

**REPORT OF:**  
**Lead Member for Finance and Support Services**  
**And**  
**Executive Support Member for Finance, Procurement, Workforce and Industrial Relations**

---

**TO**  
**Workforce Panel**  
**ON**  
**24<sup>th</sup> January 2023**

---

**TITLE: Equitable Pay and Reward Strategy – Pay Review Implementation**

---

**RECOMMENDATIONS:**

That Workforce Panel is asked to consider the content of the report and are asked to:

- Agree the approach to implementation of the jointly developed and agreed revised pay model following the organisational-wide pay review.
  - Recommend to full Council the revised model as it relates to the remuneration of Chief Officers currently earning over £100k.
  - Agree the approach to implementation of the 2022-23 national agreement as it relates to annual leave.
  - Delegate responsibility for the local collective agreement to the Assistant Director, HR & OD.
- 

**EXECUTIVE SUMMARY:**

Significant challenges have recently been felt across all sectors regarding recruitment and retention of high-quality staff. This is for several reasons, including the impact of the COVID-19 pandemic and an unstable economic climate. Salford City Council has not been immune to these challenges and has experienced a marked increase year on year in staff turnover as well as problems filling vacancies, particularly for specialist positions and senior officer posts which in turn can have a detrimental impact on service delivery as it affects the capacity and capability to deliver quality services for residents and businesses.

These problems have been exacerbated by the offering of more competitive pay rates by similar and neighbouring local authorities, leading to many staff seeking

similar positions elsewhere. Additionally, Salford City Council's exemplary commitment to being a Foundation Living Wage employer, whilst pertinent, has presented an issue for fair pay with the erosion in differentials between pay levels as living wage rates have increased on an annual basis.

To rectify these issues, it was agreed that formal discussions with the joint trade unions should commence to review and refresh the current pay structures and pay line in its entirety with a clear focus on fair and equitable pay across the organisation. This review has been undertaken over the past number of months with a range of evidence-led processes being incorporated into the work to ensure robust analysis in reaching a conclusion.

Agreement was reached through the Joint Secretaries in relation to a jointly agreed model and subsequently arrangements have been put in place for this to be taken forward through formal consultation and decision making processes with approval from the Workforce Panel on 22<sup>nd</sup> November 2022 to commence formal consultation with staff through the recognised trade unions. Consultation on the proposed pay model has now been concluded with an overwhelmingly positive response with 97% voting to accept the revised new pay model and this report sets out the approach to implementing the revised local pay model on 1<sup>st</sup> April 2023.

---

## BACKGROUND DOCUMENTS:

Peer Review Report 2022

Workforce Panel Report 22<sup>nd</sup> November 2022

---

KEY DECISION: N/A

---

## DETAILS:

### 1. Background

1.1 Staff recruitment and retention has posed a significant challenge across all sectors in recent years. A rapidly changing economic climate and the continuing impact of the COVID-19 pandemic has resulted in historically high vacancy rates and a depleted labour market. Salford City Council has not been immune to these challenges and has experienced a marked increase year on year in staff turnover as well as problems recruiting people to vacant positions. The impact is being felt on the capacity and capability to maintain and deliver quality services with increased reliance on temporary workers through agency. This is a growing concern given the lack of stability and consistency in the delivery of some of our key frontline services that relying on a transient workforce can bring.

1.2 Whilst across the council we have historically benefited from high levels of retention and long service the position has changed significantly in recent years with turnover rates increasing from 8.3% in 2019 to 13.8% in 2022. There are several key service areas across the council where rates are significantly higher, which when combined with increasing difficulties with the ability to recruit high calibre staff has resulted in high vacancy rates and more roles being covered by agency workers and contractors to mitigate impact on service delivery.

1.3 The 2021 LGA Peer Review also identified that a specific area of focus around retention and succession planning was needed, particularly in relation to senior officers. Alongside this recent health and care reforms transferring the responsibility for the leadership of the integrated health and care system at a local level to the City Council through the Place Based Lead role increases the level of accountability and responsibility for the Chief Executive in this role. In addition, whilst many of the city council's frontline roles benefit from a higher rate of pay than the market average due to a pay model based upon the Foundation Living Wage as a minimum pay rate, the significant year on year uplifts has led to an erosion of differentials creating further issues at the middle and upper pay bands.

