

## Appendix B

# Chief Executive and Senior Officer Pay and Grading South Hams and West Devon Councils

## 1. Background and Purpose

This report has been requested by the Leaders of the respective councils. It follows changes already made and others being planned, across the senior officer structure which covers both councils. These changes are set against a backcloth of significant challenge within the local and national labour market for senior officers in Local Government, especially in respect of recruiting and retaining the talent your councils require to meet their ambitions now and into the future.

Your current joint chief executive has been in post since June 2020. Since then, he has been reviewing services and realigning management arrangements to enhance capacity and capability across the Councils' shared officer team. Your Senior Leadership Team (SLT) comprises a chief executive and the 4 directors reporting directly to him:

- Director – customer service and delivery (also deputy chief executive)
- Director – place and enterprise
- Director – strategic finance
- Director – strategy and governance

Given this and considering the recent regional and national job/pay developments referred to, now is an appropriate time for the councils to take stock of both its chief executive salary as well as its senior officer pay and grading structure. The LGA has been asked to provide some advice in respect of this for the council leaders to consider.

In doing so, this report compares your current arrangements with other relevant groups. At this stage that has been done by comparing the pay rates of chief executive and director salaries nationally in respect of a select group of councils who share a senior management team and staffing structure, as well as locally, by comparing the pay scales of chief executives and directors across the districts in Devon.

Having made these relevant comparisons, the report provides a commentary upon them as well as providing additional contextual background/information. Finally, it makes recommendations in the light of this for you to consider.

## 2. Management and Shared Services Comparisons

Joint management teams and shared services are a feature of districts in more than half of the county council areas and are recognised as an effective way of achieving cost efficiency in senior management pay while maintaining sufficient capacity and the necessary levels of technical and professional competency that may not be affordable in separate arrangements.

There are 26 district councils nationally which have a joint chief executive shared between two councils (Appendix 1). These arrangements are geographically widespread across the country from Lancashire in the North to Devon in the Southwest, East Sussex on the South Coast and Norfolk to the East.

Given the nature of such arrangements and most especially where councils, such as yours, embark on further changes, it is critical that from time to time pay rates are compared to other councils with similar arrangements to ensure these are comparable and competitive for both chief executive, corporate director level and head of service.

While the size of districts, their populations and budgets vary considerably, the management challenge of leading two councils is remarkably similar across the board.

Appendix 1 shows that joint chief executive salaries range from £120,000 to £179,000, with median pay at £139,038 p.a. and mean pay at £144,461 to £146,077 p.a. based on pay data for 2020-21.

Furthermore, the salaries of strategic directors, or equivalent roles, reporting direct to chief executives in these authorities also span a considerable range. The lowest start at £74,000 in South Hams and West Devon. The highest are Staffordshire Moorlands and High Peak at £130,489. The median pay of strategic directors is £96,804. The mean pay for the role of a strategic director or equivalent is £97,638 to £99,760.

### **Comparison with Chief Executives in Devon Districts (by salary and population)**

Appendix 2 shows the comparative salaries across the Devon district chief executives. A quick comparison might conclude that the salary for the South Hams and West Devon Chief Executive is roughly aligned with those of the other Devon districts, however:

- It is at the bottom of the scale in terms of pay per head and,
- It does not reflect the fact that it is one postholder carrying out two jobs, rather than one

Based upon the information shown in Appendix 2 if you:

- took the median for salary/1,000 population of £899 and applied that to South Hams and West Devon, the salary would be £129,532.
- added a modest supplement, say between 10-20% to reflect the challenges and complexities of it being one job with two councils, rather than one job with one, the salary would be in the range of £132,000 to £144,000

### **Comparison with Director Roles**

Typically, strategic directors in joint management arrangements are paid around two-thirds of the salaries of their respective chief executive. On that basis, bearing in mind the salary ranges above there is a good argument to introduce a 3-point scale for directors of £85-£90-£95k (your current posts have a 3-point increment scale already). This would also bring director's salaries into line with other Devon districts of a similar scale, which have a range from £78,090 to £95,994 and a median of £84,701 based on senior pay in 2020, as reported in the statement of accounts for 2020-21. Appendix 3 shows director pay comparisons with Devon districts of a similar scale.

### **Implications for Overall Senior Officer Structure and Pay**

The proposals above create suitable headroom, which in turn then allow for appropriate adjustments in pay at the senior technical and professional and head of service level where pay rates for some roles are out of line with neighbouring councils and the local labour market rates, which is impacting significantly on the councils' ability to attract and retain staff in these critical roles.

In addition, there are important considerations to be made here now, both in terms of span of control and management challenge; witness the recent changes that have taken place in respect of the in-sourcing of the waste contract (and the associated increase/complexity in the councils' workforce and its demands). This will naturally have implications for the rest of the structure, especially at Assistant Director level and below. By making the changes suggested this will calibrate and set the framework for a further review of posts below the SLT, utilising the appropriate job evaluations methodologies, in line with the wider organisational changes planned for the councils.

### 3. Other Relevant Information/Context

The recent national pay offer for 2022/23 chief executives and other Local Government staff is a flat £1,925.

The LGC's salary tracker, published earlier this month, indicated that between February 2020-January 2022, the average salary for a new chief executive was £154,764.

