it enhance executive accountability?

The assumption of competence is the sine qua non of executive accountability. If an employment organization exists for a purpose, someone needs to be held to account to deliver that purpose competently. The person primarily held to account is the CEO, as the title suggests. This is referred to as **single point executive accountability** and it is the first principle of effective organization design. It is the bedrock of well-run organizations.

Executive accountability is in essence aiming to achieve a goal for which the CEO is ultimately held to account. Sometimes that journey might commence with a political stimulus but the focus is upon effective delivery of that goal. This goes to the heart of this matter and is an organizational problem when it is lacking. For example, overall single point accountability is lacking in some Whitehall departments, such as Health and MOD, which do not tend to be noted for effective budgeting and consistent world-class delivery across the board.

Executive accountability is rooted in the right to be free. Berlin has illustrated⁶ with his ideas of “Freedom from” and “Freedom to” that we all want to be free of unreasonable constraint and be broadly able to do what we wish. It is necessary though to be ever mindful of the complexity of this reality focusing on how to achieve a sound balance of our positive freedoms such that they do not become negative in relation to others. Since, as he reminded us:

“Total freedom for wolves is death to the lambs”

Accountability similarly has the same two facets. It can be negative or positive. We all wish to have a job with clear accountability. We do not relish the prospect of interference from a job above us in a cluttered hierarchy or an ineffective and confused governance process that impinges upon and restricts our true accountability; which would be an example of negative accountability. And we want to have the “freedom to” make a positive difference as a result of our work. The combining of the political and senior officer managerial responsibilities into a single role, undermines clear accountability.

⁶ Isaiah Berlin “Two Concepts of Liberty” Oxford lecture 1958

The third reason given for the removal of the post of CEO in Kent was to meet “the challenge that localism presents...For too long backbenchers have been disenfranchised...Power has been too concentrated in cabinet....we will remove silo based thinking, making ‘once and done decision’ decision making increasingly the norm.” One could be forgiven for thinking this looks suspiciously like a rationale from a politician rewarding friends who had just voted for him in the group leadership election the previous month

The new Kent solution according to the Leader consists of “introducing six new cabinet committees....giving back-benchers far greater ability to influence and shape service choice.” Note there are 84 political members in Kent, which could explain the need for more committees. KCC is set to hold its first joint cabinet management team meeting based on a new ‘collegiate’ approach with cabinet members and senior officials taking joint responsibility for council decisions.”

In truth this sounds like a recipe for an accountability blancmange for, as Klatt et al⁷ have pointed out:

“Accountability is neither shared nor conditional. Accountability applies to individuals. Accountability is meaningless without consequences.”

Accountability for KCC has been an issue that the District Auditor has raised in past Annual Audit Letter reports. The DA has raised significant concerns about effective performance management of senior staff at KCC. This has resulted in a number of very high profile cases of very senior staff paid off to go elsewhere at the tax-payer’s expense. Part of the recent changes driven by the departed CEO was to establish a more robust internal performance management regime. If, as now seems the case, everyone is accountable (both politician and senior officer) that usually means no one is truly accountable

Accountability in large organizations is not collegiate. As the Guinness and Enron cases for example illustrate, the law comes after individuals when things go wrong, not groups of executives. Collegiate accountability really only refers to the process of trying to keep cabinet politicians in tune with their party’s sheet music.

7. Does it lead to better political accountability?

The arguments rehearsed above already indicate the combining of the roles of political leader and CEO does not improve democratic accountability.

This article has shown they have fundamentally different purposes, which should not be fused into one role, even though the representatives of both absolutely need to collaborate closely to build an effective, high performing council.

The reasons variously given by the three councils to justify their ‘chieflessness’ are not convincing. They will not save money and indeed depending on whether they

⁷ Katt, B, Murphy, S and Irvine, D (1999) *Accountability, Practical tools for focusing on clarity, commitment and results*, Kogan Page, London.

are challenged in law, they are likely to be even more expensive than the current “redundancies.”

The logic given for a form of “localism” is spurious. The role of backbenchers in a council’s constitution does not in any way relate to the role of the officers and management. Indeed the CEO is NOT a council decision maker and has no formal role in deciding whether backbenchers are involved or not involved in things (The converse of course is true for the political leader in relation to officers.) So unpicking the governance system to satisfy grumpy backbencher politicians is not the way to improve the functioning of a council.

