

9. PAY REVIEW POLICIES

1. Purpose of the report

As part of the ongoing work to review the Authority's pay strategy, this report asks Members to approve the following policies:

- Recruitment and retention incentives
- Probation
- Acting-up and honoraria

Key Issues

- **Our new pay grade structure implemented in January 2024 is at a level that will recruit and retain employees. However, it is likely there will be a small number of jobs for which it is not possible to recruit and/or retain employees at the job evaluated rate.**
- **In particular, there remains a local and national shortage of planners, and planning is a statutory function of the National Park Authorities.**
- **Hard-to-fill vacancies persist across the economy. Half of employers in education (52%) and public administration and other public sector (50%) report hard-to-fill vacancies. (Source: CIPD Labour Market Outlook Winter 2023-24)**
- **The Authority does not currently use probationary periods for new starters.**
- **The Authority does not have a policy on Acting-up and Honoraria payment although honoraria payments are applied.**

2. Recommendations

- 1. The Recruitment and Retention Incentives Policy in Appendix 1 is approved.**
- 2. The Probation Policy in Appendix 2 is approved.**
- 3. The Acting-up and Honoraria Policy in Appendix 3 is approved.**

How does this contribute to our policies and legal obligations?

- 3. The Authority must be enabled to recruit employees to, and retain them in, specific key posts to ensure the Authority can function and deliver the National Park Management Plan and Authority Plan objectives.**

Background Information

- 4. In early 2023, it was recognised that the Authority's pay structure has fallen behind regional comparators meaning there was increased difficulty in recruiting staff to and retaining in business-critical posts. Staff turnover rate pre-pandemic was stable around 9%; from 2022 it almost doubled to 17%, and was critical within Planning at 25%.**
- 5. In August 2023, after an organisational restructure to generate sufficient savings for a pay increase, a joint working group was convened to consider how to address the concerns raised by staff about the level of pay at the Authority. Three objectives were agreed:**
 - i. The pay grade structure reflects the equivalent [or as close to as affordable] salaries of the East Midlands Public Sector median.**

- ii. An agreed list of recruitment and retention incentives is available to be used by managers for hard-to-fill posts.
 - iii. The range of allowances are reviewed against regional local authorities and other national park authorities.
6. This paper relates to the second objective but it is worth noting the outcome of the first objective and potentially its contribution in reducing staff turnover and in halting a further increase in number of hard-to-fill vacancies.
7. The new pay grade structure as well as the annual National Joint Committee pay award settled in November has improved the overall pay strategy and addressed some of the concerns from staff. The staff turnover rate dropped to 11% at the end of quarter 3 (December).
8. This reduction in turnover rate may also reflect what is happening nationally. The ONS reports vacancies have fallen for the 18th consecutive period in October to December 2023. The CPI inflation rate has come down to 4.2% (January 2024). The Public sector expected pay awards have fallen from 5% to 3% this quarter (CIPD Labour Market Outlook Winter 2023-24). These facts suggest that '*the great resignation*' which followed the pandemic, and had such a negative impact on the job market, is slowing down.
9. However, despite this, the CIPD outlook also highlights that vacancies remain a problem for the public sector with half (51%) of those surveyed, reporting hard-to-fill vacancies.
10. As well as certain key skills being hard to find, recruitment is an expensive activity. Therefore, retention has equally become a key area of focus for the Authority.
11. The policy on recruitment and retention incentives sets out all the potential options for a manager but will be used only in exceptional circumstances, and each business case is dependent on sufficient objective justification, such as critical business need and/or severity of risk to delivery of Authority objectives.
12. Two of the incentives are linked to new benefits being introduced as part of the initiative to improve our 'total rewards offer'. The first benefit is the ability to purchase additional leave, and the second is payment of professional membership fees where membership is an essential criterion within the person specification for the post.
13. The policy on probation has been developed after feedback on the perceived gap in our performance management approach. Probationary periods are important to help confirm the correct decision was made at recruitment, and support managers to act quickly where a new starter is not suitable for the role. It is also recognised there is a link between providing robust support during a new starter's first few months and retention.
14. Currently, the Authority applies honoraria payments where employees carry out duties normally undertaken by an officer on a higher grade, or as a one off 'thank-you' payment for a finite piece of work or project which is outside the normal scope of an employee's role. A policy on acting-up and honoraria has been developed to set out the criteria and eligibility of payment and ensure a fair and consistent approach is taken on the way we temporarily fill gaps including those caused by hard-to-fill vacancies.

Proposals

15. Members are asked to agree the three new policies detailed in Appendices 1, 2 and 3.

Are there any corporate implications members should be concerned about?

Financial:

16. A report is going to Resource Management Meeting on 12 March 2024 to agree how these arrangements will be funded to ensure they are affordable and a verbal update can be provided at the Authority meeting.
17. Market supplement payments are funded from reserves.

Risk Management:

18. There is the risk that the recently implemented pay grade structure is insufficient to attract and retain a number of key employees in business-critical posts therefore generating a higher number of requests for use of incentives including market supplement payments. The more frequent use of market supplement payments will undermine the integrity of the job evaluation scheme.
19. Consultation on any changes to pay is invariably divisive particularly where the proposal is to pay some posts incentives and not others. Management response to consultation comments are set out in Appendix 4.

Sustainability:

20. No issues identified.

Equality, Diversity and Inclusion:

21. The Authority is committed to the principles of equal pay for work of equal value and operates a job evaluation scheme to measure the relative value of all jobs. Regular equalities monitoring of the outcomes of the application of incentive payments will be undertaken.
22. Any manager requesting an incentive payment must provide a clear and objective justification when putting together the business case. Eligibility for an incentive payment is subject to an approval process.

Climate Change:

23. No issues identified.

24. Background papers (not previously published)

None.

25. Appendices

Appendix 1 - Recruitment and retention incentives policy
Appendix 2 - Probation policy
Appendix 3 - Acting-up and honoraria policy
Appendix 4 - Management response to staff consultation comments

Report Author, Job Title and Publication Date

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