

**MINUTES OF A MEETING OF THE EMPLOYMENT COMMITTEE
HELD AT THE TOWN HALL, PETERBOROUGH ON 20 NOVEMBER 2014**

Members Present: Councillors Nadeem (Chairman), Holdich (Vice-Chairman), Cereste, Fitzgerald, Khan, Okonkowski and Sandford

Officers Present: Kim Sawyer, Director of Governance (Item 4)
Phil McCourt, Interim Head of Legal and Governance (Item 5)
Mike Kealey, Advisor to Human Resources
Philippa Turvey, Senior Governance Officer

1. Apologies for Absence

Apologies for absence were received from Councillor Swift. Councillor Okonkowski was in attendance as a substitute.

2. Declarations of Interest

There were no declarations of interest.

3. Minutes of the Meeting Held on:

3.1 28 August 2014

The minutes of the meeting held on 28 August 2014 were agreed as a true and accurate record.

3.2 3 September 2014

The minutes of the meeting held on 3 September 2014 were agreed as a true and accurate record.

3.3 11 September 2014

The minutes of the meeting held on 11 September 2014 were agreed as a true and accurate record.

3.4 Minutes of the Employee Appeals Sub-Committee Meeting Held on 11 September 2014

The minutes of the Employee Appeals Sub-Committee meeting held on 11 September 2014 were agreed as a true and accurate record.

4. Governance Senior Management Structure: Proposed Job Descriptions and Job Evaluation Process

The Director of Governance presented a report to the Committee to ensure that all roles, which had been newly created as a result of the senior management proposal, had job descriptions that accurately reflected the work undertaken and the standards expected of the post holder.

The report sought the Committee's approval for the proposed job description for a newly created post in the Governance Directorate to provide a leaner management tier. The proposed post brings together the Head of Legal Services post, deputy monitoring officer

role and the former Head of Governance role to create an Assistant Director for Legal and Democratic Services.

The key points highlighted by the Director of Governance from the report and in response to questions included:

- The Governance Directorate was now one year old and was approaching its final structure.
- The Job Description attached to the report was still going through the HAY Group evaluation process, meaning the pay band of the position was not yet known.
- It was hoped that interviews for the position would be carried out early in the new year.
- Currently the more senior posts within the Governance Directorate were filled on an interim basis or by consultants. The proposed new position would be permanent.
- While succession planning was important and would take place within Governance going forward, at the current time there was no employee with the required skill and experience for the position in question.
- Regular training and development was being undertaken within Legal Services and Democratic Services.
- The role was a combination of two former posts and the duties had been merged into a simple Assistant Director post. This had created a saving of approximately £75,000.

The Committee discussed the report and job description. It was established that the newly created position was not expected to receive a pay higher than that of the current Head of Legal Services. The pay band of the position was not yet known, however it was expected to be pay band 5.

It was clarified that prior to any interviews for the position a pay scale would be known. However, details of any successful candidate's specific pay could not be made public until after the position had been offered and accepted.

In response to a question from a member of the Committee the Director of Governance advised that some of the responsibilities of the Head of Legal Services role had been moved into the remit of the Director of Governance, other responsibilities had been moved to the legal and governance senior roles. The proposed new role would enable a more clear hierarchy to be established within Legal Services and Democratic Services.

A member of the Committee requested that information be provided on the responsibilities of the current head of services roles that had been moved and what responsibilities would be considered extra to each of the current head of services roles. The Director of Governance agreed to circulate this information once confirmation had been received from the HAY Group regarding the pay band of the newly created post.

A motion was proposed and seconded to agree the officer recommendation. This motion was carried unanimously.

RESOLVED that the proposed job description for a newly created post in the Governance Directorate be agreed.

Reasons for the decision:

The proposed changes were to ensure the Council operated within frameworks that were lawful, best practice, transparent and consistent.

5. Senior Management Pay Review

The Advisor to Human Resources presented a report to the Committee following a referral from the Council meeting on 16 April 2014, where it was resolved Employment Committee would revisit the senior officer's salaries in the new municipal year and make recommendations on changes as it saw fit, including reducing senior officers' pay.

The key points highlighted by the Advisor to Human Resources from the report and in response to questions included:

