



**Cynulliad Cenedlaethol Cymru
The National Assembly for Wales**

**Y Pwyllgor Cyfrifon Cyhoeddus
The Public Accounts Committee**

**Dydd Mawrth, 13 Mai 2014
Tuesday, 13 May 2014**

**Cynnwys
Contents**

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions

Papurau i'w Nodi
Papers to Note

Cyflogau Uwch-reolwyr: Sesiwn Dystiolaeth 6
Senior Management Pay: Evidence Session 6

Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r Cyfarfod
Motion under Standing Order 17.42 to Resolve to Exclude the Public from the Meeting

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

The proceedings are recorded in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included.

**Aelodau'r pwyllgor yn bresennol
Committee members in attendance**

William Graham	Ceidwadwyr Cymreig Welsh Conservatives
Alun Ffred Jones	Plaid Cymru The Party of Wales
Sandy Mewies	Llafur Labour
Darren Millar	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)

Julie Morgan	Llafur Labour
Gwyn R. Price	Llafur (yn dirprwyo ar ran Mike Hedges) Labour (substitute for Mike Hedges)
Jenny Rathbone	Llafur Labour
Aled Roberts	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

**Eraill yn bresennol
Others in attendance**

John Dwight	Swyddfa Archwilio Cymru Wales Audit Office
Delyth Jones	Pennaeth y Gyfraith a Llywodraethu a Swyddog Monitro, Cyngor Bwrdeistref Sirol Conwy Head of Law and Governance and Monitoring Officer, Conwy County Borough Council
Marie Rosenthal	Clerc y Sir a Swyddog Monitro, Cyngor Caerdydd County Clerk and Monitoring Officer, Cardiff Council
Huw Vaughan Thomas	Archwilydd Cyffredinol Cymru Auditor General for Wales

**Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance**

Meriel Singleton	Clerc Clerk
Gareth Thomas	Gwasanaeth Ymchwil Research Service
Kath Thomas	Dirprwy Glerc Deputy Clerk

*Dechreuodd y cyfarfod am 09:01.
The meeting began at 09:01.*

**Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions**

[1] **Darren Millar:** Good morning, everybody, and welcome to today's meeting of the Public Accounts Committee. I have just a few notices, as usual. The National Assembly for Wales is a bilingual institution, and Members and witnesses should feel free to contribute to today's proceedings in either English or Welsh as they see fit. I encourage everybody to switch off their mobile phones and other electronic equipment as these can, of course, interfere with the broadcasting and sound equipment. This is a formal public meeting, as well, so you do not need to press anything on your microphones; they will magically switch on as you speak. We have had apologies this morning from Mike Hedges, but Gwyn Price is very welcome as his substitute to the committee. Welcome to you, Gwyn. Finally, in the event of a fire alarm, of course, we should follow the instructions of the ushers, who will take us to a safe place.

09:02

Papurau i'w Nodi
Papers to Note

[2] **Darren Millar:** Item 2 on our agenda is papers to note, and they are the minutes of our meeting held on 6 May. I will take it that those are noted.

Cyflogau Uwch-reolwyr: Sesiwn Dystiolaeth 6
Senior Management Pay: Evidence Session 6

[3] **Darren Millar:** We go straight into our first evidence session today, item 3, on senior management pay. This is the sixth evidence session we have had on this particular subject. I am very pleased to be able to welcome to the table today Marie Rosenthal, the county clerk and monitoring officer for Cardiff Council, and Delyth Jones, the head of law and governance and monitoring officer at Conwy County Borough Council. The committee has taken lots of evidence so far from the Welsh Local Government Association, the Welsh Government, the health service, representatives from further education and others. However, we felt that it would be useful to take some evidence from the monitoring officers who give advice to local authorities on senior management pay. Can I ask you each in turn, starting with you, Delyth, just how the senior pay arrangements work in your local authority? Then we will ask Marie and see whether there is any contrast.

[4] **Ms Jones:** In common with most local authorities, I think, in Conwy, we have relied on the Hay Group for external, hopefully impartial and independent, assistance in setting the level of remuneration for senior officers. Employees below heads of service were subject to a job evaluation scheme, which did not include the heads of service at the time. The senior pay review was undertaken by Hay along much the same lines. The jobs were evaluated not in terms of the person specification, as such, but in terms of what that job entailed—the roles and responsibilities—and then the remuneration was set. That was back in 2002, with variations after that. However, it has not been subject to a full-scale re-evaluation. If a job changes, it goes back out to an external person to have a look at again, so that there is some parity and some equality in terms of its having been assessed. However, it is always done on an external basis. There is never a case where officers would suddenly decide to pick a figure from the air and then that would be what somebody else would be paid or, worse still, what they themselves would be paid. That simply does not happen.

[5] **Darren Millar:** Which posts would be subject to that sort of advice being sought?

[6] **Ms Jones:** Heads of service and above.

[7] **Darren Millar:** I will bring in Marie in a second. You have a committee as well, do you?

[8] **Ms Jones:** We do. We have a senior employment committee, which looks at the appointments of heads of service and above, together with the terms and conditions where human resources advice would be given. As monitoring officer, my role is, really, around the probity of the decision making, rather than becoming embroiled or overly involved in the terms and conditions of salaries and remuneration. It is around the probity and the governance, that the decision making is correct, open and transparent, rather than the level of remuneration, which I would leave to HR experts to advise on.

[9] **Darren Millar:** I now call on Marie Rosenthal.

[10] **Ms Rosenthal:** Bore da. Good morning. At Cardiff we have an employment conditions committee. It is an active committee. It is a standing committee of the council. It is

cross-party; so, all of the groups are proportionally represented on it. It is responsible for setting senior officer pay and keeping an eye on pay matters, generally. It meets in public, although some of its business is inevitably exempt. It plays an active role in setting senior officer pay. In fact, it is meeting at the moment in relation to the imposition of a workforce package where all employees in Cardiff Council are going to take just under a 3% pay cut as part of our budget arrangements this year, and that applies across the board to senior officers, chief officers and all members of staff. So, we had to convene the employment conditions committee to look at senior officer pay in that context. It is advised by HR colleagues. As monitoring officer, I will keep an eye on all our committees to ensure that papers are properly prepared, that there is legal advice and any other relevant professional advice so that members can make the best possible decision. As my colleague has said, on the setting of pay, these are HR matters—professional matters—where you need expertise in pay and reward policy; so, it is not an area where, as monitoring officer, you would necessarily be qualified to advise, but you certainly have a role in terms of governance and making sure that members have all of the information that they need to make proper decisions.

[11] The other area is obviously in relation to conduct and where there are conflicts of interest. As monitoring officers, we provide advice and guidance in relation to the integrity of the council. So, where an officer has a conflict of interest—and hopefully the monitoring officer would not have to intervene—officers would be reminded that, where there is a conflict, they should play no part in any proceedings where their pay and conditions are being considered.

[12] **Darren Millar:** Does Cardiff work with external consultants as well?

[13] **Ms Rosenthal:** Yes.

[14] **Darren Millar:** So, you both take external advice on the setting of senior management pay.

[15] **Ms Rosenthal:** Absolutely.

[16] **Darren Millar:** I will now bring in a few Members. I will turn to Gwyn first, and then over to Alun Ffred and back to Jenny.

[17] **Gwyn R. Price:** Good morning to you both. Delyth, you were saying that a review of someone's salary would go externally. Would that go to the Hay Group, or could it be any consultancy?

[18] **Ms Jones:** It would be either with the Hay Group or someone who was sort of Hay-qualified, as it were, so someone who would adopt the Hay principles. However, it would certainly be someone external. At one point, I think, our head of HR had thought about becoming qualified to do that process himself, but the advice was to keep it independent. So, that is the route that we adopt. It seems to work very well. Our heads of service are in bands, as it were, but the directors—and, obviously, the chief executive—are on a separate higher band. That has all been externalised in terms of pay and conditions. Clearly, when people resign and new appointees come into post, that is always an opportunity to look at the level of the pay scales as well, especially in these hard times.

[19] **Gwyn R. Price:** Marie, do you use Hay in Cardiff?

[20] **Ms Rosenthal:** Yes, we do. I think that it is acknowledged as an industry standard. It allows members to have access to up-to-date information about trends in the public sector and in local government—

[21] **Gwyn R. Price:** I suppose that, by using the one consultancy, you can refer back to how it came to that decision in the first place and how it will operate again.

[22] **Ms Rosenthal:** Yes. I do not know what evidence you have had from the Hay Group, but it has a particular approach that values certain components of the post.

[23] **Gwyn R. Price:** Thank you both.

[24] **Darren Millar:** Alun Ffred, did you want to come in? It was William who had his hand up. You merged into one person earlier. [*Laughter.*] William Graham is next then.

[25] **William Graham:** Thank you very much, Chair. You have given us an outline of what happens in your respective councils. Just tell us the role of elected members now—where do they come in? What happens in Cardiff and what happens in Conwy?

[26] **Ms Jones:** In Conwy, elected members sit on the committee. For every appointment of head of service and above, members are involved. Below head of service level, it is officers who would appoint people. So, with heads of service, directors, strategic directors and the head of paid service, members would actually make the appointment and the terms and conditions would be presented to them from the HR department on the basis of expert advice as to what was appropriate as the remuneration package for that role. However, officers would not play any part in the appointment.

[27] **Ms Rosenthal:** In Cardiff, we have just reviewed our scheme of delegation and we have looked very closely at the head of paid service role, which is the chief executive role traditionally. The new scheme makes it clear that the head of paid service is responsible for the employment of all council staff below director level. So, those are officer appointments and we have a job evaluation scheme that we have agreed with our trade union colleagues for all those posts. Chief officer posts, which are defined in legislation—director, assistant director and head of service posts—are member appointments and the conditions of those contracts are member decisions. So, that stands referred to our employee conditions committee and cross-party members are responsible for making those decisions.

[28] **William Graham:** May I ask you a question on the new section 63 of the Local Government (Democracy) (Wales) Act 2013 that just came into force in April? Do you think that that will help with allaying public concerns about high salaries in local authorities?

[29] **Ms Jones:** The jury is out, I think. I think that local government in general gets a pretty hard time when you look at the level of remuneration as a public authority compared with some of the other public bodies that I think slip under the radar because people do not directly pay them council tax. Therefore, perhaps they are not subject to the same amount of scrutiny. When we have to take account of the legislation, it will at least be consistent across all local authorities. However, whether it will assist in the process, I am not sure. Time will tell. There is no harm in it, but whether it will make a difference I really do not know. The jury is out for me.

