

**Report for:** Staffing and Remuneration Committee

**Item number:** 7

**Title:** New Senior Managers' Pay and Grading Arrangements  
**Report authorised by:** Nick Walkley - Chief Executive and Head of Paid Service

**Lead Officer:** Jacquie McGeachie – Assistant Director, Human Resources

**Ward(s) affected:** All

**Report for Key/  
Non Key Decision:** N/A

## **1. Describe the issue under consideration**

- 1.1 At the Staffing and Remuneration Committee on the 16 December 2014 it was agreed that the Modern Reward Strategy project would include, inter alia, the following:
- A review of the Council's pay and grading structure with the objective of implementing a single pay and grading structure using one job evaluation scheme
  - A review of all the Council's terms and conditions including allowances for all employees (except Teachers and employees on Soulbury terms and conditions)
  - A review of Chief Officer and Senior Managers pay and grading arrangements
  - The development and implementation of job families and generic role profiles.
- 1.2 It was further agreed that the Staffing and Remuneration Committee be kept informed of progress of the project and that any proposed changes to employees' terms and conditions of employment to be brought back to the Staffing and Remuneration Committee for consideration and approval.
- 1.3 The Staffing and Remuneration Committee, on the 14 September 2015, agreed to a 30 day consultation exercise with senior managers regarding their pay and grading arrangements, as specified in 1.1 above.
- 1.4 The purpose of this report is to provide feedback to the Staffing and Remuneration Committee regarding the consultation exercise with senior managers.

## **2. Cabinet Member Introduction**

Not required for the S&R Committee

## **3. Recommendations**

- 3.1. The Staffing and Remuneration Committee to note the successful conduct and satisfactory outcome of the consultation regarding the Senior Pay Principles & Grading Structure.
- 3.2. The Staffing and Remuneration Committee to agree the new Senior Managers Pay and Grading Structure, as detailed in Appendix B, with effect from the 1 April 2016.

## **4. Reason for decision**

The Staffing and Remuneration Committee agreed the Senior Manager Pay and Grading Reward Principles on the 14<sup>th</sup> September 2015. This paper now signals the completion of Phase 1 of the Modern Reward Strategy, as agreed on the 14 December 2014.

## **5. Alternative options considered**

This is a report back item.

## **6. Background information**

- 6.1. Following the Staffing and Remuneration Committee on the 14 September 2015 consultation with senior managers commenced on the 15 September through to the 15 October 2015.
- 6.2. The consultation letter invited senior managers to comment on the following proposals:
  - 6.2.1. The consolidation of two elements of pay currently used. These are known as Consolidated Allowance and London Weighting Allowance. The proposal is for these elements to cease as separate elements and to be included in the base pay.
  - 6.2.2. The implementation of the Reward Principles.
  - 6.2.3. The introduction of contribution based pay progression for Senior Managers.
  - 6.2.4. To break the link with national pay bargaining and the outcomes from the Joint Negotiating Committee for Chief Officers of Local Authorities.
- 6.3. Following the close of consultation consideration was given to the comments from senior managers and as a result no significant changes were made to the proposals. A summary of the feedback is attached at Appendix A. The Pay Structure can be seen at Appendix B. The Pay Structure was modified as a result of feedback during consultation. The previous structure proposed two bands at Level A, Level B and Level C with three bands at Level D. The

revised proposal is now two bands at Level A, B and D and three bands at Level C. This is to reflect the nature of roles that fall within these Levels and the range of posts at Head of Service and Senior Professional level.

6.4. The next step is to start the implementation process and to complete this by 1 April 2016. This will include:

6.4.1. New employment contracts will be issued to Senior Managers. A separate report is being taken to the Staffing and Remuneration Committee on the 14 December 2015 for approval.

6.4.2. Pay rates for all senior managers will be confirmed, post consolidation of allowances as listed in 6.2.1.

6.4.3. Any anomalies arising from the implementation of the pay and grading for senior managers will be addressed and reported back to the Staffing and Remuneration Committee in March 2016.

## **7. Contribution to strategic outcomes**

The Modern Reward Strategy and its implementation is another step to achieving the cultural changes the Council needs; starting with senior managers is considered the right thing to do.

