

SPECIAL COUNCIL – 17TH JANUARY 2013

SUBJECT: SENIOR OFFICER REMUNERATION

REPORT BY: CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 To consider the decision taken by the Senior Remuneration Committee on the 5th September 2012.
- 1.2 Members will note that this report is in the name of the Chief Executive. In order to avoid any conflict of interest the Chief Executive will leave the meeting whilst Members debate his remuneration package. Whilst Members debate the remuneration of the Deputy Chief Executive, Corporate Directors and Heads of Service the Chief Executive, as the Head of Paid Service will remain in the meeting to advise Members on any options they may wish to consider. During this period of the debate, all other officers will leave the meeting. In order to protect the interests of the Authority the Section 151 Officer, the Monitoring Officer and Head of People Management and Development will be represented by nominated deputies. The nominated deputies will be officers who are not affected by the decision of the Senior Remuneration Committee.

2. SUMMARY

- 2.1 In accordance with the Council's Constitution, the following request for a Special Meeting of Council has been received from five Councillors:-

"We, the undersigned, hereby request the Mayor to call a Special Meeting of Caerphilly CBC as a matter of urgency in order that the question of rescinding pay rises for senior staff can be discussed properly by all councillors, after the presentation of a full report on the matter".

3. LINKS TO STRATEGY

- 3.1 The proposals contained within the report presented to the Senior Remuneration Committee on the 5th September 2012 are linked to the People Management Strategy. The contribution of senior officers is integral to the overall delivery of the Council's Corporate Plan and Improvement Objectives.

4. THE REPORT

- 4.1 On the 26th June 2012 the Council considered a report entitled "Localism Act – Publication Of Pay Policy Statement". This report is attached as Appendix 1. The report recommended that the Council establish a Sub-Committee – the Senior Remuneration Committee, to deal with the remuneration of the Chief Executive, Directors and Heads of Service.
- 4.2 The recommendation referred to in paragraph 4.1 was approved, and a Sub-Committee was established of five Members which was politically balanced. The relevant minute is attached

as Appendix 2.

- 4.3 The Senior Remuneration Committee met on the 5th September 2012, to consider an exempt report containing proposals to review the Senior Officer banding structure. Despite the fact that elements of this report have entered the public domain, the report remains exempt and is the subject of a public interest test. The exempt report is attached as Appendix 3.
- 4.4 Members will note that the report presented on the 5th September 2012 contained external detailed benchmarking analysis of senior officer remuneration. A report was prepared by the Hay Group and was attached as Appendix 2 to that report. A representative of the Hay Group attended the meeting on 5th September 2012 and explained the methodology of their report and answered a number of questions posed by Members of the Committee.
- 4.5 The report presented on 5th September 2012 outlined that Senior Officer pay at Caerphilly County Borough Council has been below the rates paid for comparable roles in other Local Authorities and Public Sector Partners. The report further stated that this can make retaining senior officers more difficult, which was illustrated by the recent loss of a well respected Head of Service.
- 4.6 The report also outlined that since 2005 there has been a reduction in the number of Heads of Service from 30 to 20, and that the Council's Corporate Management Team has reduced from 5 to 4. Members attention is drawn to Section 4 of the report presented on 5th September 2012, which sets out in detail the factors that should be considered when considering the Remuneration of Senior Officers.
- 4.7 The Senior Remuneration Committee determined that the current Chief Officer pay structure should be revised. The Chief Officer pay structure prior to the decision of 5th September 2012 and the pay structure implemented as a result of that meeting are set out below:-

Chief Officer Pay Structure Prior To Decision Of Senior Remuneration Committee

Chief Executive	£119,676 - £131,645
Deputy Chief Executive	£105,602 - £116,163
Directors	£91,529 - £100,682
Heads of Service – Band A	£64,999 - £71,496
Heads of Service – Band B	£57,648 - £63,413

Chief Officer Pay Structure Approved By Senior Remuneration Committee

Chief Executive	£142,524 - £158,360
Deputy Chief Executive	£119,250 - £132,500
Directors	£107,396 - £119,329
Heads of Services – Band A+	£89,691 - £99,657
Heads of Service – Band A	£80,366 - £89,295
Heads of Service – Band B	£62,097 - £68,997

- 4.8 The minute from the meeting of 5th September 2012 was presented to the next available meeting of Full Council on 9th October 2012. The minute was item 9 on the Agenda and was noted. A copy of the minute is attached as Appendix 4.
- 4.9 On 19th December 2012 a statement was issued by Caerphilly Labour Group where it was indicated that "in future, the full Council will decide on remuneration levels for senior managers". Members are asked to determine whether they wish to disband the Senior Remuneration Committee.
- 4.10 In the same statement the Caerphilly Labour Group indicated that they would investigate the possibility of rescinding the decision taken by the Senior Remuneration Committee, by

seeking independent legal advice. The Council's Monitoring Officer has requested that the legal advice be made available to Council. The legal advice prepared by Geldards Solicitors is attached as appendix 5. The legal advice is the subject of a public interest test to be considered by Members.