[30] **Ms Rosenthal:** I would hope that the existing legal arrangements would provide that reassurance. I think that what the public is looking for is fairness and probity. In relation to fairness, councils are now having to publish their pay policies annually. Work has been done. One of the authorities I worked for, Islington, had a fair pay commission and it set a standard that the very highest pay should be no more than 20 times the very lowest pay. In Islington, it is now 11 times. In Cardiff, it is 12 times. So, the chief executive's salary is 12 times larger than that for the lowest paid role. I think that there is a wish, really, to bring those differentials together. The other thing I think the public looks for is probity and that principle that you cannot be judge of your own cause. I think that, if we stick with that principle, which is an

age-old principle, so that these decisions are made independently of the person who benefits, that gives reassurance. So, we are publishing pay policy statements. Whether we communicate enough about them, I am not sure. I think that the measure will assist. However, I think that what is important is that whatever is done is proportionate to the problem.

09:15

[31] In preparation for today, I have been looking at some of the private sector arrangements that take a much more holistic approach to what they call a reward policy or a reward strategy. At Cardiff, our scrutiny committee did a very interesting piece of work on a reward strategy for Cardiff Council. It was decided at the time that we needed to bring in the job evaluation scheme, which took some time. It then came in last year. However, I think that there is a need to look more holistically at all of the benefits that public sector employees receive—holidays, enhanced statutory payments and pension. Looking at the thing in the whole, it is not just the pay that gets you to work every morning.

[32] **William Graham:** Thank you very much.

[33] **Darren Millar:** I now turn to Jenny Rathbone.

[34] **Jenny Rathbone:** Sticking with probity, the—[*Inaudible.*]—have you ever actually used your responsibilities as the monitoring officer to intervene since you have been in post, or in the last five years, to remind councillors about probity or where they might be tempted to indulge in tax avoidance schemes or whatever? If you have not, would you feel confident that you have the powers to do that and the back-up?

[35] **Ms Jones:** ‘No’ is the answer to the first part of the question, mercifully. I have never had to intervene. In fact, I think that the scales have turned so much the other way now that I am almost having to persuade officers that it is really okay for them to take part in the debate around pay policy, because they are terrified of being in a position where there is a conflict of interest. It has gone to the extent where it is difficult. You almost have a situation where there are no officers in meetings relating to pay policy because everyone is terrified that they should not be there because of the sort of potential for a conflict of interest. So, that has been more of a problem than having to advise officers that they should not take part.

[36] Maybe it is just that it is fortunate in Conwy, but there is a culture where, if there is anything on the horizon where you think, ‘Hmm, this is something where we need to be a little bit careful’, I will mention it in the strategic leadership group and say, ‘It would be best if you did not take part in that’, to whoever is involved in it. Of course, there is no debate about it then. From that point of view, it has never been an issue. If I felt that it was an issue, on whether they would take that advice, the answer would be, ‘Absolutely’. I have no hesitation at all in responding in that way. I know that they would because they seek the advice before I ever have to give it to them.

[37] **Jenny Rathbone:** Okay. So, that is clear about the officers, but what about the elected members?

[38] **Ms Jones:** Again, members are very good at coming to ask for advice. I am not really involved in the day-to-day issues around their remuneration.

[39] **Jenny Rathbone:** I am just thinking of their role in the appointment of chief officers.

[40] **Ms Jones:** In terms of probity, again, they always ask. They are very good at seeking advice. Again, it is drummed into them, I think, ‘If you are in doubt, come and ask. It is much better if you take the advice. If the advice that I give you is wrong, you can say that your

monitoring officer made a mistake. You are all right if you have taken the advice'. They do it. It is really a matter of building up that culture of trust, where I will protect them and I will try to make sure that they make the right decisions. However, in return, they need to come to ask because, if they go off on a folly on their own, they will pay the price for it. They do not want to do that. So, it works well.

[41] **Jenny Rathbone:** Thank you.

[42] **Ms Rosenthal:** It is very similar in Cardiff on your first point. I think that the pendulum has swung now, and officers are very resistant to participating in any discussion about pay policy or reward strategy, so much so that, when we adopted our recent pay policy statement, all the chief officers trooped out of the council meeting. Members commented that they felt that we should stay, that they employ us to give professional advice, and they expect us to be able to judge when there is a conflict. However, I think that the mood at the moment is that we should have absolutely nothing to do with discussions about pay. So, we have arranged for independent advisers to be present to advise members. I would echo what Delyth is saying in relation to how members see their role in relation to these matters. I think that they take these responsibilities very seriously.

[43] **Jenny Rathbone:** So, do you think that the pendulum has swung as a result of these three high-profile cases? Clearly, things have gone wrong in the past—not in your councils, but elsewhere—and the monitoring officers either were not heard or did not articulate the problem.

[44] **Ms Jones:** It is obviously on the back of those cases, but the issue really is to do with the contents of the Wales Audit Office reports rather than the individual circumstances in the three authorities. The reports have been necessarily hard-hitting, but have also addressed issues around conflicts of interest, which were more hard-hitting than monitoring officers were expecting. The reality of it is that it has made it difficult for officers to give advice. As Marie said, we all sort of troop out. The annual pay policy does not deal with our individual salaries, it is just the policy, but even discussing policy, we are all so nervous that we all scuttle away like frightened rabbits, just in case we are subject to a report, when all we are trying to do is do our jobs. So, the balance has swung too far the other way, I think, and there is a danger that officers are not able to give the advice that members need—on policy, not on individual terms and conditions relating to themselves, clearly.

[45] **Jenny Rathbone:** So, do you think that the chief executive would be restrained in giving advice about people below him, or her?

[46] **Ms Jones:** The chief executive's pay is mentioned in the pay policy, so that is perhaps a little bit different. However, our head of human resources, for example, is a chief officer, but he is in exactly the same position as all the other chief officers in the authority. The fact that he is not able to stay and give advice to members on the pay policy creates a difficulty. I do not know whether it is the same in Cardiff.

[47] **Ms Rosenthal:** I think that we are clear in relation to non-chief officer posts and, as I said, we have done some useful work on our scheme of delegation. We have had training around that. So, we are very clear about those arrangements and we have a job evaluation scheme that we have agreed with trade union colleagues.

[48] In relation to chief officer pay, I think that the rules are clear that, if you have a personal interest in the matter, you are not in the meeting. It is possible to engage independent assistance through the WLGA. So, I do not think that we need new legislation to cover that.

[49] **Sandy Mewies:** I find it quite alarming, actually, that you said that there is a lack of

confidence among officers in giving advice and that they are quite frightened of doing it. That does not bode well for the decisions that are made, if there is any holding back. Ms Rosenthal has said that she is confident that officers are aware of what they ought to be doing, but that is slightly different to what you said, Ms Jones. If there is a lack of clarity in their roles, I suppose that my first question is what on earth should be done about it to make sure that they are confident? If they do not know, do not expect councillors to know. That, now, is my first question.

[50] My second is this. I think, Ms Rosenthal, that you said that you have a cross-party group, that this committee of yours is cross-party. You said that you have a sub-group of personnel—

[51] **Ms Jones:** Yes, of members.

[52] **Sandy Mewies:** Yes, of members. Are they cross-party?

[53] **Ms Jones:** Yes.

[54] **Sandy Mewies:** Do they have any Hay management or, indeed, any other benchmarking training?

[55] **Ms Jones:** They would take advice in the committee from the HR people who have the expertise in that respect. I am not sure that they would have had Hay training themselves, as members, but they would certainly be taking advice.

[56] On the issue of officers being a bit nervous, it is not the confidence in giving the advice, but the fear of having a conflict of interest.

[57] **Sandy Mewies:** Yes, I understood what you were saying.

[58] **Ms Jones:** That is the difficulty. We have mentioned it several times in our monitoring officer group. We meet regularly, and it is an issue that goes right across the board in all local authorities. We are all, as monitoring officers, dealing with it in different ways. Some people are saying that it is impossible for members to make the decision on pay policy and they have got to have somebody staying there, some are taking independent advice, while others are trying to double up with neighbours. I think that a consistent approach would be useful. I do not think that we need legislation for it. I agree with Marie on that. However, it would be quite useful if we had some guidance, perhaps from the WAO, as to how we deal with that situation, so that, where local authorities are probably overreacting to the situation because of what has happened. However, if we had firm guidelines, which said that your head of HR, or whoever, can stay and discuss that, that would be useful.

[59] **Sandy Mewies:** So, not legislation but hopefully guidance from the Welsh Local Government Association.

[60] **Ms Jones:** Yes, or from the Wales Audit Office.

[61] **Darren Millar:** What about guidance from the Welsh Government? The Welsh Government has said that it would be amending regulations regarding chief officer pay. According to the notes here, you ought to be getting copies of the amended regulations so that you can absorb them into your standing orders this month. Have you had any such information?

[62] **Ms Jones:** I have not seen them.

