Communities and Local Government Committee

Oral evidence: Local government Chief Officers' remuneration, HC 191

Monday 23 June 2014

Ordered by the House of Commons to be published on 23 June 2014.

Written evidence from witnesses:

Panel 1 (Questions 444-482)

Department for Communities and Local Government (1)

Department for Communities and Local Government (2)

Watch the session

Members present: Mr Clive Betts (Chair); Bob Blackman; Simon Danczuk; Mrs Mary Glindon; David Heyes; Mark Pawsey; John Pugh; John Stevenson; Heather Wheeler and Chris Williamson.

Panel 1 Questions [444-482]

Witnesses: **Brandon Lewis MP**, Parliamentary Under-Secretary of State, Department for Communities and Local Government, gave evidence.

Chair: Welcome to our fourth and final session of our Inquiry into Local Government Chief Officers' Remuneration. Welcome, Minister. Just before we start the evidence, perhaps we could just put on record our own interests. I am a Vice-President of the Local Government Association. Can we just go around the table?

Chris Williamson: I have two members of staff who are elected councillors.

David Heyes: I also have two members of staff who are councillors.

Mrs Glindon: I have a member of staff who is a councillor, and also my husband is an elected councillor.

Simon Danczuk: My wife is a councillor and some of my staff are councillors.

Mark Pawsey: I have a member of staff who is a councillor.

Heather Wheeler: I am also a Vice-President of the LGA. My husband is leader of a council and I employ a councillor.

Q444 Chair: Now we have got that off our chest, we can get on to the evidence. Thank you, Minister, for coming. One thing that I suppose might have surprised us when we started the inquiry, given the amount of publicity the chief officers' salary often generates, is that the vast majority of chief executives and chief officers in local authorities have not had any pay increase for several years. Most have absolutely followed the public sector guidelines and some indeed have seen salary reductions. Has that knocked on the head the idea that they are all fat cats with fat-cat salaries ripping off their local council tax payers?

Brandon Lewis: That is an interesting way of describing it, Chair. First of all, good afternoon. I am delighted to be able to be here and contribute to this. It is more a reflection of that change in mood and atmosphere, where people are starting to look more at things like this around the coverage of pay for senior officers. It is probably councils being acutely aware of that, and officers themselves as well.

Q445 Chair: We have had officers come before us and give evidence; we have had evidence from a variety of organisations. Clearly, there are some chief executives out there who are earning around £250,000 a year, and quite a few earning more than the Prime Minister. Is that actually too much to pay any individual in local government?

Brandon Lewis: To build on your first question as well to an extent, people have become very focused on this. As we all know, we have had conversations in this Committee before about pay not just for officers, but allowances for members and at what level they should be. The reason there has been a focus on senior officers is that people are obviously acutely aware that, actually, in any given council, the councillors' allowances will be a far smaller part of the budget than the almost 50% of the budget that is generally going towards officers' pay. Obviously, senior officers on serious remuneration packages get a lot of attention.

It is quite rightly a matter for local authorities. They should look very carefully at what they are doing. If somebody is going to be paid more than the Prime Minister, they need to be very consciously aware of what they are doing and whether they are doing it for the right reason. At the same time, I am also acutely aware that we have chief executives who will make the case—as will their leaders and senior members—that they are running organisations that can be worth billions of pounds. In the private sector, that would have a remuneration package at a very high level as well. However, this is the public sector; it is taxpayers' money. Councillors, quite rightly, should be very acutely aware of how they spend taxpayers' money.

Q446 Chair: In the end, then, do you as Ministers and the Department, apart from making the odd comment where you think something might be excessive, you have not got a real role to play in this? Is it just down to councils?

Brandon Lewis: It goes back to a phrase I used in this Committee some time ago in answer to a question from Mr Danczuk about councillors' allowances, which is that it is a matter for local authorities, but that does not mean we take a vow of silence. If we think an authority is doing something, or generally the levels are getting too high, it is right the Government gives a view. We have contacted specific authorities over the last six months and spoken to them about their practices and what they are doing.

It is right that we make it very clear, in any part of the public sector, if local authorities are looking at the pay for their senior staff and senior management and their chief executives particularly, that they are acutely aware of the size of their budget, the effect on their budget that that pay has, that they are getting good value for money for their taxpayers for the money they are spending on that salary, and that that is very transparent and clear to the full council and therefore to the public. If they have a chief executive doing a good job who deserves a good salary, they should not be afraid of being very clear about that and why.