Torbay Council recently advertised for a Director of Pride in Place Role (and DCX) with a salary of up to £140k, which encompassed all of the district functions. Torbay population is 134,500 so just less than combined South Hams and West Devon population

Like all councils, South Hams and West Devon has suffered recruitment and retention issues in its senior technical and professional / management roles that has impacted upon capacity and delivery. Key issues include:

- Given the relative low level of the salary for the chief executive, this means that the relative salary for your directors is equally low
- To add to the challenge, the councils are also struggling to fill roles at head of service level (reporting to directors) and at principal officer levels in professional and technical roles
- An initial analysis suggests pay levels at principal officer level, including for senior technical and professional roles, are below those of other Devon districts
- You are already looking at use of market supplements and increasing pay at these levels including creating a new assistant director level role in planning in order to remain competitive (of course this then erodes the gap on directors pay)

Therefore, there is a clear case to consider what actions you will need to take to ensure you remain competitive on pay in order that you are able to retain and/or attract people nationally to challenging roles in what is an incredibly expensive area in which to live. The conclusions and recommendations below represent a road map to help you address this.

## 4. Conclusions and Recommendations

The salary for the Chief Executive of South Hams and West Devon, when compared to relevant national and local comparisons shows that it is currently paid the lowest of all joint district chief executive posts, and likewise it is paid the lowest when compared to population figures in Devon, this despite the fact that it is one chief executive supporting two councils.

Based on uplifting the current salary for your joint chief executive (£125k), to the median would put it in the range £135k - £149k p.a.

The rest of SLT have always been on a 3 incremental salary scale footing (the top of the current grade is £79,500) – this allows for progression and rewarding performance.

In terms of something that is equitable when compared to other joint chief executives nationally and locally, and which reinforced your three-point increment approach a salary range of £135-140-- £145k with 3 equal increments, rather than a spot point, seems appropriate. This way the cost increase this created would be more manageable for the councils and would reflect time served and experience too – this is also in line with what some other authorities do.

Once the range for the chief executives pay has been set, the director and head of service roles will need to be reviewed in the light of this change.

The costings for the changes that are highlighted in the recommendations below amount to c. £30k per annum.

### Recommendations

- 1) Review the salary of your joint chief executive and consider appointing to a 3-point scale £135-£140-£145k
- 2) Review the salaries of your director level posts and consider appointing a to 3 point scale from £85-90-95k
- 3) Once 1 and 2 are complete, undertake a pay review for your middle managers and senior technical and professional roles, calibrated by the chief executive and director pay recommendation, ensuring it: is undertaken utilising the relevant job evaluation tools, enables you to deliver your priorities more effectively, enhances the capacity of your senior team, is delivered within an agreed budgetary framework, rewards performance, and delivery

## 5. Next Steps

This report has been produced by Paul Clarke, Principal Advisor for the Local Government Association, in the South West. Paul would be very happy to discuss the report, its findings and recommendations with you. [paul.clarke@local.gov.uk](mailto:paul.clarke@local.gov.uk)

## Appendix 1: Salaries of District Councils with Joint Chief Executives

<b>Council Name (County)</b>	<b>Salary (£) *</b>
South Oxfordshire and Vale of White Horse (Oxfordshire)	179,348
South Norfolk and Broadlands (Norfolk)	166,714
Staffordshire Moorlands and High Peak (Staffs/ Derbyshire)	164,362
Waverly and Guildford (Surrey)	150,000
South Ribble and Chorley (Lancashire)	145,000
Lewes and Eastbourne (East Sussex)	141,123
Bromsgrove and Redditch (Worcestershire)	139,038
Wychavon and Malvern Hills (Worcestershire)	135,316
East Hampshire and Havant (Hampshire)	134,959
Cannock Chase and Stafford (Staffordshire)	134,798
Adur and Worthing (West Sussex)	134,000 – 155,000
Babergh and Mid Suffolk (Suffolk)	133,344
South Hams and West Devon (Devon)	120,000

**Median pay = £139,038**

**Mean pay = £144,461 to £146,077**

\*Information taken from statement of accounts for 2020-21/ comparable pay policy statements

Notes:

- The comparative pay relates for the most part to the 2020-21 financial year
- The arrangement for Cannock Chase and Stafford is more recent – effective from 1 June 2021
- Guildford and Waverly appointed a new joint CX in November 2021
- The previous joint management arrangements have been discontinued for Breckland / South Holland and Bolsover/NE Derbyshire

## **Appendix 2: Devon District Chief Executives Comparisons**

Information provided on salaries has been taken from the annual statement of accounts for 2020-21.

<b>District</b>	<b>Salary</b>
Torridge	£101,944
North Devon	£104,494
Mid Devon	£111,281
Teignbridge	£119,288
Exeter	£119,954
South Hams and West Devon	£120,000
East Devon	£124,385

The table below compares the Devon salaries to population figures - (£) per 1,000 population.

<b>District</b>	<b>Population</b>	<b>£ per 1,000 pop</b>
Torridge	68,719	£1,483/1,000 pop
North Devon	98,170	£939/1,000 pop
Mid Devon	83,290	£1,688/1,000 pop
Teignbridge	135,039	£883/1,000 pop
Exeter	133,333	£899/1,000 pop
South Hams and West Devon	144,085	£832/1,000 pop
East Devon	148,080	£839/1,000 pop

## **Appendix 3: Devon District Director Comparisons**

Information provided on salaries has been taken from the annual statement of accounts for 2020-21.

**Teignbridge** - four Heads of Service reporting to the Managing Director on salaries ranging from £78,090 to £95,994

**Exeter** - there are six directors on £85,521

**South Hams and West Devon** – there are four directors up to £74,000

**East Devon** – four strategic directors at up to £84,701 (there is a pay review in progress)