

BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

TO: BDC Council MSDC Council	REPORT NUMBER: BC/21/17
FROM: Leader of the Council	DATE OF MEETING: 21 September 2021 23 September 2021
OFFICER: Suzanne Hughes, Corporate Manager for Human Resources & Organisational Development	KEY DECISION REF NO. N/A

PAY POLICY REPORT

1. PURPOSE OF REPORT

- 1.1 To consider whether to amend the current pay scales for the Assistant Directors, Strategic Director and Chief Executive.

2. OPTIONS CONSIDERED

- 2.1 To enhance the non-financial incentives and rewards for officers rather than increasing salaries. The Councils are in favour of this approach, as described in section 5 below, however given the Councils' current offer for all employees it is not believed that significantly more can be done in this regard which can sufficiently compensate for the shortfall in senior officer salaries which are available from other local authorities in the East of England.
- 2.2 The Councils have a 'market forces' policy that they could seek to utilise for the current vacancies within the Senior Leadership Team ('SLT'). Given the more fundamental issues highlighted in Appendix B, across all members of SLT, it is not considered appropriate, effective or sustainable to seek to address the challenge in this way.

3. RECOMMENDATIONS

- 3.1 That the salary for the Assistant Directors should be set at £78,000 to £90,000 with a scale of 3 points (£78,000, £84,000, and £90,000).
- 3.2 That the salary for the Strategic Director should be set at £100,000 to £120,000 with a scale of 3 points (£100,000, £110,000, and £120,000).
- 3.3 That the salary for the Chief Executive should be set at £140,000 to £160,000, with a scale of 3 points (£140,000, 150,000 and £160,000).
- 3.4 That delegated authority be granted to the Corporate Manager for Human Resources to make any consequential amendments to the current Pay Policy arising from recommendations 3.1 to 3.3

REASON FOR DECISION

Revisions to the Councils' Pay Policy and pay bands for senior officers are proposed in order to strike an appropriate and effective balance between providing adequate salaries for senior officers to secure and retain high quality employees, whilst at the same time recognising that this is public money.

4. BACKGROUND

- 4.1 With the support of Councillors, the Chief Executive has made incremental changes to the Senior Leadership Team ('SLT') over the last 4 years.
- 4.2 These changes have involved the removal of previous reliance on interim / consultant support within SLT and the deletion of the Deputy Chief Executive and one of the Strategic Director roles.
- 4.3 The Assistant Director roles have also been reconfigured to create more dedicated resources, aligned to the Councils' strategic priorities, for Economic Growth, Planning, Communities & Wellbeing and Customers & Digital Services.
- 4.4 The current structure chart, including all Corporate Manager roles is attached at Appendix A. It should also be noted that through restructuring during 2019 the importance and role of managers was recognised and professionalised. The number of Corporate Managers was also reduced by 6 post to 22.
- 4.5 The most recent change to SLT was made in April 2021 with the creation of the Assistant Director for Communities & Wellbeing role. This is a four-way shared role between Babergh and Mid Suffolk, and also both local Clinical Commissioning Groups. Unfortunately, however we failed to recruit to this role following advertisement earlier this year.
- 4.6 As a result of feedback during the recruitment process, in particular with regard to salary levels, the East of England Local Government Association ('EELGA') were commissioned to carry out a benchmarking review of our senior leadership salaries and to make recommendations to the Councils. This report and its recommendations are attached at Appendix B.
- 4.7 The Council's Chief Finance Officer (Section 151 Officer) has indicated her intention to retire in early 2022. As part of a managed transition and proper succession planning the Councils intend to advertise this role in the Autumn 2021.
- 4.8 The Council's Assistant Director for Economy also recently handed in her notice having secured a promotion to Strategic Director level with another Council elsewhere in the East of England. However, she has subsequently decided to stay at Babergh and Mid Suffolk for now. This is a critical role for the delivery of key Council projects; and to ensure that our local economy continues to recover, bounce back and thrive following the impacts of the pandemic.

