

SUBJECT:	PAY AND REWARD STRUCTURES OF CHIEF OFFICERS
MEETING:	REMUNERATION COMMITTEE
DATE:	15th OCTOBER 2024
DIVISION/ WARDS AFFECTED:	ALL WARDS

PURPOSE:

To set out the Terms of Reference and Governance of the Remuneration Committee so that in due course it can assess the competitiveness of the Chief Officer pay and reward structures and bring recommendations to Full Council.

1. RECOMMENDATIONS:

That Committee

1. Notes the Key Issues.

2. KEY ISSUES:

On the 5th June 2024 Cabinet approved a new People Strategy to support the delivery of its Community and Corporate Plan. To achieve the objectives set therein, the Council needs to be able to retain and recruit high quality leadership capability. In an increasingly competitive market, the Council needs to assure itself that the Monmouthshire offer is attractive to candidates and sufficient to hold those already here. Full Council established the Remuneration Committee to review the pay and reward structures of Monmouthshire County Council.

The Chief Officer pay structure does not sit within the single status / job evaluation framework that applies to most council employees. Whilst annual salary uplifts have been in line with nationally agreed arrangements, the pay structure itself is the product of local determination. It has not been reviewed since financial year 2009 / 10. The current Chief Executive was appointed at a spot salary of £110,000 in May 2009 and charged by Council to reset existing arrangements at that time to bring coherence to the organisation and reduce cost. All Chief Officer pay was linked to the Chief Executive salary and has largely stayed that way albeit a Deputy Chief Executive salary scale was subsequently introduced.

Market forces have changed significantly over the last 15 years. Even through a challenging period for public services, senior salaries have risen significantly across the UK. To date, the 'Monmouthshire Offer' has been able to counter these pressures effectively. Flat structures, high challenge balanced with high support, a focus on growing local talent and a willingness to recruit

from other sectors have all contributed. A number of senior leaders have benefited from this arrangement and moved on into senior roles elsewhere. This is something to be very proud of.

Monmouthshire is a large geographic area with a relatively low population. It has many attributes that make it more similar to places like Carmarthenshire, Pembrokeshire and some North Wales Councils than immediate neighbors. The border nature of the county also means that employment markets in Bristol, Gloucestershire, Herefordshire and slightly further afield are more relevant to this Council than other Welsh councils. This provides opportunity and challenge. There is evidence that the size of fields attracted to senior officer opportunities in Monmouthshire is reducing.

The Remuneration Committee should satisfy itself that the advice it receives, and it bases its recommendations on is independent. Senior Officers should not be expected to advise on matters where they either have or could be seen to have a prejudicial interest. The Remuneration Committee should look beyond the organisation to satisfy itself on these matters.

An Independent Review has been arranged to provide the Remuneration Committee with advice. The purpose of the first meeting is to discuss the terms of reference and the associated governance around making recommendations to full council.

The Terms of Reference sets out the remit of the committee and its role. 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 Governance of the Remuneration Committee ensures that members are aware of their responsibilities so that decisions can be made having regard to Monmouthshire's code of conduct.

3. EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING):

The aim of this report is to provide an independent, transparent and informed approach to managing senior pay which doesn't disproportionately affect protected characteristics.

4. OPTIONS APPRAISAL

We are required to establish a Remuneration Committee and for recommendations to be made in order to review senior pay because Job Evaluation processes are not available to these officers and it allows Council to consider its overall approach to pay and reward in an objective and transparent manner.

The options will be sent out in a report for the next meeting and the independent reviewer will be in attendance to discuss the report and address any issues.

5. EVALUATION CRITERIA

The purpose of this report is to set out the terms of reference and the governance surrounding it. The Committee will be able to make recommendations to Council in due course.

The services of the Deputy Monitoring Officer of Torfaen County Borough Council have been secured to provide independent advice on decision making processes. This person will be supported in secretariat terms by a senior member of the Human Resources Team. A politically balanced Remuneration Committee will consider data, evidence and reports from an Independent third party. The committee is likely to meet on 2/3 occasions before making recommendations to Council.

6. REASONS:

It is important that we have the ongoing ability to attract and retain high calibre leaders capable of delivering the complex agenda of the coming years, particularly during these times of financial challenge.

7. RESOURCE IMPLICATIONS:

There are no resource implications to this report. If subsequent recommendations suggest change is necessary, the financial consideration will feature as part of that report.

8. CONSULTEES:

Cabinet colleagues have been consulted on the process but engagement with Trade Unions is ongoing and will continue as the Committee progresses its work.

9. BACKGROUND PAPERS:

Terms of Reference
Governance for the Remuneration Committee
People Strategy
Pay Policy 2024

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