

COUNCIL	AGENDA ITEM No. 16(d)
16 APRIL 2014	PUBLIC REPORT

PETERBOROUGH CITY COUNCIL PAY POLICY STATEMENT FOR 2014/15 AND SENIOR MANAGEMENT PAY REPORT

R E C O M M E N D A T I O N S
FROM : Chief Executive and Advisor to HR
That Council adopts the Pay Policy Statement for 2014/15, which is appended to this report and notes the decisions made by Employment Committee in relation to the Senior Management Pay Review.

1. PURPOSE & REASON FOR THE REPORT

- 1.1 Council is required by the Localism Act 2011 to pass a resolution approving the Pay Policy Statement for each financial year. This report asks council to approve the Pay Policy Statement for 2014/15.
- 1.2 In the period since the last pay policy statement was approved by council, a review of senior manager pay at Peterborough City Council was undertaken and a revised pay scale has been agreed by Employment Committee. The Pay Policy Statement for 2014/15 has been updated to reflect this and the details of the review undertaken and decisions made by Employment Committee in relation to the senior management pay review are included in this report for council to note.

2. BACKGROUND

2.1 Background to Pay Policy Statement 2014/15

- 2.1.1 The Localism Act (the Act) requires that the council approves a pay policy statement that sets out the authority's policies for the financial year relating to the remuneration of its chief officers, the remuneration of its lowest paid employees and the relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers.
- 2.1.2 The Act contains specific items that must be included in the Pay Policy, and the statement recommended to council is compliant with those requirements. It has also been drafted having regard to the guidance provided by the Department of Communities and Local Government (DCLG) "Openness and accountability in local pay: Draft guidance under section 40 of the Localism Act".
- 2.1.3 The requirement to approve, publish and comply with a Pay Policy Statement builds on the Code of Recommended Practice for Local Authorities on Data Transparency that has led to the council already publishing data on senior salaries and the structure of the council's workforce. The requirement in the

Act is based on the premise that elected members should have a significant input into how decisions on pay are made, particularly decisions on senior pay, and that they are open about policies that determine those decisions, to enable local taxpayers to take an informed view of whether local decisions on remuneration are fair and make the best use of public funds.

- 2.1.4 The Act and government guidance recognises that each local authority is an individual employer in its own right and has the autonomy to make decisions on pay that are appropriate to local circumstances and which deliver value for money for local taxpayers. The Act does not impose policies, and only requires that authorities are open about how their own policies and local decisions are made.

2.2 Background to the Senior Management Pay Review

- 2.2.1 Prior to the recent revisions to the senior manager pay scale, the previous Senior Manager Pay Scale (Appendix 2) at Peterborough City Council had been in place for a number of years, during which neither the pay scale nor the pay bands had been reviewed.
- 2.2.2 In line with the council's Pay Policy, national pay increases agreed by the Joint Negotiating Committee (JNC) for Chief Officers were applied over this period with the last increase agreed by the JNC taking effect in 2008.
- 2.2.3 Over the intervening period the local government landscape has changed radically, partly due to the austerity measures of government and partly through adopting new ways of working, with many services now being provided externally. As a result the local government job market has changed significantly since the pay scales were originally designed.
- 2.2.4 In addition, evidence from recruitment campaigns over the past 24 months has suggested that the council's pay scale did not have sufficient flexibility to attract and retain high calibre candidates for the most senior posts within the council. As a result, the council has, in some cases, had to step outside the structure of the pay scale banding in order to secure several high profile and critical posts within the authority, predominantly within Children's Services.
- 2.2.5 At the time of commencing the senior management restructure it became apparent that the existing pay structure for senior managers was out-of-date and did not provide the council with a pay structure, which reflected prevailing market conditions and enabled the attraction and retention of high-calibre staff. This was further evidenced through the independent, external job evaluation process applied by the Hay Group to the most senior posts within the authority, whereby one post fell completely outside the scope of the existing pay bands.
- 2.2.6 Given the need to control employment costs in line with budgetary requirements and taking into account the factors above, it was felt that it was essential to review the senior management pay scale to enable the council to be confident that salaries for senior managers properly reflect the current market conditions in which recruitment takes place and in which local government now operates.

3. KEY CHANGES TO PAY POLICY STATEMENT FOR 2014/15

- 3.1 The pay policy codifies the approach to remuneration that has already been agreed by Employment Committee. The key changes to note in the 2014/15 statement are:
- 3.1.1 In line with recent legislation, the policy now states that in the case of transfers in to the council the contractual terms and conditions of the employees will be **static** at the point of transfer. This will apply in all cases **excluding** those where the council has the possibility of participating in the negotiation process of such collective agreements concluded after the date of the transfer. This will mean that any pay award negotiated after transfer will not be paid (providing the council had no possibility of participating in the negotiation process).
- 3.1.2 Government guidance states that “full council should be offered the opportunity to vote before large salary packages are offered in respect of a new appointment. The Secretary of State considers that £100,000 is the right level for that threshold to be set.” The policy has been amended to state that Full Council is responsible for approving salary packages of £100,000 before they are offered in respect of a new appointment. Salary package includes salary, bonuses, fees or allowances routinely paid. It also states that Full Council is responsible for approving severance packages beyond £100,000 for staff leaving the organisation.
- 3.1.3 The policy has been updated to reflect the changes agreed by Employment Committee in relation to the senior manager pay review.

4. PROCESS UNDERTAKEN TO REVIEW SENIOR MANAGEMENT PAY SCALE

- 4.1 As set out in the council’s Pay Policy Statement, the Hay Group job evaluation system is the council’s chosen methodology for the evaluation of senior posts within the authority. In addition, Hay were able to provide access to up-to-date and relevant benchmarking information from the wider marketplace.
- 4.2 The Hay Group worked with the council to create a revised pay scale, which provides the council with the flexibility to attract, motivate and retain senior staff whilst carefully managing salary costs at a senior level. In addition, it was recognised that this was an opportunity to create a transparent pay system, which would support internal fairness, equity and openness in relation to pay for senior managers and could be a valuable communication tool in terms of demonstrating to existing or potential staff how their contribution will be rewarded.
- 4.3 The first key decision was to determine the appropriate market position for Peterborough City Council in relation to pay for senior managers i.e. should Peterborough position itself in the upper quartile, lower quartile, market median or somewhere along the continuum. As a medium-sized, unitary authority, it was recognised that Peterborough City Council needs to attract candidates from both the public and voluntary sectors with the skills and experience required to deliver its agenda and this would not be achieved with a lower quartile market position. In addition, staff at Peterborough City

Council will be attractive to private sector employers, who will seek to take advantage of their skills. Furthermore Peterborough City Council competes nationally for candidates and therefore needed to set a salary scale which allows for national rather than just regional influences.

