

<b>PAY STRUCTURE</b>	
<b>CORPORATE COMMITTEE MEETING DATE 2016/17</b>  <b>28 March 2017</b>	<b>CLASSIFICATION:</b>  <b>Open</b>  <b>If exempt, the reason will be listed in the main body of this report.</b>
<b>WARD(S) AFFECTED</b>  <b>All Wards</b>	
<b>CORPORATE DIRECTOR</b>  <b>Tim Shields, Chief Executive</b>	

## **1. INTRODUCTION**

- 1.1 There were significant changes to the pay structure for council employees and also significant restructures of senior management during 2015/16 and 2016/17. Following a bedding in period, it has become apparent that as a result of the changes already made, the addition of one additional pay grade would be beneficial in order that services can restructure, consolidate management posts and deliver management savings whilst ensuring that pay remains appropriate to the duties and responsibilities of posts.
- 1.2 This report is presented to Corporate Committee as part of its remit in relation to Human Resources and is presented for DECISION.

## **2. RECOMMENDATION(S)**

- 2.1 **Corporate Committee is recommended to approve the addition of the grade SM2 to the pay structure and amend the salaries for points in SM1.**

## **3. REASONS FOR DECISION**

The Committee is recommended to take this decision to ensure that:

- Senior Officer pay accurately reflects the duties and responsibilities of the post without being excessive, bearing in mind a reduction of over 30% in chief officer numbers in 2015/16.
- Chief Officers can restructure their services and consolidate management posts, reducing management costs and delivering savings.
- Recruitment and retention of staff is manageable in new and larger senior officer posts.
- The pay structure remains equitable and equality-proofed.

Trade Unions have been consulted on the recommendations within this report.

## **4. BACKGROUND**

- 4.1 Significant changes were made to the Councils pay structure in 2015/16 (see background papers for further detailed information). One of these changes was to introduce a new evaluation scheme for managers, delete two Chief Officer grades (CO5 and CO4) and create a new senior management grade (SM1).
- 4.2 There were further changes to the pay structure made in January 2016, when Corporate Committee agreed changes to the Chief Officer pay structure (CO1, CO2 and CO3). The full detailed background can be viewed in the background papers.

- 4.3 The Chief Officer changes have now bedded in and Chief Officers are looking for further savings in senior management by, amongst other things, consolidating posts and increasing spans of responsibility and control.
- 4.4 The changes described above have created a “gap” in the pay structure between the top of single status grades (SM1, £79k) and the bottom of Chief Officer grades (CO3, £102k). In order that the new and considerably smaller Chief Officer cohort may restructure services, it is recommended to add a new single status (non-chief officer) grade to the pay structure, SM2, to bridge that gap.
- 4.5 In order to differentiate senior management and Chief Officer and non-Chief Officer jobs it is considered appropriate that there is some gap between the grades and the proposals do maintain a gap, however a gap of over £22k is likely to hamper the ability of Chief Officers to effectively consolidate jobs and make further savings.
- 4.6 Furthermore, in the implementation of the new senior officer grading scheme, it has become apparent that the points range (200 points) attributed to SM1 grade does not allow the Council to distinguish enough between the smaller and larger jobs that currently fall within this grade. This is exacerbated by the fact that it is the only grade between PO15 and Chief Officer grades.
- 4.7 It is common with the introduction of a new grading scheme that changes are made post implementation to ensure it is fully effective, because the impact of the new scheme in the context of the organisation is not seen until after implementation. This is particularly the case when a new grading system is implemented in what is already a period of significant structural change. The expert consultants that worked with us agreed at the time that the Council would wish to review after 12 months and may wish to consider adding an additional grade in the gap between single status and chief officer grades.
- 4.8 In practical terms, this change would be effected by splitting the 200 point range currently attributed to SM1 in half, with the bottom 100 points meaning an SM1 grade and jobs achieving the higher 100 points being allocated an SM2 grade. Of the jobs currently evaluated at SM1 level, this would mean just two occupied posts moving up to SM2.
- 4.9 It is envisaged that only a small number of posts will end up being graded SM2. Experience with using the scheme so far is that in reviewing existing PO14 and PO15 grades against the new scheme, only a small proportion have been allocated SM1 grade. New posts are more likely to be graded at SM1, as they are bigger roles. This was expected when the grade was established.
- 4.10 To ensure that the gap in the structure is closed effectively and equitably with an appropriate gap between the grades, to ensure the same grade length in terms of salary for both SM1 and SM2, and to distinguish senior management

roles from PO14/15 roles, it is also proposed to amend the salaries paid to those employees graded at SM1 as shown in the appendix.

- 4.11 There are seven posts currently paid at SM1. Should the recommendations of this report be approved, two of these posts would be re-graded to SM2.

## 5. **Policy Context**

It is important that the pay structure remains appropriate, equality proofed and able to meet the needs of the Council and service delivery.

## 6. **Equality Impact Assessment**

The policy supports delivery of services and will be applied equitably across the workforce. Implementation of the recommendations will help ensure that the rate for the job is paid, limiting the need for market supplements and/or spot salaries.

## 7. **Sustainability**

None

## 8. **Consultations**

Trade Unions and the Mayor have been consulted. The Mayor has approved these proposals. Trade Union have commented and their comments are at Appendix 2. The management response to these comments is at Appendix 3.

## 9. **Risk Assessment**

The recommendations in this report reduce risks to the Council that may arise from the pay structure and from potential differentials and also reduce the risk of recruitment and retention problems in senior officer posts.

## 10. **COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES**

- 10.1 The report seeks approval for the inclusion of a new SM2 grade in the pay structure and to amend the salaries on the current SM1 grade.
- 10.2 The introduction of the SM2 grade will bridge the gap that currently exists within the pay structure and will provide flexibility to consolidate jobs and make further savings as highlighted in paragraph 4.3 to 4.5 by, for example, widening spans of control.
- 10.3 The financial implication based on paragraph 4.8 of two posts currently on SM1 grade being re-classified to SM2 is £13k per post rising to £20k when

they have reached the top of the grade. Amending the salaries on the current SM1 grade will currently affect five posts which will result in an additional cost of £5k per post. This will result in an overall additional cost of £65k which will need to be funded from within existing budgets.

- 10.4 The changes are made within the context of significant reductions in the number of senior managers since 2010, tiered increases in pension contributions which impacted on senior staff and forthcoming changes to the pension limits which may result in individuals being subject to increased tax liability. Staff affected may wish to consider taking advice from an independent financial adviser.

## 11. COMMENTS OF THE DIRECTOR, LEGAL

The Director of Legal has no comments to make on this report.

### APPENDICES

Appendix - Pay structure with proposed SM2 grade inserted from April 2017

Appendix 2 - Trade Union comments

Appendix 3 - Management response to comments

### BACKGROUND PAPERS

None

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