1.4 There are also issues regarding the competitiveness of pay rates within the city council compared to regional neighbouring local authorities. Within a number of technical and professional fields, Salford's pay rates are statistically lower and do not compare favourably which has led to a marked increase in turnover as a result of staff leaving to take up similar positions in other councils.

1.5 Analysis of the available exit interview data identified that 30% of respondents either disagreed or strongly disagreed with the statement that 'the salary reflected the responsibilities of the role' with 25% citing better salary as a reason for leaving. In addition, the application of the Market Enhancement Policy with additional payment for specific roles has been necessary in order to attract people with the right skills at the right level including Social Workers, Public Health Consultants and Surveyors.

1.6 Evidence from all three directorates indicate that these issues are being felt across the organisation with significant implications for workforce planning and maintaining essential services for residents. Challenges with attracting and retaining high-quality staff will be further exacerbated in future given the markedly high rate of staff over the age of fifty-five who will be looking towards retirement in the near future.

1.7 To rectify this, it was agreed by senior leaders that an organisational-wide pay review should be conducted with the clear objectives of ensuring fair and equitable pay across all levels of the council. This will also allow for the installation of competitive salaries with other similar public bodies in order to attract a high calibre of talent required to deliver high quality services which is indicative of Salford's strong ethos of equality within its workplace culture. The review has considered our local pay structures and pay-line in its entirety and has been conducted jointly with the recognised trade unions at a local level. It should be noted that it is separate from the national pay negotiations on the cost-of-living increase.

1.8 The working process of the review has brought together skills and expertise from a number of teams to ensure concluding findings were methodically researched, analysed for all implications and, above all were fair and equitable. The review should also be noted within the context of the deepening cost of living crisis with inflation at the highest level in four decades and projected to steadily increase.

1.9 Whilst the city council has experienced a notable decrease in funding from national government over the past 12 years despite increased demand for services, the city council are committed to ensuring staff are appropriately remunerated for their quality of work. The findings from the 2021 LGA Peer Review highlighted that ***“the Council benefits from a number of high performing officers who are highly regarded within GM and in some cases nationally. This includes those officers who bring key strengths in terms of strategic management, as well as those who act as a real engine room for change and service delivery. Staff here are highly committed, proud and loyal to Salford, however knowing how competitive the market can be for officers of this calibre, it will be important for the Council to consider this matter carefully. These officers most typically lead high performing services, are fully bought into ‘The Salford Way’ and have also established good quality, collaborative relationships with relevant partners. In light of this, carefully consider the Council’s approach to retention and succession planning.”*** In response to the findings and recommendations from the Peer Review it was agreed that these issues should be addressed through a local whole council pay review as detailed in the agreed action plan and reported to the Overview & Scrutiny Board on 5<sup>th</sup> October 2022. Whilst pay is only one strand of the wider review of organisational development and workforce planning, it is a significant element by which to inform capacity and capability to deliver quality services for residents and businesses through:

- Enabling high staff satisfaction across the workforce, thus decreasing turnover and ensuring sufficient staffing resources are in place to allow all services to perform to the highest standard.
- Attracting and retaining excellent talent across the workforce, ensuring significant expertise is brought to all teams and allowing for key experience to be embedded throughout the organisation.
- Allowing for clear workforce planning to be undertaken avoiding the need for the reliance on short term agency or consultancy services and therefore providing stability and continuity, particularly in frontline services, for residents and businesses.
- Continuing to foster positive relations with recognised trade unions within the city council at a time when the threat of industrial action at a national level across public sector bodies has become apparent.

## **2. Approach to Conducting the Review**

2.1 The approach to the review brought together resources and expertise to ensure the objectives and key principles remained central to the proposed model brought forward to decision-making. This included a number of elements which provided a

robust evidence framework from which to gather intelligence and inform the revised model. By ensuring a strong evidence-led basis for decision making, the revised model has therefore been robustly analysed across a range of different factors.