- [63] **Ms Rosenthal:** I think that we have had an e-mail.
- [64] **Sandy Mewies:** Thank you, Chair; that was to be my next question.
- [65] **Darren Millar:** Pardon me.
- [66] **Sandy Mewies:** To go on from what the Chair has stated, quite clearly there has been advice from the Minister for Local Government and Government Business, and you should be aware of it because it has been said that this advice would be subsumed into standing orders by this month. It would have to be done, would it not, by this month? However, you are not aware of that guidance, particularly where it affects chief executives.
- [67] **Ms Jones:** I am not personally aware of it, no.
- [68] **Sandy Mewies:** What about you, Ms Rosenthal?
- [69] **Ms Rosenthal:** I am just checking. I think that we had an e-mail from the WLGA earlier this month, in May, about proposed standing order regulations, but I am not aware that they have been confirmed yet.
- [70] **Sandy Mewies:** You are both of you the monitoring officers for your individual authorities, but you have no clarity over this guidance.
- [71] **Ms Rosenthal:** In relation to chief officer pay?
- [72] **Sandy Mewies:** Yes.
- [73] **Aled Roberts:** The point is that the guidance has not been published yet.
- [74] **Sandy Mewies:** I am just looking at the information that we have got here that it should be subsumed into standing orders by May. That is the question that I am asking.
- [75] **Darren Millar:** The issue is that you have received no instructions from Welsh Government, WLGA or anybody else in relation to the amended regulations, which you will need to absorb into your standing orders. The new provisions come into force on 1 April, and the amendments are going to require all decisions on the remuneration of chief officers to be taken by resolution of the authority itself as a whole.
- [76] **Ms Jones:** The only e-mail that I have had is one that came in yesterday. It says that the last information was that it was hoped that the regs would be made by last Friday, in that today is the last day of the Assembly's session. What date is this? That was 4 April, the original one, but there is another one that came in yesterday, which says, 'I've checked the position again today. There is light at the end of the tunnel, but no further information than that about when these regs will be made'.
- [77] **Darren Millar:** Okay, so we are still waiting for the Welsh Government to publish the regulations, effectively.
- [78] **Sandy Mewies:** Perhaps we can seek clarity on that, because—
- [79] **Darren Millar:** We certainly will. It will be something that I am sure we will want to refer to. Did you want to continue, Sandy?
- [80] **Sandy Mewies:** Yes, I did have other questions. Listening to what you were talking about on the Hay Group, I was particularly interested, because I know that, when I was a

councillor, I did have training on the Hay system. It is a complete mystery to me now and I could not repeat it, but it has probably changed enormously since then. In this investigation, we have had an awful lot of facts and figures presented in an awful lot of different ways for different organisations. While there may be some clarity—some clarity—when looking at local authorities, I actually find it quite hard to look at any comparators between education and health. That is quite difficult, and I am sure that it is something that we will be moving on to in time, but not with you. So, you said that, if you are looking for outside advice, in the main, people are going to Hay. Is that right?

[81] **Ms Jones:** Yes.

[82] **Sandy Mewies:** Does Hay have a complete monopoly then on this in local government in Wales?

[83] **Ms Rosenthal:** And in the UK. They are seen as the market leaders.

[84] **Sandy Mewies:** How healthy do you think that is?

[85] **Ms Rosenthal:** Well, on the face of it, it does not look very healthy, but they are acknowledged; their scheme has been tried and tested. I think it applies globally.

[86] **Sandy Mewies:** What do you think, Ms Jones? Do you think that that is a healthy relationship?

09:30

[87] **Ms Jones:** Competition is always a good thing. If there are no competitors out there, I do not know how we would establish some form of competitor if they are not actually there. Certainly, I have friends who work in other organisations, mainly in public sectors, or quasi-public sectors, such as utilities, and Hay seems to be very involved there, as well. So, it does seem to have a monopoly on this. As for whether that is healthy or not, it is probably not, but who would you go to—the people who know the scheme inside out, or somebody else who is not a market leader?

[88] **Sandy Mewies:** So, as far as you are aware, there is no-one else to turn to.

[89] **Ms Rosenthal:** There are other schemes, and certainly, when Cardiff brought in the job evaluation scheme, that was agreed with the unions. I was not there at the time, but they would have researched other job evaluation schemes that were available. The Greater London Provincial Council scheme fits very well with unitary authorities, where you have thousands of employees and lots of very different professional jobs. I think that Hay is seen as being very suitable for the senior roles.

[90] **Sandy Mewies:** Okay, thank you.

[91] **Darren Millar:** Ffred, do you want to come in on this?

[92] **Alun Ffred Jones:** Ydw. Gofynnaf yn Gymraeg. Os yw'r Hay Group â rhyw fath o fonopoli, ac os yw'r rhan fwyaf o gynghorau Cymru yn mynd at yr Hay Group, a chyrrff cyhoeddus eraill yn mynd at yr Hay Group am gyngor, pam mae cymaint o wahaniaeth rhwng lefelau cyflog prif weithredwyr ar draws Cymru, os yw pawb yn **Alun Ffred Jones:** Yes. I would like to ask it in Welsh. If the Hay Group has some kind of monopoly, and if the majority of councils in Wales go to the Hay Group, and other public bodies go to the Hay Group for advice, why is there such a disparity between the salary levels of chief executives throughout Wales, if everybody receives the same advice?

cael yr un cyngor?

[93] **Ms Jones:** Mae hwnnw'n gwestiwn da iawn. Wedi gweld y ffigurau, mae'n anodd dod â'r ddau beth at ei gilydd mewn ffordd—y tâl isaf a'r tâl uchaf. Fodd bynnag, nid wyf yn sicr a yw'r ffigurau yna yn cynnwys yr un math o beth—a yw dyletswyddau etholiadau, er enghraifft, wedi'u cynnwys ynddynt, neu daliadau pensiwn, yr *on-costs*, fel petai? Nid wyf yn saff a yw'r tabl rwyf wedi'i weld yn y memorandwm a gafodd ei baratoi ar eich cyfer gan y swyddfa archwilio yn cymharu yr un math o beth—*like for like*, felly. Nid wyf yn saff o hynny. Ac, wrth gwrs, bydd pethau ychwanegol fel poblogaeth yn gwneud gwahaniaeth, ond mae ambell gyngor sy'n edrych allan o *synch* fel petai, gyda'r canran fwyaf o gynghorau yng Nghymru.

[94] **Alun Ffred Jones:** Ond ni fyddai hynny'n esbonio'r gwahaniaethau rydych chi wedi'u cyhoeddi rhwng tâl o fewn cynghorau ac o fewn rhai o'r cyrff cyhoeddus eraill, os mai'r Hay Group yw'r un corff i fynd ato.

[95] **Ms Jones:** Na fyddai. Rwy'n cydweld yn llwyr. Nid wyf yn gallu gweld pam mae cymaint o wahaniaeth, nid jest o fewn llywodraeth leol, ond rhwng llywodraeth leol a'r cyrff eraill, yn enwedig y prifysgolion, lle mae'r symiau i'w gweld gymaint yn fwy am efallai llai o gyfrifoldeb a llai o gyllid nag sydd gan brif weithredwyr mewn cynghorau lleol. Fodd bynnag, yr un peth, wrth gwrs, yw bod rhai cynghorau wedi mynd yn ôl at y Grŵp Hay a dweud, 'Fedrwch chi edrych ar hyn eto?' ac mae eraill, fel rydym ni wedi gwneud yng Nghonwy, wedi penderfynu peidio mynd yn ôl yn y blynyddoedd diwethaf i wneud rifw cyfan gwbl, achos nid oeddem yn teimlo y byddai'n edrych yn dda os oedd y prif swyddogion yn cael codiad cyflog aruthrol—neu godiad cyflog o gwbl a oedd tu draw i gostau byw—pan oedd gymaint o doriadau i fod. Sut fyddai hynny'n edrych i'r bobl sy'n byw ac yn gweithio yng Nghonwy? Mewn cynghorau eraill, rydym wedi gweld pobl y tu allan gyda *placards* yn dweud bod y bobl yma i gyd yn cael codiad cyflog ar gefn toriadau mewn gwasanaethau eraill, a bod y bobl ar waelod y *scale* yn cael fawr o godiad cyflog o gwbl. Mae gwleidyddiaeth ynddo hefyd, o ran y

Ms Jones: That is a very good question. Having seen the figures, it is difficult to reconcile both things, in a way—the lowest pay and the highest pay. However, I am not sure whether these figures include the same kind of thing—are election responsibilities, for example, included in them, or pension payments, the on-costs as it were? I am not sure whether the table that I have seen in the memorandum that was prepared for you by the audit office compares the same kinds of things—the like-for-like comparisons, as it were. I am not sure about that. And, of course, there will be additional things like population that will make a difference, but there are some councils that look out of synch, as it were, with the largest percentage of councils in Wales.

Alun Ffred Jones: But that would not explain the differences that you have published between pay within councils and within some of the other public bodies, if the Hay Group is the one organisation to turn to.

Ms Jones: No, it would not. I agree entirely. I cannot see why there is such a difference, not just within local government, but between local government and the other bodies, particularly universities, where the sums seem to be so much more for perhaps less responsibility and less finance than chief executives have in local councils. However, the one thing, of course, is that some councils have gone back to the Hay Group and said, 'Can you look at this again?' and others, as we have done in Conwy, have decided not to go back in the past few years to carry out a comprehensive review, because we did not think that it would look good if the chief officers had an enormous pay rise—or any kind of pay rise that was beyond the cost of living—when there were so many cuts on the horizon. How would that look to the people who are living and working in Conwy? In other councils, we have seen people protesting outside with placards, saying that these people are having large pay rises on the back of cuts in other services, and that the people at the bottom of the scale are not getting any kind of pay rise at all. There is a political element to this, in terms of the officers rather than the members. We want to

swyddogion yn hytrach na'r aelodau. Rydym look like we are not on some kind of a gravy
eisiau edrych fel nad ydym yn mynd ar ryw train, as it were.
gravy train, fel petai.

[96] **Ms Rosenthal:** The range is surprising. When you think, as an employer, about what you are trying to do with pay, you want to attract capable, high-motivated individuals. You are in a marketplace and, for some of these senior roles, there are not many individuals with the skills and experience that you might need. Authorities are in different places: some authorities have to attract in new talent and other authorities will want to retain existing talent. So, locally, there will be different factors that work. Local authorities, as employers, are in a marketplace, and if you want to attract candidates from across the UK—or even if you are looking to Europe—you have to be mindful of pay rates that are applicable. I hate the expression ‘one size fits all’—local authorities are very different, depending on location and the challenges that face them. So, the challenges facing Cardiff Council at the moment may be very different from those facing Conwy County Borough Council, although we are all operating in a very difficult financial environment. We are very different local authorities, I think.

[97] **Ms Jones:** Yes, we are.

[98] **Ms Rosenthal:** And that is one of the strengths of local government.

[99] **Alun Ffred Jones:** A gaf i ofyn i'r ddwy ohonoch, yn eich cyngorau chi, a oes perthynas rhwng cyflog y prif swyddog a chyflog y penaethiaid adrannau a'r uwchswyddogion eraill? Hynny yw, a oes perthynas rhwng cyflogau'r pennaeth a'r grŵp arall hwnnw? Os oes, ac os ydych wedi gostwng cyflog y prif weithredwr, a oes gostyngiad tebyg wedi digwydd yng nghyflog y penaethiaid adrannau?

Alun Ffred Jones: Could I just ask you both, in your councils, is there a relationship between the chief executive's pay and the pay of the heads of departments and the other senior officers? That is, is there a relationship between the salaries of the head and that other group? If there is, and if you have reduced the salary of the chief executive, has there been a similar reduction in the salary of the heads of departments?

