



making our region more prosperous, sustainable and fairer, helping our people and businesses to create and seize opportunities

EAST MIDLANDS COMBINED COUNTY AUTHORITY BOARD

Date	20 March 2024				
Report Title	Proposed Pay and Grading Framework				
Accountable EMCCA Board Member	<i>No Member identified due to nature of this being first EMCCA Board meeting</i>				
Accountable Chief Officer	Mark Rogers Interim Chief Officer				
Accountable Employee	Amanda Mays Interim Operations and People Lead				
Report has been considered by	Informal Leaders Meeting				
Key decision	No	Public Report	Yes	Voting Arrangements	By simple majority of Constituent Members

Recommendations for action or decision:

The East Midlands Combined County Authority Board is recommended to:

- 1 **Note** the progress made on the EMCCA Pay and Grading Framework.
- 2 **Approve** the proposed Pay and Grading Framework and associated pay scales in **Appendix 1**.
- 3 **Approve** job evaluation of the work of EMCCA employees using the Korn Ferry Hay scheme and principles and agrees that an external provider is sought to meet the initial considerable demand and swift turnaround times.
- 4 **Agree** to use the nationally negotiated NJC pay spine as the basis for its local grading structure.
- 5 **Agree** that the terms and conditions of employment for non-Chief Officers will be in accordance with collective agreements negotiated from time to time by the National Joint Council (NJC) for Local Government Services.

- 6 **Support the production of a Market Supplement Policy and Redundancy and Early Retirement Policy.**
- 7 **Agree the EMCCA shall pay a spot salary for the Chief Executive and Executive Director roles and that no bonuses or performance related pay is paid to its Chief Officers.**
- 8 **Apply to the Living Wage Foundation to obtain Living Wage accreditation.**
- 9 **Note that progress has been made so that the EMCCA joins the Local Government Pension Scheme.**

Purpose

- 1.1 This paper outlines the proposed Pay and Grading Framework which is designed to ensure that EMCCA has a simple, transparent and fair system for determining salary levels, linked to job role and responsibilities; and that demonstrates equity through a valid job evaluation system. The Pay and Grading Framework, accompanying job evaluation process and pensions offer is a fundamental part of creating the right foundations for EMCCA to be able to employ, recruit and retain talent.
- 1.2 This Pay and Grading Framework proposal has been developed following the response to the draft paper shared at the EMCCA Shadow Board on 27 February 2024.

Background

- 2.1 The East Midlands devolution deal signed in August 2022 enabled the creation of England's first Combined County Authority. In doing so it secured significant funds and powers for the region and empowered local people to make the decisions that influence jobs and skills, the quality of the region's transport infrastructure, housing investment, and the region's diverse natural environment. The four constituent councils' subsequent approval of the creation of EMCCA in December 2023 will see the region benefit in the first instance from a £1.14 billion investment fund over 30 years, alongside £1.5 billion in transport funding, £53m for adult education, and £18m for housing, brownfield land and other investments. Alongside this, as a result of the creation of EMCCA, the region is working with national government to establish an 'Investment Zone', which will attract £160 million of support over ten years, with tax incentives for businesses, which will help boost economic growth across the region.
- 2.2 These initial powers and funds are the starting point for an ambitious programme that integrates social, environmental and economic initiatives in innovative ways to improve opportunity and wellbeing in the East Midlands. The period since August 2022 has been one of designing how EMCCA will operate. In March 2024, the need is to confirm the governance, oversight, plan and staffing of the organisation in order for it to start to deliver.
- 2.3 The Pay and Grading Framework needs to reflect the achievement of the scope, ambitions and type of organisation and culture that EMCCA needs to deliver on the above for the region.
- 2.4 The EMCCA Shadow Board considered the organisation design principles and accompanying "tier 1" senior staffing structure (of Chief Executive and direct reports) at their meeting on the 29 January 2024. It was noted that in developing the proposed high-level structure the EMCCA should be a lean, agile, outward-facing organisation that works closely with stakeholders to deliver on the ambition for the region.
- 2.5 EMCCA's first year will be a 'start-up' organisation to deliver the functions and level of investment agreed by the Board. Built into the organisation will be the potential to expand – investment, impact, etc – in its early years and in taking advantage of new opportunities as they arise.
- 2.6 The purpose of this paper is to propose the EMCCA's strategic stance on pay in order to provide direction for members and officers making detailed decisions on pay and to provide the citizens of the

EMCCA region with a clear statement of the principles underpinning decisions on the use of public funds.

