

## **SENIOR LEADERSHIP TEAM REMUNERATION PANEL**

### **TERMS OF REFERENCE**

#### **1. Scope**

To determine the remuneration for the Council's Senior Leadership Team which consists of the Chief Executive, Directors and Heads of Service.

The Localism Act 2011 (Para. 42.3) defines remuneration in relation to a Chief Officer and a relevant authority as:-

- (a) the chief officer's salary or, in the case of a chief officer engaged by the authority under a contract for services, payments made by the authority to the chief officer for those services,
- (b) any bonuses payable by the authority to the chief officer,
- (c) any charges, fees or allowances payable by the authority to the chief officer,
- (d) any benefits in kind to which the chief officer is entitled as a result of the chief officer's office or employment,
- (e) any increase in or enhancement of the chief officer's pension entitlement where the increase or enhancement is as a result of a resolution of the authority, and
- (f) any amounts payable by the authority to the chief officer on the chief officer ceasing to hold office under or be employed by the authority, other than amounts that may be payable by virtue of any enactment.

'Chief Officer' in relation to a relevant authority in the Localism Act 2011 (Para 43.2), means each of the following:-

- (a) the head of its paid service designated under section 4(1) of the Local Government and Housing Act 1989;
- (b) its monitoring officer designated under section 5(1) of that Act;
- (c) a statutory chief officer mentioned in section 2(6) of that Act;
- (d) a non-statutory chief officer mentioned in section 2(7) of that Act;
- (e) a deputy chief officer mentioned in section 2(8) of that Act.

#### **2. Terms of Reference**

The scope of the committee is to:-

- Make recommendations on senior pay and reward issues to Council
- Make recommendations on the management of and structure of senior pay and reward, and grounds for pay progression.
- To comply with the requirements set out in the Local Government (Wales) Act 2015, and any subsequent legislation, which relate to senior pay decisions. The panel and the Council must have regard to any Independent Remuneration Panel's recommendations when reaching decisions on relevant pay. Appendix 1 provides the process to refer any pay recommendations to the Independent Remuneration Panel (IRP).

The terms of reference will be developed over time and reviewed on an annual basis to ensure effective working and to clarify the scope, role, composition and process within which the Panel will operate. The terms of reference will be subject to approval by Council.

### 3. General Principles

- No permanent change to pay and reward of the Senior Leadership Team can be actioned until it is ratified by Full Council
- The basic pay of the Senior Leadership Team (excluding the Chief Executive) will be determined using the Hay Evaluation Scheme and advice sought from external experts
- The Panel will provide a structured governance body through which recommendations affecting Chief Officers pay can be taken in the best interests of Denbighshire County Council and its stakeholders. It enables remuneration issues to be reviewed and considered with an impartial and balanced mind-set.

### 4. Role

The Remuneration Panel will make recommendations to Council on the permanent pay and reward of Senior Managers. It will:-

- a) Contribute to the Council's positive reputation with regard to having appropriate and effective corporate governance arrangements for senior pay by operating an independent, transparent and informed approach to managing senior pay through the Remuneration Panel.
- b) Develop broad policy decision for senior pay, having regard to the Council's Pay and Reward Policy
- c) Propose levels of remuneration considered to be sufficient to attract, retain and motivate senior managers of the quality required to run the organisation successfully.
- d) Consider the affordability of its proposals
- e) Be sensitive to the context of senior pay, including pay and employment conditions elsewhere in the organisation
- f) Ensure the relationship between reward and senior management tiers and for employees below this level remain reasonable
- g) Ensure individuals are fairly and responsibly rewarded for their individual contribution
- h) Understand what other relevant organisations are paying for similar roles as well as their general approach to reward, and consider whether Denbighshire County Council should position itself in relation to 'the market' – for example, whether the Council's approach may be to pay at around the lower quartile, median or upper quartile of the market etc.
- i) Ensure that proper and professional advice is obtained to assist in its deliberations

The panel's recommendations will be based on job evaluation results, data, advice, evidence and views collected from a number of possible sources – for example:

- External pay data, advice and facilitation (e.g. from external consultants or other sources)
- The Council's Chief Executive, key documents and reports
- Performance data where relevant
- Chief Executive Appraisals Panel

### 5. Membership & Support

The panel will comprise of 6 Members to give a balanced political background. One member of the panel will act as Chair.

The membership should include the Lead Member for Finance and one member of the CEO appraisal committee.

The Head of Legal, HR and Democratic Services will provide a 'secretariat' function to the Panel. He will be responsible for arranging meetings, coordinating and preparing documentation and arranging support, training, advice and information for the Panel.

The Panel may commission external independent expertise to train and support them in fulfilling their role and/or to provide external data or advice (including relevant market and regional data). The Head of Legal, HR and Democratic Services will provide details of external experts considered suitable for the purposes in terms of experience, cost and best value for the Panel to select from.

#### 6. Terms of Reference

The Panel will meet at least annually to maintain an overview of the ongoing suitability of the Council's approach to senior pay. On a biennial basis, it will conduct a full review of senior managers pay and present a report with recommendations to Council. The panel would not normally expect to present all of the background data and advice it had received.

The Panel may meet more frequently from time-to-time to discuss changes in relation to the approach or arrangements relating to senior pay such as linking pay progression to performance or contribution, or determining the pay level prior to undertaking a recruitment exercise. The recommendations on these issues will also be presented to Council.

#### 7. Confidentiality

Members will be expected to maintain confidentiality whilst discussions are taking place and until the decisions have been published.

#### 8. Conflicts of Interest

Should any committee member feel there is a conflict of interest with regards to any agenda item or discussion in the committee:-

- They should declare an interest in the matter
- They should leave the meeting during any discussion on the matter
- They should not have sole responsibility for making recommendations on relation to the matter, whether present or not.

## Appendix One

### **Process to refer pay decisions to Independent Remuneration Panel (IRP)**

The Welsh Government has produced Guidance on the Independent Remuneration Panel for Wales under Section 143A of the Local Government (Wales) Measure 2011 and Section 39 of the Local Government (Wales) Act 2015.

#### **1. Requirements of the Council's Pay and Reward panel**

**1.1** To refer decisions on pay relating to 'Head of Paid Service' – Chief Executive.

**1.2** If the Council's Pay and Reward Panel wish to make a recommendation to change the pay of a 'Head of Paid Service' it will consult with the IRP, unless the change being considered is commensurate with a general pay increase or reduction for the Authority's other staff.

**1.3** To provide the IRP with any information it may reasonably require in reaching a conclusion. The IRP may require the following

- Papers/reports prepared by the Authority in relation to the decisions
- Details of the total package available, or under consideration. This could include pension arrangements, severance package, returning officer fees, and performance bonuses. (Full details are set out in the guidance)
- The interdependency of individual salaries within pay structures
- Information concerning other remuneration on offer to other Local Authority Chief Executives
- Details of agreements made at the National Joint Council level.

**1.4** To have due regard to any recommendation the IRP makes in relation to what is in their Pay Policy Statement and Chief Executive pay.

**1.5** The Council/Pay and Reward Panel must have regard to any recommendation when reaching its decision.

#### **2. Role of the Independent Remuneration Panel (IRP)**

**2.1** To take a view and make a recommendation on the proposal, the Authority must have regard to the recommendation, they are not obliged to follow it.

**2.2** In the event that the Authority does not amend a proposal following the IRP's recommendation, the Authority must notify the Welsh Ministers and the Panel of its response.

If the Welsh Ministers consider that an Authority's response is inconsistent with the Panel's recommendation, the Authority might be subject to a direction from the Welsh Ministers to re-consider the salary.

**Process flow Chart**

