



Democratic Services

Joint Negotiating Committee (Employers Side)

Monday, 28 November 2016

10:00

Room 2 (Civic Offices)

Middleton (Chair) Eastman (Vice-Chair) Morris (Vice-Chair)
Buckley Gowans Green Miles

If you have any enquires about this agenda please contact:

Clerk Name: Tina Milner

Clerk Telephone: 01908 254737

Clerk Email: tina.milner@milton-keynes.gov.uk

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A G E N D A

1. **Chairman's Welcome**

2. **Apologies**

3. **Minutes of Previous Meeting** 5 - 6
To approve, and the Chair to sign as a correct record, the Minutes of the meeting of the Employer's Side of the Joint Negotiating Committee held on 27 June 2016 (Item 3).

4. **Disclosures of Interest**
Councillors to declare any disclosable pecuniary interests, or personal interests (including other pecuniary interests) they may have in the business to be transacted, and officers to disclose any interests they may have in any contract to be considered.

5. **Senior Manager Pay Review Process** 7 - 12
To consider Item 5.

6. **Date of Next Meeting**
To note, that the date of the next JNCE meeting is scheduled for Monday 20 February 2017 on the conclusion of the JNC meeting.



Minutes of the meeting of the EMPLOYER'S SIDE of the JOINT NEGOTIATING COMMITTEE held on MONDAY 27 JUNE 2016 at 10.16am

Present: Councillor Morris (in the Chair)
Councillors Buckley, Gowans, Green and Miles.

Officers: M Devlin-Hogg (Head of Human Resources & Strategy), M Cox (Head of People), N Jones (Service Director [Finance & Resources]), C Stanton (Pay & Reward Manager) and T Milner (Committee Manager).

Apologies: Councillors Eastman and Middleton.

JNCE01 ELECTION OF CHAIR

To note that Councillor Middleton (Cabinet member for Resources and Innovation), was elected Chair of the Committee for 2016/17 at the special meeting of the Committee on 25 May 2015.

JNCE02 APPOINTMENT OF VICE-CHAIRS

To note that Councillors Eastman and Morris be appointed Vice-Chairs of the Committee for 2016/17, as elected at the special meeting of the Committee on 25 May 2016.

JNCE03 MINUTES OF PREVIOUS MEETINGS

That the Minutes of the meetings of the Employer's Side of the Joint Negotiating Committee held on 22 February 2016 and the special meeting of the Employer's Side of the Joint Negotiating Committee on 25 May 2016 be approved and signed by the Chair as correct records.

JNCE04 DISCLOSURES OF INTEREST

Councillor Gowans disclosed a personal interest being a Branch Officer and a member of the UNISON Trade Union.

JNCE05 MATTERS ARISING FROM THE JOINT NEGOTIATING COMMITTEE MEETING - 27 JUNE 2016

The Committee considered ratifying the decisions reached at the Joint Negotiating Committee.

RESOLVED -

That the following decisions of the Joint Negotiating Committee be ratified:

1. That a specific policy in respect of voluntary redundancy would be drawn up, with no change to current principles or practice.
2. That the period of pay protection be reduced to a period of one year at 100% of current pay, to take effect from 1 September 2016.

JNCE06

DATE OF THE NEXT MEETINGS

It was noted that the date of the next Briefing meeting for the Committee was Monday 12 September 2016 at 10.00am, and the next scheduled meeting of the JNC(E) was to be held on Monday 3 October 2016 at 10.00 a.m., following the conclusion of the JNC.

THE CHAIR CLOSED THE MEETING AT 10.20 AM

SENIOR MANAGER PAY REVIEW PROCESS

Contact Officer: Marie Devlin-Hogg, Head of HR and Strategy Tel: 07734983113

1. Purpose

1.1 This report recommends a Senior Manager Pay Review Process.

2. Recommendation

2.1 That the Committee be requested to agree:

- (a) The proposed Pay Review process; and
- (b) That the Senior Manager Pay Review process would form part of the Council's annually published Pay Policy Statement.

3. Background – why is this review process needed?

3.1 The Council has a statutory duty to annually produce and publish a Pay Policy Statement, in accordance with Section 38 (1) of the Localism Act 2011. This sets out Milton Keynes Council's (MKC's) key policies and principles in relation to the pay of its workforce; particularly in relation to its senior managers (Chief Officers) and lowest paid employees; and is available for the public to access.

