

## Senior Management Structure Comparative Pay Levels – Directors and Service Heads

1. In the report considered by both Councils in March 2014 it was stated that the Appointments Panel would be in a position to make a recommendation to Council when the structure and recruitment process is finally determined in June. The purpose of this paper is to provide comparative information from the other Devon districts, alongside those districts that share senior management and provided information to me.

2. The Personnel Manager is in the process of tendering for the services of recruitment consultants in line with the agreed approach. They will no doubt have a view on salary levels for the relevant posts but as they are unlikely to be instructed before the Councils consider the report in June I would suggest the report makes the recommendations provisional, subject to advice from the consultants.

3. At Director level, across those councils operating shared service arrangements, salaries range between £75k to £94k with a median range between £82k and £88k. Amongst Devon districts the range is between £73k to £88k with the median salary being £83,600.

4. It should be noted that all the posts within the sample have a Chief Executive/Head of Paid Service sitting above them. Of the four councils that operate with an Executive Director model pay information could be obtained on two of them. Director salaries are £87k at Hastings (3 Executive Director model), £87,680 at West Lancs. Published information could not be found for Rother or Rugby Councils. These provide a more direct comparison given the similarity of the model recommended for South Hams and West Devon, but fail to recognise the shared service element of both roles. This justifies a 10% increase on the median range.

5. The other issue to consider is the size of the two recommended posts, their level of responsibility and accountability. The Appointments Panel may want to differentiate between the two posts, paying an enhancement for the Head of Paid Service role, although this is counterbalanced by the scale of the Service Director role.

**6. I would recommend the Directors be paid at the upper end of the median range for those councils sharing services, that is £88k, with an additional 10% to recognise the shared service role. Should you wish to emphasise that ultimate accountability sits with the Head of Paid Service role, you might want to add a nominal amount to this post. If paid at the upper end of this range these posts would be in line with those district councils that have adopted the executive director model.**

7. At service head level present salaries compare quite favourably with the median range of £61k to £66k for councils operating shared services. Salary levels are above the median range when compared with other Devon districts but given that in the past South Hams and West Devon have recognised the increased responsibility of working across two councils by rewarding service heads an additional 10% this looks entirely reasonable.

8. Reference was made in the March report at para 8.5 to break the existing practice of paying all service heads the same salary given the marked difference in the range of functions and responsibilities within the proposed structure.

**9. I would recommend that service heads are paid at the lower end of the median range for those councils sharing services, with the exception of the Head of Customer Services and the Head of Environmental Services who should be remunerated at the upper end of the median range to reflect the size and scale of these roles.**

10. The uniqueness of the proposed income generation post has made any salary comparisons impossible. The advice I gave in para 5.17 of the March report still holds good – that the post holder should be appointed on a two year contract, with a suitable incentive to secure a surplus and renewable on a rolling annual basis dependent upon the return on investment achieved.

**11. I would recommend that the salary for the Income Generation post be set at a level comparable with a middle manager equivalent post, with an opportunity to earn up to 60% additional based on performance against pre-agreed criteria.**

12. The Members Panel will need to make its recommendations on salary levels for the senior management posts by the end of May, for me to incorporate into the final report. I will copy this to Andy Wilson, Personnel Manager and ask him to set up a meeting of the Members Panel on your instruction. I would not envisage the need for me to attend to give further advice but will do so if requested. Andy will no doubt let me know the outcome for me to refer to in the final report.

Richard Sheard  
23 April 2014