- 4.4 To assist with their decision-making, Employment Committee were therefore provided with benchmark data at the 25th, 50th and 75th percentile in relation to two data sets, the first being other public sector and not-for-profit organisations only (i.e. excluding the private sector) and the second being a broad range of private sector, public sector and not-for-profit organisations. This allowed Employment Committee to see the salary bands that would be applicable at the lower quartile, market median and upper quartile in each data set. It also articulated the significant pay differential that would result from the inclusion of private sector data, even with the exclusion of financial services.
- 4.5 Consideration was given as to whether data from the not-for-profit sector should be included however it was recognised that staff could move to or be hired from this sector and the inclusion of this data did in fact increase the pay data by c. 5%.
- 4.6 Before reaching a decision on the proposed revisions to the senior management pay scale, Employment Committee also reviewed the outcome of the staff consultation process with senior managers.
- 4.7 Although no trade unions are officially recognised for consultation purposes for senior managers, the proposals regarding the pay scale were shared with the council's Joint Consultative Forum (JCF) at their meeting on 17 October 2013. Following this, and in accordance with council practice, consultation took place between 18 October 2013 and 18 November 2013 with all senior managers affected by the proposals. During this period individuals had the opportunity to request a 1:1 meeting, or to submit feedback in writing or verbally.
- 4.8 Following the close of the consultation period all senior managers were written to, providing a response to the concerns they had raised and setting out the proposed recommendations for Employment Committee. All feedback from the consultation process, including the response to consultation, was shared in full with Employment Committee.
- 4.9 After careful deliberation and consideration of the data, the consultation outcome and the Chief Executive's recommendations, Employment Committee decided that the appropriate market position was a blended one, based upon a local government / not-for-profit market median with sufficient band width to respond to market conditions. By positioning pay at the 50th percentile and allowing for a band width of +/- 10% around the median, Employment Committee felt that the council would be able to target its resources effectively and ensure that it is neither overpaying nor underpaying for posts which are of an equivalent size in the wider economy and in local government.
- 4.10 The revised pay scale as approved by Employment Committee is set out in Appendix 3.

5. SUMMARY OF KEY CHANGES TO SENIOR MANAGEMENT PAY SCALE

5.1 The table underneath provides an overview of the key changes to the senior management pay scale as agreed by Employment Committee.

	New Senior Management Pay Scale	Previous Senior Management Pay Scale
1.	Consists of 7 pay bands. Each pay band is based on the market median (the 50 th percentile using local government and not-for-profit benchmark data) with a band width of +/- 10%.	Consisted of 5 pay bands and 2 additional pay points (one for the Chief Executive and a further pay point, which in practice has not been used for many years).
2.	Salaries can be set at any point within the pay band. There are no set pay points within the pay bands, which provides the council with flexibility in determining pay.	There were 5 fixed spinal column points within each pay band. Staff had to be allocated to one of these rigid pay points on the previous senior management pay scale. This made the system inflexible and rigid and reduced the council's ability to actively manage costs in the senior management pay system.
3.	Pay bands are designated numerically from 1 to 7, with Pay Band 1 being the highest and Pay Band 7 the lowest band.	Pay bands were given titles e.g. Head of Service 3 / HoS 2 / HoS1, Director 2 / Director 1 and Chief Executive. The titles of the pay bands were out-of-date, as the applicable pay band did not relate to the job title.
4.	Each pay band corresponds to a range of points under the Hay Evaluation Scheme. The evaluated point score for each post determines the applicable pay band.	Each pay band corresponded to a range of points under the Hay Evaluation Scheme. The evaluated point score for each post determined the applicable pay band.
5.	Salaries upon appointment are determined with reference to the 'Guidance' document produced by the Hay Group and agreed by Employment Committee setting out the principles to be applied (Appendix 4). The adoption of this Guidance document will promote a consistent, transparent and defensible framework for determining senior manager pay.	Upon appointment, candidates were placed on a spot salary corresponding to one of the spinal column points within the relevant band. In determining the applicable spinal column point, consideration was given to prevailing market conditions and the level of skills and experience the candidate brought to the role.

6.	<p>There is no incremental progression within the senior management pay scale.</p> <p>Employment Committee has agreed to the development of a proposal on pay progression linked to performance (as assessed through the annual PDR process). Once the proposal has been developed it will be submitted to Employment Committee for consideration.</p>	<p>There was no automatic, incremental progression through spinal column points.</p> <p>Once a spot salary for a post was allocated, no further increase was applied unless the post holder changed role or undertook additional responsibilities, which caused the role to be re-evaluated.</p> <p>This system had the potential to create equal pay risks over time.</p>
7.	<p>With the exception of those Tier 1 and Tier 2 posts whose pay is set by Employment Committee, the Chief Executive will have oversight across the council of pay awarded to senior managers.</p> <p>This will ensure consistency and equity across the council in the determination of pay for senior managers. It will also ensure that pay for senior managers is determined in accordance with the council's Pay Policy, pay philosophy and desired market positioning.</p>	<p>Under the previous pay scale, senior managers had autonomy to set pay for posts under their direction (with the exception of any posts dealt with by Employment Committee).</p>

5.2 In addition to the changes set out above, Employment Committee also agreed the following key points in relation to the senior management review:

5.2.1 All senior manager job descriptions should be reviewed and salaries appraised against the revised senior management pay scale.

5.2.2 In conducting this review of job descriptions, the Senior Manager Job Evaluation Process (as approved by Employment Committee) should be applied. (Appendix 5).

5.2.3 Senior managers subject to this process should have the right to appeal the outcome of their job evaluation in accordance with the Senior Manager Job Evaluation Appeal Process (as approved by Employment Committee). (Appendix 6)

5.2.4 Pay protection should be awarded to senior managers whose salary decreases following the implementation of the revised pay scale / job evaluation process, on the same terms as set out in the council's Redundancy Policy i.e. 12 months full pay and 6 months half pay.

5.2.5 During this process, a consistent approach should be adopted in relation to the allocation of job titles for senior managers, whereby Tier 1 posts are designated as Executive Director or Director, Tier 2 posts are designated as

Assistant Director and Tier 3 posts have a title which reflects the role undertaken e.g. Service Manager / Head of Service.

6. PROCESS FOR CREATING JOB DESCRIPTIONS FOR SENIOR MANAGEMENT POSTS

6.1 Work on the senior manager pay scale review took place at the same time as the implementation of the senior manager restructure at Peterborough City Council and as part of the latter process, considerable attention was placed on the development of accurate job descriptions for those senior management posts, which were either revised or newly created as a result of the senior management restructure.

6.2 As a result, detailed job descriptions were written for the following newly-created posts:

- Director for Communities
- Director of Growth and Regeneration
- Director of Governance
- Executive Director Adult Social Care and Health and Wellbeing

6.3 In addition, job descriptions for the following existing posts were amended, to accurately reflect changes in the posts as a result of the senior management restructure:

- Chief Executive
- Executive Director Resources
- Executive Director Children's Services

6.4 The job descriptions were written by the Head of Human Resources using a standard template to ensure consistency and to facilitate the evaluation process. All financial data for the job descriptions was provided by the Head of Strategic Finance.

6.5 Careful consideration was given to the competencies required at Director level, resulting in the creation of a number of generic competencies across all job descriptions at this level in relation to leadership and performance, risk and financial management.

6.6 Job descriptions for the aforementioned posts (with the exception of the job description for the Chief Executive) were reviewed and approved by the Chief Executive and shared with the relevant portfolio holder in accordance with Part 3 Section 2.3.3.11 of the Constitution before being agreed by Employment Committee.

7. EVALUATION MECHANISM FOR SENIOR MANAGEMENT POSTS

7.1 The grading of posts at Head of Service level and above at Peterborough City Council is determined by reference to the Hay Group Job Evaluation Method, which is applied to determine the relative size and importance of jobs within the council as well as their difficulty.

7.2 Under the Hay job evaluation method, each post is evaluated on its own merits, taking into consideration the context, organisation, reporting

structures, relationships with other roles and the way in which the job operates within its environment. Roles are compared through an iterative process to create a rank order within an organisation.