3.2 A key element of the Pay Policy Statement is the publication of our agreed pay grades for Chief Officers. This grading structure was created using Hay evaluation and was adopted by MKC in 2014, following a recommendation by the Employers Side of the Joint Negotiating Committee (JNCE).

3.3 The JNC/JNCE also recommended the establishment of a review process for senior salaries to enable the movement of salary levels within the pay band. The current published pay policy states that Chief Officer pay levels should be reviewed at least every 3 years to ensure that they remain at an appropriate level. No review has taken place since 2014 and currently MKC has **no** agreed process or mechanism for carrying out such a review. MKC must comply with its pay policy statement in making any changes to pay. In the absence of an agreed review process, the Council would **not** be fully compliant and the Council would be expected to defend this position if challenged by the general public or by officers within MKC raising a complaint with the Information Commissioner's Office.

3.4 The Council has adopted the following Chief Officer pay structure:

ROLE	PAY BAND
Chief Executive (CEO)	£155,540
Corporate Director (CD)	£121,200 to £141,400
Service Director (SD) Level 1:	£97,869 to £106,050
Service Director (SD) Level 2:	£87,567 to £97,869

3.5 Under the grade structure, senior managers are appointed to a spot salary within the relevant grade range. There is no agreed pay range for the role of Chief Executive Officer. Those employed at the time the grade structure was introduced were placed at the bottom of their respective grade. Pay levels for newly appointed senior managers are decided at the time of appointment by the selection panel. This can and does result in newly recruited managers to MKC on Chief Officer terms being appointed on higher spot salaries than those employed in 2014 or before; with the potential for equal pay challenges.

3.6 In addition, the market rate for certain types of senior role is also subject to change and therefore there is a potential retention risk if our current salary levels do not reflect these changes.

3.7 Currently MKC staff who are on NJC (single status) terms and conditions of service (**not on Chief Officer terms and conditions**) can progress to the salary maximum of their grade subject to key objectives being met to an acceptable level and there being no current performance issues.

3.8 In summary, the establishment of an agreed Senior Manager Pay Review process will:

- (a) enable the Council to comply fully with its agreed Pay Policy Statement; and
- (b) provide greater flexibility for MKC to ensure that it has a robust and transparent mechanism in place to retain and motivate our senior leaders; as well as pay salaries that are deemed appropriate for their role.

4. **Proposals**

4.1 The proposed pay review process for Chief Officers is outlined in full in the attached Annex. In brief, the process highlights levels of responsibility (who does what) and also the information that should be taken into consideration when reviewing senior pay levels. The process complies with the Council's published Pay Policy Statement and proposes that a review should take place at least every 3 years.

4.2 The process advises that **any** recommended change to Chief Officer pay levels (excluding any changes to the CEO's pay) are shared with Group Leaders for information by the Head of Paid Service (CEO) and the relevant portfolio holders rather than Full Council. This is because the review process would be operating **within** an already agreed Pay Policy Statement, which includes agreed salary ranges for Chief Officers.

4.3 It is proposed that any agreed change to the CEO’s pay would be ratified in the Pay Policy Statement by Full Council.

4.4 As part of the criteria within the proposed review process looks at comparing an Officer’s pay with current market rates and also with regard for the financial climate within MKC it should be noted that pay within the grade may go up or down. Linking some of the criteria for pay increases to the local and regional market does carry with it a risk of reinforcing temporary market increases on a permanent basis in skill shortage areas. Usually traditional “market supplements” are reviewed on an annual or two yearly basis. So to protect the Council from this, the pay reviews will have the capacity to increase or decrease pay based on market considerations. This is a challenging concept contractually so the Council will explore a way of fixed and variable salary that gives re-assurance to employees of longer term pay but protects the council should market comparison change significantly.

5. Implications

5.1 Policy: The proposed process, once agreed, will form an appendix to the Pay Policy Statement and will be published.

5.2 Resources and Risk:

N	Capital	Y	Revenue	N	Accommodation
N	IT	N	Medium Term Plan	N	Asset Management

Depending on the outcome of the review process this is unlikely to be a cost neutral exercise. It is not possible to estimate figures because this would need the review to take place. The cost of the outcomes would either be absorbed into existing staffing budgets; or if the recommendations involved a greater cost increase then it would have to be part our normal budget bid process to identify funding.

There is a risk that any subsequent increase to senior managers pay may attract adverse comments when published annually on our transparency pages.