Ultimately, it is down to democracy and the local public, if they have a strong view.

Q447 Chair: If councillors do have this responsibility to look at chief officers' salary in the way that you have described, does Government have a role to advise and encourage councillors to look at fairness of pay across the whole range of their employees?

Brandon Lewis: That is something we have done. We obviously made the comments about some of the senior officers' pay when we first came in. The Secretary of State suggested that they should lead by example and reduce their pay, and in fact some at the time did.

Q448 Chair: In terms of the spread of pay between the different levels of staff and different levels of remuneration, should there be some guidance issued by the Department about authorities at least looking at that as one issue?

Brandon Lewis: It always sounds slightly odd coming from a Minister in the Department for Communities and Local Government, because we send out guidance quite regularly, but I am always wary of sending out too much guidance on anything that is particularly a matter for local members to take a view on. They should be transparent about the pay structures. They should be clear what that process is and how it works right across their council, but exactly how they structure it and what they do should be a matter for the council.

Q449 Mark Pawsey: Minister, I just wanted to ask you about how to reward good performance and how to penalise poor performance. I hear your remarks that many of these matters are matters for local authorities, but as a matter of principle should chief officers who do a good job for their local authorities receive higher pay? If they are demonstrably doing a good job for their council and their residents, should they be rewarded by means of a performance bonus?

Brandon Lewis: Particularly in this day and age, when we are all obviously very conscious about a tightened fiscal environment, it is important for local authorities to make sure there is really good use of taxpayers' money, which I am sure all councils will be doing at all times. What they should be doing is being very clear about what they expect from their senior officers, whether it is the chief executive or a particular department's senior officer, and what they want them to achieve. If somebody is achieving well and they have a very good chief executive, I can understand them wanting to give a remuneration package that, for that area and for that authority, they think is commensurate with that performance.

There is also a challenge—I do not have an answer to this—in trying to come up with a performance-based bonus scheme in local authorities. Often in local authorities, there is not necessarily a specific target in some areas that you can say, "Look, we have to get from 5 to 10 on this scale point. If you get to 10, we will pay you X, Y or Z". A lot of it can be quite strategic, to an extent. Therefore, it can be quite difficult to give that kind of target. If a local authority can do it, it is a matter for them. However, it is right that they reward the right staff with the right salaries, but what that is will depend on that local authority.

Of course, if local authorities are using "earn back", that does give them the opportunity to say, "We think this job does warrant a salary of X amount, based on us believing you will do the job well. We are hiring somebody to do the job well. If you do not deliver on this, that will then fall back to a level that is commensurate with that ability to deliver."

Q450 Mark Pawsey: The criterion to identify success in the private sector is very evident: it is the amount of profit that a business makes. However, in a local authority there are different criteria. We heard evidence from one council who spoke about the number of senior officers. They were reduced by merging departments within the council. They gave that as an example of how a chief officer might be effective. Are there any criteria that you would suggest an authority ought to look at in terms of creating a bonus package for a chief executive?

Brandon Lewis: You have just outlined part of the challenge I was referring to really succinctly, in the sense that in the private sector it is often quite easy, because it can be about a percentage of profits, it can be about X number of new clients, or a particular financial or figure-based target. That is quite different to local government.

The problem with some of the challenges is in terms of linking them directly to pay in terms of a bonus. Taking the example you have just given, I can understand the temptation of saying, "If we merge our senior managers or share our chief executive and drive down the costs, then a percentage of that could go to the chief executive." My concern with that is the reason for doing that and finding the savings in the first place is to save the taxpayer money. To then give some of that away as a reward for somebody doing the job you have hired them to do in the first place is a bit of a challenge.

That is why I come back to the point that, in local government, there is an issue about getting remuneration packages commensurate with the job being done well and then making sure you have got the target to be clear that they can deliver on that.

Q451 Mark Pawsey: Minister, if you accept that there is a rationale around rewarding good performance, presumably you would also agree that it should be made easier to ease out of an organisation a chief executive who is not performing well?

Brandon Lewis: Absolutely.

