

Report to: **Executive**
Date: **2 March 2023**
Title: **Recruitment and Retention**
Portfolio Area: **Leader of the Council – Cllr J Pearce**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: Immediately following this meeting.
(e.g. referral on of recommendation or implementation of substantive decision)

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Recommendations:

That the Executive:

- 1. Notes the action taken to respond to recruitment and retention challenges set out in paragraphs 2.4 to 2.9 of the report; and**
- 2. Considers the independent report on senior officer pay presented by the Local Government Association and makes such recommendations to Council as it considers appropriate in respect of the proposed revised pay and grading structure for the Senior Leadership Team, as set out in paragraph 3.2.**

1. Executive summary

- 1.1 The Council is currently experiencing recruitment and retention challenges. In February 2022, the Council introduced a market supplement policy that enables an enhancement to be made to the salary of certain roles in accordance with specified qualifying criteria. All enhancements are initially for a period of 2 years and are kept under review. The Council also undertook a job evaluation exercise on all principal professional and technical roles (level 4) and, with a new criterion that looked at the difficulty in attracting candidates for vacant roles and retaining existing employees. As a

result, it is proposed to implement a new pay band for senior, professional and technical roles (level 4B) and slight changes at the top of the salary range for senior and principal officers at Levels 5 and above.

- 1.2 In response to the challenges, the Leader commissioned the Local Government Association (LGA) to undertake a review of comparative salaries for chief executives and directors across a range of comparable local authorities. The independent review found that the remuneration levels were below the average for comparable roles and recommended a revised pay and grading structure.
- 1.3 It is recommended that the Executive considers the report and it recommends the adoption of the proposals on a revised pay and grading structure for the senior leadership team to Council.

2. Background

- 2.1 The Council is currently experiencing recruitment and retention difficulties, particularly in technical and professional roles at senior and principal officers at level 5 and above.
- 2.2 The labour market has undergone significant changes following the pandemic, with much more widespread opportunities for remote working. As a result, the jobs market for a number of key roles is much more competitive than in the past with professionals able to work remotely for national or regional businesses, rather than being confined to employers within the typical 50 mile (1 hour) commuting distance.
- 2.3 Local government is facing particular challenges with recruitment and retention, which are further stressed by the differential in pay awards between the private sector and public sector. The Office for National Statistics reports that in the 10 months up to October 2022, the average wage growth in the public sector was 2.7% compared to 6.9% in the private sector.
- 2.4 In response, as part of its wider pay and reward strategy, the Council adopted a market supplement policy. This was designed to attract candidates to vacancies in positions that are hard to fill, and to help retain existing staff in senior technical and professional roles that are critical to maintaining service delivery and would be hard to replace. The policy had some success, but significant recruitment and retention challenges remained, particularly amongst key roles, such as planners and lawyers.
- 2.5 Alongside and to inform the introduction of the market supplement policy, the Head of Human Resources carried out a study of comparative salaries in roles across Devon district councils. This identified clearly that the Council is paying officers in these roles less than neighbouring authorities.

- 2.6 As a result, and following a job evaluation exercise, SLT intend to adopt a revised pay and grading structure that will introduce a new grade of L4B to increase the pay for principal officers in roles identified as being particularly challenging to recruit to. In addition, there will be a slight increase to the pay for officers at the top of their grade at L5, L4 and L3, designed as a reward and retention measure. The revised pay structure is due to take effect from 1 April 2023 and is within the budget agreed by council for the revenue budget in 2023-24 and within the council's Medium-Term Financial Strategy (MTFS).
- 2.7 The recent staff survey, while reasonably positive, highlighted employees had particular concerns around pay. The changes to pay and grading identified above are also intended to demonstrate a positive response to the genuine concerns of staff facing cost of living pressures. Alongside this a comprehensive organisational development plan is being developed to ensure that the Council makes the best 'employment offer', with an end-to-end approach covering recruitment, training and development, talent management and progression, to make us an employer of choice. The organisational development plan is attached at Appendix A
- 2.8 The 2022 national pay award raised every point within the Council's pay structure by the equal amount of £1925pa. This approach agreed nationally with the trade unions addressed the pay challenges faced by the wider local government sector at the lower end of the pay structure, with the increase amounting to a nearly 10% increase on the Council's entry point for a business support officer. It did not however significantly address the difficulties faced by the Council in recruiting and retaining senior professional and technical officers, or senior leaders.
- 2.9 In the face of wider recruitment and retention challenges, the Leader commissioned the Local Government Association to carry out an independent report to benchmark senior pay against a range of comparative local authorities. All based on pay data for 2020-21.
- 2.10 The salaries of officers up to and including Directors are the responsibility of the Chief Executive acting as the Head of Paid Service. However, the salary of the Chief Executive is a decision to be taken by Full Council upon the recommendation of the Leader after taking appropriate advice.
- 2.11 The independent report compares current salary arrangements with those at a select group of councils nationally which share a senior management team and staffing structures, and by comparing the relative salaries of the Chief Executive and Directors across the districts in Devon. The Report is appended at Appendix B.
- 2.12 The report identifies the additional and specific critical thinking challenges and complexities for a chief executive and senior teams operating in joint management and shared services arrangements.

