



General Functions Committee

20 March 2017

Title	Senior Management Pay Review
Report of	John Hooton – Chief Executive and Head of Paid Service
Wards	Not Applicable
Status	Public
Urgent	No
Key	No
Enclosures	None
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Summary

This report proposes a review of the senior management pay structure affecting the commissioning group and delivery units.

The Council has a talented group of senior managers and in order to develop and retain this group there will always be a need periodically to review the Senior management structure alongside the remuneration levels of senior staff.

The remuneration levels for senior staff in Barnet were last reviewed in 2012 and have remained static for the last 5 years in that there have been no cost of living rises, whilst all other staff have received modest salary rises averaging 1% each year for the last 5 years.

The Council's policy on senior management pay is that each role has a Market based pay structure which links job size to the mid-point between Median and Lower Quartile Pay data. The result of having static pay is that the senior management pay levels are now in the lower quartile. This is now showing across recruitment for senior management roles and the Council is struggling to attract and recruit high quality staff. This leads me to recommend a review of the senior management pay structure alongside the relevant reporting lines to ensure that the Council has capacity in the right places to deal with future challenges.

The need for pay restraint is still needed and therefore the aim will be to deliver an overall saving on senior management costs.

Recommendation

It is recommended that the General Functions Committee AGREE:

- 1. That a review of the Senior Management pay Structure is undertaken and a report of the results be brought back to a future meeting of this Committee.**

Reason for decision:

The reason for this decision is to formally review the senior management salary structure and reporting lines to ensure that the Committee are satisfied that the proposals and rationale have been sufficient.

1. WHY THIS REPORT IS NEEDED

- 1.1 The report concerns the potential to change the pay policy of the Council. The report is presented as due to the seniority of the posts being considered, this is a matter for the General Functions Committee to decide.

2. REASONS FOR RECOMMENDATION

- 2.1 The recommendations in this report are designed to strengthen the Council's senior management pay structure for the reasons set out in the Consultation.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 The recommendation and the structure have been subject to consultation and amended as set out in the report, below.

Consideration to continue with the existing arrangements could result in the Council's senior management pay structure becoming uncompetitive and challenge the retention of key executives

4. POST DECISION IMPLEMENTATION

- 4.1 Should the recommendation be approved, the Constitution Ethics and Probity Committee will be asked to make the consequential changes to the constitution.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The report concerns the senior management functions of the Council.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 The proposals set out within this report will be contained within the relevant existing budgets of the Council, with potential savings in the overall cost of senior management and associated support costs.

5.3 Social Value
Not applicable

5.4 Legal and Constitutional References

5.4.1 This decision relates to the senior management structure. Separate decisions relating to individuals will be taken in accordance with the Council's scheme of delegation and HR policies, for example a decision to re-grade a post or assimilate an employee into a new post.

5.4.2 In accordance with Appendix A to the Responsibility for Functions sections of the Council's Constitution, the General Functions Committee has responsibility for staffing matters (i.e. salaries and conditions of service) other than those within the remit of the Chief Officer Appointment Panel. The Committee will also consider reports on restructure in line with the HR Regulations.

5.5 Risk Management

5.5.1 The Council's functions are essential to the continuing transformation of services and delivery. To achieve this, the Council requires the right people with the set of skills to commission effective services for our residents.

5.6 Equalities and Diversity
Not applicable

5.7 Consultation and Engagement

5.7.1 The consultation of staff affected has been undertaken through, individual meetings with those directly affected. Consultation will continue with affected individuals while the restructure is implemented. Legal and HR advice will be taken where appropriate to do so.

5.8 Insight
Not applicable

6. DETAIL

6.1 The Council has a talented group of senior managers and in order to develop and retain this group there will always be a need periodically to review the senior management structure alongside the remuneration levels of senior staff.

6.2 The remuneration levels for senior staff in Barnet have remained static for the last 5 years in that there have been no cost of living rises, whilst other staff have received modest salary rises averaging 1% each year for the last 5 years.

6.3 The Council's policy on senior management pay is that each role has a Market based pay structure which links job size to the mid-point between

Median and Lower Quartile Pay data. The result of having static pay is that the senior management pay levels are now in the lower quartile.

- 6.4 This is now showing across recruitment for senior management roles and the Council is struggling to attract and recruit high quality staff.
- 6.5 There have been a number of failed recruitment exercises which leads me to recommend a review of the senior management pay structure.
- 6.6 The need for pay restraint is still needed and therefore I propose to exclude my own position from the review and further propose that any additional costs be met from within the existing senior management staffing budget costs.
- 6.7 At the same time it also seems appropriate to review the relevant reporting lines to both the Chief Executive and Directors to ensure that the Council has capacity in the right places to deal with future challenges.
- 6.8 It is proposed to undertake a review of the senior management pay structure using experienced Hay Management consultants to advise the Council and make appropriate recommendations to a future meeting of the General Functions Committee.

7. CONSULTATION

- 7.1 The Head of Paid Service launched the formal consultation with employees potentially affected by these proposals, all of whom are not covered by any collective bargaining arrangements.
- 7.2 The consultation was undertaken through:

Individual consultation: the Head of Paid Service had face to face meetings with those potentially affected.

8. IMPACT

- 8.1 The proposals set out today directly affect 22 employees.
- 8.2 An Equalities Analysis has been undertaken and no specific disproportionate impacts were identified on any protected characteristics relating to the Council's Equalities Duty.

9. USE OF RESOURCES

- 9.1 Subject to the agreement of General Functions Committee to the review the costs of the review will be met from existing budgets..

10. BACKGROUND PAPERS

- 10.1 There are no background papers.