

### **13. CHIEF EXECUTIVE SALARY SCALE ALIGNMENT AND BENCHMARKING**

REPORT OF: HEAD OF DIGITAL AND CUSTOMER SERVICES  
Contact Officer: Tim Martland, BUL Human Resources  
Email: [tim.martland@midsussex.gov.uk](mailto:tim.martland@midsussex.gov.uk) Tel: 01444 477251  
Wards Affected: All  
Key Decision: No  
Report to: Council 14 December 2016

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#### **Purpose of Report**

1. It is for Council to implement any changes to the Chief Executive's salary scale as part of its Pay Policy. The Policy requires that before any changes are made, advice should be taken from the S151 Officer, Monitoring Officer and Head of HR. The contents of this report reflect that advice.
2. Changes are necessary at this point to align the Chief Executive (Head of Paid Service) salary scale. This follows reviews of the structure and responsibilities of the management team and consequential changes elsewhere in the organisation undertaken by the Chief Executive and chief officers (using the Head of Paid Service and chief officer delegations).

#### **Summary**

3. Council will be aware that during the summer, the opportunity was taken to review the structure of the Council's officer team to ensure that both the structure and capacity within it, reflected the changing environment within which the Council is operating. An independent Human Resources and Organisational consultant was commissioned to complete this work. Structural options were identified that provided more effective alignment of divisions and services to reflect the move from a period of austerity to one of preparing for growth, increased demands in key service areas and further service improvement.
4. The majority of this work will be completed, as normal, by the Chief Executive and Management Team as these posts are charged with managing, organising and leading the Council's officers. However, one consequence of the changes is that there is now an inconsistency between the salary scales for the Chief Executive post and those of the remaining staff team. Consistent with the Council's Pay Policy, changes to these salary scales require Council's agreement; on advice from the Council's Monitoring Officer, S151 Officer and Head of HR (the latter role being within the role of the Head of Digital and Customer Services).

#### **Recommendations**

5. The Council is recommended to:
  - (i) Note the work to restructure and realign management responsibilities and build capacity to meet the changing demands that face the Council; and
  - (ii) Approve changes to the Chief Executive salary range and, consistent with normal practice, for the Leader to place the Chief Executive post onto the revised range.

## Introduction

6. The philosophy behind the changes introduced over the summer was to reduce the size of the Management Team, refocus its roles on strategic management and to reinvest the savings achieved in the Business Unit Leader and Team Leaders levels of the Council. The intention being to strength this operational tier to build capacity and productivity. This included some role redesign and the introduction of new posts in this very important section of the Council's officer team.
7. This restructuring is well underway and will be completed by the end of the financial year. The changes will be achieved within existing staff budgets and will also deliver an annual net saving of just under £44k.
8. A small element of the independent consultant's work over the summer was to produce proposals for reviewing the Council's salary scales to ensure they complemented the restructure proposals and maximised the Council's ability to attract good candidates. The scales had not been reviewed for 12 years and overtime had developed several anomalies which made them difficult to use; particularly in the light of current business and recruitment needs. The proposals generated have enabled the Council's salary scales to be simplified and used support the new structures. The changes have been implemented within existing staffing budgets.
9. As part of this work, and under the direction of the Leader of the Council, the independent consultant was also asked to review the Chief Executive salary scales. This independent remuneration report reviewed the Council's Management team remuneration strategy since 2009, benchmarked remuneration, comparing roles across the country and in the region. The report recommended that the scales for the Chief Executive should be revised to ensure parity with the changes in the Management Team introduced over the summer, reduce the variance in the scale that has built up over the last 12 years and reduce the salary ceiling of the scale.

## Salary Research

10. The research methodology used extensive benchmarking and highlighted the number of salary scales that exist for the Chief Executive Officer post, built up over 12 years. None of these have been benchmarked since their inception.

### Old Scales

CO8 £109,807  
CO12 £100,960 - £111,100  
CO10 £120,622 - £142,767

11. The advice of the independent consultant was that:
  - the ranges are not consistent with current practice locally and nationally; and
  - the salary scale differentials between the Chief Executive and Heads of Service are less than at comparative Councils.
12. The consultant recommended a new, simplified range, based on benchmarking across both 'nearest neighbour' benchmark groups and neighbouring Councils that is consistent with current best practice. The new range reduces the potential maximum salary level of the chief executive post by over £10,000 and provides a consistent, recently benchmarked salary range reflecting best practice.
13. The new recommended range is £114,000 - £132,000.

## **Responsibility for Decisions on Salary and General Remuneration**

14. It is for the Council to implement any changes to the Chief Executive's salary scale. The Council's Pay Policy Statement, which is approved annually by Council, is clear that advice should be taken from the S151 Officer, Monitoring Officer and Head of HR before recommendations are made to Council. This advice has been sought and the officers concerned have recommended these proposals.
15. It should also be noted that for transparency remuneration for all senior officers of the Council, including the Chief Executive, is published annually in the Statement of Accounts and can be found on the Council's website.
16. The salary point and progression of the Chief Executive are subject, as is the case now, to annual performance reviews by the Leader of the Council.

## **Policy Context**

17. Agreement of the proposals will be accounted for within the Council's Pay Policy Statement 2017-18. The Statement sets out the Council's policies in relation to the pay of its workforce, particularly its senior officers, and sits alongside the policies on pay that the Council has already adopted and published in its Pay Policy. The Pay Policy Statement will be submitted to Council, for approval in March 2017

## **Financial Implications**

18. Any additional costs can be accommodated within the salary budget. The restructuring proposals prioritise reinvestment of resources into the Business Unit and Team Leader tiers of the Council. This includes a redirection of funds into key areas such as planning, housing, environmental services, economic development and contract management. Because of these changes, including those outlined in this report, there is an overall net saving of just under £44k.

## **Risk Management Implications**

19. The risks of not having a competitive salary range for the Chief Executive post include being unable to recruit and retain to the role. The current jobs market for such roles is increasingly competitive.

## **Equality and Customer Service Implications**

20. In equality terms, parity, at least with Chief Executive posts at other Councils, particularly those in neighbouring authorities is required. Gender differences also need to be carefully monitored. Below average salary scales are likely to mean the same for other manager posts, for which effective applicants are always sought. This could lead to adverse circumstances, particularly in terms of value for money to the taxpayer.

## **Background Papers**

21. None