[100] **Ms Jones:** Mae yna gap rhwng cyflog y prif weithredwr a'r cyfarwyddwyr—mae gennym dri chyfarwyddwr—ac wedyn y penaethiaid adrannau. Felly, mae'r bwlch yn eithaf tebyg rhwng y prif weithredwr a'r cyfarwyddwyr, ac wedyn rhwng y cyfarwyddwyr a'r prif swyddogion. Nid wyf yn saff beth oedd y cyflog cyn i'r cyfarwyddwyr olaf gael eu penodi—nid oeddwn yn rhan o'r trafodaethau ynghylch hynny.

Ms Jones: There is a gap between the salary of the chief executive and the directors—we have three directors—and then the heads of departments. So, the gap is quite similar between the chief executive and the directors, and then between the directors and the chief officers. I am not sure what the salary was previous to the last directors being appointed—I was not part of the negotiations on that.

[101] Os gaf fi ychwanegu rhywbeth i'r cwestiwn cynt, yn ogystal ag at yr hyn a ddywedodd Marie, rwy'n meddwl bod tri ffactor sy'n bwysig. Y cyntaf yw daearyddiaeth.

If I could add something to the previous question, as well as to what Marie said, I think that there are three factors that are important. The first one is geography.

[102] The geography of Wales plays a big part, where one person's home town might be an outpost to somebody else. In the south, in particular, you will have a big catchment area along the M4, where you have a lot of people within travelling distance, who would find Cardiff an attractive place to work. In some of the more western regions, perhaps, it is going to be more

difficult for people to be on the doorstep, and, therefore, if you are trying to recruit from outside, you perhaps need to make the package a bit more attractive.

[103] The culture and the reputation of an authority play a big part as well. There are some authorities—not too far from my own doorstep—where you would think twice about taking your career there, and therefore the remuneration would have to reflect that fact as well.

[104] The other issue, of course, is the language, by necessity. Clearly, we want the language to thrive, but that will then limit the pool perhaps for particular posts. So, they are all factors really—culture, geography and language—and they are very different: you cannot really compare Cardiff to Ceredigion, or Conwy to Swansea.

[105] **Darren Millar:** I think that we appreciate that there are local differences, but the figures do not bear out what you have just said, Delyth Jones. Looking at the figures, you would expect, therefore, to be a deflationary pressure in places like Cardiff, because it is such an attractive place to work, whereas, actually, it has the second highest paid local authority chief executive. In Conwy, Gwynedd and Ceredigion, you have relatively low levels of chief executive pay, in spite of the geographical issue and the desirability of the Welsh language for those posts. So, I am not quite sure that the figures bear out the information that you are giving to us.

[106] **Ms Jones:** Within Cardiff, you also have the competition from the private sector, which would be a bigger factor than, perhaps, in some of the areas in the rural hinterland. That would have a bearing on your pay, would it not?

[107] **Ms Rosenthal:** Cardiff agreed a new management structure last year, and members spent a lot of time looking at pay and conditions. I am part of a new team that was appointed, and pay was a very big factor for me in deciding to apply, because Cardiff is a very lively local authority and the politics—. It is a very vibrant local authority, but in terms of job security and certainty, particularly with the financial outlook, none of us know whether we will be in post next year.

[108] **Darren Millar:** Everybody needs a monitoring officer—come on, let us be reasonable about this. [*Laughter.*] Everyone needs a chief executive and a monitoring officer.

[109] **Ms Rosenthal:** Cardiff is a brilliant place in which to work and it is a great city. However, there is a lot to do in the local authority and the—.

[110] **Darren Millar:** Okay. No-one doubts that. We will move on. Aled Roberts is next.

[111] **Aled Roberts:** Nid wyf yn siŵr a yw'r ddaeryddiaeth yn esbonio'r ffeithiau sydd o'n blaenau. Os ydym yn cymharu Gwynedd ac Ynys Môn, er enghraifft, gwelwn fod Gwynedd yn talu £108,000 ac mae Ynys Môn yn talu £141,000. Mae'r un gymhariaeth i'w gwneud, hwyrach, gyda Cheredigion a sir Gâr. Felly, nid wyf yn derbyn bod effaith daearyddiaeth yn esbonio'r sefyllfa sydd gennym, ond rwy'n barod i dderbyn mai hwnnw yw'r safbwynt rydych chi wedi ei roi inni y bore yma.

Aled Roberts: I am not sure whether the geography explains the facts that are before us. If we compare Gwynedd and Anglesey for example, we see that Gwynedd pays £108,000 and Anglesey pays £141,000. The same comparison can be made, perhaps, with Ceredigion and Carmarthenshire. Therefore, I do not accept that the impact of geography explains the situation that we have, but I am prepared to accept that that is the view that you have given us this morning.

[112] O ran y trefniadau o fewn eich cynghorau chi, rydych chi wedi sôn bod is- In terms of the arrangements within your councils, you have said that there is a sub-

bwyllgor o'r cabinet yn gyfrifol am bennu cyflogau ac amodau gwaith uwch-swyddogion, ac fe ddywedoch chi fod pwyllgor trawsbleidiol yng Nghaerdydd. Un o'r materion sydd wedi codi o ran ein tystiolaeth ni yw effaith creu system gabinet a'r ffaith, hwyrach, bod gormod o ddylanwad, nid o fewn cyfarfodydd ffurfiol ble mae swyddogion yn tynnu allan yn y rhan fwyaf o gynghorau, ond ble mae perthynas rhy agos rhwng uwch-swyddogion a rhai arweinyddion o fewn cynghorau. Felly, a gaf fi ofyn i chi, wrth ystyried bod cabinet trawsbleidiol, y glymblaid, yng Nghonwy, a oes aelodau o'r wrthblaid yng Nghonwy yn eistedd ar eich is-bwyllgor chi? Hefyd, a gaf fi ofyn i'r cynrychiolydd o gyngor Caerdydd, wrth ystyried bod y pwyllgor yng Nghaerdydd yn adlewyrchu grym gwleidyddol o fewn y cyngor, a oes mwyafir o aelodau cabinet o fewn y grŵp? Rwy'n derbyn—mae hyn yn gywir—bod cydbwysedd gwleidyddol, ond a oes aelodau o'r cabinet—. Rwy'n gofyn hyn er mwyn inni ddeall a oes perygl bod aelodau o'r cabinet, sydd â pherthynas agos gydag uwch-swyddogion, hwyrach yn rhy ddylanwadol, hyd yn oed o ran y trefniadau da sydd gennych chi fel cynghorau?

[113] **Ms Jones:** Nid wyf yn saff, o dop fy mhen, a oes rhywun o'r wrthblaid ar y pwyllgor ar hyn o bryd. Gallaf ffeindio hynny allan.

[114] **Aled Roberts:** Iawn.

[115] **Ms Jones:** Fodd bynnag, o ran penodi prif weithredwr, wrth gwrs, mae hynny'n mynd i'r cyngor llawn ac mae pawb yn pleidleisio ar hynny, nid jest y pwyllgor. Gallaf ffeindio allan pwy sy'n eistedd ar hwnnw.

[116] **Aled Roberts:** Iawn, diolch.

[117] **Ms Rosenthal:** In Cardiff, it is a standing committee that is accountable back to full council. There are members of the executive on it, but not in a majority.

[118] **Aled Roberts:** Iawn. A gaf fi hefyd droi at benodiadau ar y cyd? Os ydym yn ystyried consortia rhanbarthol yn y byd addysg, mae'r trefniadau rwan yn creu sefyllfa lle mae un awdurdod yn gyfrifol, fel arfer, o ran cyflogaeth. Beth sy'n digwydd

committee of the cabinet that is responsible for determining the salaries and working conditions of senior officials, and you said that there is a cross-party committee in Cardiff. One of the issues that have arisen in our evidence is the impact of creating a cabinet system and the fact that, perhaps, there is too much influence, not within formal meetings where officials withdraw in the majority of councils, but where there is too close a relationship between senior officials and some leaders within councils. So, may I ask you, given that there is a cross-party cabinet, the coalition, in Conwy, are there members of the opposition in Conwy sitting on your sub-committee? Also, may I ask the representative from Cardiff council, given that the committee in Cardiff reflects the political balance within the council, is there a majority of cabinet members within the group? I accept—this is accurate—that there is a political balance, but are there cabinet members—. I ask this in order for us to understand whether there is a risk that cabinet members, who have a close relationship with senior officers, may be too influential, even in terms of the good arrangements that you have as councils?

Ms Jones: I am not sure, off the top of my head, whether any members of the opposition party are on the committee at present. I can find that out.

Aled Roberts: Fine.

Ms Jones: However, with the appointment of the chief executive, of course, that goes to the full council and everyone will vote on that; not just the committee. I can find out who sits on it.

Aled Roberts: Fine, thank you.

Aled Roberts: Okay. May I also turn to joint appointments? If we consider regional consortia in the world of education, the arrangements create a situation where one authority is responsible, usually, in terms of employment. What happens when the

pan mai'r rheolau sefydlog y cyngor sy'n penodi neu'n gyfrifol am gyflogi'r uwchswyddogion o fewn y trefniadau rhanbarthol hyn? O ystyried fod gan gyngor Conwy, tan yn ddiweddar, bennaeth priffyrdd ar y cyd â sir Ddinbych, beth sy'n digwydd pan nad ydych chi, hwyrach, fel swyddogion monitro, yn hollol sicr o ran y trefniadau o fewn y cyngor sy'n gyfrifol am gyflogi'r penodiad ar y cyd?

[119] **Ms Jones:** Byddai'r penodiad ar sail telerau'r cyngor a oedd yn gyflogwr, gyda chytundeb, cefn wrth gefn â hynny, rhwng y ddau gyngor i rannu'r taliadau ac unrhyw gostau os byddai angen disgyblu neu rywbeth o'r fath. Byddent ar delerau'r cyngor a oedd yn cyflogi, ond byddai rhyw fath o *cross indemnity* wedyn gan y cyngor a oedd yn talu hanner y costau, a byddai'r cytundeb hefyd yn ei wneud yn glir beth oedd dyletswyddau'r swyddog hwnnw a pha waith oedd yn mynd i gael ei wneud gan bob cyngor—un cyngor, dau gyngor neu chwech o gynghorau. Mae gennym bobl sydd yn gweithio ar draws llawer mwy na dau gyngor. Fodd bynnag, byddai rhyw fecanwaith mewn lle, felly pe bai rhywbeth yn mynd o'i le, neu pan fyddai'r amser yn dod i dalu cyflog, byddai'n glir mai dim jest y cyflogwr oedd yn gyfrifol am gostau a dyletswyddau'r swyddog hwnnw. Rydym ni'n gwneud yn saff bod cytundeb mewn lle ar gyfer hynny.

standing orders of the council appoint or are responsible for employing the senior officials within these regional arrangements? Given that Conwy, until recently, had a head of highways jointly with Denbighshire, what happens when you, as monitoring officers, are not perhaps entirely sure in terms of the arrangements within the council that is responsible for employing the joint appointment?

