



Report to: Appointments and Conditions of Service Committee

Subject: Senior Management Pay

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Author: Personnel Manager

1. PURPOSE OF THE REPORT

To seek approval to set the salaries of the posts of Chief Executive and Corporate Director within the proposed new senior management structure of the Council.

2. BACKGROUND

Under the Council's Constitution, the Appointments and Conditions of Service Committee has the delegated responsibility for fixing the pay of the Chief Executive and Chief Officers.

Chief Officers

As part of the current management review considered by the Joint Consultative and Safety Committee (JCSC), it is proposed that the posts of "Head of Service" are removed from the establishment and that new "Corporate Director" posts are established. This structural change is the subject of a separate report earlier on the agenda.

In order to establish the pay grades for these posts, consideration has been given to balancing affordability with fair pay for the work, whilst also recognising pay levels for similar posts within the local market and pay differentials within the organisation.

In respect to market conditions, comparator data was collected earlier in the year from other local district councils and is shown at Appendix A. What is clear from this information is that there is no single or consistent model for a senior management structure even within organisations of similar type and size. Each model is designed to deliver services in the most appropriate way for the local community. Having said this, pay data can be used to help inform this organisation of what may be appropriate for the "four director model" that is being proposed.

Chief Executive

In October last year, the Appointments Committee considered a report that outlined arrangements for appointment of the current Chief Executive. As part of that report, the pay for this post was considered and reference made to comparator data. Current comparator data is now shown at Appendix B.

The report went on to make the following statements:

“It can be seen from this data that the salary for the Chief Executive at Gedling is below average at both the starting increment and finishing increment. There is considerable variation in salary levels and incremental scales. However, every Council that submitted its data is paying in excess of £105,000 at the top of the scale which is some £7,000 more than the maximum salary at Gedling.

In terms of responsibilities, these District Councils are similar in population size to Gedling and the only other significant difference is that Gedling and Rushcliffe have transferred their housing stock therefore no longer have responsibility for Housing Landlord and investment functions. The other Councils (Broxtowe and Mansfield) have retained their housing function, or have an ALMO (Ashfield, Bassetlaw, Newark and Sherwood).

The setting of the pay level for the Chief Executive is a key decision that establishes principles in terms of the pay levels for the rest of the organisation. At the time of single status there was consideration of the strategy that should be adopted towards establishing the pay and grading structure for employees. It was felt that the approach to be taken should establish Gedling as an employer that paid salaries at a reasonable level in order to attract and retain staff, but acknowledging that we did not aspire to be the highest paying local government employer in the area. It is proposed that this principle should continue to guide the decisions on pay levels, and if applied to the Chief Executive’s salary, it will feed through into any further decisions on pay levels for other Chief Officers.

However, it is also recognised that since the levels of pay for other Chief Executives throughout the County were established, the economic climate has got more difficult and there is more attention on top executive pay which will place pressure on the pay levels agreed when posts become vacant.

At this point it would be inappropriate to consider an increase in the salary of the Chief Executive bearing in mind the uncertainty of the future budgetary position. However it is relevant to note the disparity in the salary levels and as part of the future review of SMT the salary level of the Chief Executive should be considered at that time.”

The report recommendation was that the salary level of the post of Chief Executive be reviewed as part of the current senior management review, hence the reason for the Committee being asked to consider this matter now.

There are a number of salient points to consider. Firstly, that although the local government press does report that in many cases when a Chief Executive post becomes vacant salary levels are being reduced, the local market indicates that other similar posts are currently paid more highly. An additional factor to consider is that with the introduction of more highly paid posts of Corporate Director, the pay differential with the Chief Executive post should be considered. It is also perhaps worth noting that the organisation's financial position is now a little clearer than when the earlier report was drafted.

3. PROPOSALS

Following consultation with the Head of Corporate Services and with the agreement of the JCSC, it is proposed that the newly-created posts of Corporate Director are established as a two-point pay scale; £73,000 - £75,000. It is further proposed that a plussage of 10% be applied to the salary of one of the post-holders for undertaking the role of Deputy Chief Executive, this designation to be made by the Chief Executive once the posts are filled and if it is considered necessary at that time.

It is also proposed that in the light of internal organisational changes and the external market, that the committee should determine the pay grade of the Chief Executive and either increase this or retain at its current level (£93,753 - £98,334).

4. FINANCIAL CONSIDERATIONS

The management re-structure report agreed by Council on 6 July 2011, identified the potential for delivering ongoing salary savings in the order of £160,000 to £225.000 per annum.

This figure was determined by a range of assumptions, including:-

- New salary levels for senior management pay
- Additional funding for plussages to reflect the new roles of Service Manager
- Additional plussages for statutory roles (Monitoring Officer/Deputy Monitoring Officer, Chief Financial Officer/Deputy 151 Officer)

It is expected that any decisions made in respect of these issues will be affordable in line with the original proposals.

5. **RECOMMENDATIONS**

Members are **recommended** to:

- a) Approve the salary proposals in respect of the posts of Corporate Director.
- b) Determine an appropriate level of pay for the post of Chief Executive.

Appendix A

Nottinghamshire districts: Directors'/ Senior Officers' Pay

Organisation	Pay for most senior tier(s) below Chief Executive
Ashfield DC	3 Directors; fixed point £71,000 (3 Deputy/ Asst CEx posts)
Bassetlaw DC	3 Directors; £78,741- £85,044 6 Heads of Service; Band 1 £59,844 - £66,141 or Band 2 £55,644 - £61,944
Broxtowe BC	1 Deputy Chief Exec £79,304-£87,230 2 Directors £61,949 - £68,144 5 Heads of Service in Band 1 £47,080 - £51,788 6 Heads of Service in Band 2 £41,505-£45,653 All on a 4 Increment Scale
Gedling BC	6 Heads of Service; Heads of Corporate Services* and Legal and Democratic Services; £57,529 - £67,686 Other 4; £52,299 - £61,533
Mansfield DC	2 Directors; £73,491- £77,688 6 Heads of Service; Heads of Finance, and Corp Admin; £61,731- £65,259 Other 4; £55,851- £59,040
Newark & Sherwood DC	1 Deputy Chief Exec £75-660 - £86,466 (4 point scale) 5 Directors £59,448 - £67,557 (5 point scale)
Rushcliffe BC	3 Deputy Chief Execs; £77,688- £80,232 (plus 4 additional performance increments- potential maximum £87,519) 7 Heads of Service; £59172- £61,740 (plus 4 additional performance increments- potential maximum £69,372

Appendix B

	Chief Executive's Pay (Basic Salary)		
	Starting	Maximum	Population
Ashfield	£92,500	£107,000	117000
Bassetlaw	£102,500	£107,499	111800
Broxtowe	£91,464	£105,757	111800
Mansfield	£97,272	£108,081	99600
Newark & Sherwood		£113,490	113600
Rushcliffe	£106,000	£112,000	112800
Gedling	£93,753	£98,334	113200