2.7 The Pay and Grading Framework sets out the power to appoint officers on such reasonable terms and conditions, including remuneration, as the authority thinks fit. This proposed Pay and Grading Framework sets out the EMCCA's approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011. The purpose of the statement is to provide transparency regarding the Authority's approach to setting the pay of its employees, by identifying;

- the methods by which salaries of all employees are determined;
- the detail and level of remuneration of its most senior staff i.e. 'Chief Officers,' as defined by the relevant legislation;

Once approved by the EMCCA Board, the Framework will come into immediate effect and be subject to review on a minimum of an annual basis, in accordance with the relevant legislation prevailing at that time.

3 Pay and Grading Framework

Legislative Framework

3.1 In determining the pay and remuneration of all its employees, EMCCA will comply with all relevant employment legislation. This includes, but is not an exhaustive list, the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations.

3.2 Regarding the Equal Pay requirements contained within the Equality Act, the EMCCA ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality-proofed job evaluation mechanisms which directly relate salaries to the requirements, demands and responsibilities of the role

Pay Structure

3.3 The purpose of pay is to encourage staff with the appropriate skills to seek to work for EMCCA and then to reward them appropriately for the tasks they undertake along with being at a level that maintains their motivation and retains their services for a suitable period.

3.4 Based on the application of job evaluation processes, EMCCA proposes to use the nationally negotiated NJC pay spine as the basis for its local grading structure (known as the main salary scale). This determines the salaries of the majority of the Grades. The EMCCA's terms and conditions of employment for non-Chief Officers will be in accordance with collective agreements negotiated from time to time by the National Joint Council (NJC) for Local Government Services. Set out in the Scheme of Salaries and Conditions of Service (commonly known as the "Green Book") as amended or supplemented by any future local collective agreements.

3.5 In determining its grading structure and setting remuneration levels for all posts, EMCCA has considered the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required. EMCCA has also benchmarked the salaries and grading with the constituent councils. The Framework needs sufficient flexibility to cope with a variety of changing circumstances such as market factor supplements to reflect recruitment and retention issues nationally and locally. It must also ensure that senior officer pay, and terms and conditions are in line with those applicable to other employees and be committed to openness, transparency and public accountability. The Framework is also designed to reflect local circumstances such as shortages of particular required skills and be committed to equity and fairness of treatment across the whole workforce.

- 3.6 New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate when a higher skill level and/or experience are applicable. From time to time, it may be necessary to take account of external pay market factors to attract and retain employees with particular experience, skills and capacity. Where necessary, the EMCCA will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources (see 3.14 Market Supplements).
- 3.7 Chief Officers are appointed at spot salaries. Progression through the salary ranges, where applicable, will be linked to objective, clear and relevant criteria, including the participation in an annual appraisal.
- 3.8 **It is recommended that EMCCA adopts the Pay and Grading Framework and associated pay scales at Appendix 1.**

Job Evaluation

- 3.9 The consistent evaluation of the relative value of job roles throughout the EMCCA ensures a fair, open, and transparent pay and reward structure that is affordable and compliant with Equal Pay legislation and Single Status requirements.
- 3.10 The Korn Ferry ('Hay') scheme is a framework to objectively evaluate jobs to assess their relative size across many organisations, this is used widely across local government, including Nottinghamshire County Council.
- 3.11 This method of JE is proposed as it has been used extensively across the public sector and particularly in local government. It provides a coherent model to compare & assess similar jobs and the characteristics of different levels of work.
- 3.12 The volume of JE demand will initially be significant when evaluating all roles. Response and turnaround times will be important; therefore, the intention is to procure an external provider to enable timely turnaround times throughout.
- 3.13 **It is recommended that the EMCCA evaluates the work of its employees using the Korn Ferry Hay scheme and principles and that initially an external provider is sought to meet the initial considerable demand and swift turnaround times. This will also ensure that the 'Hay' scheme is correctly applied creating a solid base from which the organisation will grow.**

Market Supplements

- 3.14 The Authority will be drafting a policy to offer market supplements in instances where the substantive grade of the post is insufficient to attract or retain post holders in skill shortage areas, based on evidence of recruitment and or retention difficulties. The Market supplement has yet to be defined however where a temporary market supplement is applicable, this may be applied as a non-consolidated payment, outside of cost-of-living increases. The applicable market supplement will be reviewed on a periodic basis to ensure market conditions are pertaining.
- 3.15 The Authority will be drafting a policy to offer market supplements in instances where the substantive grade of the post is insufficient to attract or retain post holders in skill shortage areas, based on evidence of recruitment and or retention difficulties. The Market supplement has yet to be defined however where a temporary market supplement is applicable, this will be applied as a non-consolidated payment, outside of cost-of-living increases. The applicable market supplement will be reviewed on a periodic basis to ensure market conditions are pertaining.
- 3.16 **It is recommended that a Market Supplement Policy be produced to ensure that there is flexibility on pay where necessary to achieve market rates in skills shortage areas.**

