

## **Introduction**

West Suffolk Councils (Forest Heath District Council and St Edmundsbury Borough Council) are moving to the next stage in their journey to achieve a single West Suffolk Council. It will be one, very large district council which will be the 7<sup>th</sup> largest in England.

It is timely to consider any significant risks to this objective including the availability of high- calibre senior staff critical to the new authority's success.

The current senior team is relatively stable and working effectively, however when the council needs to recruit new senior staff, it needs to be in a good position to attract and retain the very best candidates available. This may mean looking closely at "the offer" from the Council to potential candidates.

In order to attract and retain the most appropriate staff to take forward, the Council's agenda, and the approach to pay and reward needs to reflect the responsibilities of the roles and appropriate pay rates paid to staff in similar roles in the sector.

The East of England LGA has been asked to provide independent professional advice on the pay of senior staff.

## **Background**

West Suffolk was one of the first to be created as a single staff group to support two councils. This innovation created the opportunity to attract and retain exceptional staff to the combined staffing cohort as it represented a new challenge and a valuable experience for staff to add to their career and CV. Other shared arrangements have followed the same template of merging the staffing cohort. The model is now much more commonplace.

The senior staff group has been restructured and made smaller over the years and now comprises a Chief Executive, two Directors and six Assistant Directors, all supported by professional service manager roles.

West Suffolk has continued to attract staff as it continued to innovate and has relied on its undoubted excellent reputation when seeking candidates for key roles.

The senior team is fairly stable, however the salaries offered have fallen behind other councils, including those with shared staffing arrangements. In addition, a feature of this stability has been that most senior staff are now at the top of their pay spine with no further headroom. This may be a risk as it may be difficult to retain existing staff. Where key staff are lost there are three main impacts, the loss of key capability and capacity at a senior level, the cost of recruitment and the time and expense of induction/development required to get a new member of staff integrated into the existing team. The loss of productivity and increased strain on the senior team of carrying a vacancy are difficult to measure however the cost of

recruiting to a senior post can be upwards of £30k therefore taking measures to support retention makes good business sense.

The East of England LGA works closely with councils in the East of England and supports Executive search and selection within those councils. It has become increasingly difficult to recruit and retain talent in top teams in the last two years in particular. The combination of skills shortages and the loss of retirees in critical areas has led to a real shortage of suitable candidates at Chief Executive, Director, Assistant Director and Head of Service level. The pay rates for senior staff have started to increase as a result.

It is now very clear that similar roles in other councils have overtaken West Suffolk in terms of pay and reward. This presents a risk to the West Suffolk Councils in recruiting and retaining key staff.

In future, it may be difficult to recruit to vacant role(s) without considering the pay range on offer. This will be a reactive rather than proactive approach. It may also be too late to address the retention of key staff.

### **Future plans**

As a consequence of West Suffolk merging the two existing Councils into a single new Council, they will again be "ahead of the curve" in terms of innovation. Jobs in the organisation are already changing and will continue to do so. It will be essential to retain the existing senior team and part of this will be to ensure that salaries offered are appropriate to reflect the new responsibilities including those which will accrue in the new organisation and the evolving duties of the senior roles.

In the case of existing staff, a review of pay which provides for this "future proofing" and headroom/ progression will be necessary to retain staff in the longer term.

Given that the Chief Executive's salary sets the ceiling for all other roles, it must be positioned correctly to support the necessary salaries at tier two and below. At the current level the salary of the Chief Executive impedes any progression for Directors and in turn Assistant Directors and Service Managers.

As a first step it will be necessary to consider the salary of the Chief Executive role as well as the remaining top three levels of the staffing structure. Taken together, this will ensure that the pay ranges are fully "future proofed".

Suitable comparators will be large districts in Suffolk, the East of England and across England.

## Current Salaries

The most recent pay policy for West Suffolk (2017-18) provides the following salary data:

Post	Minimum	Mid-Point	Maximum
<b>Chief Executive</b>	110,562		121,091
<b>Director</b>	78,973	81,605	84,238
<b>Assistant Directors</b>	68,443	71,076	73,708
<b>Service Manager (I)</b>	48,636	52,379	55,019

## Benchmarking Salaries

When undertaking a benchmarking exercise, there are a number of factors to take into account. Firstly the purpose of the benchmarking, then suitable comparator organisations and suitable comparator roles.

The purpose of this benchmarking exercise is to analyse the current West Suffolk pay offer for current and future staff. This means ensuring that the Councils can both recruit and retain staff to the top four tiers of the organisation. In so doing it is useful to look at the general market position. For instance, what is the current level of remuneration offered by similar councils which may be competing for talent in the top tiers of councils? What might existing staff be offered to move roles? And what might West Suffolk need to offer to attract and retain staff?

It may be useful to bear in mind that candidates for roles in the top four tiers of local government may be willing to travel a reasonable distance or to relocate, in order to take up a new role.

In benchmarking salaries, it is helpful to identify comparator organisations and roles. Data is available from recently advertised roles, publicly published pay policies and through e-Paycheck.

The publicly available data on council websites, or in the press is published by job title rather than an analysis of job content, so it is inevitable that from one local authority to the next, jobs with similar titles may not carry the same weight of responsibilities. Some authorities have local features which also impact on the demands of the role.

## E – Paycheck

The East of England LGA operates the pay benchmarking service (e-Paycheck) in conjunction with the other eight English regions (excluding London). The pay benchmarking is undertaken by comparing similar sized local authorities' pay arrangements for similar sized roles, based on role profiles held in the system. The system however, only holds historical data and is limited in its usefulness. For this reason "real time" data drawn from recent recruitment exercises is a much more useful benchmark.