- 7.3 The Hay evaluation method is based on measuring 3 factors; Accountability, Know-How and Problem Solving. Accountability measures the impact of the job and the constraints on the post holder in terms of taking independent action. To achieve the accountabilities of the post, the post holder needs Know-How. This factor measures the total knowledge and skills developed by job experience and training, which the job holder needs in order to perform the job in a fully acceptable way. Problem Solving refers to the use of Know-How to identify, delineate and resolve problems to achieve results. This factor measures the level of complexity of thinking involved when the job holder applies Know-How to get the job done.
- 7.4 During the evaluation process, the job content is analysed relative to each factor and is represented by a numerical value. These factor values are then totaled to determine the overall job size, providing an overall point score for each post.
- 7.5 To ensure the independence, accuracy and rigor of the evaluation process applied to the senior management restructure, all job descriptions approved by Employment Committee were evaluated externally by two Hay Group Job Evaluation Consultants using the aforementioned Hay Group Job Evaluation Method.
- 7.6 Once the initial process of evaluating each job description was undertaken by these accredited Hay evaluators, the job evaluation outcomes were then reviewed by a separate Public Sector Specialist within the Hay Group, to ensure consistency and accuracy in the evaluation process and to validate the outcomes.
- 7.7 The Hay Group then provided the Head of HR with the evaluation outcome for each post, consisting of an overall point score per post. This total point score per post determined the applicable pay band on the revised senior management pay scale. (Appendix 7)
- 7.8 Evaluation outcomes were shared with the post holders, who had the opportunity to appeal the score allocated to their post. The evaluation outcomes were then shared with Employment Committee, to assist with its obligation to determine salaries for these posts under its Terms of Reference No. 2.3.1.1 'To appoint Directors and Heads of Service, and determine terms and conditions of employment'.

8. EMPLOYMENT COMMITTEE DECISIONS RE PAY FOR SENIOR MANAGEMENT TEAM

- 8.1 At its meeting on 3 February 2014, Employment Committee debated and agreed the salaries awarded in respect of both the revised and the newly created posts in the senior management team, including the post of Chief Executive. For reasons of transparency and impartiality, the Chief Executive was not present for any part of the Committee's discussion relating to her post / salary.

- 8.2 In reaching a decision Employment Committee considered the Hay job evaluation outcome for each post, the Hay Guidance document on setting salaries and the relevant market research data presented at the meeting.
- 8.3 The job evaluation outcome and Employment Committee pay decision per post are set out in Section 8.5 of this report. The Employment Committee pay decisions are summarised in Appendix 8. Pay was backdated to 1 November 2013 for all posts, to reflect the date agreed by Employment Committee for the implementation of the senior management restructure.
- 8.4 Any individual who is unhappy with the salary allocated to their post through this process has the opportunity to raise a grievance, in accordance with the council's Grievance Policy. All incumbents of the posts set out underneath have confirmed their acceptance of the pay set by Employment Committee.

8.5 **Employment Committee Pay Decision Per Post**

- 8.5.1 Set out below are the decisions made in respect of each post by Employment Committee. Councillor Sandford has separately requested that this report contain information about salaries paid to each of the post-holders prior to the restructure and, where there has been an increase in salary, the justification for the change in that salary. Whilst this information was not presented to Employment Committee as most of these posts are new posts, it is included in this report. This information is however freely available on the council's website and in reports presented to Employment Committee and to this Council in public in October 2013. Those reports set out in detail the change in responsibilities of the new posts.

8.5.2 **Chief Executive**

The post of Chief Executive was allocated a point score of **2128** points under the Hay job evaluation scheme.

This places the post in Pay Band 1 of the new pay scale, with a point range of 1801 - 2140 points and a band width of £153,000 - £187,000. The median point on Pay Band 1 is £170,000.

Employment Committee decided to maintain the post-holder's existing salary level and awarded a salary of **£170,175** per year.

8.5.3 **Executive Director Resources**

The post of Executive Director Resources was allocated a point score of **1560** points under the Hay job evaluation scheme.

This places the post in Pay Band 2 of the newly proposed pay scale, with a point range of 1508 – 1800 points and a band width of £127,014 - £155,240. The median point on Pay Band 2 is £141,127.

Employment Committee decided to set salary at the median point and awarded a salary of **£141,127** per year.

As Executive Director Strategic Resources the post-holder, John Harrison, was previously paid £121,192 per year. The additional responsibilities

resulting in an increase in salary to £141,127 per year for the post of Executive Director Resources are set out in detail underneath.

Back Pay Claim

As referenced earlier in this paper (Section 2.2.5), the external evaluation of the job description for the post of Executive Director Resources resulted in a point score (1560 points), which fell outside the scope of the previous pay scale (the maximum point score on the Director 1 band on the previous pay scale was 1507 points).

Employment Committee considered that the increase in responsibilities in relation to this post had in fact accumulated over a number of years as detailed underneath:

- Business Transformation – Created in 2006.
- Programme and Project Management and Performance Management - Transferred in 2007.
- Waste Strategy and Energy from Waste Projects - Transferred in 2007.
- Registration Service - Transferred in 2007.
- Former ‘Leisure Services’ - Transferred in September 2009 including responsibility for Vivacity services, cemeteries and crematorium services.
- City Services - From April 2009 the post-holder had responsibility for developing and letting contract and from March 2011 the post-holder took on contract responsibility for Enterprise (now Amey).
- Energy – Transferred in 2011 which included renewable generation, efficiency and creation of Esco.
- Miscellaneous – Over the period responsibility taken on for Westcombe Engineering and business support services to all departments.

The post-holder submitted a request in February 2008 to have his role re-evaluated but despite this request, an evaluation was not undertaken at that time.

A careful analysis of the responsibilities added to the post has been undertaken and from this it has been evidenced that the additional responsibilities undertaken up to early 2011 would not have been sufficient to trigger a job evaluation point score above the ceiling for the ‘Director 1’ pay band within the previous pay scale.

It was however recognised by Employment Committee that back pay should be awarded from 1 April 2011, as the accumulated responsibilities from this date onwards would have resulted in a job evaluation point score above the maximum on the Director 1 band on the previous pay scale.

Custom and practice would dictate that the post-holder's grading and pay would normally have been reviewed at this point but unfortunately no mechanism existed within the pay scale to enable this increase in responsibilities to be reflected by a corresponding increase in pay band or spinal column point.

Taking this into account and to maintain equity and fairness in the pay system, Employment Committee agreed a backdated pay award of **£31,563.75** for the period from 1 April 2011 to 31 October 2013.

8.5.4 **Executive Director Children's Services**

The post of Executive Director Children's Services was allocated a point score of **1418** points under the Hay job evaluation scheme.

This places the post within Pay Band 3 of the newly proposed pay scale, with a point range of 1261 - 1507 points and a band width of £103,811 - £126,880. The median point on Pay Band 3 is £115,345.

Employment Committee decided to maintain the post-holder's existing salary level and awarded a salary of **£125,000** per year.

8.5.5 **Executive Director Adult Social Care and Health and Wellbeing**

The post of Executive Director Adult Social Care and Health and Wellbeing was allocated a point score of **1418** points under the Hay job evaluation scheme.

This places the post within Pay Band 3 of the newly proposed pay scale, with a point range of 1261 - 1507 points and a band width of £103,811 - £126,880. The median point on Pay Band 3 is £115,345.

Employment Committee then considered the supplementary market data presented, which confirmed that similar roles in comparable local authorities are currently paid at a rate above the applicable pay band for this post. This data was collated by the research team at Gatenby Sanderson, an independent, external, specialist search and selection company.

Employment Committee determined that it did not wish to compromise the pay system by awarding a salary, which sat outside the applicable pay band for the post. It therefore decided to set salary at the median point of the pay band at **£115,345** per year but also awarded the post holder a market supplement of **£20,000** per year.

The market supplement was awarded for an initial period of two years with effect from 1 November 2013 and is subject to annual review thereafter, in accordance with the council's Market Related Pay Policy.

