

Committee Manager : Jane Fulton (Ext 37611)

23 November 2017

## **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 on **Tuesday 5 December 2017 at 6.00 p.m.** and you are requested to attend.

Members : Councillors Wotherspoon (Chairman), 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 declarations of pecuniary, personal and/or prejudicial interests that they may have in relation to items on this agenda and are reminded that they should re-declare their interest before consideration of the item or as soon as the interest becomes apparent.

Members and officer should make their declaration by stating :

- a) the item they have the interest in
- b) whether it is a pecuniary, personal and/or prejudicial
- c) the nature of the interest

- 3 MINUTES

To approve as a correct record the Minutes of the meeting held on 13 December 2016 (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 CHIEF EXECUTIVE REMUNERATION 2017-18

This paper summarises the information that Members of the CEO Remuneration Committee will need to consider in order to make recommendations on the Remuneration of the Chief Executive for 2017-18 to be paid with effect from 3 October 2017.

This report will contain Exempt background papers relating to the Chief Executive's appraisal which will be circulated to Members of the Committee only at the meeting.

Note : \*Indicates report is attached for Members of the Committee only.

Note : Members are reminded that if they have any detailed questions would they please inform the Chairman and/or the Group Head of Corporate Support in advance of the meeting.

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CHIEF EXECUTIVE REMUNERATION COMMITTEE13 December 2016 at 5.00pm

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

Councillors Elkins and Warren (part) were also present at the meeting.

**370. 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.

**371. MINUTES**

The Minutes of the meeting held on 10 December 2015 were approved as a correct record and signed by the Chairman.

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Chief Executive Remuneration  
Committee – 13.12.16.

372. EXEMPT INFORMATION

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.

*A member of the public and a member of the press who were in attendance then left the meeting during consideration of the following item.*

373. CHIEF EXECUTIVE'S REMUNERATION FOR 2016/17 (Exempt – Paragraph 1 – Information Relating to Individuals)

Prior to this matter being considered by the Committee, the Head of Human Resources & Customer Services gave an explanation as to why it was being dealt with under Exempt Business, namely that the appraisal letter from the Leader of the Council to the Chief Executive contained personal and sensitive information.

Members participated in a detailed debate around the performance bands and the achievement of the Chief Executive against his targets. The Leader of the Council had confirmed that his performance over the year had been excellent and that he had achieved everything that had been asked of him and more. The Committee therefore came to a majority view that a performance related pay award of 3% should be recommended to Full Council for approval.

In considering the matter, concern was raised that the Committee was being asked to put forward a recommendation based on information that was open to interpretation and was imprecise. It was agreed that a letter be sent to the Leader from the Committee expressing its concerns with regard to a number of issues so these could be addressed prior to consideration of the next pay award.

The Committee

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Chief Executive Remuneration  
Committee – 13.12.16.

## RECOMMEND TO FULL COUNCIL

That the level of performance related pay be 3%.

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

*The meeting then moved back into open business.*

374. CHIEF EXECUTIVE REMUNERATION 2016/17

In presenting this item, the Head of HR & Customer Services corrected the date of the report to 28 November 2016. She advised that the first element to the pay award for the Chief Executive had been considered as the previous item on the agenda and that the Committee had recommended that, as the Chief Executive's performance was considered to fall into Band 4 which was classed as exceptional performance, a 3% increase should be awarded. The second element related to timing of the pay award and the salaries of Chief Executives within comparative districts of the South East.

The CEO's present remuneration was £110,603 whilst the median across all the authorities was £114,620 and the average was £116,851. The report set out the effect of (1) a base increase of 2% with 1%, 2% or 3% performance pay and (2) a lump sum increase of £4,000 with 1%, 2% or 3% performance pay. Members had also asked for the figures relating to a £3,000 lump sum, which would result in a salary of £112,603 plus 3% = £117,011.

The Committee was reminded that for the last two years the Chief Executive had received the same national pay increase as staff in April, with an additional performance related amount awarded in October. For the purpose of transparency, it was felt that the two awards should be combined and paid with effect from 3 October annually.

