

<b>REPORT TO:</b>	<b>APPOINTMENTS COMMITTEE</b> 4 February 2015
<b>AGENDA ITEM:</b>	6
<b>SUBJECT:</b>	<b>REMUNERATION OF THE EXECUTIVE DIRECTOR OF PEOPLE</b>
<b>LEAD OFFICER:</b>	<b>Chief Executive Director of Human Resources</b>
<b>LEAD MEMBER:</b>	<b>Councillor Tony Newman, Leader of the Council</b>
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b> The Council's pay policy statement	
<b>FINANCIAL SUMMARY:</b> The costs of the post of £150,000 per annum are budgeted for in the 2015/16 draft budget for the People Department.	
<b>KEY DECISION REFERENCE NO:</b> n/a	

## 1. RECOMMENDATIONS

- 1.1 That pending approval of a revised pay policy the Committee approves the salary on appointment of up to £150,000 (including provision for a market supplement of up to £13,000) for the post of Executive Director of People as set out in paragraphs 3.9 to 3.14

## 2. EXECUTIVE SUMMARY

- 2.1. This report seeks the Committee's approval of salary packages for the post of Executive Director of People of up to £150,000 per annum (including, pending approval of a revised pay policy, a market supplement of up to £13,000).

## 3. DETAIL

### Background

- 3.1. The Council on the 15 July 2014 made a decision to make permanent the Chief Executive position and in turn delete the roles of Executive Director – Resources & Customer Services and Executive Director – Adult Social Care, Housing & Health. This recognised the need to respond early to the financial pressures being faced by the Council in 2015/16 and in early preparation for the reshaping of the Council from the influence of the transformation programme.

- 3.2. In readiness for the creation of a three department Council (Resources, Place and People departments) and implementation of the top management tier from 01 April 2015, the Public Health responsibilities have transferred to the Chief Executive, Housing Services have transferred to the Executive Director of Development & Environment and Adult Social Care have transferred to the Executive Director of Children's, Families and Learning.
- 3.3. Consultation is now under way over the shaping of the first tier at Director level within the new Place and new People department; having concluded the consultation in relation the first tier within the new Resources department.

#### People Department

- 3.4. From January 2015 the Executive Director of Children, Families and Learning has assumed additional responsibility for Adults Social Care on an interim basis following the retirement, by reason of redundancy of the Executive Director of Adult Social Care, Housing & Health on 31 December 2014. Responsibility for Housing transferred to the Executive Director of Development and Environment from 01 November 2014 on an interim basis in preparation for the retirement of the Executive Director of Adult Social Care, Housing & Health.
- 3.5. Currently the Executive Director of Children, Families and Learning is responsible:
- 3.5.1. On a substantive basis for: children's social care and family support, libraries and adult learning, children's integrated commissioning, schools standards, admissions and place planning, and
- 3.5.2. On an interim basis for adult social care.
- 3.6. It is proposed to keep these responsibilities grouped together and to add the following: adult social care and all-age disability, adult social care provider relations and brokerage, adult social care early intervention and reablement, personalisation and assessment and case management, Care Act implementation, integrated health and commissioning, housing needs and assessment, solutions allocation, renewal, tenancy and neighbourhood services, incomes and lettings, service development, community empowerment, welfare and benefit (bespoke support and packages), gateway and integrated 'simple' assessment, \*coroners and \*registrars.
- \* The existing Executive Director of Children, Families and Learning has assumed 'caretaking' responsibility for all these functions (except those marked with an asterisk) following the implementation of interim arrangements detailed in para 3.4 above.
- 3.7. From 01 April 2015 it is proposed that the Executive Director of Children, Families and Learning post is deleted (by reason of redundancy) and that a new post of Executive Director of People is created to include the previous and additional new responsibilities.

#### Place Department

- 3.8. It is proposed that from 01 April 2015 the existing Executive Director of Development and Environment post is amended modestly to include: housing planned maintenance and improvement, Housing strategy and commissioning; and

that it is retitled Executive Director of Place. These changes are currently subject to consultation – which is due to close 13 February 2015.

