

# INDEPENDENT REVIEW

## **CHIEF EXECUTIVE OFFICER AND CHIEF OFFICER REMUNERATION MONMOUTHSHIRE COUNTY COUNCIL**

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DATE: UPDATED SEPTEMBER 2024

## Terms of Reference (pg 3)

Within the parameters for pay decisions in Pay Policy statement.

- to:
  - assess external market for pay differentials to ensure remuneration rates attract and retain high quality applicants for Senior Leadership roles.
  - research salaries in the external market, including neighbouring Councils and public sector organisations.
  - provide recommendations based on an objective analysis of the evidence available to inform appropriate options and actions to address any issues identified.
  - identify potential risks that might arise out of different courses of action and identify mitigating actions or evidence to reduce them.

Additional information was requested by the Council on 23<sup>rd</sup> September 2024 – in particular requesting the analysis include relative population data for benchmark Local Authorities.



# Approach (pg 3)

## Reviewed:

- legislative and policy context
- relevant Monmouthshire County Council Policies.

## Reviewed and analysed:

- a range of benchmarking information set out in detail at paragraph 6 and Annexes C-G (pgs27-39)

## Spoken with:

- CEX and the Deputy CEX



## Market Context (pgs 4-8)

*"Half of employers in education (52%) and public administration and other public sector (50%) report hard-to-fill vacancies."*

*"Expected pay awards in the public sector (3%) have again fallen below the rate in the private sector (4%), meaning it may become more difficult to retain public sector staff who could switch to the private sector."*

- ▶ the labour market is particularly challenging for public sector organisations. This is reflected in the number of hard to fill vacancies reported by public sector employers.
- ▶ Staff at senior levels will have seen their salary value eroded in real terms. This in turn is likely to impact on the Council's ability to recruit and retain good leaders in a competitive national public and private recruitment market



# Parameters and Analysis of Benchmarking undertaken (pgs

9-11

Pay benchmarking data in this report is taken from Local Authority published Pay policies for 2024/5

## **Appendix C (pg.27):**

- ▶ sets out information for Councils in South and Mid Wales that provide the immediate job market within which Monmouthshire operates.

## **Appendix D (pg. 30):**

- ▶ provides comparison information on councils bordering onto Wales and Monmouthshire and a number of other English Authorities that are commutable from Monmouthshire.

## **Appendix E – Tables i-iv (pgs. 33- 36 ):**

- ▶ set out the Council benchmark data for Tiers 1-4 in ascending salary levels. The tables also indicate the lower and upper quartile ranges and the mid-point

▶



# Parameters and Analysis of Benchmarking undertaken cont.

## **Appendix F – Table 1 (pg. 37)**

- ▶ sets out in table format the ranking order of the benchmark councils by populations size. Although population size provides a useful benchmark it needs to be taken in conjunction with a range of other variables such as social demography; complexity and geography

## **Appendix G (pg. 38):**

- ▶ sets out the pay levels for senior salaries in NHS Wales.

## **Appendix H (pg. 39):**

- ▶ sets out the pay levels for senior civil servants in Wales

Benchmarking comparisons can be made between the Senior Civil Service and the NHS, although there is little direct read across with Council roles, senior staff, particularly in corporate functions, do move between these sectors.

I have not included any private or third-party sector pay comparisons in terms of benchmarking as it remains difficult to equate job roles and weighting across the sectors.



# Chief Executive – Head of Paid Services – Tier 1

## (pg 12)

- ▶ CEO remuneration profiles (Appendix C; D and E(i)), set the ceiling for posts at Tier 2 and below.
- ▶ At CEO level transferability between sectors does take place – the market is not just LA
- ▶ 29 organisations benchmarked - range of the benchmark salaries is £102k to £295k.
- ▶ a midpoint salary of £156k (Newport)
- ▶ some correlation between the size of the LA and remuneration -not always the case.
- ▶ Monmouthshire = middle of the lower quartile (102k-£132k) - does not align with the population benchmark where Monmouthshire sits just into the median range of Welsh Councils
- ▶ although it aligns with the joint population benchmark, the relevant English counties are not Unitary Authorities.



