



Committee Manager : Carrie O'Connor (Ext 37614)

1 December 2016

CHIEF EXECUTIVE REMUNERATION COMMITTEE

A meeting of the Remuneration Committee will be held in Committee Room 1 (the Pink Room) at the Arun Civic Centre, Maltravers Road, Littlehampton **Tuesday 13 December 2016 at 6.00 p.m.** and you are requested to attend.

Members : Councillors Wotherspoon (Chairman), Cates, Chapman, Clayden, Hitchins, and Dr Walsh.

A G E N D A

1. APOLOGIES FOR ABSENCE
2. DECLARATIONS OF INTEREST

Members and Officers are reminded to make any declaration of personal and/or prejudicial/pecuniary interest that they may have in relation to items on this agenda.

You should declare your interest by stating:

- a) the item you have the interest in
- b) whether it is a personal interest and the nature of the interest
- c) whether it is also a prejudicial/pecuniary interest
- d) if it is a prejudicial/pecuniary interest, whether you will be exercising your right to speak under the normal procedure rules applicable to the Committee

You then need to re-declare your prejudicial/pecuniary interest and the nature of the interest at the commencement of the item or when the interest becomes apparent.

- 3 MINUTES

To approve as a correct record the Minutes of the meeting held on 10 December 2015 (attached)

4. ITEMS NOT ON THE AGENDA WHICH THE CHAIRMAN OF THE MEETING IS OF THE OPINION SHOULD BE CONSIDERED AS A MATTER OF URGENCY BY REASON OF SPECIAL CIRCUMSTANCES

5 EXEMPT INFORMATION

The Committee is asked to consider passing the following resolution:-

That under Section 100A(4) of the Local Government Act 1972, the public and accredited representatives of newspapers be excluded from the meeting for the following item of business on the grounds it may involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act by virtue of the paragraph specified again the item.

6 *CHIEF EXECUTIVE REMUNERATION 2016/17 [Exempt – Paragraph 1 – Information relating to Individuals]

To consider the attached report.

The meeting will then move back into open session.

7 CHIEF EXECUTIVE REMUNERATION 2016/17

This paper summarises the information which Members of the Chief Executive Committee need to consider in order to make a recommendation on the Remuneration of the Chief Executive for 2016/2017, to be paid with effect from 3rd October 2016. An exempt report which refers to the Chief Executive's appraisal will be considered as a separate item immediately prior to this paper.

Note : *Indicates report is attached for Members of the Committee only and the press (excluding exempt items). Non-exempt reports and be accessed through the Council's website at www.arun.gov.uk

Note : Members are reminded that if they have any detailed questions would they please inform the Chairman and/or Head of Human Resources & Customer Services in advance of the meeting.

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CHIEF EXECUTIVE REMUNERATION COMMITTEE10 December 2015 at 5.00pm

Present: Councillors Wotherspoon (Chairman), Chapman, Clayden and Dr Walsh.

386. APOLOGY FOR ABSENCE

An apology for absence had been received from Councillor Hitchins.

387. DECLARATIONS OF INTEREST

The Monitoring Officer has advised Members of interim arrangements to follow when making declarations of interest. They have been advised that for the reasons explained below, they should make their declarations on the same basis as the former Code of Conduct using the descriptions of Personal and Prejudicial Interests.

Reasons

- The Council has adopted the government's example for a new local code of conduct, but new policies and procedures relating to the new local code are yet to be considered and adopted.
- Members have not yet been trained on the provisions of the new local code of conduct.
- The definition of Pecuniary Interests is narrower than the definition of Prejudicial Interests, so by declaring a matter as a Prejudicial Interest, that will cover the requirement to declare a Pecuniary Interest in the same matter.

Where a Member declares a "Prejudicial Interest" this will, in the interests of clarity for the public, be recorded in the Minutes as a Prejudicial and Pecuniary Interest.

There were no declarations of interest made.

388. MINUTES

The Minutes of the meeting held on 2 December 2014 were approved as a correct record and signed by the Chairman.

