

REPORT TO:	Council
REPORT NO:	HCCS /10/18
DATE:	21 February 2018
LEAD MEMBER:	Councillor Mark Pritchard (Chair of Pay and Reward Panel)
CONTACT OFFICER:	Sue Robins, HR & OD Manager (Tel: 297510)
SUBJECT:	Review of Senior Manager Pay 2018/2019
WARD:	N/A

1. PURPOSE OF THE REPORT

To seek Council approval to the Pay and Reward Panel's recommendations outlined below in relation to the review of Senior Manager's pay for 2018/2019.

2. EXECUTIVE SUMMARY

- 2.1 On 22 September 2010 Council approved the implementation of the Employee Pay and Reward Policy relating to all employees, and approved the establishment of a Pay and Reward Panel to consider senior manager pay. Senior Manager pay, in this context refers to the top three tiers of the organisation i.e. Chief Executive, Executive Directors and Heads of Department posts.
- 2.2 The Pay and Reward Panel meets at least annually to maintain an overview of the ongoing suitability of the Council's approach to senior pay. A light touch review for Senior Managers takes place every two years, a full review took place for 2016/2017, and whilst a 'light touch' review was due in 2017 for 2017/2018 pay, it was agreed to undertake a further full review in that year, and a light touch review would take place 2018/2019.

- 2.3 The Pay and Reward Panel met on 18 December 2017 and 23 January 2018 to undertake a light touch review for 2018/2019 and to discuss and develop its evidential needs and recommendations for Council.
- 2.4 The Pay and Reward Panel also reviewed the panel's terms of reference, this remains current, no changes were recommended. See Appendix 2.

3 RECOMMENDATIONS

- 3.1 Endorse the Pay and Reward Panel's recommendation that no action should be taken in respect of the current salary ranges of the Council's Chief Executive, Executive Directors and Heads of Departments for the 2018/2019 financial year. Therefore the grading structure will remain as set out in Appendix 1.**
- 3.2 Note that, in the next review year 2019, the panel will conduct a full review for pay for 2019/2020.**

REASONS FOR RECOMMENDATIONS

- (i) To apply the decisions of the Pay and Reward Panel, within the context of the Employee Pay and Reward Policy to ensure an appropriate pay structure exists for Senior Manager pay.
- (ii) To comply with the remit of the Pay and Reward Panel to undertake a review of Senior Management pay in accordance with the terms of reference.
- (iii) To ensure the terms of reference comply with changing legislation.

4. BACKGROUND INFORMATION

- 4.1 On 22 September 2010 Council agreed to establish a Pay and Reward Panel (The Panel) to consider senior pay and confirmed the panel's terms of reference. The scope of the Panel is to:
- Make recommendations on senior pay and reward issues to Council
 - Make recommendations on the management of, the structure of senior pay and reward and grounds for pay progression.
- 4.2 For the purposes of the review, Senior Managers are defined as:
- Chief Executive
 - Executive Directors
 - Heads of Department
- 4.3 The Panel meets at least annually to maintain an overview of the ongoing suitability of the Council's approach to senior pay. It fully reviews the pay for senior managers every 2 year and having considered background data and

advice presents its recommendations to Council. This year was a light touch review.

National context - pay negotiations update

4.4 The annual review by the National Employers considered the cost of living pay award 2018/2019 on behalf of local authorities for NJC, JNC and Craft workers. The employer's offer was made, but due to the response from the trade unions no agreement has been reached, a further meeting will take place in March. In summary the following offer was made:

- NJC employees: There is a two year offer which is approximately 2%, however employees on spinal column points 6 – 19 may receive an increase between 3.7% and 9.1%. Point 20 and above would receive a 2% increase.
- JNC Chief Executives pay and JNC for Chief Officers pay: No offer has been made at this point, national discussions will be held in February 2018.

On 12 December 2012, Council ratified an earlier Pay and Reward Panel recommendation to apply annually the JNC nationally agreed cost of living rise as it was awarded and this is confirmed in the reviewed Employee Pay and Reward Policy submitted and approved by Executive Board in December 2014. Any cost of living rises agreed for 1 April 2018, once known will be applied in accordance with national agreement shown in Appendix 1.

4.5 Having considered all the information made available to them in respect of wider national pay decisions to date and benchmark data, the Panel agreed that they would recommend that no action should be taken in relation to the current grades/ranges for the financial year 2018/2019.

4.6 The Chief Executive and all Senior Managers affected by the decision have been informed of the recommendation on 25 January 2018.

5. IMPLICATIONS

5.1 **Policy Framework** – The Pay and Reward Panel makes its decisions, within the context of the Employee Pay and Reward Policy, the Councils Pay Policy Statement and the Panel's Terms of reference agreed by Council.

