

Proposed re-alignment of Senior Manager Pay Scales

Purpose

1. The purpose of this report is to outline a proposal to apply the current median market pay rate to scale point 2 of the pay scales for the roles of corporate, associate and transformation programme director, in line with the council's current pay policy statement. Recent pay data indicates that the pay scales for jobs at this level are now significantly adrift of the median pay rates for similar sized jobs in other public sector organisations and this has highlighted significant pay related issues for the council's most senior roles and retention of some staff at this level is now becoming problematic. The change to the pay scales attached to the post of corporate and service director is also in light of the impact on these roles due to proposed changes to the senior management structure and the impact of the leadership model implemented in 2011.

Background

2. When the HAY pay and grading structure was reviewed in 2002 the pay levels attached to each grade were set at the median of the public and not for profit sector as produced and maintained by the Hay Group from its data bank. In Wiltshire the median pay was set at scale point 2 of each Hay grade salary range.
3. As a result of this review it became a contractual term that the pay level attached to Hay grades should be reviewed periodically to determine whether it remained competitive using the Hay databank of pay rates in the public and not for profit sector. A review of the Hay pay scales was last carried out in 2008, and no change was made at that time as the pay scales were within the median pay range for the public and not for profit sector.
4. A new leadership model for the council was implemented in November 2011, and included the deletion of the chief executive and one corporate director role. The new leadership model initially included three corporate directors and 1 joint director for public health, and now consists of 3 corporate directors supported by 18 service directors, each with single or multiple service responsibilities. This is a significant change from April 2009 when there was a chief executive, 6 corporate directors and 21 service directors.
5. Since the new leadership model was implemented the corporate director role has continued to change and it now has a clear external focus. In addition the transfer of the public health service and closer working with partners, including the police, has added further complexity to the role and its responsibilities.
6. There has been no review of the number of service directors and the responsibilities of these roles since 2011, and currently there are inconsistencies in terms of the size of the roles. In addition there are now changes proposed to the senior management structure which includes a reduction in the number of service director posts and a broadening of responsibilities.
7. Recent pay data indicates that the pay scales for jobs at this level are now significantly adrift of the median pay rates for similar sized jobs in other public sector organisations and this has highlighted significant pay related issues for the council's most senior roles and retention of

some staff at this level is now becoming problematic.

Main Considerations for the Council

8. On 23 July cabinet were asked to note that consultation on proposals to implement a new senior management structure will start week commencing 9 September 2013. The proposed structure includes a realignment of services, a reduction in the number of service director posts and changing the job title to associate director to reflect a change in the role.
9. The proposal has required the development of new role profiles and descriptions for the corporate and associate director roles, to reflect the change to the structure and the responsibilities in response to the new business plan which has been recommended by cabinet and is subject to approval by full council on 3 September.
10. The proposed changes to the reporting lines and grouping of some services will result in a reduction in the number of service director posts and this will broaden the duties and responsibilities of the role.
11. The revised job description for the corporate director and the new role profile for the associate directors, have been evaluated as grades Hay M2a and Hay M3 respectively. Currently service directors are paid on a mix of grades from Hay M4 to Hay M2. As outlined there is only a minor change to the job description for the transformation programme director as a result of the proposed changes to the structure so there has been no new evaluation of the post, and the grade remains Hay M2.
12. Whilst there has been no change to the grades for the corporate and transformation programme directors, and the application of only one of the pay grades for current service directors to the new associate director role in the new structure, a review of the market pay for jobs of this size has indicated that the council's pay scales for these roles are adrift of the market.
13. It is therefore proposed to address this in respect of the corporate, associate and transformation programme director posts in response to the proposed new structure, changes to roles and with these roles being the council's most senior roles. In addition as the pay data indicates that the council is no longer competitive in the market for jobs at this level we will need to ensure that the key skills and knowledge required at the most senior level can be retained so it is proposed that the gap in market pay is corrected now.
14. The selection process to appoint to the associate director roles in the proposed new structure will be subject to an assessment of behaviour and cultural fit, together with innovation and communication skills. The process will ensure that those redeployed into the posts, and any recruited into any posts that remain vacant, demonstrate during the selection process that they have the skills and behaviours needed to work with communities, and that those appointed have the right qualities to be effective leaders and managers.
15. In respect of other Hay graded posts it is proposed to leave a review of the pay and grading structure for these posts until the development of job family modelling which will include a leadership job family. This will enable the new associate directors to review their structures in light of the changes to the senior management structure to determine what is required in these roles. A review of market pay will be included in the job family modelling and this work is planned to start in the autumn.
16. Appendix 1 outlines the proposed change to the pay scales for corporate (Hay grade M2a), associate (Hay grade M3) and transformation programme (Hay grade M2) directors. This proposal places the median market pay rate for jobs of this size at scale point 2 of the salary scale, in line with the outcome of the review of Hay pay and grading in 2002.

17. Independent professional pay advice has been sought from the Hay Group about the data and how the pay drift should be addressed. Their advice supports the proposals being made and they have commented;

“The council’s proposed new salary bands are in line with the council’s current policy of paying around the median of the public and not for profit benchmarking data. In effect they are an update to reflect changes in wider market practice and are intended to ensure Wiltshire remains able to recruit and retain senior staff. However, it is worth noting that this is a relatively conservative policy position given the council’s desire to achieve service excellence and the calibre of staff it will need to recruit and retain in order to do this.

