

## Bath & North East Somerset Council

MEETING:	<b>Re-structuring Implementation Committee</b>	AGENDA ITEM NUMBER
DATE:	<b>19 January 2012</b>	
TITLE:	<b>Future Council implementation: Chief Executive remuneration</b>	
WARD:	ALL	

### AN OPEN PUBLIC ITEM

#### List of attachments to this report:

**Appendix 1:** Chief Executive – Role Profile [draft]

## 1. THE ISSUE

- 1.1 On the recommendation of this committee, the Council, at its meeting on 15 September 2011 approved a) that the post of Head of Paid Service/Chief Executive be retained within the new senior management structure and b) that all necessary steps be taken to appoint a successor when the Chief Executive exercised his option to retire.
- 1.2 The Chief Executive has indicated that he will retire in April 2012 and steps have been taken to commence a recruitment process for his successor as Head of Paid Service/Chief Executive. Independent executive recruitment consultants, Harvey Nash Plc has been appointed to advise the council in this process.
- 1.3 This report seeks Members instructions on the pay and remuneration of this key appointment in the senior management structure.

## 2. RECOMMENDATION

The Committee is recommended to

- 2.1 Endorse the role profile as set out in Appendix 1.
- 2.2 Determine the pay policy for the Chief Executive/Head of Paid Service by reference to the information set out generally in paragraph 5 and factors specified in paragraph 5.6.
- 2.3 Agree that all other conditions of employment should be in accordance with those determined for Chief Executive's nationally by the Joint Negotiating Committee for Local Authorities' Chief Executives as supplemented by locally agreed terms and conditions where agreed from time to time.

### **3. FINANCIAL IMPLICATIONS**

- 3.1 An appointment within either the median or lower quartile as represented in the Hay data (paragraph 5.6) would present a saving over the current salary provision made for the Chief Executive's appointment. As such, the salary costs can be met from the existing budget provision. Account of the committee's decisions will need to be taken in setting budget cash limits for 2012-13 and future years.

### **4. CORPORATE PRIORITIES**

- 4.1 The Council's corporate priorities are derived from the vision for the area contained in the Sustainable Community Strategy. In the light of the financial position in the country and policy initiatives of central government, aspects of the strategy and vision have become more important - in particular, the issues of growth, the recession and localism in the immediate to medium term. The Cabinet, with the support of the Strategic Directors' Group, has reviewed the vision and priorities.
- 4.2 The Council's role will be changing and as a Strategic Commissioning organisation, the role will be to be very clear on the overall needs and opportunities in the area and on commissioning or enabling/encouraging the appropriate outcomes. There will be a need for the Council to continue to prioritise the vulnerable and ensure there is an emphasis on disadvantaged communities.
- 4.3 The senior management structure agreed by Council is targeted to allow the Council the maximum opportunity to deliver on the vision in the new environment recognising that the financial challenge is great and there will be changes in terms of when and how priorities are delivered.

### **5. THE REPORT**

#### **Background**

- 5.1 The current senior management grading structure was agreed by the Council on the basis of advice and recommendation from the HAY Group. They also undertook independent assessment on the Council's behalf to determine at what point in the structure individual posts should be placed. This methodology is consistent with the Council overall approach to pay and grading and the use of an objective job evaluation methodology gives protection in respect of potential Equal Value claims.
- 5.2 To maintain the consistency across the whole pay structure and to provide impartial, independent advice. The Hay Group were commissioned to provide advice and guidance on the remuneration of the future Chief Executive in the context of the overall new management structure and the operating environment more generally. Hay are able to draw on a wide knowledge and data base of all employment sectors in the UK (and globally). It should also be noted that from March 2012, under provisions of the Localism Act 2011, Local Authorities are required to publish annually their Pay Policy in respect of senior staff and its relationship with lower earners). It is intended to present that Pay Policy statement for endorsement at the Council meeting in February 2012.