Ms Jones: The appointment would be on the basis of the conditions of the council that was the employer, with a contract, in line with that, between both councils to share the payments and any costs if there was a need for discipline or any such thing. They would be under the conditions of the employing council, but there would be some sort of cross indemnity by the council that would be paying half of the costs, and the contract would also make it clear what the duties of that officer would be and what work would be done within each council—within one council, two councils or six councils. We have people who work across many more than two councils. However, some sort of mechanism would be in place, so, if something were to go wrong, or when the time came for them to be paid, it would be clear that it would not just be the employer who was responsible for the costs and the duties of that officer. We make sure that there is an agreement in place on that.

09:45

[120] **Ms Rosenthal:** It is similar in Cardiff. We have the Glamorgan Archives, which I think is a six-local-authority body, but Cardiff is the employing authority of the county archivist, so her pay and conditions are regulated through Cardiff's arrangements, but there would be close discussions with the other contributing local authorities. However, in law, her employer is Cardiff Council, and, in fact, I line manage the county archivist, so I will handle her appraisal and in relation to the workforce package that I mentioned earlier, that will apply to that person, although she is providing a service to six local authorities.

[121] **Aled Roberts:** Roedd Alun Ffred yn gofyn cwestiwn am effaith gwahaniaethau cyflog o fewn eich strwythur chi. Rwyf am ofyn hyn i Marie Rosenthal yn y lle cyntaf: roeddech chi'n dweud bod y prif weithredwr erbyn hyn yn gyfrifol am y strwythur o dan eich cyfarwyddwyr chi. A yw hynny'n cynnwys lefelau cyflog o ran penaethiaid adrannol yn y cyngor neu a yw'r rheini'n dal i fynd i'r cyngor llawn? Os yw hynny'n

Aled Roberts: Alun Ffred asked a question about the impact of pay differentials within your structure. I want to ask this to Marie Rosenthal in the first place: you said that, by now, the chief executive is responsible for the structure underneath your directors. Does that include pay levels in terms of department heads within the councils or do they still go to the full council? If that happens, is there a risk that the chief executive could set a higher

digwydd, a oes yna berygl bod y prif weithredwr yn pennu cyflog uwch er mwyn i'r gwahaniaethau ar ôl hynny godi o ran y cyfarwyddwyr, ac ar ôl hynny bod y cyfarwyddwyr yn dylanwadu ar godiadau cyflog i'r prif weithredwr?

salary so that the differentials after that could rise in terms of the directors, and, after that, a risk of the directors influencing pay rises for the chief executive?

[122] **Ms Rosenthal:** Cardiff, like most local authorities, has collective arrangements with trade unions, so we have local agreements with the trade unions about the pay and conditions of all staff, apart from chief officers. Under those local arrangements, we have introduced a job evaluation scheme up to what we call operational managers—the OM level. So, every job in Cardiff Council is assessed under those joint arrangements, and is measured, if you like, with reference to this job evaluation scheme. So, for every post, there is a process that you go through, so if you are creating a new post, you would go through these agreed processes to have the post evaluated by—. We have a pool of employees and trade union officials who are expert in job evaluation. So, the chief executive, as such, does not have any personal input into these arrangements. They are agreed collectively by the council as employer.

[123] **Aled Roberts:** So, under your new arrangements, the chief executive is responsible only for levels—

[124] **Ms Rosenthal:** OM and below.

[125] **Aled Roberts:** They are subject to the collective bargaining.

[126] **Ms Rosenthal:** Yes.

[127] **Aled Roberts:** Okay, all right.

[128] A gaf i jest ofyn, felly, o ran cyflogau rhanbarthol, lle mae yna benodiadau ar y cyd, a fyddai hynny'n dylanwadu ar strwythur cyflogau yng Nghonwy—er enghraifft rwy'n gwybod mai Gwynedd sy'n gyfrifol am y consortiwm addysg yn y gogledd o ran cyflogaeth? Pe bai Gwynedd yn penodi ar gyflog sy'n uwch na Chonwy, a fyddai hynny'n dylanwadu o gwbl ar strwythur Conwy neu a fyddai'n bosibl i—

Could I just ask, therefore, in terms of regional pay, where there are joint appointments, would that influence the pay structure within Conwy council—for example I know that Gwynedd is responsible for the education consortium in north Wales in terms of employment? If Gwynedd appointed on a salary that was higher than Conwy, would that influence in any way the structure in Conwy, or would it be possible for—

[129] **Ms Jones:** Na. Byddai'r sefyllfa yn unigryw, yn fy marn i, achos os yw rhywun yn cael ei benodi i wneud gwaith ar y cyd i chwech o awdurdodau, neu beth bynnag, nid oes cymhariaeth rhwng y swydd honno ag un sydd yn fewnol yng Nghonwy. Rwy'n meddwl y byddai cyflog y swydd honno wedi cael ei bennu ar sail y dyletswyddau a oedd yn d'wad gyda'r swydd honno, gan gynnwys y ffaith y byddai'r person yn gweithredu ar ran llawer o awdurdodau gwahanol.

Ms Jones: No. The situation would be unique, in my view, because if somebody was appointed to undertake work jointly for six authorities, or whatever, there would be no comparison between that job and an internal job within Conwy. I think that the salary for that role would have been set on the basis of the duties that would come with that role, including the fact that they would be acting on behalf of several different authorities.

[130] **Darren Millar:** I call Julie Morgan.

[131] **Julie Morgan:** Thank you very much, and I apologise for coming in late, so I may have missed some of this, but I was interested in what you were saying, Marie Rosenthal, about the fact that the chief executive's pay in Cardiff was 12 times that of the lowest paid worker. Was that taken into account in calculating the pay? Was there an actual discussion about that?

[132] **Ms Rosenthal:** Cardiff had a lot of discussion about the role of chief executive as part of the new management structure that came in last year. In fact, the pay came down, so our new chief executive is paid less than the chief executive who retired. So, members had a lot of discussion about setting the pay so that they could attract top-quality candidates. Every year, we now have to publish our pay policy statement, so members would be aware of that differential, if you like.

[133] **Julie Morgan:** Is that in the pay policy statement?

[134] **Ms Rosenthal:** It is in all pay policy statements. An authority I used to work for, Islington, had a fair pay commission, some time ago now. It set a benchmark—this was in London—of 1:20. In fact, in Islington it is now 1:11, but the policy of that council is to reduce the differential. In Cardiff, for this year, the differential is 1:12.

[135] **Julie Morgan:** Is it Cardiff's policy to reduce the differential?

[136] **Ms Rosenthal:** I do not know if it is as explicit as that. The pay policy statement will—. I have not memorised all of it, but I think that is part of it, that we want to have a fair pay strategy. One of the ways that you measure fairness is to look at that differential.

[137] **Julie Morgan:** What about Conwy? Does that have a similar differential?

[138] **Ms Jones:** It is lower in Conwy because clearly the chief executive's pay is lower, so the differential in Conwy is much less than that. I think it is in the region of about 1:7. I am not absolutely certain. If you look at the pay scales, the chief executive in Conwy is on just over £100,000, which means that you would have people on £5,000 or £6,000 a year, which we do not have, if you were to have a differential in terms of the Islington figures. I do not think the differential is really foremost in our minds in Conwy, because the level of senior pay is low. I think that if we were looking at senior officers on £0.5 million and other people on very low sums, then clearly that would be something that we would need to address, but we are pretty happy that the differential is all right.

[139] **Ms Rosenthal:** Could I come back on the pay policy point? The other aspect is this concept of a living wage, which Cardiff members have adopted as a policy, so that the lowest hourly pay rate will accord with that. That is another dimension to the pay policy statement.

[140] **Julie Morgan:** You also said that you were involved, through this committee, with this 3% reduction overall.

[141] **Ms Rosenthal:** I was not involved.

[142] **Julie Morgan:** You inherited it.

[143] **Ms Rosenthal:** I did not advise the committee because it affects my contract of employment—my pay—so we arranged for the WLGA to advise the members. However, the advice that I had to give was that if we were looking at new terms and conditions for this year for Cardiff employees, we would have to look at the chief officer contracts, and that would have to go to the employment conditions committee.

[144] **Julie Morgan:** Which it did.

[145] **Ms Rosenthal:** Which it did.

[146] **Julie Morgan:** So, everyone is having the 3% cut.

[147] **Ms Rosenthal:** Across the board, yes. Everyone.

[148] **Julie Morgan:** There is not a differential.

[149] **Ms Rosenthal:** No.

[150] **Julie Morgan:** That would bring the gap down.

[151] **Ms Rosenthal:** It was part of the budget-setting process and the advice was to keep it simple because we needed to introduce it quickly. We had hoped to get a collective arrangement agreed with all the trade unions. The majority of the trade unions agreed in Cardiff, but one trade union would not agree, so we are now having to impose it as the employer. All employees in Cardiff either have to voluntarily accept the pay reduction for the year, or, if they do not want to voluntarily accept it, the council will dismiss them and offer them a new contract on the new terms.

[152] **Julie Morgan:** Is this fairly unique? Has this happened much throughout Wales, do we know, in terms of reductions being made in this sort of way?

[153] **Ms Jones:** It certainly has not happened in Conwy.

[154] **Ms Rosenthal:** The scale of the budget cuts that Cardiff—well, I know that all local authorities in Wales—. But, the scale—. We had to find £50 million of savings, as a new management team, from a standing start last summer. Our view as the management team was that we had to look at pay and that it should be applied equally, across the board. It is a very exceptional step for an employer to take.

[155] **Julie Morgan:** Do you have any experience of this from your previous work at all?

[156] **Ms Rosenthal:** In England, it has been known. Normally, you would get trade union agreement. There would be an acceptance that, to save jobs, everybody would accept a small pay cut. I have known that to happen in England. I think that it is quite unusual in Wales.

[157] **Ms Jones:** It is. What we have done in Conwy is to offer unpaid leave, which is a voluntary scheme, but that has had quite a remarkable take-up and has brought some savings. We have not looked at pay cuts right across the board, but with the challenges that we are facing, who knows what is on the horizon?

[158] **Julie Morgan:** Thank you.

[159] **Darren Millar:** May I just ask you a little bit about reporting on senior management pay and how both of your local authorities report these matters to the public? I know that, for example, in some parts of Wales, there are schedules of councillors' allowances, which are published on a regular basis. Do you think that chief officers' allowances should be published on a regular basis, and not just tucked away on page 56 of your annual accounts, or whatever it might be?

[160] **Ms Jones:** I think that the more open and transparent we can be, the better. They are not secret; senior pay is discernible. You can find out, either from the website, within the

bands, or through a freedom of information request. The more open and transparent we are, the less it looks as if we have something to hide. So, absolutely, I have no hesitation in endorsing that suggestion.

[161] **Darren Millar:** An FOI request seems a bit over the top if people just want to know what the senior officers are paid in an organisation, does it not? It should not take that, should it?

[162] **Ms Jones:** Not individuals, but FOI requests come in around banding, et cetera. The other argument about publication is that it would prevent all these enquiries, because they could be signposted to where they are, and it would be very clear that these are our bands, that we have x number of people in this band and the head of paid service is in that band. There is nothing to hide, so publish it.

[163] **Ms Rosenthal:** We are required to publish our pay policy statement annually, but I agree with you that you would have to be looking at accounts for agenda papers. In the same way as we have to publish in the local newspaper, and on the website, members' allowances for the year, there may be an argument that, for chief officer pay, a similar publication requirement should be brought in.

[164] **Darren Millar:** The requirements in terms of your annual accounts are set out by regulation, of course, as are those for other parts of the public sector. Yours are quite different from those for FE colleges and other public sector organisations, however. Do you think that there ought to be more consistency across the public sector about how people should be able to access information in relation to senior management pay, and where they should be able to access it, either on websites or elsewhere?

[165] **Ms Jones:** Yes, because local government is, I think, probably one of the most open in terms of the publication of senior salaries. With other authorities, particularly the further education colleges, I think that it is quite difficult to find the information readily as to what vice-chancellors are paid, for example. Any public authority should be open. It is public money, so let us see where it is being spent.

[166] **Darren Millar:** To be honest, it is pretty difficult on both of your websites to be able to access information about senior officer pay; I have tried, and you have to make many, many clicks before you eventually get to the page in the accounts. One of the things that is particularly difficult to find is information in relation to the components that make up the total amount that is paid to senior officers. These are things like returning officer fees, by example. Do you want to tell us a little bit more about who is paid returning officer fees in your local authorities, and where members of the public and others, like me, who have an interest, can go to find that sort of information?

[167] **Ms Jones:** The head of paid service is the returning officer in Conwy. Within the remuneration bands shown on the website, and also within the bands that are shown here, that does not include returning officer fees, as far as I can tell. So, yes, I would agree that it is difficult for people to be able to find out what those are.

10:00

[168] **Ms Rosenthal:** Returning officer fees are set under election law. Election law is notoriously archaic, piecemeal and fragmented. So, there is a notion that the returning officer responsibility stands alone and is separate from the chief executive role. That is the legal position. Some of the returning officer fees are set by Parliament or the Government and some are set locally. It is an ancient, or an archaic, piece of legislation. So, it is possible to find out what the returning officer fees are, but I share my colleague's view that they should

be published as part of the annual statement.

[169] **Darren Millar:** It is not very transparent if it is paid to a senior officer—that is, the returning officer fee—and yet not disclosed as being paid to them, or at least not very easily disclosed in a set of accounts.

[170] **Ms Rosenthal:** At Herefordshire, we looked at including all returning officer fees in the chief executive's salary, but it caused difficulties with pension and tax treatment for the individual officer, because the legislation does not make it easy to do that.

[171] **Darren Millar:** However, in terms of clarity for members of the public, you think that it would be much better to have clear prescription in terms of the elements of an individual's pay, within the bands, et cetera, to be disclosed in the annual accounts and to be readily and easily accessible to the public.

[172] **Ms Rosenthal:** Yes; I do not have a problem with that at all.

[173] **Ms Jones:** I do not see a problem with that, either.

[174] **Darren Millar:** Two Members want to come in. Aled is first.

[175] **Aled Roberts:** Roeddwn i jest yn mynd i ofyn y cwestiwn canlynol: a ddylid cynnwys ffioedd swyddog etholiadau o fewn y datganiad blynyddol? Ar hyn o bryd, nid yw'n ofynnol. A ydych yn ymwybodol o unrhyw gyngor lle nid yw'r prif weithredwr yn swyddog etholiadol?

Aled Roberts: I was just going to ask this question: should the fees of the elections officer be included in the annual statement? At present, that is not required. Are you aware of any council where the chief executive is not the elections officer?

[176] **Ms Jones:** Mae Gwynedd yn un. Nid wyf yn siŵr beth fydd y trefniadau newydd, ond y swyddog monitro yw'r swyddog etholiadau yng Ngwynedd. Felly, mae gwahaniaethau. Fel y dywedais ar gychwyn y drafodaeth y bore yma, mae'n anodd cymharu'r ffigurau oherwydd rwy'n amau bod rhai ohonynt yn cynnwys taliadau etholiadau. Felly, nid ydych yn edrych ar rywbeth sydd *like for like*.

Ms Jones: Gwynedd is one. I am not sure what the new arrangements will be, but the monitoring officer is the elections officer in Gwynedd. Therefore, there are differences. As I said at the beginning of this morning's meeting, it is difficult to compare the figures because I think that some of them include payments for elections. Therefore, you are not looking at a like-for-like comparison.

[177] **Aled Roberts:** Fodd bynnag, pe bai'r rheoliadau ar gyfer y datganiad blynyddol yn mynnu bod hyn a'r llall yn cael ei gynnwys, ni fyddai dryswch nac anghysonderau o ran y ffigurau.

Aled Roberts: However, if the regulations relating to the annual statement were to insist that certain things were included, there would not be any confusion or inconsistency with regard to the figures.

[178] **Ms Jones:** Byddai gennych y darlun llawn, wedyn, a byddai'n ei gwneud yn haws i weld yn union faint y mae pobl yn cael eu talu.

Ms Jones: You would then have the full picture, which would make it easier to see exactly what people are being paid.

[179] **Alun Ffred Jones:** Rwy'n credu bod y tabl diweddaraf yn cynnwys y wybodaeth roeddech yn gofyn amdano, ac a ddylai gael ei gynnwys, wrth gwrs.

Alun Ffred Jones: I think that the latest table includes the information that you asked for, and that should be included, of course.

[180] Rydych wedi cyfeirio at yr anghysondeb ar draws y sector gyhoeddus yn gyffredinol. Rydych chi, Delyth Jones, hefyd wedi dweud bod *scrutiny* cyhoeddus yn amrywio'n fawr iawn. Mae cynghorau dan y chwyddwydr ac mae pobl yn ymwybodol iawn eu bod yn talu trethi ac felly maen nhw'n ymwybodol o'r cyflogau, ond eto, mewn sectorau eraill sy'n cael eu hariannu'n llawn gan y pwrs cyhoeddus, fel colegau addysg, er enghraifft, nid yw'r *scrutiny* hwnnw yn bodoli. Gallwch weld, o lefelau'r cyflogau, fod amrywiaeth. Fodd bynnag, rydych wedi dadlau o blaid annibyniaeth i'r cynghorau o ran gosod cyflogau. Sut felly mae cael gwell cysondeb o fewn y sector gyhoeddus fel bod y cyflogau'n adlewyrchu'r cyfrifoldebau?

You have referred to the inconsistency across the public sector in general. You also said, Delyth Jones, that public scrutiny varies greatly. Councils are under the microscope and people are very aware that they are paying taxes and, therefore, they are aware of the salaries and yet, in other sectors that are fully funded by the public purse, such as education colleges, for example, such scrutiny does not exist. You can see, from the level of the salaries, that there is variation. However, you have argued in favour of independence for councils in relation to the setting of salaries. How, therefore, is it possible to have more consistency in the public sector so that the salaries reflect the responsibilities?

[181] **Ms Jones:** Mae hynny'n anodd. Pan oeddwn yn sôn yn gynharach am ddaeyryddiaeth, ac fe ddywedoch fod gwahaniaeth, efallai, rhwng Gwynedd ac Ynys Môn, mae ffactorau diwylliannol, efallai, sy'n sgiwio'r darlun ychydig. Rwy'n meddwl bod angen cael rhyw fath o fewnbwn lleol, oherwydd bydd ffactorau lleol yn chwarae rhan, fel y farchnad gyflogaeth yn yr ardal honno a phroblemau mewn awdurdod a fyddai'n golygu bod yn rhaid cael rhywun efo andros o asgwrn cefn i ddod i mewn a sortio pobl allan, ac efallai byddai hynny'n golygu tipyn bach o sialens, a dweud y lleiaf. Byddai'n rhaid iddynt gael eu talu'n dda er mwyn bod yn fodlon i ddod i mewn ac, i fod yn onest, yn cael amser annifyr yn eu gwaith am rai blynyddoedd yn trio sortio allan awdurdodau sydd wedi mynd yn chwithig am ba bynnag reswm.

Ms Jones: That is difficult. We talked earlier about geography, and you said that there was perhaps a difference between Gwynedd and Anglesey, and there are cultural factors, perhaps, that skew the picture somewhat. I think that we need to have some kind of local input, because certain local factors will play a part, such as the employment market locally and problems within an authority that would mean that you would need to bring in someone with a real backbone to sort people out, and that might be a little bit of a challenge, to say the least. They would have to be paid well in order to be willing to come in and, to be honest, have a very difficult time in their work for some years trying to sort out authorities that have gone wrong for some reason.