Post Holder

Jana Burton, Executive Director Adult Social Care and Health and Wellbeing

Previous Role (Tier 1, Director of Adult Social Care)

The post-holder previously held the post of Director of Adult Social Care and was paid £110,235 per year.

New Role (Tier 1, Executive Director Adult Social Care and Health and Wellbeing)

In her new role as Executive Director Adult Social Care and Health and Wellbeing the post-holder is paid a base salary of £115,345 per year and is responsible for:

- Adult Social Care.
- Public Health.
- The Health and Wellbeing agenda.

8.5.6 **Director for Communities**

The post of Director for Communities was allocated a point score of **1418** points under the Hay job evaluation scheme.

This places the post within Pay Band 3 of the newly proposed pay scale, with a point range of 1261 - 1507 points and a band width of £103,811 - £126,880. The median point on Pay Band 3 is £115,345.

Employment Committee decided to set the salary at the median point and awarded a salary of **£115,345** per year.

Post Holder

Wendi Ogle-Welbourn, Director for Communities

Previous Role (Tier 2, Assistant Director Strategic Commissioning and Prevention)

The post-holder previously held the second tier post of Assistant Director Strategic Commissioning and Prevention for Children's Services and was paid £105,186 per year.

New Role (Tier 1, Director for Communities)

In her new role as Director for Communities the post-holder is paid £115,345 per year and is responsible for strategy, commissioning and prevention for:

- Children's Services.
- Adult Social Care services.
- Public Health services.
- Neighbourhoods services.

The post-holder is also responsible for the provision of services for:

- Children.
- Neighbourhoods.
- Public Health.

8.5.7 Director of Growth and Regeneration

The post of Director of Growth and Regeneration was allocated a point score of **1312** points under the Hay Group job evaluation scheme.

This places the post within Pay Band 3 of the newly proposed pay scale, with a point range of 1261 - 1507 points and a band width of £103,811 - £126,880. The median point on Pay Band 3 is £115,345.

Employment Committee then considered the supplementary market data presented, which confirmed that similar roles in comparable local authorities are currently paid at a higher rate than the median point in Pay Band 3. This data was collated by the research team at Gatenby Sanderson, an independent, external, specialist search and selection company.

Employment Committee decided to set salary at the median point of the pay band at **£115,345** per year but also awarded the post holder a market supplement of **£5,000** per year in recognition of external market factors.

This market supplement was awarded for an initial period of two years with effect from 1 November 2013 and is subject to annual review thereafter, in accordance with the council's Market Related Pay Policy.

Post Holder

Simon Machen, Director of Growth and Regeneration

Previous Role (Tier 2, Head of Planning, Transport and Engineering Services)

The post-holder previously held the second tier post of Head of Planning, Transport and Engineering Services and was paid £90,323 per year.

New Role (Tier 1, Director of Growth and Regeneration)

In his new role as Director of Growth and Regeneration the post-holder is paid a base salary of £115,345 per year and is responsible for:

- A wide range of infrastructure, regulatory and environmental services including Planning, Transport and Engineering Services.
- Growth.
- Regeneration.
- The council's new Joint Venture arrangement.
- The commissioning and performance management of Opportunity Peterborough, the Peterborough Delivery Partnership and highway services providers.
- Resilience / Health and Safety.

8.5.8 Director of Governance

The post of Director of Governance has been allocated a point score of **1056** points under the Hay Group job evaluation scheme.

This places the post within Pay Band 4 on the newly proposed pay scale, with a point range of 1056 - 1260 points and a band width of £85,500 - £104,500. The median point on Pay Band 4 is £95,000.

Employment Committee decided to set salary at the median point and awarded a salary of **£95,000** per year.

Post Holder

Kim Sawyer, Director of Governance

Previous Role (Tier 2, Head of Legal Services)

The post-holder previously held the second tier post of Head of Legal Services. As such she was responsible for the delivery of legal services and was paid £74,314 per year.

New Role (Tier 1, Director of Governance)

In her new role as Director of Governance the post-holder is paid £95,000 per year and is responsible for:

- Legal Services.
- Governance.
- Regulatory Services.
- Communications.
- Human Resources.
- Performance Management
- Elections.

9. IMPLICATIONS

9.1 Financial Implications

9.1.1 There are no specific financial implications to the approval of the Pay Policy Statement. The contents of the statement are consistent with the current approach to remuneration as agreed with Employment Committee and the current remuneration of employees is accounted for in the 2014/15 budget proposals.

9.1.2 It is inevitable in any review of senior manager roles that there will be some upward and downward movement in relation to salaries for individuals. Those managers who take on additional responsibilities as a result of changes in the organisation are likely to see an increase in pay. Others may experience a decrease in pay as a result of adjustments to the proposed pay scale to reflect market conditions.

9.1.3 Those managers whose salary decreases as a result of this process will have a measure of pay protection applied, in accordance with the terms agreed by Employment Committee, which are equivalent to those offered to all staff under the applicable council policy.

9.1.4 Furthermore, the agreement to develop a pay progression proposal for senior managers which is linked to performance will provide the council with the

opportunity to explore the potential benefits of linking reward and performance for senior staff within the organisation.

- 9.1.5 A final figure for the overall saving achieved through the senior management restructure cannot be confirmed until restructures within directorates have been completed, job descriptions have been reviewed and salaries for senior manager posts have been finalised however this first phase of restructuring has resulted in a saving of £687,553 to date through the deletion of six senior management posts and one support post. These savings will contribute towards the budget savings identified within the MTFS.

9.2 Legal & Human Resource Implications

- 9.2.1 It is a requirement of the Localism Act 2011 that the council must approve a Pay Policy Statement. Once the Pay Policy Statement is passed, all decisions relating to remuneration must be made in accordance with it.
- 9.2.2 Council is advised that the Pay Policy Statement appended to this statement has legal and human resources approval. It has been prepared with regard to the guidance given by the Secretary of State in relation to sections 38 to 43 of the Localism Act 2011. As with any other resolution, council may move amendments to the policy before it is passed by council, but it is strongly advised to seek both legal and human resources advice before moving an amendment, as amendments may have employment law implications, and may need consultation with affected employees and trade unions. In the absence of legal and human resources advice having been obtained in advance, council is advised to pass the resolution in its current format, and subsequently seek advice with a view to referring an amended Pay Policy Statement to a subsequent council meeting.
- 9.2.3 As soon as practicable after approving or amending its Pay Policy Statement the council must publish it in such manner as it thinks fit, which must include publication on the authority's website.
- 9.2.4 To date the senior management restructure process has dealt with the top tier of senior management posts within the council however as agreed by Employment Committee, the Chief Executive will review all senior manager posts in the council, which are currently evaluated on Hay. As a result, further job descriptions for second tier posts will be submitted to Employment Committee for review and approval. It is anticipated that the review of all senior manager posts, which are not subject to restructuring proposals, will be completed over the coming months.

9.3 Equalities Implications

- 9.3.1 The council's Pay Policy is consistent with its obligations as an employer to comply with equality duties. It ensures that all employees are rewarded fairly and objectively, without discrimination, for the work that they undertake on behalf of the council, and provides an objective mechanism to review pay dispersal throughout the council.
- 9.3.2 The revised pay scale that has been adopted by Employment Committee following consultation with senior managers at Peterborough City Council will provide the council with a framework for allocating pay equitably and transparently and minimising the risk of equal pay claims. It will also aid the

recruitment and retention of high-calibre staff at Peterborough City Council, whilst ensuring budgetary control in difficult financial circumstances.

10. CONSULTATION

- 10.1 Any change to terms and conditions including pay involves relevant employee consultation in advance of the change being implemented. As no unions are recognised for collective bargaining purposes for senior managers, individual consultation was undertaken with each senior manager impacted by the proposals to revise the senior management pay scale and all feedback from this consultation process was shared with Employment Committee before a decision was made to implement the changes to the senior management pay scale.

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

Department of Communities and Local Government (DCLG) guidance "Openness and accountability in local pay: Guidance under section 40 of the Localism Act" February 2013.

Hutton Review of Fair Pay in the Public Sector: Final Report March 2011

12. APPENDICES

- Appendix 1: Pay Policy Statement 2014/15
- Appendix 2: Previous Senior Manager Pay Scale
- Appendix 3: Revised Senior Manager Pay Scale
- Appendix 4: Guidance on Setting Senior Manager Salaries
- Appendix 5: Senior Manager Job Evaluation Process
- Appendix 6: Senior Manager Job Evaluation Appeal Process
- Appendix 7: Hay Group Job Evaluation Outcomes
- Appendix 8: Employment Committee Pay Awards

PAY POLICY STATEMENT FOR 2014/15

1. Purpose of the Policy

- 1.1 The council is required by ss38 to 43 of the Localism Act 2011 to produce an annual pay policy statement. It must be approved by Full Council each year, and must then be published on the council's website.
- 1.2 The statement sets out the council's policy with regard to:
- The remuneration of chief officers (as defined in 4.1);
 - The remuneration of the lowest paid employees (as defined in 6.2); and
 - The relationship between chief officers' remuneration and that of officers' (who are not chief officers).
- 1.3 Remuneration includes salary or payment under a contract for services, expenses, bonuses, performance related pay and severance payments.
- 1.4 The objectives of this policy are:
- 1.4.1 To set remuneration at a level sufficient to attract and retain adequately experienced, trained and qualified individuals to deliver the council's priorities,
- 1.4.2 To reflect fairness and equality of opportunity, and
- 1.4.3 To set out the council's approach to remuneration in a fair and transparent manner.

2. Pay Framework

- 2.1 The Council's main pay framework was implemented in April 2007 in line with national joint council (NJC) guidance, with the grade for each role being determined by a job evaluation process. This followed a national requirement for all local authorities, and a number of other public sector employers, to review their pay and grading frameworks to ensure fair and consistent practice for different groups of workers with the same employer. As part of this the council determined a local pay framework for NJC posts, up to grade 15.
- 2.2 In exceptional circumstances, basic pay for any officer may be supplemented by a market supplement if market evidence on demand for these skills support it. The process and terms of these payments is clearly detailed within the Market Supplement policy.

2.3 This pay policy statement does not relate to:

- staff of local authority schools
- contractors
- companies wholly or partially owned by the council
- the receipt or distribution of any payments received by the Chief Executive in her role as Returning Officer

3. Pay Awards

3.1 The council's policy on pay awards for all employees, including chief officers, has been to follow national negotiations. During 2013 the following pay awards were implemented:

Terms and Conditions type	Increase awarded	Date effective
National Joint Council Single Status	1%	01 April 2013
NHS	1%	01 April 2013
Youth & Community JNC	1%	01 September 2013
Soulbury	1%	01 September 2013

However, the last national pay award for Chief Officers was in April 2008.

3.2 **The Council will implement any national settlement reached in respect of the financial year 2014/15, for staff on single status terms and conditions. Negotiations are not yet concluded.** Where staff have been transferred in to the council their contractual terms and conditions will be **static** at the point of transfer. This will apply in all cases **excluding** those where the council has the possibility of participating in the negotiation process of such collective agreements concluded after the date of the transfer. This will mean that any pay award negotiated after transfer will not be paid (providing the council had no possibility of participating in the negotiation process).

3.3 There is incremental progression for NJC evaluated posts where increments are paid in accordance with agreed council policy, usually on an annual basis. Incremental progression for NJC evaluated jobs is automatic within the pay range for the job, and takes place until the maximum incremental point within the pay range is achieved. Thereafter the employee is only eligible for any annual cost of living award negotiated by the appropriate bodies.

4. Definition of Chief Officer

4.1 As is required by the Localism Act, for the purpose of this policy, chief officers are defined as:

- Head of Paid Service (Chief Executive)
- Monitoring Officer (Director of Governance)
- s151 Officer (Executive Director of Resources)
- Statutory Chief Officers: Executive Director of Children's Services, Executive Director of Adult Social Care and Health and Wellbeing and Director of Public Health.
- Non-Statutory Chief Officers: Director of Growth and Regeneration. Director for Communities. Any post that reports directly to the Chief Executive (other than administrative posts)
- Deputy Chief Officers: anyone who reports directly to a statutory or non-statutory chief officer (other than administrative posts).
- Any self-employed individual engaged by the council in one of the categories above

A list of posts and officers included in this definition is attached at Appendix A.

5. Policy relating to remuneration of Chief Officers

5.1 Local government has changed radically; this council is no exception and many of our services are now provided externally. Evidence from recent recruitment campaigns has suggested that the pay scale did not have sufficient flexibility to attract and retain high calibre candidates for the most senior posts within the council. As part of the recent review of the council's senior management structure it was recognised that in addition to revising job descriptions, a review of senior manager pay scales was required to ensure salaries properly reflect the current market conditions.

5.2 Employment Committee agreed the following parameters in relation to the senior manager pay review:

- Senior manager role profiles should be evaluated independently under Hay, which is the council's chosen job evaluation system for senior managers.
- There will be seven pay bands going forward which are anchored at the 50th percentile (market median) and range between 10% below or 10% above this market anchor point. Application of the council's Market Supplement policy will be considered in cases where the market dictates a rate that is above the 50th percentile and evidence is provided to support this.
- Pay protection will be applied for those who see a reduction in their salary in accordance with the council's existing Redundancy Policy pay protection arrangements.

- Salary upon appointment will be set in accordance with the Guidance Document on Setting Senior Manager Pay.
 - A pay progression proposal linked to performance (as assessed using the Council's Performance Development Review system) will be developed during 2014.
- 5.3 Full Council is responsible for approving the appointment of the Head of Paid Service (Chief Executive). Full Council is responsible for confirming the dismissal of the Chief Executive, and for confirming the dismissal of the Solicitor to the Council (Director of Governance) or the Chief Finance Officer (Executive Director of Resources) following the recommendation of such a dismissal by Employment Committee. All Cabinet members have a right to object to the appointment or dismissal before the recommendation is made.
- 5.4 Employment Committee is responsible for approving the appointment (including remuneration) or dismissal of all other Directors, Assistant Directors and Heads of Service, only some of whom are Chief Officers. All Cabinet members have a right to object to the appointment or dismissal.
- 5.5 Full Council is responsible for approving salary packages of £100,000 before they are offered in respect of a new appointment. Salary package includes salary, bonuses, fees or allowances routinely paid. Full Council is responsible for approving severance packages beyond £100,000 for staff leaving the organisation.
- 5.6 There is no Incremental progression for Chief Officers. Any increase previously paid was at the discretion of the Chief Executive and appropriate Cabinet Member, and linked to a change in responsibilities, or agreed on recruitment following an initial period in the role. The Chief Executive and Director in consultation with the relevant portfolio holder and the Executive Director of Resources are authorised to amend and update the job descriptions of Directors, Assistant Directors and Heads of Service.
- 5.7 Information relating to the remuneration of senior officers is published annually in the statement of accounts, and also in accordance with the Department of Communities and Local Government's (DCLG) Transparency Code. The Council will continue to follow these requirements when determining disclosure for Chief Officers. Information in relation to payments made under a contract for services (for Chief Officers who are self-employed) will be published at the same time.

