

Orbis Pay Strategy

Background

1. Through the establishment of Orbis, we aim to create a fully integrated business services organisation, providing excellent customer service and delivering public value with the aim of ultimately becoming the public sector provider of choice.
2. The Orbis Pay Strategy was agreed by the Orbs Joint Committee in March 2016.
3. Given that the Governance model for Orbis is that of a Joint Committee, staff will remain employed by their respective Council. As such, each Council's contractual pay and grading arrangements and contractual terms and conditions of service such as annual leave, sick pay etc, will continue to apply.
4. The Council's operate different pay and grading arrangements. There are many reasons for these differences, for example, 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.

The Pay Strategy

5. Set against the above background, this pay strategy has been developed to provide a bridge for the pay differences between the two Councils in the context of creating the integrated partnership (Orbis). Given that staff will be working in integrated teams with some providing services to both Councils, the pay strategy provides for a 'blended' salary to apply, 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.

In the interests of ensuring appropriate recruitment and retention arrangements within the partnership, the principle of 'no detriment' will apply. Where an individual is applying, or being considered, for a 'true partnership role' there will be no salary detriment in comparison to how their pay would be treated in their sovereign Council.

- 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.

Implementation

6. In principle, the partnership will seek to ensure a balance of employment opportunities between the two Councils, to a proportion that matches the relative budgets of the two Councils and as set out in the Orbis Business Plan i.e. approximately one third : two thirds. Therefore, for new roles with a view to being appointed to on an external basis, the lead employer will be determined and their contractual grading arrangements will then apply, with the blended salary, as detailed above, being applied as appropriate.

7. In accordance with this, each Council's pay progression arrangement will apply. In East Sussex, posts at a managerial level have grades with four incremental points, with incrementation taking place each April, subject to managers meeting their operational targets. On appointment, recruiting managers can match the individuals' existing salary where there is sufficient headroom within the grade. In Surrey, manager grades have a minimum or maximum point and in principle, appointment can be made to any point of the range, and agreement for appointment above the minimum of the grade is subject to agreement by elected members in the Personnel, Performance and Development Committee (PPD Committee). Salary progression is determined each year following collective bargaining with trades unions and special provision exists for salaries to be increased where there is a business case which is subject to agreement by the PPD Committee.

8. Additionally, Surrey County Council is currently reviewing its pay and reward arrangements and looking to introduce performance related pay progression for 2016-17. The current plan is for these arrangements to be implemented with effect from 1 July 2017 and this will take into account any pay settlement that would have fallen due on 1 April 2016.

9. Taking these differences into account, following agreement of the blended salary, where the pay bands or pay rates are changed as a result of bargaining, some other appropriate agreement or following performance appraisal, then the blended salary will be reviewed. Where changes take place in the employing organisation, then the pay policy of the employing organisation will be applied to half of the blended salary. Where changes take place in the 'seconded organisation' then the seconded element of the salary for the other organisation will be reviewed to take into account any changes.

Practical Application

10. In practice, this will mean:

For the 50% of the salary on the ESCC grade:

- individuals will be appointed on the appropriate point within the grade that provides a match to existing salary. If the existing salary is more than the top point of the grade, they will be appointed on the top point;
- salaries will then progress through the grade by way of annual incrementation each April, subject to the achievement of operational targets, until the top of the grade is reached.

For the 50% of the salary on the SCC grade:

- individuals will be appointed to the bottom point of the grade, subject to any increase agreed through collective bargaining or special agreement by PPD Committee.
- in keeping with the current pay arrangements, salaries will remain fixed at this level, subject to any further increases following collective bargaining or agreed by PPD Committee.

Below are some examples to illustrate how this will work in practice:

(i) ESCC employee on bottom point of LMG5 appointed to 'true partnership role' graded LMG5/14A:

- salary = 50% of bottom point of LMG5 i.e. £58,475, plus 50% of bottom point of 14A i.e. £61,592 = £29,237.50+£30,796 = £60,033.50

(ii) ESCC employee on top point of LMG5 appointed to 'true partnership role' graded LMG5/14A:

- salary = 50% of top point of LMG5 i.e. £63,901 plus 50% of bottom point of 14A i.e. £61,592 = £31,950.50+£30,796 = £62,746.50
- however, as this is less than the current salary, the principle of no detriment applies and salary remains in accordance with current i.e. £63,901. Provision exists for a business case to be made to PPDC for salary on SCC 14A grade to be higher than the bottom point, which if agreed, would increase the SCC 50% of the blended salary.

(iii) ESCC employee having been undertaking a 'true partnership role' graded LMG5/14A and receives an annual increment on their ESCC LMG grade:

- salary = 50% of second point on LMG5 i.e. £60,221 plus 50% of bottom point of 14A i.e. £61,592 = £30,110.50+£30,796 = £60,906.50
- salary will be reviewed in line with any pay progression agreed through collective bargaining and taking into account performance rating.

(iv) SCC employee on bottom point of SCC 14A appointed to 'true partnership role' graded LMG5/14A:

- salary = for ESCC LMG5, in accordance with matching provisions, salary matched to closest point on LMG5 ie the third point: £62,040.
- salary therefore = 50% of bottom point of SCC 14A i.e. £61,592 plus 50% of third point of LMG5 i.e. £62,040 = £30,796+£31,020 = £61,816

(v) SCC employee on salary following PPDC agreement e.g. £64,000 appointed to 'true partnership role' graded LMG5/14A:

- salary = 50% of SCC salary i.e. £64,000 plus 50% of top point of LMG5 i.e.£63,901 (top point is used as salary has been 'matched' i.e. currently earning £64,000 therefore closest point on LMG5 grade is the top point)
- salary = £32,000+£31,950.50 = £63,950.50
- however, as this is less than the current salary, the principle of no detriment applies and salary remains in accordance with current i.e. £64,000.

(vi) SCC employee on salary in accordance with grade 13 e.g. £55,485 appointed to 'true partnership role' graded LMG5/14A:

- salary = 50% of bottom point of SCC 14A i.e. £61,592 plus 50% of bottom point of LMG5 i.e £58,475 = £30,796+£29,237.50 = £60,033.50
- however, as this is less than the salary they would get if appointed to a post graded 14A in SCC, there will be no detriment and their salary will be £61,592 (i.e. the bottom point of 14A).

Conclusion

11. The application of this 'blended approach' will need to be reviewed as the partnership develops to both reflect the impact of this approach and also the implications of new Partners joining.