# Deputy/Assistant Chief Executive/Strategic Director – Tier 2 (pg 13)

- ▶ (Appendix C; D and E(ii); benchmark included 25 organisations)
- ▶ No consistency of title, or roles undertaken at this level
- ▶ Some Councils do not have any role equating to this tier in their structure
- ▶ A number of Councils have opted to have more than one strategic Director at this level
- ▶ Monmouthshire is in the lower quartile £86-£111.5k
- ▶ midpoint for posts at this level is £136k (Bridgend).
- ▶ 16 out of 25 organisations have a tier 2 salary the same, or higher than CEX in Monmouthshire –these postholders are a market for future CEX candidates



# Strategic Director/Director/Chief Officers – Tier 3 (pg 13)

- ▶ Appendix C; D and E(iii). benchmark group for this tier is 25 organisations
- ▶ job titles and roles that sit in this tier are too numerous to list and there is no consistency of which roles sit in which tiers across Councils at this level.
- ▶ where they do not exist this is usually because there is more than one strategic Director in the tier above.
- ▶ Monmouthshire - roles designated as Chief Officer Band A – sit in the bottom quartile (£70k-£99.5k) of the salary
- ▶ The midpoint for this range is £115k (Pembrokeshire).
- ▶ Salaries in the top quartile of tier 3 all exceed the salary paid to the Monmouthshire CEX (tier1), and the tier 3 salaries that sit in the median and higher quartile tier 3 range (£103-£165.5) are all higher than the Monmouthshire tier 2 salaries.



# Heads of Service – Tier 4 (pg 14)

- ▶ Appendix C; D and E(iv). benchmark consisted of 26 organisations
- ▶ posts at this level are generally described as Heads of Service. – the types of roles that sit within the different tiers above and below tier 4 vary considerably between Councils
- ▶ Although staff in these roles are generally paid at JNC rates, there are variations in pay ranges across councils.
- ▶ Monmouthshire is in the lower quartile (£79,114-£82,970)
- ▶ midpoint sits between Bridgend (£93k) and Swindon (£95k) – organisations above midpoint do pay tier 4 posts more than Monmouthshire tier 3 posts, but salary differentials are not as great as in tiers 1-3.



## Findings (pgs14-16)

- ▶ Benchmarking across Local Authorities is challenging as there is a lack of consistency in approach across the sector.
- ▶ roles at lower tiers in some councils offer competitive rates of pay against higher tiers in Monmouthshire.
- ▶ Taking population data into account, Monmouthshire might position itself just above the lower quartile organisations – i.e. the lower part of the median range which would
  - ▶ reflect its population and proximity to the English job market
  - ▶ fit well with Monmouthshire's ambition to be an employer of choice, especially when taken with the overall employment package being offered.
- ▶ A key decision is where the Council wishes to position itself in respect of its employment offer for these staff.
- ▶ ambition in the People Strategy as to be “...an employer of choice in our own sector and beyond”. The Council has an attractive employment package and aims to retain this holistic approach to the employment offer but the more challenging economic context is impacting on job markets and employee expectations.



# Findings Continued

- ▶ the positioning of Monmouthshire in the lower quartile leaves it vulnerable in an increasingly competitive market.
- ▶ Need to attract and retain good leadership to drive forward organisational agenda.
- ▶ immediate risk of being seen to give salary increases to a small number of senior staff needs to be weighed against the medium to long term risks
- ▶ Balance between value for money, fairness and equity and ensuring a competitive position in the markets.
- ▶ Adjusting salaries for strategic leaders will have a consequential impact on the tier of managers who sit below - also form part of a highly competitive job sector
- ▶ BUT existing pay policy and job evaluation schemes provide flexibility to address recruitment or retention challenges - need to be used in a robust but equitable way to ensure roles are appropriately described and rigorously focussed on delivery.
- ▶ Staff need to understand the infrastructure for progression.



