



Meeting: Audit and Governance Committee
Time: 10.30 am
Date: 11 July 2016
Venue: Committee Room 1, County Hall, Colliton Park, Dorchester, Dorset, DT1 1XJ

Trevor Jones (Chairman)	Kate Wheller (Vice-Chairman)	Pauline Batstone
Andrew Cattaway	Hilary Cox	Lesley Dedman
Janet Dover	David Harris	Peter Richardson
Peter Wharf		

Notes:

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- **Public Participation**

Guidance on public participation at County Council meetings is available on request or at <http://www.dorsetforyou.com/374629>.

(a) **Public Speaking**

Members of the public can ask questions and make statements at the meeting. The closing date for us to receive questions is 10.00am on 6 July 2016, and statements by midday the day before the meeting.

(b) **Petitions**

The Committee will consider petitions submitted in accordance with the County Council's Petition Scheme.

Debbie Ward
Chief Executive

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Date of Publication:
Friday, 1 July 2016

1. **Apologies for Absence**

To receive any apologies for absence.

2. **Code of Conduct**

Councillors are required to comply with the requirements of the Localism Act 2011 regarding disclosable pecuniary interests.

- Check if there is an item of business on this agenda in which the member or other relevant person has a disclosable pecuniary interest.
- Check that the interest has been notified to the Monitoring Officer (in writing) and entered in the Register (if not this must be done on the form available from the clerk within 28 days).
- Disclose the interest at the meeting (in accordance with the County Council's Code of Conduct) and in the absence of a dispensation to speak and/or vote, withdraw from any consideration of the item.

The Register of Interests is available on Dorsetforyou.com and the list of disclosable pecuniary interests is set out on the reverse of the form.

3. **Minutes**

1 - 8

To confirm and sign the minutes of the meeting held on 8 June 2016.

4. **Public Participation**

(a) Public Speaking

(b) Petitions

5. **Officer Pay, Terms and Conditions**

9 - 22

To consider a report by the Chief Executive.

6. **Questions from County Councillors**

To answer any questions received in writing by the Chief Executive by not later than 10.00am on 6 July 2016.



Audit and Governance Committee

Minutes of the meeting held at County Hall, Colliton Park, Dorchester,
Dorset, DT1 1XJ on Wednesday, 8 June 2016

Present:

Trevor Jones (Chairman)

Kate Wheller, Pauline Batstone, Lesley Dedman and Peter Richardson.

Other Members Attending as Observers:

Deborah Croney, Daryl Turner, David Walsh

Officers Attending: Jonathan Mair (Monitoring Officer), Mark Taylor (Group Manager - Governance and Assurance), Richard Bates (Chief Financial Officer), Denise Hunt (Senior Democratic Services Officer), Peter Moore (Head of Environment), Chris Scally (Project Manager, Corporate Development), Marc Eyre (Senior Assurance Manager (Governance, Risk and Special Projects)), Rupert Bamberger (Audit Manager (South West Audit Partnership)) and John Oldroyd (External Auditor).

(Notes: These minutes have been prepared by officers as a record of the meeting and of any decisions reached. They are to be considered and confirmed at the next meeting of the Committee to be held on **Tuesday, 20 September 2016.**)

Apologies for Absence

1 Apologies for Absence were received from Hilary Cox, Janet Dover, David Harris and Peter Wharf.

Code of Conduct

2 There were no declarations by members of any disclosable pecuniary interests under the Code of Conduct.

Terms of Reference

3 **Resolved**
That the Committee's terms of reference be noted.

Public Participation

4 Public Speaking
There were no public questions received at the meeting in accordance with Standing Order 21(1).

There were no public statements received at the meeting in accordance with Standing Order 21(2).

Petitions

There were no petitions received in accordance with the County Council's petition scheme at this meeting.

Annual Internal Audit Report 2015/16

5 The Committee considered a report by the South West Audit Partnership (SWAP) which summarised the work of the Internal Audit service for 2015/16. The Assistant Director (SWAP) introduced the report and provided a brief introduction of the role of SWAP which was set out in the Internal Audit Charter. He advised that the Council had been awarded a reasonable assurance in 2015/16 and that risks had generally been well managed with no areas of significant corporate concern.

One specific audit review had been commissioned to help assess the apportionment of the financial contributions and governance model for the Joint Archives Service. The outcomes of this review had reflected on concerns over the disproportionate governance model in place when compared to the activity involved. SWAP had also provided an objective basis for the funding settlement between the partner authorities of Dorset, Bournemouth and Poole over the next 2 years.

The Chairman then highlighted that previous SWAP audits had raised a number of issues with regard to the country parks service and that 22 recommendations had been raised leading to a partial assurance. The Head of Environment had therefore been asked to attend the meeting to provide information on the current status of audit recommendations.

The Head of Environment clarified that this latest review was not related to the procurement of a catering contract at Durlston Country Park that had been the subject of previous consideration a few years ago by the Audit and Scrutiny Committee. This particular audit review concerned the income management portfolio where a large number of relatively low level issues had been identified, primarily at Durlston Country Park. This had led to SWAP's assessment of a partial assurance opinion. He reported that a large number of the recommendations had been implemented, however, further work was required to assess recommendations that were in conflict with existing practices and whether these could be implemented on a practical level.