Q452 Mark Pawsey: How would you suggest that process could be sharpened up? Again in an evidence session, we heard somebody talking about the drip feed of underperformance of a chief executive who is in post and simply plodding along. It makes it very difficult to effect any change. Do you have any thoughts as far as local authorities are concerned, if they find themselves in that position?

Brandon Lewis: Yes. You will have to excuse me for not going too far into this, because we are effectively consulting on this at the moment. We are talking to SOLACE, and the LGA as well, around how we go forward with this. Because we also have to find the balance between making sure that the local authority—this is really important—can actually make sure they have the staff they want, who can deliver for that local authority, and, if somebody is underperforming, can be able to move them on and get the right person, while also protecting the rights of the individual officers and making sure they do not reach a position where they could be at risk from a political decision as opposed to a performance decision.

That is quite complicated and that is why we are taking our time around the DIP process, as well, to work with the Local Government Association on getting that right. However, we are hoping to be able to come out with something on that in the next few months.

Q453 Mark Pawsey: There are one or two instances where competent officers have been changed because there has been a change of political administration. You would suggest that is completely the wrong thing to be doing.

Brandon Lewis: I have always looked at the way a council works from the point of view of councillors being there to represent their residents, not the council. Their job is to represent residents, make decisions and set that strategic direction around those decisions for the council. I appreciate that I am simplifying this somewhat—I am not under any illusion about that—but, actually, the officers are there to advise and implement, not to be politicians. Therefore, their role, as an apolitical adviser and implementer, should not necessarily be affected by whether their council is run by one political party or another. If they are good at running that organisation, they should not necessarily be at risk or subject to political whims.

Q454 Mark Pawsey: If an incoming change of administration thought they would be unable to work with an existing chief officer, are they not at liberty to say, "We are not going to be able to work with this guy; let us change him"?

Brandon Lewis: It depends on their reasons. If they do not think they can work with that individual because they are not good enough or not capable of delivering on what they want to do, they should be able to do something about it, but just not being able to work with him because he used to be the chief executive for a different political party is a dangerous road to go down.

Q455 Mark Pawsey: Are the principles of appraisal of chief officers sufficiently robust? Are senior councillors appraising chief officers in a way that would happen in a commercial organisation?

Brandon Lewis: In some authorities, they will use some external advice as well. There are examples of authorities using various different consultancy companies to support their councillors in doing that appraisal. Again, it is really a matter for local authorities to look at what is right for them. If you are a very small local authority with one of the lower paid chief executives in the country, you might have a different view from that of one of the authorities paying somebody over £250,000.

Q456 Mark Pawsey: Often a local authority will engineer out a chief officer by giving them a reasonable pay-off. They exit the organisation only for them to pop up somewhere else. I gather that is an area you are looking at and intend to make some changes.

Brandon Lewis: That falls—to an extent, in terms of what we are going to do—into the answer I gave you a few minutes ago, which is that we are working through that at the moment. We do not intend to take too much longer. Hopefully we will be able to publish what we are looking to do. Ultimately, however, it does not seem to be a good use of taxpayers' money to avoid a process that is a due process to make sure fair play is in hand to pay off chief executives or any other senior officers to avoid going through a process. That is not a good use of taxpayers' money.

Mark Pawsey: But it happens.

Brandon Lewis: Yes, absolutely.

Mark Pawsey: It is in the culture of local authorities.

Brandon Lewis: However, it does not just happen for that reason. One of the problems with the structure of public sector pension schemes that has been there for a long time is that you will also get some of the people who are at the absolute top of their game, to use the cliché, and have all of the experience, but they have done their 30 years and are therefore ready to retire, because they do not want to pay into a pension scheme they are not getting anything out of. They retire, and all they then do is either come back to that organisation as a consultant or go to another organisation, having got their pension pay-off, on the same money, when you would have probably liked to have kept them for their experience and expertise, or, even worse, they take the pay-off and come back four weeks later, which we have seen happen quite recently and which is not a good use of taxpayers' money.

That is why one of the things we are looking at is, if a senior officer has that kind of structure of settlement, takes that kind of pay-off and then reappears pretty much straight away somewhere else in the public sector on a similar salary, there should be the ability to claw back, so the taxpayer does not lose out.

