

**ANNEX 1**

**EMPLOYMENT COMMITTEE REPORT  
PROPOSAL TO REVIEW SENIOR MANAGER PAY SCALE  
11 OCTOBER 2013**

<b>EMPLOYMENT COMMITTEE</b>	
<b>11 October 2013</b>	

Contact Officer(s):	Mike Kealey, Advisor to HR	Tel. (01733) 384500
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**PROPOSAL TO REVIEW THE SENIOR MANAGER PAY SCALE**

<b>R E C O M M E N D A T I O N S</b>	
<b>FROM :</b> Advisor to HR	
It is recommended that Employment Committee agrees to commence consultation with senior managers regarding the implementation of a revised Senior Manager Pay Scale.	

**1. ORIGIN OF REPORT**

- 1.1 This report is submitted to the Employment Committee following a review of the senior management structure at Peterborough City Council undertaken by the Chief Executive. During this review it became apparent that the existing pay scales for senior managers had not been reviewed for a number of years and were therefore out of date.

**2. PURPOSE AND REASON FOR REPORT**

- 2.1 The purpose of this report is to present the proposed changes to the Senior Manager Pay Scale and seek Employment Committee’s permission to commence consultation on these proposals with senior managers.
- 2.2 This report is for the Committee to consider under its Terms of Reference No. 2.3.1.4 ‘To determine local terms and conditions of employment for employees’.

**3. TIMESCALE**

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If Yes, date for relevant Cabinet Meeting	N/A
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**4. BACKGROUND**

**4.1 Existing Pay Structures**

- 4.1.1 To ensure a fair and consistent approach to the grading and remuneration of posts, the Council operates a pay framework, with the grade for each post being determined by a job evaluation process and the pay for each post being determined by the appropriate pay band for that grade.
- 4.1.2 For posts which fall within NJC terms and conditions (generally those posts below Head of Service level), the Council applies the single status scheme. This bespoke scheme was developed specifically for local government and was implemented in 2008. The scheme is able to differentiate between manual, administrative, professional, technical and clerical jobs through the application of factors.

- 4.1.3 A formal job evaluation process is applied to NJC posts and outcomes are assessed by a Job Evaluation Panel, consisting of representatives from the business and from the trade unions. Once assigned to a grade, individuals will increment upwards by one spinal column point on 1 April annually, until they reach the top of the grade.
- 4.1.4 NJC pay scales are subject to national negotiations and a 1% increase was applied for 2013/14, backdated to 1 April 2013. The current maximum salary on this pay scale is £52,424, which equates to the highest spinal column point (SCP 60) within Grade 15.
- 4.1.5 For senior posts within the authority, the Council has an agreed Senior Management Pay Scale (Appendix 1), which has been in place for a number of years. The pay scale and bands within this have not been reviewed since implementation although nationally agreed pay increases have been applied, in line with the Council's Pay Policy. The last increase agreed by the Joint Negotiating Committee for Chief Officers was applied in 2008. No pay increases have been applied to the Council's Senior Manager Pay Scale since this date.
- 4.1.6 The current Senior Manager Pay Scale ranges from £55,375 to a maximum of £121,192 (excluding the Chief Executive pay point). There are 5 salary bands, with 5 spinal column points (SCP) within each band. These bands are known as Director 1 (SCP 21 – 25), Director 2 (SCP 16 – 20), Head of Service 1 (SCP 11 – 15), Head of Service 2 (SCP 6 – 10) and Head of Service 3 (SCP 1 – 5). There are 2 further spinal column points on the pay scale; SCP 26 (Chief Executive) and SCP 27. SCP 27 relates to an additional remuneration point of £118,890, which in practice has not been utilised for some time.
- 4.1.7 Posts which sit on the Senior Manager Pay Scale are evaluated using the Hay Group Evaluation Method, as detailed in the 'Job Description' paper submitted to Employment Committee on 11 October 2013. As a result of this evaluation process, each post is allocated a point score which corresponds with one of the pay bands on the Senior Manager Pay Scale.
- 4.1.8 Upon appointment to a senior manager post, the successful candidate will be given a spot salary which relates to one of the spinal column points within the relevant band. In determining the applicable spinal column point, consideration will be given to prevailing market conditions and the level of skill and experience the candidate brings to the role.
- 4.1.9 Once a spot salary for the post has been allocated, no further increase will be applied unless the post holder changes role or undertakes additional responsibilities, which cause the role to be re-evaluated. There is no automatic, incremental progression through spinal column points on the Senior Manager Pay Scale.

