

COUNCIL

11 March 2019

PAY POLICY 2019-20

Report of the Chief Executive

Strategic Aim:	Sound Financial and Workforce Planning	
Exempt Information	No	
Cabinet Member(s) Responsible:	Mr O Hemsley, Leader and Portfolio Holder for Rutland One Public Estate & Growth, Tourism & Economic Development, Resources (other than Finance and Communications)	
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Ward Councillors		

DECISION RECOMMENDATIONS

That Council:

1. Approves the updated Pay Policy for 2019-20
2. Notes the introduction of the new NJC Pay Scale for April 2019
3. Notes the value of an effective pay policy on recruitment and retention.
4. Notes the Council's Gender Pay Gap data for 31 March 2018.

1 PURPOSE OF THE REPORT

1.1 The Council is required to review and publish on an annual basis its Pay Policy Statement – this is a requirement of the Localism Act 2011. In particular, this needs to include:

- The remuneration of the most senior employees;
- The remuneration of their lowest-paid employees; and
- The relationship between the remuneration of the most senior employees and that of other employees.

1.2 Members are also advised, via this paper, of:

- The developments with national pay bargaining for employees on the National Joint Council for Local Government Employees (NJC Green Book) pay and conditions which has resulted in a new pay scale with effect from April 2019.
- How the Pay Policy is aligned with the Council's policy and approaches to recruitment and retention.
- The changes to our Gender Pay Gap data between 2017 and 2018.

1.3 The Council separately publishes data that it is required to do under the Local Government Transparency Code 2014.

2 UPDATED POLICY FOR 2019-20

2.1 The updated pay policy for 2019-20 is shown in Appendix A. This reflects updated values and rates of pay together with the implications of the new NJC Pay scale for April 2019 and as highlighted below.

2.2 National pay bargaining

2.2.1 As with many Councils, Rutland remains part of the national pay bargaining framework for the majority of its staff – affecting those employees governed by the NJC Green Book pay and conditions and Youth Workers on JNC Pink Book. In addition, whilst the Council developed its own pay and grading structure for Heads of Service, Directors and Chief Executive posts in 2016, we remain aligned to national pay bargaining for these posts in relation to annual cost of living.

2.2.2 In fact only 54 Councils have opted out of national pay bargaining – this is reducing this year as some are opting to rejoin collective bargaining. Furthermore, of those who have opted out (a) many did so in the 1990s when they were able to make higher pay awards and (b) many still apply the NJC Green Book Terms and Conditions.

2.2.3 There are inherent risks and costs associated with moving away from national pay bargaining including – investment in a new pay spine, developing local arrangements with the Unions for pay bargaining purposes, a job evaluation exercise on all posts with the potential for grade drift. Without significant investment in pay, it is not feasible to see how the Unions would be receptive to such negotiations – resulting in comprising employee and industrial relations. Reasons to change would include – significant recruitment and retention difficulties, high turnover, equal pay claims – none of which are risks to the Council at this time.

2.3 New Pay scale April 2019

2.3.1 Extensive consultation took place between National Employers and the recognised Trade Unions during 2017-18. This resulted in a two year pay deal of 2% increase with some 'bottom loading' on lower pay points for April 2018 and a more extensive review of the whole pay spine for April 2019.

2.3.2 Specific features of the new pay spine include:

- Minimum hourly rate of £9.00;
- Increases between 2.3% and 7.3% on pay points for Grades 1 to 6;
- An increase of 2% for Grades S01 and above;
- Merging the lower 12 pay points into 6 new pay points in order to deal with the compacting of differentials at the lower end of the pay scale; and
- Renumbering of all pay points.

2.3.3 Full costs of the April 2019 pay scale had already been incorporated in the Medium Term Financial Plan – the outcome of national negotiations fell within the boundary estimate that the Council had modelled.

2.3.4 Consequently, in order to implement the new pay scale, we have undertaken revisions to our existing alignment of pay points to grade – this has broadly followed a ‘like for like’ approach but has required some variation to Grades 1, 2 and 3. Furthermore, given concerns expressed by Unison of the consequence of 5 additional pay points to the length of some grades, the Council will not be including the new pay points in our pay structure. There is no adverse effect on employees nor any further financial pressure.

2.3.5 Our modelling has not resulted in any requirement to undertake a Job Evaluation exercise on any roles. Following negotiations with Unison, we have now reached a collective agreement on the implementation and assimilation process.

2.3.6 The new pay scale, effective April 2019 is shown in Appendix 4 to the Pay Policy.

2.4 Senior Officer Pay

2.4.1 The Council developed a local pay and grading structure in 2016 for posts at Chief Executive, Director, Deputy Director and Heads of Service. Prior to this, we had experienced difficulties in attracting and recruiting to key leadership roles – the market analysis at the time demonstrated that our salaries were not comparable.

2.4.2 Since 2016, we have successfully recruited to the following roles:

- Head of Legal and Corporate Governance;
- Deputy Director Resources (Monitoring officer);
- Strategic Director Resources (internal);
- Strategic Director People (internal);
- Strategic Director Places;
- Deputy Director Places;
- Head of Childrens Social Care (internal);
- Head of Prevention and Complex Care (internal); and
- Head of Hospital and Community Services (internal).

2.4.3 A recent refresh of market rates has verified that current rates remain comparable. The analysis has taken place across Shires, Unitaries, Counties, Districts and Boroughs. Due to Rutland’s scale, direct comparators to a similar authority is more complex and we therefore attempt to ‘match’ across a broader range.