The Committee was informed that good progress had been made and that there was an ongoing dialogue with SWAP regarding the audit actions. Most of the required actions would be completed during the summer period and the longest timescale for an action was 31 March 2017 in relation to the Income Strategy.

It was confirmed that follow up audit work would be undertaken due to the partial assurance that had been given and an update provided in SWAP's next quarterly report to the Committee.

Resolved

1. That the Head of Internal Audit's overall positive assurance opinion on the Council's risk management, governance and internal control environment for 2015/16 be noted;
2. That the assurance opinion given in respect of the "review of the effectiveness of internal audit" as required by the Accounts and Audit Regulations 2015 be noted;
3. That the results of the follow up audit for country parks be included in the SWAP quarterly report to be considered by the Committee at its meeting on 20 September 2016.

Reasons for Decisions

To contribute to the Council's aim to 'provide innovative and value for money services' through;

The Head of Internal Audit's opinion on the Council's risk management, governance and internal control environment for 2015/16.

The Chief Financial Officer's opinion on the "review of the effectiveness of internal audit and system of internal control" for 2015/16.

Internal Audit Plan 2016/17

- 6 The Committee considered a report by the Assistant Director, SWAP which set out the Internal Audit Plan for 2016/17 and included the Internal Audit Charter setting out the relationship between the County Council and SWAP.

The Assistant Director highlighted elements of the plan, in particular the work in relation to outcomes arising from the Healthy Organisation review which sought to provide an assessment of the health of the organisation by reviewing certain themes

including corporate governance and risk management. He also confirmed that the audit plan was flexible and that, if necessary, resources could be adjusted to cover audits not currently identified in the plan to address emerging issues.

Referring to the high risk reviews identified in the Plan in 2016/17, the Chairman stated that risks associated with the audit of the Joint Archives Service should be shared more widely with the aim of highlighting the governance and funding risks that remained many years after the inception of the Joint Archives Service. This would be particularly relevant given the future requirement for partnership working.

Resolved

- 1 That the Internal Audit Plan for 2016/17 and the Internal Audit Charter be noted;
- 2 That the outcomes of the audit of the Joint Archives Service be incorporated into the audit of governance / due diligence work of devolution bids, local government reorganisation and combined authority in 2016-17 and be also fed into the Healthy Organisation review.

Reason for Decisions

To enable an annual independent assurance opinion to be given on the Council's risk, governance and internal control environment

External Audit Plan 2015/16

- 7 The Committee considered a report by the Senior Manager, KPMG, which outlined the Financial Statement Audit and Value for Money Arrangements work. A significant audit risk had been identified relating to the valuation of property and other areas of audit focus concerned the preparation of group accounting in relation to the Local Authority Trading Company (LATC), Tricuro Support Ltd, which was also audited by KPMG.

KPMG had been contacted by a member of the public under the right of elector challenge and asked to investigate Section 38 agreements which had remained outstanding for more than a decade, primarily in relation to the Poundbury development. The elector challenge had not yet been formally accepted by KPMG.

The Vice-Chairman questioned whether the Committee should receive copies of Tricuro audit reports in order to provide independent assurance. The Chief Finance Officer advised that such reports would be considered by the Tricuro Management Board in the first instance, however, further assessment of how audit reports were fed back to the partner authorities could be explored at his monthly meetings with the Director of Tricuro. He reported that the Company had made a surplus during its first year of operation and had performed well from a financial perspective.

Members were further advised that the Executive Shareholder Group had a scrutiny role and that any proposal to expand scrutiny would be a joint arrangement in conjunction with the partner authorities.

The Chairman of the People and Communities Overview and Scrutiny Committee advised that this Committee would receive information from Tricuro and that two members of the Committee were in the process of investigating how to take this forward.

Noted

Draft Annual Governance Statement 2015/16

- 8 The Committee considered a report by the Chief Executive setting out the draft Annual Governance Statement for 2015/16 which was a statutory document that set out the key features of the governance framework in the Authority and a review of its effectiveness.

Members were informed that the Statement contained the actions that would be necessary to achieve full compliance with the Local Code of Corporate Governance Compliance Assessment 2015-16. It was suggested that the Committee may want to revisit the document later in the year to ensure compliance had been achieved.

RECOMMENDED

That Cabinet considers and comments on the draft Annual Governance Statement for 2015/16.

Reason for Recommendation

Approval and publication of an Annual Governance Statement by the County Council was a statutory requirement and provided evidence that the County Council maintained high standards of governance and addressed significant shortcomings and risks.

Bidding Procedure to Manage External Funding Activity

9 The Committee considered a report by the Policy and Performance Officer that included a revised corporate external funding bidding form. The former Audit and Scrutiny Committee had wished to ensure that the process was adhered to and that future bids supported the Council's priorities in the corporate plan, given the limited availability of resources in undertaking bidding activity.

The Policy and Performance Officer advised that most bidding activity was managed within the individual service Directorates and that bids of up to £500k were approved by Heads of Service, or a decision by Cabinet was required if the bid was above this amount or resulted in a change of policy. There were sometimes very short timescales for the submission of bids which posed a difficulty in strict adherence to the approval process. A light touch enforcement approach had therefore been taken, given that there was no central team in place to undertake this activity.