6. Policy relating to remuneration of the council's lowest paid employees

- 6.1 The Localism Act requires the council to determine who its lowest paid employees are. It may adopt any definition which most appropriately fits local circumstances, providing it explains in the policy why that definition has been adopted.
- 6.2 For the purpose of this policy, the Council defines its lowest paid employees as those in the bottom 10% of employees by remuneration. As of February 2014 this covered 135 staff with a full time equivalent salary between £12,435 and £17,425. The average remuneration package for those employees is in the region of £15,779. For employees who work part-time, their salary is calculated pro rata to the full-time equivalent. The bottom point of the NJC

salary tables was deleted from 01 October 2013 and the lowest paid staff on this point moved up to the second point of the grade.

- 6.3 The definition used to define the lowest paid workers is the same as the definition applied in the 2013/14 Pay Policy. This definition has been selected because it captures a meaningful number of employees and avoids the distortions that might occur with a very small group, or the excessive averaging that would be required if a larger group was used, such as the lowest quartile. This definition has been agreed with the relevant trade unions.
- 6.4 Former council employees who have transferred to external contractors with whom the authority has contracted to perform services are excluded from this definition.

7. Policy relating to remuneration of all employees

- 7.1 The council's policy is to differentiate between remuneration of its employees by setting different levels of basic pay to reflect differences in responsibility, but not to differentiate on other allowances, benefits and payments it makes. The council has separate policies relating to travel and subsistence, redundancy, relocation, and other entitlements, and does not differentiate between chief officers and those who are not chief officers in respect of entitlement to these benefits. Similarly, all officers who work on elections are entitled to payment for specific roles such as count supervisor or count assistant, at rates agreed each year by the Returning Officer, and the rates agreed relate specifically to the election role undertaken, and not to the grade or employment status of the officer undertaking the role.

7.2 Mobile telephones

Officers (including chief officers) are entitled to be provided with a mobile telephone or other personal data device if it is necessary to carry out their duties. Personal use is permitted, but must be reimbursed in accordance with council policies, so this is not classified as a benefit in kind for tax purposes.

7.3 Policy on receipt of salary & pension

The Local Government Pension Scheme (LGPS) does not allow current employees to receive their pension at the same time as their salary unless it is under a flexible retirement arrangement. New starters may join who are already in receipt of a pension from previous service in the LGPS or another pension provider. It is also the council's policy not to re-engage officers who have left the council on a redundancy basis, except in exceptional circumstances where the Chief Executive considers it necessary for continuity of an essential service.

7.4 Enhancement of pension benefits

Most employees are eligible to join the Local Government Pension Scheme, which in certain circumstances provides for the exercise of discretion that allows retirement benefits to be enhanced. Pension regulations require the council to issue a written policy statement on how it will exercise the various discretions provided within the scheme, and this is published as a separate document entitled "Local Government Pension Scheme Discretionary Policy".

That policy was approved by Employment Committee in March 2010. Under the policy, the council will consider each case on its merits, but its usual policy is not to enhance benefits for any of its employees, with no distinction made between chief officers and those who are not chief officers. Different rules apply to those in the Teacher's Pension Scheme and the NHS Pension Scheme.

7.5 Termination of employment

In relation to the termination of employment, the council will have due regard to the making of any appropriate payments where it is in the council's best interests. Any such payments will be in accordance with contractual or statutory requirements and take into account the potential risk and liabilities to the council, including any legal costs, disruption to services, impact on employee relations and management time. The council will have specific regard to the legal requirements which apply to the termination of employment of the Head of Paid Service (Chief Executive), the s151 Officer (Executive Director of Resources), and the Monitoring Officer (Director of Governance).

8. The relationship between the remuneration of the council's chief officers and those who are not chief officers

8.1 The Localism Act requires the council to state the relationship between the remuneration of chief officers and those who are not chief officers, and leaves the council the flexibility to determine how to express this. This was considered in the Hutton report, which was asked to explore the case for a fixed limit on pay dispersion in the public sector through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. Hutton concluded that this was not helpful, and that the most appropriate metric is the top to median earnings. However, the council would not expect that the remuneration of its highest paid officer would exceed 20 times the remuneration paid to its lowest paid employee, except in exceptional circumstances, which must be specifically authorised by the Employment Committee and reviewed annually. The Chief Executive's remuneration is currently 10.78 times the remuneration of the lowest paid employees.

This is summarised below:

	Feb 12	Feb 13	Feb 14
Chief Execs salary	£170,175	£170,175	£170,175
Lowest salary (using bottom 10%)	£15,931	£15,011	£15,779
Ratio	10.68 to 1	11.34 to 1	10.78 to 1

8.2 Hutton considered that the most appropriate metric to track the pay dispersion across the organisation is the multiple of the remuneration of the Chief Executive to the average remuneration of the organisation's workforce. The table below shows both the mean and the median average

The current calculation and ratio is as follows:

	Feb 13		Feb 14	
	Median	Mean	Median	Mean
Chief Exec's salary	£170,175	£170,175	£170,175	£170,175
Average	£25,528	£28,320	£27,323	£29,990
"pay multiple" ratio	6.67 to 1	6.01 to 1	6.41 to 1	5.67 to 1

8.3 The 'average salary' is calculated as follows:

- Median – where the full time equivalent salaries of every employee are listed in order of value, and the value of the employee in the middle is used. In this case, in Feb 2014 the council had 1355 employees covered by this pay policy. When all of these salaries are listed in order, the total salary package of the 677th employee is £27,323.
- Mean - where the full time equivalent salaries of every employee are added together, and then divided by the total number of employees (in this case 1355). It should be noted that adding the salaries together is not the same as calculating the total pay bill. This is because full time equivalent salaries are used for these figures, but in the council a significant number of staff have part time contracts.

8.4 A graph showing pay dispersal across the council as at February 2014 is included at Appendix B. This is likely to fluctuate as the shape of the council changes, particularly if further services are transferred into, or out of the council's control. During the year the workforce has reduced due to the closure of the final residential home for older people, a voluntary redundancy programme, transfer out of adult social care administrative staff to Serco, and the transfer out of highways staff to Skanska. There has also been a transfer in of the public health staff. These changes impact on the salary structure along with the overall staff numbers.

8.5 The ratios comparing the Chief Executive's pay to average and lowest salaries has decreased. The cause is the changing structure of the organisation and the increase to pay of those covered by the national conditions. As there has been no change or increase to the Chief Executive's salary this has resulted in a reduced ratio.

9. Review of the Pay Policy Statement

- 9.1 This policy will be kept under review in the light of external best practice and legislation, internal data on recruitment and retention, and external pay data. Any changes will be discussed with all stakeholders including recognised trade unions before being presented to council for approval. Council will approve its Pay Policy Statement at least on an annual basis, normally at the council meeting when the council's budget is considered.
- 9.2 The transfer of further staff into or out of the council may have an impact on salary differentials in the future.

