

Southend-on-Sea Borough Council

Agenda
Item No.

Report of Director of Transformation

to

**Cabinet
on
20th June 2017**

Report prepared by: Joanna Ruffle
Director of Transformation

4th Tier Pay Review

**Policy and Resources Committee
Executive Councillor: Councillor Moring
Part 1 (Public Agenda Item)**

- 1. Purpose of Report**
To outline proposals for a new grading structure at middle management (4th tier) level.
- 2. Recommendations**
Cabinet are asked to:-
 - 2.1 Approve a new Level 13 at a spot salary with a 90% development rate for the first 12 months in post (see Appendix 2).**
 - 2.2 Approve the deletion of the bottom point of Level 11 to remove the current overlap with Level 10 (see Appendix 2)**
 - 2.3 To approve the deletion of the bottom four points of Level 12 to remove the overlap with Level 11 (see Appendix 2)**
 - 2.4 To delegate the implementation of the above through the relevant job evaluation processes/protocols to the Director of Transformation in consultation with the Chief Executive and the Executive Councillor.**
 - 2.5 To approve, in principle, a new developmental payment (see Appendix 3).**
 - 2.6 To delegate the development and implementation of this new payment to the Director of Transformation in consultation with the Chief Executive and the Executive Councillor.**

3. Background

The Council currently has a layer of middle management posts (normally referred to as Group Managers). These posts report to Directors and are a key lynch pin in terms of service development and delivery.

Over the last six years the number of posts at this level have been reduced by 30%. Whilst some of this reduction has been achieved through efficiencies and new ways of working, it is the case that a number of remaining Group Managers have had their roles broadened and have taken on additional responsibilities. Where the pay structure has allowed, posts have been re-evaluated and regraded. However, in a number of cases where the top of the salary structure has been reached, this has not been possible.

As the organisation continues to meet increased demands from its residents and community, with ever reduced resources, the ability to recruit, retain, develop and motivate this key group of managers will become even more critical.

With an aging senior management team, it is also vital that the Council is able to develop these managers' potential as part of its succession planning for the future.

The proposals outlined below seek to:-

- a) address the growth of some of these roles through a robust job evaluation process that protects the organisation in respect of equal pay issues
- b) develops and rewards those managers who demonstrate potential for senior management roles
- c) modernise the Council's pay structure and ensure that salaries reflect the competitive recruitment market that exists in the London and South East regions.

4. Proposals

The current pay structure for 4th tier (Group Manager) posts is attached at Appendix 1.

This structure, whilst it has served the Council well since it was introduced in 2005, is no longer fit for purpose and has the following limitations:-

- i) there is no room for the growth of posts beyond the top of Level 12
- ii) the salary differential between the top of Level 12 and the next most senior role (Director) is significant and makes succession planning more difficult and complex than it ought to be
- iii) the overlap points between the current levels carry a small risk of an equal pay challenge
- iv) There is limited ability to reward high or outstanding performance

In order to address these issues and to ensure that the Council is able to respond flexibly to future service requirements/demands, a proposed new salary structure is detailed in Appendix 2 and 3, namely that:-

- a) a new Level 13 is created. This level will be paid at a spot salary with a 90% developmental rate for the first 12 months in post. This mirrors the recent changes made to the pay structure for senior managers
- b) the bottom point of Level 11 is deleted to remove the current overlap with Level 10
- c) the bottom four points of Level 12 are deleted to remove the overlap with Level 11
- d) Appendix 3 details an additional developmental payment. It is proposed that all 4th tier (Group Managers) regardless of salary level, will be eligible to be considered for this developmental level payment. This payment would be awarded on an annual basis and would reward behaviours, competencies and delivery of outcomes that reflect strategic and corporate thinking, flexibility, leadership, ambition and the ability to act at a senior level across the organisation and with its partners.

The detailed criteria will be developed by the Director of Transformation in consultation with CMT/SLT/Cabinet, Group Leaders and Unions.