## **5. REVIEW OF SENIOR MANAGER PAY SCALE**

### **5.1 Reasons for Reviewing the Pay Scale**

- 5.1.1 As part of the recent review of the senior management structure at Peterborough City Council it was recognised that in addition to revising job descriptions, consideration needed to be given as to whether the existing pay scale was still fit for purpose.
- 5.1.2 Over the past few years local government has changed radically, partly due to the austerity measures of government and partly through adopting new ways of working. This Council is no exception and many of our services are now provided externally. As a result the market for local government has changed and a review of pay scales needs to take this into account.

- 5.1.3 In addition, evidence from recent recruitment campaigns has suggested that the existing pay scale does not have sufficient flexibility to attract and retain high calibre candidates for the most senior posts within the Council. Although market supplements are available as an alternative method of increasing pay in these situations, in practice they are not an effective recruitment tool when competing for high demand candidates with specialist skills sets. As a result, the Council has in some cases had to step outside the existing pay scale banding in order to secure several high profile and critical posts within the authority, predominantly within Children's Services.
- 5.1.4 Given the need to control employment costs in line with budgetary requirements and taking into account the factors above, it was felt that reviewing senior manager pay was essential to ensuring salaries properly reflect the current market conditions in which recruitment takes place and in which local government now operates.

## **5.2 Process for Reviewing Senior Manager Pay Scale**

- 5.2.1 The Hay Group were engaged to assist Peterborough City Council in reviewing and revising the pay scales for senior managers with the aim of creating a pay scale that reflects the needs of the Council and is competitive when benchmarked against comparator organisations.
- 5.2.2 By engaging Hay Group to undertake this review, Peterborough City Council has been able to ensure the independence and impartiality of the review process, which has been conducted by experts in this field. In addition, it has enabled access to benchmarking information, with guidance being provided to explain how roles of equivalent value to those at the Council are remunerated in the wider market place.
- 5.2.3 Before a revised pay scale could be produced and benchmark data reviewed, discussions took place between the Hay consultants, the Chief Executive and the Head of HR to consider the reward strategy, which would form the basis for the pay scales.
- 5.2.4 Once a reward strategy had been agreed, the Hay Group produced a set of revised pay scales, which have been determined in accordance with the reward strategy.
- 5.2.5 Care has been taken throughout this process to ensure that the Chief Executive has not had any involvement in the process relating to her own post. The Hay Group consultants were advised at the commencement of the process that salary data relating to the Chief Executive post could not be shared with the Chief Executive, including the proposed salary range for this post. Any such discussions which were required took place with the Head of HR only.
- 5.2.6 To ensure complete transparency and avoid any potential conflict, the data for the Chief Executive range has therefore been provided separately in Appendix 3. It is recommended that any discussion in relation to the proposed remuneration range for the Chief Executive should be undertaken without the Chief Executive present. The Advisor to HR, Mike Kealey, will be available to assist Employment Committee in this matter.

## **6 REWARD STRATEGY FOR SENIOR MANAGERS**

### **6.1 Pay Philosophy**

- 6.1.1 In order to create a new pay structure which is fit for purpose, consideration had to be given to the Council's preferred philosophy for pay for senior managers. Although individuals are attracted, retained and engaged by a range of both financial and non-financial rewards it was recognised that salary plays a significant factor.

6.1.2 It was therefore felt that the Council needs a transparent reward strategy in relation to pay for senior managers, which will:

- Enable the Council to manage pay costs at a senior level.
- Be a valuable communication tool in terms of demonstrating to existing or potential staff how their contribution will be rewarded, aiding staff recruitment and retention.
- Ensure internal fairness and equity in relation to pay for senior managers.

## **6.2 Market Position**

6.2.1 Consideration also had to be given to the preferred market position used to set pay levels for senior managers. Due to its location and the nature of work undertaken, Peterborough City Council competes nationally for candidates and therefore needs to set a salary scale which allows for national rather than just regional influences.

6.2.2 As a medium-sized, unitary authority, Peterborough City Council needs to attract candidates from both the public and private sector with the skills and experience required to deliver its agenda. In addition, staff at Peterborough City Council will be attractive to private sector employers, who will seek to take advantage of their skill sets.

6.2.3 Taking into account the Council's recruitment and retention requirements, it was identified that the appropriate market position was a blended one, based upon a local government median with sufficient band width to respond to market conditions i.e. the market median with a band width of +10% and –10%.

6.2.4 To determine what the market median should be, detailed market analysis was required to ensure that Peterborough City Council is targeting its resources effectively and that it is neither overpaying nor underpaying for posts which are of an equivalent size in the wider economy and in local government.

