

Report to: **Full Council**
Date: **7 February 2017**
Title: **PAY POLICY STATEMENT, REVIEW OF
GROUP MANAGERS SALARY AND PAY AND
REWARD STRATEGY 2017**
Portfolio Area: **Support Services**

Wards Affected: **All**

Relevant Scrutiny Committee: **Overview and Scrutiny (Internal)
Committee**

Urgent Decision: **Y** Approval and clearance obtained: **Y**

Date next steps can be taken: Immediately following this meeting.
(e.g. referral on of recommendation or implementation of substantive decision)

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RECOMMENDATION

That the Council RESOLVES to:

- 1. adopt the attached Pay Policy Statement for 2017/18;**
- 2. approve the new salary levels for the Group Managers for Commercial Services and Support Services on the terms as outlined at paragraph 5.2 below: and**
- 3. adopt the attached Pay and Reward Strategy 2017/18.**

1. Executive summary

- 1.1. The report proposes that the Council adopts the draft Pay Policy Statement (attached at Appendix A) and the Pay and Reward Strategy (attached at Appendix B) and agrees the new salary levels for the Group Managers for Commercial Services and Support Services.

- 1.2. The Council is required under the Localism Act 2011 to agree and publish a Pay Policy Statement each year.
- 1.3. The Pay Policy Statement sets out the authority's policies for the financial year relating to the remuneration of its chief officers, the remuneration of its median and lowest-paid employees and the relationship between the salary of the Head of Paid Service and the salaries of the median and lowest paid employees.
- 1.4. Under the provisions of the Pay Policy Statement, full Council approval is required to review the salaries of a Chief Officer.
- 1.5. The Pay and Reward Strategy sets out the authority's overall approach to the pay and reward of its staff.

2. Background

- 2.1. Section 38 of the Localism Act 2011 requires local authorities in England and Wales to produce and publish a statutory pay policy statement for 2012/2013 and each financial year thereafter. Once approved, the policy will be published on the Council's website.
- 2.2. The pay policy statement must be approved by a resolution of the Council before it comes into force and each subsequent statement must be prepared and approved before the end of the 31 March immediately preceding the financial year to which it relates.
- 2.3. Following the implementation of the Council's T18 Transformation Programme and the associated changes in approach to pay and reward, it is now appropriate to set out the Council's overall approach in a Pay and Reward Strategy.

3. Outcomes/outputs

3.1. Pay Policy Statement

- 3.2. The Hutton Report identified that the most appropriate way of measuring pay dispersion within an organisation is the multiple of Head of Paid Service to median earnings. Tracking this multiple will ensure that the Council is accountable for the relationship between the pay of its executives and the wider workforce. Through the pay policy statement, the Council can track this multiple on an annual basis.
- 3.3. If the relationship between the salary of the Head of Paid Service and the lowest paid employee exceeds a factor of 10, the Leader is required by the Localism Act to bring a report to Full Council for consideration.
- 3.4. The annual salary of the Executive Director (Strategy and Commissioning) and Head of Paid Service is £97,868.
- 3.5. The annual median salary of all employees is £27,394.

- 3.6. The annual salary of the lowest paid employee is £15,238.
- 3.7. The relationship between the remuneration of the Head of Paid Service and the median salary of all employees is 3.57.
- 3.8. The relationship between the remuneration of the Head of Paid Service and the salary of the lowest paid employee is 6.42.
- 3.9. **Group Manager Salary Review**
- 3.10. Under the terms of the Pay Policy Statement and in accordance with guidance issued by the Secretary of State, the Leader may recommend to Full Council a change in the salary paid to Chief Officers after taking advice from an independent body.
- 3.11. The current senior leadership structure was agreed by Council following the adoption of an Executive Director and Group Manager model as part of the Council's T18 Transformation Programme.
- 3.12. The Customer First Group Manager role has been vacant since January 2016 and interim responsibility for the Localities team has been delegated to the Group Manager for Commercial Services and for the wider Customer First service group to the Group Manager for Support Services. A temporary enhancement to salary was approved by Council until a review of the senior management structure was carried out.
- 3.13. The interim arrangements have not adversely affected service delivery and it is now proposed to confirm the interim arrangements and delete a Group Manager role from the Council's establishment and to confirm a new senior management structure comprising of 2 Executive Directors and 3 Group Managers.
- 3.14. In recognition of the permanent inclusion of additional responsibilities, and in accordance with the Pay Policy Statement, the Leader commissioned an independent body, iESE, to carry out research into the pay levels of comparable roles.
- 3.15. It is difficult to draw direct comparisons because a number of factors influence the level of salary, including the size of the population served, the geographic location, type of authority and the senior management structure, including any shared service arrangements.
- 3.16. The table below shows the senior management structure and associated salaries of a number of local authorities, along with the population served and comparable characteristic. The data is taken from the published Senior Pay Statements in 2016 and do not include on-costs.
- 3.17. The joint population of South Hams and West Devon is 137,000.