5. Other Options

One option is to leave the structure as it currently is. This will not address the issues outlined above and will impede the Council's ability to recruit, retain and develop this critical group of managers.

6. Corporate Implications

6.1 Contribution to Council's Vision & Corporate Priorities

This group of staff is integral to the delivery of the Council's key objectives and the continued transformation of services.

The organisation's ability to recruit, retain, develop, reward and recognise highly performing and motivated staff at this level is therefore critical.

6.2 Financial Implications

The recommendation outlined in 2.1, 2.2 and 2.3 of this report would be cost neutral to the Council's overall budget.

Salary costs would increase by approximately £200k per annum, but this would be offset by budget savings of £190k from the senior management review approved in September 2016, and a review of market supplements at the fourth tier level that are currently paid to a small number of this cohort. It is anticipated that a number of these payments would be subsumed within the new grade. The remaining balance of £10k would be met from existing salary budgets.

The cost associated with the proposed development payment will need to be considered as part of the design of the scheme and the resultant cost will be contained within existing departmental budgets.

6.3 Legal Implications

Implementation of these proposals will further protect the Council from any equal pay issues.

6.4 People Implications

These changes will impact on a particular group of staff and will introduce a differential where none currently exists. This will need to be carefully managed throughout the implementation period.

6.5 Consultation

This report has been shared for consultation purposes, with the relevant staff group and with the Trade Unions.

6.6 Equalities and Diversity Implications

These changes will apply across the relevant staff group irrespective of gender, race, religion, sexual orientation, disability or age. They will also strengthen the Council's position in respect of any equal pay issues.

6.7 Risk Assessment

The Council's ability to recruit and retain staff has been identified as a corporate risk for the last 3 years.

Southend's proximity to London and location in the South-East where salary inflation is more volatile than in other areas means that the Council's grading structure and salary levels need to be appropriate and competitive if it is to mitigate the risk of increased turnover. The cost of replacing a 4th tier manager is approximately £20k. This does not include the cost of disruption to the service whilst the recruitment is taking place.

7. **Appendices**

Appendix 1 – Current Pay Structure at 4th Tier (Group Manager level)

Appendix 2 – Proposed Pay Structure at 4th Tier (Group Manager level)

Appendix 3 – Leadership Development Payments

Current Pay Structure at 4th Tier (Group Manger) Level

		£
Level 11	SCP 53	47,556
	SCP 54	48,507
	SCP 55	49,463
	SCP 56	50,456
	SCP 57	51,470
	SCP 58	52,499
	SCP 59	53,543
	SCP 60	54,621

		£
Level 12	SCP 57	51,470
	SCP 58	52,499
	SCP 59	53,543
	SCP 60	54,621
	SCP 61	55,709
	SCP 62	56,824
	SCP 63	57,961

Proposed Pay Structure at 4th Tier (Group Manger) Level

		<u>£</u>
Level 11	SCP 54	48,507
	SCP 55	49,463
	SCP 56	50,456
	SCP 57	51,470
	SCP 58	52,499
	SCP 59	53,543
	SCP 60	54,621
		<u>£</u>
Level 12	SCP 61	55,709
	SCP 62	56,824
	SCP 63	57,961
Level 13	Spot salary of £65,000 with a developmental rate of 90% for the first 12 months in post	

Leadership Development Payments

- All 4th tier (Group Managers) would be eligible to be considered for these payments regardless of grade/level. (The latter being determined by job-evaluation).
- Applicants for such payments would need to provide demonstrable evidence of performance and delivery against an agreed set of leadership competencies and behaviours that are above and beyond those required in the job evaluated role (day job).
- High performance in the applicants functional area would need to be demonstrated before any payment could be considered.
- Payments would be approved annually by a panel comprising Chief Executive, Deputy Chief Executive and Director of Transformation.
- Payments would be a one-off unconsolidated lump sum, made on an annual basis and would need to be “earned” each year.
- The cost of these payments will be contained within existing departmental budgets.