

**Report for:** Staffing and Remuneration Committee

**Item number:** 7

**Title:** Implementation of New Senior Pay and Grading Arrangements including Pay Review and Employment Contract.

**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:

1.1.1 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

1.1.2 A review of all the Council's terms and conditions including allowances for all employees (except Teachers and employees on Soulbury terms and conditions).

1.1.3 A review of Chief Officer and Senior Managers pay and grading arrangements.

1.1.4 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 On the 14 December 2015 the Staffing and Remuneration Committee agreed to the adoption of a new Senior Managers Pay and Grading Structure with effect from 1 April 2016.

1.4 The purpose of this report is to provide an update to the Staffing and Remuneration Committee regarding:

1.4.1 Implementation of Senior Managers' Pay & Grading Arrangements.

1.4.2 Conduct of the Senior Managers' Pay Review for 2016.

1.4.3 New Senior Manager Contract.

## **2. Cabinet Member Introduction**

Not required for the Staffing and Remuneration Committee.

## **3. Recommendations**

- 3.1. Note the outcomes of the implementation of the new Senior Managers' Pay and Grading arrangements detailed in Appendix A and in particular the actions taken by the Chief Executive in addressing the anomalies encountered when confirming or appointing individuals in position.
- 3.2. Approve the parameters for the conduct of the Senior Manager Pay Review for 2016 as outlined in Appendix B.
- 3.3. Approve the Senior Manager contract of employment set out in Appendix C, to be issued to all senior managers apart from the Chief Executive to take effect from 1<sup>st</sup> April 2016
- 3.4. Approve the Chief Executive's contract of employment set out in Appendix D, to be issued to the Chief Executive to take effect from 1<sup>st</sup> April 2016.

## **4. Reason for decision**

- 4.1. The Committee considered the report on the new Senior Managers' Pay and Grading arrangements, presented by the Chief Executive at their meeting in December 2015 and welcomed the greater democratic control that the proposals entailed. The Chief Executive advised that a detailed financial evaluation of the proposals would be undertaken and brought back to the Committee in January 2016.
- 4.2. The Committee agreed, at its meeting in September 2015, to an annual agenda and timetable by which the Committee would plan, agree and review pay within the Council, which would include defining the parameters of the conduct of the Senior Managers' Pay Review each year.
- 4.3. The Committee noted in its meeting in December 2015 that the final version of the Senior Management Employment Contract was to be brought back to the Committee in January 2016 for approval, and thereafter would be issued to all Senior Managers apart from the Chief Executive to take effect from 1 April 2016. At that meeting the Committee also noted that the final version of the employment contract for the Chief Executive was to be brought back to the Committee in January 2016 for approval, and thereafter would be issued to the Chief Executive to take effect from 1 April 2016

## **5. Alternative options considered**

This is a report back item.

## **6. Background information**

- 6.1. Implementation of the new Senior Managers' Pay and Grading arrangements
  - 6.1.1 In September 2015 the Staffing & Remuneration Committee agreed to start consultation with Senior Managers regarding their pay and grading arrangements to start the implementation of the first phase of the Modern Reward Strategy project.
  - 6.1.2 The main points for consideration were:

