
Report to: Council **Date of Meeting:** 21 May 2015

Subject: Senior Leadership and Management - Executive Director Remuneration

Report of: Chief Executive **Wards Affected:** All
Head of Corporate Personnel

Is this a Key Decision? No **Is it included in the Forward Plan?** No

Exempt/Confidential No

Purpose/Summary

To seek approval as required under the Council’s Pay Policy for the level of remuneration applicable for two Executive Director posts. The formation and recruitment of the Executive Director posts have been approved by the Employment Procedure Committee, and the level of remuneration has been recommended by that Committee (subject to the Council’s Pay Policy).

Recommendation(s)

To approve the remuneration for the Executive Director posts as detailed in paragraph 6 and as necessary with paragraph 10.

How does the decision contribute to the Council’s Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community	✓		
2	Jobs and Prosperity	✓		
3	Environmental Sustainability	✓		
4	Health and Well-Being	✓		
5	Children and Young People	✓		
6	Creating Safe Communities	✓		
7	Creating Inclusive Communities	✓		
8	Improving the Quality of Council Services and Strengthening Local Democracy	✓		

Reasons for the Recommendation:

To provide a remuneration which will ensure a successful recruitment to key posts.

What will it cost and how will it be financed?

(A) Revenue Costs

(B) Capital Costs

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Legal

The Council has the following duties under the following sections of the Localism Act 2011:

- Section 38 - The Council must prepare a Pay Policy Statement for each financial year which sets out its policies relating to the remuneration of its chief officers and its lowest-paid employees and the relationship between the remuneration of its chief officers and its employees who are not chief officers.
- Section 39 -The Council’s Pay Policy Statement must be approved by resolution of the authority before it comes into force and prior to 31 March immediately preceding the financial year to which it relates.
- Section 40 - With regard to its functions under sections 38 and 39 above, the Council must have regard to any guidance issued or approved by the Secretary of State.

The February 2012 Guidance issued by the Secretary of State “Openness and Accountability in Local Pay” at paragraph 14 stipulates that:
“...full council, or a meeting of members should be offered the opportunity to vote before large salary packages are offered in respect of a new appointment. The Secretary of State considers that £100,000 is the right level for that threshold to be set. For this purpose, salary packages should include salary, any bonuses, fees or allowances routinely payable to the appointee and any benefits in kind to which the officer is entitled as a result of their employment.”

Human Resources

Equality

- | | |
|---|-------------------------------------|
| 1. No Equality Implication | <input checked="" type="checkbox"/> |
| 2. Equality Implications identified and mitigated | <input type="checkbox"/> |
| 3. Equality Implication identified and risk remains | <input type="checkbox"/> |

Impact on Service Delivery:

The changes to the Senior Leadership and Management Structure will make a positive contribution to outcomes.

The Employment Procedure Committee has already considered the structure and the identification of benefits that the new structure will make.

What consultations have taken place on the proposals and when?

The Head of Corporate Finance (FD 3546/15) and Head of Corporate Legal Services (LD 2838/15) have been consulted and any comments have been incorporated into the report.

Are there any other options available for consideration?

Paying below the level of remuneration would risk not achieving a successful recruitment and/or attract candidates of a calibre required.

Implementation Date for the Decision

Immediately following Council

Contact Officer: Mark Dale – Head of Corporate Personnel
Tel: 0151 934 3949
Email: mark.dale@sefton.gov.uk

Background Papers:

There are no background papers available for inspection.

BACKGROUND

1. The Employment Procedure Committee on 14th April 2015 approved the formation and recruitment of two Executive Director posts. (Minutes Appendix 1)
2. The Executive Director posts form part of a fundamental revision of senior management arrangements which was approved by the Employment Procedure Committee. The changes in management structure will contribute £750,000 in savings of an overall £1.3m target. The new Structure is at Appendix 2.

LEVEL OF REMUNERATION

3. In respect of Local Government Chief Officers (of which the Executive Directors will each be one) the Council applies the JNC Chief Officers framework with the exception of pay.
4. In relation to the Senior Management Structure, the Local Authority utilises the HAY system of job evaluation aligned to pay levels developed in consultation with HAY. The use of an approved job evaluation system ensures that the Authority is paying remuneration which is aligned to the nature of the post (given job role, accountabilities and responsibilities) and in line with market expectations of that post. The HAY system also ensures that the Authority is protected in terms of any equality challenge.
5. The current HAY scale (for HAY 1) is as follows:

Level	Executive Directors
Inc Value	Spot grade within range
HAY Grade	1
Spot Grade	102,633
	105,198
	107,763
	110,328
	112,893

6. The Personnel Department has undertaken an analysis of the role and has concluded that the role of Executive Director fits within HAY 1 of the Authority's pay scales. This level of pay scale currently provides for a level of salary being between £102,633 to £112,893. The Head of Corporate Personnel has confirmed that the HAY grading is consistent with other grading values in the Authority. The appointees will be eligible for membership of the Local Government Pension Scheme.

7. The Authority's position in terms of pay is a lower to median payer for its HAY population.
8. In relation to the appointment of Executive Directors, an appropriate spot salary will be applied within the range of HAY 1 (which is the post's HAY evaluation) after recruitment. This will mean that incremental progression will not apply in respect of the appointments. It is also proposed that should individuals not be performing to a satisfactory standard, then individuals will not achieve any form of increase in pay over and above their existing spot salary grade. This will therefore apply to cost of living rises.
9. In terms of the market, Council's recommendation is sought for the level of remuneration given that the remuneration is consistent with market value (Subject to the Council's Pay Policy)
10. Should the Head of Corporate Personnel need to provide a market supplement under the Pay Policy, then this is also recommended. The Employment Procedure Committee have recommended the level of Remuneration being subject to the Council's Pay Policy. Such market supplement would only be applied should there be a need to attract the ideal candidate and there is a robust evidence to justify the payment under the direction of the Head of Corporate Personnel.