Members were informed of the difficulty in developing a strategy due to the variety of bids and considered that this would quickly become out of date and very resource intensive to produce. The policy had therefore been tightened in order to align bids to the corporate priorities. The whole process would be further assisted by the outcomes based accountability framework which included specific measures. It would also be important to put in place robust governance arrangements through partnership agreements when bids were made in conjunction with other organisations.

The Chairman asked how officers were made aware of bids and was informed that this was through Heads of Service and certain officers having operational relationships with agencies, lottery and charitable funding streams and databases such as Grant Finder and Funding Central.

In response to a question it was confirmed that the opportunities to bid had declined since 2010, but had now plateaued at a lower level. The way in which bids were put together was becoming more sophisticated and could be based on outcomes across a geographic area or partnership.

Members asked how much effort had been involved in the securing of £100m funding during the previous 3 years and were advised that a large proportion had been acquired through successful highways bids using a competitive process linked to how the Asset Management Plan was rated. The Highways team had reaped benefits by ensuring that the Council's Asset Management Plan was in one of the top categories in this respect.

The Committee concluded that it would be necessary to accept the limited changes

that were being proposed in the absence of a dedicated team to support this type of work. They were also mindful of the need to ensure that resources were not used in the development of bids that were disproportionate to the amount gained.

Members were informed that external funding would be reported to the Committee in future.

Resolved

- 1 That the update to the External Funding Policy highlighted in red text in Appendix A to this report be supported;
- 2 That the external funding Annual report to be considered by the Committee in January 2017 includes examples of simple and complex bids and any lessons learned.

Reason for Decisions

To ensure that the cost-benefit external funding bidding activity contributed to the delivery of corporate aims.

Draft 2015/16 Outturn and Financial Management Report

- 10 The Committee considered a report by the Chief Financial Officer containing the budget outturn information for the 2015/16 financial year and an early indication of the outlook for 2016/17 based on the latest information from Directorates.

The Chief Financial Officer advised that sign off of the accounts had taken place one month earlier on 31 May 2016 allowing external audit verification to commence on 6 June 2016.

Overall there had been an overspend of £688k which was less than that predicted in February 2016. Changes that had occurred in the intervening 3 month period to reduce the overspend included changes in redundancy costs, a lower overspend in the Adult and Community Services Directorate arising from the winter pressures contingency budget and a better than expected outturn on some of the partnership budgets.

He explained that there had been a change in the way the Authority calculated its Minimum Revenue Provision (MRP), an amount set aside for the repayment of borrowing used to fund the capital programme. Due to the way in which the calculation had been overly prudent in the past, some of this money would be released back into reserves which had improved the general balances, despite the overspend. However, the ability of the Authority to offset overspend from central reserves could not continue in the same way as previous years.

The Chief Financial Officer highlighted the areas of over and underspend detailed in the report, and in particular the impact on the Children's Services budget of the increased number of children in care which was a pressure faced by other local authorities. A monthly monitoring meeting had therefore been arranged between the Chief Financial Officer, the Chief Executive and the Director for Children's Services.

An area of risk within the Adult and Community Services Directorate was the securing S75 funding from the joint working with the Clinical Commissioning Group (CCG). He was pleased to report that the total amount of £10.5m had been successfully achieved and funding released to the County Council to support the Adult Social Care Budget in 2015/16. Any future decision to use business rates for this purpose would remove the need for negotiation of funding with the CCG.

In terms of the 2016/17 projection, it was felt that the potential overspends could be reduced by the year end to zero, or lower, if the savings on property were delivered. However, the main concern remained with the Children's Services budget.

In response to a question the Chief Financial Officer advised that the Audit and Governance Committee was the primary body to monitor the overall budget position. The Budget Strategy Task and Finish Group helped to drive the future savings programme but had no responsibility to manage the in-year budget and was not a formal committee. If there were particular concerns then the Committee had the ability to call a particular senior manager to account. It could also refer matters to the Overview and Scrutiny Committees if an in depth investigation of the issues was required.

The Chairman requested that a table be produced to show the way in which funding from central budgets had been used during the past 10 years to help offset overspends within Directorates. It was agreed that this information would be provided as part of a finance briefing report to the Overview and Scrutiny Management Board on 27 June 2016.

Resolved

- 1 That the comments of the outturn section of the report be noted;
- 2 That a further report on the outturn, as part of the closing of accounts and audit, be considered by the Committee on 20 September 2016.
- 3 That the forecast position for 2016/17 and actions being taken, through the Forward Together 2020 programme and the Budget Strategy Task and Finish Group be noted;
- 4 That a finance briefing report which includes an overview of the previous 10 years' budget outcomes be prepared for the next meeting of the Overview and Scrutiny Management Board on 27 June 2016.

Reasons for Decisions

To allow officers to continue work on the accounts closure process and to work positively with the Authority's Auditors, KPMG. The aim to have the unaudited accounts certified by the Chief Finance Officer by 31 May is a full month earlier than usual and would ensure compliance with the Accounts and Audit Regulations 2015 two years before earlier certification was mandatory.

To understand the anticipated pressures arising so far and to obtain comfort that strategies were in place to address the projected performance during the year.

