

**Report for:** Staffing and Remuneration Committee

**Item number:** 9

**Title:** Senior Manager Pay Review – April 2017

**Report authorised by :** Nick Walkley - Chief Executive and Head of Paid Service

**Lead Officer:** Ian Morgan – Reward Strategy Manager

**Ward(s) affected:** All

**Report for Key/  
Non Key Decision:** n/a

**1. Describe the issue under consideration**

- 1.1 At the Committee's meeting on the 16<sup>th</sup> December 2014 it agreed to note the vision, objectives and benefits of the Modern Reward Strategy project. That project included and the Committee agreed to a review of Chief Officer and Senior Managers pay and grading arrangements by 1<sup>st</sup> April 2015, within a framework that would cover all staff employed by the Council (but excluding Teachers and those on Soulbury terms and conditions).
- 1.2 On the 14<sup>th</sup> December 2015 the Committee agreed to the adoption of a new Senior Managers Pay and Grading Structure, as part of the implementation of the Modern Reward Strategy programme, with effect from 1<sup>st</sup> April 2016.
- 1.3 The Committee also agreed at its meeting on 26<sup>th</sup> January 2016 the parameters for the conduct of the Senior Manager's Pay Review in 2016. These are set out in Appendix A.
- 1.4 The purpose of this report is to provide the Committee with recommendations for the conduct of the Senior Managers' Pay Review for 2017.

**2. Cabinet Member Introduction**

Not required for the Staffing and Remuneration Committee.

**3. Recommendations**

- 3.1. Approve the parameters for the conduct of the Senior Manager Pay Review for 2017 as set out in this report.

**4. Reason for decision**

- 4.1. The Modern Reward Strategy has given the Council greater democratic control over the Senior Managers' Pay and Grading arrangements by breaking with the national pay bargaining and outcomes from the Joint Negotiating Committee for Chief Officers of Local Authorities (JNC).
- 4.2. The Committee agreed, at its meeting on 14<sup>th</sup> September 2015, to review the parameters of the conduct of the Senior Managers' Pay Review each year and

delegate responsibility for managing the annual review, including addressing any anomalies such as recruitment and retention supplements, to the Head of Paid Service.

## **5. Alternative options considered**

This is a report back item.

## **6. Background information**

6.1. Overall Reward Principles – On 14<sup>th</sup> September 2015 the Staffing & Remuneration Committee agreed to the adoption of a number of overarching principles regarding our pay policy and practices. These were:

- We will aim for consistency and fairness in the processes we use to manage reward.
- We will ensure that our reward processes and policies are transparent and accessible to all employees.
- We will be mindful of the external market in making decisions about pay and benefits.
- We will be clear about how we recognise and reward performance, whether at organisation, team or individual level.
- We will retain a core set of benefits for all employees.

6.2. Senior Management Reward Principles – In addition there were a number of principles that applied to the senior management population regarding the determination of base pay including pay on appointment; and the conduct and timing of pay reviews. These were:

6.2.1 Base pay will be determined by:

- The role and where it sits in the organisation. All senior management roles will be evaluated using the Hay Group Guide Chart methodology.
- Reference to the external market, through regular participation in relevant pay surveys.
- Individual factors, including capability in the role demonstrated through growth in skills or role.
- Relevant internal pay comparisons.
- Pay bands for senior management will consist of open ranges without incremental points.

6.2.2 Base pay for the senior management population will be reviewed, but not necessarily increased, annually. The amount available for the pay review process is also impacted by what Haringey can afford. The budget for senior management pay reviews will be set by the Staffing & Remuneration Committee based on the recommendations of the Senior Leadership Team (SLT), Finance and Human Resources. Progression through the pay band will not be automatic and will be determined by recommendations from the SLT.

6.2.3 Hiring managers will be provided with relevant pay data by Human Resources prior to any appointment. This will assist in forming a view about the pay range within which Haringey is prepared to appoint. Account will be taken of any internal pay relationships, with respect to staff doing the same or similar roles.