Senior Management Remuneration

- 3.17 For the purposes of this Framework 'chief officers' are those as defined within section 43 of the Localism Act. The Joint Negotiating Committee (JNC) agrees conditions of service for chief executives and chief officers. The posts initially determined as falling within the statutory definition are set out below, with details of their basic salary as proposed on 1st April 2024. Salaries quoted are based on the full time equivalent (FTE) of 37 hours per week.
- 3.18 Salaries paid to the EMCCA Chief Officers will be that determined by an evaluation of the 'size' of the role and both external and internal benchmarking. The comparative level of remuneration of each Chief Officer is to be decided on the basis of their particular accountabilities and responsibilities (including any statutory responsibilities) and the scope, size and impact of the job, considering the range of services provided, the number of employees and the size of the population within their remit. It is proposed that EMCCA offers spot salaries to the Chief Executive and their Executive Director direct reports. These salaries will be cognisant of the necessary requirement to attract and appoint the calibre of person(s) needed to successfully deliver the ambitious EMCCA agenda. The salary ranges for these posts are to be agreed by the Appointments Panel.
- 3.20 **It is recommended that the EMCCA pays spot salaries for Chief Officer roles, in a range approved by the Appointments Panel.**

Additions to Salary of Chief Officer Related Posts

- 3.21 EMCCA is not proposing to apply any bonuses or performance related pay to its Chief Officer related posts. Chief Officers are employed on a spot scale. The salary structures each have minimum and maximum range, as shown in Appendix 1. Where additional responsibility is undertaken, EMCCA may apply an honorarium reflective of the additional duties undertaken.
- 3.22 **It is recommended that no bonuses or performance related pay is paid to its Chief Officers.**

Payments on Termination

- 3.23 EMCCA's proposed approach to discretionary payments on termination of employment of chief officers, prior to reaching normal retirement age, will be set out within its Pay Policy Statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and the Local Government Pension Scheme (LGPS) Regulations 2013 (as amended).
- 3.24 The circumstances of each individual redundancy case will be assessed, each specific case will be judged equally and fairly on its own merits. For redundancy payment purposes the contractual notice and redundancy pay will be set out in the EMCCA's policy on Redundancy and Early Retirement which will apply to all employees of the EMCCA, including Chief Officers. This policy is in development and will be appropriate and mindful of the terms applicable to those across the four constituent councils.
- 3.25 **It is recommended to further develop the Redundancy and Early Retirement Policy on the basis as outlined above.**

Publication

- 3.26 In addition, the EMCCA's Annual Statement of Accounts is statutorily required to include a note setting out the number of staff whose total remuneration is at least £50,000 and for chief officer posts it will show the amount of
- salary, fees or allowances paid to or receivable by the person in the current and previous year;
 - employer's contribution to the person's pension;
 - any bonuses so paid or receivable by the person in the current and previous year;
 - any sums payable by way of expenses allowance that are chargeable to UK income tax;
 - any compensation for loss of employment and any other payments connected with termination;
 - any benefits received that do not fall within the above;
 - any employees earning in excess of £150,00 must be named.

It is recommended that the Pay and Grading Framework be published on the EMCCA website and that the annual Pay Statement is submitted early in 2025 to the Board to meet the statutory requirements.

Lowest Paid Employees

- 3.27 It is proposed that EMCCA adopt the principle to pay the UK Real Living Wage. The lowest paid persons employed under a contract of employment with the EMCCA will be employed in accordance with the minimum spinal column point currently in use within the EMCCA's grading structure. As announced on the 24 October 2023 (employees have six months to implement), the Living Wage Foundation set the real Living Wage at £12 per hour which is £23,151 per annum. This amount is above point 4 of the main NJC pay spine minimum (1-43). It is proposed that the EMCCA apply to obtain Living Wage Foundation accreditation. Any changes to the real Living Wage hourly rate will be implemented from the 1st of April each year following the increase.
- 3.28 EMCCA proposes to also employ Apprentices who are not included within the definition of 'lowest paid employees' as the terms and conditions are determined by the National Apprenticeship Service.
- 3.29 The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of chief officers as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton report was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The report concluded that "it would not be fair or wise for the Government to impose a single maximum pay multiple across the public sector." The EMCCA accepts the view that the relationship to median earnings is a more relevant measure and the Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the authority's workforce. As EMCCA employs people and grows its workforce there will be an ongoing review of the pay multipliers and this will be referenced against Lord Hutton's public sector threshold.
- 3.30 As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the EMCCA will use available benchmark information as appropriate.
- 3.31 **It is recommended that EMCCA apply to be a Real Living Wage Employer which is already built into the pay structure and commit to publishing the ratio between the highest paid salary and the median average salary of the whole of the EMCCA workforce.**