Q457 Heather Wheeler: I obviously have to ask the supplementary question. What view have CLG taken on the pay-off for the ex-chief executive of Derbyshire County Council, who was shown the door the minute the new administration came in, even though they had actually appointed him in the first place? It is absolutely bizarre.

Brandon Lewis: As I said, there are a few authorities who recently have taken these kinds of approaches. It is a surprising way to go about running that side of the organisation. As an organisation, it is supposed to be non-political. Ultimately, it is the taxpayers who will take the view on whether that is a good use of money. What we are very clear about and where I have approached local authorities quite recently—not that one in particular at the moment—is on whether they have actually followed their own due process. There are examples of authorities who arguably—I appreciate in some cases we are still in correspondence on the matter—have not even followed their own pay practices. That is simply not acceptable.

Q458 Chris Williamson: You mentioned that you were looking at, if somebody leaves an organisation and then comes back, introducing some sort of claw-back mechanism. Are you concerned in any way, shape or form that that might lead to simply losing that talent from the local government world completely and that people would not therefore come back? That could have a detrimental impact on that particular organisation. Does that trouble you in any way?

Brandon Lewis: No. Ideally, in the first instance, if somebody is there who is from that talent pool, we want to have a structure and a regime where they are not lost in the first place to this crazy situation we sometimes have. That will happen less and less as time moves on, because, obviously, the pension structure is changing as we feed through. However, we have got that. I have had experience of losing a very good chief executive purely because they got to that pension point—not because we wanted to lose that chief executive. That is a real shame. Equally, it is also wrong that, if a chief executive for whatever reason leaves an authority—I am pulling figures out of the air; I am not using any particular example—and has a £250,000 pay-off in order to avoid the DIP process, and then appears six weeks later at another local authority on a £200,000 salary, the taxpayer has a right to say, "Actually, that person has not lost out." They have had mitigation and, therefore, that money should come back into the taxpayers' purse.

Q459 Chair: Presumably you would not want, Minister, to penalise someone who genuinely was made redundant because their job went in a local authority from having an opportunity to move elsewhere.

Brandon Lewis: Yes. This is about the avoidance of the DIP process.

Q460 Simon Danczuk: You have made it so that local authorities have to run it by full council that a chief executive's salary is going to increase, which is welcome. If that had not been the case in Rochdale, it would have gone up without people knowing that. It allowed the public outcry to stop that from happening.

Brandon Lewis: I know you have had evidence on this already from the ex-leader of Rochdale. That was a really good example of where that transparency actually had a really beneficial impact.

Q461 Simon Danczuk: Why not regulate, then, to require scrutiny and approval by a full council meeting of the processes by which senior staff are appraised, and indeed rewarded or dismissed? Why not have to run that by a full council?

Brandon Lewis: Do you mean what is the difference between—

Simon Danczuk: What you have introduced is that the chief executive's pay increases must be run past full council. Why not also do that for senior staff appraisals, rewards and also dismissals? Why not have those run by full council?

Brandon Lewis: The chief executives have been where the attention has been and where we have had the communication. To put it into context, since 2010 we have had 480-something letters about chief executives' pay. If the Committee report suggests we should look more widely at the senior management from a certain level and above, I am very happy to have a look at that, but our focus has been the chief executives because that is where there has been a lot of public call for some action.

Q462 Simon Danczuk: It is not just senior officers. The point is more about: why not other issues besides pay rises? Why not have other issues such as dismissal run past full council? Why not have the appraisal system run past full council?

Brandon Lewis: Part of that, certainly where it affects the DIP process, is what we are looking at with that. Obviously, however, that would not necessarily go all the way down through the corporate ladder within an organisation.

Q463 Simon Danczuk: There is a new transparency code, which suggests that councils have to consider publishing all data that are not particularly sensitive, which would include senior salaries within an authority. Why not make it a requirement rather than a consideration?

Brandon Lewis: We are looking at making that mandatory.

Q464 Simon Danczuk: Does the DCLG keep a track of how far councils are sticking to the Government's guidelines in these areas? Is there a review process?

