

Appointments Committee

5 September 2023

Chief Executive Recruitment and Selection – Salary Range and Interim Arrangements

**Report of: Alex Thompson, Director of Finance and Customer
Services**

Report Reference No: AC/02/23-24

Ward(s) Affected: None

Purpose of Report

- 1 To request approval of the draft changes to the Pay Policy Statement (PPS) that introduces a salary range for the recruitment of the Head of Paid Service (Chief Executive) and recommend the changes to full Council.
- 2 To request approval of the proposed process for appointment of an interim Head of Paid Service (Chief Executive).
- 3 The report contributes to the council's strategic aims and objectives as it is to support the recruitment and selection of the Head of Paid Service (Chief Executive).

Executive Summary

- 4 The Chief Executive of Cheshire East Council, Dr Lorraine O'Donnell, has resigned from her post with effect from 15 October 2023 to take up a new role as Chief Executive of Bradford City Council.
- 5 The Chief Executive is also the Head of Paid Service, which is a statutory function of the Council, and the Returning Officer (for which the post-holder receives separate remuneration).
- 6 The Council must have arrangements in place to discharge the functions of the Head of Paid Service on the departure of the outgoing Chief Executive.

- 7 Following review of comparative advertisements, and in consultation with the newly appointed executive search agents, a new salary band is recommended to support the appointment process. This presents a proposed change to the Pay Policy Statement (PPS). Draft changes to the PPS are included in this report. The changes will ensure that the recruitment process is competitive and attracts the best calibre candidates to the role in the current recruitment market. This approach reflects the relative size, complexity and ambition of the Council.
- 8 The report also considers the interim arrangements required due to the seniority of the role and the need for clear, visible leadership of the organisation as it continues to deliver its Corporate Plan priorities between the current Chief Executive leaving and the new appointee taking up their post.

RECOMMENDATIONS

The Appointments Committee is recommended to:

1. Approve and recommend to full Council the proposed revision to the Pay Policy Statement 2023/24 which introduces a pay band for the role of Chief Executive of Cheshire East Council of £160,000 to £190,000.
2. Approve the convening of the Appointments Committee to support the recruitment of an interim Chief Executive and that it will recommend to the Council an interim appointment for the post, until such times as a permanent Chief Executive can take office.
3. Delegate responsibility to the Head of HR to finalise the detailed timeline and preparatory work for interim arrangements in consultation with the Chair and Vice Chair of the Appointments Committee and an Executive Search agency as required.

Background

Pay Banding and Pay Policy Statement

- 9 Full Council made the following recommendation at their meeting on 19 July 2023 (Agenda item 24):
 - 2.2. Recommend appropriate changes to the Council's Pay Policy Statement that supports the appointment process.
- 10 Prior to the commencement of the recruitment and selection process, the Appointments Committee therefore need to determine a recommended

salary range for the Chief Executive, and any subsequent proposed change to the Pay Policy Statement.

- 11 A requirement for additional pay can only be justified by reference to clear and transparent evidence of relevant market comparators, using data sources available from within the local government sector and outside, as appropriate.
- 12 There have been informed discussions with the Council's executive search partner, in respect of Chief Executive salaries and this included a benchmarking exercise, considering comparators from within the local government sector.
- 13 It is therefore proposed that the Pay Policy Statement 2023/24 introduces a salary band for the Chief Executive post as £160,000 to £190,000. This compares to a current spot salary for the role of £159,405. Discussions with the Council's executive search partner support this higher pay band based on their latest market research.
- 14 The final recommended salary of the successful candidate will relate to relevant skills and experience and ongoing labour market forces. Changes to the PPS 2023/24 will be recommended to Council by the Appointments Committee as part of the recruitment process.
- 15 Cheshire East Council publishes a range of information to meet the Transparency Code requirements and has used the recommended formulae in the code guidance and Local Government Association (LGA) guidance to calculate the relationship between the rate of pay for the highest and lowest paid, this is known as a pay multiple.
- 16 In respect of the proposed salary band, the pay multiple for the lowest paid with a salary at £160,000 would be 1:7.3 and at £190,000 it would be 1:9.3.
- 17 The draft Pay Policy Statement reflects the changes that will be required at Section 4.1 when the final recommended salary of the successful candidate has been approved (Appendix One).