### Comparative Evidence Gathering

2.2 To emphasise the importance of reviewing pay scales across the organisation and ensuring competitive salaries are offered to attract the best talent, numerous forms of evidence was analysed as part of the review. This included the creation of an evidence framework to allow comparative analysis with other local authorities which are broadly similar in size and scope to the council in terms of finances, population size and demographics, and equality data.

2.3 Analysis was then undertaken for average pay rates across statistical neighbours, other GM local authorities and other public and private sector comparators using evidence from a range of internal and external sources, including the Hays UK salary data, greater.jobs benchmarking data and information provided by other local councils. This robust approach allowed for the modelling to fully account for gaps in Salford's recruitment and retention process in particular job areas where it had been identified Salford's pay rates were not as competitive as they could be.

2.4 As outlined above, the erosion of differentials between pay points and grades within the city council's pay structures was also a contributing factor in undertaking the pay review. To ensure this component was central to the findings, analysis was carried out on city council pay internally.

2.5 Data gathered was then collated and fed into the Power Bi application to inform the models being developed. The working model and workforce data were uploaded into the application to ensure accurate and robust impact assessments could be undertaken.

### Comprehensive Equality Analysis

2.6 To ensure potential modelling did not have a disproportionate impact on particular groups, equality impact analysis was carried out on an ongoing basis throughout the course of the review. Informing this approach, a newly designed equality survey which was broken down by protected characteristics as laid out in the Equality Act, 2010 was distributed across the organisation supported by an internal communication plan to encourage completion. The survey was created in collaboration with workforce equality groups to ensure it was in line with best practice and used the most relevant wording regarding inclusivity. A new digitalised process was implemented to make it as simple as possible for staff to supply data with the trade unions providing a point of access for staff who may lack digital accessibility.

2.7 The gathered equality data was then amalgamated alongside proposed pay modelling. All care was taken to ensure the data was anonymised and access was restricted to only certain members of staff involved in the equality impact assessment process. The outcome of the review and revised model provide a positive outcome

for all and a summary of findings are outlined below with further details contained within the EIA:

- There was no significant disproportionate negative impact as a result of applying the revised model when analysed across the range of protected characteristics.
- The most notable impact was found within the 'gender' protected characteristic, with females receiving a slightly lower increase in basic pay on average compared to males under the revised model. On further analysis this primarily relates to a high proportion of females occupying posts in the first pay band which has benefited historically from investment in ensuring minimum pay rates in line with the foundation living wage and higher percentage uplifts from national pay negotiations. This band therefore has remained largely unaffected by the pay review alone. This is reflective of Salford's most current statutory reported Gender Pay Gap data, particularly looking at the roles occupied by women.
- Analysis against the 'race' protected characteristic found that those employees identifying as BAEM will receive a higher average increase in monetary terms than others across this indicator, with the exception of those employees selecting 'prefer not to say'.

### A Joint Approach

2.8 The review was undertaken in conjunction with the recognised trade unions in line with the city council's commitment to co-design and engagement on issues affecting the workforce building on the well-established relationships and strong employee relations.

2.9 A joint working group was established who jointly agreed the key guiding principles to underpin this review and which have remained the core reference point throughout, these are detailed below.

#### **This review and revised structures will:**

- Be underpinned by the City Council's commitment to being a Foundation Living Wage employer.
- Strengthen the council's ability to offer competitive salaries.
- Be funded within the available financial provision which will mean that additional funding on pay will increase the overall budget pressures for the council and schools.
- Incorporate the pay line and structures in their entirety across all pay bands.\*
- Result in no employee experiencing a reduction in annual salary level.
- Maintain the integrity of the job evaluation schemes.
- Be equitable, equal pay compliant through an equal pay audit and consider any gender and race pay gaps.
- Extend to all council employees, including buy in from schools, as has been achieved with similar historical reviews.\*\*
- Be implemented as a variation to contract through collective agreement with the joint trade unions in line with agreed protocols.

\* Will not apply to teachers, Soulbury or JNC for Youth & Community for whom separate arrangements apply.

\*\* Excluding voluntary aided schools and academies however, support will be provided to reach separate agreement with these employers.