Introducing a plethora of committees does not take away decision making from the cabinet members. Otherwise they will be disenchanted, which would be far more serious. In this new KCC hybrid model, committee decisions will always be subject to cabinet members’ final personal decision. The real danger in this new proposal will occur when the committee and cabinet members disagree. In that case the issue as has been declared explicitly in Kent is that it will be reverted to the private political conservative party group meeting for a decision. This suggests the jettisoning of public decision making, of professional independent officer advice, and of the role for other democratically elected parties. *This is the stuff of a one party state. It is diametrically opposed to open democracy.*

8. Does it improve leadership development?

There is a yet another most important reason for questioning the viability and wisdom of this initiative. Development of effective CEOs in local government is vital for outstanding delivery of local services. If local authorities wish to keep their best senior officers it is obvious those individuals would want to see potential career paths and better prospects that culminate in having their own management command. But the development of competent CEOs is a complex issue. It is a process that has to be proactively managed.

8.1 An LGA initiative commenced in 2011

Since 2010 we have been working with four councils⁸ as part of a Local Government Association initiative to test the Decision Making Accountability (DMA) approach to effective organization design aligned to levels of accountability. This approach has been used by a number of leading private sector companies and the question to be answered was: “Would the DMA approach to assessing accountability as a basis for organization design apply equally well in local authorities? If so could it be extended to leadership development and reward to provide a conceptually integrated approach to the management of people?”

The evidence is, “Yes it does.” We have found that these councils have different levels of accountability in total: three have five and one has six. This means, to be healthy, they justify a different number of leadership layers. In the private sector, where a job at the top of an organization, or part of a large international group,

⁸ Croydon, Kent, Worcestershire and Wolverhampton. Hence we are familiar with the details of the Kent CC.

needs to be at level 5, the CEO would often be running a country operation for example. A level 6 company could well be in the FTSE 100. The four councils studied so far, are complex organizations and we will refer to research that indicates how long and what sort of experience is needed to prepare a *high flier* to reach a CEO role at level 5 or even level 6.

This approach and its conclusions point the way to significantly improving governance and delivery in councils as well as saving large sums of money that is being wasted in confused and overlapping management posts and in excessive tiers between the front line and the top. The new governance arrangements in the councils we have discussed, however, go against the grain of effective management accountability.

8.2 CEO career paths

Local authorities vary greatly in size and complexity. It takes many years to acquire the skills and experience to run a large organization, whether in the private or the public sector. The possibility of having a potential leader of a huge local authority, who has little or no general management experience, taking on a £billion budget, is not something many informed constituents are likely to favour or will have even considered when voting for them in a polling booth. This is why well run local authorities have a carefully orchestrated open recruitment process for the selection of CEOs, to sift out the best person for the job. The process is intense, detailed, run over several days, usually from a nationally competitive pool with clear documentation and often with independent advisors from private sector recruitment companies. It also implicitly recognises that cabinet members, whose experience is often limited to running a small business, are not well versed or experienced in the requirements of CEO selection in large organizations.

The varying levels of accountability in local authorities' jobs across England means, that over (considerable) time, the best managers can be groomed to run the biggest and most complex councils, such as Kent. Running an organization of say 15,000 staff is markedly more challenging, demanding more skill and experience, than leading a borough with a staff of say up to 4,000. This suggests that such a CEO needs to have experience first running smaller, less complex councils or government departments before taking on one of the biggest councils in the country.

One psychiatrist known for his work on the capability of individuals to reach varying levels of accountability has suggested that maybe only 0.03%⁹ (i.e. 300 per million) of the 21 to 50 year-old population have the 'current potential capability' to run the equivalent of the half dozen largest councils in the UK (which we estimate are Level 6 CEO posts). Furthermore that ability needs to be coupled with relevant experience in order to blossom to full potential.

⁹ See chapter 13 of *The Life and Behaviour of Living Organisms* (2002) by Elliott Jaques. He argues that the number of people with 'applicable capability' for a specific job at a given level at the present time will be less than the 'current potential capability' figures quoted as the people also need to value the work of the specific job and have acquired the necessary skilled knowledge for the tasks in that role.

Fieldwork,¹⁰ indicates *even the very best and most talented executives* need around 15+ years carefully crafted experience in a number of relevant roles across different levels of accountability to extend their competence to a point where they can effectively run a very large organization. This, quite frankly, does not come from say, running the family farm or shop over any number of years.

The study referred to was based on a sample of 286 managers in a global company who were in jobs at level 4+¹¹. They were assessed against 10 variables to see what influenced progress to level 5+. 100 managers in the sample did not make it beyond level 4 even though they were at one point in their career considered to have possible potential to reach level 5.