Interim Chief Executive

- 18 Full Council agreed the following recommendation at their meeting on 19 July 2023 (Agenda item 24):
 3. Note that the Appointments Committee may make recommendations to Council for interim arrangements for the role of Chief Executive if required.

- 19 The Council must have a Chief Executive, the Chief Executive is usually the Head of Paid Service. These roles have statutory obligations which must continue uninterrupted.
- 20 An interim post will be required due to the seniority of the role and the need for clear, visible leadership of the organisation as it continues to deliver its Corporate Plan priorities between the current Chief Executive leaving and the new appointment taking up their post.
- 21 Cheshire East Council does not have provision within the Constitution for a designated Deputy Chief Executive to undertake this role. Therefore, it will be necessary to procure the services of an executive search agency to support the Appointments Committee with the interim appointment.
- 22 It is proposed that the Appointments Committee should undertake the selection of a suitable interim Chief Executive (and Head of Paid Service), with support from a procured executive search agency as required. That person should be recommended to full Council at its October meeting, to ensure that we are able to meet our statutory responsibilities.
- 23 It is recommended that responsibility is delegated to the Head of HR to finalise the arrangements to appoint an interim in consultation with the Chair and Vice Chair of the Appointments Committee and an Executive Search agency as required. This approach will help achieve the timescales required and provide continuity in the Chief Executive role.

Reasons for Recommendations

- 24 The Council must have a Head of Paid Service, as it is a statutory role. An interim post is proposed due to the seniority of the role and the need for clear, visible leadership of the organisation as it continues to deliver its Corporate Plan priorities.
- 25 The interim arrangements will be afforded within the available salary budgets relating to the senior management structure for 2023/24. A full financial appraisal of this process will be considered by the Committee in due course.

Other Options Considered

- 26 The Council must recruit to a Head of Paid Service role, and no other option was considered in respect of this.

Implications and Comments

Monitoring Officer/Legal

- 27 The amendment to the pay policy, appointment of the Head of Paid Service and any interim, is a matter for full Council, on the

recommendation of the Appointments Committee. Under section 4 of the Local Government and Housing Act 1989 every local authority must designate one of its officers to be the Head of Paid Service.

- 28 The Constitution and Council's Pay Policy must be updated if the recommendations in this report are accepted, to ensure that we meet our statutory requirements to have a published senior management structure, up to date pay policy and scheme of delegation.

Section 151 Officer/Finance

- 29 The increase in the pay band for the Chief Executive can be managed within existing budgets, as can the required recruitment exercise.
- 30 The appointment of an interim Chief Executive can be contained within the vacant post of Executive Director (Corporate Services) depending on the rate of pay.

Policy

- 31 The recruitment to the post of Chief Executive is key to the Council fulfilling all of its Corporate Plan commitments, and the leadership provided by this post will be central to ensuring that staff are able to deliver on members' priorities and meet the Council's financial commitments set out in the Medium Term Financial Plan.

Equality, Diversity and Inclusion

- 32 There are no direct equality implications.
- 33 All equality considerations will be taken into account as part of the recruitment process for the Chief Executive recruitment process.

Human Resources

- 34 Actions will be undertaken in accordance with the Constitution and appropriate HR policies and procedures.

Risk Management

- 35 There is a risk that the Council will not be able to appoint a suitable candidate for the permanent post. This risk will be reduced if an interim placement can be sourced as the Council will have continuity and leadership in place in its most senior role.
- 36 Ensuring that the pay is appropriate for the role will help us to secure the best possible field of candidates.

Rural Communities

37 There are no direct implications for rural communities.

Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)

38 There are no direct implications for Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (Send)

Public Health

39 There are no direct implications for public health.

Climate Change

40 There are no direct implications for climate change.

Access to Information	
Contact Officer:	Sara Barker, Head of Human Resources Sara.barker@cheshireeast.gov.uk
Appendices:	Appendix One – Draft Amended Pay Policy Statement 2023/2024
Background Papers:	None

Appendix 1



Draft Amended
Pay Policy Statement
2023/24

www.cheshireeast.gov.uk

1. Introduction and Purpose

Under Section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as the authority thinks fit”. This Pay Policy Statement (the ‘statement’) sets out the Council’s approach to pay policy in accordance with the requirements of Section 38-43 of the Localism Act 2011 and due regard to the associated Statutory Guidance including the Supplementary Statutory Guidance issued in February 2013, and guidance issued under the Local Government Transparency Code 2015.