| Local Authority | Population | Comparable characteristic(s) | Chief Executive Salary pa (£) | Other senior officer salaries pa (£) |
|---------------------------------|-------------------|-------------------------------------|--------------------------------------|---|
| South Kesteven DC | 138,00 | Population and rural district | 121,530 | 3 x Executive Directors (80-100K) and 5 x Executive Managers (70-80K) |
| Eastleigh DC | 137,000 | Population | 100,000 | 2 x Corporate Directors (85K), 4 x Head of Service (60K) |
| East Devon | 137,000 | Population and Devon district | 111,337 | Deputy CE (87,822) and 3 x Strategic Lead Officers (60-76K) |
| Christchurch and East Dorset | 137,000 | Population and Shared Service | 115,000 | 3 x Strategic Directors (75-83K) |
| Taunton Deane and West Somerset | 147,000 | Population and Shared Service | 110,000 | 2 x Strategic Directors (81-86K) |

3.18. The data suggests that the current salaries paid to Group Managers are lower than the sample of other second-tier officers and that an increase to reflect additional responsibilities will bring the salaries more in line with the best comparable roles in other organisations.

3.19. After consideration, the Leader recommends that the salary payable to the Commercial Services and Support Services Group Managers be increased to £72,000pa with effect from 1 April 2017. Taken alongside the deletion of the former Group Manager Customer First role, the recommendation provides an annual saving of £51,154. SLT will determine a new title for the Support Services Group Manager role to reflect the new range of responsibilities.

3.20. It is not proposed to change the current salary payable to the Group Manager for Business Development (£61,000pa) because the role has not taken on any additional responsibility following the departure of the Group Manager for Customer First.

3.21. **Pay and Reward Strategy**

3.22. The Pay and Reward Strategy sets out the Council's approach to the pay and reward of its employees and sets out details of the overall reward philosophy, pay design and structure, applicable rates of pay and other financial and non-financial benefits available to staff.

4. **Options available and consideration of risk**

4.1. The Council has a legal requirement under the Localism Act 2011 to publish a Senior Pay Policy each year.

5. **Proposed Way Forward**

5.1. Council is asked to adopt the Pay Policy Statement at Appendix A and publish it on its website to meet its statutory requirements.

- 5.2. Council is asked to agree to an increase in the salary paid to the Group Managers for Commercial Services and Support Services to £72,000pa with effect from 1 April 2017 to reflect the increased responsibilities permanently allocated following the deletion of the former Customer First Group Manager role.
- 5.3. Council is asked to adopt the Pay and Reward Strategy at Appendix B.

6. Implications

| Implications | Relevant to proposals Y/N | Details and proposed measures to address |
|---|---------------------------|---|
| Legal/Governance | Yes | The Localism Act 2011 requires the Council to adopt and publish a Pay Policy Statement. The Pay Policy Statement required the Leader to make a recommendation to Full Council to change the salary payable to a Chief Officer. |
| Financial | Y | The increase in salary for the Commercial Services and Support Services Group Managers and the deletion of one Group Manager role provides an annual saving of £51,154. |
| Risk | N | There are no risks associated with the report, Pay Policy Statement or the Pay and Reward Strategy. |
| Comprehensive Impact Assessment Implications | | |
| Equality and Diversity | N | There are no Equality or Diversity implications associated with the report, Pay Policy Statement or the Pay and Reward Strategy. |
| Safeguarding | N | There are no Safeguarding implications associated with the report, Pay Policy Statement or the Pay and Reward Strategy. |
| Community Safety, Crime and Disorder | N | There is no positive or negative impact on crime and disorder reduction associated with the report, Pay Policy Statement or the Pay and Reward Strategy. |
| Health, Safety and Wellbeing | N | There are no Health, Safety and Wellbeing implications associated with the report, Pay Policy Statement or the Pay and Reward Strategy. |

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| Other implications | N | There are no other implications associated with the report, Pay Policy Statement or the Pay and Reward Strategy. |
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Supporting Information

Appendices:

- A: Pay Policy Statement 2017
- B: Pay and Reward Strategy 2017

Background Papers:

- The Localism Act 2011;
- Code of Recommended Practice for Local Authorities on Data Transparency (published by the Secretary of State on 29 September 2011); and
- Hutton Report (published in March 2011)