

Appendix B Analysis of Pay and Benefits

1. Pay
2. Current benchmarking of the local government and not for profit sectors, who remain largely our competitors for workforce resource, shows that in terms of basic pay our pay is near the market median position (column E).
3. HDC grades 13, 7, 6 and 5 are paid slightly higher than the market median (2-5% higher). The remaining grades 12, 11, 10, 9, 8, 3, 2 and 1 range are paid slightly lower than the market median (2-9% lower). Pay therefore ranges from 9% below the market median to 5% above the market median when compared to the local government and not for profit basic pay.
4. The percentages below relate to how closely the salary at the upper, median and lower quartile matches to the market comparison. If the % is 100 then it is a direct match to that quartile. If over 100% the pay is higher than that quartile. If lower than 100% the pay is less than the quartile.
5. By way of example in reading the table below:
6. Grade 8 is 11% lower than upper quartile pay (difference of 89%-100%) and the salary amount of the upper quartile can be seen in column C compared to B.
7. Grade 8 salary is 100% of the marked median (column F) so is a direct match to this pay position.
8. Grade 8 is 7% higher than the lower quartile (difference of 107% from 100%) and the salary of lower quartile pay is seen in column G.
9. The average salary in the comparison market is seen in the chart below. Column I and column J indicates that the HDC salary is 2% lower than the average across the market (difference of 98% from 100%).

A HDC Grade (no of staff)	B HDC salary of the grade at top of the grade	C Market salary upper quartile	D Upper quartile %	E Market salary Median	F Median %	G Market salary lower quartile	H Lower quartile %	I Market pay Average	J Average %
13 (2)	72,449	76,331	95%	68,750	105%	62,076	117%	71,072	102%
12 (3)	55,461	68,202	81%	60,875	91%	55,657	100%	63,432	87%
11 (8)	48,281	58,064	83%	52,493	92%	46,869	103%	53,422	90%
10 (6)	42,032	49,538	85%	44,657	94%	40,001	105%	45,334	93%
9 (19)	37,578	43,272	87%	38,811	97%	35,368	106%	39,260	96%
8 (16)	33,998	38,104	89%	34,016	100%	31,629	107%	34,724	98%
7 (22)	30,311	33,349	91%	29,810	102%	27,354	111%	30,517	99%
6 (28)	27,323	29,957	91%	26,700	102%	24,354	112%	27,176	101%
5 (27)	23,945	26,452	91%	23,539	102%	21,519	111%	24,100	99%
4 (43)	21,067	23,180	91%	20,978	100%	19,125	110%	21,402	98%
3 (26)	18,638	21,690	86%	19,099	98%	17,251	108%	19,729	94%
2 (3)	16,604	19,196	86%	17,288	96%	16,449	101%	18,115	92%
1	15,882	17,727	90%	16,308	97%	14,777	107%	16,574	96%

10. When looking at the average pay of HDC (column J) against the average pay of the local government and not for profit market, the pay ranges from 8% lower and 2% higher than the market average with 2 out of our 13 grades above the market average. This is at Director level and grade 6. Grade 6 is typically an experienced officer, possibly with some supervisory responsibilities. The post increasingly requires a degree or technical qualification.

11. In general comparison of HDC pay to that of the private sector (Industrial and Service sector, jobs of similar size, excluding financial services) pay is around 10% lower at HDC. This is based on average pay rather than by each grade. The gap gets larger as the jobs get

larger, therefore at lower levels the gap is around 3-4% and can be as high as 15-20% at the more senior level. Geographically the East Midlands average gap is lower than the rest of the country around 5% rather than the average nationally of 10%.

12. Public sector workers have not typically been motivated by purely financial reward such as share schemes or bonus incentives. They seek fair pay but are less motivated by bonus than private sector staff whose jobs are less of public service and more closely aligned to organisational productivity eg manufacturing, sales.
13. The trend in the private sector towards performance related pay has meant that new entrants to local government from the private sector have simply become used to this style of reward.
14. There are many arguments for and against performance related pay. Some organisations who need to retain key staff who are key 'knowledge holders' have moved away from performance related pay to a more traditional pay method but where performance is well managed as bonus or similar types of pay reward acts to demotivate such staff groups.
15. The post of Chief Executive does have a discretionary pay element dependent upon performance but this has not been applied to date. This exists within the current pay structure as the post has not been deleted from the establishment. The Hay Group benchmarking data has not compared the pay of the post of Chief Executive at this time.