The purpose of the statement is to provide transparency with regard to the Council’s approach to setting the pay of its senior employees (excluding teaching staff, employees working in local authority schools and academies, and alternative service delivery vehicles) by identifying:

- The methods by which salaries of all employees are determined.
- The detail and level of remuneration of its most senior employees, i.e. ‘Chief Officers’, as defined by the relevant legislation.

“Remuneration” for the purposes of this statement includes three elements; basic salary, pension and all other allowances arising from employment.

Once approved by full Council, this policy statement will come into effect on the 1st April 2023 superseding the 2022/23 statement and will be subject to review on a minimum of an annual basis, the policy statement for the next year being approved by 31st March each year.

2. Background

In determining the pay and remuneration of all of its employees, the Council takes account of the need to ensure value for money in respect of the use of public expenditure. This is balanced against the need to recruit and retain employees in an increasingly competitive market who are able to deliver the Council’s commitments and meet the requirements of providing high quality services, which are delivered effectively and efficiently and at times at which those services are required.

The Council complies with all relevant employment legislation and codes of practice. This includes legislation such as the Employment Rights Act 1996, Equality Act 2010, The Part Time Workers (Prevention of Less Favourable Treatment) Regulations 2000 and where relevant, the Transfer of Undertakings (Protection of Employment) Regulations 2006 and the National Minimum Wage Regulations 2015. The Council seeks to ensure there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of job evaluation mechanisms and the application of key criteria, which directly establish the relative levels of posts in grades according to the requirements, demands and responsibilities of the role.

3. Senior Management (‘Chief Officers’) Remuneration

3.1 Principles

There are a number of overriding principles which govern the Council's approach to senior management reward:

- The policy will be affordable; with reward being commensurate with individual and corporate performance.
- Reward policy for senior post-holders will be transparent, clearly defined and readily understood.
- The policy will offer the flexibility to reward for job size, capability and market rates (where these may be relevant, with evidence).
- Reward for senior roles will be fair and proportionate by comparison to reward for the wider workforce.

3.2 Reward components

Reward will comprise basic salary and a range of benefits as follows:

- **Basic salary:** This is guaranteed fixed cash remuneration, paid monthly. The level of basic salary is contractual. For some jobs, this remuneration may increase by annual increments until the maximum of the grade is reached, i.e. Grade 13 and 14. These two grades contain three increments in each with annual incremental progression on the anniversary of the appointment.
- **Benefits:** The Council provides a range of benefits. The principal benefits are holidays and access to the Local Government Pension Scheme (LGPS). Further details can be found on the [Council's website](#).

3.3 Job Evaluation and Banding

The Council uses the Hay Group job evaluation scheme to position roles into the Cheshire East Senior Management pay bands. The bands are linked to Hay Job Evaluation points ranges which have been determined as part of the Council's operating model.

4. Pay and Grading Structure

4.1 Senior Managers (JNC)

This defined pay structure determines the salaries of senior managers on JNC (Joint National Council for Chief Officers) conditions of service. A score is produced from the HAY job evaluation process which equates to a pay band on the Council's senior manager pay structure.

The current pay structure for senior managers who are on JNC conditions of service can be seen by accessing the [pay and grading structure](#).

In addition, there is a very small number of public health employees who transferred under TUPE to the Council on NHS Pay and Terms and Conditions on 1st April 2013 and these employees remain on the terms and conditions of their previous NHS employer.

When applying the senior manager pay structure, for the purposes of this statement, the definition of Chief Officers is as set out in Section 43 of the Localism Act. The details of the salary packages are as follows:

Tier 1 (Chief Executive)

- The current salary package is **£XXXX** (to be confirmed when preferred candidate is identified)

(Note for Appointments Committee - This is in the salary range of £160,000 to 190,000)

Tier 2 (direct reports to the Chief Executive)

- The salary package falls within a range of £128,008 to £145,193

Tier 3 (direct reports to Tier 2 managers)

- The salary package falls within a range of £83,788 to £113,001

4.2 NJC Employees

The NJC (National Joint Council for Local Government Services) agreed that from 1 April 2023, Spinal Column Point (SCP) 1 will be permanently deleted from the NJC pay spine. The NJC pay framework from April 2023 therefore comprises 44 salary points, between SCP 2 (£20,441 per annum) and SCP 45 (£57,129 per annum) for a full-time employee (based on a 37-hour week).

