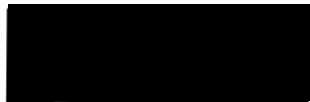
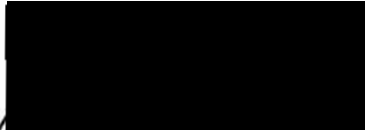


EXECUTIVE DECISION RECORD
Cabinet Member

REF No: 218/24

A1 Service Area	Chief Executive and HR
A2 Title	Modernisation of salary Grade 12 managers (Tier 3) (seven direct reports to chief officers)
A3 Decision Taken By	Leader
A4 Chief Officer	Please print name: Andy O'Brien Please sign name: 
A5 Leader / Deputy Leader	Please print name: Cllr Mick Fitzpatrick Please sign name: 
A6 Date of Decision	[5 / 9 / 24]

Confidential or Exempt Information

A7 Does this decision contain Confidential Information?	No (<i>please delete as appropriate</i>)
A7.1 Does this Decision contain Exempt Information as described in Schedule 12A of the Local Government Act 1972?	No (<i>please delete as appropriate</i>)
A7.2 If yes, please state relevant paragraph from Schedule 12A LGA 1972.	Paragraph []

Conflict of Interest

Are there any conflicts of interest to declare? No (*please delete as appropriate*)

(If "Yes" please contact the Chief Executive before making the Decision. A note of dispensation should be attached).

Scrutiny/Audit

A8 Which Committee should this decision be submitted to? (*Please tick as appropriate*)

Scrutiny (Value for Money Council) Committee
Audit Committee

B1 What is the Decision?

Regrade ESBC's Grade 12 cohort (£52,503 to £57,664) to a new pay band which is affordable for the Council and allows career progression for senior middle managers.

The grade proposed is £63,000 to £69,000, with increment points at £65,000 and £67,000. Effective from 1 October 2024.

B2 What are the reasons for the Decision?

This EDR proposes a new remuneration level to ensure that Grade 12 level managers are properly remunerated for their expertise so that salary alone is no longer a reason to leave ESBC. Following an extended period of low and then growing turnover in ESBC's Grade 12 cohort, it has recently become apparent that there is an imbalance in the salaries of the roles in that cohort when compared with our nearest geographical neighbours and more broadly. This became apparent during late 2023 when failing to retain and then recruiting to the Chief Accountant role (including the Legal Services manager post at Grade 11). As well as when one manager was made a job offer at the same tier level but at a much higher salary. While an element of turnover of staff is positive at all levels and valuable experience can be gained elsewhere, the experience and loyalty managers can bring to ESBC is also valued.

Seven Grade 12 manager (Tier 3) posts report into four chief officer posts as the most senior middle managers in the organisation. These job roles are: Chief Accountant (deputy s151 officer); Environment Manager; Corporate and Commercial Manager; Environmental Health Manager; ICT Manager; Planning Manager; and Open Space and Communities Manager. Following benchmarking of this management pay profile it would appear that ESBC's pay approach to tier 3 of management has fallen behind nearest geographical neighbours. Benchmarking has been undertaken to understand whether ESBC is paying members of its senior middle management cadre a competitive salary.

The following neighbouring authorities were selected as the most appropriate comparator group for this exercise. Ashfield District Council has recently restructured the equivalent management tier (with support from the Local Government Association). To this end the latter authority represents the most up-to-date findings on pay through the lens of the LGA (as at August 2023). Comparing neighbouring authorities as opposed to our usual nationwide audit family is seen as appropriate because neighbouring authorities share broadly the same labour market – Staffordshire and North Midlands. Authorities *not* included in the benchmarking were Cannock Chase and Stafford as these two councils share managers at Tier 3; as well as Staffordshire Moorlands who form a strategic alliance with High Peak. Therefore, any comparisons would not be 'like for like'.