A Member view was put forward that the proposed increase in base salary with an additional performance increase of 3% was unacceptable in the present economic climate and encapsulated why people on the street felt alienated from the elite. The Council was shrinking in size and cutting costs and services so how could that be justified – it would be morally wrong to go beyond a 1% increase.

In countering that view, comment was made that it was an affront to the people of Arun that the Chief Executive was paid less than in the majority of comparative authorities. Due to the change that was taking place, the Council needed to pay at least what was the average for the South East. A further

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view was expressed that, as the Chief Executive would be taking on additional responsibilities due to the retirement of the Deputy Chief Executive and Resources Director, an increase in base pay in the form of a lump sum for 2016 only was appropriate.

Following further discussion, the Committee considered the proposal for a one off payment and it was suggested that this be £3,000. Having been formally proposed and seconded, a vote was taken and declared CARRIED. Councillor Dr Walsh requested that his vote against be recorded.

The Committee then turned to the recommendations in the report and

RECOMMEND TO FULL COUNCIL – That

(1) 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 is recommended;

(2) the Chief Executive's full remuneration for 2016/17 be paid with effect from 3 October 2016 and with effect from 3 October in subsequent years;

(3) a one off payment be awarded with effect from 3 October 2016 only, to bring the salary to a position of parity with comparator Chief Executives and that this figure be £3,000; and

(4) in addition to the one off payment in (3), performance related pay, considered under exempt business as an earlier item on the agenda, of 3% be paid with effect from 3 October 2016, and that the total remuneration of the Chief Executive be £117,011.

Councillor Dr Walsh asked that his vote against recommendations (3) and (4) be recorded.

(The meeting concluded at 7.00 pm)

**AGENDA ITEM NO. 4****ARUN DISTRICT COUNCIL****REPORT TO AND DECISION OF THE CHIEF EXECUTIVE'S  
REMUNERATION COMMITTEE  
ON 5 DECEMBER 2017****PART A : REPORT**

<b>SUBJECT:</b> Chief Executive Remuneration – 2017-18
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<b>REPORT AUTHOR:</b> Alan Peach – Group Head of Corporate Support <b>DATE:</b> 21 November 2017 <b>EXTN:</b> 01903 7377558
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<b>EXECUTIVE SUMMARY:</b> This paper summarises the information that Members of the CEO Remuneration Committee will need to consider in order to make recommendations on the Remuneration of the Chief Executive for 2017-18 to Full Council.
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This report will contain Exempt background papers referring to the Chief Executive's appraisal which will be circulated to Members of the Committee only at the meeting. [Paragraph 1 of Schedule 12A of the Local Government Act 1972].
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**RECOMMENDATIONS:**

The Committee is requested to consider the information provided in this report and the Exempt background papers in order for it to make recommendations on the remuneration of the Chief Executive, to be paid with effect from 3 October 2017, to Full Council on 10 January 2018.
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**1. BACKGROUND:**

This paper covers the information and background which Members need to consider in confirming the Chief Executive's pay award for 2017-18. The information provided is a set out below:
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| <ul style="list-style-type: none"> <li>• Current remuneration</li> <li>• Pay formula resolved at Full Council on 11 January 2017</li> <li>• Salary comparison</li> <li>• Update on national pay negotiations</li> </ul> |
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The Chief Executive's salary is £117,011. At Full Council on 11 January 2017, it was resolved to award the Chief Executive a one-off payment with effect from 3 October 2016 to bring the salary to a position of parity with comparator Chief Executives with this figure being £3,000. In addition to this one-off payment, the performance related pay, considered under exempt business, of 3% was agreed with this being paid from 3 October 2016.
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## 2. PROPOSAL(S):

There are a number of issues which the Committee needs to consider in determining its recommendations on the Chief Executive's remuneration for 2017-18 – these are:

### Pay Formula

At Full Council on 11 January 2017, it was resolved that the formula applied for 2014/15 and 2015/16 be not rolled forward and a new basis for the remuneration of the Chief Executive was agreed.

