

Agenda item 8

For decision - Broadening the pay bands and performance related pay progression.

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Summary

This report proposes to broaden the pay bands of the lower paid staff in line with the Management Group. It details the cost implications in each of the next three years and confirms that the salary budget for 2018/19 is sufficient to cover the extra costs.

Introduction

Following the establishment of the Council's Management Group there have been questions raised by staff about inconsistent pay bands. Currently, the ranger/admin tier of staff has a pay band width of four points (about £17k - £18k), the project officers have a band width of three points (about £23k - £25k) and the Management Group's is eight points (about £28k - £33k).

When we agreed to adopt the National Living Wage we effectively committed ourselves raising salaries of the lowest paid staff and the recent national pay award does likewise by awarding a larger percentage increase to the lower paid staff than those on higher salaries. This is something which we should be proud of.

The Advisory Group of Councillors has discussed the possibility of broadening pay bands, the costs of such a move, the advantages and the potential to link pay more tightly to performance.

Pay bands

It is important that the Council treats all staff fairly and there is not currently equity in the pay structure.

Being a small organisation, career progression is difficult, and it is accepted that, at times, staff will need to move on if they want to progress their career.

Having one tier of staff (the Management Group) with a broad pay band of eight scale points while the other staff pay bands are much narrower is not fair but is something we can address. And we should do this not just for fairness reasons but also because hitting a pay ceiling after only three years in post can act as a demotivator and has led to staff retention problems in the past.

By establishing broader pay bands staff will know that if they perform well they will move up the pay ladder. With eight to ten scale points to develop in, we are supporting staff to become experts in their fields and we will reap the benefits of this expertise. The top of the pay bands for all tiers will also represent a competitive salary compared to other organisations that we

would expect to benchmark ourselves against such as other local authorities and third sector organisation like the National Trust.

It is proposed, therefore, that the pay band for the admin/ranger tier of staff is broadened to 11 points and nine points for the project officers. It is not proposed to change the pay band of the Management Group. This arrangement would mean that there is a one point overlap between the admin/ranger staff and the project officers and one point between the project officers and the Management Group. There would be the reasonable scenario therefore that an experienced and highly skilled ranger may be paid a little higher than a new and inexperienced project officer.

The table below shows the impact of these proposals on salaries.

	2017/2018				2018/2019			
	Current salary band	Band Width	Lower SCP salary	Top SCP salary	Proposed salary band	Band Width	Lower SCP salary	Top SCP salary
Admin staff/ Town Rangers	14 -17	4 SCP	£16,781	£17,772	15 – 25	11 SCP	£17,972	£23,111
Project Officers	26 – 28	3 SCP	£23,398	£24,964	24 – 32	9 SCP	£22,401	£29,055
Management Team	31 – 38	8 SCP	£27,668	£33,437	31 – 38	8 SCP	£28,221	£34,106

The additional financial impact of these proposals including on costs are:

2018/19	+£2,157
2019/20	+£2,406
2020/21	+£4,904

The increase for 2018/19 includes the national pay award ranging from 2% to 5% for lower paid staff and comes within the 2018/19 salary budget.

Performance related pay (PRP)

Research by the LGA and Unison indicates that most Councils operate a service based pay progression system, where movement up the pay band reflects time spent at the Council. This is not a PRP system.

FTC does operate a PRP system however. Staff contracts state that progression through the pay band is subject to **satisfactory** performance. This is measured by an annual appraisal of performance against objectives. Through the year, if we have staff who are in danger of not meeting their objectives, they will be supported to improve but, if performance does not improve, the capability process, as described in the Staff Handbook, will be triggered. At the annual appraisal, if their objectives have not been met, they would not be moved on to the next scale point.

The crucial element here is that objectives need to be set at a challenging level. In our opinion they are. The staff work to a consistently high standard and if they meet their objectives we can be confident, as a Council, that their performance has been high.

We consider, therefore, the current process of performance based pay progression to be robust. Tying progression through pay bands more tightly to performance could have a negative impact on recruitment and retention. It would also be a crude response; rewarding outstanding performance in a single year across all future years.

Recommendations

1. Set the pay band for rangers and administrator at 15 to 25 (£17,972- £23,111)
2. Set the pay band for project officers at 24 – 32 (£22,401 - £29,055)
3. These changes to have effect from 1 April 2018.
4. Confirm to all staff that progression through the pay band is dependent on meeting the objectives set at the annual appraisal.