## **6.3 Comparator Data for Benchmarking**

6.3.1 Given the market position set out above, it was felt that benchmarking against two data sets was required:

- Benchmark data at the 25<sup>th</sup>, 50<sup>th</sup> and 75<sup>th</sup> percentile from other public sector and not-for-profit organisations (i.e. excluding the private sector).
- Benchmark data at the 25<sup>th</sup>, 50<sup>th</sup> and 75<sup>th</sup> percentile from a broad range of private sector, public sector and not-for-profit organisations. It was agreed that financial services data should be excluded from this benchmarking exercise, as this might otherwise artificially inflate the data.

6.3.2 Please refer to Appendix 2 (A), which provides the market data for jobs of equivalent size to those on the senior management pay scale at Peterborough City Council using benchmarking information from other public sector and not-for-profit organisations. The data is valid as at April 2013 and has been provided by the Hay Group. The data compares base salary only.

6.3.3 Please refer to Appendix 2 (B), which provides the market data for jobs of equivalent size to those on the senior management pay scale at Peterborough City Council using benchmarking information from private sector, public sector and not-for-profit organisations (excluding financial services). The data is valid as at July 2013 and has been provided by the Hay Group. The data compares base salary only.

6.3.4 The benchmark data for the post of Chief Executive can be found separately in Appendix 3.

6.3.5 Having carefully considered the benchmark data, it is proposed that the most appropriate comparator group for the revised Peterborough City Council Senior Manager Pay Scale is the public sector and not-for-profit data set.

## 7. PROPOSED SENIOR MANAGER PAY SCALE

7.1 Based on the pay philosophy and market position set out in this report, the revised Senior Manager Pay Scale is provided underneath for Employment Committee's consideration:

PAY BAND	HAY EVALUATION POINT RANGE	MEDIAN + 10 %	50 <sup>th</sup> PERCENTILE / MARKET MEDIAN	MEDIAN -10 %
<b>Director 1</b>	1508 - 1800	£155,240	£141,127	£127,014
<b>Director 2</b>	1261 - 1507	£126,880	£115,345	£103,811
<b>Director 3</b>	1056 - 1260	£104,500	£95,000	£85,500
<b>Head of Service 1</b>	880 - 1055	£90,135	£81,941	£73,747
<b>Head of Service 2</b>	735 - 879	£77,237	£70,215	£63,194
<b>Head of Service 3</b>	614 - 734	£65,137	£59,215	£53,294

7.2 The current Senior Manager Pay Scale, as set out in paragraph 4.1.6, ranges from £55,375 to a maximum of £121,192. The equivalent pay scale proposed under this review ranges from £53,294 to £126,880. There is an additional pay band recommended, 'Director 1', which may be used for one post at Executive Director level in order to reflect the additional responsibilities taken on since the last review of salaries and as a result of this current senior management restructure.

7.3 The proposed pay scale does not recommend the use of spinal column points within each pay band, so salary for senior managers will no longer relate to a rigid pay point within the band.

7.4 Instead a +/- 10% pay band has been created around the market median. This will allow greater flexibility to adjust for market conditions or to recognise the knowledge, skills and experience of the candidate when setting remuneration within the applicable pay band. It also creates the potential for savings, as currently there are significant pay jumps between spinal column points, which reduces the ability to control costs when setting pay.

- 7.5 The relevant pay band for a post will still be determined by the point score for that post. The point score will be determined through the application of the Hay Group Job Evaluation Method and the evaluations will be undertaken externally and independently by trained Hay Group consultants. This process will ensure the accuracy of the evaluation process, so that the Council can be confident in the validity of the pay process for senior managers.
- 7.6 Salaries will be spot salaries and there is no opportunity for incremental pay progression within the pay scale.
- 7.7 The Chief Executive has the delegation to set pay for those senior manager posts, which are not dealt with by Employment Committee. This will ensure that the Chief Executive has oversight of all pay recommendations at this level and this oversight will provide an internal mechanism to ensure that pay for senior managers is determined in accordance with the Council's Pay Policy, pay philosophy and desired market positioning.
- 7.8 Please refer to Appendix 3 for the proposed pay scale for the Chief Executive post.

## **8. IMPLICATIONS**

- 8.1 It is inevitable in any review of senior manager salaries 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.
- 8.2 Pay for all senior managers will need to be reviewed against the revised pay scale, if it is adopted. To facilitate this process, job descriptions will be reviewed and evaluated externally by Hay to determine the applicable salary band.
- 8.3 The revised pay scale will provide the Council with a framework for allocating pay equitably and transparently and minimising the risk of equal pay claims.