10. Notes

- 10.1 This pay policy statement is not intended to be a statement of terms and conditions for a chief officer's employment contract;

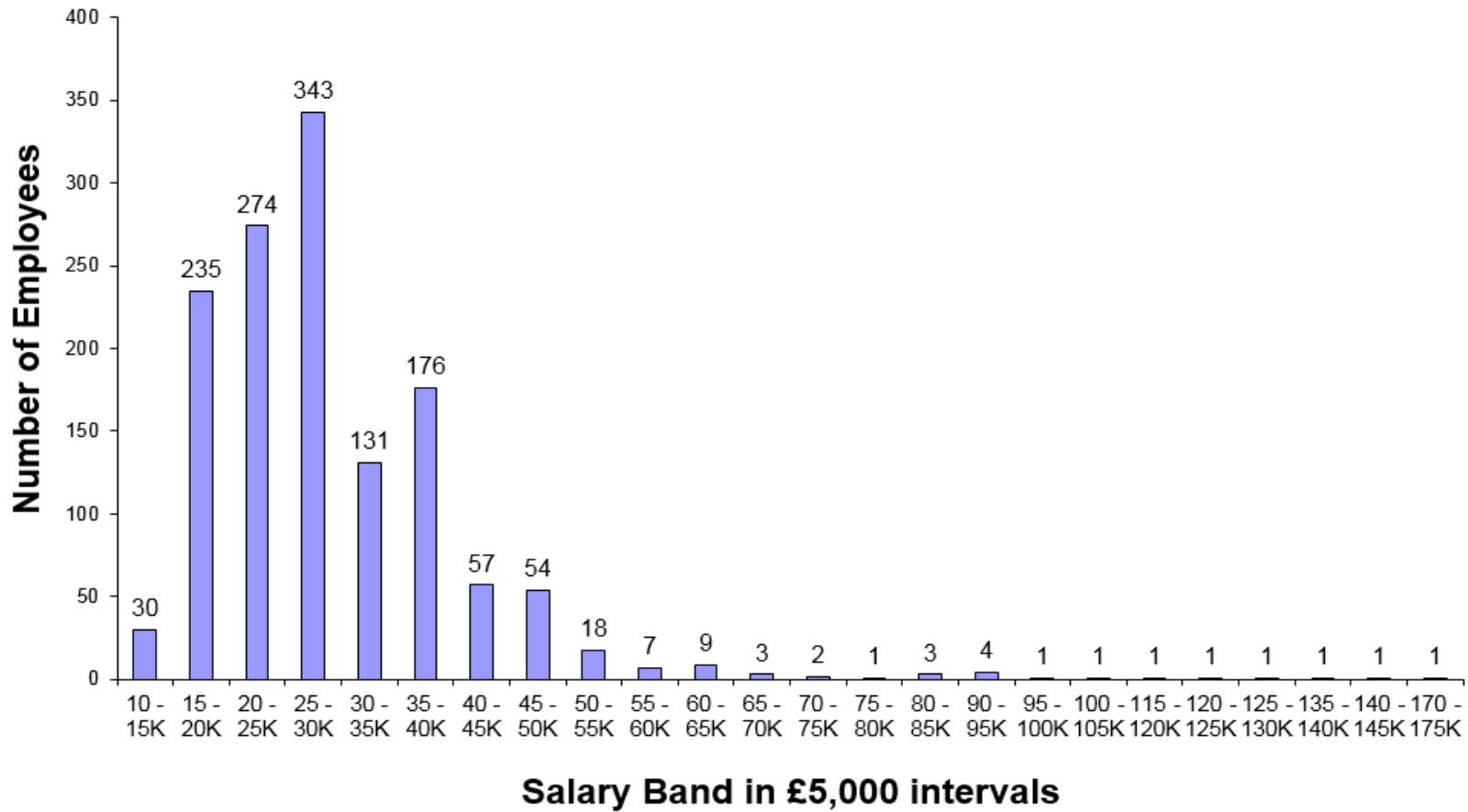
- 10.2 Nothing in this pay policy statement is intended to revoke other council policies related to pay, or terms and conditions of employment;
- 10.3 This pay policy statement has been prepared having regard to the guidance given by the Secretary of State in relation to sections 38 to 43 of the Localism Act 2011.

APPENDIX A: LIST OF ROLES INCLUDED IN THE DEFINITION OF CHIEF OFFICER AS DEFINED IN 4.1 OF THE PAY POLICY

ROLE	OFFICER IN POST AT FEB 2014
Chief Executive (Head of Paid Service)	Gillian Beasley
Director of Governance (Solicitor to the Council) (Monitoring Officer)	Kim Sawyer
Executive Director of Resources (s151 officer)	John Harrison
<u>Statutory Chief Officers:</u> Executive Director of Children’s Services Executive Director of Adult Social Care and Health and Wellbeing Director of Public Health	Sue Westcott Jana Burton Dr. Henrietta Ewart (Interim)
<u>Non-statutory Chief Officers:</u> Director of Growth and Regeneration Director for Communities Head of Commercial Operations	Simon Machen Wendi Ogle-Welbourn Annette Joyce
<u>Deputy Chief Officers</u> (reports directly to Statutory Chief Officer): Head of Legal Services Head of Governance Head of Regulatory Services Head of Communications Head of Performance Management Head of HR Head of Finance Assistant Director Corporate Property and Children’s Resources Head of Strategic Commissioning & Transformation Assistant Director Education Assistant Director Safeguarding Families and Communities Head of Quality, Information and Performance Assistant Director Care Services Delivery Assistant Director Adult Social Care Commissioning	Mike Rowan (Interim) Phil McCourt (Interim) Peter Gell Andy Carter (Interim) Vacant Lyn Neely (Interim) Steven Pilsworth Jonathan Lewis (substantive post) Ricky Fuller Jonathan Lewis (Temporary) Vacant Tina Hornsby Debbie McQuade (Acting up) Paul Grubic (Interim)
<u>Deputy Chief Officers</u> (reports directly to non-statutory Chief Officer): Head of Peterborough Delivery Partnership Head of Planning and Compliance Head of Resilience and Building Control Head of Strategic Planning, Housing and Environment Head of Peterborough Highway services Assistant Director for Communities and Targeted Services Assistant Director for Commissioning	Andrew Edwards Nick Harding Kevin Dawson Richard Kay Andy Tatt Adrian Chapman Lou Williams

APPENDIX B: DISTRIBUTION OF SALARIES ACROSS THE COUNCIL

Distribution of salaries across the Council [non schools]
at 1st February 2014



APPENDIX 2: PREVIOUS SENIOR MANAGER PAY SCALE

Senior Management Pay Scale			
Spinal Column Point	Annual Salary	Pay Band	Hay Point Score
01	£55,375	Head of Service 3	614 - 734
02	£59,914		
03	£63,451		
04	£67,741		
05	£72,027		
06	£61,200	Head of Service 2	735 - 879
07	£63,927		
08	£68,988		
09	£74,314		
10	£80,031		
11	£66,311	Head of Service 1	880 - 1055
12	£74,314		
13	£78,317		
14	£84,317		
15	£90,323		
16	£84,607	Director 2	1056 – 1260
17	£91,067		
18	£94,893		
19	£100,039		
20	£105,186		
21	£91,463	Director 1	1261 - 1507
22	£98,925		
23	£108,616		
24	£114,329		
25	£121,192		

26	£166,105	Chief Executive	
27	£118,890	Director	

APPENDIX 3: REVISED SENIOR MANAGER PAY SCALE

PAY BAND	POINT RANGE (HAY)	MEDIAN + 10 %	50th PERCENTILE (MEDIAN)	MEDIAN -10 %
Pay Band 1	1801 - 2140	£187,000	£170,000	£153,000
Pay Band 2	1508 - 1800	£155,240	£141,127	£127,014
Pay Band 3	1261 - 1507	£126,880	£115,345	£103,811
Pay Band 4	1056 - 1260	£104,500	£95,000	£85,500
Pay Band 5	880 - 1055	£90,135	£81,941	£73,747
Pay Band 6	735 - 879	£77,237	£70,215	£63,194
Pay Band 7	614 - 734	£65,137	£59,215	£53,294

APPENDIX 4: GUIDANCE ON SETTING SENIOR MANAGER SALARIES

This note provides a description of policy on setting salaries within pay bands. The policy you decide upon is flexible, this note should be seen as guidance on good practice for public sector organisations.