5.2 **Budget** – if the recommendations in the report are adopted there will be no budget implications.

5.3 **Legal** – none

5.4 **Staffing** – there is no impact of the change of current pay for individuals.

- 5.5 **Equality/Human Rights** – as there is no change recommended, there is no impact on the protected characteristics. The Council’s grading structures have been previously impact assessed.

Members are advised to consider the full Equality Impact Assessment which is available at http://vmwinsql/equalityisalive/Menu.aspx?report_number=CSS/EIA/00124/2016. This was reviewed and updated in January 2018.

A summary of the Equality Impact Assessment is attached as Appendix 3.

- 5.6 **Risks** - there have been no risks identified in this proposal.

6. CONSULTATION

- 6.1 The HR & OD Manager informed all Senior Manager post holders on 18 December 2017 of the Panel arrangements, and sought their views in relation to the Senior Management Pay structure as individuals and for their reporting groups. There were 3 responses, however they had no comment to make.
- 6.2 Following the meeting of the Pay and Reward Panel on the 23 January 2018, the Chief Executive, Executive Directors and Heads of Department were informed of the Pay and Reward Panel’s recommendation on 25 January 2018.

7. EVALUATION OF OPTIONS

- 7.1 None to consider other than the recommendations submitted to Council.

8. SCRUTINY COMMITTEE COMMENTS

- 8.1 Scrutiny has not requested to input at this stage.

BACKGROUND PAPERS	LOCATION	WEBSITE INFO.
Appendix 1 Pay table		
Appendix 2 Pay and Reward panel remit		
Appendix 3 Equality impact assessment summary		

Appendix 1

Senior Management Grades				
	Apr-15/16	Apr-16/17	Apr-17	*Apr - 18
Chief Executive	£125,000	£126,250	£127,513	£127,513
	£121,000	£122,210	£123,432	£123,432
	£117,000	£118,170	£119,352	£119,352
	£113,000	£114,130	£115,271	£115,271
	£109,000	£110,090	£111,191	£111,191
Executive Directors	£97,920	£98,899	£99,888	£99,888
	£95,880	£96,839	£97,807	£97,807
	£93,840	£94,778	£95,726	£95,726
	£91,800	£92,718	£93,645	£93,645
	£89,760	£90,658	£91,564	£91,564
Heads of Department	£84,660	£85,507	£86,362	£86,362
	£82,620	£83,446	£84,281	£84,281
	£80,580	£81,386	£82,200	£82,200
	£78,540	£79,325	£80,119	£80,119
	£76,500	£77,265	£78,038	£78,038
	£74,460	£75,205	£75,957	£75,957

*nationally agreed cost of living pay award to be applied once agreed.

Appendix 2

Pay and Reward Panel - Terms of Reference

Version - January 2018

Scope

Council on 22 September 2010 agreed to establish a Pay and Reward Panel to consider senior pay. Senior in this context refers to the Chief Executive, Executive Director and Heads of Department levels of the organisation.

The scope of the Panel is to:

- Make recommendations on senior pay and reward issues to Council
- Make recommendations on the management of and structure of senior pay and reward, and grounds for pay progression.
- To comply with the requirements set out in the Local Government (Wales) Act 2015, and any subsequent legislation, which relate to senior pay decisions. The panel and the Council must have regard to any Independent Remunerations panel's recommendation when reaching decision on relevant pay. Appendix 1 provides the process to refer any pay recommendation to Independent Remuneration Panel (IRP).

Terms of Reference

These Terms of Reference (ToR) are based on best practice including advice from Hay Consulting and reference to the Senior Salary Review Board (SSRB) report on Public Sector Senior Remuneration as published in March 2010.

The ToR will be developed over time and will allow the Panel the scope to recommend developments and changes to existing senior pay and reward arrangements. They will also be amended and updated on an ongoing basis to ensure effective working and to clarify the scope role, composition, and process within which the Panel will operate. The Terms of Reference will be subject to approval by Council.

The Terms of Reference were reviewed by the Pay and Reward Panel on 2 March 2012, and approved by Council on 28 March 2012. They are also reviewed annually.

Role

The Pay and Reward Panel will make recommendations to Council on the pay and reward of senior managers. It will:

- a) Contribute to the Council's positive reputation with regard to having appropriate and effective corporate governance arrangements for senior pay by operating an independent, transparent and informed approach to managing senior pay through the Pay and Reward Panel.

