

To the Chair and Members of the

**CHIEF OFFICERS APPOINTMENTS AND CONDITIONS OF SERVICE COMMITTEE**

**REVISED SALARY STRUCTURE FOR OFFICERS ON CHIEF OFFICER TERMS AND CONDITIONS**

<b>Wards Affected</b>	<b>Relevant Overview &amp; Scrutiny Panel (if appropriate)</b>
<b>ALL</b>	<b>N/A</b>

**PURPOSE**

1. The purpose of this report is to seek the Committee's approval of a new salary structure and method of salary assimilation for chief officers in line with JNC Terms and Conditions.

**RECOMMENDATION**

2. That the Committee agree the pay structure as outlined in this report.

**BACKGROUND**

3. To date chief officer salaries have been evaluated by Council officers using a Hay evaluation based methodology. However, they have never been subject to a full rigorous and independent job evaluation such as other posts on NJC terms and conditions are currently being subject to.
4. The restructure of chief officer posts within the Council presented an opportunity to ensure that the posts were evaluated formally and rigorously. This would ensure that transparency could be shown across all chief officer pay scales.
5. The Hay job evaluation scheme allows all posts to be fully evaluated and grades identified that are based on the relative size of the job. This ensures that all chief officers are paid the correct salary for the work they are undertaking and also eliminates any risk of equal pay claims.
6. Following a procurement exercise the Local Government Employers (LGE) were approached to undertake a full evaluation of chief officer posts for Doncaster Council. The decision was taken to use the Hay evaluation scheme as this is recommended within the conditions of service for both chief officers and chief executives. In addition the Hay scheme has been used by over 50% of local authorities to evaluate jobs

at this level and, therefore, it provides the widest database of evaluation score comparisons.

### **Evaluation Process**

8. Current chief officer postholders were invited to attend briefings to explain the methodology behind the Hay evaluation process and also to provide guidance on how to complete the questionnaires. Officers were then required to complete the form and meet with their line manager to sign this off as accurate. Advice and guidance was provided where any officers requested this.
9. Following the completion of questionnaires a member of the evaluation panel met with a number of the Council's Directors in order to ensure they held a full and complete understanding of the posts and the structures in which they sit.
10. An evaluation panel comprised of two trade union representatives, a Hay officer and a LGE officer met and evaluated the questionnaires and awarded scores to each post based on judgements on the post's accountability, problem solving and know how. The LGE were then able to compare the job scores to jobs with the same score in other local government and in the public sector. As a result the LGE were able to provide a recommendation of a salary range for Doncaster Council linked to job scores.

### **Salary Structure**

11. The LGE has recommended a salary structure with 7 grades for chief officers. There is an additional grade for the Managing Director. However, the salary band of CO7 (£40,000 - £47,500) is a direct overlap with the proposed grade 11 under the NJC pay & grading review. It was felt that this would create potential equal pay claims and therefore, any officer being evaluated at CO7 should be moved onto grade 11 of the NJC scale.
12. Following consultation with all affected staff, it is proposed that the previous Performance Related Pay (PRP) scheme is abolished from 31<sup>st</sup> March 2008 so that Chief Officers receive a basic annual salary.
13. The recommended salary structure is set out below:

<b>GRADE</b>	<b>SCP</b>	<b>£</b>
CO 6	3	47,500
	4	51,250
	5	55,000
CO 5	5	55,000
	6	60,000
	7	65,000
CO 4	8	70,000

	9	75,000
	10	80,000
CO 3	10	80,000
	11	87,500
	12	95,000
CO 2	12	95,000
	13	102,500
	14	110,000
CO 1	14	110,000
	15	117,500
	16	125,000
CE	17	160,000
	18	167,500
	19	175,000

- 14.** The above structure will allow for salary progression within the grade for the post. It is felt that the above salary structure is more open and transparent and reflects a similar structure as being proposed, and traditionally used, for all other staff within the Council.
- 15.** However, it is proposed that progression within the salary band is based on an annual review of the performance of the chief officer. This will tie into the current PDR process, but will remove the element of Performance Related Pay (PRP). The outcome of the PDR would identify whether performance has been to a satisfactory standard or not. Where performance has been satisfactory then a progression point would be awarded. Where it has not been satisfactory then no progression would be awarded for that year. Any annual progression agreed would be effective from 1<sup>st</sup> April each year.
- 16.** The new pay structure and salaries will be backdated to 1<sup>st</sup> May 2008 which was the date that the chief officer's structure was finalised.