The current pay and grading structure for employees who are on NJC conditions of service can be seen by accessing the [pay and grading structure](#).

5. Recruitment of Chief Officers

The Council's policy and procedures with regard to recruitment of Chief Officers is set out in the Council's Constitution and is undertaken by the Appointments Committee in accordance with arrangements set out in the Constitution (see Chapter 2). Full Council approval will be sought in relation to decisions affecting the remuneration of any new post whose remuneration is or is proposed to be or would become £100,000 per annum or more.

Key statutory posts (Head of Paid Service, Section 151 Officer and Monitoring Officer) are Council appointments.

When recruiting to all posts, the Council will take full and proper account of all provisions of relevant employment law and its own Recruitment Policy and Procedure, Disability Confident commitment, Hidden Disabilities Sunflower Scheme Employer, Redeployment Procedure and Equality in Employment Policy.

The determination of the remuneration to be offered to any newly appointed Chief Officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment and in line with this Pay Policy Statement. New appointments will normally be made in accordance with the JNC pay structure, any variation to this

approach will be by exception and based on objectively justified criteria supported by appropriate evidence. An appointee's existing pay and their relevant experience and qualifications may be included in any consideration but would need to take account of any equal pay implications that could arise within the Council.

From time to time, it may be necessary to take account of the external pay levels in the labour market and to pay market related supplements in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such additional payments is objectively justified by reference to clear and transparent evidence of relevant market comparators, using data sources available from within the local government sector and outside, as appropriate. Any such payments will be reviewed at least annually to ensure their ongoing suitability and appropriateness.

Where the Council is unable to recruit Chief Officers, or there is a need for interim support to provide cover for a substantive Chief Officer post, the Council will, where necessary, put in place the most effective arrangements to engage individuals. These arrangements will comply with HMRC IR35 requirements, relevant procurement processes and ensure the Council is able to demonstrate maximum value for money.

6. Additions to Chief Officers' Salaries

The following payments can be applied to Chief Officers' salaries:

- Returning and Deputy Returning Officers' Fees
- Travel Allowances and Expenses
- Salary Sacrifice Lease Car Scheme (only applicable for salary sacrifice vehicles ordered before 7th September 2020 as this scheme ended on 15th September 2020)
- Relocation Expenses
- Professional Fees and Subscriptions

Further details of [Additions to Chief Officers' salaries](#) are published in the Council's Transparency Data and in the Statement of Accounts.

7. Pension Contributions

Eligible employees are automatically enrolled into the Local Government Pension Scheme (LGPS). The Council is required to make a contribution to the scheme based on a percentage of the pensionable remuneration due under the contract of employment of that employee. The employer contribution rate is set by the Actuary advising the Cheshire Pension Fund (the name of the LGPS in Cheshire) in order to ensure the scheme is appropriately funded. Employee contribution rates are set in bands and are defined by statute.

Details of the [Local Government Pension Scheme](#) discretions exercised, contribution bands, actuarial rates and discretions policy application are available.

8. Redundancy Payments and Payments on Termination

The Council's policy on compulsory redundancies, including redundancy payments, is set out in the Organisational Change Policy and Procedure. If employees have two or more years' service, they may be entitled to a redundancy payment. The payment is based on the statutory formula (on actual weekly pay). Any overtaken leave/flexi will be deducted from their final salary. Where there is an outstanding leave entitlement, this must be taken during their notice period and before their employment ends.

In order to minimise the need for compulsory redundancies and in conjunction with other measures, e.g. restricting recruitment, the Council may consider requests from employees to be made redundant (voluntary redundancy). Employees who leave on grounds of voluntary redundancy will normally be entitled to receive a redundancy payment in accordance with the statutory formula (on actual weekly pay) plus an additional severance payment of 0.8 times the statutory payment, bringing the total payment to 1.80 times the statutory formula and up to a maximum of 50 week's pay.

The Council's current approach to statutory and discretionary payments on termination of employment of Chief Officers, prior to reaching normal retirement age and for those eligible for retirement, is set out in the Leaving the Council Policy & Procedure and in accordance with the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and Local Government Pension scheme Regulations 2007.

All payments under this section are subject to the approval process set out in the Organisational Change Policy & Procedure, the Leaving the Council Policy & Procedure and [CEC Constitution](#).