Brandon Lewis: It depends in what sense you mean. Obviously, we are trying to reduce the amount of data collection we do from local authorities as part of reducing the burdens of red tape and bureaucracy on local authorities. One of the reasons we are very keen on transparency is what it has already shown—Rochdale is a really good example of this, as was Cambridgeshire and Peterborough Fire Authority, actually—is that that transparency makes it much easier for the public to be aware. Actually, there is the phrase "armchair auditor", which is almost becoming clichéd now, who is the person who comes to us and makes us aware. I am not a fan of DCLG becoming a kind of police force for this kind of thing. It is much more logical that we let the democratically elected councillors look after their authority and, if people in that community, whether it is residents or the councillors, have an issue with what is going on, they come to us to bring it to our attention, and then we can look at it. That is a better way round.

Having said that, we do have an understanding of the rough spread of what chief executives' pay is, i.e. the percentage and number that are on more than £200,000. The lowest paid chief executive is on roughly £62,000 up to just over £250,000. Obviously, as you say, we have the details of the overall salary increases, which, as the Chair said at the opening, have been pretty well frozen at the highest level for the last few years. In fact, the evidence has shown that the public pressure about this—and the public conversation probably as much as anything—has meant that in most cases it is fair to say that quite often now when a chief executive is moving on, the replacement comes in at a lower cost than the one they have replaced.

Q465 Simon Danczuk: Briefly and finally, do you think you are talking tough enough on chief executives' pay in local government, Minister?

Brandon Lewis: It is one of those areas where it depends on what you mean by "talking tough". Most of the time, I spend my time talking about chief executives and trying to have less of them. Do not misunderstand me: there are some very good chief executives. I do not by any means want to denigrate some great chief executives doing some great work. I personally think there are too many chief executives, particularly across those small authorities. That is why we as a Department set up within the Transformation Challenge fund this year a specific pot of money to encourage districts who want to go for a shared chief executive and management team, which they can bid for to try to drive that further.

Again, if you look at the private sector, some of the salaries that were being paid to chief executives running businesses of £5 million to £15 million, it was disproportionate. A good strategic chief executive can do that across two or even three, I would argue, local authorities. I would like to see much more of that, but, at the same time, we need good chief executives to do that.

Q466 Bob Blackman: Given what you are saying, how important do you think it is that an organisation has a chief executive?
Brandon Lewis: I don't.

Bob Blackman: You do not think it is important. What should there be?

Brandon Lewis: When I say I don't, it also depends on the organisation. If you have got two or three small district councils—that £5 million to £15 million—they are perfectly capable of being run by a team. The other thing I find quite odd at the moment is some of the councils saying, "We have got rid of our chief executive", and then you look down and they have a managing director. In most businesses, managing director and chief executive is the same job. Changing the title and saying, "We have got rid of our chief executive; aren't we good?" really does not wash with me.

Having two or three local authorities who are sharing the chief executive role is certainly a much better model for a couple of reasons. One is that it means your directors or managers of each service are focused on their day-to-day operational delivery and the chief executive can focus on what a good chief executive should focus on, which is that strategic overarching view, and not get so caught up in the day-to-day management of the organisation. That is what the individual heads are there for.

However, there are some authorities that are running without chief executives altogether. Hastings and Wiltshire are both examples of that, if you want to look at two different types of authority with two different political parties running them.

Q467 Bob Blackman: Given what you are saying, why is it that so few authorities have dispensed with their chief executive and shared a chief executive, or, as you say, in the odd place they are having no chief executive at all?

Brandon Lewis: There is a mixture of reasons, actually. Do not underestimate how many are sharing. There are 21 examples of shared chief executives, which is over 40 local authorities who are doing that, between having two or three in one. All of them are saving substantial amounts of money.

Q468 Bob Blackman: Can you put a figure on the amount of money they are saving?

Brandon Lewis: It varies. If you talk to the chief executive of Staffordshire Moorlands and High Peak, which goes across two distinct areas, according to the two different parties now running it, they reckon they have saved 18% to 20% of their budget. In Breckland and South Holland, they save about £750,000 a year each; that is the point they would make. Obviously, the size of the council, how far you go and what your chief executive was being paid will determine how much you can save. I have had a local authority say to me that they reckoned it would only save them £50,000 a year and I did politely point out that they must be doing it wrong, because everybody else is saving more than that.

