

**OVERVIEW AND SCRUTINY BOARD**

**A meeting of the Overview and Scrutiny Board was held on 9 January 2006.**

**PRESENT:** Councillor Carr (Chair), Councillors McTigue, Mawston, Rogers, Rooney and T Ward.

**OFFICIALS:** J Bennington, P Clark, L Maughan and J Richmond.

**\*\*PRESENT BY INVITATION:** The Mayor, R Mallon and Councillor K Walker.

**\*\* PRESENT AS OBSERVERS:** Councillors Brady, Brunton, Budd, Elder, Hubbard, Kerr, Lowes, McPartland, Morby, B Taylor, Mrs B Thompson, P Thompson and N J Walker.

**\*\* APOLOGIES FOR ABSENCE** were submitted on behalf of Councillors Cole and Dryden.

**\*\* DECLARATIONS OF INTEREST**

No declarations of interest were made at this point of the meeting.

**JNC – RECRUITMENT AND RETENTION**

A report of the Senior Scrutiny Officer had previously been circulated regarding the background to the meeting which had been arranged in accordance with the Authority's Call-In procedure in respect of decisions made at an Individual Executive Decision-Making Meeting by the Mayor held on 15 December 2005.

The main components of the report of the Senior Scrutiny Officer were as follows:-

- a) Appendix 1, a copy of the report considered at an Individual Executive Decision-Making Meeting by the Mayor held on 15 December 2005 concerning:-
  - i) the current salary levels being offered to service directors in other comparable north east councils and the implications for recruitment and retention in Middlesbrough; and
  - ii) a proposal to bring Middlesbrough in line with the average of salaries being paid for comparable posts in north east councils;
- b) the decisions made at the above meeting as follows:-
  - i) That the regional survey of comparable executive director's posts be updated to reflect the position as at December 2005.
  - ii) That a 3-point scale based on an average of comparable posts be established for executive directors with effect from January 2006, subject to the Mayor's approval, of the detailed scheme.
  - iii) That regional salary rates for support service directors and heads of service posts be kept under review by the Chief Executive. Similar principles to be applied only if circumstances merit this, if proposals are affordable and with the approval of the Mayor plus relevant portfolio holder as to detailed proposals.
  - iv) That the post of Assistant Chief Executive (Performance and Policy) be deleted from the establishment.
- c) details of the Call-In procedure;
- d) the reasons given to the Authority's Proper Officer which were considered the key issues that initiated the Call-In procedure as follows:-

'At a time when Middlesbrough Council is deeply involved with the very sensitive and controversial process of Job Evaluation embracing at least 3,720 members of Middlesbrough Council's workforce, which include salary reductions between 1% and 30% it is inappropriate, insensitive and unnecessary to award four executive directors with an annual salary increase reported in the local media to be at least 15%. Equating to an average of approximately £250 per week.

- e) further documentation relating to the basis of the Call-In was provided at Appendix 2 of the report submitted.

As part of his introduction, the Chair outlined the Call-In process and in particular referred to the extent of the powers available to the Board including the decision to determine whether or not to refer the decision back to the decision-making body for re-consideration in the light of the evidence submitted.

The Chair outlined the proposed order of proceedings for the meeting.

The Chief Executive outlined the background, key issues and research which included:-

- details of the grading of top tier posts within the Tees Valley and northern region which demonstrated that Middlesbrough Council executive director posts were graded considerably below the market rates;
- information which demonstrated that the market had changed since the last review in 2002;
- in recent years and as an 'excellent' rated Council, recruitment consultants had regularly approached members of the senior management team;
- one director was shortly to leave for a post in a neighbouring authority with a smaller span of responsibility but with a significantly higher salary;
- a high turnover of senior managers would involve recruitment costs, organisational disruption and loss of momentum in effectively addressing priorities;
- in view of the potential recruitment and retention problems there was a need to take immediate action;
- job evaluation involving very complex issues was regarded as a separate exercise from addressing the recruitment and retention of service directors.

The Mayor outlined the background and reasons for making the decisions which included:-

- recognition of the previous process and decisions taken since 1998;
- market forces had changed in recent years and there was a need to take action to address the current recruitment and retention issues taking into account the findings of recent research;
- recognition that there was no 'right time' to make such decisions but they were taken to safeguard the Council's position and in the public's interest.

Councillor K Walker was afforded the opportunity of asking questions. In their responses the Chief Executive and the Director of Human Resources (Client Services) included the following points:-

- whilst turnover of senior management was inevitable the situation would be exacerbated if the salary levels were significantly below comparable posts elsewhere;

- reference was made to and a copy made available of the most recent advice issued relating to the Joint Negotiating Committees for Chief Officers of Local Authorities which identified increased levels following a voluntary salary survey;
- it was emphasised that such information was intended for guidance in determining the market rate.

Councillor K Walker outlined the reasons for invoking the Call-In procedure emphasising the following issues:-

- further details should have been provided including national directions from trade unions and information gained from comparable authorities;
- concerns regarding the timing given the complex job evaluation exercise;
- concerns that the report had not been considered by the full Executive;
- clarification sought as to the extent of the consultation process prior to a decision being made including the Chair of the Board, other Members and Joint Trade Union Committee;
- clarification on the decision to establish a 3-point scale and the similar principles to be applied if circumstances merit and are affordable in respect of support service directors and heads of service.

The Mayor and the Chief Executive were afforded the opportunity of asking questions of Councillor K Walker and the Members of the Board to all parties.

Members sought clarification on a number of points relating to the extent to which the research was undertaken and information regarding comparable authorities. During the subsequent deliberations the following additional points were noted:

- the basis upon which the Council's current 4 executive directors' posts were graded were for different reasons relating to the scope of each post;
- recent evidence of approaches being made by recruitment consultants;
- additional costs incurred in respect of advertising and recruitment;
- proposals to bring Middlesbrough salaries into line with the regional average would not have any additional financial implications subject to the deletion of the post of Assistant Chief Executive (Performance and Policy);
- where the national Job Evaluation Scheme did not allow the reflection of market forces it had been agreed to adopt a market supplement approach;
- in terms of the current job evaluation exercise 78% had either gained or remained the same with 22% resulting in a loss the majority of which reflected a loss of 2% to 19%;
- recognition of the changes to the democratic processes;
- an indication given of comments received from Trade Unions following initial contacts with Branch Secretaries and Regional Offices.

Following closing submissions of the Mayor and Councillor K Walker the Board discussed the evidence received and considered and voted upon its decision.

**ORDERED** that the decisions taken at the Individual Executive Decisions-Making Meeting held on 15 December 2005 be referred back to the Mayor (19 January 2006) for reconsideration on the basis that the decision had been taken too hastily.