The Council reserves the right to change all discretionary elements. The Council will also take into consideration the Government's [statutory guidance on the making and disclosure of Special Severance Payments by local authorities in England - GOV.UK](#) and will implement any government changes to exit payments when they become law.

9. Early Retirement and Severance on the Grounds of Business Efficiency

In line with the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, the Council also operates a voluntary scheme to facilitate early retirement or severance on grounds of business efficiency to enable the Council to continue to achieve effective use of resources and provide value for money. The terms of this are set out in the Leaving the Council Policy

and Procedure and due consideration will again be given to the statutory guidance on exit payments.

10. Mutually Agreed Resignation Scheme (MARS)

The Council has operated a Mutually Agreed Resignation Scheme (MARS) which enables individual employees, including Chief Officers, in agreement with the Council, to choose to leave their employment voluntarily in return for a discretionary 'severance' payment. This scheme creates resourcing flexibility to avoid compulsory redundancies in future, enable the redeployment of resources to higher priority areas of work and reduce costs in lower priority areas. MARS is non contractual and has no pension liabilities. A decision is taken each year whether to run the scheme by the Chief Executive and due regard will again be given to the statutory guidance on exit payments.

11. Settlement Agreements

The Council uses settlement agreements for all voluntary redundancies/severance and MARS severance payments, for all employees, including Chief Officers. The use of settlement agreements on this basis minimises any risk of future claims against the Council and can ensure that any threatened or pending legal proceedings and their associated legal costs can be avoided. The Council follows the current guidance for public sector settlement agreements in these circumstances.

12. Pay Multiples

The Council publishes a range of information to meet the Transparency Code requirements and has used the recommended formulae in the code guidance and Local Government Association (LGA) guidance to calculate the relationship between the rate of pay for the lowest paid, median and Chief Officers, known as [pay multiples](#).

13. Re-employment or re-engagement

Any decision to re-employ an individual (including Chief Officers) already in receipt of a Local Government Pension (with same or another local authority) will be made on merit, taking into account the use of public money and the exigencies of the Council.

In particular, the Voluntary Redundancy Scheme provides that former Cheshire East/Legacy Authority employees who left their employment on grounds of voluntary retirement, redundancy or severance will not be re-employed in any capacity, except in exceptional circumstances and subject to the agreement of the Head of HR in consultation with the Chair of the Corporate Policy Committee. Re-engagement includes all types of contractual relationships whether they are a contract of employment, contract for service etc. and whether the individual is appointed as an employee or engaged as an interim, direct consultancy or via an agency or other supplier.

14. Publication and access to information

Upon approval by full Council, this Statement will be published on the Council's website (www.cheshireeast.gov.uk). Additionally, in line with Code of Practice and Accounts and Audit Regulations, salary, allowances and bonus compensation and employers pension contributions will be published for:

- a) Senior employees whose salary is £150,000 or more (who will also be identified by name).
- b) Senior employees whose salary is £50,000 or more.

The Council will also publish, on an annual basis, Gender Pay Gap data in line with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Prepared by:	HR Policy and Reward
Date:	March 2023
Updated:	June 2023
Review date:	March 2024

Annex 1 – Links

All the relevant policies and procedures as referred to in the Pay Policy Statement can be found using the links in section 1 below. Please email hrcommunications@cheshireeast.gov.uk should you have any difficulties accessing this information.

Section 1: Additional information

Link 1 – [Pay and grading structure for senior managers and employees](#)

Link 2 – [Additions to Chief Officers' salaries](#)

Link 3 – [Local Government Pension Scheme](#)

Link 4 – [Pay multiples](#)

[Statement of Accounts](#)

Section 2: Internal intranet links to the further relevant policies, procedures and other relevant information

- [Payment of a Market Supplement](#)
- [Pay and Allowances Policy](#)
- [Pensions Discretions Policy](#)
- [Organisational Change Policy and Procedure](#)
- [Leaving the Council Policy and Procedure](#)
- [Recruitment Policy and Procedure](#)
- [Redeployment Procedure](#)
- [Equality in Employment Policy](#)
- [Relocation and Excess Travel Policy and Procedure](#)

For those seeking to access copies of policies and procedures externally, please email hrcommunications@cheshireeast.gov.uk to request copies of the relevant documents.