In terms of why more are not doing it, I think there are a couple of reasons. One is obviously that if you have got a chief executive who is leaving for one reason or another anyway, then obviously it is a cost-effective time to look at whether you can share, so it is probably a timing issue for some authorities, who quite rightly do not want to pay somebody off just for the sake of doing it. I understand that and there is a timing issue and a judgment to make around whether it is right to pay somebody off to do this, or to wait.

There is also an issue—I experienced this when I was a small district council leader—of, even within your own group, councillors sometimes getting very caught up on wanting their own chief executive. I have heard the argument around sovereignty made in the last year or so by a couple of local authorities who have resisted doing this when their finances mean they should. I have sympathy with sovereignty; it is why I am not a big fan of unitary councils and I support keeping district councils. To me, however, the sovereignty sits with the councillors. They are the ones who are elected; they are the ones who make the decisions and represent their residents. That is where the sovereignty should sit. I mean this with all the love in the world, but if you think your chief executive is where the sovereignty sits, then my argument is that, as a councillor, you are not doing your job. The sovereignty sits with councillors. Getting over that is part of the problem as well, as well as councillors getting more comfortable with the fact that they are the ones making the decisions.

In terms of not having a chief executive, you can look at it in different stages. For example, when I shared a chief executive, we did a deal-sharing between the district and the county. It worked really well for us, because the country chief executive took a very strategic role, not a day-to-day operational one. My intention at the time was to do that for a period of time to take our organisation through a period of change, but I needed somebody with that kind of experience. I wanted somebody who really knew their stuff, a good chief executive, to oversee it, to then move to not having a chief executive at all.

If your councillors are on top of their brief, they are taking those executive decisions in terms of the strategic direction and you have good officers running things across their directorates, whether you need a chief executive is debateable. Different authorities have different views, but it is arguable. If you look at Wiltshire and Hastings, they would make the case that they are doing very well without. However, you have to have the right structure to do that.

Q469 Bob Blackman: You described earlier the difference between a chief executive, a managing director or whatever, and the political elements. Is there a case for having an elected leader of the council who is effectively the chief executive and runs the authority?

Brandon Lewis: That is a very interesting question. I actually had a parliamentary question on this just a couple of months ago. I have said in response to that parliamentary question that I am very open-minded to having the local government world make the case for looking at that. This is not party-political, because Hastings is a Labour-led authority. If you look at what Hastings are doing, as well as somewhere like Wiltshire, where the leader is effectively taking that executive position, it is a really interesting model. I would like to see the local government world and the LGA put that case together maybe more solidly.

Q470 Bob Blackman: Is there not blurring of the lines between the administrative part of the council, who are there to serve politicians of all parties, irrespective of who happens to be in control, and the leader, who is clearly elected as a politician and is driving a political agenda?

Brandon Lewis: It certainly solves the problem of somebody who is a chief executive when a new group comes in. It is quite clear that if you are an executive leader and you lose the election, you are gone. That is quite clear-cut. If you are running as an executive leader in a strategic sense, but you still have, as most authorities call them, your directors of service at the management structure level who are running that day-to-day operations side, it is achievable. I am sure that the leaders of Hastings and Wiltshire, among others, would make the case that they are doing very well with that.

Q471 Bob Blackman: If you went down this particular route, would you see there as being a particular element of protection for the executive leader, given that he or she could be dismissed by their own political group almost at a moment's notice, and then disrupting a whole organisation?

Brandon Lewis: No, absolutely not. It would be very dangerous to remove the political reality of democracy from a political leader. Even if they are an executive leader, they are still a politician; they are elected not just by the council but by the electorate. That is a very healthy situation, so, no, I would not want to see that change.

Q472 Bob Blackman: Given that we have this strong leader model, where a leader is elected, effectively, for the duration of that council period, be it four years or whatever, is there a case for saying, "Someone has been elected to do that job for four years, so they should get on with it for four years"?

Brandon Lewis: No, I think it is quite healthy, if you are a political leader; I am not talking about the classic chief executive. If you are a political executive leader, you are subject to the beauty and the joy of democracy. That is quite healthy, and I am not sure any of us at any level of politics, at council level or elsewhere, would want to see that change. That is one of the real strengths of democracy.

However, you also have to bear in mind that many authorities are not elected for four years. We still have a huge number of authorities that are elected in thirds. Therefore, they have always got that electoral reality within a few months of any decision they make.