Constitutional Changes

- 11 The Committee considered a report by the Monitoring Officer proposing changes to the Council's Petition Scheme.

The Monitoring Officer explained that changes to the Constitution would be part of the remit of the Committee in future as part of its governance role. The change to the Petition Scheme related to petitions containing between 50-999 signatures and it was suggested that these were considered by a Panel so that each petition could be heard in a shorter timescale than the current scheme. The Panel membership would include the relevant Cabinet Member, the Local Member and 3 other members, not politically proportioned.

The Chairman requested that the 3 other members were made up of Councillors from other groups wherever possible to avoid the Panel being dominated by one political group and it was confirmed that officers would strive to achieve this, bearing in mind the availability of members in forming a Panel.

It was further suggested that the list of actions under the section "How will the Council respond to petitions" should not be exhaustive and include other methods of response when necessary.

RECOMMENDED

That the Petitions Scheme be updated as outlined in Appendix 1, and replaced in the Constitution by the County Council.

Reason for Recommendation

To contribute to the corporate aim to 'provide innovative and value for money services'.

Work Programme

12 The Committee considered its work programme.

Resolved

That the Draft Financial Outturn and Financial Management Report be considered at the meeting on 20 September 2016.

Questions by County Councillors

13 No questions were asked by members under Standing Order 20 (2).

Meeting Duration: 10.00 am - 11.45 am

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Staffing Committee

Dorset County Council



Date of Meeting	4 July 2016
Officer	Chief Executive
Subject of Report	Officer Pay, Terms and Conditions
Executive Summary	<p>The County Council uses Job Evaluation (JE) for all Green Book staff, the majority group of employees, to ensure that pay is applied fairly across the many varied roles and levels of responsibility.</p> <p>The process allows for responsibilities to be compared and roles sized; the results then equate to a pay level agreed for the post. The system was introduced over 10 years ago and provided a good basis for linking roles to pay.</p> <p>The Council participates in and meets national pay awards where applicable and most recently met the new national living wage criteria. As part of its Pay Policy Statement, the council publishes information to show the differences between our lowest, median and highest paid staff. The pay multiple identifies the ratio between the Chief Executive’s pay and the median salary of our employees and this has continued to decrease year on year and now is 7.15:1. This means that the Chief Executive earns just over seven times more than those on the average pay. The median average multiple is below the expected multiples of between 8:1 and 12:1 for the public sector as identified in the Hutton Review of Fair Pay in the Public Sector and falls within the range of other county councils at between 6:1 and 10:1 for 2016.</p> <p>There have been significant changes in the number and roles of many staff across the Council in the last ten years and JE has been used to assess the new roles and job expectations. However, the roles immediately below Directors have not been re-evaluated during this time, although roles have been significantly extended in scope and responsibility and have a much closer association to the reduced number of Directors.</p> <p>The re-evaluation has not been possible as the scope of the Green Book JE Scheme could not recognise changes at this</p>

	<p>level. In addition, neither the Chief Executive nor Director roles have been subject to JE which means there has not been a whole Council evaluation structure in place.</p> <p>The role of leaders in the organisation is being defined as part of the Forward Together transformation programme. In achieving significant cultural change, active and consistent leadership will be required at the senior manager level in order to ensure that managers and staff within services are enabled and empowered to deliver the new corporate vision.</p> <p>Our people plan sets out how we will deliver the change through our employees and this will involve further change for our employees in what has already been a challenging few years.</p> <p>Following its meeting on 6 June 2014 a review of roles at this senior manager (Head of Service) level was commenced. This recognised the period of transformational change the council is going through and the pivotal role these leaders have in delivering the changes, the significant reduction in number of Heads of Service in recent years coupled with widening and more strategic portfolios and comparisons with other councils.</p> <p>At the forefront of the review has been consideration of the impact of any changes on the whole workforce in aiming to ensure that there is consistency of approach.</p> <p>The committee has received a series of reports throughout the review and most recently sought further information to inform a decision in respect of proposed new pay structures for Heads of Service and the Assistant Chief Executive.</p>
<p>Impact Assessment:</p>	<p>Equalities Impact Assessment (EqIA): An EqIA screening record has been completed as part of the consideration of a new pay structure for Heads of Service. No concerns have been identified. The assessment document is provided at Appendix 1.</p>
	<p>Use of Evidence: Use of evidence for reports to the committee thus far have included consideration of legal advice, the views of affected employees, discussions with officers from the Local Government Association and South West Councils regarding job evaluation and pay/terms and conditions comparisons with other councils.</p> <p>Budget: The cost of applying the new salary scale for Heads of Service on acceptance of the new terms and conditions will be c£60k. Over the past 6 years c£675k net saving has been achieved through reductions in senior management (Head of Service) costs. There is budget provision of £85k and the net amount will be added to the savings required across the county council budgets.</p> <p>Risk Assessment:</p>

