

NEWPORT CITY COUNCIL

Senior Pay



Geldards
law firm

1. Background

1.1 Geldards were instructed in May 2016 to review the advice and recommendations received by the Chief Executive in relation to options to address a number of concerns relating to the pay structure of senior staff at Heads of Service level.

1.2 To assist us in understanding the background to this issue we were provided with copies of a number of reports that have been commissioned by the Council, dating back to 2014. These included the following: -

- Hay Group Report of March 2014 - a Review of Proposed Changes to the Senior Staffing Structure;
- Capital People Consultants Report of May 2016 - a Pay Bench Marking exercise;
- Korn Ferry, Hay Group Report of August 2016.

1.3 These reports provided valuable insight into the nature and extent of the senior staff structure issues. The restructure exercise that was the subject of the Hay Group report was duly implemented. As such the unresolved issue then related to the pay and grading structure for the posts at Head of Service level. This revealed that there were two distinct, but interrelated issues, namely:-

(a) Structure and evaluation

- The Hay report confirmed that the new 8-post senior staff structure was fit for purpose. It was acknowledged that the savings associated with the reduction of 9 to 8 posts should help the Council address recruitment and retention risks. This implies that there was an assumption that the question of pay structure/ levels would be addressed separately.
- The Capital People report sought to address concerns related to the 3 banded grading structure for Head of Service posts and, in particular whether the boundary distinctions were justifiable and whether the posts were appropriately assigned to the different pay bands.
- There was a concern that the current posts in the structure, though historically seemingly linked to a Hay Group job evaluation exercise conducted in 2005, had not been re-evaluated despite various restructures of roles and responsibilities in recent years. There was a specific sensitivity around the fact that the post holders assigned to the lowest pay grade were (or had until recently) been exclusively all female, whereas the post holders in the higher pay grade were exclusively [or predominantly] male.
- It was highlighted in the Capital People report that pay differentials based on an evaluation exercise conducted over 10 years ago were vulnerable to challenge and assumed to present an equal pay risk. However, as their review did not

entail undertaking fresh evaluations of the current Heads of Service posts they were not in a position to evaluate the extent of this risk or assess whether such differentials were potentially defensible, as a matter of law.

(b) Structure and Pay levels

- Observations were noted about pay differentials with neighbouring authorities.
- Capital People identified a number of options to address concerns about pay levels which included: -
 - Job evaluation;
 - Spot salaries; and
 - Incremental grades linked to the external market.
- A move through to a 10 point Heads of Service pay band.
- They undertook a bench marking exercise and sought to identify bench market salary ranges for each post in the 3-banded pay structure.

2. Issues arising

- 2.1 We concluded that it would be impractical to achieve a satisfactory outcome of issues relating to Head of Service Pay and Grading structure without de-coupling the separate complement of role evaluation and pay levels for roles.
- 2.2 This approach would then be wholly consistent with the long-term strategy, which the Council has pursued in relation to pay throughout the organisation and which has underpinned its pursuit of Single Status. This entails acknowledging that the starting point should be to identify and hence understand the comparative “weight” of different jobs. Once that is known, decisions can be taken about how to group or band those jobs for pay purposes. Then, the quite separate matter of where to set the pay level / line for those pay grades / bands be considered.
- 2.3 As such we recommended that an evaluation exercise should be undertaken. That evaluation exercise has since been undertaken by Korn Ferry, Hay Group and, at the time of writing this advice note, the appeal process is being conducted.

3. Advice

- 3.1 The evaluation exercise has confirmed that the current assignment of the respective Heads of Service posts to the 3 banded grading structure does not reflect the relative ‘weight’ and responsibility of the roles as currently configured.

- 3.2 This is unsurprising given the restructure of roles and responsibilities since the last evaluation exercise was undertaken in 2005.
- 3.3 Korn Ferry, Hay Group has evaluated 7 of the 8 posts at the same score. However the post of Chief Education Officer has attained a higher score, which has been explained by reference to “additional challenges and complexity”.
- 3.4 Given the outcomes of the job evaluation exercise, we would endorse proposal to implement a new grading structure for Heads of Service roles which is aligned to the relative weights of the roles. The evaluation results would suggest that a two-band structure is appropriate which in effect will see the Heads of Service roles that were previously assigned to band HS3, move to band HS2. This would give rise to a need to increase the pay of those roles accordingly.
- 3.5 In the event of a failure or delay in adjusting the pay and grading structure to implement the results of the job evaluation exercise, the Council would face an increased risk of challenge. The question of whether or not such challenges or equal pay claims would succeed as a matter of law is outside the scope of this advice. Determination of that issue would consider a more in-depth investigation of the reasons for historic pay differentials and a determination of whether the reason for the pay differentials roles were related to the gender of the post holders or, alternatively, due to other genuine and material factors which would render the pay differentials defensible.

Kim Howell
Geldards LLP
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