2.10 The joint working group met at least weekly to share data and information, understand the issues and develop potential solutions including the revised pay model and consider the impact assessments of the review, including any potential disproportionate impacts on groups who share a protected characteristic and financial implications.

2.11 Agreement was reached through the Joint Secretaries in relation to a jointly agreed model and subsequently arrangements have been put in place for this to be taken forward through formal consultation and decision making processes with approval from the Workforce Panel on 22<sup>nd</sup> November 2022 to commence formal consultation with staff through the recognised trade unions. Consultation on the proposed pay model has now been concluded with an overwhelmingly positive response with 97% voting to accept the revised new pay model.

#### **4. Approval and Implementation**

The robust evidence-led approach to this review allowed a strong basis upon which to build a sufficient and equitable framework which resulted in the development of the revised pay model.

In line with the agreed key principles for the review the revised model, which can be found at Appendix 1, addresses issues appertaining to pay differentials, reduces overlap between grades, incorporates the foundation living wage increase with £10.90 as the minimum pay rate, includes the 2022 national pay award, and addresses the issue of comparability and ability to offer competitive salaries at all levels. The review and revised model incorporates the pay line in its entirety across all grades and guarantees no reduction in pay rates whilst maintaining the integrity of the job evaluation schemes. This approach has ensured that the model is fair, equitable and equal pay compliant as evidenced by the equal pay audit and equality impact assessment.

The model addresses the key issues as outlined above and negates the need for the ongoing payment of market rate enhancements and recruitment and retention allowances. The ability to offer competitive salaries at all levels will aid with the retention of high calibre staff and the ability to attract quality candidates for roles which will improve vacancy rates and in turn reduce the need for and reliance on temporary agency workers thus reducing costs and ensuring stability and continuity in service delivery and capacity and capability to deliver quality services for residents and businesses.

The clear objective has been to seek a local collective agreement with the joint trade unions to vary terms and conditions.

At a meeting of the Joint Secretaries on 16th December 2022 formal feedback from the joint trade unions confirmed that the outcome of the consultation was to accept the revised pay model and also acknowledged the good process followed; requested that the positive and joint approach taken by the employer be noted; and confirmed that the joint trade unions were in a position to confirm their collective agreement to the revised pay model.

The Workforce Panel are responsible for determining collective and corporate terms and conditions of staff and approval is therefore now sought for the implementation of the revised local pay model on 1<sup>st</sup> April 2023.

The revised pay model will be incorporated in to a local collective agreement a draft of which can be found at Appendix 2. This Agreement is to be signed by the relevant parties and the Workforce Panel are asked to delegate the responsibility for this to the Assistant Director, HR & OD in her role as the employer side Joint Secretary.

This Agreement will have the effect of automatically incorporating the changes to the pay model in to contracts of employment with effect from 1<sup>st</sup> April 2023. All employees covered by the Agreement will be informed in writing of the variation to contract together with a personal statement advising of their new SCP and annual salary.

In line with the Council Constitution, the Council makes determinations in relation to the remuneration of posts whose remuneration is, or would become, £100,000 per annum or above. As the salary ranges of seven posts currently exceed £100,000 Council must therefore be offered the opportunity to consider the revised salary scales for these posts. Therefore, a separate report on this matter will go to Council in February 2023.

## **5. Implementation of the 2022/23 national agreement – amendment to local leave policy arrangements**

Separate to the arrangements relating to the revised pay model it is recommended that the Collective Agreement also incorporates the changes to the locally agreed policy relating to annual leave with effect from 1st April 2023 to implement the nationally determined award of one additional day's leave to all staff covered by this policy. This will not apply to teachers or those under the JNC for Youth & Community for whom different terms and conditions including annual leave arrangements apply.

## **6. Conclusion**

Ensuring fair and equitable pay across the organisation is imperative in order to recruit and retain a high calibre of talent and provide quality services for residents and businesses within the city.

Therefore, the Workforce Panel is asked to consider the content of the report and are asked to:

- Agree the approach to implementation of the jointly developed and agreed revised pay model following the organisational-wide pay review.
- Recommend to full Council the revised model as it relates to the remuneration of Chief Officers currently earning over £100k.