The key elements to the current formula are as follows:

- a) That performance related pay (PRP) be awarded based on the performance bands approved at the Chief Executive's Appraisal. This is set out in the second Exempt Background Paper provided to Members of the Committee only and sets out the number of and definitions for the various performance levels, as well as the pay which would be attached to each of these levels. These definitions have been agreed by the Chief Executive and the Leader of the Council in her position as Chairman of the Chief Executive's Appraisal Panel. Members of the Chief Executive Remuneration Committee have been involved in informal discussions on these definitions and are also satisfied with them.
- b) The award of PRP is to be determined by the outcome of the Chief Executive's annual appraisal which took place on 13 November 2017. Information setting out the outcome of the appraisal will be provided as an Exempt background paper to Members of the CEO Remuneration Committee only. This is because this information, namely the appraisal letter from the Leader of the Council to the Chief Executive, will contain personal and sensitive information.
- c) That the effective date for the review of the Chief Executive's remuneration is October in any year, the anniversary of his joining Arun District Council.
- d) That this review should take account of all relevant factors, included national salary negotiations, but will not be directly linked to any national pay award.
- e) That a one-off payment of £3,000 was awarded with effect from 3 October 2016 only to bring the salary to a position of parity with comparator Chief Executives.

### 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. Following the awards made by Full Council on 11 January 2017, this no longer remains the position as can be seen from the three comparisons set out below and also by referring to Appendix 1 to this report [recent comparison of Chief Executive salaries for comparative districts within the South East and similar sized Districts].

For the Committee's added information, the salaries paid to the Chief Executives of three neighbouring authorities are set out below:



- Horsham - up to £112,00 (information source Job Advertisement - November 2017)
- Adur /Worthing - £117,311 (information source – local press – October 2017)
- Chichester - £116,925 (information source – Chichester District Council’s transparency data – 1 April 2017)

There are various factors involved including length of service; location; single or shared authority; as well as Head of Service responsibilities etc. In summary, the position is that the Chief Executive’s remuneration is currently £117,011. The median across all authorities is £117,011 and the average is £117,689. Members are asked to consider this information and whether or not the lump sum increase paid in 2016 continues to provide a comparable salary with other Chief Executives from similar authorities.

### National Pay Negotiations

The Chief Executive’s salary is no longer linked directly to pay increases received by other local authority employees, but this should be considered as part of the context within which any recommendations are made. The current national situation is that from 1 April 2016, a two-year settlement commenced for local government employees in England, Wales and Northern Ireland. Negotiated by the National Joint Council (NJC) for Local Government Services, the deal for 2016/2017 saw a pay increase of 6.6% to employees on the lowest point on the pay spine (SCP6), to ensure compliance with the newly introduced national living wage. Those on points 7 to 17 received increases worth between 6.6% and 1.01% whilst employees on scale point SCP 18 and above (up to SCP 49) received a 1% rise. National pay negotiations for 2018 onwards are still ongoing, however, there is nothing to indicate that the Government will not continue with its public sector pay policy of pay awards of an average of 1% a year up to 2019/2020.

### Chief Executive’s Appraisal

This took place on 13 November 2017 and the Leader of the Council wrote to the Chief Executive following the appraisal. This letter will be provided as an Exempt background paper as it is personal to the individual [the Chief Executive] and so confidential to Members of this Committee only. Also provided as an Exempt background paper for Members of the Committee only, is the Chief Executive’s targets for 2016/17 to provide some context, however, the CEO Remuneration Committee is reminded that it is not the remit of this Committee to make its own judgement on the performance of the Chief Executive.

### **3. OPTIONS:**

Members are asked to consider the issues identified above and decide what they wish to recommend onto Full Council.

### **4. CONSULTATION:**

The CEO Remuneration Committee has received two briefings from the Group Head of Corporate Support and these took place on 28 September and 9 November 2017.

Has consultation been undertaken with:	YES	NO
Relevant Town/Parish Council		X
Relevant District Ward Councillors		X
Other groups/persons (please specify)		

5. ARE THERE ANY IMPLICATIONS IN RELATION TO THE FOLLOWING COUNCIL POLICIES: (Explain in more detail at 6 below)	YES	NO
Financial		X
Legal		X
Human Rights/Equality Impact Assessment		X
Community Safety including Section 17 of Crime & Disorder Act		X
Sustainability		X
Asset Management/Property/Land		X
Technology		X
Other (please explain)		X
<b>6. IMPLICATIONS:</b> The Council has a contractual duty to undertake a review of the Chief Executive's remuneration on an annual basis.		

