

REPORT FOR: Chief Officer Employment Panel

Date of Meeting: 25 September 2014

Subject: Recruitment to the post of Chief Executive and the statutory role of Head of Paid Service

Responsible Officer: Jon Turner, Divisional Director of Human Resources, Development & Shared Services

Exempt: No

Enclosures: Appendix 1: Draft Job Description
Appendix 2: Draft Person Specification
Appendix 3: Executive Summary of the House of Commons Communities and Local Government Committee report on Local Government Chief Officers' Remuneration

Section 1 – Summary and Recommendations

This report makes recommendations in relation to the job description and remuneration for the post of Chief Executive and the statutory role of Head of Paid Service.

Recommendations:

The Panel is requested to:

1. Agree the draft job description and person specification for the post of Chief Executive;

2. Agree the remuneration on which a recommendation for appointment to the post of Chief Executive would be made;
3. Agree the arrangements for selecting a candidate to recommend to Council for appointment to the post of Chief Executive and the statutory role of Head of Paid Service.

Reason: (For recommendation)

To put in place arrangements to support the recruitment of a Chief Executive and statutory Head of Paid Service

Section 2 – Report

Background

2.1 The Council is required to appoint a Head of Paid Service.

2.2 The Chief Officers' Employment Panel (COEP) is responsible for making recommendations to Council on the appointment of a Head of Paid Service and for agreeing the remuneration package if £100,000 or greater.

2.3 On 18 September 2014, Cabinet received a report on the Outcome of Consultation on Options for the Council's Senior Management Arrangements. Cabinet agreed to re-instate the post of Chief Executive in the Council's management structure; and to instruct the Divisional Director HR, Development & Shared Services, in consultation with the Leader, to make such arrangements as necessary to make a permanent appointment to the role. These decisions cannot be implemented until either the period for call-in has expired, or any call in has been resolved.

2.4 It is for the COEP to select a candidate to recommend to Council for appointment to the post of Chief Executive and the statutory role of Head of Paid Service.

Job Description and Person Specification

2.5 Pursuant to this the Panel is requested to agree :

- i. The draft job description for the post of Chief Executive (appendix 1), which sets out the duties and accountabilities of

- the post including the statutory duties and responsibilities of the role of head of Paid Service;
- ii. The draft person specification for the post of Chief Executive (appendix 2), which sets out the knowledge, skills, experience, qualifications and qualities to be sought in the person to be appointed;
 - iii. The pay scale for the post of Chief Executive (see 2.21 below), on which a recommendation for appointment to the post of Chief Executive would be made.

Remuneration

2.6 The Council delegates authority to the Chief Officer Employment Panel to make recommendations to Council on the appointment of the Head of Paid Service and make appointments of Chief Officers in accordance with the Council's Pay Policy.

2.7 The Council's delegations to the Chief Officer Employment Panel also include determination of any remuneration package of £100,000 or greater

Harrow Council's Pay Policy Statement

2.8 Harrow Council agreed a Pay Policy Statement for 2014/15 which states: 'The Council's policy is to minimise the senior management pay bill. The pay rates and numbers of senior managers reduced in 2012/13 and the post of Chief Executive was deleted in January 2014.'

2.9 The Pay Policy Statement also identifies 'Interim arrangements to cover the statutory duties of the Head of Paid Service will be put in place until after the local government elections in May 2014, at which point a decision will be taken on the permanent arrangements.'

The 2014/15 Pay Policy Statement can be found at:

http://www.harrow.gov.uk/info/200110/council_budgets_and_spending/1094/pay_policy_statement

House of Commons Communities and Local Government Committee report on Local Government Chief Officers' Remuneration

2.10 In late 2013, the House of Commons Communities and Local Government Committee, which includes Bob Blackman MP for Harrow East, commenced an inquiry into the pay and remuneration of senior council staff.

2.11 The report, published in September 2014, notes that 'overall senior public sector salaries have plateaued' and Chief Executives' of local authorities in national pay bargaining have not been awarded a pay rise in the last 4 annual settlements and that 'many councils, such as Doncaster Metropolitan Council and the London Borough of Harrow, cut salaries'. The report also notes that 'across the country there is now a clear pattern of pay restraint'.

Conclusions and Recommendations - Setting Locally Appropriate Remuneration

2.12 The select committee concluded that council's should set 'locally appropriate remuneration' and that in order to do so 'they need accurate data about what they need to pay in their local area so that they neither over-pay their senior officers nor fail to attract the best candidates'. They recommended the Local Government Association work with regional employer organisations to provide a regular analysis of regional pay trends'. [See London Councils Pay Data at 2.14 below]

2.13 The select committee also welcomed 'the fact that most councils have a relatively low ratio between the pay of the highest paid officers and staff on lower pay grades since this indicates a broad fairness within council pay approaches.' [The pay multiple for Harrow's previous Chief Executive was 8:1]

The executive summary of the select committee's report is attached at appendix 3, the full report can be found at:

<http://www.publications.parliament.uk/pa/cm201415/cmselect/cmcomloc/191/191.pdf>

Chief Executives' Pay Data

2.14 The London Councils Heads of HR network conducts a Chief Officer Pay Survey, which provides data on Chief Executives' pay. The table below shows the average, median and upper quartile basic salaries and total package for Chief Executives from 30 London Boroughs in 2013ⁱ.