5.3 The job description/person specification for the post of Chief Executive/Head of Paid service has not been formally reviewed for a number of years and Hay's first task therefore was to prepare, in consultation with senior Members, a new role profile for the appointment. This is set out in Appendix 1 and subject to endorsement by this committee will form the basis of the recruitment and selection of the new appointee and underpin the resulting contract of employment. The description together with contextual information relating to the Council's positioning and operations informed the assessment made by Hay on the Council's behalf.

### Summary of Hay's findings & recommendations to the Council

- Senior pay in the public sector is now more contentious than ever given the background of public sector cuts and a struggling economy. In the case of local authority chief executives, this has resulted in a downward trend in the level of advertised salaries. According to a recent national survey newly appointed chief executives are earning on average 14% less than their predecessors.

Council	% Change	Former CX salary	New CX salary
Islington	-24%	£210,000	£160,000
Barking and Dagenham	-23%	£196,000	£150,000
North Tyneside	-16%	£190,000	£159,000
Swansea	-10%	£155,900	£140,000

- There is also some pressure for a greater link between pay and organisational performance, a point recently reinforced by the Hutton Review of Fair Pay. The review also cautioned against using the Prime Minister's salary as a benchmark for senior pay in the public sector.

5.6 Hay's strong advice is that the evaluation of the Chief Executive's role remains the same. This takes account of factors such as the role of the Council, operating structures, governance etc. The table below shows the Council's current salary, the Hay evaluation level and pay benchmarking data. The pay data comes from a wide range of public and not for profit sector organisations and is national. The Council's current policy is to set salaries around the market median.

Role	Current Salary	Evaluation Level	Public Sector Market Data		
			Upper quartile	Median	Lower quartile
Chief Executive	£178,388	2028	£186,079	£165,445	£150,000

5.7 In order to determine its senior pay arrangements the Council needs to decide:

- the level at which it pays against the market
- whether to use pay ranges or spot salaries
- if pay ranges are used how are individuals placed and progressed within the range
- whether to introduce an element of variable pay and if so the level

5.8 In considering each of the above points, Hay have suggested:

- Although the Public Sector data shows a median of around £165,000, the median of newly established local authority chief executive salaries is likely to be below this as shown by the information in paragraph 5.4. A salary in the order of between £140,000 and £150,000 is likely to place the Council well in the market place for this type of appointment at the current time.
- It is suggested that a 'spot' might be chosen for the sake of simplicity and as there is only one incumbent there is less need for flexibility
- Publicity has been given to the principle of 'earn-back' in the light of the Hutton Report referred to above, Members need to determine whether this (or other arrangements) linking organisational performance and the remuneration of individual post holders are appropriate to this (or indeed other senior appointments) at this time

### **Other terms & conditions of employment**

5.9 The other main terms of employment for the Chief Executive's employment have been determined by reference to a) the council's general terms and conditions of employment (i.e. applicable to all staff) except where specific provisions (e.g. discipline, annual leave) are made by the Joint Negotiating Council (JNC) for Local Authorities Chief Executives. It is proposed that these arrangements should continue.

## **6. RISK MANAGEMENT**

6.1 Risks associated with non-compliance with the statutory legal position have been set out fully in earlier reports to this committee and the Council in respect of the Future Council structure. Mitigation in respect of potential Equal Pay claims is set out in paragraph 5.1

## **7. EQUALITIES**

7.1 The organisational model for the future council with an increasing emphasis on strategic leadership will enable the focus to be more on the needs of individuals and communities and enable the development of different ways to meet those needs more appropriately within the resources available.

7.2 Impacts on the Council's workforce composition will continue to be monitored.

## **8. CONSULTATION**

a. The Council's Statutory Officers (i.e. Finance & Monitoring), Director of Children's Services and Director of Adult Services) have been consulted in the preparation of this report and their views have been incorporated in the text.

b. This report has been provided to the relevant recognised Trades Unions for comment any comments received will be presented to the meeting.

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<b>Background papers</b>	<b>Council 15 September 2011: The Future Council – Statutory Responsibilities</b>
<b>Please contact the report author if you need to access this report in an alternative format</b>	

# **Role profile**

## **Chief Executive**

### **Role purpose**

To provide strategic leadership to the organisation, ensuring that the policy objectives and priorities of the administration are operationalised by the Council.