As vacancies arise at West Suffolk it will be far more useful to look at recently advertised roles to establish the current market position; this will be the context in which candidates can be attracted.

## **Attracting Candidates and Retaining Staff**

In reality what attracts a candidate is the councils' ambition, its reputation, the substance of the role and how it might develop a candidate's career. The overall package offered including salary will also be a major factor for candidates when considering a role.

It may be that candidates will be attracted from all types and sizes of councils and indeed other public or private sector employers. Similarly, existing staff will be attracted to roles for other employers for similar reasons.

Data available for current or recent vacancies can be gathered from the press, typically MJ jobs or council websites. EELGA has been supporting a number of councils with senior roles this year and provides market data to help councils determine salaries. The data from the MJ and EELGA is included in each section below.

## **Recently Advertised Roles**

Many senior roles are advertised in the MJ, this is a useful publication to seek up to date salary information as it is provided in real time in response to filling current roles.

By disregarding County, Unitary and Metropolitan authorities we can get a real time view of the market for district and borough council roles. In the last two months a variety of roles have been advertised.

For Chief Executives the range has been between £112k for a very small council (Horsham) and £127k at Wrexham to £130k for Harlow in Essex, again a smaller and less complex council than West Suffolk.

Harlow Council is advertising for the second time in six months as they were unable to appoint in the first phase.

Basildon has recently appointed a Chief Executive at a salary of £165k and Welwyn and Hatfield at a starting salary of £130k.

Chelmsford City Council are advertising a salary of £160,000 and Harlow at £130k.

For Director roles, salaries advertised range from £69k in Nottingham to £126k in Kirklees.

Recent appointments in the East of England include a Deputy Chief Executive in North Hertfordshire at £99k and Directors in Great Yarmouth at £82k, again much smaller councils than West Suffolk. East Suffolk recently appointed a Director with

a salary range of £86,536 to £91,687, and Rochford at a salary of £79,342 to £89,921.

For Assistant Director and Heads of Service roles, these range from £63k in Harrogate to £90k in North Yorkshire. Within this region, recent appointments in Great Yarmouth have been at £62k. A recent pay review for Hertsmere Council suggested a range of £66,245 - £74,578.

Many posts will also have an additional sum for statutory responsibilities such as Monitoring Officer and Section 151 Officer. Where there are skills shortages, "recruitment and retention" allowances may also be paid. West Suffolk pays an additional £5,000 for these statutory roles currently, but has paid no additional allowances to date; a good approach that is worth retaining as long as possible to maintain equity of pay.

All of the above are simply a snapshot of the current market however the trend has been that salaries are steadily rising for senior posts.

A recent resignation now means that the matter has become very pressing. The Council needs to appoint a new Assistant Director within the next few months. The salary range offered will impact on the candidates who apply for the role.

### **Pay ratios and differentials**

The Hutton Report and the Government recommended that the average pay ratio target between the chief executive of most public sector organisations and the lowest paid member of staff should be lower than 20:1. On average council chief executives earn around 11 times more than the organisations lowest paid members of staff.

The ambition was also to have a ratio of less than 12:1 when comparing the average median pay of workforce with the pay of the Chief Executive. By comparison, the ratio between the average employee pay in FTSE 100 companies and the CEO was 129:1. (CIPD Review of Executive Pay 2017).

The pay policy for West Suffolk councils has always included the ratio between the highest and lowest paid roles in the councils. The ratio has fluctuated slightly. If the Chief Executive salary is reset around £130k and the national living wage set at £9 per hour (as expected) in April 2019 the ratio will be 7.5:1. This achieves the same ratio between the Chief Executive and the lowest paid when members set salaries back in 2014.

The 'average staff salary' as a ratio will also be well within expectations initially set in the Hutton report. The Councils are falling below the median salary for Local Government at the moment –the national average is currently £25,520 and the ratio for the new proposals would be initially 5.1:1.

In terms of pay differentials in the top team the principle is to reflect the relative "weight" of the roles in comparison to each other. The model proposes differences of 18% between Chief Executive and Directors, 12% between Directors and Assistant Directors and 18% between Assistant Directors and Service Managers. This represents a fair spread across the bands.

## Conclusion

West Suffolk should consider the current salaries of staff in the top three tiers of the councils. This should be done proactively

The new pay proposed should be constructed to reflect the Chief Executive's salary with roles at levels 2, 3 and 4 established as a % of the Chief Executive's salary in line with the approach established by members previously.

The principle should be to take the Chief Executive's salary and set Director pay at 75%, Assistant Director pay at 60% and Service Managers at 45% (I). These figures also provide for appropriate differentials between grades.

The Chief Executive's salary should be set to reflect the current market position in order to ensure that the whole structure reflects the market and "future proofs" the salary scales.

Most senior staff are already at the top of their scale, shown below as the new bottom of scale. For that reason these points are unchanged. The new points adopt the principle of aligning salaries to a % of the Chief Executive's salary. If implementation of the new scale is on 1 April 2018 this will give the councils time to implement the new scales and enable them to be linked to the new Strategic Plan and to the new financial year.

Recommended salary levels are shown below.

## Recommendation

That the salaries of the top three tiers of the councils should be amended and set as follows:

<b>Post</b>	<b>Current grade maximum To be deleted 1 April 2018</b>	<b>SCP 1</b>	<b>SCP 2</b>	<b>Maximum SCP 3</b>
<b>Chief Executive</b>	121,091	130,000	137,500	142,500
<b>Director (75%)</b>	84,238	97,500	103,125	106,875
<b>Assistant Directors (60%)</b>	73,708	78,000	82,500	85,500