## **9. CONSULTATION**

- 9.1 No unions are recognised for collective bargaining purposes for senior managers. It is therefore proposed that individual consultation is undertaken with each senior manager impacted by the proposal to revise the Senior Management Pay Scale. Consultation will take place for a period of no less than 30 days.
- 9.2 Senior managers who are subject to alternative terms and conditions (e.g. Agenda for Change / Soulbury) will not be included in this consultation exercise, as no change is proposed to their remuneration.
- 9.3 At the end of the consultation period, the proposal will return to Employment Committee for their consideration and a decision regarding implementation of the new pay scale.

## **10. ANTICIPATED OUTCOMES**

- 10.1 If Employment Committee approves the recommendation to consult with senior managers, it is anticipated that consultation will commence in October 2013. A further paper will be submitted to Employment Committee following the closure of the consultation period, detailing the response to consultation and enabling Employment Committee to reach a decision regarding the implementation of the revised pay scale.
- 10.2 If the revised pay scale is adopted, Peterborough City Council will be reassured that it has a clear and effective pay scale to remunerate senior managers.

- 10.3 It is anticipated that the adoption of the revised pay scale will aid the recruitment and retention of high-calibre staff at Peterborough City Council, whilst ensuring budgetary control in difficult financial circumstances.

## **11. REASONS FOR RECOMMENDATIONS**

- 11.1 These proposed changes are to ensure the Council operates within frameworks that are lawful, best practice, transparent and consistent whilst ensuring that pay for senior managers is competitive, that the pay scales allow flexibility when recruiting and retaining staff and that there is an equitable and transparent process for determining senior management pay.

## **12. ALTERNATIVE OPTIONS CONSIDERED**

- 12.1 One option considered was not to make any changes to the existing Senior Manager Pay Scale however the Council has had to step outside the existing pay scale to make appointments and therefore the overall credibility and validity of the existing pay scale has already been undermined. Although salaries externally have been adjusting downwards as a result of economic austerity, the internal pay scale for senior managers had not been reviewed in recent years in light of this. Given the significant budgetary pressures and the redundancies at other levels within the organisation, it was considered appropriate that the pay mechanism for senior managers should be reviewed to ensure that staff are remunerated fairly but are not compensated above the market rate for equivalent roles.
- 12.2 Consideration was given as to whether Hay was the most appropriate method for determining the 'value' of senior manager roles and the Local Government Association evaluation scheme was reviewed as an alternative. It was felt however that the expertise provided by the Hay group and their access to data across all sectors in the economy provided a sound basis for evaluation and benchmarking. It was also considered that this enabled consistency in the evaluation process, with the Hay evaluation mechanism already being recognised in the Council's Pay Policy.
- 12.3 Consideration was given as to whether a more complex reward system should be proposed, introducing performance related pay elements to total reward. It was felt that given the significant change and restructuring proposed within the Council as a result of the senior management restructure, it was not the appropriate time to introduce such a scheme.

## **13. BACKGROUND DOCUMENTS**

- 13.1 Peterborough City Council Pay Policy Statement 2013/14

## **14. APPENDICES**

- Appendix 1: Current Senior Manager Pay Scale
- Appendix 2: Benchmarking Data (Excluding Chief Executive)
- Appendix 3: Chief Executive Data



**APPENDIX 1: CURRENT SENIOR MANAGER PAY SCALE**

<b>Senior Management Pay Scale</b>			
<b>Spinal Column Pt</b>	<b>Annual Salary</b>	<b>Pay Band</b>	<b>Hay Point Score</b>
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 2: BENCHMARK DATA (EXCLUDING CHIEF EXECUTIVE)**

**A. BENCHMARK DATA (PUBLIC SECTOR AND NOT-FOR-PROFIT)**

<b>Base Salary</b>			
<b>Grade (Hay Point Range)</b>	<b>75<sup>th</sup> Percentile</b>	<b>50<sup>th</sup> Percentile</b>	<b>25<sup>th</sup> Percentile</b>
<b>Director 1 (1508 – 1800)</b>	£162,373	£141,127	£131,394
<b>Director 2 (1261 - 1507)</b>	£129,497	£115,345	£103,475
<b>Director 3 (1056 - 1260)</b>	£106,478	£95,000	£85,364
<b>Head of Service 1 (880 - 1055)</b>	£92,002	£81,941	£72,525
<b>Head of Service 2 (735 - 879)</b>	£79,008	£70,215	£63,831
<b>Head of Service 3 (614 - 734)</b>	£66,500	£59,215	£54,422

