

**Cheltenham Borough Council**  
**Appointments and Remuneration Committee**  
**29<sup>th</sup> July 2014**  
**HAY Review**

<b>Accountable member</b>	<b>CLlr John Walklett, Cabinet Member, Corporate Services</b>
<b>Accountable officer</b>	<b>Amanda Attfield, Head of Human Resources, GO Shared Services</b>
<b>Ward(s) affected</b>	<b>None</b>
<b>Significant Decision</b>	<b>No</b>
<b>Executive summary</b>	Senior management salaries were last fully reviewed in 2008, and since then there have been two senior management restructures, the latest being the Cheltenham Futures senior management review. It is good practice to keep senior management salaries under review. The recent senior management review led to changes to the portfolios of the senior managers, however with the number of changes that have taken place since the last HAY review of salary levels it is appropriate to carry out an exercise to check that salary levels remain appropriate and continue to fairly reflect levels of responsibility, and that the senior management grading structure continues to serve the Council effectively. The review will encompass the senior management roles within the Council only (not service managers or below).
<b>Recommendations</b>	1. That the Appointments and Remuneration Committee note that the HAY review is in progress, and will consider the findings at its next meeting (planned for September 2014).

<b>Financial implications</b>	The cost of the HAY review process will be in the region of £6k, to be found from within existing budgets.  <b>Contact officer: paul.jones@cheltenham.gov.uk, 01242 775154</b>
<b>Legal implications</b>	None specific at this stage.  <b>Contact officer: peter.lewis@teWKesbury.gov.uk, 01684 272012</b>
<b>HR implications (including learning and organisational development)</b>	As contained in the body of this report.  <b>Contact officer: amanda.attfield@cheltenham.gov.uk, 07920 284313</b>
<b>Key risks</b>	<b>See Risk Assessment at Appendix 1.</b>

<b>Corporate and community plan Implications</b>	N/A
<b>Environmental and climate change implications</b>	N/A.
<b>Property/Asset Implications</b>	N/A. <b>Contact officer: David.Roberts@cheltenham.gov.uk</b>

## 1. Background

- 1.1 All senior management posts are graded using the HAY method. Senior management salaries were last HAY reviewed in 2008. Since then there have been two senior management restructures, the latest being the Cheltenham Futures senior management review. There has been no overall HAY review of the senior management salary structure as a result of these reviews, which changed portfolios (Job Descriptions) but not salary levels. Cheltenham has become a “commissioning council” with less accountability for services where Cheltenham is the direct service provider and employer, but accountability remaining for a range of commissioned services (for example, Ubico Ltd, GO Shared Services, One Legal, shared Building Control).
- 1.2 There has been one change to the grading structure since 2008 where a grade was opened up and utilised to take account of the expanded responsibilities of the current Director, Corporate Services.
- 1.3 It is good practice to keep senior management salaries under review, and regular review is recommended by the Local Government Employers, although no timeframe for review is stipulated, this being for the Council to determine.
- 1.4 The recent Cheltenham Futures senior management review led to changes to the portfolios of the senior managers, however grades were not reviewed as part of the review. With the number of changes that have taken place since the last HAY review of salary levels in 2008, it is appropriate to carry out an exercise to check that salary levels remain appropriate and continue to fairly reflect the level of responsibility that the officers now carry.

## 2. Issues

- 2.1 The review encompasses the senior managers of the Council. Posts included in the review are as follows:

Chief Executive

Deputy Chief Executive

Director, Corporate Resources

Director, Environmental and Regulatory Services

Director, Well Being and Culture (included but will be part of a separate phase as the post holder is currently on secondment)

- 2.2 The post of the Managing Director, Cheltenham Development Task force is also included for the purpose of fairness and consistency, as the Council is the employer. Funds are received from a secondment of this post holder to Gloucester College, and should, as a result of this review, the cost base change for the Council, discussions with Gloucester College may need to take place regarding funding the arrangement.
- 2.3 The Chief Executive's salary is included for salary comparison purposes to define responsibility levels and ensure an effective grading structure. The Chief Executive's salary has (unlike other senior salaries) not been subject to formal review since the current post holder's appointment in 2006 and whilst they are not seeking any change in remuneration it would be artificial to exclude that post from consideration.
- 2.4 The Director, Commissioning role is not in scope for the review as it is anticipated that any changes would be implemented from April 2015 onward, and the post-holder leaves at the end of October 2014
- 2.5 The post holders that report in to the Chief Executive are each a different level of salary/grade (see Appendix 2), and HAY Group have been asked to consider whether the current grading structure continues to meet the needs of the Council in this respect.
- 2.6 The review aims to complete the initial interview and benchmarking during the summer, with findings and recommendations reported to the Committee in September 2014, with a view to implementing any changes from April 2015. The HAY Group has access to extensive benchmarking data. Benchmarking will include similar population sized councils / Unitary councils, in particular due to the wider responsibilities of some posts for commissioned out services (i.e. the span of accountability for directly employed staff would not necessarily reflect these accountabilities).

### **3. Reasons for recommendations**

- 3.1 To ensure that the Council's senior management pay and grading structure continues to fairly and reflect job accountabilities, and is an effective structure for the Council for retention and attraction.

### **4. Alternative options considered**

- 4.1 None.

### **5. Consultation and feedback**

- 5.1 Consultation has taken place and will be ongoing with the post-holders; HAY have held 121 interviews with the postholders. The Trade Unions have been informed.

### **6. Performance management –monitoring and review**

- 6.1 Appointments and Remuneration Committee to receive a further report in September 2014.

<b>Report author</b>	<b>Contact officer: amanda.attfield@cheltenham.gov.uk, 07920 284313</b>
<b>Appendices</b>	<ol style="list-style-type: none"><li>1. Risk Assessment</li><li>2. Current grades and salary levels of the roles impacted by the HAY Review</li></ol>
<b>Background information</b>	None.

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
1.	There may be internal/external interest in the review, and if the reasons for the review are not explained, there is risk of reputation damage, as there is high public interest in senior management salaries.	AA	8 07 2014	2	5	10	Reduce	Prepare reactive press release.  Prepare internal comms.	ASAP	Head of HR GOSS	
<p><b>Explanatory notes</b></p> <p><b>Impact</b> – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)</p> <p><b>Likelihood</b> – how likely is it that the risk will occur on a scale of 1-6 (1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)</p> <p><b>Control</b> - Either: Reduce / Accept / Transfer to 3rd party / Close</p>											