Principles

The new system is intended to provide greater flexibility to reflect the different experience levels and market rates of new recruits and the performance of staff once in post. At the same time, salaries must be managed fairly according to clear criteria. Where the flexibility is used to differentiate salaries, there must be a clear and demonstrable link to evidence about performance or the market.

Recruitment Salaries

The new pay ranges range from 10% below to 10% above a market anchor point. It is expected that most recruitment salaries will be set in this zone, at or close to the range minimum. Factors influencing the starting salary within this recruitment and development zone will include:

- The previous salary and therefore expectations of the individual.
- The candidate's experience and therefore the level of contribution they are expected to make in the first few months.
- Salaries of existing employees on the same grade and/or in comparable roles.

In a small number of exceptional cases it may be necessary to set a starting salary at or above the fully acceptable level. This is likely to be for one of two reasons:

1. This is a highly experienced and capable recruit who has a track record of achievement in a similar role and/or at a similar level before. They are therefore expected to be high performers from the outset.
2. The skill set needed for the job is unusually expensive in the market. In practice, the pay market shows few major functional variations and depending on where you choose to set pay (upper quartile or median), it should be rarely be necessary to offer more.

In either case, it is essential to identify clear and robust supporting evidence and to keep a record of the reasons for the decision. This will provide an audit trail to assist later pay reviews and to provide a defence against any equal pay challenge. In the case of market price (reason 2 above) there should be regular – at least annual – checks on the market to test whether the market pay lead for the skill has changed or disappeared.

Progression

It is recommended that pay progression following appointment or promotion will be managed according to the performance of the individual, rather than rewarding time served. This is consistent with recent central government messaging on moving away from time based incremental progression.

Fully satisfactory performers recruited on the range minimum should take no more than three years to reach the fully acceptable salary level for their grade. Staff who are high performers and/or enter the range above the minimum will reach fully acceptable level faster than this.

Hay Group, November 2013

APPENDIX 5: SENIOR MANAGER JOB EVALUATION PROCESS

- Step 1:** Line Manager asks individual to update their job description to ensure that it accurately reflects the role undertaken. Line Manager provides a copy of the individual's existing job description (where available) for reference. Individual updates job description and submits to Line Manager within 1 week for verification.
- Step 2:** Once the job description is agreed with the Line Manager, Line Manager provides individual with standard Hay template for completion. Individual completes Hay template using information from the agreed job description and submits to Line Manager within 1 week for review and verification.
- Step 3:** Line Manager arranges meeting with individual within 1 week to discuss any queries and agree final version for submission for evaluation. Line Manager verifies all budgetary data with finance before meeting. Line Manager and individual sign to confirm agreement of completed Hay template.
- Step 4:** Line Manager ensures Director sign-off before submitting job evaluation and any supporting evidence to HR Business Partner.
- Step 5:** HR Business Partner submits job evaluation form to Hay (providing all data has been verified by Line Manager, finance and departmental Director) and confirms timeframe for completion to Line Manager and individual.
- Step 6:** If necessary, HR Business Partner will arrange a telephone call between the individual, the Line Manager and Hay Consultant to discuss any aspects of the role which may require further clarification.
- Step 7:** Evaluation outcome provided by Hay to HR Business Partner. Information disseminated to Line Manager, who will arrange a meeting with the individual to inform them of the outcome and right of appeal. Line Manager should document the discussion and provide the individual with a copy of the notes following the meeting.
- Step 8:** HR Business Partner writes to the individual to formally confirm job evaluation outcome, inform individual of their right of appeal and provide details of appeals process.

APPENDIX 6: SENIOR MANAGER JOB EVALUATION APPEAL PROCESS

Step 1: An employee who wishes to submit an appeal against the grading of his/her job description must submit their appeal in writing to their Line Manager, within 2 weeks of receiving written confirmation of the outcome of the job evaluation process, setting out the grounds on which they are appealing.

Step 2: Informal Senior Manager Job Evaluation Appeal Process

Upon receipt of a job evaluation appeal, the Line Manager should notify their HR Business Partner and arrange an informal meeting with the individual and the HR Business Partner, normally within 3 days.

The individual may choose to be accompanied to the informal meeting by a colleague or trade union representative.

The purpose of the meeting is to understand the grounds of the appeal and determine whether the appeal can be resolved informally e.g. through further clarification / discussion with Hay to understand the scoring.

If the appeal cannot be settled (or is not withdrawn) at the informal resolution stage, the formal Senior Manager Job Evaluation Appeal Process should be initiated.

Step 3: Formal Senior Manager Job Evaluation Appeal Process

Where possible, an Appeal Panel will be convened within 4 weeks of receipt of an appeal to hear a senior manager job evaluation appeal.

The individual who is appealing will be written to, to invite him/her to the Appeal Hearing and to confirm the date, time and venue of the appeal.

The individual may choose to be accompanied to the Appeal Hearing by a colleague or trade union representative.

The Appeal Panel will consist of a departmental Director, a Head of Service from the relevant business area and a representative from the HR department.

Should the senior manager submitting the appeal be a Chief Officer or a deputy Chief Officer, the appeal will be heard by the Council's Employment Committee, supported by the Head of HR.

Step 4: Appeal Outcome

The individual will receive written confirmation of the outcome of their appeal. The decision of the Panel is final and no further right of appeal will be provided.

N.B. Should an individual be dissatisfied with the salary awarded as a result of the job evaluation process, they will have an opportunity to raise a grievance using the Council's Grievance Policy.

APPENDIX 7: HAY GROUP JOB EVALUATION OUTCOMES

POST TITLE	HAY POINT SCORE	PAY BAND	MEDIAN + 10 %	50 th PERCENTILE (MEDIAN)	MEDIAN -10 %
Chief Executive	2128	Pay Band 1	£187,000	£170,000	£153,000
Executive Director Resources	1560	Pay Band 2	£155,240	£141,127	£127,014
Executive Director Children's Services	1418	Pay Band 3	£126,880	£115,345	£103,811
Executive Director Adult Social Care and Health and Wellbeing	1418	Pay Band 3	£126,880	£115,345	£103,811
Director for Communities	1418	Pay Band 3	£126,880	£115,345	£103,811
Director of Growth and Regeneration	1312	Pay Band 3	£126,880	£115,345	£103,811
Director of Governance	1056	Pay Band 4	£104,500	£95,000	£85,500

APPENDIX 8: EMPLOYMENT COMMITTEE PAY AWARDS

POST TITLE	HAY POINT SCORE	PAY BAND	MEDIAN + 10 %	MEDIAN	MEDIAN -10 %	SALARY AWARDED BY EC	MARKET SUPPLEMENT
Chief Executive	2128	1	£187,000	£170,000	£153,000	£170,175	N/a
Executive Director Resources	1560	2	£155,240	£141,127	£127,014	£141,127	N/a
Executive Director Children's Services	1418	3	£126,880	£115,345	£103,811	£125,000	N/a
Executive Director Adult Social Care and Health and Wellbeing	1418	3	£126,880	£115,345	£103,811	£115,345	£20,000
Director for Communities	1418	3	£126,880	£115,345	£103,811	£115,345	N/a
Director of Growth and Regeneration	1312	3	£126,880	£115,345	£103,811	£115,345	£5,000
Director of Governance	1056	4	£104,500	£95,000	£85,500	£95,000	N/a