A number of factors were studied, including:

- Age on reaching levels 2, 3 & 4
- Time spent in levels 2 & 3
- Foreign assignments
- Corporate Centre assignments
- Functions worked in levels 2 & 3
- Home country
- Level of entry
- Manner of entry (e.g. as a management trainee)
- Possession of professional qualifications
- Attendance at training programmes for high potential staff.

Let's take just one of these variables, the first: *Age at each level of accountability*. This is worthy of focus since it seems the highest level of accountability in a local authority is Level 6¹². The careers of those who reached the level of Director, above level 6 in the business, were isolated for particular study. This by definition is a sample of very high fliers. The results are summarised in Table 1

Table 1 – Age of Directors at Work Levels

IN WORK LEVELS	AGE RANGE	AVERAGE
Level 1	20 – 30	25
Level 2	21 – 31	26
Level 3	26 – 37	31
Level 4	32 – 42	37
Level 5	33 – 46	40
Level 6	39 – 55	47

¹⁰ The CEO jobs of a significant number of local authorities could be level 4 for example..

¹¹ See chapter 8 of *The Healthy Organization* (2004) and chapter 11 of *The Accountable Leader* (2008) Kogan Page, London

¹² Levels of accountability are often referred to as Work Levels.

Average Age of Directors at Work Levels

Table 1 indicates the age of those in this sample at the different levels is reasonably consistent in terms of years spent in each level. 90% of the sample were university graduates, a number of whom had completed military training, hence the relatively high entry age of 25. The UK sample was lower in age at entry level.

Those who were the most successful in the company had spent at least 10 years in operational roles, mostly in Level 3. Usually they completed two to three jobs in level 3, the top of operational management. Equally significant, those who zoomed through level 3 in about a year crashed and burned later in the higher levels

It was also clear that these successful individuals spent time in a number of different jobs in each work level irrespective of their age, which added value to their mix of technical and general skills experience, while proving their ability to achieve results and add value to the organization at the different levels. Level 5, like level 3, was the other critical exposure point for those who reached level 6+. The most successful typically had two to three different level 5 jobs before being promoted. These assignments often involved different learning involving a steady state role, a turnaround or a start up situation.

It is self evident that a political leader is not going to get planned rotation and different experiences in two to three level 5 roles prior to taking up a level 6 role as CEO.

Two important fulcrum ages emerged from the study. At age 31 these individuals have on average reached level 3 and level 5 at age 40 – and bear in mind these managers were identified as the “cream of the crop.” This suggests two ages when it would be critical to undertake a fundamental assessment of an individual leader with high potential in the world of local authorities.

- At age 30: Will this individual make level 5 and what development and career plan is needed?
- At age 35: Will this individual make level 6 and if so what boundary moves to other level 5 jobs should be orchestrated and planned for?

We have superficially examined only two of the ten variables studied (age at which levels are reached and time/number of jobs per level) but there is enough evidence to demonstrate that the planned development of a CEO is a complex and challenging task. It is not simply a matter of sitting in one place hoping the world will come to your door. The best organizations and the best individuals work together to build a realistic personal development plan to ensure they grow to their full potential.

9. Is there any evidence this initiative has worked in the past?

There have been a couple of occasions recently when councils removed their CEO and combined the role with that of the political leader. The first was Bristol and the

second was North Tyneside. Northumberland experimented with yet another version of chieflessness.¹³

9.1 Bristol

From 1999-2002 Bristol City Council experimented without a chief executive. It was brought to an end by, among other things, a “Weak” rating by the Audit Commission.

Ms Bunyan, who voted for the initiative in 1999, restored the CEO post in 2002 when she became leader because: “It left the council with no leadership. I had no clear way of getting action across the council. Changing culture and direction became impossible because there was not a structure.” She does not recommend the ‘chiefless’ model to other councils.

Mr. Gurney, who became the new CEO, following experience in the same role elsewhere, said: “You need someone who can appraise and, if necessary, discipline chief officers and you need some background and training for that, which it is unlikely a council leader would have. Dispensing with the role of chief executive was a mistake. I found silo-ism was rife in Bristol”.

And yet the Kent leader see the chiefless model as the answer to removing “silo based thinking”, as noted in section 6, above.