2.4.4 A further positive consequence is the elimination of any agency/interim cover for any Head of Service post or above.

3 RECRUITMENT AND RETENTION

3.1 Our ability to attract, recruit and retain high quality staff is enhanced through provision of a competitive pay and reward package. We have two key components to our Recruitment Strategy:

- Develop a **recruitment culture** that places the highest priority on drawing talent into the organisation. This requires acknowledgement, acceptance and investment in getting the right person.
- Define and develop an **employer brand** as a key part of our **attraction strategy**.

3.2 We are seeing some positive outcomes as a result of proactive and creative interventions to attraction and marketing through digital media and targeted campaigns. The introduction of a new Applicant Tracking System in December 2018 is already reaping benefits for Line Managers and providing a more professional and user-friendly approach for candidates. Human Resources and Communications are currently developing a 'recruitment brand' and microsite that will further enhance the Council's image as a great employer and importantly the candidate experience.

3.3 Our turnover over the past 3 years has been

2015-16	15.9%
2016-17	18.2%
2017-18	14%
2018-19 (predicted)	13.4%

NB 2016-17 figures include a number of casual contracts that were completed in this period (particularly tutors) – the adjusted figure for turnover would therefore be 14.3%

3.4 In general our turnover figures have been higher than average but are moving towards the average position. Comparator data from the Local Government Workforce Survey is not yet available for 2017-18 but for 2016-17, the median average turnover reported by Councils was 13.4%.

4 GENDER PAY GAP REPORTING

4.1 The Council published its first Gender Pay Gap report in 2018. The Gender Pay Gap is the difference between the average earnings of men and women, expressed relative to men's earnings. This is not to be confused with equal pay which is the right for men and women to be paid the same rate when doing the same or equivalent work. The Council adopts a job evaluation scheme to determine the grade for a role – male and females are treated equally within the grade for the role.

4.2 We are required to publish our next set of data by 31 March 2019 – this is data that relates to 31 March 2018. A full report will be considered by Employment and Appeals Committee on 27 March 2019.

4.3 Members are advised of the following changes to our data between 31 March 2017 and 31 March 2018

	31 March 2018	31 March 2017
Median Female – hourly rate Male – hourly rate	-1.54% £12.50 £12.31	12.3% £11.62 £13.25
Mean (average) Female – hourly rate Male – hourly rate	5.7% £13.89 £14.73	14.2% £12.75 £14.86

4.4 The represents:

- In 2017, the median hourly rate for women was £1.63 per hour lower than men – in April 2018 it was 19p higher.
- In 2017, the average hourly rate for women was £2.11 below men and reduced to 84p less in 31 March 2018.

4.5 Several factors affect Gender Pay Gap data and the variances year on year, for example:

- The nature of roles and services i.e. services that are in house but tend to be supported by a male or female workforce
- Profile of the workforce – balance of Male/Female. In Rutland our workforce is 74% Female and 25% Male. We have a variance in our Upper Pay quartile of 69% Female and 31% Male.
- Within some of our employee groups we have a higher differentiation of men in Team Manager/Heads of Service roles.
- Posts within the Chief Officer/Director category include Heads of Service, Directors and the Chief Executive. Whilst there is an even split of Males and Females, the value of the Chief Executive (Female) salary in this group results in a higher average hourly rate for Females.

5 CONSULTATION

5.1 There are no further consultation requirements in respect of the Pay Policy statement. Consultation has taken place with Unison in regard to the new pay scale and the Council has reached a collective agreement.

6 ALTERNATIVE OPTIONS

6.1 The Council is required to publish a Pay Policy in accordance with the Localism Act.

6.2 We are contractually required to implement national pay bargaining agreements as we adopt the national framework, terms and conditions associated with the NJC

and JNC. A departure from national pay bargaining arrangements would require local negotiating arrangements to be put in place and a full scale review of the Councils Pay and Grading structure – it is anticipated this would require significant financial investment.

7 FINANCIAL IMPLICATIONS

- 7.1 The Council makes provision for year on year pay increases at a value of 2% - subject to final pay agreements. Full account of the 2019 pay awards have been incorporated into the Council's pay modelling and MTFP - £390k (including pension and national insurance contributions).

8 LEGAL AND GOVERNANCE CONSIDERATIONS

- 8.1 The information in the Pay Policy statement required approval by Council in order that it can be published. This is a requirement under the Localism Act.

9 DATA PROTECTION IMPLICATIONS

- 9.1 A Data Protection Impact Assessments (DPIA) has been completed. No adverse or other significant risks/issues were found. A copy of the DPIA can be obtained from the report author.

10 EQUALITY IMPACT ASSESSMENT

- 10.1 An Equality Impact Assessment (EqIA) has been completed on the new pay scale and shared with Unison – this has formed part of the Collective Agreement. No adverse or other significant issues were found. A copy of the EqIA can be obtained from the Head of Human Resources.

11 COMMUNITY SAFETY IMPLICATIONS

- 11.1 There are no Community Safety implications arising from this report.

12 HEALTH AND WELLBEING IMPLICATIONS

- 12.1 There are no Health and Wellbeing implications arising from this report.

13 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 13.1 A Pay Policy statement ensures the Council is compliant with the Localism Act and provides a clear framework and structure that describes how we pay our staff and the mechanisms we use – this ensures transparency and fairness.

14 BACKGROUND PAPERS

- 14.1 There are no additional background papers to this report.

15 APPENDICES

Appendix A – Pay Policy Statement 2019/20

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.