



# CHEL TENHAM

## BOROUGH COUNCIL

### Notice of a meeting of Appointments and Remuneration Committee

**Monday, 15 September 2014**  
**6.00 pm**  
**Montpellier Room - Municipal Offices**

<b>Membership</b>	
<b>Councillors:</b>	Wendy Flynn (Chair), Jacky Fletcher (Vice-Chair), Paul Baker, Colin Hay, Rowena Hay, Rob Reid, Malcolm Stennett, Chris Mason and Simon Wheeler

The Council has a substitution process and any substitutions will be announced at the meeting

### Agenda

<b>1.</b>	<b>APOLOGIES FOR ABSENCE</b> Councillor Jacky Fletcher (Councillor Harman to attend as substitute) Councillor C Hay and Councillor R Hay (Councillor Barnes to attend as substitute)	
<b>2.</b>	<b>DECLARATIONS OF INTEREST</b>	
<b>3.</b>	<b>APPROVE MINUTES OF LAST MEETING</b> Minutes of the meeting held on 29 July 2014	(Pages 1 - 6)
<b>4.</b>	<b>LOCAL GOVERNMENT ACT 1972 - EXEMPT BUSINESS</b> The Committee is recommended to approve the following resolution:  "That in accordance with Section 100A(4) Local Government Act 1972 the public be excluded from the meeting for the remaining agenda items as it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the public are present there will be disclosed to them exempt information as defined in paragraphs ?, Part (1) Schedule (12A) Local Government Act 1972, namely:  Paragraph 1; Information relating to any individual.  Paragraph 2; Information which is likely to reveal the identity of an individual	

		Paragraph 3; Information relating to the financial or business affairs of any particular person (including the authority holding that information)	
<b>5.</b>		<b>HAY REVIEW</b> Report of the Cabinet Member Corporate Services	(Pages 7 - 60)
<b>6.</b>		<b>ANY OTHER BUSINESS THE CHAIR DETERMINES IS URGENT AND REQUIRES A DECISION</b>	
<b>7.</b>		<b>DATE OF NEXT MEETING</b> 8 December 2014	

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### Appointments and Remuneration Committee

**Tuesday, 29th July, 2014**  
**6.00 - 7.10 pm**

<b>Attendees</b>	
<b>Councillors:</b>	Jacky Fletcher (Vice-Chair), Colin Hay, Rowena Hay, Rob Reid, Malcolm Stennett, Chris Mason and Simon Wheeler
<b>Also in attendance:</b>	Amanda Attfield and Andrew North
<b>Apologies:</b>	Councillor Adam Lillywhite

### Minutes

**1. APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Lillywhite. In the absence of the Chair, Councillor Jacky Fletcher took the Chair.

**2. DECLARATIONS OF INTEREST**

Councillor Colin Hay declared a personal and prejudicial interest in agenda item 4 as a trustee of the Cheltenham Leisure and Culture Trust and would not be present for the debate on this item. He also declared a personal interest in Agenda item 6 as a Trustee on the Gloucestershire Pensions Committee.

The Chief Executive explained that he had a potential interest in Agenda item 5 the “Hay Review” but he asked Members to permit him to provide some context for this item before leaving the meeting.

**3. APPROVE MINUTES OF LAST MEETING**

The minutes of the meeting held on 7 April 2014 were signed and approved as a correct record.

**4. UPDATE FROM THE CHIEF EXECUTIVE ON CURRENT ISSUES RELATING TO STAFFING**

The Chief Executive introduced this item and explained that he had briefed the Chair and the Cabinet Member Healthy Lifestyles on this issue prior to the meeting. He then informed Members that earlier in the year the Leisure and Culture Trust, now known as the “Cheltenham Trust” had embarked on recruiting a Chief Executive. It had been widely expected that the existing Director Wellbeing and Culture would apply for the position but for personal reasons had decided not to. As a result of the recruitment process, in which the Chief Executive of CBC and the Cabinet Member Healthy Lifestyles were involved, a preferred candidate was chosen. Subsequent to this the Chief Executive had been discussing with the Trust its concerns with regard to the lack of security of the preferred candidate should the Trust not be vested in October as planned. The Chief Executive reported that his suggested approach would be for the Council to inherit the employment arrangements of this candidate should the Trust not be vested in October. As he did not have authority to make this decision and it was vital to confirm the appointment it was decided to seek the approval of this committee to employ the candidate should

the Trust not be vested. Further to a decision by this committee the Trust could then send an offer letter to the candidate explaining that in the very unlikely event that the Trust project fails the candidate could be assured of a position with the Council.