	<p>Having considered the risks associated with this decision using the County Council's approved risk management methodology, the level of risk has been identified as: Current Risk: LOW Residual Risk LOW</p>
	<p>Other Implications: None</p>
Recommendation	<p>Members are asked to:-</p> <ol style="list-style-type: none"> 1. Note the process followed to develop the proposals for change in respect of terms and conditions and job evaluation for Heads of Service as considered and agreed by this committee; 2. Note the additional information now included in this report in respect of salary comparisons as requested by the Committee at its May 2016 meeting in order to support reconsideration of its recommendation to the County Council 3. Determine whether a recommendation should be made to the County Council at its meeting on 21 July 2016 that <ol style="list-style-type: none"> a) current Heads of Service are offered access to a new pay structure on acceptance of the associated Chief Officer terms and conditions, noting that members will continue to appoint to posts at this level and that any changes will be reflected in the Council's Pay Policy Statement. b) a revised pay structure for the Assistant chief Executive is agreed
Reason for Recommendation	<p>To confirm the next steps in respect of the review of Senior Manager roles given the committee's remit in respect of employee terms and conditions of employment</p>
Appendices	<p>Appendix 1 Equality Impact Assessment (Pay Change Proposals) Appendix 2 Current and Proposed Pay Structures for Chief Executive and Chief Officer Roles</p>
Background Papers	<p>Previous Staffing Committee reports</p>
Report Originator and Contact	<p>Name: Natalie Adam, HR & OD Service Manager Tel: 01305 221785 Email: n.adam@dorsetcc.gov.uk</p>

1 Introduction

- 1.1 The council finds itself in unprecedented times. The level of change both within and outside the organisation means that consideration of the way we work now and how this translates into the vision of the future council is crucial. As part of this, the whole employment relationship between the council and our employees is being defined through our people plan; this identifies what we need going forward as an organisation and how our people are part of delivering our key aims.

- 1.2 The people plan, as approved by the Council, sets out our vision for being a modern employer and is based around 4 key principles:
- Our behaviours are the way we do things around here
 - We've got the right people in the right place at the right time
 - We're engaged and look after our own and others' wellbeing
 - We focus on outcomes and achieve results
- 1.3 The people plan identifies a range of potential areas for change for our entire workforce which will ensure we have a modern workforce with aligned terms and conditions (T&C) going forward. Elements of change include reviewing our T&C of employment, people management policies, approaches to pay and reward, better use of technology, re-defining work locations and access arrangements and upskilling managers in supporting employees through change.
- 1.4 A range of national changes have also recently impacted on staff groups including pay awards, the implementation of the national living wage and changes to pension arrangements. This is also in the context of organisational wide restructuring as part of our Forward Together transformation programme.
- 1.5 Through the significant restructuring and staff changes most staff roles below Head of Service level in those affected areas will have been subject to Job Evaluation and where applicable resulting pay changes.
- 1.6 As part of restructuring across the council in the last financial year, the total number of demotions was 9%, promotions 13% with the majority (78%) remaining on their existing salary grade. Where employees are subject to demotion, the council applies its salary protection policy which currently provides for 18 months' protection. There have been a number of leavers either as a result of redundancies or as a result of natural wastage and the impact of merging roles has meant that many employees have noticed an increase in the volume of their day to day work which, unless coupled with an increase in responsibility levels is not recognised by our JE scheme (ie will not result in an increase in pay). Where the scope of work increases, this can be properly recognised.
- 1.7 Heads of Service roles have changed significantly, with broadening scope of responsibility both in quantity of work, extension of organisational accountability and leadership across a range of professional disciplines. These have been significant but have not been JEd as the scheme did not offer scope to recognise these significant changes.
- 1.8 Where changes of this type have occurred elsewhere in the organisation, the JE scheme can account for this and a grade/salary change made where applicable.
- 1.9 The majority of council staff up to and including Heads of Service are employed on Green Book T&C of employment. The Chief Executive, Directors and Assistant Chief Executive are employed on Chief Executive or Chief Officer T&C. The pay for roles above Heads of Service have been capped for some years; the pay for the Chief Executive was reduced prior to appointment of the current incumbent. As the council is reducing in size, the total wage bill for our Heads of Service has reduced significantly, by over £675k, over the last 6 years to January 2016.

- 1.10 All roles on Green Book T&C were job evaluated in 2004, at which point a new 18 grade pay structure was also introduced based on nationally negotiated and agreed spinal column points (national changes have led to erosion of the lowest grades and this will continue with the introduction of annual changes in respect of the national living wage). On development, the pay structure was market tested to ensure that pay levels across the structure reflected median average market pay.
- 1.11 Alongside this, a labour market adjustment scheme was introduced which enables the council to address recruitment and retention issues resulting from market misalignment. Roles in the social care setting have recently been awarded with labour market increments (LMIs) for this reason. The number of roles receiving LMIs is small (16 in total) and this would indicate that the pay structure remains fit for purpose. Further work has also been undertaken for roles where there is an identified recruitment and retention issue and this includes a family and friends referral scheme and a recruitment and retention bonus scheme. Both schemes are currently being used within the Children's Services social care settings and elsewhere across the Council where appropriate.