Councillor Chapman raised why the resolution at Minute 398 (Recommendation to Full Council on Chief Executive's Remuneration) had not been actioned. This had proposed that a meeting be arranged to make recommendations for consultation with the Appraisal Panel on the number and definition of the potential levels of performance related pay bands.

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The Head of Human Resources & Customer Services advised that she had undertaken consultation with the Appraisal Panel, the Chairman of the Remuneration Committee and the Chief Executive and that all had agreed that the current pay bands should be rolled forward. Hence why no meeting had been arranged.

All expressed concern at this and agreed that there should be a further meeting to assist future reviews. It was proposed that this be re-considered as part of the main item on the agenda.

389. EXEMPT INFORMATION

The Chairman announced that he intended to make a statement before the Committee considered whether to move into exempt business for the main item on the agenda. He referred to representations made by a member of the local press expressing concern that consideration of the main item on this agenda, that of the Chief Executive's remuneration, was proposed to be dealt with under exempt business, thereby excluding the press and public. A written response had already been provided which the Chairman proposed he read out to the meeting for the benefit of all Members and those observing in the public gallery.

Councillor Dr Walsh then made a statement referring to the Information Commissioner's advice and the Council's Pay Policy on open government; and that he believed this confirmed that discussions on the Chief Executive's remuneration should be held in open business.

The Chairman then continued his statement and referred to the purpose of this meeting which was to make a recommendation to the Full Council meeting on 13 January 2016 on the remuneration of the Chief Executive for 2015/16. The Committee would also be asked to give consideration to the pay formula to be used for 2016/17.

As the papers to be considered related to the Chief Executive's terms and conditions of employment, the report from the Head of Customer Services and Human Resources had recommended that it be considered under exempt business – this was on the basis that paragraph 1 of part 1 of Schedule 12A of the Local Government Act 1972, as amended, defined this as of a confidential or exempt nature as it dealt with information that related to an individual. It would of course be for the Committee to resolve if they wished to move into exempt business and exclude the public and press.

When any recommendations of this Committee were considered at the Full Council meeting, the recommendation would list whatever the Committee had put forward for the proposed remuneration arrangements for 2015/16 and

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2016/17. The papers they considered at the meeting would remain exempt if the Committee resolved to move into exempt business. The recommendation from this Committee would be considered in open business unless Full Council made a resolution to move into confidential business. The final resolution of Council would include the salary decided and that would be published following the meeting of 13 January 2016, promoting accountability and transparency in an open and accountable manner.

The arrangements for this meeting had followed the same practices since it was established in 2011 and were in accordance with the agreed protocol adopted by councils in dealing with remuneration matters.

The Chairman then sought a proposer and seconder on the proposal to move into exempt business. Having been proposed by Councillor Chapman and seconded by Councillor Clayden, the Committee

RESOLVED

That under Section 100A(4) of the Local Government Act 1972, the public and accredited representatives of newspapers be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act by virtue of the paragraph specified against the item.

Councillor Dr Walsh asked that his vote against this resolution be recorded.

390. CHIEF EXECUTIVE'S REMUNERATION FOR 2015/16 (Exempt – Paragraph 1 – Information Relating to Individuals)

The Committee was being asked to consider the remuneration arrangements for the Chief Executive for the year 2015/16. To assist their deliberations, the Head of Human Resources & Customer Services had provided a report and supporting appendices providing information and background to the remuneration arrangements, together with feedback on the Chief Executive's performance targets provided by the Appraisal Panel. The Committee was also being asked to consider whether they would wish to roll forward the current pay formula to 2016/17.

In running through the detail of her report, the Head of Human Resources & Customer Services gave an update on the proposed Local Government pay award for 2016 that had just been received, which was 1% from 1 April 2016 and 1% from 1 April 2017. The final award was still to be agreed by both the employer and employee sides.

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It was recognised that the information on the remuneration of other Chief Executives and the Epaycheck data report provided as appendices was information available in the public domain. It had only been provided as part of the exempt report as it formed relevant background information.