### **Assimilation to the New Pay Structure**

- 17.** With the abolition of the existing PRP scheme we will now need to establish what amount we use as the officers' annual salary in order to determine assimilation within their identified pay grade.
- 18.** Given that PRP has been established as a payment on an annual basis, it would potentially cause a large reduction in actual take home salary if we were to only use the basic salary for the assimilation process. It is, therefore, proposed that a rate of 7.5% is added to the basic salary to calculate the salary to be considered for assimilation. (7.5% was the average level of PRP for 2006/07).
- 19.** Once the new salary has been calculated the officer would then be assimilated to the closest point within their new pay grade which does not provide detriment. Should the new salary be above the top point of the

new pay grade then the officer would receive pay protection in line with the Council's Pay Protection Policy (this is currently under consultation as part of the Pay & Rewards negotiations). If the new salary is below the first point of the new grade then the officer would be assimilated to the first point on the new grade.

### **Pay Protection**

20. Pay protection will be in line with the scheme that is negotiated for employees under the Pay & Reward project.

### **RISKS AND ASSUMPTIONS**

21. The risk of not completing full job evaluation for chief officers is that it leaves the Council open to Equal Pay claims from officers. Without an open and transparent method of evaluating salaries then any claims would be difficult to defend.
22. Failure to review and evaluate the salaries for chief officers against regional and national comparators could potentially lead to significant recruitment and retention issues for Doncaster, seeing us unable to attract and retain quality officers.

### **CONSULTATION**

23. Full consultation has been undertaken with all chief officers and with the recognised trade unions.

### **LEGAL IMPLICATIONS**

24. S112 of the Local Government Act 1972 allows a local Authority to appoint such officers as are necessary for the proper discharge of its functions, on such reasonable terms and conditions as it thinks fit. Therefore, in accordance with statute, the level of remuneration must be considered and further confirmed as reasonable. Although there is no statutory basis for the Chief Officer Pay structure to be evaluated the process and methodology appear to have been conducted fairly and reasonable thereby meeting the statutory requirement.

A change in the pay structure and therefore the level of pay is a fundamental part of an employee's contract and as with any contractual change does require consent of the Employee concerned. Each Chief Officer should be issued with a contract variation for signature to confirm their consent and therefore agreement to the changes.

There is the potential for Employees not to agree the changes. The changes cannot be imposed unilaterally. There is potential litigation risk for an employee to claim the Employer has breached their contract claiming constructive unfair dismissal or unfair dismissal.

Re-grading requires consideration of the likelihood of equal pay claims

## FINANCIAL IMPLICATIONS

25. There are currently 53 chief officer posts that have been assessed and assigned a grade. There are 11 posts that are awaiting confirmation of the assessment. These 11 posts have not been included in the financial implications as the amount required cannot be confirmed.

A summary of the cost implications for Basic Pay is shown below: -

	No of posts	Budget 2008/09 £000	Current Cost £000	New Grade Min £000	New Grade Max £000
<b>Total</b>	<b>53</b>	<b>3,334</b>	<b>3,229</b>	<b>3,205</b>	<b>3,710</b>

As can be seen from the above analysis, the range of costs for the new pay structure is within the current budget.

Where the maximum grade cost is above the budget, this will be managed within overall budget allocations.

## CONCLUSION

26. The new salary structure provides transparent pay levels rather than the current spot points and protects the Council against equal pay claims. It also provides salary progression which it is hoped will provide a retention incentive to officers. It is recommended that this pay structure and method of moving officers onto the structure is agreed.

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## BACKGROUND PAPERS

Proposed Chief Officer Pay Structure and Grades consultation paper.

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