5. REWARD & RECOGNITION

- 5.1 The Councils' approach to reward and recognition is much broader than just levels of pay. The Councils' have developed a wider package and culture of support, development, wellbeing, working environment, flexibility, agile working, values and behaviours that combined has helped attract, recruit and retain officers. This has enabled the Councils to recruit excellent officers whose skills and leadership have made a significant difference to the delivery of Councillors' political priorities and outcomes for local residents. Many other organisations in the public and private sector have however now adopted similar approaches as a result of the pandemic. The Councils are operating in an increasingly competitive market with officers able to further their local government careers anywhere else in the country.
- 5.2 Unlike other positions within the Council, which can and have been re-graded within the existing pay structures, the pay scales for the majority of SLT have not been reviewed since 2011. The Council's Pay Policy is clear that, "In the context of managing scarce public resources, remuneration at all levels needs to be adequate to secure and retain high quality employees, but at the same time needs to recognise that this is public money." EELGA's report highlights that in the two years since the Councils last recruited to SLT the salaries offered by Babergh and Mid Suffolk have become increasingly uncompetitive.

6. PAY POLICY

- 6.1 The Councils' Pay Policy is reviewed, as required by law, on an annual basis. It was last reviewed by Council in March 2021, ahead of the recent attempted recruitment. No changes were made to the Pay Policy in 2021. The risk section of the Council report however highlighted that "We have been advised by an LGA pay consultant that the current senior manager pay levels are lower than similar councils. We will therefore need to keep this under review."
- 6.2 The Pay Policy sets out:
- a) The level and elements of remuneration for each chief officer
 - b) The remuneration of the Councils' lowest paid employees
 - c) The relationship between the remuneration of the Councils' chief officers and other officers
 - d) Other specific aspects of chief officers' remuneration, use of performance related pay and bonuses, termination payments and transparency.
- 6.3 The Chief Executive's post was last evaluated 5 years ago ahead of the recruitment of the current Chief Executive. The Assistant and Strategic Director roles have not been re-evaluated since the Councils began working together over 10 years ago.
- 6.4 The Pay Policy specifies that the Chief Executive's salary will "normally be no greater than 8 times the full time equivalent ('FTE') salary range of a grade 1 'green book' employee. This is well within the recommended multiplier of no more than 12 times the lowest paid employee". The Councils' lowest paid employee's salary is £18,933. If recommendation 3.3 is approved then the top of the Chief Executive's salary band would be 8.5 times that of our lowest paid employee.

- 6.5 The Pay Policy also contains similar ratios for the Strategic and Assistant Directors. These are respectively normally no greater than 7 times and 5 times the FTE salary range of a Grade 1 'Green Book' employee.
- 6.6 If recommendation 3.2 is approved then the top of the Strategic Director's salary band would be 6.3 times that of our lowest paid employee.
- 6.7 If recommendation 3.1 is approved then the top of the Assistant Director's salary band would be 4.8 times that of our lowest paid employee.

7. REVISED PAY SCALES

- 7.1 The recommendations, and reasons for them, are set out in detail within the attached EELGA report. The pay band recommendations have been developed in line with the Councils' Pay Policy of being "adequate to secure and retain high quality employees, but at the same time needs to recognise that this is public money".
- 7.2 It is recommended that the pay bands for the Assistant Directors, Strategic Director and Chief Executive be increased and simplified so that there are just three salary points within each band. There is also a further simplification proposed which would amalgamate the additional payment currently made to the two statutory officers (Chief Finance Officer and Monitoring Officer) into their base salary.
- 7.3 The pay bands for Assistant and Strategic Directors have not been reviewed for 10 years, and 5 years for the Chief Executive. The proposed amendments are designed to provide stability for the next 5 to 10 years. EELGA's recommendations are:
- that the salary for the Assistant Directors should be set at £78,000 to £90,000 with a scale of 3 points (£78,000, £84,000, and £90,000).
 - that the salary for the Strategic Director should be set at £100,000 to £120,000 with a scale of 3 points (£100,000, £110,000, and £120,000).
 - that the salary for the Chief Executive should be set at £140,000 to £160,000, with a scale of 3 points (£140,000, 150,000 and £160,000).

8. LINKS TO CORPORATE PLAN

- 8.1 It is essential to the leadership and delivery of the Councils' priorities that the Councils are able to continue to recruit and retain highly skilled and effective senior officers.

9. FINANCIAL IMPLICATIONS

- 9.1 The costs of all officer roles, including those within the senior leadership team, are shared between Babergh and Mid Suffolk Councils. Those currently below the revised lowest pay band would be uplifted to the new lowest pay point. All other officers would be transferred across to their nearest new pay point. Any future progress within the revised pay bands would remain subject to performance delivery.
- 9.2 The financial impact of the recommendations is shown in the tables below. All of the figures shown in the tables are per council, per year, excluding on costs.

