

Eich cyf / Your ref:

Ein cyf / Our ref: SLT/JTH

Dyddiad / Date: 3<sup>rd</sup> May 2015

Rhif union / Direct dial: 01824 706000



Mr. J. Bader,  
Chair,  
Independent Remuneration Panel for Wales,  
Room M05,  
Crown Buildings,  
Cathays Park,  
Cardiff, CF10 3NQ.

**Julian Thompson-Hill**  
Lead Member for Finance, Corporate Plan and Performance

Dear Mr. Bader,

**RE: Review of salaries of the Senior Leadership Team**

I refer to your letter dated 4<sup>th</sup> April 2016 and would like to thank you firstly, for the efforts made to provide us with a speedy response. This was greatly appreciated by our internal panel who met on the 29<sup>th</sup> April 2016, to consider your recommendations and the panel's reasons for these recommendations.

The overriding concern raised within your response appears to relate to the market data used by Denbighshire County Council in order to determine the proposed levels of pay for its Senior Leadership Team.

As detailed in the HayGroup report included within the documentation pack provided to you, the comparative pay information was taken from the HayGroup, Public and Not for Profit Pay database (excluding London) as of July 2015. This database includes a variety of Public and Not for Profit organisations from across England and Wales and covers what we would see as our main comparative workforce supply market.

However this was not considered in isolation, and I apologise if this was not made clear within the information provided to you. The panel also considered the salaries for All Wales Local Authorities as provided by the WLGA E-paycheck system and as you are aware, specifically considered the salaries of its immediate neighboring authorities.

With regard to our neighboring authorities, in the run up to any reorganisation whether we end up merging with them or not, these authorities are our immediate competition in relation to the labour market for the senior leadership team and therefore, although our panel agree with you that this should not be an overriding factor in consideration of the pay levels for Denbighshire, serious consideration needs to be given to the pay levels of its neighboring authorities as this is where we are most likely to lose key members of our senior leadership team.

The key principles of the Senior Leadership pay review were to

- Be sufficient to attract, retain and motivate senior managers of the quality required to run the organisation successfully
- To provide a fair, consistent and transparent form of remuneration for Chief Officers

Over the past 12 months, the authority has lost 2 key members of its senior leadership team as a result of its remuneration levels. Therefore having a maximum pay level which is within the levels currently paid will not meet the real requirement to retain our senior leaders.



The authority believe that by commissioning an independent organisation to conduct our pay review and provide the panel with comparative data by which to set the pay levels, meets its obligation to provide a fair, consistent and transparent form of remuneration for its Chief Officers which is defensible. As it would appear that no consideration has been given to the data provided by the HayGroup it is difficult to defend the pay levels suggested within your recommendation as they do not have a sound evidential basis by which they are set.

Since your response, we have looked at the pay levels of other local authorities, ranked based on population and budget as 13, 14, 15 and 17, 18 and 19 with Denbighshire being 16<sup>th</sup>.

There is no comparison to the levels that you suggest for Denbighshire to levels currently paid within these 6 authorities and therefore we do not believe that this should be an overriding factor in determining the pay levels for Denbighshire. The salary ranges of these organisation are between £39,000 to £114,000 for Corporate Directors and Chief Officers.

We have reduced our senior leadership team and this is reflected in the overall cost of the senior leadership team. Some of the organisations that the IRP have used as our comparators have a senior leadership team of between 18 and 25, whereas we only have 11, and therefore the overall cost of their senior leadership team will be considerably higher than what is proposed for Denbighshire. We do not believe that you have given sufficient consideration to this factor.

In addition, we do not believe that size and budget should be the only factors considered. Denbighshire has been ranked as the best performing local authority in Wales for the past 4 years. The senior leadership team have been key in driving the organisation forward to achieve this status. Further changes proposed to the structure will result in a wider range of responsibility for the senior leadership team whilst delivering a more cost effective structure for the authority. This will ensure that Denbighshire is able to continue to provide a high level of service to its residents and remains one of the top-performing Councils in Wales.

If this subsequently resulted in an increase in the overall cost of the SLT structure, with the authority paying in excess of the norm for this level, I could understand your concern. However we demonstrated that we can deliver a saving from the changes that we are proposing and that we are paying within the median for similar organisations, and within the range currently paid within neighboring authorities who are our direct competition for the labour market.

Based on the above, our Remuneration Panel, which has membership from all political groups have unanimously determined, having given due consideration to the recommendations made by the IRP, to continue with its original proposals and these will be considered by Full Council on 10<sup>th</sup> May 2016 who will make the final decision.

I understand that should Full Council agree to the changes proposed, which are inconsistent with the IRP's recommendation, that it will be required to inform the Welsh Ministers and yourselves of that decision.

Yours sincerely,

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