16. Pension Benefit Analysis

17. This includes benefit associates with death, retirement, ill health retirement all associated with the LGPS.
18. Death – this benefit is rated above the upper quartile.
19. Retirement – this benefit is rated between the market median and upper quartile.
20. Disability- this benefit is rated between the market median and upper quartile.
21. Whilst there is legally nothing that HDC can do about the pension it offers, the Council will soon be asked to consider its position regarding discretionary powers. This was last reviewed in 2009 and requires review. Previously the Council adopted powers but where

there was generally no additional cost to the authority eg early retirement, flexible retirement etc. These powers were recently amended by LGPS and will therefore require Council decision.

22. Other Benefits

23. In the market place these are typically:

24. Market increments, subsidised cafeteria, tuition reimbursement, club membership, computers and mobile phones for personal use, loans for cars, homes and other purposes. (excluded from this category is car benefit (separate to car mileage), and healthcare which is not offered).

25. HDC in comparison to the market only offers up to 7% to that of its competitors for labour resource on average. This aspect is 66% lower than the lower quartile, 94% lower than the market median.

26. Sickpay – this is in line with the green book and is commonplace in local government. Whilst it is possible to change sick pay there is much research to show that this has little effect on absence levels and suggests that effective communication between manager and staff member to covers key points has significant influence over the frequency and duration of sickness. This is emulated in our return to work process and absence management approach when applied. The current sick pay scheme is as follows:

27. During Year 1 - 1 month full pay and (after 4 months of service) 2 months half pay. Year 2 – 2 months full pay, and 2months half pay. Year 3 – 4 months full pay, and 4 months half pay. Years 4 & 5 - 5 months full pay, 5 months half pay. After 5 years - 6 months full pay, 6 months half pay.

28. Maternity pay is also in line with the green book and whilst it is above the statutory level is at a normal level across local government and private sector. The current maternity pay scheme is as follows:

29. 90% of your average weekly earnings for the first 6 weeks, half pay for 11 weeks, Statutory Maternity Pay for remaining 20 weeks (enhanced pay 11 weeks half pay is tied in to return to work for 3 months)

30. Car mileage

31. Many authorities pay NJC rates of mileage although sometimes the bandings are changed and agreed locally through the process of change to terms and conditions. Essential user lump sum payments that have averaged c£65k (1% of the paybill for HDC) could be ceased but the higher single mileage rate would need to use some of this saving as essential users are paid a lower mileage rate (c£5.5k). The majority of HDC car users are causal who are paid at a higher rate. Therefore there could be approximately £60k savings if no lump sums are paid and all mileage is paid at 45p per mile to 8,500 miles, and 25p per mile thereafter. The HMRC rate is currently 45p per mile.. Other authorities who have looked into this have a variety of approaches. Some authorities have achieved the cessation of the lump sum payment by buying out the financial value of this benefit to staff. Other smaller authorities have considered this risk both financially and in regard to employee/ union relations and determined not to pursue this approach.

32. Any changes would also need to be applied to Members.

33. Analysis of benefit information provided by Welland Internal Audit Consortium

34. Welland Internal Audit Consortium recently submitted an FOI to many council's on behalf of East Northamptonshire Council. The results have been shared with HDC and give comparison data for benefits. The summary findings are listed below:

35. Annual leave – amounts of annual leave vary from 20 days to 36. The uppermost entitlement is related to very Senior or Chief Officers who would be on JNC terms and conditions which attract a higher level of annual leave.

36. For the remainder of the workforce all councils who responded apply an increase in annual leave entitlement linked to length of service. This also takes place at HDC where an increase of 5 days is applied.

37. Many council's offer different grades different annual leave entitlements. HDC used to do this and took the opportunity through pay and grading to have one entitlement rate for all staff. This was to not only simplify back office processes and there were subsequent reductions in staff but more importantly reflect the value that we place on staff and our principles of equality and equity.
38. Working hours - vary from 36 to 40. The higher working contractual hours are generally related to senior posts. HDC at Director level has a notional hours contract. Only one authority had a standard working week of 36.25 all others were the same as HDC with a standard working week of 37 hours. HBBC had in previous years reduced the working week of staff, and salaries were reduced pro rata, however this was in order to prevent compulsory redundancies and has now ceased. A proportion of the HDC workforce is part time, therefore to reduce the working week would not realise savings equal to the total workforce but for approx 35%.
39. Of the Councils that responded none had a formal performance related pay aspect to their pay structure. See separate section on pay models for PRP.