## Recommendations – general (pg 16)

- ▶ set out below a number of risk assessed options for each tier together with my recommendation for a preferred option.
- ▶ There is no correct approach – will need to assess which approach will work best for the organisation given a range of competing drivers – needs to be “felt fair”
- ▶ In each option I have suggested a pay range for the tier – but not all staff in that tier might start at the bottom of the range and move to the top. At senior level there are a number of approaches to managing salary scales,
  - Within a scale an appointments can be on a spot salary basis – no automatic progression
  - Or an initial increment after 12 months service after then a spot salary as above.
  - The range becomes a scale with two/three increments in agreed timescale



# Summary of Risks and Benefits – No change/lower quartile option all Tiers

## Risks

- ▶ role are likely to be difficult to recruit to if they sit in the lower quartile especially if remunerated at a lower level than lower tiers other organisations
- ▶ The lower level of salary also inhibits adjustment of salaries of the tiers below which in turn provides a recruitment and retention risk to these posts.
- ▶ The salary level sitting in the lower quartile may not reflect the aspiration for Monmouthshire set out in the People strategy to be “...an employer of choice in our own sector and beyond”.

## Benefits

- ▶ there would be unlikely to be any immediate impact to a no change option in terms of the CEX
- ▶ This option would be most acceptable in budget and public relations terms



# Summary of Risks and Benefits – Median range option all Tiers

## Risks

- ▶ Even with the increased salary the role may be difficult to recruit to as it sits just in the median quartile and will be remunerated at a lower level than lower tier posts in other organisations. This risk is likely to be substantially reduced in comparison to no change option.
- ▶ May not reflect the aspiration for Monmouthshire to be “...an employer of choice in our own sector and beyond”. The Council may however feel that the employment package taken holistically could achieve this.

## Benefits

- ▶ The higher salary would give greater scope to adjust salary levels in respect of the tiers below which in turn would reduce the recruitment and retention risks
- ▶ Although any increase in pay for these posts relative to other employees will pose both a budgetary and handling challenge benchmark data indicates that the present salaries are low for the size and responsibilities of the role and these increases do not put the Council out of kilter with other comparators .



# Summary of Risks and Benefits – Mid point option all Tiers

## Risks

- ▶ Although any increase in pay for these posts relative to other employees will pose both a budgetary and handling challenge benchmark data indicates that the present salaries are low for the size and responsibilities of the role and these increases do not put the Council out of kilter with other comparators

## Benefits

- ▶ The higher salary should be attractive to the recruitment market – especially with the additional employment package benefits
- ▶ The higher salary would give greater scope to adjust salary levels in respect of the tiers below which in turn reduces the recruitment and retention risk to these posts
- ▶ The salary level would reflect the aspiration for Monmouthshire set out in the People strategy to be “...an employer of choice in our own sector and beyond”.

The risks and benefits of the **upper quartile options** would be as above but with the likelihood of any increased risk not being offset by additional benefit.



# CEX pay – tier 1 (Appendix C; D and E(i)) pg 17-19

## Option 1 – Lower Quartile

- ▶ No change – £128,008

## Option 2 – Median Range

- ▶ CEX salary into the lower part of the median quartile, circa £138k-£148k - lower end of Welsh Council tier 1 salaries, but align more closely with population relativities.
- ▶ Would reduce the number of organisations paying tier 2 and tier 3 staff above this rate
- ▶ should increase the number of candidates available for this role in the fullness of time.
- ▶ This scale of increase, although substantial, would both keep Monmouthshire in line with similar organisations and provide some headroom



# CEX pay – tier 1 (Appendix C; D and E(i)) continued

## Option 3 – Mid Point

- ▶ Move CEX salary near to or above the mid-point of the benchmark circa £155k-£158k.
- ▶ in line with some other Welsh Councils – including Powys.
- ▶ would eliminate organisations offering tier 2 and tier 3 salaries above the Monmouthshire tier 1 rate.
- ▶ This scale of increase to the salary would be substantial and would not reflect the benchmark relating to population size, but could reflect the “best in class” aspirations f

## Option 4 – Top Quartile

- ▶ Moving the CEX salary to the top quartile would require an increase up to £177k-£183k and would equate to salaries at some of the larger Councils in Wales and England.