Pension Scheme

3.32 As a listed scheduled body employer (Part 1 of Schedule 2 of the LGPS Regulations 2013) the EMCCA will be required to provide LGPS to its employees. Pension fund membership and administration will be provided through the Nottinghamshire County Council pension fund. This is a requirement of the EMCCA Regulations (Reg 36).

3.33 **Work has commenced to progress EMCCA's application to join the LGPS, administered by Nottinghamshire County Council. The actuarial assessment is underway to agree the contribution rate, which will then be kept under regular review.**

4. Appendices

4.1 Appendix 1 - EMCCA Pay and Grading Structure

5. Implications

Financial Implications

5.1 There is a cost to the EMCCA to be accredited as a Living Wage Employer by the Real Living Wage Foundation.

Legal Implications

5.2 As set out in the body of the report

Background Papers

5.3 None

Pay and Grading Framework

Work Levels Framework							
Work Level	Typical Jobs	Hay Ref	NJC / JNC	SCP	EMCCA Grade	Description	Salary Range
Tier 1: Strategic and Executive Leadership	Chief Executive	25	JNC	Spot salary	Chief Officer	Accountable for overall operation of the organisation - sets strategic direction with authority Leaders. Long-term planning horizon - 5+ years. Reports directly to Chief Executive.	Subject to EMCCA Appointments Panel
		24					Subject to EMCCA Appointments Panel
	Executive Director	23					Subject to EMCCA Appointments Panel
Tier 2: Tactical Leadership	Statutory Chief Officer e.g. Public Health Director	23	JNC	78 to 80+	K	Sets strategic direction with authority Leaders and stakeholders. Long term planning horizon - 5+ years. Includes reports to Executive Director, statutory chief officer (dotted line to Chief Executive).	Subject to EMCCA Appointments Panel
	Director	22	NJC	75 to 80	J	Translates strategy into tactical plans and accountable for delivering specific services - strong contribution to strategy development. Planning horizon - 12+ months. Will include Deputy Chief officers.	£99,000 to £110,000
		21	NJC	63 to 73	I		£78,000 to £95,000
Tier 3: Operational management	Heads of Service or Strategic Lead	20	NJC	57 to 62	H	Roles at this level are more about the operational management of services with only a limited contribution to strategy development Lead roles will tend to be SME providing insight and direction into strategy development Planning horizon - up to 12 months	£67,737 to £76,566
		19	NJC	50 to 55	G		£59,057 to £65,296
		18	NJC	41-43 and 44-46	F		£49,498 to £54,679
Professional contribution	Professional roles such as HR, Finance, ICT, Procurement, Legal	17	NJC	36 to 41	F	The mainstay of professional posts in the organisation. From qualified but junior roles through to senior professionals who need little supervision to operate within the professional area. Planning horizon - monthly	£44,428 to £49,498
		16	NJC	33 to 38			£41,418 to £46,464
		15	NJC	28 to 33			£36,648 to £41,418
Tier 4: Technical / Practitioner	Technical or practitioner roles	14	NJC	23 to 28	E	Many roles will be in this category - providing advice, guidance, services to clients (internal/external) at a technical or practitioner level. Most will need little supervision as the roles follow procedure or precedent. Planning horizon - weekly	£32,076 to £36,648
		13	NJC	15 to 22	D		£27,803 to £31,164
		12	NJC				
Tier 5: Process Plus	Strong administrative roles with supervision	11	NJC	8 to 14	C	Process related roles but usually with added complexity - either through more complex activities and/or supervision of others Planning horizon - weekly	£24,702 to £27,334
		10	NJC	5 to 7	B		£23,500 to £24,294
Tier 6: Process Related	Straightforward admin or process roles – little forward planning - routine, repetitive	9	NJC	2 to 4 (topped up to RLW*)	A	Process related roles undertaking routine and repetitive tasks/activities. Little planning required.	£22,366 to £23,114
		8	NJC	2 (topped up to RLW*)	A		£22,366

*RLW: Real Living Wage = £23,151