2 Further Considerations for Change

2.1 Terms and Conditions of Employment

- 2.1.1 As referred to earlier in the report, the majority of council staff including Heads of Service are currently employed on Green Book T&C. T&C comparisons with other councils have, however demonstrated that most comparable councils employ Heads of Service on Chief Officer T&C (rather than Green Book T&C). This is because there is greater alignment between roles at this level and those of Director than those beneath this level.
- 2.1.2 Moving this group of staff onto Chief Officer T&C would enable them to be employed on a comparable basis with their peers. Such a change would also enable other aspects including the mismatch between Heads of Service roles and Green Book T&C such as the expectations regarding hours (Green Book 37 Hours), patterns of work and enhancements to pay (Green Book includes remuneration for unsocial hours) to be resolved.
- 2.1.3 Moving Heads of Service onto Chief Officer T&C would mean that all would need to work the hours required to undertake their roles (although aligned with the working time regulations), there would be no restrictions to working patterns which would align better with the need for evening and weekend working and no enhancements to pay in respect of unsocial hours.
- 2.1.4 Pay negotiation for employees on Chief Officer T&C is undertaken at a national level. Cost of living awards have been implemented for Chief Officers in the past 3 consecutive years. In the years prior to this, Green Book employees have received cost of living awards in years when Chief Officers have received no award (most recently in 2009 and 2013).
- 2.1.5 Such a change would also enable more flexibility for introducing a new pay structure and implementation of any job evaluation scheme which would align more closely with Directors.
- 2.1.6 Given the range of elements reviewed by the committee, at its meeting on 24 March 2016 there was a resolution to establish Heads of Service roles on Chief Officer T&C.

2.2 Job Evaluation and Head of Service Role Changes

- 2.2.1 Most roles across the council subject to significant change since 2004 have been re-evaluated. The level of restructuring across the council which is being led by our Heads of Service has also resulted in role changes which accounts for a significant number of roles being re-evaluated (118 during the 15/16 financial year which is 22% of our total jobs) and the use of generic job descriptions in some directorates.
- 2.2.2 There is ongoing confidence in the ability of the council's JE scheme to evaluate most roles in the council although a review of use of generic job descriptions may be timely.
- 2.2.3 Heads of Service roles have not been evaluated as part of restructuring exercises even though the roles have changed significantly since they were originally evaluated in 2004. In aiming to undertake a JE exercise for Heads of Service, there are a number of known issues. Discussions both regionally and nationally are focusing on the inability of our current JE scheme (Greater London Provincial Council) and the other scheme traditionally used by other councils, Hay, to adequately reflect the changing strategic and outward looking focus of our most senior roles in council settings (particularly those roles where there is responsibility outside of traditional organisational boundaries such as those with a remit across whole sectors).
- 2.2.4 Heads of Service are now appointed by and are directly accountable to members which includes leading on areas of significant organisational risk and this alone has had the effect of bringing them closer to the role of Directors than other roles across the council's structures. Members have been involved in the appointment process for all our Heads of Service. As with many other councils, the portfolios of our Heads of Service have broadened and in Dorset this has resulted in a reduction of 50% in the number of roles at this level.
- 2.2.5 For these reasons, some councils are giving consideration to the use of a JE scheme developed in recent years specifically for local government senior officers by the Local Government Association (LGA). The scheme aims to overcome the known shortcomings of alternative schemes. There has also been discussion at national level in respect of aligning Chief Officer T&C with the LGA JE scheme as part of pay deal negotiations with the trades unions, such is the level of concern with the existing scheme and the opportunity for positive change in adopting the new scheme.
- 2.2.6 Other aspects of Dorset roles which have proved to be difficult to assess are the additional duties of two of our Heads of Service who now have responsibility for statutory functions which were previously held at Director level. As a temporary measure these posts were allocated with a 10% pay supplement on top of their Grade 18 salaries. Establishing these roles on a new pay scale having evaluated them would be desirable. There is also pressure from below in respect of a few roles with statutory responsibilities which would now go through the current JE scheme at the lowest level of the grade associated with our Heads of Service (Grade 17).
- 2.2.7 Given the weight of evidence in support of using a new JE scheme, at its meeting on 27 July 2015, the committee resolved that the LGA scheme should be used to JE all roles from Head of Service up to and including the Chief Executive.
- 2.2.8 In order to ensure that there was sufficient rigour and a level of external objectivity, South West Councils provided support and guidance throughout the process which included completion of forms and interviews with all individual post holders followed

by moderation and validation of outcomes by the LGA to ensure that both the integrity of the scheme is preserved and that application nationally is consistent.

- 2.2.9 New job descriptions and a person specification have been developed for the new roles by the Chief Executive and Directors. Two distinct roles have emerged in practice, one which has a predominantly corporate focus but includes work in partnership with other organisations and the other has responsibility for leadership across whole systems and sectors. The other key aspects of the roles are common to both and include the need for strong leadership, transformational change, corporate working and leading performance.
- 2.2.10 In order to reflect the role differences, two job titles and job descriptions will be used. Head of Service will remain in use for the corporate focused roles and Assistant Director will be used for all other roles. The difference in role descriptions does not impact on JE outcomes. Now that the generic part of the job titles has been agreed, Directors will review the role specific suffix with their direct reports.
- 2.2.11 In some directorates, where there has been turnover, the Deputy Director designated role has not been filled and this has shifted responsibility on a shared basis to Heads of Service. This requirement has now been incorporated into job descriptions and as such no additional pay will be made for specific deputising activity.

