



Appendix 1

REMUNERATION COMMITTEE

TERMS OF REFERENCE

Dated: 1st July 2024

REMUNERATION COMMITTEE

TERMS OF REFERENCE

1. Scope

To determine the remuneration for the Council's Senior Leadership Team which consists of the Chief Executive and 7 Chief Officers.

The purpose of the review is that there is a risk that the authority will not be able to attract qualified and competent chief officers due to uncompetitive pay arrangements.

The issue is about balancing the need for senior pay to be set in a fair, transparent way and be deemed an appropriate use of public funds, with the equal need to attract and reward leaders of sufficient calibre to drive a constant process of change and improvement.

The Council has an acknowledged track record of creativity and innovation. This will need to continue if the ambitions of the Community and Corporate Plan are to become a reality:

- A Fair place to live where the effects of inequality and poverty have been reduced;
- A Green place to live and work, with reduced carbon emissions, and making a positive contribution to addressing the climate and nature emergency;
- A Thriving and ambitious place, where there are vibrant town centres, where businesses can grow and develop;
- A Safe place to live where people have a home and community where they feel secure;
- A Connected place where people feel part of a community and are valued;
- A Learning place where everybody has the opportunity to reach their potential

2. Background

Local Authorities are required to be transparent as to how they use public monies. They have to publish each financial year a pay policy setting out its remuneration for its chief officers.

The **Localism Act 2011 (section 38 (4))** states that a pay statement must include the authority's policies relating to:

- (a) the level and elements of remuneration for each chief officer,
- (b) remuneration of chief officers on recruitment,
- (c) increases and additions to remuneration for each chief officer,
- (d) the use of performance-related pay for chief officers,
- (e) the use of bonuses for chief officers,

- (f) the approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority, and
- (g) the publication of and access to information relating to remuneration of chief officers.

A Chief Officer is defined in **s.43(2)** of the **Localism Act 2011** as:

(aa) its chief executive appointed under—

- (i) section 54 of the Local Government and Elections (Wales) Act 2021 (chief executive of council in Wales), or
- (ii) regulations made under Part 5 of that Act (chief executive of a corporate joint committee).

(b) its monitoring officer designated under section 5(1) of the Local Government and Housing Act 1989;

(c) a statutory chief officer mentioned in section 2(6) of that Act;

(d) a non-statutory chief officer mentioned in section 2(7) of that Act;

(e) a deputy chief officer mentioned in section 2(8) of that Act;

(f) its head of democratic services designated under section 8(1) of the Local Government (Wales) Measure 2011 (designation by council of a county or county borough in Wales).

s.54(3) of **The Local Government and Election (Wales) Act 2021** requires the Chief Executive to keep under review such matters as:

(a) the manner in which the exercise by the council of its different functions is co-ordinated;

(b) the council's arrangements in relation to—

- (i) financial planning,
- (ii) asset management, and
- (iii) risk management;

(c) the number and grades of staff required by the council for the exercise of its functions;

(d) the organisation of the council's staff;

(e) the appointment of the council's staff;

(f) the arrangements for the management of the council's staff (including arrangements for training and development).

3. Decision

All decisions will be made in accordance with the following principles: (a) proportionately (i.e. the action must be proportionate to the desired outcome); (b) due consideration and the taking of professional advice from Officers; (c) respect for human rights; (d) a presumption in favour of openness; (e) clarity of aims and desired outcomes; (f) consideration of any

alternative options; and (g) the giving and recording of reasons for the decision and the proper recording of these reasons.

The committee has to:-

- Make recommendations on senior pay and reward issues to Council
- To comply with the requirements set out in the Local Government (Wales) Act 2015, and any subsequent legislation, which relate to senior pay decisions. The committee and the Council must have regard to any Independent Remuneration Committee's recommendations when reaching decisions on relevant pay. Appendix 1 provides the process to refer any pay recommendations to the Independent Remuneration Committee (IRP).

The terms of reference will be subject to approval by Council.

4. General Principles

- No permanent change to pay and reward of the Strategic Leadership Team can be actioned until it is ratified by Full Council
- The basic pay of the Strategic Leadership Team (including the Chief Executive) will be determined using an Independent HR Consultant and advice sought from any other external experts as deemed appropriate.
- The Committee will provide a structured governance body through which recommendations affecting Chief Officers pay can be taken in the best interests of Monmouthshire County Council and its stakeholders. It enables remuneration issues to be reviewed and considered with an impartial and balanced mind-set.