- Agree the approach to implementation of the 2022-23 national agreement as it relates to annual leave.
- Delegate responsibility for the local collective agreement to the Assistant Director, HR & OD.

---

## KEY COUNCIL POLICIES:

---

## EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS:

Are contained in the body of the report.

---

## ASSESSMENT OF RISK:

Stability and capacity of the workforce is reported as a strategic risk in the Council's Strategic Risk Register with a likely impact and major risk for the continuity of the delivery of quality service provision if action is not taken to address. This review is reported as a priority action to mitigate the impact and address the issues as outlined.

---

## LEGAL IMPLICATIONS Supplied by: Mary Sutton, Head of Litigation and Employment Group

In order to address significant challenges throughout the City Council regarding recruitment and retention of staff, it was agreed that formal discussions with the joint trade unions should commence to review and refresh the current pay structures and pay line in its entirety with a clear focus on fair and equitable pay across the organisation.

The findings of the review and the joint discussions on the proposed model are set out in this report. Workforce Panel noted and agreed at its meeting on 22<sup>nd</sup> November that a formal consultation process would take place with the trade unions and employees with a view to reaching a collective agreement on the proposed model. This report confirms that the outcome of the collective consultation was to accept the revised pay model. A collective agreement is being drafted and Workforce Panel are asked to delegate responsibility for the local collective agreement to the Assistant Director of HROD.

Workforce Panel are asked to approve the implementation of the revised pay model with effect from 1 April 2023 in principle, subject to the approval by Full Council of the budget required for the revised model.

The approval of Full Council will also be required for implementation of the revised pay model as it affects the remuneration of officers earning above £100,000.

Furthermore, there is a requirement for transparency in setting pay and any changes to the pay structure and this will need to be reflected in the City Council's annual pay policy statement.

---

## FINANCIAL IMPLICATIONS Supplied by: Joanne Hardman, Chief Finance Officer

The estimated maximum cost is £5.1m (with an additional £1m for non-teaching support staff based in schools), reflecting all employees at the top of the revised pay scale and all associated employer on-costs. The full costs of the pay model will not be incurred in year one, with the total increase in 2023/24 estimated at £4.1m due to assimilation and use of existing funding for market retention. The financial impact of any reduced use of agency workers as set out in paragraph 3.3 will be reported in service budget monitoring reports and reflected in future budget projections. Given the council's existing pay scale is below neighbouring and comparative authorities this increase seeks to address the imbalance and should not drive further inflationary pressure within this market.

The report references the transfer of responsibility for the leadership of the integrated health and care system at a local level to the city council through the Place Based Lead role. Each GM locality has funding to support a local team which will be used to meet any impact upon remuneration levels.

The report indicates that the proposed model reflects the 2022 national pay award, the cost of which is estimated to be £7m (further £3.4m for schools). As previously advised, these additional costs exceed the provision of £3.5 million that was made at the point the budget was set and these additional costs are not covered by core funding from the government despite a nationally negotiated pay award.

The budget process, for both the annual 2023/24 budget and the medium term financial strategy are nearing completion, with the budget report and MTFs due to be discussed at Budget Council in February. The revenue budget report will propose a balanced budget position for 2023/24 which incorporates the estimated costs of the pay review as described in this report. The ongoing impact of the pay review will be reflected in the medium term strategy. It is anticipated that funding shortfalls will need to be addressed as part of future budget rounds for 2024/25 and 2025/26, the extent of which will depend upon future funding settlements and the health of the wider economy. On that basis, deliverable and sustainable savings will need to be identified for 2024/5 and future years.

---

## PROCUREMENT IMPLICATIONS Supplied by: n/a

---

HR IMPLICATIONS Supplied by:

Are contained within the body of the report.

---

CLIMATE CHANGE IMPLICATIONS Supplied by: n/a

---

OTHER DIRECTORATES CONSULTED: ALL

---

CONTACT OFFICER: Samantha Betts, Assistant Director Human  
Resources and Organisational Development  
[Samantha.betts@salford.gov.uk](mailto:Samantha.betts@salford.gov.uk)

---

WARDS TO WHICH REPORT RELATES: