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Review of Chief Executive's Role

KORN FERRY LTD



Bristol City Council

Chief Executive Pay – Job Evaluation and Market Benchmarking

1. Introduction

This paper summarises outputs from our review of the Chief Executive’s post. The analysis provided will support the Council to develop a pay policy for this role.

To prepare it, we have:

- Reviewed the job description of the CE’s role and evaluated it using the Korn Ferry Hay method of job evaluation, which is widely used in local government and elsewhere.
- Reviewed and provided Korn Ferry Public Sector market pay data.
- Collected and reviewed pay practice data for Core Cities, Greater Manchester Authorities and the new unitary councils.

At the end of this report, we have also provided summary market pay data for the Council’s Director level roles.

2. Job Evaluation

We have evaluated the Chief Executive’s role using the information provided. The evaluation score is summarised below:

	Score	KF Reference Level
Chief Executive	2328	26

3. External Comparisons

The provision of market pay data enables the Council to review how current remuneration arrangements sit against other organisations and to test whether current arrangements are appropriate and justifiable.

They also help to understand whether they are likely to enable the recruitment and/ or retention or provide appropriate incentives for the behaviours needed.

3.1 Korn Ferry Hay National Public Sector Market

We have summarised below market pay data for jobs of similar job size and complexity in the Public and Not for Profit Sector.

The benefits of these comparisons are:

- Firstly, it allows the Council to consider the market for some of the roles with close equivalents outside the local government sector.
- Secondly it helps to inform the determination of the pay policy and position for the Chief Executive’s role at the Council.



	External market lower quartile	External market median	External market upper quartile
Chief Executive level roles	£165,000	£195,000	£227,000

3.2 Core Cities Chief Executive pay data

The table below draws from data that we have collected directly from the Core Cities local authorities and published pay disclosures. These are sometimes part of the Pay Policy Statement agreed by the Council; sometimes they are in separate publications covering senior structures and salaries.

Although these authorities vary in population size, scope, structure and are differently configured, they are all part of the Core Cities with similar broader aims and objectives and therefore form a useful and relevant comparator group.

Core Cities	Population Size	Chief Executive's base pay
Bristol	463,377	£169,500 (figures rounded)
Birmingham	1,141,816	Range from £180,000 to £220,000*
Cardiff	364,248	
Glasgow	633,120	
Leeds	793,139	
Liverpool	498,042	
Manchester	552,858	
Newcastle	302,820	
Nottingham	332,900	
Sheffield	584,853	
Average	566,717	

*base pay of £220,000 - no Council pension contribution payable. We have reduced the total pay by a nominal sum to take into account the pension arrangements to support the base pay analysis.

Belfast City Council has a different pay market in Northern Ireland and has been excluded from this analysis.

We have also provided some additional local government benchmarking data below covering Greater Manchester councils excluding Manchester and three new unitary councils.

3.3 Greater Manchester Councils

The median pay range for 9 Greater Manchester Councils excluding Manchester City Council ranges from £150,000-£160,000, with an average population size of 247,000.

Bristol is a Core City, with larger budgets, population size and scale of operation.



3.4 New Unitary Councils

Three new Unitary Councils have been established in the last 2 years. These are Buckinghamshire, Dorset, and Bournemouth, Christchurch and Poole Councils. The pay for Chief Executives ranges from £168,300 to £200,000, with an average of £182,300. One of the Council's also operates a non-consolidated performance bonus. The average population size is approximately 439,000.

4. Policy issues and options for Bristol City Council

We assume the Council will want a pay structure for the Chief Executive's post which:

- Enables it to recruit and retain the necessary talent.
- Is aligned with and justifiable in relation to local government in England.
- Is affordable and not disruptive to apply.
- Is fair.
- Is in line with the recommendations of the Hutton review of Fair Pay in the Public Sector. This review also recommends that local authorities define what they mean by 'lowest' salary.

The current pay level for the Chief Executive appears to be relatively low when compared to the overall market. It is the lowest paid role in Core Cities (excluding Belfast) at approximately 10% below the average and over 12% below our national Public Sector market. There is an argument based on the analysis above that some adjustments may be needed to recognise the weight and responsibilities of the role. How this is done will be informed by the answers to several questions:

- a. How far do you want to reflect job size in pay? The CE's role is the highest paid role in all local government organisations, with a separate pay scale and associated governance arrangements.
- b. Should the role be linked to a pay range? And should salary within the range be a spot rate or should there be increments which indicate the possibility of progression? This approach creates some flexibility for recruitment and retention purposes but also requires clear criteria and processes for pay management.
- c. Should pay setting and review take any account of performance? Most organisations expect there to be some difference between a newly promoted member of staff and an established contributor; the question is whether there should be a more formal link. If there is any pay flexibility, there will have to be clear guidance about how it is exercised.
- d. What is the appropriate level and mix of pay considering more than just base salary, such as any benefits and additional payments of a Total Remuneration approach that may be available for the post?
- e. What level of pay is likely to be affordable and justifiable within the current salary bill and Council governance arrangements?

Bearing these questions in mind and the information provided, the Council should be able to develop a fair and affordable pay structure for the Chief Executive's role that reflects both the job size, comparable roles in local government and broader public sector, and the need to attract and retain the talent the Council needs to lead the organisation and deliver its strategy and priorities.



5. Director Pay Bands

The Council's current Director pay structure is summarised below.

Director Level (KF Reference Level)	Bottom of BCC band	Mid-point of BCC band	Top of BCC band
Service Director D1 (KF RL 21)	£87,338	£97,613	£107,888
Service Director D2 (KF RL 22)	£96,585	£109,943	£122,300
Executive Director GD (KF RL 24)	£138,713	£154,125	£169,538

We have provided below our Public and Not for Profit market pay data to review your base pay for your Director level roles.

KF Reference Level	External market lower quartile	External market median	External market upper quartile	External market average
21	£86,625	£95,960	£112,093	£102,129
22	£102,087	£114,462	£135,972	£120,192
24	£147,812	£162,500	£184,750	£167,176

It appears that the Council's pay policy for Director level roles is broadly line with the external market.