When asked to comment the Cabinet Member Healthy Lifestyles regretted that the position had not been advertised later to avert this situation but the decision to recruit was made by the Trust, and the consequences of not taking this approach now risked losing the preferred candidate meaning the position would have to be re-advertised.

Members discussed the issue. As a point of clarification the Chief Executive explained that the only reason the Council would be involved was if the Trust was not vested in October as planned, but there would still be a need to manage those services. When asked who was undertaking the role at the current time the Chief Executive said the post was vacant as the former Director had been seconded to Ubico. However in the interim he was providing line management to the executive team and RPT consultants were also involved. When asked whether a saving was being made the Chief Executive said it was in one sense but there were project costs elsewhere that needed to be covered which meant that the funding position would be balanced out. He very much hoped that the Trust would be vested as planned and that the scenario outlined regarding Cheltenham needing to be the employer did not occur.

**RESOLVED that**

**the Council inherit the employment arrangements of the preferred candidate should the Leisure and Culture Trust not be vested in October**

**5. HAY REVIEW**

The Chief Executive introduced the report and explained that senior management salaries were last fully reviewed in 2008 and since then there had been two senior management restructures. The recent senior management review led to changes to the portfolios of senior managers. However with the number of changes that have taken place since then it was now deemed to be appropriate to carry out an exercise to check that salary levels remained appropriate and continued to fairly reflect levels of responsibility and that the senior management grading structure continued to serve the Council effectively.

The Chief Executive explained that the review concentrated on 4 senior management posts with the Director Commissioning role not being included due to the retirement of the postholder at the end of October. Of the 4 posts two of the current postholders had approached the Chief Executive requesting a regrade as they believed their jobs had changed considerably and now incorporated additional responsibility. The Chief Executive highlighted that a regrading of posts did come with a degree of risk, for example any recommendation to increase salary had not been budgeted for and should a decrease in salary be recommended there could be discontentment among postholders. That being said, the Chief Executive emphasised that the request was reasonable and all employees had the contractual right to request a pay review. It was the Chief Executive's view that responding to the requests by taking an independent look at salaries was reasonable in the circumstances.

Having declared a potential interest the Chief Executive left the meeting.

In response to a question the Head of Human Resources clarified that the current number of employees of the Council was around 340 compared to 660 in 2008. She explained that this number would further reduce to around 220 by 1 October 2014 due to the transfer to The Cheltenham Trust. She then explained that Paul Hancock from Hay would be meeting individually with the postholders to talk through their job and portfolios, job descriptions and person specs.

A member expressed her concern that one year ago the committee was told that these senior management posts were not significantly different and therefore would not be regraded. Postholders had received mentoring and coaching to facilitate their "slotting in" to the new roles at a cost to the council. However a year later these jobs were now being subject to a HAY review. She asked why, at the time of the restructure, the Committee was not told that those concerned had the right to request this. Other members regretted that at the time of last year's restructure the risk that senior managers would request a review was not highlighted to members or put on the risk register. It was suggested that officers should look at what was said by the committee at the time including the reassurances given by the relevant directors.

In response the Head of Human Resources referred to the "slotting" process which had occurred last year and explained that at that time the change in portfolios was not seen as sufficient to trigger a pay review as the job responsibilities were not deemed to be substantially different. Since then however 2 postholders had approached the Chief Executive requesting a review and should this be refused then it was highly likely that a grievance would inevitably be submitted. It was therefore seen as reasonable in the circumstances to take a look at the roles and grading.

A member asked why the regrading had not taken place at the time of the restructure. In response the Head of Human Resources explained that there had been changes to the portfolios but the view of management at the time was that these changes were not significant enough to trigger a re-grading exercise. She reiterated the fact that the contractual right to request a pay review was always there, and that an individual could request a grading review at any time, hence it was not seen that this risk needed to be highlighted in particular. She outlined the grading structure for senior managers as laid down in the report and explained that the Director Resources had been evaluated as having a higher degree of accountability compared to the other officers and was at Grade 3. She added that the HAY review would be an opportunity to see if the current vertical grading structure was appropriate for Cheltenham.

Members recognised that the officers concerned were also taking a risk in requesting a review.