# Tier 1 CEX Recommendations

- ▶ that the CEX pay point is revised in line with option 2 above to better fit in terms of overall salary and population comparators in other Local Authorities and to provide scope to adjust the structures below if needed for business reasons.
- ▶ that the increased is phased over two years to allow the cost to be more easily managed from a budgetary perspective while retaining the benefits of the higher rate.
- ▶ that increments within the scale are set at £3k intervals and that after 12 months there is automatic movement up to £141k – at this point I would suggest that the salary becomes a spot salary with future changes related to any additional job weight – e.g. budget/scope of role etc.



## Tier 2(Appendix C; D and E(ii)) (pgs 19-21)

### Option 1 – Lower Quartile

- ▶ No change – £98,394-£100,950. The tier 2 salaries will remain as at present, adjusted by annual pay awards.

### Option 2 – Median Range

- ▶ Move the tier 2 salary into the lower part of the median quartile circa £112k-£125k. This would take the salary just into the median quartile though would still be toward the lower end of Welsh Councils.
- ▶ This scale of increase would both keep Monmouthshire in line with similar organisations and provide some headroom in respect of salary levels at tier 2 and 3.
- ▶ To ensure the acceptability of this increase, posts within the scale could be spot salaries which would control the pay bill; or there could be a scale of two or three points with a gateway beyond which progression would be linked to additional responsibilities – this would provide some pay bill control.



## Tier 2(Appendix C; D and E(ii)) continued

### Option 3 – Mid point

- ▶ Move the tier 2 salary near to or above the mid-point of the salary and population benchmark, £135k-£138k.
- ▶ This would reduce the number of organisations paying tier 2 and tier 3 staff above this rate.
- ▶ This scale of increase to the salary would be substantial but would reflect the “best in class aspirations for Monmouthshire

### Option 4 – Top Quartile

- ▶ Moving the tier 2 salary to the top quartile would require an increase up to £146k-£150k and would equate to salaries at some of the larger Councils in Wales and England and would be out of kilter with the benchmark data.



## Tier 2 Recommendations

- ▶ that the tier 2 pay point is revised in line with option 2 above to better fit in terms of overall salary and population comparators in other Local Authorities and to provide scope to ensure that supporting salary structures are fit for purpose.
- ▶ that the increased is phased over two years to allow the cost to be more easily managed from a budgetary perspective while retaining the benefits of the higher rate.
- ▶ that increments within the scale are set at £4k intervals and that after 12 months there is automatic movement up to £116k – at this point I would suggest that the salary becomes a spot salary with future changes related to any additional job weight – e.g. budget/scope of role etc.



# Tier 3(Appendix C; D and E(iii)pgs 21-22

## Option 1 – Lower Quartile

- ▶ No change –£90,683-94,533. The tier 3 salaries will remain at present adjusted by annual pay awards

## Option 2 – Median Range

- ▶ Move the tier 3 salary into the lower part of the median quartile circa £103k -113k. This would take the salary into the median quartile and would then benchmark up to the mid-point of the salary scale.
- ▶ This level of increase – although substantial, would both keep Monmouthshire in line with similar organisations and provide some headroom in respect of salary levels at tier 4. To ensure the acceptability of this increase, posts within the scale could be spot salaries which would control the pay bill; or there could be a scale of two or three points with a gateway beyond which progression would be linked to additional responsibilities – again this would provide some pay bill control.



# Tier 3(Appendix C; D and E(iii))continued

## Option 3 – Mid Point

- ▶ Moving the tier 3 salaries to the mid-point would give a salary range of £115k-£117k, not significantly higher than option 2 as the salary differentials are smaller in tier 3.