The following table highlights the differences in pay between the aforementioned authorities, according to the most recent pay information on their respective websites:

	Ashfield 2024	ESBC 2024	Lichfield 2024	Newcastle 2024	South Derbyshire 2024	South Staffordshire 2024	Tamworth 2024
Tier 3 staff numbers	14	6	9	7	12	7	7

Tier 3 pay grade range	£63,756-£71,933	£52,503 to £57,664	£50,487 to £56,648	£68,310 to £74,520	c.£44,673 to £71,792 according to financial statements	£70,000 to £75,000	£68,052 to £73,557

The context for the variance between council pay policy at Tier 3, is that during the 2010s councils made cuts to the size of their management teams following reduced central government funding. No two councils went about ‘right-sizing’ and ‘de-layering’ of management structures the same way – with some choosing to de-layer or delete the then Tier 2, or Tier 3, and others even focussing on Tier 4. Here, in this table, it can be seen the number of Tier 3 managers ranges from 6 to 14 which bears out this analysis.

As councils in the 2020s seek to consolidate their management capacity it would appear from these findings pay levels at Tier 3 culminate in salaries over £70,000, in five of the six comparator authorities. Four of the six authorities begin their Tier 3 grade in the range of £63,756 to £70,000. Lichfield, like ESBC appear as outliers within this trend. (South Derbyshire’s information is unclear as it was gained from financial statements rather than official pay policy, which may take into account posts that were not fully utilised for the whole of the year to 2023. Although their grade finishes at £71,792.)

Nevertheless, with ESBC’s tier 3 range of £52,503 to £57,664 it would appear the Council is adrift of at least four of the six councils paying circa £68k to £75k to Tier 3 senior middle managers.

The recommendation, therefore, is to regrade ESBC’s Grade 12 cohort to a new pay band (£63,000 to £69,000) which is affordable for the Council, helps retain managers at a key time and allows further career progression for senior middle managers. The grade proposed is £63,000 to £69,000 (with increments at £65,000 and £67,000).

The arrangements are proposed to be effective from 1 October 2024 and for the full year effect be taken into account during the 2025/26 budget.

B2 Alternative options considered and rejected?

The alternative is for the council to retain a clearly uncompetitive pay grade, potentially lose key managers and struggle to recruit to key posts. At the stage of struggling to recruit, the council will need to raise its pay grade, in any case, on an incremental basis to attract applicants. This has already been the case when recruiting to the Chief Accountant, within the last year. A holistic, tier-wide approach is now recommended, as detailed above.

{No other changes to terms and conditions are envisaged at this stage apart from proposing a longer notice period, which will also mitigate the costs of transitions when one employee leaves and another one is due to start. This will also reduce the cost of using interims as the gap between employee departure and arrival will in theory reduce. This is an operational decision.}

B3 What are the contributions to Corporate Priorities?

The management of the council's operations links to all five corporate priorities.

B4 What are the Human Rights considerations?

There are no Human Rights issues arising from this decision.

Financial Implications

B5 What are the financial implications?

The main financial issues arising from this decision are as follows:

Revenue	2024/25	2025/26	2026/27
<i>With effect from 01/10/24</i>	20,112	53,015	

The costs shown take into account estimated pay awards for 2024/25 and 2025/26 as per the current MTFs estimates, as well as the impact of increment progression where applicable.

This new 6 monthly cost can for the rest of 2024/25 be offset using the professionals reserve, which is sometimes used to pay the costs of interim managers, which will be required if key managers leave their posts due to an uncompetitive grade. During the next MTFs making period the future cost from 2025/26 can be factored into proposals.

Capital	2024/25	2025/26	2026/27
None required.			

The finance section has been approved by the following member of the Financial Management Unit:

Please print name:
Daniel Binks – Chief Accountant

Please sign name:

Approved by email on 30th August 2024.

B6 Is the Decision wholly in accordance with the Council's policy framework?	The decision sits outside of the MTFS
B6.1 If No, does it fall within the urgency provisions (Part 3 of the Constitution)?	NA (<i>please delete as appropriate</i>)
B6.2 Has it got the appropriate approvals under those provisions?	NA
B7 Is the Decision wholly in accordance with the Council's budget?	No
B7.1 If No, does it fall within the urgency provisions (Part 3 of the Constitution)?	No (<i>please delete as appropriate</i>)
B7.2 Has it got the appropriate approvals under those provisions?	NA (<i>please delete as appropriate</i>)

Equalities Implications

B8 What are the Equalities implications:

None.