To ensure the efficient provision of high quality public services to people living in, visiting and working in Bath and North East Somerset.

### **Accountabilities**

- Act as the principal policy advisor to Councillors and secure best professional advice on all relevant matters relating to the Council's functions and services. Support the Council's democratic decision making process so that policies are agreed and implemented.
- Lead the development of strategies to deliver the policies set by elected Councillors, ensuring all staff understand and act on the aims of the organisation, in order to meet the needs of the people of Bath and North East Somerset.
- Take lead responsibility for the overall corporate and operational management of the Council, monitoring performance against plans to ensure effective and efficient delivery of services to the highest standards, including financial, performance, risk, people and change management. This includes performing the statutory role of Head of Paid Service.
- Develop and review the organisation of resources, partnership arrangements and practices to ensure effective and efficient delivery of services.
- Provide strong, visible leadership and direction through compelling communication of the vision and values of the organisation. Enable the Council's senior team to motivate and inspire their staff.
- Create and manage effective partnerships with a broad range of stakeholders, building support among them in order to deliver better public services and improved results for local people.
- Represent the organisation, its aims and achievements to stakeholders locally, regionally and nationally.
- Forge a broad network of contacts across the public and private sector to maintain awareness of best practices and initiatives, adapting them for use within the Council to create demonstrable efficiencies and cost savings.

## Skills, knowledge and experience

- Substantial record of senior strategic leadership achievement and experience, consistently developing strategies and translating them into effective operational plans.
- Extensive experience of working effectively and impartially with elected members and in supporting the democratic decision making process.
- A broad knowledge of public sector service delivery, both directly and through commissioning.
- A successful track record of forging and maintaining working partnerships with communities to ensure the development, design and delivery of services that reflects their needs.
- Able to communicate a compelling vision to key stakeholders internally and externally to achieve operational outcomes.
- Experience of successful management and implementation of complex policy issues, leading organisational and/or cultural change in order to achieve successful outcomes.
- Business acumen from creating a commercial environment where the management of cost and customer satisfaction is paramount.

## Leadership behaviours

- Champions the needs of the individuals and communities that Bath and North East Somerset serve, ensuring the Council places community needs at the heart of what they do and constantly challenging themselves and others to think from the customer perspective
- Creates a shared and compelling vision for Bath and North East Somerset helping people internally and externally to understand and engage with the Council's goals
- Builds strong, strategic partnership relationships and bring partners together to create joined up solutions to complex issues for the people of Bath and North East Somerset
- Takes a strategic approach to influencing, drawing on a range of approaches to effectively manage the politics and partnerships and position the Council for success internally and externally.
- Understands the local and national, formal and informal political and socio-economic context and stay tapped into the needs and agendas of different stakeholders. They use this understanding to pro-actively shape the context, identify opportunities or consider the best way to get things done.
- Simplifies complexity creating clarity and direction in ambiguous, multifaceted situations for themselves and others.
- Creates a culture of accountability, constructively and appropriately challenging peers, partners, members and more senior leaders to deliver agreed results and/or model the agreed values and behaviours.
- Sets stretching goals that challenge the status quo and existing performance levels drawing on what the best organisations across sectors are doing.

## Performance measures

<i>Customer service</i>	<i>Relationships</i>
<ul style="list-style-type: none"><li>▪ Continuous improvement in levels of customer satisfaction and service quality</li><li>▪ Feedback from Members and direct reports</li><li>▪ Quality of life in Bath and North East Somerset</li></ul>	<ul style="list-style-type: none"><li>▪ Reputation</li><li>▪ Policy influence</li><li>▪ Member feedback</li><li>▪ Partner feedback</li></ul>
<i>Value for money</i>	<i>Employees and culture</i>
<ul style="list-style-type: none"><li>▪ Continuous cost reduction</li><li>▪ Service delivery and improvement</li><li>▪ Achievement of KPIs</li></ul>	<ul style="list-style-type: none"><li>▪ Employee engagement</li><li>▪ Working climate</li><li>▪ Behaviour</li></ul>