## Option 4 - Top Quartile

- ▶ Moving the tier 3 salaries to the top quartile would give a salary range of £123k-£140k, again the salary differentials are smaller in tier 3 but nevertheless this would provide a substantial increase that would align this tier with larger councils in Wales and England.
- ▶ The risks and benefits would be as with other tiers above with the likelihood of any increased risk not being offset by additional benefit



## Tier 3 Recommendations

- ▶ that the tier 3 pay point is revised in line with option 2 above to better fit in terms of overall salary and population comparators in other Local Authorities and to provide scope to adjust the structures below.
- ▶ that the increased is phased over two years to allow the cost to be more easily managed from a budgetary perspective while retaining the benefits of the higher rate.
- ▶ that increments within the scale are set at £3k intervals but that after 12 months there is automatic movement up to £107k– at this point I would suggest that the salary becomes a spot salary with future changes related to any additional job weight – e.g. budget/scope of role etc.



# Tier 4(Appendix C; D and E(iv)) pgs 22-24

## Option 1 – Lower quartile

- ▶ No change – £79,114-£82,970 The tier 4 salaries will remain as present adjusted by annual pay awards.

## Option 2 – Median Range

- ▶ Increase the tier 4 salary scale into the lower part of the median quartile circa £85k-£93k. This would take the salary into the median quartile which would then benchmark up to the mid-point.
- ▶ This scale of increase would both keep Monmouthshire in line with similar organisations and provide scope for a run through salary structure at this level and tier 5 and below.
- ▶ To ensure the acceptability of this increase, posts within the scale could be spot salaries which would control the pay bill; or there could be a scale of two or three points with a gateway beyond which progression would be linked to additional responsibilities – again this would provide some pay bill control.



# Tier 4(Appendix C; D and E(iv))continued

## Option 3 Mid Point

- ▶ Moving the tier 4 salaries to the mid-point would give a salary range of £95k-£100k, not significantly higher than option 2 as the salary differentials are smaller in tier 4.
- ▶ The risks and benefits would be as with other tiers above with the likelihood of any increased risk not being offset by additional benefit.

## Option 4 - Top Quartile

- ▶ Moving the tier 4 salaries to the top quartile would give a salary range of £105k-£110k, again the salary differentials are smaller in tier 4 but nevertheless this would provide a substantial increase that would align this tier with larger councils in Wales and England.
- ▶ The risks and benefits would be as with other tiers above with the likelihood of any increased risk not being offset by additional benefit
- ▶ I have not provided a third option in respect of this tier as option 2 provides a comparable outcome.



# Tier 4 Recommendations

- ▶ that the tier 4 pay point is revised in line with option 2 above to better fit in terms of overall salary comparators in other Local Authorities and to provide scope to provide a run through salary structure for grades below.
- ▶ that there is no transitional arrangement for these job holders. I would recommend that the increased is phased over two years to allow the cost to be more easily managed from a budgetary perspective while retaining the benefits of the higher rate.
- ▶ that the two increments within the scale are set at £3k intervals and that after 12 months there is automatic movement up to £88k – at this point I would suggest that the salary becomes a spot salary with future changes related to any additional job weight – e.g. budget/scope of role etc.



## General notes on recommendations pg 24

- ▶ Criteria that might influence individual pay points on relevant scales include: levels of accountability including statutory requirements, budgets, staff numbers and complexity - any increase in salary – outside an annual award – would only take place if there has been an increase in job scope or weight.
- ▶ The movement of several of the existing strategic leadership roles to a higher band and the overall repositioning of those jobs should create a salary structure that offers opportunities to increase responsibility and remuneration opportunities within Monmouthshire as posts become vacant.
- ▶ A run through pay scale would also provide a better salary structure in terms of managing talent and succession planning which would support the Organisation strategic goals.
- ▶ Suggested levels of salary increase allow for pay to be increased on promotion at all levels
- ▶ To ensure value for money from a revised pay scale, I would recommend that managers ensure that staff at all levels have job descriptions that are up to date and fully reflect the roles needed within the council and that these are appropriately evaluated within the existing job evaluation systems
- ▶ It is fundamental throughout any organisation that pay systems are supported by robust performance management arrangements.