- The HAY Group had assisted the Council in reviewing the senior manager pay scales. The HAY Group were highly respected and had undertaken a second, independent review of the proposal. They were not considered to be biased in any way.
- In his view, the previous decision of the Employment Committee was a reasonable one.
- The group data taken into account during the review included only the public sector. If the private sector had been included, this would have distorted the results up 20%.
- The Committee had decided to approach the pay scale banding using a median level. A 10% differential had also been accepted to establish the width of the salary bands.
- The use of market supplements was in line with Council policy. Independent data had been sought and was considered relevant and accurate. Market supplements would be reassessed after a two year period. One year of this had already gone by.
- The legal implications of making any changes to senior management salary were considerable. If, following a reduction in pay, the matter was taken to an employment tribunal to evaluate the fairness of the action, the Council could face a cost payment and compensation payment of up to £76,000.
- A reduction of 5% across all the positions considered in the review would result in a £44,000 saving. Rehiring for one position would cost approximately £20,000. It was considered that rehiring would not be easy, particularly if the Council was negatively perceived as an employer.
- It was also considered that a reduction in senior management salary would call into question the morality, motivation and reputation of the Council as an employer, and could see a withdrawal of good will.
- Senior management salaries had been frozen for a significant length of time. The Chief Executive's last pay review was in 2004.
- If the group data used had included only local authority data, and not that of 'not for profit' organisations, the resulting numbers would be decreased by 6%. However, as a median level was used within the pay scale banding the subsequent change would be minimal.
- Voluntary reductions in salary could be requested. These were usually, in the Advisor to Human Resources' experience, temporary and for short periods of time.
- The pay review had secured quality, experienced people for the roles in question.
- Information on the gap between the highest and lowest paid in the Council would be circulated to the Committee members.

The Committee discussed the report and a member of the Committee noted that, if the Chief Executive had received a pay increase of 2% each year for the past ten years, and this year had her salary reduced by 5%, she would still be receiving a higher salary than at current.

The Committee clarified that the review had reduced the number of senior management positions from thirteen to seven, had saved £700,000 in its first year and £1 million in its second year. It was stated that the restructure resulted in new jobs, not pay rises.

A member of the Committee stated that the restructure had not changed the number of Directors within the Council and that the number of managers with the word 'Director' in their job title had remained the same. It was requested that the Chief Executive be asked

to join the meeting to clarify this point. A member of the Committee further stated that individuals appointed as a result of the restructure had their pay increased, in some cases, up to 33% (including market supplement).

A motion was proposed and seconded to publish, in the public domain, the exempt minutes of the Employment Committee meeting held on 3 February 2014. This motion was carried.

RESOLVED that the exempt minutes of the Employment Committee meeting held on 3 February 2014 be published in the public domain.

A member of the Committee noted that at the meeting of Employment Committee held on 3 February the Committee had resolved unanimously on the pay awards for four out of the six senior management positions considered. The pay awards for the remaining two positions considered were resolved five votes in favour and one vote against. Another member of the Committee commented that if objection had not been explicitly expressed, then it had been incorrectly interpreted as support.

The Committee discussed the money that had been saved through the restructure, the quality of the individuals that had been secured, and the extra responsibility placed on these individuals. It was noted that Councillors were appointed to the Employment Committee by Full Council to make decisions on relevant matters, including the senior management pay scale.

It was suggested by a Member of the Committee that, in light of the savings being required by the Council in the upcoming year and the unfavourable response to the review from the public, senior managers be asked to take a voluntary reduction in salary and that be at 15%.

The Advisor to Human Resources advised on the possible consequences of approaching senior managers with a voluntary reduction in pay. These would depend on the ensuing response of the Council and may send a message to senior managers that they were being targeted. A disturbance in the employee / employer relationship may make senior managers more vulnerable to head-hunters, particularly as the market place had become more buoyant.

The Interim Head of Legal and Governance further advised that such an approach may affect the implied term of mutual trust and confidence between employee and employer. The singling out of named individuals to be placed under that public pressure would be a breach of contract.

The member proposed that a reduction of 10% be suggested to those senior managers receiving a salary over £100,000. The proposal did not attract a seconder.

The Chairman welcomed the Chief Executive to the meeting. The Chief Executive declared a conflict of interest, as her salary was a subject of the senior management pay review. As such, she would only respond to questions of fact and this was confirmed by the Interim Head of Legal and Governance.

The Chief Executive explained that the first phase of the senior management restructure reduced four separate areas down to one. The second phase of the restructure would focus on Childrens' and Adult Social Care. The executive director positions had been maintained and the hybrid director positions in Governance, Growth and Regeneration and Communities had been created. These positions were of a different nature. The Chief Executive subsequently left the meeting.

A member of the Committee expressed dissatisfaction that the Employment Committee did not appear to have the power to alter its previous decision.

A motion was proposed and seconded that it be recommended to Council that the decision of Employment Committee at its meeting on 3 February 2014 on senior officers' salaries had been revisited and the review process and outcomes were found to be satisfactory, and that no changes be made to senior officers' salaries. This motion was carried five voting in favour, one voting against and one abstaining from voting.

RESOLVED (five voted in favour, one voted against and one abstained from voting) that it be recommended to Council that:

- i) The decision of Employment Committee at its meeting on 3 February 2014 on senior officers' salaries had been revisited and the review process and outcomes were found to be satisfactory; and
- ii) No changes be made to senior officers' salaries.

Chairman
3:00pm – 4:45pm

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