40. Flex Benefits

41. Of the respondents 5 authorities operate a buy back or salary sacrifice scheme for their annual leave. This has not been actively requested by staff at HDC.
42. The vast majority of Authorities offer childcare vouchers to their staff. This type of scheme has repeatedly been requested by staff and does offer the authority some NI savings. Although these schemes are generally considered to offer both employee and employer savings or a cost neutral position, in reality there are some back office administration costs and contract management responsibility in terms of indirect costs.
43. 14 Authorities offer a cycle scheme (usually via a salary sacrifice scheme). This supports our green travel plan and is already being researched. Indications show that although staff are pleased that the Council is looking into more environmentally friendly transport methods take up would be low.

44. Many authorities offer flexi time and flexible working which HDC already does. This helps the organisation maintain flexibility within its workforce, maintain a sense of fairness and value. As a commonplace benefit it also supports the Council's ability to attract candidates.

45. A few authorities offer discount voucher schemes eg high street vouchers.

46. Other benefits

47. HDC does offer retirement awards however they have not been used in the last 2 years. Many authorities have moved away from this largely due to a more transient workforce and a move away from age related reward due to the implications of the equality act. Employee needs to have 20 years local government service, the last 10 years have to be at HDC. Employee receives £16.00 per completed year with HDC.

48. HDC does offer long service awards. These have been used more frequently than retirement awards and are valued by staff. The value is £250.00 once employee has reached 25 years service. No cash or vouchers due to tax implications. Levels of such awards being given are low (2 in the last year).

49. Eye tests – HDC does offer a contribution towards the cost of eye tests and required lenses/ glasses. This is in line with Health and Safety regulations and will be moving to a 2 yearly check rather than annual check.

50. HDC offers discounted membership of the Market Harborough and Lutterworth Leisure Centres. This is actively used and benefits the organisation through the wellbeing of staff. The discounted rate is offered to many significant employers in the district by the Leisure Centres so is not specific to Council staff.

51. EAP – the council has an employee assistance programme. This is an online service which signposts staff to further information and provides 24/7 telephone counselling. The Council also offers 3 fortnightly face to face counselling session. Anecdotally, this has prevented stress related absence however cannot be statistically evidenced. The provision of an EAP not only offers support to staff and managers but serves to mitigate risk when faced with litigation regarding welfare issues. EAP's are commonplace in employment.

52. Post entry training – this seems to be quite commonplace across authorities. HDC’s scheme is based on a repayment model if the member of staff leaves and the organisation has not benefitted from the investment it has made towards the formal qualification. The budget for this previously allowed for 3 such applications and has been reduced to 1. Generally this is separate to skills training and is focussed on attainment of qualifications such as post graduate diplomas.
53. Professional fees – many organisations who require postholders to have current professional membership reimburse this cost. HDC in a similar way to other authorities will only reimburse one set of professional fees per year per person. Roles are increasingly requiring up to date knowledge, qualification and networking to fulfil the duties.
54. Resettlement – at first glance our resettlement package (£3500) seems higher than other local authorities, however in discussion with those who have relocated to HDC the figure feels low. The amounts have not changed for many years or in line with the changing costs of moving house. HDC has a tie in clause. Some authorities only offer resettlement at senior levels. HDC currently offers it from grade 6 upwards and is a contribution towards costs not a reimbursement of all costs.
55. Reward days off - a few authorities do reward full attendance with, for example, half a day off per quarter in recognition of this achievement.
56. For most authorities reward for contribution is via an awards ceremony such as the existing STAR awards that HDC has in place.
57. Private Medical Insurance – this is not commonplace throughout local authorities and is not offered at HDC. Where offered it is usually for senior management posts.
58. Corporate Social Responsibility days – some authorities allow staff paid time off for staff to attend charitable events or community events. This is commonplace in the private sector and the employee either chooses to support their own preferred charity or that of their organisation. HDC does need to use staff to attend and enable events in the community to take place however this is not a formal arrangement.
59. Stand by/ call out – stand by payments at HDC are a little higher than other authorities but call out payments seem comparable as they are based on NJC terms and conditions. These requirements are usually on a rota basis between staff in order to comply with working time regulations. There are few areas in the organisation that undertake a stand by rota eg ICT and QRT and the organisation is

dependent upon them in cases of emergency such as flooding. At present CMT undertake an emergency call out/ stand by rota and this is unpaid.

60. Language skills – this is a payment made when a member of staff attends a customer and helps by use of their language and translation skills. It has been used rarely. HDC does have a translation service which it can call upon but on site presence would have to be booked. The call upon this is very low if it has been used at all.

61. First aider – HDC pays in excess of other authorities for staff to volunteer to be trained and respond to first aid situations for its workforce. The numbers are currently under review now that most staff are located in The Symington Building and the intention is to reduce the amount of fully trained staff. Seeking appropriate volunteers over the last year has proven very difficult and there is a statutory health and safety requirement to have the relevant number of first aiders present in the workplace.