B8.1 Positive (Opportunities/Benefits):

B8.2 Negative (Threats):

B8.3 The subject of this Report is not a policy, strategy, function or service that is new or being revised. An equality and health impact assessment is not required.

B8.4 [The equality impact assessment identified the following actions to be carried out:] NA

Risk Assessment

B9 What are the Risk Assessment implications:

B9.1 Positive (Opportunities/Benefits):

A competitive pay grade supports recruitment and retention.

The morale and motivation of managers can improve further if pay is market-linked.

B9.2 Negative (Threats)

If senior middle manager pay is not restored to a competitive level, key managers may leave the organisation and with that follows: interruption and loss of momentum around objectives for chief officers and members; expensive interim manager fee costs; and the need to promote a higher pay level to improve chances of effective recruitment.

B9 What are the Risk Assessment implications:

B9.3 The risks do not need to be entered in the Risk Register.

Legal Considerations

B10 What are the Legal Considerations:

B10.1 The Council has sought external legal advice on the risk of an equal pay claim. The advice received has confirmed that there is a low risk of a claim under the Equality Act 2010 (and subsequent regulations) by virtue of this decision.

Whilst a low risk does not rule out the possible eventuality of a claim, the advice received provides positive assurance in respect of the Council's reasons for modernising Grade 12. The reasons for this are detailed in the main body of this report, which details appropriate considerations alongside benchmarking with other local authorities.

This section has been approved by the following member of the Legal Team

Please print name: John Teasdale

Please sign name: Approved by email on 28th August 2024.

Environmental Impacts

B11 What are the Environmental Impacts:

Consider impacts related to the Climate Change & Nature Strategy aims:

- Reducing greenhouse gas emissions (climate change mitigation)
- Preparing for future climate change (adaptation)
- Protecting and enhancing nature
- Using resources wisely and minimising waste and pollution

B11.1 [The impacts are **significant** and have been subject to an enhanced consideration by the Council's Climate Change and Adaptation Officers for inclusion below.] [The impacts are **not significant** and are set out below without enhanced consideration by the Council's Climate Change and Adaptation Officers.]

(note – a **significant** impact will likely result from any project, policy, procurement exercise or service change that has a direct or indirect effect on energy or fuel use, water use, land use, other physical resource use, waste generation, pollution, regeneration or construction – If unsure contact the Council's Climate Change and Adaptation Officers.)

B11.2 Positive Impacts (Opportunities/Benefits):

B11.3 Negative Impacts (Threats/Mitigation):

Health & Safety Implications

B12 What are the Health & Safety implications:

B12.1 A Risk Assessment has not been carried out and entered into Safety Media for all significant hazards and risks because there are no significant hazards or risks arising from this decision.

B12.2 NA.

B12.3 NA

B12.3.1 Positive (Benefits) NA

B12.3.2 Negative (Threats) NA

Key Decision

B13 Is this a Key Decision? No (*please delete as appropriate*)

Note: A Key Executive Decision is one where:

1. **REVENUE** – Any contract or proposal with an annual payment or saving of more than £100,000
2. **CAPITAL** – Any capital project with a value in excess of £150,000
3. **A decision which significantly affects communities living or working in an area comprising two or more wards.**

B13.1 If this is a Key Decision, is this an urgent decision such that a delay caused by use of the Call-in Procedure would seriously prejudice the public interest? NA (*please delete as appropriate*)

B13.2 If yes, has the Mayor or in his/her absence the Deputy Mayor or in his/her absence the Chair of the relevant Scrutiny Committee agreed that the decision will be exempt from Call-in? NA (*please delete as appropriate*)

NOTE: If this decision is subject to the Call-in Procedure it will come into force, and may then be implemented, on the expiry of 3 working days after publication – unless 10 Members of the Council call in the decision.

Please send the original signed document to:
democratic.services@eaststaffsbc.gov.uk