[182] Felly, bydd ffactorau lleol. Fel roedd Marie yn dweud am Gaerdydd, mae'n lle delfrydol i fyw ac yn y blaen, ond mae hefyd yn le efo lot fawr o brosiectau anferthol o ran adnewyddu'r ddinas, ac yn y blaen, lle byddech eisiau rhywun efo *steering* go lew arno fo, yn hytrach nag efallai rhyw gyngor bach yng nghefn gwlad, lle, er y byddech yn trio gwneud eich gorau, na fyddai'r pwysau arnoch chi gymaint i gyflawni. Pe byddech yn edrych ar ôl bae Caerdydd pan oedd yr adeiladau hyn i gyd yn cael eu codi, mae'n gofyn cael rhywun gwerth chweil ar y brig, ond yn dibynnu ar y rheolaeth leol.

So, there will be local factors. As Marie said about Cardiff, it is an ideal place to live and so forth, but it is also a place with a lot of large-scale projects in terms of regenerating the city, and so forth, where you would need someone with steering capabilities, rather than some small council in rural Wales, where, although you would be trying to do your best, there would not be so much pressure on you to achieve. If you were looking after Cardiff bay when all these buildings were being erected, that requires you having someone worthwhile at the head of the organisation, but depending on the

local management.

[183] **Alun Ffred Jones:** Rwy'n derbyn eich sylwadau, ond ar draws y sector cyhoeddus tu allan i fyd llywodraeth leol, mae'n ymddangos fod amrywiaeth fawr o ran cyflogau a chyfrifoldebau. A ydych chi'n credu y dylai fod rhyw griteria neu gysondeb rhwng y gwahanol elfennau hynny?

Alun Ffred Jones: I accept your comments, but across the public sector outside of the world of local government, it appears that there is a great deal of variance in salaries and responsibilities. Do you believe there should be some criteria or consistency between those different elements?

[184] **Ms Jones:** Mae'n anodd iawn, achos, os ydych yn edrych ar y mudiadau addysg, maen nhw'n cystadlu nid yn unig erbyn mudiadau addysg yng Nghymru a Phrydain ond hefyd rownd y byd; mae'r farchnad yn eang iawn yn y fan honno. Wrth gwrs, maen nhw eisiau'r bobl orau hefyd. Mae'n anodd edrych ar y symiau a gweld y gwahaniaeth sydd rhyngddynt pan mae'r ddau yn y sector cyhoeddus. Mae'n anodd gweld sut bod is-ganghellor yn werth dwywaith prif weithredwr Cyngor Caerdydd efo'r cyfrifoldeb sydd ganddo fo. Mae'n anodd sgwario'r cylch, i ddweud y gwir, ond nid wyf yn gwybod beth yw'r ateb. Nid wyf yn gwybod digon am fudiadau addysg i ddweud pe baech yn haneru'r cyflog y byddech dal yn cael pobl o'r un 'quality' ag sydd gennych rwân.

Ms Jones: It is very difficult, because, if you look at educational organisations, they are competing not just against educational organisations in Wales and Britain but also around the world; the market is very broad in that context. Of course, they want the best people as well. It is difficult looking at the sums and seeing the difference between them when both of them are in the public sector. It is difficult to see how a vice-chancellor is worth twice the chief executive of Cardiff Council with the responsibilities that he has. It is difficult to square that circle, to tell you the truth, but I do not know what the answer is. I do not know enough about educational organisations to say that if you halved the salary you would still have people of the same calibre that you have now.

[185] **Alun Ffred Jones:** A gaf ofyn i Marie Rosenthal a oes unrhyw dystiolaeth bod cyflog uwch yn arwain at well perfformiad?

Alun Ffred Jones: Could I ask Marie Rosenthal if there is any evidence that higher salaries lead to better performance?

[186] **Ms Rosenthal:** I would like to start answering the question by saying that local authorities need to do much better in terms of performance management. There are things we can learn from the private sector. Pay in the public sector tends to be around the post and not the person. It is the post that attracts the reward, not the person. So, you could have two people in similar jobs, but one performing really well and one performing averagely, and they get paid the same. In the private sector, that extra performance would probably be recognised in some way. However, this is the public sector. Some of the benefits that we get by working in the public sector mean that you accept that approach.

[187] **Alun Ffred Jones:** Is there any indication in the private sector, for example, that people in the financial sector who have been attracting huge salaries have been performing excellently as well?

[188] **Ms Rosenthal:** No. [*Laughter.*] To come back to the question that was asked about how we might improve matters, I would like to encourage you to think about this whole business of transparency and openness, because, if we publish these figures, so that the public and the journalists can see, that starts the debate, does it not? It means that those employers who are being inconsistent or irrational in their pay policy arrangements are brought to account. I think the difficulty that you have legally is that each local authority is an individual employer, and it will have individually negotiated local arrangements. It will have individual

challenges. Some local authorities are excellent at education, some less so. Some local authorities are excellent at child safeguarding, others less so. So, when you are seeking to recruit new people to those roles, you are in a limited market so you have to attract them in.

[189] The other area that is worth looking at is this whole business of retention. Where you have serving officers—. I do not know whether you are looking at turnover in senior officer posts, but in some authorities the chief executive and directors will stay there for a long time. The reality is that they are not going to move on. So, in terms of in-service pay awards, there is a need to look at that area. The modern tendency now is for what are called 'spot salaries'. So, at Cardiff, with regard to the salary for directors, that is the job. There is no range that we can climb up; that is what the job is worth, that is what they are paying, and that is what we get. Our individual performance is then measured through our appraisal meetings and the setting of objectives. However, it seems to me that whole business of opening this up so that people can see what the senior salaries are would go a long way to dealing with some of the public concern in this area.

[190] **Darren Millar:** I know that we have had quite a bit of discussion about the differentials and the size of the range in local government, which appears to be larger than in most other parts of the public sector. With regard to the NHS, there are a small number of organisations in Wales, each with their own unique challenges—some with geographical and cultural challenges as well—that have very different arrangements for setting senior officer and senior manager pay. They have very clear guidelines and a job evaluation programme, which sets the salary without local discretion, effectively. Can you tell us whether you would welcome that sort of arrangement for local government, whereby somebody completely independent, an independent panel perhaps, on a national basis, looks at the salaries that ought to be provided for the sorts of tasks and functions that are necessary for a chief officer, particularly chief executives, and they set the rate of pay and that is what you can advertise? Do you think that there ought to be a sort of national arrangement like that?

[191] **Ms Jones:** I think it is fine in principle, but, in reality, I think that it would bring an awful lot of problems. You mentioned the NHS, where the pay is set nationally. I am aware, in my neck of the woods in north-west Wales, that some hospitals find it difficult to recruit. Within local government, if you are going to have a general banding that all chief executives will be between this and this, then it is either going to mean that a few are going to have massive pay cuts, or there is going to be a huge pay bill descending on an authority such as Conwy, where we simply would not be able to fund it and would also find it very hard to justify to our constituents that, in these times of austerity, senior officer pay was going up by 20% or 25% or even more, if you were looking at the median across the board, so I do not know how you—

[192] **Darren Millar:** You are assuming that everyone would go to a median rather than everybody coming down to Conwy's level, of course.

[193] **Ms Jones:** Yes, but if you are looking at everybody coming down to Conwy's level, then you are going to have an issue around recruitment in some areas where there are local difficulties that have made it necessary for the pay on offer to be higher. So, I think that there are local factors in a number of authorities. If a local authority is an employer of choice, and there is not a strong private sector close by, then you are going to get people being quite happy in terms of their pay without it being astronomical. If you are going to have a braindrain, because the authority is not one where you would choose to work, or one where there are alternatives close by, then clearly you are going to have to have higher pay in order to attract the candidates and retain the candidates. So, I think the difficulty in adopting a one-size-fits-all solution is that it will not be the solution that you hope for because of the local difficulties and variations. That is my view anyway.

[194] **Darren Millar:** Obviously, it is an independent remuneration panel that makes recommendations about councillor allowances. Do you think that is inappropriate as well, then?

[195] **Ms Jones:** No, that seems to work well. However, there is a big difference between members and officers, I think. It is only a few years ago that remuneration for members was brought in at all, because historically it was something that you did out of love and concern for your community rather than a way of getting pay every month. So, there is a big difference in that. I am not saying that officers are not community-minded, but, clearly, they are also there in order to pay the bills more than members were historically. The remuneration panel has meant that there has been consistency across the board with members, which is welcome, but I think that it is a different situation for officers, personally.

10:15

[196] **Darren Millar:** Just very briefly, you would concur with that, would you?

[197] **Ms Rosenthal:** I would. I think that NHS bodies are complex bodies, but local authorities are very complex. I mean, in Cardiff, we are employing over 17,000 employees, and we have every single profession represented working for the council. Councils are also very different. While we work within the same legal framework, Cardiff's regeneration programme will be very different from Conwy's, and our education challenges, again, are very different. So, I think that it would be very problematic if we were to introduce a mandatory set of pay scales for all local authorities in Wales.

[198] **Darren Millar:** Okay. The auditor general wants to come in, and I will then bring in Aled and Sandy.

[199] **Mr H. Thomas:** I just want to go back to a point that you raised earlier about probity. In his recent report, which you have referred to, my appointed auditor commented that, in a particular council, the monitoring officer did not have sufficient status, was not a member of the corporate management team, and therefore was not in a position to be able to offer advice on issues that should have crossed the table. Do you have any comments on that?

[200] **Ms Jones:** Yes. I find it remarkable, really, that the monitoring officer was not at the top table—just remarkable. In Conwy, I am part of the strategic leadership team, and we meet every fortnight—myself, the directors, and the chief executive. There is a standing item on the agenda around monitoring officer and governance issues, and to think that they would be meeting without me being there, or being part of that group—. I find it remarkable, and not just from the point of view of the monitoring officer, but from the point of view of the other officers, who look to the monitoring officer for protection and guidance as well. I find it remarkable.

[201] **Ms Rosenthal:** I would share that view. The monitoring officer role is recognised at Cardiff, and is a member of and part of the management team. I also meet with the other statutory officers—the head of paid service, and the chief financial officer; we have statutory officer meetings as well, where we can discuss matters of concern privately. So, I think that that might be one recommendation that this committee might want to consider making.

[202] **Darren Millar:** Okay. Aled Roberts has the next questions.