**B. BENCHMARK DATA (PRIVATE SECTOR, PUBLIC SECTOR AND NOT-FOR-PROFIT)**

<b>Base Salary</b>			
<b>Grade (Hay Point Range)</b>	<b>75<sup>th</sup> Percentile</b>	<b>50<sup>th</sup> Percentile</b>	<b>25<sup>th</sup> Percentile</b>
<b>Director 1 (1508 – 1800)</b>	£199,079	£168,625	£140,049
<b>Director 2 (1261 - 1507)</b>	£162,326	£135,000	£117,362
<b>Director 3 (1056 - 1260)</b>	£135,600	£113,911	£96,533
<b>Head of Service 1 (880 - 1055)</b>	£114,218	£94,669	£81,818
<b>Head of Service 2 (735 - 879)</b>	£94,016	£79,035	£69,522
<b>Head of Service 3 (614 - 734)</b>	£78,519	£66,428	£57,501

**APPENDIX 3: CHIEF EXECUTIVE (BENCHMARK DATA AND PAY RANGE)**

**A. BENCHMARK DATA (PUBLIC SECTOR AND NOT-FOR-PROFIT)**

<b>Base Salary</b>			
<b>Grade (Hay Point Range)</b>	<b>75<sup>th</sup> Percentile</b>	<b>50<sup>th</sup> Percentile</b>	<b>25<sup>th</sup> Percentile</b>
<b>Chief Executive (1801 – 2140)</b>	£208,600	£170,000	£137,107

**A. BENCHMARK DATA (PRIVATE SECTOR, PUBLIC SECTOR AND NOT-FOR-PROFIT)**

<b>Base Salary</b>			
<b>Grade (Hay Point Range)</b>	<b>75<sup>th</sup> Percentile</b>	<b>50<sup>th</sup> Percentile</b>	<b>25<sup>th</sup> Percentile</b>
<b>Chief Executive (1801 – 2140)</b>	£256,113	£201,928	£163,370

**B. PROPOSED CHIEF EXECUTIVE SALARY RANGE**

<b>Base Salary</b>			
<b>Grade (Hay Point Range)</b>	<b>Median +10%</b>	<b>50<sup>th</sup> Percentile (Market Median)</b>	<b>Median -10%</b>
<b>Chief Executive (1801 – 2140)</b>	£187,000	£170,000	£153,000

**ANNEX 2**

**SENIOR MANAGER PAY SCALE CONSULTATION**

**18 OCTOBER 2013**

# **Senior Manager Pay Scale Consultation**

Formal Consultation Paper  
for Senior Managers at Peterborough City Council

**18 October 2013**

## **1. INTRODUCTION AND BACKGROUND**

1.1 This document forms the basis of consultation on the proposal to revise the senior management pay scale at Peterborough City Council. It provides details relating to the existing pay scale for senior managers and the proposed changes to this pay scale. It sets out the process and timetable for consultation and the mechanism by which feedback can be provided on the proposal.

### **1.2 Existing Pay Scale**

1.2.1 The existing pay scale for senior managers whose roles are evaluated using the Hay Group Evaluation Method is provided in Appendix 1.

1.2.2 As a result of the application of the Hay job evaluation process, each post is allocated a point score which corresponds with one of the pay bands on the Senior Manager Pay Scale.

1.2.3 Upon appointment to a senior manager post, the successful candidate will be given a spot salary which relates to one of the spinal column points within the relevant band. In determining the applicable spinal column point, consideration will be given to prevailing market conditions and the level of skill and experience the candidate brings to the role.

1.2.4 Once a spot salary for the post has been allocated, no further increase will be applied unless the post holder changes role or undertakes additional responsibilities, which cause the role to be re-evaluated.

1.2.5 There is no automatic, incremental progression through spinal column points on the existing Senior Manager Pay Scale.

### **1.3 Reasons for Reviewing the Pay Scale**

1.3.1 As part of the recent review of the senior management structure at Peterborough City Council it was recognised that in addition to revising job descriptions, consideration needed to be given as to whether the existing pay scale was still fit for purpose.

1.3.2 The existing senior manager pay scale and bands have not been reviewed since implementation although nationally agreed pay increases have been applied, in line with the Council's Pay Policy. The last increase agreed by the Joint Negotiating Committee for Chief Officers was applied in 2008. No pay increases have been applied to the Council's Senior Manager Pay Scale since this date.

1.3.3 Over the past few years local government has changed radically, partly due to the austerity measures of government and partly through adopting new ways of working. This Council is no exception and many of our services are now provided externally. As a result the job's market for local government has changed and a review of pay scales needs to take this into account.

1.3.4 In addition, evidence from recent recruitment campaigns has suggested that the existing pay scale does 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 existing pay scale banding in order to secure several high profile and critical posts within the authority.