### Salary

- 3.9 Within the revised structure there are just two executive director posts reporting to the Chief Executive and with line management responsibility for a number of director chief officers. The executive director posts are the most senior and strategic posts after the Chief Executive; and the current grading range is insufficiently competitive for the Council to recruit and retain suitably qualified and capable individuals.
- 3.10 Under the Council's current pay arrangements the Executive Director of People role would be graded on a salary range of between £116,772 and £137,626. An NJC Chief Officer award is pending, but its provision, if implemented will have no effect on the salary of Officers paid in excess of £99,999 per annum. A review of the pay and grading arrangements for chief officers is currently underway, however in the meantime the Council needs to operate within its existing pay policy.
- 3.11 Benchmarking against comparable roles in London and south-east England indicates that that the Council will need to apply a market supplement to offer a competitive salary and attract and retain the highest calibre candidates. A comparison of salary data from the London Council's pay survey 2014 and from the Hay Group indicates that a total salary package of up to £150k for a role of this size commensurate with the market rate.
- 3.12 The Council's pay policy statement allows for the use of market supplements if the Council is unable to recruit to a role at its designated grade. Market supplements are paid in addition to the salary for the grade and the supplement is subject to review. There will be provision in the individual's contract of employment for the Council to decrease or remove the market supplement accordingly.
- 3.13 Following the decision of the annual council meeting on 03 June 2014, the Appointments Committee has delegated responsibility for voting on salary packages on appointment that exceed the threshold specified in statutory guidance issued by the Secretary of State under section 40 of the Localism Act 2011. The statutory guidance is that elected Members should be given an opportunity to vote before: salary packages upon appointment above a specified threshold are offered; and severance packages beyond a specified threshold are approved for staff leaving the Council's employment. For both these purposes, the specified threshold is currently £100,000. This report is presented for the approval of salary packages that exceed the stated threshold.
- 3.14 In anticipation that it may be necessary to appoint on a salary package that exceeds the specified threshold and avoid the need for a further report to Members at a later date, the Committee is asked to approve a salary package of up to £150K (including a market supplement) for the role of Executive Director of People. The market supplement to be paid pending review of a new pay policy for executive directors and directors as mentioned below. The precise level for any market supplement will be agreed by the Director of Human Resources in liaison with the Chief Executive up to the maximum approved by Members.

## Pay Policy

- 3.15 As mentioned above the current pay structure for senior staff is no longer fit for purpose. The realignment of the senior management tiers presents an opportunity to review the pay arrangements with a view to simplifying pay, removing certain allowances and supplements and aligning pay more closely to the market. As pay for staff at this level is determined locally and is outside of any collective bargaining with the trade unions there is greater flexibility than with other staff groups.
- 3.16 Details of the new pay arrangements will be incorporated into the 2015-16 pay policy due to be reported to Council in February 2015. The emerging proposed 'pay principles' for a first-tier officers (Executive Directors, Assistant Chief Executive and Directors) are:
- Creation of small number of pay reference points (or spot pay) to replace grades with incremental progression.
  - Reference points to be set taking into account market pay and based around the London Council's and Hay 50<sup>th</sup> percentile.
  - Reference points to be reviewed every two years.
  - Individual's base pay to be set at one of the pay points taking into account the size of the role undertaken.
  - Market supplements (where payable) should not exceed the pay point for the next level and should be no more than 10% of base salary.
  - Market supplements reviewable every 2 years starting April 2017 - and if lowered this would be subject to 12 months' notice
  - Removal of all other allowances (except Returning Officer duties)
  - Separation from national pay awards i.e. pay does not increase with the cost of living pay increases agreed the Chief Officer nationally

## 4 FINANCIAL AND RISK CONSIDERATIONS

### 4.1 Revenue and Capital consequences of report recommendations

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
<b>Revenue Budget available</b>		150	150	150
<b>Effect of decision from report</b>				
Salary costs		150	150	150
<b>Overspend / (underspend)</b>		0	0	0

4.2 **The effect of the decision**

The post is budgeted for in the 2015/16 draft budget

4.3 **Options**

The alternative option of not filling the role is not considered sustainable.

4.4 **Future savings/efficiencies**

None identified.

Approved by: Richard Simpson, director of finance and assets

**5 COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER**

- 5.1 The Solicitor to the Council comments that the Council may appoint such staff as it considers necessary for the proper discharge of its functions on such reasonable terms and conditions, including remuneration, as the Council thinks fit.

Approved by Julie Belvir, Borough Solicitor and Monitoring Officer

**6 CUSTOMER, EQUALITIES, HUMAN RIGHTS, FREEDOM OF INFORMATION, DATA PROTECTION CRIME AND DISORDER IMPACT**

- 6.1 There are no direct considerations arising from this report.

**CONTACT OFFICER:** Heather Daley, Director of Human Resources

**BACKGROUND DOCUMENTS:** None