- 6.2.4 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. Such awards will not be backdated.
- 6.3. Conduct of the Senior Manager Pay Review April 2017
- 6.3.1 One of the central principles of the new Senior Managers' Pay and Grading arrangements introduced in 2016 was the concept that an individual's salary would be reviewed, but not necessarily increased each year; and any pay award would be linked to the individual's contribution. This principle was embodied in the new senior management contracts of employment which in accordance with the Committee's decision on 26<sup>th</sup> January 2016 were issued to all senior managers (including the Chief Executive) to take effect from 1<sup>st</sup> April 2016.
- 6.3.2 To be eligible for the 2017 pay review individuals must have been employed on or before 1<sup>st</sup> October 2016, have successfully passed their probationary period, and hold a senior management position, as described below, on 1st April 2017. Senior managers employed after 1<sup>st</sup> October 2016 will be eligible for the supplementary review planned for 1<sup>st</sup> October 2017.
- 6.3.3 The eligible senior management positions are defined as the Strategic Leadership Team (SLT), Directors and Assistant Directors; and Heads of Service reporting directly to a Director, Assistant Director or a member of the SLT. A summary of senior management positions, together with their associated pay bands, is set out in Appendix B.
- 6.3.4 Individuals on NHS or Soulbury terms and conditions are excluded from the senior managers' pay review as they have their own arrangements.
- 6.3.5 There are a number of positions known as Senior Professional III that fall out of the eligible senior management positions as defined in 6.3.3. These positions are not included in the table in Appendix B but are considered part of the wider senior management population and therefore, are subject to the same terms & conditions, pay and grading arrangements and pay reviews as eligible positions.
- 6.3.6 There are also a number of other senior positions that are on the Haringey payroll but are not part of our establishment and whose costs are met by consortia of local authorities. They are not included in the table in Appendix B but are included in the senior managers' pay review as their contract of employment is with Haringey Council.
- 6.3.7 The senior manager population have been using the My Conversation on line tool to assess both their performance outcomes and values and behaviours. This will be used as evidence of an individual's contribution to the Council and the results will populate the pay decision matrix. The proposed matrix is set out in Appendix C.
- 6.3.8 The pay bands for senior managers were devised in 2015 and were not changed for the 2016 pay review. We are recommending that the senior manager pay bands be revised for 2017 by lifting the minimum and maximum of the pay bands by 1% and recalibrating the benchmark as the midpoint of each band. This will help protect the headroom established by the Modern Reward Strategy between the senior manager population and the rest of the workforce and act as a buffer against the effects of

compression on the national framework. The revised pay bands are set out in Appendix D.

- 6.3.9 Pay awards will be calculated as a percentage of the benchmark position for each role. By using this approach the pay award amount will be the same for everyone in the pay band, although the percentage increase will be greater for someone near the minimum of the pay band and smaller for someone near the maximum of the pay band.
- 6.3.10 The pay award budget for the senior management population should be constructed in a similar way to the rest of the workforce, taking into account cost of living increases as well as incremental progression. The rest of the workforce are in year one of a two year pay agreement (2016-18) of the National Joint Council for Local Government Services (NJC), which will represent a 1% cost of living increase in each year in addition to the contractual entitlement to an incremental increase for those who are not at the top of their scale. We estimate that contractual increments will increase costs by approximately 0.9% with an additional 0.1% needed to cover our living wage commitments. We are therefore recommending a budget based on 2% of the aggregated benchmarks of the senior manager pay bands as set out in Appendix D.

## **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. There appear to be no legal implications arising from this report.

### **Chief Finance Officer Comments**

- 8.2. The proposals within this report are based on a total increase to Senior Managers not exceeding a total pay award increase of £137,409. The proposal is that the 1% cost of living increase will be applied to all Senior Manager's pay and then any residual element of the £137k will be distributed proportionately but in accordance with the pay matrix.
- 8.3. Within the Council's overall Medium Term Financial Strategy an allowance has been made for all staff, including Senior Managers, for the 1% cost of living allowance. No allowance has been made for any additional increase to Senior Managers.

### **Equalities Comments**

- 8.4. The Council has a public sector equality duty under the Equality Act 2010 to have due regard to the need to:

- 8.4.1. Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act;
- 8.4.2. Advance equality of opportunity between people who share a relevant protected characteristic and people who do not share it;
- 8.4.3. Foster good relations between people who share a relevant protected characteristic and people who do not share it;
- 8.4.4. A “relevant protected characteristic” is age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation.
- 8.4.5. An equalities impact assessment has been completed as shown in Appendix E. In summary there is evidence to suggest that some people that share protected characteristics are more likely to be affected by the proposed Senior Managers’ pay review, for example employees who are men, white, heterosexual and aged 45-54 as these equality strands are overrepresented in the senior manager population when compared to the Council’s workforce as a whole.

## **9. Use of Appendices**

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

Appendix A – Conduct of the Senior Managers’ Pay Review in April 2016

Appendix B – Summary of Senior Management Positions

Appendix C – Pay Decision Matrix

Appendix D – Revised Pay Bands

Appendix E – Equalities Impact Assessment

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

Not applicable.