1.3.5 Given the need to control employment costs in line with budgetary requirements and taking into account the factors above, it was felt that reviewing senior manager pay was essential to ensuring salaries properly reflect the current market conditions in which recruitment takes place and in which local government now operates.

### **1.4 Process for Reviewing Senior Manager Pay Scale**

- 1.4.1 The Hay Group were engaged to assist Peterborough City Council in reviewing and revising the pay scales for senior managers with the aim of creating a pay scale that reflects the needs of the Council and is competitive when benchmarked against comparator organisations.
- 1.4.2 By engaging Hay Group to undertake this review, Peterborough City Council has been able to ensure the independence and impartiality of the review process, which has been conducted by experts in this field.
- 1.4.3 In addition, it has enabled access to benchmarking information, with guidance being provided to explain how roles of equivalent value to those at the Council are remunerated in the wider market place. Benchmarking was undertaken against the local government and not-for-profit sectors as well as against the private sector (excluding financial services).
- 1.4.4 Furthermore it has assisted the Council in proposing a pay structure which will enable internal fairness and equity in relation to pay for senior managers.

## 2. PROPOSED SENIOR MANAGER PAY SCALE

- 2.1 The revised Senior Manager Pay Scale which is proposed for consultation is set out underneath:

PAY BAND	HAY EVALUATION POINT RANGE	MEDIAN + 10 %	50 <sup>th</sup> PERCENTILE / MARKET MEDIAN	MEDIAN -10 %
Director 1	1508 - 1800	£155,240	£141,127	£127,014
Director 2	1261 - 1507	£126,880	£115,345	£103,811
Director 3	1056 - 1260	£104,500	£95,000	£85,500
Head of Service 1	880 - 1055	£90,135	£81,941	£73,747
Head of Service 2	735 - 879	£77,237	£70,215	£63,194
Head of Service 3	614 - 734	£65,137	£59,215	£53,294

- 2.2 The proposed pay scale is based upon a local government market median with sufficient band width to respond to market conditions i.e. a local government market median with a band width of +10% and -10%.
- 2.3 The current Senior Manager Pay Scale (Appendix 1) ranges from £55,375 to a maximum of £121,192. The equivalent pay scale proposed under this review ranges from £53,294 to £126,880.
- 2.4 There is an additional pay band recommended, 'Director 1', which will not be widely used but will provide the flexibility to recognise specific roles with significant responsibilities within the Council.

- 2.5 The proposed pay scale does not recommend the use of spinal column points within each pay band, so salary for senior managers will no longer relate to a rigid pay point within the band.
- 2.6 Instead a + / - 10% pay band has been created around the market median. This will allow greater flexibility to adjust for market conditions or to recognise the knowledge, skills and experience of the candidate when setting remuneration within the applicable pay band.
- 2.7 The relevant pay band for a post will still be determined by the point score for that post. The point score will be determined through the application of the Hay Group Job Evaluation Method and the evaluations will be undertaken externally and independently by trained Hay Group consultants.
- 2.8 Salaries will be spot salaries and there will be no opportunity for incremental pay progression within the pay scale.

### **3. IMPLICATIONS**

- 3.1 It is inevitable in any review of senior manager salaries 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.
- 3.2 Pay for all senior managers will need to be reviewed against the revised pay scale, if it is adopted. To facilitate this process, job descriptions will be reviewed and evaluated externally by Hay to determine the applicable salary band.
- 3.3 Until an individual's job description has been reviewed and evaluated externally by Hay, it is impossible to determine what the point score and corresponding pay band will be. The job evaluation process for all senior management posts will be conducted over the coming months.

### **4. CONSULTATION PROCESS**

- 4.1 Employment Committee reviewed the proposal to revise the senior manager pay scale on 11 October 2013 and has given its approval for consultation to be undertaken with senior managers.
- 4.2 No unions are recognised for collective bargaining purposes for senior managers however the Joint Consultative Forum has been advised of the proposal.
- 4.3 Individual consultation with each senior manager impacted by the proposal to revise the Senior Management Pay Scale will commence on 18 October 2013 for a period of no less than 30 days. Please refer to Appendix 2 for the proposed consultation timetable.
- 4.4 Senior managers who are subject to alternative terms and conditions (e.g. Agenda for Change / Soulbury) will not be included in this consultation exercise, as no change is proposed to their remuneration.
- 4.5 No action will be taken until full and meaningful consultation with affected staff has taken place and Employment Committee has had the opportunity to review the response to consultation and reach a decision.
- 4.6 This document provides the basis for that consultation and we welcome and appreciate your views and comments on the proposal. We will consider and respond to all comments and views submitted during this consultation period. Please email your comments to: [lyn.neely@peterborough.gov.uk](mailto:lyn.neely@peterborough.gov.uk).