	Basic Salary			Total Package		
	Minimum (£)	Maximum (£)	Actual (£)	Minimum (£)	Maximum (£)	Actual (£)
Average	£163,626	£185,695	£179,194	£166,282	£188,351	£181,632
Median	£165,150	£185,000	£180,000	£166,994	£185,192	£180,771
Upper Quartile	£175,751	£195,000	£188,495	£179,623	£195,251	£189,882

2.15 Harrow Council's most recent (2013/14) pay scale for a Chief Executive is set out below:

£147,813
 £150,900
 £154,062
 £157,287
 £160,596
 £167,997

2.16 The Chief Executive pay scale reflects the pay reduction of 3%, implemented in 2013 as part of the modernising terms and conditions collective agreement.

Chief Executive Pay Comparators

2.17 Published pay details for recent London Chief Executives appointments and Chief Executives in neighbouring Boroughs are set out below for information:

London Borough	Pay Scale
Croydon	£180,000 (Fixed for 2 years)
R. B. Kensington & Chelsea and Hammersmith & Fulham (Joint Chief Exec)	£157,000 - £211,000 (Actual £180,000) Plus withheld performance related pay of 3, 5 or 10%)
Barnet	£177,613 - £187,613
Haringey	£175,724 - £199,736 (Up to £210,032 with performance)
Camden	£147,015 - £179,685 (Actual £163,747)
Brent	£170,778 - £185,192
Ealing	£167,532 - £178,341
Hillingdon	£167,977 - £209,978 (Actual £183,250)
Hounslow	£140,103 - £164,828

2.18 Overall, remuneration packages for local authority Chief Executives have declined in recent years and this is also true in London.

2.19 The 2013 London Councils averages and a number of recent appointments have been around £180,000. The top of Harrow's previous Chief Executive pay scale is below this and was the basis for the previous post holder receiving a market supplement of £15,100 p.a. bringing the total pay to £183,096. However, the pay scales for some Boroughs are now closer to Harrow's previous Chief Executive pay scale.

Remuneration Package

2.20 The Chief Officers' Employment Panel are therefore requested to agree whether the post of Chief Executive should be advertised on the previous pay scale (see 2.15 above); or whether that pay scale should be revised.

2.21 The Chief Officers' Employment Panel are also asked to consider whether the post holder should also receive an Essential Car User Allowance lump sum of £619 p.a.ⁱⁱ.

Performance Related Pay

2.22 Harrow Council's Pay Policy Statement for 2014/15 states: 'Council employees including the Chief Executive and Chief Officers do not currently receive performance related payments or bonuses.' Therefore no recommendation has been made regarding performance related pay for the Chief Executive.

2.23 The COEP may wish to consider recommending whether this should be reconsidered by Council when agreeing the Pay Policy Statement for 2015/16.

Arrangements for Selection

2.24 Upon agreement of the job description, person specification and remuneration package an advert will be drafted and the post of Chief Executive advertised.

2.25 Applicants will be invited to submit applications for consideration by the Chief Officers' Employment Panel and, if shortlisted, for selection for interview by the Panel.

2.26 The COEP are invited to consider whether they wish to engage a specialist 'executive search' organisation to support the selection process. Indicative costs for using 'executive search' are in the region of £30,000 and would require a procurement exercise in accordance with the Council's Procurement Rules

Legal comments

The Constitutional position is set out in this report

Financial Implications

Any costs incurred in 2014/15 will be funded from the Transformation and Priority Initiatives Fund (TPIF) with the ongoing costs dealt with in the 2015/16 budget process.

The salary range for the post is £147,813 to £167,997. With NI and Pension costs this gives a total cost in the range of £190k - £216k

Section 3 - Statutory Officer Clearance

Name: Simon George.



Chief Financial Officer

Date: 19 September 2014.

Name: Hugh Peart.



Monitoring Officer

Date: 19 September 2014.

Section 4 - Contact Details and Background Papers

Contact: Jon Turner, Divisional Director of Human Resources,
Development & Shared Services

Email: jon.turner@harrow.gov.uk

DD: 0208 424 1225

Background Papers:

Report on the Outcome of Consultation on Options for the Council's Senior Management Arrangements and minutes of Cabinet on the 18 September 2014.

ⁱ Data from 2014 is currently being collected but was not available at the time of drafting

ⁱⁱ This reflects the 50% reduction implemented in 2012 as part of the modernising terms and conditions collective agreement