[203] **Aled Roberts:** Rwy'n gefnogol i'ch syniad ynglŷn â'r ffaith bod cynghorau yn gyfrifol am benodi cyflogau. O ran y sefyllfa yn y gogledd, os rwy'n meddwl am Wynedd, **Aled Roberts:** I am supportive of your idea about the fact that councils are responsible for setting pay. In terms of the situation in north Wales, if I think of Gwynedd, Conwy

Conwy a Wrexham, lle mae cyflogau'r prif weithredwyr efallai'n is na'r cyfartaledd cenedlaethol, beth oedd effaith y panel annibynnol ar lwfansau aelodau yng Nghonwy? Rwy'n meddwl bod lwfansau yn Wrexham wedi codi tua 20% neu 25%. A oedd sefyllfa debyg yng Nghonwy?

[204] **Ms Jones:** Nag oedd. Rydym wedi mynd am y band a oedd fwyaf agos at yr hyn yr oeddent yn ei gael eisoes, ac felly nid yw hynny wedi digwydd.

[205] **Aled Roberts:** Iawn. Soniodd Marie Rosenthal bod Cyngor Caerdydd wedi dewis cwtogi cyflogau yn hytrach na cholli swyddi. Os oes uwch-swyddogion yn colli swyddi o fewn eich cynghorau chi, drwy ailstrwythuro, a ydynt yn derbyn yr un taliadau terfynol â staff eraill, neu a oes trefniadau arbennig ar gyfer uwch-swyddogion os ydynt yn colli eu swyddi?

[206] **Ms Jones:** Nag oes, maent yr un peth yng Nghonwy. Yng Nghonwy hefyd, os ydy rhywun yn mynd ar redundancy, mae gennym bolisi mewn lle lle rydym yn gallu talu swm ychwanegol, drwy ddisgresiwn. Nid ydym yn gwneud hynny os nag oes rhyw reswm ofnadwy o gryf i wneud hynny; fel arall, mae pawb yn cael y swm statudol os ydynt yn mynd ar redundancy. Felly, rydym ni'n talu llai o redundancy nag y buasai sir Ddinbych, neu Wynedd, am a wn i.

[207] **Aled Roberts:** Pe bai awgrym bod y taliad yn uwch efallai na'r hyn sy'n statudol—bod y disgresiwn yn cael ei weithredu—a fyddai'n rhaid i hynny fynd o flaen y cyngor llawn?

10:20

[208] **Ms Jones:** Byddai. Rydym yn edrych ar hynny rwan, achos mae disgresiwn yna, ond nid yw wedi cael ei ddefnyddio. Mae'n anodd wedyn i ddefnyddio disgresiwn os oes cymaint o bobl wedi mynd heb gael y disgresiwn, os ydych chi'n dallt beth rwy'n ei feddwl, achos mae'n rhaid i ni fod yn gyson wrth weinyddu hynny. Mae'r cysondeb wedi bod drwy roi'r swm heb y disgresiwn, ond rwy'n gwybod bod sir Ddinbych, ein cymydog ni, yn talu mwy. Pan ddaw ad-drefnu, efallai fydd pethau'n codi, ddim jest

and Wrexham, where the salaries of the chief executives are lower perhaps than the national average, what was the impact of the independent panel on members' allowances in Conwy? I think that allowances in Wrexham went up about 20% to 25%. Was there a similar situation in Conwy?

Ms Jones: No. We have gone for the band that was closest to what they were already receiving, and so that has not happened.

Aled Roberts: Okay. Marie Rosenthal mentioned that Cardiff Council chose to lower salaries rather than lose jobs. If there are senior officials who lose their jobs within your councils, through restructuring, do they receive the same final payments as other staff, or are there special arrangements for senior officials if they lose their jobs?

Ms Jones: No, they are the same in Conwy. In Conwy also, if someone goes on redundancy, we have a policy in place whereby we can pay an additional sum on a discretionary basis. We do not do that unless there is a very strong reason for doing so; otherwise, everyone gets the statutory sum if they go on redundancy. So, we pay less redundancy than Denbighshire or Gwynedd, as far as I know.

Aled Roberts: If there was a suggestion that the payment was maybe higher than what was statutory—that the discretion was being implemented—would that have to go before the full council?

Ms Jones: Yes. We are looking at that at present, because there is a discretion there, but it has not been used. Therefore, it is difficult to use discretion if so many people have gone without receiving that discretion, if you understand what I mean, because we have to be consistent in terms of how we administer that. There has been consistency by giving the sum without using the discretion, but I know that Denbighshire, our neighbour, does pay more. With reorganisation, things may well arise, not just

efo cyflogau'r swyddi newydd, ond efo taliadau swyddi sy'n mynd, gan na fyddent yn gyson drwy'r cynghorau gwahanol.

with salaries and new roles, but with payments for roles that will be going, because they would not be consistent throughout different councils.

[209] **Aled Roberts:** Cyfansoddiad pob cyngor unigol fydd yn dewis a ddylai'r cyngor llawn gytuno.

Aled Roberts: It would be the constitution of every individual council that would make the decision on whether the full council would have to agree.

[210] **Ms Jones:** Ie. Os ydyw'n bolisi, bydd yn rhaid iddo fynd drwy'r broses ddemocrataidd. Rhan o'r polisi ydy o, ac wedyn mae i fyny i aelodau i gytuno hynny. Ni fyddai swyddogion yn creu polisi heb iddo fynd drwy'r broses ddemocrataidd.

Ms Jones: Yes. If it is a policy, it will have to go through the democratic process. It is a part of policy, and then it is up to members to agree that. Officials would not create policy without it going through the democratic process.

[211] **Aled Roberts:** Beth am Gaerdydd?

Aled Roberts: What about Cardiff?

[212] **Ms Rosenthal:** In Cardiff, as far as I know, chief officers are treated in exactly the same way as employees in terms of redundancy. If the decision was taken to dismiss a chief officer, that would be a member decision through the employment conditions committee.

[213] **Darren Millar:** Diolch yn fawr. I call on Sandy.

[214] **Sandy Mewies:** Thank you very much indeed. Actually, I do remember the days when I was a councillor, when you did it for public service rather than for payment; things have changed enormously over time. I was interested in, and want clarification on, something that Ms Rosenthal mentioned, which was the spot salary and fixing it. I understand what you are saying about chief executives, who sometimes stay in the same post for years. They do do that. However, were you suggesting that there should be a question of looking at incremental increases as well? You will, perhaps, tell us why you are saying that: is it about retention? I would have thought that if you are fixing a rate, there would be an element of retention in that. If it is not going to move up incrementally, there would be an element of retention. So, if there is, how wide is that, generally speaking? How generous is that? What would it be like? Do you have any ideas?

[215] **Ms Rosenthal:** I favour spot salaries because it is simple: that is the rate for the job. If you have a training role or a career grade post, that is something else, but, for senior officer salaries, I think that you should have an agreed rate for the job, and then you do not get into difficulties about how to deal with increments. There is then a question about performance-related pay to incentivise people to perform well, but I do not think that our sector is particularly good at performance-related pay. It is something that you see in the private sector. I worked at Swindon for three years, and we did have performance-related pay for directors, and we were not comfortable with it. You had to provide evidence that you had met your objectives, but we were not comfortable with it, either in receiving it or in dealing with it for those who reported to us. It was something that I was not used to. So, I think that where you have long-serving senior officers, there is a question about how you keep them performing well, and I think that what you then need is a wider reward strategy where you look at not just the pay, but all the other intrinsic benefits, and a recognition, as part of a rewards package. However, I think that once you start introducing some sort of in-service pay award, it raises all sorts of questions about how that is to be measured and how that is to be fairly applied, because I do not think that we are used to dealing with performance-related pay in this sector. I do not think that we have the experience.

[216] **Sandy Mewies:** However, on that point about retention, is there not an element, when a job is advertised, of retention being built in, if they are not going to be incremental increases? Is there an element of, 'If we want to keep them, we are going to have to do this?'

[217] **Ms Rosenthal:** I do not think so. I do not think that that is an element in the Hay scheme, but I am not an expert on that.

[218] **Sandy Mewies:** Okay, thank you; that was useful anyway.

[219] **Darren Millar:** Do you want to come in on this, Jenny?

[220] **Jenny Rathbone:** Yes.

[221] **Darren Millar:** Okay, very briefly, then.

[222] **Jenny Rathbone:** I just want to confirm what I thought you said earlier, which is that the converse can be true—that if you set senior officers' pay too high, you may get people staying in post longer than they, perhaps, ought to because they are unlikely to get such good remuneration elsewhere.

[223] **Ms Rosenthal:** Yes, potentially. You just need to be clear what your objectives are in terms of your pay policy and what it is as an organisation that you are seeking to achieve. If you want a high-performing culture and authority, you need to think about how you reward that high performance. It may be that you deal with poor performance very effectively, and that is how you deal with it, or it may be that you want to seek to recognise, celebrate and reward high performance. However, it does not have to be pay related. You need a much more holistic approach.

[224] **Gwyn R. Price:** I would like to move on to discuss the report of the Williams commission. How much do you think that is affecting local authorities at this moment in time with regard to the uncertainty that it is, perhaps, producing?

[225] **Darren Millar:** In the context of pay, in particular.

[226] **Ms Jones:** We have coined a phrase in Conwy, which is 'business as unusual'. [*Laughter.*] Initially, I thought that it would have a big impact in terms of the attractiveness of local government as an employer, if you thought that, within a few years, you might be out again when jobs will inevitably be cut as a result of Williams. As a result of the uncertainty regarding Williams and the perceived slippage in the timetable, I do not believe that it is at the forefront of people's minds now to the same extent that it was in January. Whether that will change in the coming months, I do not know, but, at the moment, it is very much a back-burner issue and I do not believe that it is having an effect on recruitment.

[227] **Ms Rosenthal:** I agree. We are seeking to recruit a new assistant director of education for Cardiff, and I do not believe that it has had an impact. We have had some very high-calibre people apply for that role.

[228] **Darren Millar:** Thank you very much. There are no further questions, so that brings us to the end of the evidence session. We are very grateful, Delyth Jones and Marie Rosenthal, for your attendance today. You will be sent a copy of the transcript of today's proceedings. There will be a lot to read through, but if there are any factual inaccuracies in there, please get in touch with the clerks and we will make the appropriate amendments. We are very grateful for your attendance and for your input into this inquiry.

10:27

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r
Cyfarfod**
**Motion under Standing Order 17.42 to Resolve to Exclude the Public from the
Meeting**

[229] **Darren Millar:** I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order 17.42(ix).

[230] I see that there are no objections.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 10:27.
The public part of the meeting ended at 10:27.*