



House of Commons
Communities and Local
Government Committee

Local government Chief Officers' remuneration

Second Report of Session 2014–15

*Report, together with formal minutes relating
to the report*

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The Communities and Local Government Committee

The Communities and Local Government Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Communities and Local Government.

Current membership

Mr Clive Betts MP (*Labour, Sheffield South-East*) (Chair)

Bob Blackman MP (*Conservative, Harrow East*)

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John Stevenson MP (*Conservative, Carlisle*)

Heather Wheeler MP (*Conservative, South Derbyshire*)

Chris Williamson MP (*Labour, Derby North*)

The following member was also a member of the committee during the inquiry:

James Morris MP (*Conservative, Halesowen and Rowley Regis*)

Powers

The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via www.parliament.uk.

Publication

Committee reports are published on the Committee's website at www.parliament.uk/clg and by The Stationery Office by Order of the House. Evidence relating to this report is published on the Committee's website at www.parliament.uk/clg.

Committee staff

The current staff of the Committee are Glenn McKee (Clerk), Sarah Coe (Second Clerk), Stephen Habberley (Inquiry Manager), Kevin Maddison (Committee Specialist), David Nicholas (Senior Committee Assistant), Eldon Gallagher (Committee Support Assistant), Gary Calder (Media Officer) and Jonathan Olivier Wright (Web and Publications Assistant)

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Summary

During the first decade of this century salaries for senior council staff increased by some 75%, far greater than salaries increased for most people. There was justifiable public concern over this steep rise but in the past four years, as with the rest of the population, pay for local authority Chief Executives and senior directors has not risen. Indeed some senior staff have taken pay cuts. It is encouraging that, in isolated cases where significant increases have been proposed, action by local communities has been effective in questioning and reversing them. With the exception of some specific service areas, this welcome pay restraint has to date not apparently affected councils' ability to secure good staff to lead service delivery for their communities.

There is no 'one size fits all' formula applicable to all councils' decisions on senior pay since levels are set within the context of local needs and priorities. Setting a pay rate entails, first, establishing the responsibilities of a job and next identifying the appropriate local pay rate for such a job. Councils have access to local market data but the Local Government Association and regional employers' bodies should address a lack information on the broader pay and recruitment trends over time and across regions. Councils must critically assess the remuneration levels suggested by consultants and job evaluation schemes to ensure a good officer cannot be secured under local market conditions at a lower pay rate.

We had some concerns. Bonuses, although not the norm in the sector, should not be paid to someone simply doing their job, rather only when there is clear evidence of personal additional contribution, with sensitivity to local circumstances. But, of more significance, councils are in many cases failing to establish robust appraisal systems, making it difficult to link performance to pay effectively. The Local Government Association should publish updated guidance and councils should be required to get full council agreement to, and publish, details of the processes used to appraise staff so that the public can understand the basis on which reward decisions are made.

There has been much public concern at a lack of clarity when payments have been made to underperforming staff to incentivise them to leave a council. Councils should publish information on the rationale for, and amount of, such a payment within a month of the decision being made to award it. We welcome Government proposals to stop the 'revolving door' of senior staff leaving one high paid job with a pay-off only to take on another, or to act as a consultant, provided this is implemented so that staff leaving a post through no fault of their own are not penalised.

Innovative approaches such as removing or sharing the post of Chief Executive can reduce overall salary bills and it is right that each council considers whether such approaches will deliver best value for their communities. But we do not support merging the posts of Leader of the Council and Chief Executive since both are needed—the former to determine political direction and the latter to manage policy implementation—and there are benefits from the robust challenge between the two posts.

Government regulations introduced over the course of this Parliament appear to have established a largely effective set of controls but, whilst there has been pay restraint during

the period of austerity, the challenge for councils in future will be to maintain this against improving economic conditions. Well-informed local action is more effective in moderating pay levels than centrally imposed approaches, but, it is essential to have full and transparent data and robust powers for democratic scrutiny of decisions. The changes set out in this report, including provision by the local government sector of more easily comparable data, will help to strengthen local control.