2.3 Pay (Heads of Service)

- 2.3.1 Heads of Service are currently graded in accordance with Green Book Grades 17 and 18 £63,981 to £80,511 (spinal column points 69 – 80). At the time of job evaluation in 2004, the grade of Heads of Service was broadly in line with similar/equivalent roles in other councils.
- 2.3.2 South West Councils have provided advice, challenge and market information to enable a proposal for Heads of Service pay to be developed as defined by the Chief Officer T&C book. Recent pay comparisons with other councils both nationally and regionally demonstrate that pay for Heads of Service is significantly higher than for post holders at Dorset. It also demonstrates that Dorset pays beneath the average market rate for salaries. This reflects the feedback received from Directors who have an awareness of roles being advertised in their own disciplines; there are many examples of roles which attract significantly higher pay than are presented in the average quartile salaries provided in the table below:-

	Lowest	Highest
National	82,041	90,102
South West	85,969	91,550

- 2.3.3 The following provides a re-cap of the salary levels for Heads of Service roles in our locality and across the region. As can be seen, all of the councils pay Heads of Service higher salaries at the top of the salary grades.

Council	Population	Min Salary (£)	Max Salary (£)
Dorset	414,900	63,981	72,532
		71,015	80,511
Bournemouth	186,700	68,127	76,679
		78,981	88,894
Cornwall	537,900	73,962	90,401
		83,269	102,833
Devon	753,200	76,500	86,700
			96,900
			105,000
Poole	148,600	65,462	68,794
		69,310	73,461
		75,958	83,205
Somerset	535,000		86,700
			100,000
			101,949
Wiltshire	476,800	94,076	103,711

- 2.3.4 Although there are currently no recruitment issues with Head of Service roles (most appointments have been internal in recent years), remunerating these post holders is a key retention tool. As part of devising any new pay structure (and as required as part of Chief Officer T&C), the market needs to be considered. Although the council is not seeking to make significant changes to salary levels of its Heads of Service, paying near to the market average for County Councils is considered to be appropriate.
- 2.3.5 Reviewing pay would also enable the council to align better with other councils and to remove some of the current inconsistent arrangements in place in respect of the usage of the 10% pay supplement to reflect the statutory chief officer functions of the Monitoring Officer and the Chief Financial Officer.
- 2.3.6 In respect of proposals to implement a new pay structure for Heads of Service (refer to section 3), discussions with the committee have provided a commitment that the pay for the Chief Executive and Directors will not be subject to any change. Proposals are also made in respect of the Assistant Chief Executive.

3 Pay Structure Proposals

3.1 Heads of Service

- 3.1.1 There is acknowledgement that any increase in pay will need to be proportionate, aligned with the market but also affordable. Pay modelling has been focused on balancing both aspects. The proposed pay structure for Heads of Service/Assistant Director below is affordable and will be funded from a reduction in corporate Heads of Service in 2015. Where any further market issues come to light in respect of recruitment and retention, consideration will be given to whether the council's labour market adjustment scheme may be applied.
- 3.1.2 The proposed structure for Heads of Service is provided below. This structure is affordable, takes account of market average salaries and provides opportunities for progression for all post holders. There are two levels in the structure and this reflects both two different clusters of posts following JE and further ensures affordability. All post holders will have the opportunity to progress to or beyond the South West lowest average salary level.

	Salary	Spinal Column Point
Chief Officer Salary Band 4	80,500	1
	82,000	2
	83,500	3
	85,000	4
Chief Officer Salary Band 3	86,500	1
	88,000	2
	89,500	3
	91,000	4

3.2 Assistant Chief Executive

- 3.2.1 In addition to the proposal for a new pay structure for Heads of Service, consultation has taken place with the Assistant Chief Executive (ACE) in respect of the pay structure for the ACE role. Currently this role, which is already on Chief Officer T&C, is linked to Director pay (80%) and now that the role has been JEd there is an opportunity to create a pay structure which is distinct. This will not result in an increase in pay at the top end of the salary band. The proposed structure is provided below:-

	Salary	Spinal Column Point
Chief Officer Salary Band 2	93,000	1
	95,500	2
	97,000	3
	98,500	4
	100,000	5

3.3 Pay for Heads of Service and Assistant Chief Executive

- 3.3.1 Staff currently employed on Green Book terms and conditions of employment have a combination of service (automatic) and competence (performance) based incremental progression through spinal column points within each salary band/grade. As part of the proposals for new salary bands for Heads of Service and the Assistant Chief Executive, incremental progression would be competence based throughout. This would be based on performance and behavioural standards being achieved as demonstrated as part of the council's performance and development review (PDR) process.
- 3.3.2 The pay structures for all the roles that would be on Chief Officer T&C is set out at [Appendix 2](#). This also provides the breakdown of which posts would go into which Salary Band on implementation based on the outcomes of the JE exercise.

3.4 Green Book Pay Scales

- 3.4.1 If approval is given to move Heads of Service onto Chief Officer T&C and onto the new associated pay structure, Green Book Grades 17 and 18, which are currently solely for Heads of Service, will be retained. This is because they form part of the JE collective agreement and this approach also provides an opportunity for future proofing.

3.5 Consultation

- 3.5.1 A range of informal consultation has taken place throughout the review with potentially affected individuals.