Q473 Bob Blackman: If you have a political leader who is then chief executive, how should they be remunerated?

Brandon Lewis: This is one of the reasons I made the point in the answer. I do not have a fixed view on this; this is a case local government need to make. If a leader is looking at going to an executive model and wants to make the case that they are currently paying, say, £150,000 or £160,000—if you take, roughly, the mean—to their chief executive in a large authority where the leader is on £30,000 or £40,000, and they are going to move to a model with an executive leader on, say, £80,000, therefore saving the taxpayer £80,000 or £90,000, that is quite an interesting argument to make. I am not going to say I have got a view on it at the moment; I don't. It is a case that local government need to make to all of us in Parliament.

Q474 Bob Blackman: Do you see any rationale for someone who is going to aspire to that position to have some sort of training or background, rather than just having been elected as a councillor? They might be very good; they might be very professional in their background. However, they might not be, and they therefore might have control of a local authority for a considerable period of time, which might cause a lot of potential problems for an authority. Do you see that as an area of difficulty?

Brandon Lewis: No, I do not, for a couple of reasons. One is that all of us in politics, when we get elected, whether it is on a council or even in Parliament, as a Minister or a Cabinet member or a Committee member, do that job. You do not do it only if you have had training five years ago. You have to do that job.

I am a big supporter of the training work and professional development that local councillors do have. The Government does put substantial funding into the Local Government Association. They provide many millions of pounds for them to do their peer review work and their leadership training, which is important. Councillors should do that; I am not convinced you can make that a prerequisite. Again, you start to move away from that pure democratic view that the electorate has chosen who they want to lead that authority and the council has chosen who they want as their leader.

Q475 Chris Williamson: I am intrigued, Minister, by your comment that you thought there are too many chief executives, but you are a big fan of district councils. Is there not a bit of an inconsistency there? You said you were not a particular fan of unitary authorities. If there are too many chief executives, would it not be simpler and more straightforward to create bigger, unitary authorities that the local population would understand better and, at a stroke, you would get rid of not just a number of chief executives, but a whole host of other senior officers who service those smaller local authorities?

Brandon Lewis: Maybe I should just clarify what I was saying earlier. You are right: I did say I am not a fan of unitary authorities. Actually, that is not quite what I meant. The unitaries that we have are fine. There are some good examples of some very good, well run unitary authorities. What I am not a fan of is top-down forced local government reorganisation, which tends to lead to unitaries.

I do not think there is any inconsistency, actually, because it goes to the point I was making around shared chief executives. I like having district councils. Many district councils should be looking at their size and asking whether they have too many councillors, and many are doing that, as it happens. However, it is important to keep that democratic link between the electorate and their councillor in the way a district council does. When you move up to unitaries, they are one step more removed.

I like district councils. I declare an interest: I was a district councillor for 11 years, so maybe I have a vested interest in that. However, it is quite an important part of the structure. Having said that, that is not in any way contradictory to the view that we have too many chief executives, because it goes directly to my view that, actually, you can share chief executives and, actually, we should be sharing entire structures.

When I was a council leader, I thought it was absolutely ludicrous that the county I was in had 11 different authorities all with their own HR teams, all with their own legal teams, and various other teams that could actually have been brought together in one clear place and run almost on a hub-and-spoke model. That does not change the importance—and, actually, to my mind reinforces the importance—of the local district councillors, because they are the ones who make the decisions. They are elected. When I was a councillor, what I wanted was good officers giving me good advice and then doing a good job on the implementation. Ultimately, it is the councillor's job to make a decision. Having the councillors in their districts representing the district, where the identity tends to sit, is really important. However, you can still have the effectiveness and efficiency by sharing those management teams and chief executives. You can have fewer chief executives and still keep the councillors.

Q476 Chris Williamson: As things stand, would you accept that district councils are not as efficient as unitary authorities?

Brandon Lewis: There are some very good, very efficient councils out there. Some of the councils, particularly the ones that are doing shared management, would argue they are more efficient that any other council out there. However, I will let those leaders make the case themselves.

Q477 Chair: In terms of sharing posts, you present it as though this is an ideal solution with no downside to it and you have mentioned Wiltshire. There was actually quite a lot of public discontent in Wiltshire, judging by the local media at the time, because the chief executive was removed but the officers below, who then shared that responsibility, all got pay increases. Do you have any comment on that?