Our opinion is that the proposed new salary bands are appropriate for Wiltshire given its current pay policy, the need to reflect the fact that it operates without a chief executive and the impact this has had on the role of corporate directors, the scope of the transformation programme director role and the increasing breadth of the associate directors. The proviso we would make is that when making the move to the new salary bands incumbents should be placed on the minimum of the new salary band and that any subsequent progression should be rigorously linked to performance”.

18. As a result of this advice the proposal is to appoint associate directors to the minimum salary for the grade, (£94,076), as these are new roles. In respect of the corporate directors and transformation programme director the application of the new salary scales for these roles will take account of the current scale point at which they are paid, performance in the role supported by recent appraisals and the fact that these are not new appointments. A decision on the appropriate salary scale point and effective date will be determined by the service director for HR & OD after consultation with the leader. Please note that unlike many private sector senior management roles local government senior officers in Wiltshire Council do not receive additional “fringe benefits” for example: health/medical insurance, company shares, car allowance and profit sharing.
19. In light of the pay drift caused by the factors outlined in paragraphs 4 -7 it is also proposed that the payment of any nationally agreed JNC annual pay award to the corporate, associate and transformation programme directors ceases with effect from 31 March 2014. Instead a periodic review of the market pay will be carried out to determine any drift from the market median, and this data will be used to determine pay levels for these roles.

Financial Implications

20. The current cost of the 18 service directors pay is £1.889m The implementation of a proposed change to 13 associate directors plus the new pay scales for these posts and those of the corporate and transformation directors set out here will cost, in terms of just pay and associated on costs such as national insurance, £1.6m at the top of the grade – this is thus the maximum cost to the council, and £1.46m at the bottom of the grade. That will be a gross annual savings in the first full year of at least £0.431m from the proposed deletion of 4 service director posts, although £0.204m of this is counted in the current voluntary redundancy savings process underway.
21. The cost of any redundancies in year will need to be funded and as such any savings are to be assumed to start in 2014/15, with any savings in 2013/14 funding the cost of implementing the changes. As such any increase in pay effective in 2013/14 will need to be found from within existing budgets. It is not yet possible to identify a precise figure for the sharing of costs regarding the joint finance role with the OPCC, although any recharge to the OPCC will add to the saving amount noted above. Therefore overall the proposals within the report do balance overall and deliver a net saving to the council going forward.

Legal Implications

22. The proposed changes to the pay scales for corporate, associate and transformation programme directors are all in line with the council's pay policy statement.
23. External legal advice has been obtained confirming that the council may lawfully proceed as outlined in the report. Further legal advice will be obtained as necessary in connection with the implementation of these proposals.

Safeguarding considerations

24. There are no safeguarding considerations as a result of these proposals.

Public health implications

25. There are no public health implications as a result of these proposals.

Environmental and Climate Change Considerations

26. There are no environmental or climate change considerations as a result of the proposals.

Equalities Impact of the Proposal

27. Following a review of senior manager pay and grading in 2002 it was agreed that pay for posts evaluated using the Hay job evaluation scheme would be subject to local agreement. The Hay job evaluation scheme is equalities tested and is a leading job evaluation scheme used by private, public and voluntary sector organisations.
28. Pay is determined by the Hay databank of pay rates in the public and not for profit sector using the Hay evaluated job sizes to determine the correct pay level. Therefore there is no equalities impact as a result of this proposal.

Risk Assessment

29. The committee should note that:-
 - a. Retaining the current corporate directors, transformation programme director and service directors in the new associate director roles will be difficult if the market pay issue isn't addressed now, and the proposals outlined in this report will mitigate this risk.
 - b. As outlined in paragraph 15 it is proposed that pay for all other Hay grades is reviewed as part of the job family modelling exercise which is due to commence in the autumn, and this will mitigate any risk of challenge from that group of staff.
 - c. Other council staff may feel the proposals to increase the pay for corporate, service (associate) and transformation programme directors is unfair. However the pay reform exercise completed in 2007 developed a process whereby the job size based on evaluation was aligned to the median market pay within pay scales that are determined at a national level, and regular benchmarking of pay suggests that our job sizes versus pay are still within the median market range. Despite this pay for all staff will be reviewed to ensure we are competitive in the market for all roles, as part of the job family exercise and this will further mitigate this risk.

Other Options Considered

30. The other options considered were to make no changes to the pay scale for the roles of corporate, associate or transformation programme directors, however there was no review of the pay scale for this post following the deletion of the chief executive and changes to the role since and as a result of the proposed change to the structure has highlighted pay issues when the market pay for jobs of this size is reviewed. In addition retention of the skills and knowledge in these roles is critical to the delivery of the new business plan.

Conclusions

31. The implications of the other options considered mean that the changes proposed are recommended for approval by Staffing Policy Committee.

Proposals

32. It is proposed that Staffing Policy Committee agree:

- a. To apply the current median market pay rate to scale point 2 of the pay scales for the roles of corporate, associate and transformation programme director, in line with the council's current pay policy statement.
- b. That the payment of any nationally agreed JNC annual pay award to corporate, associate and transformation programme directors ceases with effect 31 March 2014, and that a periodic review of the market pay data only is used to determine the pay levels for this role.

Reason for Proposals

33. The reasons for these proposals are outlined in paragraphs 8 – 19.

Jane Scott
Leader of the Council

Background Papers

Hay databank of pay rates in the public and not for profit sector 2013

Appendices

Appendix 1 – proposed pay scales for corporate, associate and transformation programme directors