## APPENDIX 1: EXISTING SENIOR MANAGER PAY SCALE

<b>Senior Management Pay Scale</b>			
<b>Spinal Column Point</b>	<b>Annual Salary</b>	<b>Pay Band</b>	<b>Hay Point Score</b>
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 2: CONSULTATION TIMETABLE

DATE	ACTION
11 October 2013	Proposals submitted to Employment Committee seeking agreement to commence consultation with senior managers regarding a revised senior manager pay scale for staff remunerated on Hay.
17 October 2013	Although no trade unions are recognised for collective bargaining purposes for senior managers, proposal is shared with Joint Consultative Forum for their information.
18 October 2013	Letter issued to all senior managers to commence 30-day consultation period. Consultation paper includes existing and proposed senior manager pay scales.
21 October – 18 November 2013	Senior managers have opportunity to submit feedback on the proposal, pose any questions or have a 1:1 meeting. (Requests for a 1:1 meeting should be submitted before 1 November 2013).
18 November 2013	Proposed end of consultation period. Once consultation closes, responses will be collated for consideration by Employment Committee.
W/c 25 November 2013	Employment Committee meets to consider response to consultation and determine whether revised pay scale should be implemented. Once a decision has been reached, this will be communicated to staff.

**ANNEX 3**

**FEEDBACK RE SENIOR MANAGER PAY SCALE  
CONSULTATION**

**(INCLUDING SENIOR MANAGER JOB EVALUATION APPEAL PROCESS)**

Telephone: 01733 452300  
E-Mail: gillian.beasley@peterborough.gov.uk  
Please ask for: Gillian Beasley  
Our Ref:  
Your Ref:



Chief Executive's Office  
Town Hall  
Bridge Street  
Peterborough  
➤ PE1 1HL

**PRIVATE & CONFIDENTIAL**



20 December 2013



Dear Colleague

**Feedback re Senior Manager Pay Scale Consultation**

I wrote to you following the close of consultation on the senior manager pay scale to thank you for your feedback and to advise that I would write to you again to provide you with my thoughts and update you on the process.

Having had time to carefully consider your comments, I would like to set out my responses underneath to the common themes which emerged:

- Managers felt it was difficult to comment on the proposed pay scale without first understanding the impact on their own post i.e. what their job evaluation outcome would be, which pay band would be applicable and what salary they would be assigned. Managers suggested it would have been better to consult on the pay scale once the job evaluation process had been conducted.

*I understand the points raised but I believe it is appropriate first of all to establish the basis of the pay structure before assigning individuals to it.*

*We will of course ensure that affected managers have every opportunity to contribute to their job evaluation under the Hay scheme through:*

- i. *Their direct involvement in drafting and agreeing the content of the job description submitted for evaluation to Hay. (The attached document entitled Senior Manager Job Evaluation Process sets out in detail the process to be followed.)*
  - ii. *Having the opportunity to appeal the outcome of the evaluation, should it be necessary, in accordance with the proposed Senior Manager Job Evaluation Appeal Process (attached).*
- Managers were concerned that the consultation paper did not address whether, following the initial determination of salaries, there would be a process of regular review over time to ensure that salaries reflect the skills and experience developed over time in post. There was a concern that in the absence of a regular salary review mechanism, inequities could develop over time in senior manager salaries.

*Under the existing senior management pay structure (Hay) there is of course no progression through the pay scale unless there is a change in responsibilities, which results in a re-evaluation of the role. However having listened to your feedback during the consultation process, I do acknowledge that some form of progression for senior manager salaries is required and I will be making that recommendation to Employment Committee. If Employment Committee agrees that I can introduce a progression scheme, I will consult with you all further on the content and operation of such a scheme.*

- Managers wanted clarity on the process that would be applied to agree job descriptions and evaluate posts, whether there would be an appeal process if managers wished to contest job evaluation outcomes and also, how salaries would be assigned within the band width (i.e. what are the applicable criteria for determining an individual's salary within the band).

