

Report to: Governance Committee
Date of meeting: 3 June 2016
By: Chief Operating Officer
Title: Orbis Pay Strategy
Purpose: To advise the Governance Committee on the proposals for the development of a pay strategy to support Orbis.

RECOMMENDATIONS

The Governance Committee is recommended to approve the proposed Orbis Pay Strategy as set out in Appendix 2.

1 Background

1.1 At their meetings on 24 February 2015 and 10 March 2015, the Cabinets of Surrey County Council (SCC) and East Sussex County Council (ESCC) agreed to the creation of a new business services partnership arrangement between SCC and ESCC, with effect from 15 April 2015 (known as Orbis). In support of this, a range of options for the delivery model for the partnership were considered and following analysis, the proposed governance structure was for a joint committee. This was agreed by both Cabinets.

1.2 The Business Case supporting the recommendation to the Cabinets noted that 'a Joint Committee can have its own identity and branding but it is not a legal entity separate from its constituent authorities. It cannot enter into a contract, own land or employ staff in its own right'.

Equal Pay Considerations

1.3 The development of any pay and reward strategy therefore needs to sit within this context. Legal advice has been obtained in order to understand what, if any, limitations exist around pay and grading. In essence, as the Joint Committee will not have the power to enter into a contract or employ its own staff, it will not have the power to set the pay and conditions of service for staff within Orbis. This provides an important touchstone as it means it will not be possible to develop a single set of pay and grading arrangements for Orbis. As such, the pay and grading arrangements, as determined by each of the constituent authorities, will continue to apply to the staff they each employ.

Analysis of Current Pay Position

1.4 Unsurprisingly, the two Councils operate different pay and grading arrangements. A detailed analysis has been undertaken with a view to understanding whether there are any pay differentials between them for posts that are broadly undertaking similar tasks, duties and responsibilities. This further analysis has been undertaken on the two HR Teams and attached at Appendix 1 is a summary table showing how each of the structural levels compare.

1.5 From this it is clear that at the top end of the structure, SCC salaries are materially higher. This differential slowly tapers down the structure, with junior professional roles only being marginally higher.

1.6 Whilst clearly, each of the different directorates will be organised differently, this is likely to be broadly representative of the pay differentials that exist. There are a number of reasons for these differences, such as the difference in housing and commuting costs, the nature of the respective labour markets, skills shortages, recruitment and retention issues, as well as historical and on-going decisions around organisational design.

2 Implications for the Target Operating Model (TOM)

2.1 In support of the TOM, a number of design principles and parameters have been developed, a core one of which being the concept of integration and the removal of silos. At the same time, another core principle is the creation of a sustainable business case, meaning appropriate resource management including the achievement of 10 - 15% savings.

2.2 These provide a further context in which any pay and reward strategy must be viewed. Clearly, the TOM will include posts that are wholly integrated, managing a joint team across both Councils, providing professional advice to both sets of Leadership Teams and in some cases, Members. In principle, it is expected that the number of truly joint posts across the totality of the partnership will be fairly limited and in the main, at a relatively senior level.

Development of a Pay Strategy

2.3 In developing the pay strategy, a number of options were considered, including whether or not one was actually necessary. After careful consideration, it is believed a pay strategy that bridges the current differentials between the two Business Services departments is necessary in order to support the further development of integrated services, as well as supporting the need to ensure a broad balance of employment opportunities between the two Councils.

2.4 Given all of the above, it is proposed that a pay strategy comprising a 'blended' approach is operated, based on the following three principles:

i) identification of 'true partnership' roles – these will be roles that are contractually required to operate both in, and across, both Councils. They will need to have a physical presence in both headquarter locations in order to create the necessary professional networks and to gain business intelligence and insight.

As we move towards integration, many roles will undertake work for both Councils. However, unless this requires the physical presence in both locations, this will not be sufficient to meet the criteria for being a 'true partnership' role.

ii) identification of salary – once identified as a 'true partnership' role the balance of time across the two Councils will need to be determined, although the presumption will be for a 50/50 split as to do otherwise, will move the role away from being a 'true partnership' one.

To preserve the integrity of the two separate pay and grading structures, the salary package will be created as 50% of the respective SCC grade plus 50% of the respective ESCC grade. To provide for one employer, a secondment arrangement will then be used to achieve this outcome, eg an ESCC employee seconded to SCC for half their time on the appropriate SCC grade/salary, with ESCC remaining as the substantive employer.

There will be no salary detriment for a SCC employee where they are undertaking a 'true partnership' role. Likewise, in support of our recruitment and retention strategies, the principle of no detriment will apply where an individual is applying for or being considered for a post on a promotion basis.

iii) identification of market position – once the blended salary has been determined, consideration can then be given to the market position and where appropriate, subject to the necessary approvals, a market supplement can be paid. Both Councils have in place policies and procedures for the paying of market supplements.

2.5 In keeping with the principle of one employer, it is only the salary and pay conditions that will be blended; all other contractual terms and conditions such as annual leave, sickness entitlement etc, will remain in accordance with the sovereign employer. The proposed Pay Strategy is attached at Appendix 2.

3. Conclusion and reasons for recommendations

3.1 As noted, in light of the governance arrangements and equal pay position arising out of these, it will not be possible to create a single set of pay and grading arrangements for Orbis. The communication of this approach to staff will be very important.

3.2 It is also recognised that this 'blended approach' will need to be reviewed as the partnership develops to reflect the impact of this approach and also any further challenges that could be presented by new Partners joining. The Orbis Leadership Team has committed to doing this.

3.3 Set against the above background, the Governance Committee is recommended to approve the proposed Pay Strategy as set out in Appendix 2.

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