- 4.11 The following options are available to Members when considering whether it is possible to rescind the decision of the 5th September 2012. Whatever option is decided to be in the best interests of the Authority, it will in any event be necessary to take the decision afresh.
- 4.12 Rescind the decision and place the senior officers on the old pay scales as set out in paragraph 4.7 above. The Officers to be protected for eighteen months on the terms and conditions introduced by the Senior Remuneration Committee. This approach would be in accordance with the existing policy of the Authority.
- 4.13 Rescind the decision, dismiss the officers and offer to re-engage on their previous terms and conditions.
- 4.14 Take the decision afresh confirming existing terms and conditions will be maintained in accordance with the recommendations set out in the report to the Senior Remuneration Committee on 5th September 2012.
- 4.15 Take the decision afresh confirming the senior officer pay structure will be maintained in accordance with the recommendations set out in the report to the Senior Remuneration Committee on 5th September 2012, but with a different decision regarding the pay strategy. Implementation of any changes to terms and conditions to be achieved either by agreement with senior officers, or by dismissal and re-engagement on new terms and conditions.
- 4.16 Rescind the decision by way of a negotiated compromise with the Senior Officer Group.
- 4.17 Members are asked to consider the options set out in paragraph 4.11. The risks associated with the various options and the potential financial implications are set out in the independent legal advice attached as Appendix 5. Members attention is drawn to the possibility that the decision of 5th September 2012 could potentially be regarded as voidable, or void from the outset. This is due to the fact that the meeting did not comply with the provisions of the Local Government Act 1972 in that three clear days notice of the meeting was not provided. The complexities of this issue are detailed in Appendix 5, together with an analysis as to how this may have an impact on any fresh decision that the Council may wish to adopt.

5. FINANCIAL IMPLICATIONS

- 5.1 The cost of introducing a revised remuneration package for senior officers in 2012/2013 is £232,000. This is being funded through unapplied vacancy savings that were retained for this purpose, in respect of two Heads of Service posts plus their secretarial support.
- 5.2 If the decision of the Remuneration Committee is confirmed (option 4.11.3) then the full year cost to general fund is £384,000. Further savings will materialise in 2013/2014 when a Head of Service who is employed on a temporary contract in a consultancy based role is concluded. This will then leave a net saving of £1m per annum in respect of Senior Officer costs compared to the pay bill for this group in 2005.
- 5.3 The financial implications associated with the options identified in 4.11 (save for 4.11.3) are as set out in the exempt independent legal advice.

6. PERSONNEL IMPLICATIONS

6.1 As set out in this report and in the external legal advice.

7. EQUALITIES IMPLICATIONS

7.1 An EqlA Screening has been completed in accordance with the Council's strategic equality plan. This Screening did not identify any potential for unlawful discrimination, therefore a full EqlA has not been carried out.

7.2 The equality impact assessment indicated there would be no difference between the average increases in pay for either gender within the grades. As the grades have been determined by an objective job evaluation framework.

7. CONSULTATIONS

7.1 External consultation and advice was received from the Hay Group and presented to the meeting of the Senior Remuneration Committee on the 5th September 2012.

8. RECOMMENDATIONS

8.1 Members are asked to consider whether they wish to disband the Senior Remuneration Committee established by full Council in June 2012.

8.2 Members are asked to consider which of the options identified in paragraph 4.11 they wish to adopt. Members may wish to consider an alternative option not set out in this report, however any alternative option must have regard to the legal advice contained in Appendix 5.

10. STATUTORY POWER

10.1 Local Government Act 1972.

Author: Anthony O'Sullivan, Chief Executive
Consultees: Nigel Barnett, Deputy Chief Executive
Nicole Scammell, Head of Corporate Finance Officer & S151 Officer
Gareth Hardacre, Head of People Management and Development
Daniel Perkins, Head of Legal & Governance/Monitoring Officer

Appendices:

Appendix 1 Report to Council 26th June, 2012 "Localism Act – Publication Of Pay Policy Statement"

Appendix 2 Minute of report presented to Council 26th June 2012 – Localism Act - Publication Of Pay Policy Statement

EXEMPT

Appendix 3 Report to Senior Remuneration Committee – 5th September 2012

Appendix 4 Minute of Senior Remuneration Committee presented to Council on 9th October 2012

EXEMPT

Appendix 5 Independent legal advice from Geldards Solicitors