**7. REASON FOR THE DECISION:**

To consider the assessment of the Chief Executive's performance as confirmed by the Chief Executive's Appraisal Panel held on 13 November 2017 and in line with the arrangements for deciding the remuneration for the Chief Executive as set out in the Council's Constitution as Part 3 – Paragraph 8.7.2.

**8. BACKGROUND PAPERS:**

There are two Background Papers as set out below:

- Letter from the Leader of the Council confirming the outcome of the Chief Executive's Appraisal and agreed performance in line with the CEO Appraisal Panel's Performance Bands
- The Chief Executive's Performance Targets for 2016/2017 provided by the Appraisal Panel

Both of these papers are Exempt – Paragraph 1 – of Schedule 12A of the Local Government Act 1972 – Information Relating to Individuals) and will provided to Members of the CEO Remuneration Committee only at the meeting.

## APPENDIX 1

CO Job Title	Tier	Region	Organisation Type	Min Salary	Max Salary	Lease Car allowan	Healthcare PRP	OtherPay	Essential Car Allowance	
Chief Executive / Head of Paid Servic	1	South East	District/Borough Council	109680	109680	3225	0	0	5484	0
Chief Executive / Head of Paid Servic	1	South East	District/Borough Council	100225	110775	0	0	2580	0	0
Chief Executive / Head of Paid Servic	1	South East	District/Borough Council	101889	111748	0	0	0	0	0
Chief Executive / Head of Paid Servic	1	South East	District/Borough Council	98000	112000	0	0	0	0	1239
Chief Executive / Head of Paid Servic	1	South East	District/Borough Council	99108	112182	0	360	0	4200	0
Chief Executive / Head of Paid Servic	1	South East	District/Borough Council	96324	113320	7407	0	0	4278	0
Chief Executive / Head of Paid Servic	1	South East	District/Borough Council	106826	113536	0	0	0	0	0
Chief Executive / Head of Paid Servic	1	South East	District/Borough Council	102360	113709	0	0	0	0	4280
Chief Executive / Head of Paid Servic	1	South East	District/Borough Council	116925	116925	0	0	0	0	0
Chief Executive / Head of Paid Servic	1	South East	District/Borough Council	103720	116940	6300	0	0	0	0
Chief Executive / Head of Paid Servic	1	South East	District/Borough Council	117011	117011	0	0	0	0	0
Chief Executive / Head of Paid Servic	1	South East	District/Borough Council	107183	117900	5400	0	0	0	0
Chief Executive / Head of Paid Servic	1	South East	District/Borough Council	105158	124901	2733	0	0	0	0
Chief Executive / Head of Paid Servic	1	South East	District/Borough Council	112896	125439	0	0	0	0	4450
Chief Executive / Head of Paid Servic	1	South East	District/Borough Council	110171	127513	0	0	0	0	0
Chief Executive / Head of Paid Servic	1	South East	District/Borough Council	130066	130066	0	0	0	0	0
Chief Executive / Head of Paid Servic	1	South East	District/Borough Council	130066	130066	0	0	0	0	0
Chief Executive / Head of Paid Servic	1	South East	District/Borough Council	113828	132628	2400	0	0	5328	0
Chief Executive / Head of Paid Servic	1	South East	District/Borough Council	112325	134785	0	0	0	0	6470
Chief Executive / Head of Paid Servic	1	South East	District/Borough Council	126250	135340	0	0	0	0	0
Chief Executive / Head of Paid Servic	1	South East	District/Borough Council	126288	135612	0	0	0	0	0
Chief Executive / Head of Paid Servic	1	South East	District/Borough Council	125549	138800	4620	62	0	0	0
Chief Executive / Head of Paid Servic	1	South East	District/Borough Council	129501	151496	0	0	0	0	0
				112,232	123,146					Mean Average
				117,011	117,011					Median Average