## **8. Statutory Officers' comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities**

### **8.1. Assistant Director of Corporate Governance**

The proposed new Senior Managers Pay and Grading Structure will involve changes to senior managers' existing contracts e.g. the breaking of the link with national pay bargaining, the consolidation of Consolidated Allowance and London Weighting Allowance into base pay. Unless senior managers' existing contracts allow these changes to be made without their agreement, then if the Committee agrees the new Structure should be implemented from 1<sup>st</sup> April 2016, then it will be necessary to either:-

(a) obtain the acceptance by senior managers of the new employment contracts with effect from 1<sup>st</sup> April 2016, or

(b) to terminate the contracts of those employees not accepting the new employment contracts, offering them the opportunity to accept the new employment contract during the period of notice of termination.

The carrying out of the consultation referred to in this report will have reduced the risk of successful unfair dismissal claims being brought by those managers whose contracts are terminated.

### **8.2. Chief Finance Officer**

The committee have received elsewhere on the agenda reports detailing the proposed Tier 3 structure, proposed changes to senior managers contracts and in this report a proposed grading structure based around Bands.

Taken together the financial implications are:

- An additional cost relating to travel and subsistence arising from subsuming the consolidated allowance into the basic pay amount; this is considered to be relatively minor and will need to be accommodated within existing service budgets; and
- Potential costs associated with the proposed changes to the pay and grading structure and its application to Tier 3 posts.

In order to confirm the affordability of the proposals in this report a detailed financial evaluation will need to be undertaken which it is proposed will be brought back to this committee in January. At that stage members will be able to assess the financial implications before giving approval to proceed with the implementation.

## **9. Use of Appendices**

- 9.1. The communication to senior managers regarding the opening and closing of the consultation, including the outcome of the consultation, is attached as Appendix A to this paper as listed below.

Appendix A - Summary of outcome of Senior Manager Pay and Grading consultation

Appendix B - Revised Pay Bands

## **10. Local Government (Access to Information) Act 1985**

Not Applicable

### Summary of outcome of Senior Manager Pay and Grading consultation

During the consultation period the Reward team arranged 12 one to one meetings with affected staff and received 7 emails to the senior manager pay in box.

In order to provide a cohesive narrative the Reward team examined the nature of the questions, comments and observations from both emails and interviews and grouped the queries and responses into the following common themes.

#### 1. Move away from national pay bargaining and the outcomes of the Joint Negotiating Committee for Chief Officers of Local Authorities

There were a few questions relating to the decision to bring ownership of the senior management pay and grading framework within the control of the Council. The Staffing & Remuneration Committee will in future be accountable for the outcomes which in the past have come from the Joint Negotiating Committee for Chief Officers of Local Authorities (JNC). We believe this change will lead to more transparent and consistent decision making.

The amount available for pay awards will be determined largely by what Haringey can afford. The Staffing & Remuneration Committee will consider evidence from members of the Senior Leadership Team (SLT), including the Head of Paid Service; Finance and Human Resources when setting the budget for the annual pay review.

The cost of living will be considered as part of this process although there are no plans to make discrete awards for inflation as we may have done in the past.

##### 1a. Pay linked to contribution

There were one or two questions regarding how pay would be linked to contribution and what that might look like.

The introduction of the new arrangements provides the Council with a mechanism to progress individuals through their pay band. This progression will in future be linked to contribution which was defined in a recent report from the Institute of Employment Studies as:

“Contribution-based pay can be viewed as a more sophisticated interpretation, or broadening of performance related pay, which ensures staff are not measured simply on objectives, but also on competence, skills and behaviour. This reflects a more holistic approach to performance assessment and hence to pay progression placing a value on how an individual achieved objectives, as well as on what was achieved.”

We believe that this is the approach which most closely aligns to our values.

##### 1b. Variable Pay

There were a small number of comments regarding the introduction of variable pay or bonuses for senior managers.

Haringey does not believe that bonuses are appropriate for senior managers relying instead on fixing base pay at a realistic rate that will enable us to attract and retain the people we need to deliver a high quality service to the community.

#### 1c. Base pay and links to the external market

We were asked for clarification of how our pay bands would be linked to the external market.