In terms of the feedback from the Appraisal Panel, the Leader of the Council had confirmed that the Chief Executive had been assessed at Band 4, that is to have fully achieved all his objectives set, had given excellent performance whilst accepting those objectives not achieved were beyond his control.

In discussing the information provided, there was support to the pay formula that had been developed and had worked for the last 2 years. The Committee was of the view that these principles should be continued in setting this year's pay level.

Councillor Clayden then formally proposed and Councillor Chapman seconded that the principles of the pay formula be applied for the 2015/16 year; and the remuneration of the Chief Executive be increased by 3% plus the cost of living allowance once agreed. This proposal was supported by all of the Committee.

The Committee then considered what information should be presented at the Full Council meeting and agreed that the following papers should now be available in open business:

- the Head of Human Resources & Customer Services report
- Appendix 1 [comparative data on other Chief Executives]
- Epaycheck data report

It was recognised that the information in the Chief Executive's letter and the letter from the Leader of the Council, on behalf of the Appraisal Panel, contained personal information that should remain exempt.

Therefore, the Committee

RECOMMEND TO FULL COUNCIL – That

- (1) the principles of the pay formula be applied for the 2015/16 year; and
- (2) the remuneration for the Chief Executive, effective from 3 October 2015, be increased by 3% to £109,508 plus the cost of living allowance to be in line with the national Local Government pay settlement (expected to be 1%).

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As raised earlier the meeting, the Committee wished to look at the pay bands further and therefore

RESOLVED

That a further meeting be arranged early in the new year to consider the pay formula for future years for consultation with the Appraisal Panel and the Chief Executive.

(The meeting concluded at 5.50pm)

ARUN DISTRICT COUNCIL

CHIEF EXECUTIVE REMUNERATION COMMITTEE - 13 DECEMBER 2016

Subject: Chief Executive Remuneration 2016/17

Report by: Jackie Follis, Head of HR and Customer Services

Report Date: 28 November 2017

EXECUTIVE SUMMARY:

This paper summarises the information which Members of the Chief Executive Committee need to consider in order to make a recommendation on the Remuneration of the Chief Executive for 2016/2017, to be paid with effect from 3rd October 2016. An exempt report which refers to the Chief Executive's appraisal will be considered as a separate item immediately prior to this paper.

RECOMMENDATION:

That Members consider the information provided in this report and exempt papers in order to make recommendations on the remuneration of the Chief Executive, effective 3rd October 2016, to go to Full Council on 11th January 2017.

1. Introduction

This paper covers the information and background which Members need to consider the Chief Executive's pay award for 2016/2017. The information provided is as follows:

- Current remuneration
- Previous pay formula
- Proposed new pay formula
- Salary comparisons
- Update on national pay negotiations

2. Chief Executive's Current Remuneration

The Chief Executive's current salary, with effect from 1 April 2016 is £110,603. This is fully consolidated pay and there are no additional allowances.

3. Previous Pay Formula

With effect from 3 October 2014 Full Council agreed on a formula for the pay of the Chief Executive, to be applied on a two year rolling basis. This formula was

applied for 2014/2015 and 2015/2016 and consisted of the same national pay increase as that awarded to Local Government Services staff (LGS), to be paid at the same time as for LGS staff, normally April. In addition the Chief Executive received performance related pay based on feedback from the Chief Executive Appraisal Panel. At the end of the two year period the Chief Executive Remuneration Committee was required to recommend either that the previously agreed formula would roll forward to 2016/2017, or that a new formula would be agreed.

4. New Pay Formula for 2016/2017

There are a number of issues which the Committee needs to consider in determining its recommendations on the Chief Executive's remuneration for 2016/2017:

Timing

Previously Members have linked the remuneration of the Chief Executive to national settlements for LGS Staff, normally awarded on 1 April. One immediate effect of this is that it has made it complicated to identify the exact percentage increase awarded as it has been based on two increases, on 3 October (the anniversary of the Chief Executive's appointment) and 1 April, both to be applied for a year. So the exact pay received will be a different percentage depending on the time of year that this is viewed. This lack of transparency is not helpful either to those considering the recommendations or the Chief Executive himself.

