

**REPORT FOR: Chief Officers'
Employment Panel**

Date of Meeting: 4th August 2016

Subject: Remuneration Packages of £100,000 or greater.

Responsible Officer: Chris Spencer
Corporate Director, People Services

Exempt: No

Enclosures: Appendix 1
Market Supplement Proposal

Section 1 – Summary and Recommendations

This report seeks Chief Officers' Employment Panel approval for changes to the remuneration to senior management posts.

Recommendations:

The Panel is requested to approve the payment of market supplements as follows:

- £5865 per annum for the Director of Adult Social Services; and
- £11876 per annum for the Head of Adult Social Care;

subject to annual review by the Corporate Director of People Services in consultation with the Head of Human Resources and the relevant Portfolio Holder.

Section 2 – Report

Background

The Localism Act 2011 requires Local Authorities to agree and publish an annual Pay Policy Statement.

DCLG guidance ('Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011'), states that that full Council should be asked to determine whether it wishes to vote on any remuneration package or payment on termination of employment amount to £100,000 or greater.

The statutory guidance states: *'Remuneration includes salary, expenses, bonuses, performance related pay, as well as contractual arrangements involving possible future severance payments'*.

Authorities are required to take account of this guidance when preparing their pay policy statements.

The Council delegates authority to the Chief Officers' Employment Panel for determination of any remuneration package of £100,000 or greater

This report seeks approval for a change to the remuneration for the Director of Adult Social Services and the Head of Adult Social Care.

CURRENT REMUNERATION

Director of Adult Social Services

This post is a Statutory Officer post and the post holder has responsibility for undertaking the statutory role and responsibilities of the Director of Adult Social Services (DASS).

The post reports to the Corporate Director People, who also has responsibility for undertaking the statutory role and responsibilities of the Director of Children's Services (DCS).

The Council's Pay Policy is that pay grading is established through job evaluation and the role profile for the Director of Adult Social Services has been evaluated at Grade D2; the salary scale for this grade (including 2016 pay award) is set out below:

	1	101,676
D2	2	104,760
	3	107,874
	4	111,111
	5	114,459

The post holder had previously been in receipt of an honorarium of £5,865 p.a. for undertaking additional duties during the establishment of the People Directorate, which ceased on 31 March 2016, and an Emergency Response Officer payment of £193.58 p.c.m. which has also ceased.

Head of Adult Social Care

This post reports to the Director of Adult Social Services (DASS) and is the Council's lead for all Adult safeguarding matters.

The Council's Pay Policy is that pay grading is established through job evaluation and the role profile for the Head of Adult Social Care has been evaluated at Grade D1; the salary scale for this grade (2016 pay award pending) is set out below:

	1	81,321
D1	2	84,933
	3	87,816
	4	91,113
	5	95,880

Proposed Changes in Remuneration

The attached report (Appendix 1) sets out the business case for the proposal to pay a market supplement for these posts

Director of Adult Social Services

It is proposed that the DASS receive a market supplement of £5865 p.a.

Head of Adult Social Care

It is proposed that the Head of Adult Social Care receive a market supplement of £11876 p.a.

The terms and conditions under which the proposed payments would be made are set out in Appendix 1.

The Chief Officers' Employment Panel is recommended to approve the proposed changes in remuneration for the posts of Director of Adult Social Services and the Head of Adult Social Care.

A summary of the remuneration packages approved by the Chief Officers' Employment Panel will be reported for information to full Council.

Implications of the Recommendation

The proposed changes in remuneration for the above posts will be implemented.

Equalities impact

The Council's Annual Pay Policy seeks to reduce income inequality and ensure that the pay, terms and conditions of Council employees comply with the Council's duties under the Equality Act.

The Pay Policy states that the Council uses job evaluation to determine grading and pay for senior management and may apply market supplement payments to jobs with recruitment or retention difficulties.

The Council's Market Supplement Policy requires evidence to demonstrate that payment of a market supplement may be objectively justified and minimise the risk of equal pay issues. The evidence to support the proposed changes in remuneration for these posts is set out in Appendix 1. The legal comments below, set out relevant considerations in respect of equal pay.

Legal comments

The market supplement policy is designed to ensure that the Council can justify any additional payments for reasons related to market forces.

Under the Equality Act 2010 an individual can claim that they are not receiving equal pay with a comparator of the opposite sex. An employer can justify a difference in pay where there is a material factor defence. In order to successfully mount such a defence the factor must be genuine, it must be a significant and relevant difference between the man's case and the woman's and the difference in pay must be for that reason and not because of the difference of sex.

As the Council has a job evaluation scheme, posts which are assessed at the same level under the scheme will be deemed to be work of equal value and therefore appropriate comparators for an equal pay claim.

If an equal pay claim was made, a tribunal would look hard at any evidence produced and would expect to see cogent and convincing evidence that market forces were the reason for any such payment. It should also examine why a particular level of payment was made and how that related to the evidence.

The reason relied on here is market forces and considerations about the individual's performance in their post are not relevant except in that if the person has acquired a good reputation for doing a difficult job that may make them more attractive to other employers. This is particularly so in jobs of a high level where headhunting is likely to occur.

The job duties have already been assessed under the job evaluation scheme so are not the basis of any defence.

The market supplement policy states that normally at least 3 out of 4 of the criteria should be met. In other situations where there are vacancies a department would be expected to go out to recruitment at least twice before applying a market supplement.

In this case only 2 of the 4 criteria are on the face of it relied upon - documented and recognised evidence of national or regional problems in recruiting or retaining the relevant employees and evidence that the pay rates being offered by the Council are significantly lower than the rates in authorities where similar posts sit at higher tiers.

There is a risk that a tribunal would not consider that the evidence presented in the attached business case is sufficient to justify a market forces defence. It is also possible that an individual making a claim would be able to produce evidence showing market forces arguments in their particular area.

Financial Implications

These changes in remuneration are accounted for in the 2016/17 salary budget.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 26 July 2016		
Name: Caroline Eccles	<input checked="" type="checkbox"/>	On behalf of the Monitoring Officer
Date: 27 July 2016		

Section 4 - Contact Details and Background Papers

Contact:

Chris Spencer, Corporate Director, People Services

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Background Papers:

Harrow Council Market Supplement Policy