Table 1

Per Council, per year (excluding on costs)	2021/22 (current year)	2022/23	2023/24	2024/25
Ongoing savings from removal of 2nd Strategic Director post	-£33,500	-£33,500	-£33,500	-£33,500
Savings from delayed / failed recruitment of Assistant Director for Communities & Wellbeing	-£9,286.50	0	0	0
Additional cost of EELGA recommendations	£9,156	£21,670	£26,500	£3,000

Table 2

Per Council, per year (excluding on costs)	2021/22 (current year)	2022/23	2023/24	2024/25
Net cumulative cost or savings per council against 2021/22 budget	£33,630.50 saving	£6,482 cost	£32,982 cost	£35,982 cost

- 9.3 The financial impact of implementing the recommendations is shown in the bottom row of Table 1. For example, in the current financial year, the cost to each Council of implementing the recommendations is £9,156. This is figure has been calculated assuming implementation on 1st October 2021.
- 9.4 Assuming good performance and that all members of SLT progress up the recommended pay scales then the additional costs per council, per year, rise in the subsequent two years to £21,670 and £26,500 respectively. By 2024/25 there is a smaller increase of £3,000 because Table 1 assumes by then that the majority of SLT will have progressed to the top of their recommended pay scale. If there is any staff turnover within SLT during that period then the actual costs may be lower. Table 1 therefore represents the maximum potential additional costs to each Council, each year.

- 9.5 Table 2 provides a summary of the impact to the base budget of each Council. These figures are net of the savings made from deleting the second Strategic Director post and the savings in 2021/22 of not yet having appointed to the new Assistant Director for Communities & Wellbeing post. These figures are also cumulative, showing the impact in each year of not just the additional costs of SLT progressing up their pay scales in that year, but also the impact of them having done so in each of the previous years.
- 9.6 Assuming all members of SLT reach the top of the recommended new grades then the ongoing annual impact to each council's budget, compared to the salary structures before the second strategic director post was deleted, is £35,982 as shown in the column for 2024/25 in Table 2. The Councils assume on costs of 33% on top of senior salaries. Including on costs the ongoing annual impact to each council's budget, compared to the salary structures before the second strategic director post was deleted, is £47,856. It is intended that the costs be met through efficiencies rather than through any direct increase in the base budget.

10. LEGAL IMPLICATIONS

- 10.1 The recommendations contained within this report, including amendments to the Councils' Pay Policy, are in line with the requirements of the Localism Act 2011.

11. RISK MANAGEMENT

Risk Description	Likelihood	Impact	Mitigation Measures
If the salary ranges for the Chief Officers are set too low to attract suitable candidates or too high, then it could result in failure to recruit, or attract adverse publicity.	Probable - 3	Bad - 3	Adopted amended pay scales for SLT in line with recommendations from EELGA.
If the Councils are unable to recruit to one or more roles within the Senior Leadership Team for a prolonged period then this will impact upon the capacity to deliver key political projects or result in significant additional costs through the use of interims / consultants to fill the roles.	Probable - 3	Bad - 3	Adopted amended pay scales for SLT in line with recommendations from EELGA.
If the pay policy legal framework is not complied with, then it could make any appointments null and void.	Unlikely - 2	Bad - 3	Formal approval required and through annual reviews.
If the pay policy is not applied fairly to all staff, then this could lead to equal pay claims which could also result in successful tribunal claims, leading to reputational damage and costs to the organisation.	Unlikely - 2	Bad - 3	HR involvement to ensure that policy is applied equally.

12. CONSULTATIONS

12.1 Human Resources advice has confirmed that there is no requirement for staff consultation arising from the proposed recommendations.

13. EQUALITY ANALYSIS

13.1 Human Resources advice has confirmed that there are no equalities issues arising from the proposed recommendations.

14. ENVIRONMENTAL IMPLICATIONS

14.1 N/A

15. APPENDICES

Title	Location
(a) Structure chart	https://www.babergh.gov.uk/assets/ADMIN/ELT-Structure-Chart-August-2021.pdf https://www.midsuffolk.gov.uk/assets/ADMIN/ELT-Structure-Chart-August-2021.pdf
(b) EELGA salary benchmarking review and recommendations	Attached

16. BACKGROUND DOCUMENTS

16.1 Pay Policy adopted by the Councils in March 2021