Members are asked to consider moving to one annual pay review date for the Chief Executive, probably on the anniversary of his joining Arun. This review should take account of all relevant factors, including national salary negotiations, but will not be directly linked to any national pay award.

Comparator Salaries

For the last few years it has been clear that Arun's Chief Executive has been paid less than Chief Executives in comparator authorities. This remains the position. The following table shows a recent comparison of Chief Executive salaries for comparative districts within the South East. These are a snapshot at the date shown, it has not proved possible to get any information from other authorities about their intentions with regard to future pay increases (timing or amount) for their Chief Executives.

In summary the position is that the Chief Executive's remuneration is currently £110,603. The median across all the authorities is £114,620 and the average is £116,851

Salary comparison 05.10.16

Districts in South East 2015.16	min	max	add	max pkg
Oxford		143731		143731
Basingstoke & Deane	128978	128978		128978
Eastleigh	101889	111748		111748
Fareham	108000	125000		125000
Gosport	92892	100848	1239	102087
Hart	96308	96308		96308
New Forest	104721	111299		111299
Rushmoor	98127	111072	4560	115632
Test Valley	91523	111818		111818
Winchester		112000		112000
Chichester	114620	114620		114620
Crawley	103298	113350		113350
Horsham		123781		123781
Mid Sussex	110000	115000		115000
Wealden	110601	122967	4450	127417
Arun		110603		110603
LOWEST	91523	96308		96308
LOWER QUARTILE	97672	111524		111783
MEDIAN	104010	113350		114620
UPPER QUARTILE	110150	123374		124391
HIGHEST	128978	122967		143731
AVERAGE	105080	116168		116851

Members are asked to consider the implications of this for the Authority. The Chief Executive has now been in post at Arun for five years. One proposal is to consider applying a one off increase to base salary to bring it to a figure which makes it comparable with other Chief Executives from similar authorities, both now and in the near future. Two options for this base increase: of plus 2%; or plus a lump sum of £4,000 are shown below, with the potential impact of performance related pay on top of this. The proposal would be that this increase to base pay is a payment to be made on 3rd October 2016 only, for the specific purpose of addressing the market issue.

	Base increase	Performance pay added to new base pay		
		+1%	+2%	+3%
Current salary (1 April 2016)	+2 % (£1,679)			
£110,603	=£112,282	£113,921	£115,027	£116,133
	+£4,000			
	=£114,603	£115,749	£116,895	£118,041

5. National Pay Negotiations

The current context is that a national agreement was reached last year on a two year pay settlement for Local Government Services Staff, that is 1% in April 2016 and 1% in April 2017. In fact the unions have now put in a further claim for 2017/18 asking for a flat £1 increase on all NJC pay points, primarily in support of their lowest paid members. The more significant issue for negotiation at a national level is around the development of a new national pay spine which is flexible enough to withstand the changes to the National Living Wage. This is very complex and difficult work and authorities will be consulted and updated from time to time.

6. Recommendations

Members are asked to consider the following options and decide which they wish to recommend to Full Council.

- a) That the formula applied for 2014/15 and 2015/16 is not rolled forward and that a new basis for the remuneration of the Chief Executive for 2016/2017 is recommended.
- b) That the Chief Executive's full remuneration for 2016/2017 be paid with effect from 3rd October 2016 and with effect from 3rd October in subsequent years.
- c) That a one off payment be awarded with effect from 3rd October 2016 only, to bring the salary to a position of parity with comparator Chief Executives at a figure to be agreed by the Committee.
- d) That in addition to the one off payment in c), performance related pay, considered under exempt business as an earlier item on the agenda, be paid with effect from 3rd October 2016.

Jackie Follis
Head of HR & Customer Services, (Ext 37580)
28 November 2016