- b) Develop broad policy decisions for senior pay, having regard to the Council's Pay and Reward Policy
- c) Propose levels of remuneration considered to be sufficient to attract, retain and motivate senior managers of the quality required to run the organisation successfully
- d) Consider the affordability of its proposals
- e) Be sensitive to the context of senior pay, including pay and employment conditions elsewhere in the organisation
- f) Ensure the relationship between reward for senior management tiers and for employees below this level remain reasonable
- g) Ensure individuals are fairly and responsibly rewarded for their individual contribution
- h) Understand what other relevant organisations are paying for similar roles as well as their general approach to reward, and consider whether Wrexham County Borough Council should position itself in relation to 'the market' – for example, whether the Council's approach may be to pay at around the lower quartile, median or upper quartile of the market, etc.
- i) Ensure that proper and professional advice is obtained to assist in its deliberations.

The Panel's recommendations will be based on job evaluation results, data, advice, evidence, and views collected from a number of possible sources – for example:

- External pay data, advice, and facilitation (e.g. from external consultants or other sources)
- The Council's Chief Executive, key documents and reports
- Performance data where relevant.

Membership and support

The Panel will comprise ten Members to give a balanced political background. One Member will act as Chair.

The Head of Department (Corporate and Customer Services) will provide a "secretariat" function to the Panel. He will be responsible for arranging meetings, coordinating and preparing documentation and arranging support, advice and information for the Panel. He will also guide the Panel on relevant policies which affect decision making, such as the Pay and Reward Policy and Equality and Diversity Policy.

The Panel may commission external independent expertise to train and support them in fulfilling their role and/or to provide external data or advice (including relevant market and regional data). The Head of Department (Corporate and Customer Services) will provide details of external experts considered suitable for these purposes in terms of experience, cost and best value for the Panel to select from.

Frequency of meetings and output

The Panel will meet at least annually to maintain an overview of the ongoing suitability of the Council's approach to senior pay. It will review the pay for senior managers every 2 years and present recommendations accordingly to Council. The Panel would not normally expect to present all of the background data and advice it had received.

The Panel may meet more frequently from time-to-time to discuss changes in relation to the approach or arrangements relating to senior pay (such as linking pay progression to performance or contribution), or as circumstances require. Its recommendations on these issues will also be taken to Council in the manner described above.

Version control – review dates

Original version: 28.3.12

Review dates: 20 January 2016, 8 December 2016, 18 December 2017,

Agreed by Council 22 February 2017

Appendix 1 – Process to refer pay decisions to Independent Remuneration Panel (IRP)

The Welsh Government has produced Guidance on the Independent Remuneration Panel for Wales under Section 143A of the Local Government (Wales) Measure 2011 and Section 39 of the Local Government (Wales) Act 2015. This provision is time limited, in force from 25 January 2016 until 31 March 2020.

1. National pay decisions eg JNC cost of living awards

As a result of national negotiations, if a pay award is made to 'Chief Officers' across local authorities which differs from that awarded to other staff, the IRP may consider joint approaches from local authorities. In January 2016 it was agreed that the WLGA would engage with the panel on behalf of all the Welsh Authorities. However this does not fetter the ability of the IRP to make different recommendations to different authorities if they feel so justified.

2. Requirements of the Council's Pay and Reward panel

2.1 To refer decisions on pay relating to 'Chief Officers' as described in the Localism Act 2011; this will therefore apply to the Head of Paid Service – Chief Executive, Executive Directors and Heads of Department.

2.2 If the Council's Pay and Reward Panel wish to make a recommendation to change the pay of a 'Chief Officer' it will consult with the IRP, unless the change being considered is commensurate with a general pay increase or reduction for the Authority's other staff.

2.3 To provide the IRP with any information it may reasonably require in reaching a conclusion. The IRP may require the following

- Papers/reports prepared by the Authority in relation to the decisions
- Details of the total package available, or under consideration. This could include pension arrangements, severance package, returning officer fees, and performance bonuses. (Full details are set out in the guidance)
- The interdependency of individual salaries within pay structures
- Information concerning other remuneration on offer to other Local Authority Chief Executives/Chief Officers
- Details of agreements made at the National Joint Council level.

2.4 To have due regard to any recommendation the IRP makes in relation to what is in their Pay Policy Statement, and Chief Executive, Executive Director and Heads of Department's pay.

2.5 The Council/Pay and Reward Panel must have regard to any recommendation when reaching its decision.

3. Role of the Independent Remuneration Panel (IRP)

3.1 To take a view and make a recommendation on the proposal, the Authority must have regard to the recommendation, they are not obliged to follow it.

3.2 In the event that the Authority does not amend a proposal following the IRP's recommendation, the Authority must notify the Welsh Ministers and the Panel of its response.

If the Welsh Ministers consider that an Authority's response is inconsistent with the Panel's recommendation, the Authority might be subject to a direction from the Welsh Ministers to re-consider the salary.

Process flow