- 3.5.2 Whilst there is no requirement to consult on a formal basis with the Green Book TUs through negotiation to reach agreement, there have been informal discussions from the early stages of the review from 2014 onward, in order to share information and to seek their views as part of our commitment to good industrial relations. The TUs have focused on aiming to ensure that any change enables the council to meet its legal duties in respect of equal pay and that this is applied consistently for staff at all levels. Their collective view is that the reasons for the proposal to change T&C and to undertake a JE exercise for all roles from Head of Service up to and including the Chief Executive are understood, however, they share the view of many of their members who remain opposed to an increase in pay for Heads of Service in the context of the wider impacts of organisational changes.

4 Next Steps

- 4.1 As previously advised, although the committee have agreed to new T&C for Heads of Service, moving individuals to a different set of T&C will be subject to offer and acceptance. The committee have previously been provided with information about the risks of such an approach and the potential further steps required.
- 4.2 Should the Staffing Committee and County Council agree to the proposals, final implementation of all aspects would be at a predetermined date through the issue and return of new contracts of employment. The date for implementation would be approximately April 2016, however this would be on the basis of a retrospective implementation given committee dates.
- 4.3 Any changes to pay structures must be agreed by the County Council and would also be reflected in the council's pay policy statement.

Debbie Ward
Chief Executive

July 2016



Appendix 1

Equality Impact Assessment – Screening Form

Service: Human Resources & Organisational Development

Title of Strategy, policy, project or service: Senior Roles Pay Structure

Type of Strategy (select as appropriate)

Existing:

New/proposed:

Changing/Update/revision

Other

please list below

Officers Involved in the Screening:

Natalie Adam, HR&OD Service Manager; Sarah Butcher, Principal HR&OD Adviser.

1. What is the aim of your strategy, policy, project or service?

This EqIA follows a screening record previously undertaken which considered the impact of moving Head of Service level roles to Chief Officer terms and conditions of employment. It was recognised that a further EqIA would need to be undertaken in the later stages of the review when implementation of a new pay structure for this group is being considered.

A new pay structure for Chief Officer roles is being proposed, with an implementation date of 1 April.

This EqIA screening record considers the approach taken to implementing the new pay structure and the impact of the new pay structure.

2. Who will it impact upon (For example, service users, visitors, staff members)

The outcome would be a change of terms and conditions of employment for staff employed in the affected positions. The new pay structure would impact on the pay received by the individuals in the positions.

3. Does or could the service, strategy, policy, project or change have an impact upon the following:

No impact is identified. Changes would apply to all affected staff irrespective of any protected characteristic.

Protected characteristic	Positive impact	Negative / No impact	Unclear
Age	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Disability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender Reassignment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pregnancy and Maternity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race and Ethnicity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Religion or Belief	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sex	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sexual Orientation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other socially excluded groups (Carers, rural isolation, low income, military status)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

4. Does this have any impact on the workforce in relation to the following:

No impact is identified. Changes would apply to all affected staff irrespective of any protected characteristic.

Protected characteristic	Positive impact	Negative / No impact	Unclear
Age	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Disability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender Reassignment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pregnancy and Maternity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Religion or Belief	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sex	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Sexual Orientation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other socially excluded groups (Carers, rural isolation, low income, military status)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. If your answers to Q3 and 4 are mostly ‘negative’ or ‘unclear’, you need to consider a full EqIA. If you do not intend to carry out one, please explain why:

The changes would affect all staff in the role identified. No other staff are affected, as they are out of scope.

The proposed new pay structure is based on:

- the outcomes of analytical job evaluation of the new job descriptions under the Local Government Association (LGA) Scheme, as described in the related EqIA screening record;
- regional and national market data, reflecting average pay of similar posts at other county councils;
- affordability and a pay modelling process.

Individuals will be assimilated to a grade and pay point in the new structure based on their JE score and existing salary. No pay protections arrangements are required. The structure is not being introduced to address equal pay concerns, it is being introduced to recognised organisational change at this level.

The structure is currently subject to consultation with affected staff (until 11 March). The process has been undertaken with the involvement of an external party from the LGA.

This approach is in line with guidance regarding the creation of pay structures provided by the Equality and Human Rights Commission.

Upon completion of this form, it must be sent to your Directorate Equality lead for approval.

Screening form approved by:

Date:

Appendix 2**Current and Proposed Pay Structures for Chief Executive and Chief Officer Roles**

Salary Band	Salary (£) not including any pay awards applicable from 1.4.16	Posts
Chief Executive Salary Band	140,000 to 155,000 (no change but nationally agreed cost of living increase applied)	Chief Executive
Chief Officer Salary Band 1	109,000 to 124,000 (no change but nationally agreed cost of living increase applied)	Director
Chief Officer Salary Band 2	93,000 to 100,000	Assistant Chief Executive
Chief Officer Salary Band 3	86,500 to 91,000	Assistant Director, Adult Care Service Director, Highways Director of the DWP Assistant Director, Family Support Head of Service, Financial Services Head of Service, Legal & Democratic Services
Chief Officer Salary Band 4	80,500 to 85,000	Head of Service, Corporate Development Service Director, Economy Assistant Director, Early Help & Community Services Service Director, Environment Head of Service, HR & Organisational Development Head of Service, ICT & Customer Services Assistant Director, Learning & Inclusion Assistant Director, Partnerships & Performance Assistant Director, Strategy, Partnerships & Performance