



**SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL**

# Employment Committee

19 January 2022

**Report of:** Councillor Annie Mason

Cabinet Member for People and Safer Communities



## Pay Review

One of the actions on the Employment Committee Work Programme 2021 – 22 is to undertake a pay review of the organisation. The purpose of this report is to set out the proposed scope of the pay review.

### Report Author

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Corporate Priority:	Decision type:	Wards:
High Performing Council	Administrative	All Wards

<b>Reviewed by:</b>	Alan Robinson (Deputy Chief Executive)	20 December 2021
<b>Approved by:</b>	Karen Bradford (Chief Executive)	22 December 2021
<b>Signed off by:</b>	Councillor Annie Mason (Cabinet Member for People and Safer Communities)	6 January 2022

### Recommendation (s) to the decision maker (s)

1. Notes and endorses the scope and makes any further suggestions to be included in the pay review.

# 1 The Background to the Report

1.1 A pay review is one of the actions of the Employment Committee Workplan 2021 – 22 and links into the Reward and Recognition theme of the draft People Strategy 2022 – 2025.

1.2 Some preliminary work on a review of pay and reward was carried out by independent consultants in 2019 which highlighted:

- The lack of external market competitiveness in some hard-to-recruit areas
- The lack of incentive and recognition of higher contributors 'who go the extra mile'
- The current pay structure is not delivering competitive levels of pay for some key roles

1.3 One of the aims of the pay review is to ensure that our pay and reward offer is fair, transparent, affordable and helps to attract and retain high performing staff.

1.4 This report seeks the views of the Employment Committee on the scope of the pay review and to assist with this the following information provides background information on our current pay arrangements.

## Background to SKDC Pay Arrangements

1.5 Around April 1998 SKDC moved from the national pay scales to a condensed local pay scale with single point salaries. It has proved impossible to locate the documentation and rationale for this decision due to 22 years which have passed since it was made.

1.6 The NJC Local Government Job Evaluation scheme was implemented during 2004 and the pay structure was designed to meet affordability needs at the time.

1.7 There is no flexibility within the job evaluation scheme and no option to take account of competitive market conditions. This is challenging for roles which are very difficult to recruit to. This means that on occasion the council has had to make use of market supplements for some difficult to fill roles and whilst this can resolve an immediate issue it does not resolve the ongoing issues or provide stability. The job evaluation scheme does not cover roles at Head of Service level and above and evaluation of these roles is based on historical data and the use of benchmarking.

## National pay bargaining

1.8 SKDC are not on the local government pay spine and technically not subject to national pay bargaining. However, there is a collective agreement in place with the trade unions that the local Cost of Living Pay Award shall be based upon pay reviews by the National Joint Council and Local Government Services (NJC).” In practice the SKDC pay award has mirrored the national pay award.

## National Terms and Conditions

1.9 Some SKDC terms and conditions of employment differ from national terms and conditions (Green Book). In general terms these differences are:

- SKDC are on local pay grades rather than local government pay spine
- SKDC do not pay enhanced rates of pay for overtime, with the exception of custom and practice arrangements in Repairs and enhanced pay and time off for bank holidays
- SKDC do not pay car allowances and have pool car arrangements in place and pay business mileage to employees who use their own cars at a rate of 45p per mile

## SKDC Pay Grades

- 1.10 There are 43 separate pay grades, excluding National Minimum Wage pay rates and multi skill elements for craft operatives.
- 1.11 Some of the pay grades have been created as an interim point between two pay grades at the point of recruitment. This may be where new employees are appointed on a development grade as set out in the Pay Policy Statement 2021-2022.
- 1.12 Analysis of current pay grades and roles highlights inconsistencies, for example between administrative roles and team leader roles across the organisation. A revised pay structure could help to address these inconsistencies. Pay rates across the organisation would be more transparent which should help staff to feel more positively about fairness and consistency of pay.

## Hard to Recruit Roles

- 1.13 It has been identified through the recruitment process that the salaries for some roles are low in comparison to the market and other local authorities. These include Environmental Health, Finance, Land Charges and Democratic Services. Salaries are currently set using the job evaluation system.
- 1.14 For 2021-22 the decision was made to pay the Real Living Wage as the minimum salary for staff. For 2021-22 the Real Living Wage was set at £9.50 per hour. To ensure differentiation between the lower pay grades, this resulted in pay grades SK1 to SK8 receiving a pay increase.
- 1.15 The national pay award, effective from 1<sup>st</sup> April 2021 is still being negotiated with the trade unions.
- 1.16 Those grades which received the increases linked to the Real Living Wage will not also receive the national pay award. SKDC normally uses the agreed national pay award rates for its annual pay award/