5. Role

The Remuneration Committee will make recommendations to Council on the permanent pay and reward of Chief Officers (including the Chief Executive). It will:-

- a) Contribute to the Council's positive reputation with regard to having appropriate and effective corporate governance arrangements for senior pay by operating an independent, transparent and informed approach to managing senior pay through the Remuneration Committee.
- b) Develop broad policy decision for senior pay, having regard to the Council's Pay Policy 2024
- c) Propose levels of remuneration considered to be sufficient to attract, retain and motivate senior managers of the quality required to run the organisation successfully.
- d) Consider the affordability of its proposals
- e) Be sensitive to the context of senior pay, including pay and employment conditions elsewhere in the organisation
- f) Ensure the relationship between reward and senior management tiers and for employees below this level remain reasonable
- g) Ensure individuals are fairly and responsibly rewarded for their individual contribution
- h) Understand what other relevant organisations are paying for similar roles as well as their general approach to reward, and consider whether Monmouthshire County Council should position itself in relation to 'the market' – for example, whether the Council's approach may be to pay at around the lower quartile, median or upper quartile of the market etc.
- i) Ensure that proper and professional advice is obtained to assist in its deliberations

The committee's recommendations will be based on data, advice, evidence and views collected from relevant sources.

The committee would not normally expect to present all of the background data and advice it had received

6. Membership & Support

The committee will comprise of **6 Members** to give a balanced political background. One member of the committee will act as Chair. The Chair will be appointed at the first meeting.

The membership should include the **Lead Member for Resources and one member from Cabinet.**

The Lead HR Business Partner will provide a 'secretariat' function to the Committee because she is not part of Strategic Leadership Team or a Head of Service. She will be responsible for arranging meetings, coordinating and preparing documentation and arranging support, training, advice and information for the Committee.

The Committee may commission external independent expertise to train and support them in fulfilling their role and/or to provide external data or advice (including relevant market and regional data). The Lead HR Business Partner will provide details of external experts considered suitable for the purposes in terms of experience, cost and best value for the Committee to select from.

7. Confidentiality

Members will be expected to maintain confidentiality whilst discussions are taking place and until the decisions have been published.

8. Conflicts of Interest

Should any committee member feel there is a conflict of interest with regards to any agenda item or discussion in the committee:-

- They should declare any personal and/or prejudicial interest in the matter
- It is prejudicial then they should leave the meeting during any discussion on the matter

Appendix One

Process to refer pay decisions to Independent Remuneration Committee (IRP)

The Independent Remuneration Panel for Wales Statutory Guidance for the Remuneration of Chief Executives will be relied upon as in the link below.

<https://www.gov.wales/sites/default/files/pdf-versions/2022/11/2/1668513515/independent-remuneration-panel-wales-statutory-guidance-remuneration-chief-executives.pdf>

The current position is that the IRPW can exercise its functions under section 143A in respect of the remuneration of chief executives of principal councils (county councils and county borough councils).

The IRPW may request any information it needs to assist it to reach a conclusion on the matter and the principal council will be obliged to provide it. The IRPW may publish any recommendation it decides to make.

Principal councils are required to provide the IRPW with any information it may reasonably require in reaching a conclusion and that provides the IRPW with considerable power to gather necessary information. The sort of information the IRPW may require could include the following:

- papers or reports prepared by the Council in relation to the matter
- reports or other information provided to the Council by any consultancy, Trade Union or professional association
- details of the total remuneration package available, or under consideration, for the chief executive. This could include the length of contract on offer, pension arrangements, severance package, payments for any additional duties which are not included in the salary, performance bonuses, provision for annual and other leave, payment in kind (i.e. cars) and relocation costs
- information concerning the remuneration on offer to other principal council chief executives. (Note: the IRPW are not restricted to only requiring information from the principal council/CJC considering a variation in salary)
- details of agreements made at the National Joint Council level

In conclusion, the IRPW will want to satisfy itself the principal council concerned has made a clear business case for a proposed change and examined the options. The view of the IRPW should be taken at the end, not the beginning of the process, in order that the IRPW is able to see all the evidence the council has taken into account in making its proposal. This will be particularly important when an urgent appointment is being considered. If the IRPW's view is required quickly, it will need to have all the background information readily available