9.2 North Tyneside

The North Tyneside MBC experiment lasted longer: from 1992 -2002, but it too did not last. Those involved, such as Mr. Foster, who was an executive director there until 1998, have indicated it depended upon having “very strong and able political leadership.” But in truth that sounds more like code for a cosy political arrangement, since the leader was followed in that post by his wife during Tyneside’s chiefless era.

Foster later became CEO of Islington LBC and now, viewing the situation through the CEO lens, he would appear to have a different take: “At a time when people are concerned about cuts you have political leaders thinking they can take on the role of chief executive. It is being done by the wrong people at the wrong time and over the wrong issue. I don’t think the councils now doing this have got the political leadership needed.” But given his experience of both perspectives of this experiment his latest views, although forthright, are perhaps not insignificant and don’t seem to endorse the principle of chieflessness.

9.3 Northumberland CC

From 1989 to 1992, Northumberland experimented without a CEO, although they did not try to mix the oil and water of the political and executive arms of

¹³ See Local Government Chronicle 9/2/12

the council. In this case they double-hatted the roles of country treasurer and managing director. Double-hatting has been found to work in the private sector, when both hats are in the same level of accountability, but not when they straddle two levels of accountability, as in this case.

At the beginning of 1992, Mr. Morris the MD/Treasurer indicated that greater accountability and clarity was needed: "It is felt that this can be best accomplished with a single, highly visible individual at the top of the officer structure", he reported.

10. Summary

Previous experience would suggest the chiefless council has not worked and is actually a false economy.

The reasons justifying the removal of CEO posts from three local authorities were threefold: the financial squeeze, the need for better involvement of back bench politicians and the need to introduce a new commissioning model of management. None of these arguments has been found convincing.

This initiative seems to have no electoral mandate. It is potentially open to legal challenge and probably should be challenged in a court of law. It was touted as a new form of governance but in fact it offends against the accepted principles of good governance from the public and private sector that insist the posts of 'chairman' and CEO should not be combined in one person.

It also offends against the first principle of sound organization design: executive single point accountability and is an unconvincing extension of democratic accountability.

The removal of the post of CEO offends many fundamental principles of good organization design and good management. One far-reaching consequence would be the impact overall on the leadership development and career planning of management careers in local authorities. The true consequences will take some time to emerge and by then the damage could be virtually irrevocable.

Local authorities need to be able to attract some of the best managers in the country. Those managers will naturally aspire to the top jobs such as becoming a CEO. Indeed, as has been illustrated it is not wise to expect a CEO to run a large, complex, billion pound, level 6 council without having previously had at least one similar type of general management job at levels 4 perhaps and certainly at level 5. It has been shown above that even the most talented managers with the highest potential, need 15 to 20 years experience to succeed as a level 5 CEO. Utilising the network of experience and jobs across the spectrum of local authorities, at all management levels, is something to be carefully nurtured

Removing the councils more competent and most experienced CEOs is the first step to unravelling the entire leadership and career development of local authorities' network of top management. That in turn will undermine the quality of distributive

leadership throughout all levels of local authority management. It is self evident that politicians cannot develop and refine their management experience with moves across local authorities in the way managers can, given the geographical limitations of local democracy and the consequent need for continuity of local representation. That is not a comment about the ability of politicians but the nature of the political model. Attracting good talent is a major challenge for any organization and more than one CEO has admitted to us that this is a key priority for their local authority. Our councils need to be attracting the best not disenfranchising them. The removal of a CEO to save thousands of pounds in an operation of hundreds of millions of pounds is penny wise and pound foolish. It is not “strong political leadership” but unwarranted party political interference in the management and delivery of local public services.

To then fill the top CEO jobs with politicians (even if perchance they are competent corporate senior managers) would only invite local authority managers with the most talent and highest potential to abandon their careers in local management for more attractive options elsewhere. It would be a clear step towards undermining the effectiveness and quality of management across local authorities in the UK.

11. Conclusion

This critique concludes unequivocally that the moves to establish chiefless councils should not continue. They are based on flawed logic that break the interlocking component of accountability that holds together sound corporate governance, good political leadership and effective executive management in local government. They are not compatible with best practice, jeopardise the long term quality of local authority management and fly in the face of historical lessons.

Local government needs quality to deliver quality. It needs quality local politicians and quality senior management. The working relationship between the two of them must be good, strong, resilient, friendly but not friends. This isn't about un-necessary barriers but a proper understanding and respect for the proper roles people have to carry out when spending other people's money in a party political environment.

Thankfully there are still so many examples of really good officers and politicians working together and the best councils in the country demonstrate this every day.