## **2 Issues To Be Considered**

- 2.1 In November 2021, the Real Living Wage for 2022 increased to £9.90 per hour and employers who are signed up to the Real Living Wage have to implement this by May 2022.
- 2.2 As was the case for 2021, the bottom grades on the pay structure will need to be reviewed to ensure there is differentiation between grades.
- 2.3 The National Living Wage from April 2022 is £9.50 per hour.
- 2.4 SKDC's pay structure is based on single point salaries with no opportunities for progression. This differs from the majority of Local Government employers which have grades within pay bands.
- 2.5 The findings of the 2018 staff survey indicated that over a third of employees did not feel that hard work and good performance are recognised at the Council and that staff are paid fairly for the job they do.
- 2.6 To ensure that there is flexibility to attract/retain as markets change for roles in short supply consideration may have to be given to paying a recruitment premium or market

supplement at commencement or during employment. This will impact where there is a new starter in the same role as an existing employee and needs to be considered in terms of equity.

- 2.7** Where market supplements are applied as a recruitment tool these are carried out on an ad hoc basis using basic methods for comparing roles. Pay benchmarking tools are available which would simplify the process and provide more consistent benchmarking data.
- 2.8** There is some inconsistency of overtime rates and standby rates and when they are applied across the Council and these need to be reviewed to ensure they are fair and equitable.
- 2.9** The issue of payment for shift working and nights e.g. CCTV has recently been raised by employees and this needs to be reviewed and benchmarked to ensure that they are fair and equitable.
- 2.10** The Council has a Night Working Additional Payment Agreement which pays an additional hour where work is carried out between 22.00 and 06.00.

### **3 Recommended Scope**

- 3.1** The following are recommended to be in scope for the pay review:
- The use of career grades to attract talent to the organisation and provide development opportunities and progression to develop and retain rising stars. This work will need to be linked to the training budget to ensure that we can deliver what is in career development plans
  - A review of the lower range of pay grades to ensure that there is clear differentiation between the grades, based on the 2022 Real Living Wage rate.
  - Analysis of similar roles across the organisation to identify any inconsistencies between pay grades. Consideration to be given to the setting of salary bands for different levels e.g. senior officer, 1st line manager, team leader, service manager. This would help to demonstrate fairness and consistency between pay grades across the whole organisation. Salary bands are already in place for Head of Service roles and above.
  - Develop a consistent process for the benchmarking of roles, particularly those which are hard to recruit to. Consideration could be given to using job evaluation in conjunction with salary benchmarking, and the use of external benchmarking tools. to provide meaningful evidence to support pay decisions.
- 3.2** Whilst there are inconsistencies across roles there is no indication that there is a gender pay gap issue. If this does become an issue the Council may wish to carry out an equal pay audit to explore the reasons.
- 3.3** The pay review should also consider non-pay benefits which are of value to staff. These currently include flexible working, annual leave entitlement, provision of an Employee Assistance Programme and several salary sacrifice schemes. Other options which could be considered are recognition initiatives such as staff awards and additional leave.

- 3.4 Opportunities could be explored for the provision of a benefits platform which enables staff to have access to funded and paid for benefits. Examples of benefits that staff pay for include a health cash plan.
- 3.5 Once the scope of the pay review has been agreed an action plan with timelines can be formulated.
- 3.6 It is proposed that the Employment Committee receive an updated report on the pay review no later than June 2022.
- 3.7 There may be budget implications for the Cabinet Member and the S151 Officer to consider. Any financial implications of the pay review will need to be determined and approved by Council.

## **4 Financial Implications**

- 4.1 The pay review could have significant financial implications for the Council and so the review will need to be undertaken in the context of the financial framework. It is important that any changes to the salary bandings are carefully considered prior to any implementation.

**Financial Implications reviewed by: Richard Wyles, Assistant Director of Finance and s151 Officer**

## **5 Legal and Governance Implications**

- 5.1 There are no legal implications arising from this report.

**Legal Implications reviewed by: Graham Watts, Head of Democratic Services and Deputy Monitoring Officer**

## **6 Equality and Safeguarding Implications**

- 6.1 Equality Analysis will be completed once the scope for the pay review has been agreed.

## **7 Risk and Mitigation**

- 7.1 Not applicable to this report.

## **8 Community Safety Implications**

- 8.1 There are no community safety implications relating to this report.

## **9 How will the recommendations support South Kesteven District Council's declaration of a climate emergency?**

- 9.1 The recommendations in this report have no carbon impact.

## **10 Other Implications (where significant)**

- 10.1 There are no other implications relating to this report.

## **11 Background Papers**

- 11.1 Pay Policy Statement 2021 – 2022

<http://www.southkesteven.gov.uk/CHttpHandler.ashx?id=26281&p=0>