When setting pay bands we will be mindful of the need to attract and retain the talent we need to deliver the complex range of services to the community. When reviewing pay bands the Staffing & Remuneration Committee will take into account, inter alia, the results of pay and benefit surveys, cost of living indices, and movements in average earnings in both the public sector and the whole economy.

#### 1d. Future pay potential

One person sought clarification on what future pay potential would look like if the ceiling of their new pay band was lower than their current pay scale.

Future pay cannot be guaranteed but the Staffing & Remuneration Committee will review the position each year.

## **2. There were a number of requests seeking clarification of how the new framework for senior managers will be implemented and how it will affect individuals.**

### 2a. How do individuals transition to the new arrangements?

The initiative to simplify senior management pay and grading arrangements is running alongside a number of other projects including the restructure of some services and the Tier 3 review.

How individuals will transition to the new arrangements will therefore vary from service to service but we will ensure that all those affected will be kept fully informed at all times.

### 2b. Consolidated allowance and travel expenses

We were asked to clarify the consequences of including the consolidated allowance into base pay and can confirm that all staff will in future use the same process to reclaim incidental, out of pocket, expenses incurred on Council business, including travel expenses, and that the separate arrangements for senior managers will be discontinued.

This not only brings some much needed consistency and transparency to our procedures but sets out our intention to streamline processes whenever presented with the opportunity.

#### 2c. New contracts

We are taking the opportunity to issue new contracts of employment for senior managers in Tiers 1, 2 and 3 which not only reflect the changes in the pay and grading arrangements but set out clearly what the Council expects from its senior managers.

#### 2d. Evaluation of senior management roles

All senior management roles will be evaluated using the Hay Group methodology as agreed by the Staffing & Remuneration Committee. We have designed a protocol to assess all roles within the Council using either the Hay Group or Greater London Provincial Council (GLPC) methodology. When the Modern Reward Strategy is rolled out to the rest of the workforce, this approach will assist us in fulfilling our outstanding commitment to the Single Status initiative.

### **3. There were a number of suggestions which might make the new framework more relevant to individuals.**

#### 3a. Job families

We received a couple of requests to extend the number of job families to include some of the smaller and more specialist disciplines that are needed to deliver our services.

It was never our intention that job families would be cast in stone but that they would evolve to reflect the changing profile of the workforce. We have been working with a specialist external consultancy to ensure that our core job families are robust and will accommodate meaningful career paths.

#### 3b. Job levels

Based on feedback from the job evaluation exercise we have made some revisions to the job level framework in order to accommodate an additional step at the Head of Service level in order to recognise Senior Professional III roles.

#### 3c. Paying for skills and the Single Status agenda

There were a small number of comments regarding the recognition of general market practice in paying skills premia for certain job families.

At this point it seem appropriate to reiterate Haringey's commitment to the Single Status initiative which uses as its starting point that roles evaluated at similar levels will be positioned within the same pay band. Historically, however, we have experienced difficulties in recruiting to some areas where there are market shortages in the skills or talent we need. We have therefore commissioned an independent specialist consultancy to help us identify where such market premia may be justified.

NB – There were some queries of a general nature which had no direct bearing on the reason for the consultation. These queries received individual responses but in the interests of clarity, these have been omitted from the formal management response.



Appendix B – Revised Pay Bands

Haringey - Modern Reward Strategy						
Revised Pay Bands						
Job Level	People Leader	Individual Contributor	Pay Bands			
			Minimum	Intermediate (Benchmark)	Maximum	
Level A	Senior Leadership Team		Step 2	£173,700	£187,800	£201,900
			Step 1	£136,200	£147,200	£158,200
Level B	Director / Assistant Director		Step 2	£111,000	£120,000	£129,000
			Step 1	£94,800	£102,500	£110,200
Level C	Head of Service	Senior Professional III	Step 3	£80,800	£87,300	£93,800
			Step 2	£68,600	£74,200	£79,800
			Step 1	£58,600	£63,300	£68,000
Level D	Department Manager	Senior Professional II	Step 2	£50,000	£54,000	£58,000
			Step 1	£42,600	£46,000	£49,400
Level E	Senior Team Leader	Senior Professional I			Out of Scope	
Level F	Team Leader	Professional & Technical II			Out of Scope	
Level G		Professional & Technical I			Out of Scope	
Level H		Vocational & Administrative			Out of Scope	