5.3 Legal: This is covered in the main body of the report which outlines a risk of equal pay challenge and also the challenge of non- compliance with our pay policy statement.

5.4 Other Implication:

Y	Equalities / Diversity	N	Sustainability	N	Human Rights
N	E-Government	N	Stakeholders	N	Crime and Disorder

The adoption of the Senior Manager Pay Review process will ensure that a transparent process is in place to ensure that pay levels for this cohort remain appropriate. Provided any change to pay is made for objective reasons, there will be no equalities or diversity impact.

There may be occasions when changes to pay levels are required to prevent any equalities / equal pay issues occurring. The proposed Senior Manager Pay process will ensure that any pay inequalities in Chief Officer pay are addressed.

Background Papers:

Senior Manager Pay Review Process (Annex)

SENIOR MANAGER PAY REVIEW PROCESS

Introduction

The Council has adopted a Chief Officer Pay Structure covering officers currently designated Chief Executive, Corporate Directors (CDs) and Service Directors (SDs). These officers are on Chief Executive Officer (CEO) and Chief Officer (CO) terms and conditions of service. In addition, there are a number of colleagues who, whilst not included in these pay structures, are of similar status.

The Chief Officer Pay Structure is underpinned by Hay evaluation, with each level being allocated a range of Hay points. Appointment to a role within the structure is normally to a spot point within the scale.

Salaries for this group are normally agreed at the time of appointment to the role, in accordance with the MKC Pay Policy Statement. A councillor panel oversees the appointment process but it is the role of the Head of Paid Service to identify an appropriate salary for the role, within the agreed pay structure.

MKC's Pay Policy Statement, recommended annually to Council by the Joint Negotiating Committee (Employers), states there will be a review process to enable salary levels to be managed. This document sets out that process.

Purpose of Review

The purpose of a review of senior managers pay levels is to allow for periodic (normally every three years) consideration of the continuing appropriateness of individual pay levels. It provides an opportunity to ensure that MKC is able to retain good quality senior managers and to adjust the pay level, *within the grade*, to reflect market movement or continued contribution. As part of the criteria within the proposed review process looks at comparing an Officer's pay with current market rates and also with regard for the financial climate within MKC it should be noted that pay within the grade may go up or down.

The review process is **not** primarily intended to deal with changes to the role content as you would expect changes to role to be picked up as it occurs. However, the review process may highlight that the role has changed significantly and may therefore highlight the need for regrading. If there is a proposal for regrading, a new role outline will be drawn up and an evaluation will be undertaken using Hay.

Following the review, appropriate councillors (see below) will be advised of the outcomes and the date of effect of any proposed changes.

Review Process

There will be 3 levels of review process:

1. **Service Director roles:** The CEO and Corporate Directors will act as the review body and the CEO as the final decision making body for all Service Directors (Levels 1 and 2) and for other roles not included in the grading structure but of similar status.

2. **Corporate Director roles:** The CEO, in consultation with Group Leaders (or their nominated representatives) will review Corporate Director pay levels within grade and agree any changes.
3. **Chief Executive role:** The Leader of the Council, in consultation with Group Leaders and the LGSS HR Director will review the CEO pay level. The Leader of the Council will agree any pay changes, which will be ratified in the Pay Policy Statement by Full Council.

All three review processes incorporate a number of elements. The review will consider the current rate of pay:-

- relative to that of other similar roles within MKC;
- in comparison with current market rates;
- with regard to the financial climate within MKC;
- in the light of the colleague's positive contribution and added value, with regard to the need to retain them in post ;
- the need for continuity of management;

In considering the above, the review will have regard to benchmark and market data for equivalent roles as well as current rates of pay for individuals in the same grade group – or equivalent pay level. If it is decided that a change is to be made to the pay point, the review outcome will state:

- the reason for the proposed change (see above)
- the new pay point to be applied
- the date of effect of the change.

The outcome of each review will be shared with Group Leaders and the relevant portfolio holder by the CEO as Head of Paid Service. Following this, the senior managers concerned will be advised formally of any subsequent changes to their pay and action will be taken to bring it into effect. Should a reduction in salary level be recommended, individual consultation will take place and due process will be followed. Pay levels will not normally be reviewed further within a period of 3 years.

Any agreed change to the CEO's pay would be agreed by the Leader of the Council and ratified in the Pay Policy Statement by Full Council.