Whilst it was acknowledged that managers were within their rights to request a review it was asked what would happen should junior staff request the same. In response the Head of Human Resources explained that all staff had the same right as senior managers and managers could agree for posts to be re-evaluated if there was good reason - significant changes were usually cited.

She also made reference to the fact that the job evaluation panel met regularly and any regrading was carried out by this forum.

When asked whether the recommendations from HAY would be legally binding on the Council the Head of Human Resources explained that it was for the Committee to consider the findings of the HAY review although this was not, strictly speaking, contractual. An individual did have a right to appeal against the recommendations and a formal grievance could be submitted. It was for the Appointments and Remuneration Committee to take forward the HAY review recommendations. She confirmed that the cost of the Hay review was £6,000.

The Head of Human Resources was asked what the effect of the HAY review would be on the annual pay award and the Chief Executive's salary. She confirmed that senior managers were subject to the annual JNC pay award and terms and conditions and as the current JNC pay award related to those on £100k or less it was possible that there may be a request for local determination of the Chief Executive's pay award.

A member also asked officers to quantify the additional responsibility and workload of those senior managers since they were appointed last year. The Head of Human Resources explained that this was principally a change to portfolios. In response to a question she also confirmed that senior managers were on three months notice.

A member referred to the request made by the Committee at the time of the last restructure that the Chief Executive take forward the feedback raised by the Committee during the appointments process with the managers concerned and asked whether the Committee could have feedback on that. The Head of Human Resources confirmed that this had been undertaken by the Chief Executive, but could not recall any undertaking to bring this back to the Committee as it was not the Committee's remit, however she would raise this with the Chief Executive.

It was noted that a decision on the outcome of the HAY review would be taken at the next meeting of the Committee on 15 September.

A member said that when considering the outcome of the HAY review it should be clarified to members what additional responsibilities had been taken on since their appointments. In response, the Head of Human Resources confirmed that this review would focus on changes in duties from the appointment in the new post, rather than the additional duties which were taken on prior to appointment, as the postholders had accepted the roles in the restructure at that point.

Paul Hancock, HAY, circulated some information regarding the HAY evaluation process which would be useful for Members when looking at the outcome of the review at the next meeting. In response to concerns expressed by Members he confirmed that HAY would be looking at the jobs as they existed now. The Head of Human Resources agreed to provide members with an outline of the responsibilities to which the senior managers were appointed last year so they could make a direct comparison with the job responsibilities as they existed currently.

**RESOLVED**

**To note that the Chief Executive has responded to two requests for a salary review and that the Committee would take a decision on the outcome of the HAY review at the next meeting scheduled for 15 September.**

**6. LGPS 2014 PENSIONS DISCRETION**

The Head of Human Resources introduced the report and explained that the pension regulations were amended in April 2014 changing it to a career average related earnings scheme with discretions available to the Employer under a number of provisions. She explained that in accordance with Regulation 60 of the Local Government Pension Scheme Regulations 2013 the Council must prepare a written statement of its policy in relation to the exercise of its discretion under a number of provisions of the Regulations. These included the funding of additional pension, flexible retirement, waiving of actuarial reduction and award of additional pension. In addition the Council has also prepared a written statement on whether, in respect of benefits relating to pre 1<sup>st</sup> April 2014 membership, to “switch on” the 85 year rule for a member who voluntarily retires and elects to draw their benefits on or after the age of 55 and before the age of 60 thereby agreeing to waive in full or part any actuarial reduction applied to the members’ benefits.

The Head of Human Resources highlighted that the additional pension would not be awarded and this was consistent with the approach across the GOSS partners, and would not award additional pension contributions. Flexible retirement would be considered on a case by case basis. The 85 year rule would be “switched on” where there was a sound business case. This was consistent with the GOSS partners and met business needs.

When asked how these rules affected those employees who had been transferred to another body in terms of where the residual liability lay the Head of Human Resources confirmed that this would be factored in to the actuarial assessment at the time of transfer. There would therefore be no additional liability on the council.

In response to a question the Head of Human Resources clarified that the decision to switch on the 85 year rule and flexible retirement would only be taken if there was a business case of benefit to the employer and this was for officers to decide, the Appointments and Remuneration Committee were responsible for approving policy. The process would be audited by the Council’s auditors to ensure that the rules were adhered to.

**RESOLVED**

**That the LGPS Pension Discretions Policy be agreed and adopted and forwarded to the Gloucestershire County Council pensions department**

**7. DATE OF NEXT MEETING**

15 September 2015

**Chairman**



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