*As noted above, the process for evaluating senior manager job descriptions has been attached to this letter. I would like to reassure you that managers will play a key role in drafting their job descriptions as it is important that the job description submitted to the Hay Group for evaluation accurately reflects the role undertaken and the needs of the service.*

*The proposed appeals process, which will be submitted to Employment Committee for their approval, has also been attached. It is however worth noting that given the technical expertise of Hay consultants and the rigour of their evaluation process, any appeal will ultimately centre on the job description accuracy and organisational context rather than the technical scoring. For this reason it is important that the job descriptions submitted are accurate and detailed and agreed with both the individual and their line manager.*

*With regards to the assignment of salaries within bands, guidance setting out the principles to be applied will be taken to Employment Committee for approval. Once approved, this will be shared with all senior managers to ensure transparency and consistency in the pay system for senior managers. I enclose a copy of the guidance provided by Hay consultants and if you have any comments on this, please contact Lyn Neely.*

- Managers also wanted to know when the new pay scale would be implemented, if it is adopted by Employment Committee.

*The new pay scale will become effective, as soon as it is agreed by Employment Committee however it will take several months for the job evaluation process for all senior manager posts to be undertaken. We believe this will be completed by 31 March 2014.*

*From the point the pay scale is agreed, anyone who applies for a new post or whose role changes as a result of organisational restructuring / business transformation, will have the salary for their new / revised post set on the new pay scale.*

- Managers queried whether pay protection will be offered in the event that the new pay scale is adopted and salaries decrease following the job evaluation process. If pay protection is offered, managers wanted to know the terms and duration of any such protection.

*Currently pay protection is only offered under the Council's Redundancy Policy. It will therefore be for Employment Committee to decide whether senior managers, whose salary decreases as a result of a job evaluation process, are awarded a measure of pay protection.*

*I will recommend that Employment Committee considers awarding pay protection for this senior manager review and pay review on the same basis as in the Council's Redundancy Policy i.e. 12 months full pay and 6 months half pay. You will appreciate however that this is a decision for Employment Committee.*

- Managers noted that the consultation paper did not make it clear that the benchmark data on which the proposed pay scale was based included not-for-profit organisations as well as local government comparators. Also, managers felt that the benchmark data might have better validity if not-for-profit organisations were excluded, as they did not feel these organisations were relevant comparators. Ideally, managers would have liked to see the benchmark data for local government only.

*To clarify, the comparator group adopted taking into account the advice from Hay, was a blended norm group of both local government and not-for-profit organisations. This norm group was deemed the most appropriate given vacancies across the Council are often*

*resourced from these sectors and that salary levels are comparable. The inclusion of the not-for-profit sector therefore provides a more accurate reflection of the marketplace and positively influences the pay scale that has been proposed as the not-for-profit sector pay data increased the benchmark data (on which our proposed pay scales are based), by 5%.*

- Some managers felt that the proposed pay structure would have a more detrimental impact for those on 'Head of Service' pay bands rather than on 'Director' pay bands and queried why the pay scale had been designed in this manner. Some thought that the cost savings promised as part of the senior manager restructure would be achieved through the reduction of salaries for those at middle management rather than the most senior posts.

*The proposed pay scale was designed by Hay using the benchmark data from the local government and not-for-profit sectors. I have decided to remove the assignation of 'Director' and 'Head of Service' and replace the pay bands with a numerical system (i.e. pay band 1, pay band 2 etc.) because where an individual sits on the pay band is not determined by the title of their post but by the points awarded through the evaluation process.*

*The pay bands therefore directly reflect the prevailing market conditions and the market rates for roles of equivalent value under the Hay evaluation system to those within Peterborough City Council.*

- Feedback was also provided that managers had not been aware that the Council was considering a review of the pay structure for senior managers and they would have appreciated some indication of this, in advance of consultation commencing.

*The consultation document for the senior management restructure made it clear that I intended to review pay and job descriptions for all senior managers. I would draw your attention to this document, which has been in the public domain for some time.*

Now that consultation has closed and I have considered your feedback and provided you with my thoughts, the next step is to submit a paper to Employment Committee asking them to reach a decision on the following matters:

- The proposed senior manager pay scale.
- The recommendation regarding developing a progression-related pay mechanism for senior managers.
- The recommendation regarding job evaluation pay protection for senior managers posts.
- The proposed Senior Manager Job Evaluation Appeal Process.
- The proposed guidance document on assigning salaries within a pay band.

In reaching a decision, Employment Committee will carefully consider the feedback you have submitted through the consultation process. I am working with the Chairman of Employment Committee to identify a date in January 2014 for this meeting. I will write to you again, once I am able to provide you with an update however should you have any queries in the meantime, please do not hesitate to contact me directly.

Yours sincerely,

Gillian Beasley  
Chief Executive

## 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.

## 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.



**ANNEX 4**

**GUIDANCE RE SETTING SENIOR MANAGER SALARIES**

# Peterborough City Council Draft Guidelines on Setting 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.