- 6.1.2.1 The break with the national pay bargaining and outcomes from the Joint Negotiating Committee for Chief Officers of Local Authorities (JNC).
- 6.1.2.2 To introduce a new pay review and progression process for this group which would enable to the Council to address the issues facing Haringey.
- 6.1.2.3 To consolidate two elements of pay previously paid as separate allowances (i.e. London Weighting and Consolidated Allowance).
- 6.1.2.4 The adoption of a number of overarching principles regarding our pay policy and practices.
- 6.1.3 The Staffing & Remuneration Committee agreed that the Head of Paid Service would manage any anomalies (including recruitment and retention supplements) and report to the next available Committee meeting instances where this discretion had been exercised .
- 6.2. Conduct of the Senior Manager Pay Review April 2016
  - 6.2.1 The new Senior Managers' pay and grading arrangements include moving away from giving effect to national pay bargaining and outcomes from the Joint Negotiating Committee for Chief Officers of Local Authorities (JNC). This will give the Council greater flexibility in determining remuneration for senior officers that were in many cases unique to Haringey.
  - 6.2.2 The main pay review for Senior Management will normally be in April each year, however, provision will be made for a supplementary review in October to review, but not necessarily increase, the pay of individuals who for one reason or another were not eligible for a pay review in April.
  - 6.2.3 The parameters for the annual review, including the budget, will be set by the Staffing & Remuneration Committee based on recommendations of the Strategic Leadership Team (SLT), Finance and Human Resources. The recommendations for the conduct of the Senior Managers' Pay Review for 2016 are set out in Appendix B.
- 6.3. New Senior Manager contracts
  - 6.3.1 In its meeting in December 2015 the Committee considered the report on the Senior Manager Employment Contract, as presented by the Chief Executive. The report set out the background to the proposed new contract, and recommended that the proposed new Senior Manager employment contract be issued for comment to all Senior Managers. It was noted that there would be a slight varied version of the employment contract for the Chief Executive, to reflect the fact there are different line management arrangements, which would be issued by the Leader of the Council to the Chief Executive for comment. It was felt that it was important to bring this report to a public meeting, as part of the Council's commitment to transparency.
  - 6.3.2 The Committee suggested that some of the wording could be strengthened to reinforce some of the Council's values and behaviours required of its Senior Manager cadre.
  - 6.3.3 On the 5<sup>th</sup> January 2016 the draft Senior Manager Contract was sent to Senior Managers for comment by 18<sup>th</sup> January 2016.
  - 6.3.4 Due to the short timescale for officers to consider comments received prior to the despatch of this report, the Committee will be provided with a verbal update regarding comments received from Senior Managers on the contract and officers' response to those comments.

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

The Modern Reward Strategy and its implementation gives the Council the opportunity to reinforce to the Senior Management population the importance of achieving the cultural changes set out in the Workforce Plan.

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

### **Assistant Director of Corporate Governance Comments**

8.1. The Council's Employment Lawyer has reviewed the contracts at Appendices C and D. He is satisfied they reflect modern working practices and are fit for purpose. The proposed new employment contracts 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 that the proposed new employment contracts be issued to take effect from 1 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 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.

### **Chief Finance Officer Comments**

- 8.2. The new arrangements for the pay and grading of Senior Managers set out in this report are largely financially neutral.
- 8.3. Appendix A sets out those cases where a change in pay levels is proposed and also refers to the additional minor costs associated with travel and pension contributions; all of these aspects will be contained within existing budgets.
- 8.4. Provision for inflationary increases in 2016/17, including for senior managers, has been made within the centrally held inflation budget. This will be distributed to the relevant service budgets once the final decisions on pay have been agreed.

### **Equalities Comments**

- 8.5. The Council has a public sector equality duty under the Equalities Act (2010) to have due regard to:
  - 8.5.1. tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
  - 8.5.2. advance equality of opportunity between people who share those protected characteristics and people who do not;

- 8.5.3. foster good relations between people who share those characteristics and people who do not
- 8.6. An equalities impact assessment has been completed as shown in Appendix E. In summary there is evidence to suggest that some equality strands are more likely to be affected by the adoption of the proposed new contracts, for example men and those employees aged between 45 to 54, than other equality strands. This is due to men and employees aged between 45 and 54 being overrepresented in the group of those affected by the change, as compared with their representation in the Council's workforce as a whole.

## **9. Use of Appendices**

- 9.1. The appendices to this paper are as listed below.

Appendix A – Implementation of Senior Managers' Pay and Grading Arrangements

Appendix B – Conduct of the Senior Managers' Pay Review for 2016

Appendix C – Final Senior Manager Contract – TO FOLLOW

Appendix D – Final Chief Executive Contract – TO FOLLOW

Appendix E – Equalities Impact Assessment

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

Not applicable.