

## **Report to: Appointments and Conditions of Service Committee**

**Subject: Pay Policy Statement; discussion document**

**Date: 19 December 2018**

**Author: Service Manager; Organisational Development**

### **1. Purpose of the report**

The purpose of the report is to bring to the committee's attention comparator data and to identify any risk relating to pay and reward.

#### **Recommendation**

The Appointments and Conditions of Service Committee is recommended to note the report.

### **2. Background**

Each year the Council is required to publish a suite of data relating to pay and reward and certain workforce information such as the proportion of time spent on union duties and activities.

This information is published through the annual Pay Policy Statement.

Arising from the production of this statement is the opportunity to compare our data with neighbouring organisations and also to consider if there are any current risks or opportunities that need to be addressed in terms of workforce issues.

At Appendix 1 key Pay Policy Statement data for Gedling Borough Council (as at 30 November 2018) is shown against last year's published data of neighbouring councils.

### **3. Current pay issues**

Key pay information, including such ratios of pay, has been collected from a range of Pay Policy Statements issued by other local councils. Data is presented differently between councils and so direct comparison is difficult. Data, as far as it is possible to collate, is shown at Appendix 1. Summary conclusions that may be drawn from this data include:

- The ratios of highest pay to lowest and average pay rates at Gedling are broadly similar to those of neighbouring district councils.
- Our pay data is current whilst the pay data of comparators is taken at a snapshot date last year but assuming a notional 5% award for the lower-paid posts at other councils (and a Living Wage Foundation rate at £9.00 per hour for those councils that apply a supplement), our lowest rates of pay are comparable and higher than some. The national

pay agreement for 2019 implements fundamental changes to the spinal column pay spine and will substantially affect (raise) the lowest rates of pay from April 2019.

- Pay across the organisation was reviewed in 2016. The council's average (mean) pay now appears to be broadly comparable to others (if a 2% uplift is applied to the 2017 data of other councils to give an estimate for current year) although the median rate of pay appears to be slightly lower. Comparison of data is difficult as the make-up of the workforce and how services are delivered will all have an influence on these figures particularly if services such as leisure, waste and parks have been retained in-house and which contain larger numbers of lower paid jobs.
- Chief officers' (JNC) pay has been reviewed directly or indirectly (through linkage to a reviewed post) for all posts in recent years.
  - The salary for the Chief Executive was reviewed earlier this year. The salary range now falls broadly within the range of other local district councils and no longer appears to be a potential risk to the organisation in terms of low pay when compared with others.
  - The salary for the Deputy Chief Executive and Director of Finance was reviewed (as part of the creation of this new post) in 2016. The posts of Director are linked to the Deputy Chief Executive's post.
  - The JNC service manager posts were all reviewed as part of the Hay pay review that was applied from April 2016.

## **4. Risks and responses**

### **4.1 Relative pay**

Pay is particularly relevant in a job market that values skilled and experienced workers. In the public sector, as the size of the workforce continues to contract, efficiencies are driven out and the skill sets of the remaining employees generally becomes more developed, the need to be able to successfully compete for good employees is essential.

Following an independent review of the Council's pay structure a revised grading system was applied across the whole organisation from April 2016. Although there do still remain some posts in the organisation that have proven difficult to fill, there is evidence that salary increases have helped to generate a good pool of response across the council and particularly for vacancies for senior or specialist posts in occupational areas in which the council had previously experienced difficulty in attracting talent. Currently, at 30 November 2018 only three posts have a market supplement applied.

As a result of the general local pay review and also national pay awards to lower paid posts being above the general 2% increase (in order to meet the national pay agenda requirements), our median earnings have increased from £18,759 last year to £19,446 this year. This figure is slightly below the median of other districts. However, mean (average) pay is comparable with other districts (even after a notional 2% award is applied to the data of other districts to allow like-for-like comparison). As the delivery of services differs between councils it is difficult to make meaningful comparison although perhaps the acid test is how the organisation performs within the market at the point of recruitment. Generally the council now receives good numbers

of high-quality applicants for the jobs that are advertised. The only current areas of recruitment difficulty are within the areas of Accountancy, IT and potentially Planning where private sector market rates create some pressure. Three posts within the Accountancy Team Currently receive market premium payments.

In general terms, the council's pay structure for team members and senior posts now seems to be robust within the market and no particular threats are identified and no specific actions are proposed.

#### 4.2 National Living Wage (NLW) and the national public sector pay agenda

In July 2015 the Chancellor of the Exchequer announced that the UK Government would introduce a compulsory minimum wage premium for all staff over 25 years of age, and referred to it as the 'national living wage'. Nationally, the government's ambition to be delivered through the Low Pay Commission is that the minimum wage for workers should be set at 60% of median earnings by 2020. The government estimates that this will mean a rise to around £9 per hour by 2020.

Within the local government framework, joint agreement has been reached nationally between the Employers' Side and Trade Unions to apply a revised set of pay points used as the basis of local pay scales by most local authorities including this council that are designed to meet the requirements of government's agenda.

This committee has considered this issue and has authorised consultation to implement a revised local pay line based on changes to national spinal column points. These proposals for change are the subject of a separate report to this committee. The initial proposals put to the trade unions confirm that a minimum pay rate (excluding trainee posts) of £9.18 will be made from April 2019.

Local arrangements will ensure that the requirements of the government's agenda are met and as such no further risk is identified. Actions for implementation of new local arrangements will be determined through separate report to this committee.

## APPENDIX 1

	<b>Actual data at 30/11/18</b>	<b>Stated or derived data from 2018/19 Pay Policy Statements</b> (Data assumed current at <b>January 2018</b> unless otherwise stated)							
	<b>Gedling BC</b>	<b>Ashfield DC</b>	<b>Bassetlaw DC</b>	<b>Broxtowe BC</b>	<b>Mansfield DC</b>	<b>Newark &amp; Sh DC</b>	<b>Rushcliffe BC</b>	<b>Nottm City</b>	<b>Notts CC (Feb 2018)</b>
Ratio of highest to lowest pay	6.48:1	6.54:1	6.38:1	7.17:1	6.38:1	7.1:1	7.64:1	10.25:1	10.27:1
Ratio of highest to average (mean) pay	4.60:1	N/a	4.4:1 (March 17)	N/a	4.49:1	N/a	N/a	7:1 (exc chief officers)	N/a
Ratio of highest to median pay	5.66:1	4.70	5.2:1 (March 16)	5.26:1	5.16:1	5.89:1	N/a	8:1 (exc chief officers)	9.6:1
Average (mean) pay (equivalent full time salary)	£23,923	N/a	£23,622 Derived	N/a	£23,147	N/a	N/a	£23,650  (average exc chief officers)	N/a
Median pay (equivalent full time salary)	£19,446	£22,658	£19,988 Derived	£20,508 Derived	£20,138	£19,642	N/a	£20,661 (average exc chief officers)	£18,070
Highest paid worker (exc allowances etc) Top of grade assumed unless stated otherwise	£110,160	£106,600	103,938	£107,873	£104,000	£115,771	£118,000 (2017)	£163,216	£173,417
Lowest paid worker (FTE salary- not training post)	£17,007	£16,302	£16,881	£15,048	£16,303	£16,302	£15,450	£15,917 (including Living Wage supplement- at April 17)	£16,881 (inc. Living Wage supplement at Feb 18)

Data excludes training posts and temporary pay grades for TUPE transferees.

“N/a”: Not available in Pay Policy Statement