Brandon Lewis: Again, that is a local decision. Individual councils have to make their own decisions about what the right thing to do is in terms of remuneration. If you are trying to make a point about making savings, you actually need to make the savings and show you have made the savings. If they have used some of those savings to recognise people having increased responsibility, they have a reasonable case to make, but it is a case for them to make for themselves.

Q478 Chair: Finally, if a leader takes on the role of chief executive and then, of course, loses the job because they either get deposed by their own group or lose the election, do they get redundancy pay?

Brandon Lewis: That is a very interesting question. This is why I made the point that the local government world, the Local Government Association and councils, need to have a look at this. If they are interested in this executive leader model—some obviously are; there is Wiltshire and Hastings, and a couple of others are working towards that kind of model—they need to make that case, because then they are starting to make the case around the difference between a councillor being on an allowance and a councillor being a paid employee. I am not a fan of councillors being paid employees, which is why I have said it is for local government to make the case to us.

Q479 John Stevenson: On employment rights, as I understand it, if somebody works for an authority in Cornwall for 20 years and then they move to an authority, say, in Cumbria, those 20 years of service continue. Therefore, if within a year Cumbria discovers this person is not actually up to the job and has to get rid of them and decide they want to pay them off, they have this 20 years to help with the amount that they get paid. Is that wrong? Particularly at the senior level, when they move an authority, should they lose those rights?

Brandon Lewis: No, it is a difficult one. You are right: that is how it works and always has done. It actually is a reason why local authorities need to make sure that they have really good procedures in place for their recruitment in the first place. Local authorities need to make sure that when they are recruiting a chief executive they do it properly, that they do not just recruit the person in the organisation that some of the councillors like, and that they look outside, advertise widely and go through a full recruitment process.

I have always thought that for a couple of reasons— in any organisation, to be honest. You are using taxpayers' money to appoint the highest paid individual in that organisation. You have a duty to your local taxpayers to make sure you are recruiting the absolute best that you can find, not just the person who is next in line within the organisation. That may be the same person and sometimes you will hope it is, but you have to make sure it is the best person for the job, which means, equally, if you bring in somebody from the outside and you are picking up the liabilities of their previous employment, you have to make sure they are absolutely right and you have to have a structure of recruitment process in place that gives you the best chance of being aware of that.

Q480 John Stevenson: You would not move towards fixed-term contracts, for example.

Brandon Lewis: We are going to be looking at chief executives' pay as part of what we are looking at with DIPs, so I will refrain from going much further on that for now, if you will bear with me.

Q481 Mark Pawsey: Minister, we took evidence from consultants in this field. Do consultants in this area generally play a useful role or otherwise?

Brandon Lewis: I am always a bit cautious around consultants, because they tend to have the ability to just work from that common denominator of driving everything upwards. I am little bit cautious about that. Particularly for small local authorities I do understand, if they do not have the in-house expertise, particularly when they are going through the recruitment process, them getting some HR support around making sure they have a really good process and they are getting the message out to the right areas to get the right recruits in.

However, I am always a little bit wary of too much use of management consultants in local government, on the basis that if you have good officers, you are paying them to do that job. If you suddenly find you need other consultants to come in for what should be part of the work of that authority on any given day, that probably means you do not have the right officers in the first place. If you have a very specific, one-off job or task to do, sometimes there is a case, but I am always a bit wary of authorities just bringing in consultants to help them look at what they are doing anyway.

Q482 Chair: Finally, Minister, you said you have been talking to the LGA and SOLACE about these new proposals when officers leave an authority and then come back somewhere else. Do you have a timetable for that?

Brandon Lewis: It will be this summer—certainly in the next few months.

Chair: Summer goes on until when?

Brandon Lewis: It is rather like the Autumn Statement. It will be before that period.

Chair: It will be before the Autumn Statement.

Brandon Lewis: Obviously, I do not yet know when the Autumn Statement is. We do not have a date for that.

Chair: It will be by the end of September.

Brandon Lewis: I would like to think so, yes.

Chair: Thank you very much, Minister, for coming in.

Brandon Lewis: It is no problem. I will happily write to you once we get a firmer timetable and let you know.

Chair: Thank you very much indeed.