Since then the complexity and scale of operations has increased having brought the waste and recycling service back in-house.

- 2.13 In early 2023, the results of a further survey of the salaries of chief executives in local authorities with shared arrangements was carried out. The report confirmed the findings of the LGA report and illustrated that the Council's pay for the Chief Executive is below the market rate, which has a mean pay range of £141,250 to £150,866.
- 2.14 At the same time recruitment and retention exercises undertaken in other Devon districts mean that the salary range for directors has increased in some, with near neighbours now offering a pay range up to £97,000 and £99,000 p.a. respectively.

3. Outcomes/outputs

- 3.1. The LGA report looks at:
- the salaries of chief executives in the 26 district councils nationally that have a joint chief executive shared between two councils
 - the comparative salaries across Devon district chief executives
 - the comparative salaries of Devon district chief executives expressed per 1,000 of the population served by the council.
 - the comparative salaries of Devon district directors.
- 3.2. The LGA report shows that the salaries of the chief executive and directors are out of line with national pay levels and concludes by making the following recommendations:
- adopt a three-point scale for the chief executive of £135,000, £140,000 and £145,000
 - adopt a 3-point scale for directors of £85,000, £90,000 and £95,000
- 3.3 The cost to South Hams District Council of implementing the LGA's recommendations would be £14,560 based on appointment to the bottom of the scale. This sum is already allocated within the council's agreed budget for 2023-24 and MTFS.

4. Options available and consideration of risk

- 4.1 The independent LGA report identifies the significant challenges in the labour market for senior officers in local government, especially in respect of our ability to recruit and retain the talents needed to meet our ambitions now and into the future for a residents, communities, and businesses.
- 4.2 To address the risk, it is the independent advice of the LGA that Council adopts a revised pay and grading structure.
- 4.3 Both councils have a shared workforce and fully integrated systems and processes. The medium-term financial strategy and budget reports to both councils sets out that both councils have benefited

annually to the tune of £6 million between them by the efficiencies and financial gains resulting from a shared single workforce.

- 4.4 There are additional benefits in terms of the range of specialist roles the councils can retain as a result and the resilience provided. At the same time particularly for officers in senior roles there is the added complexity of working for two councils simultaneously which make the roles more demanding and challenging than working for a single council. This also increases the risk around recruitment and retention as officers working for two councils face specific challenges concerning competing priorities and a political decision making and operating context that require a higher skill set.

5. Proposed Way Forward

- 5.1. The Executive is asked to consider the LGA Report and recommend the revised pay and grading structure for the senior leadership team to Full Council.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Yes	The Local Government and Housing Act 1989 requires the Council to appoint a Head of Paid Service and to provide sufficient staffing resources needed to allow him/her to perform his/her duties
Financial	Y	<p>The revised pay and grading structure is due to come into effect from 1 April 2023 and is fully funded within the budget agreed by Council for the revenue budget for 2023-24 and the Council's medium-term financial strategy (MTFS)</p> <p>For staff currently on NJC grades, the combined effect of the national pay award, increments for those staff not at the top of scale, and the revisions to the grade structure at levels L5 to L3 will ensure that the minimum pay increase staff receive effective from 1 April 2023 (compared to April 2022) and prior to the addition of the national award is 6.0%.</p> <p>The cost of the senior pay proposals if agreed would be split between South Hams and West Devon on a 50:50 basis, with each council's share being £14,560 including salaries and on-costs. These costs are covered by the Council's revenue budget for 2023-24 and MTFS.</p>

Risk	N	<p>The independent report identifies that the Council risks losing its talent in the challenging current labour market for senior officers</p> <p>The latest quarterly performance management report identifies that recruitment and retention is one of two key strategic risks with business continuity being the other. The proposals in this report are aimed at mitigating those risks</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	There are no equality or diversity implications associated with the report.
Safeguarding	N	There are no safeguarding implications associated with the report.
Community Safety, Crime and Disorder	N	There is no positive or negative impact on crime and disorder reduction associated with the report.
Health, Safety and Wellbeing	N	There are no Health, Safety and Wellbeing implications associated with the report.
Other implications	N	There are no other implications associated with the report.

Supporting Information

Appendix A: Organisational Development Plan

Appendix B: Chief Executive and Senior Officer Pay and Grading
(Independent LGA Report)

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off (draft)	Yes
Data protection issues considered	Yes
If exempt information, public (part 1) report also drafted. (Cabinet/Scrutiny)	Yes/No