

# Pay review Bristol City Council

September 2017





## Introduction

We were asked to carry out a review of Tier 1-3 roles (Chief Executive to Head of Service and Technical Professionals) at Bristol City Council. Our approach to took into account supporting Bristol to:

- Attract leaders of the calibre necessary to achieve its objectives;
- Achieve value for money
- Take account of pay practice in the region and broader public sector

To underpin the advice we have provided on pay we have evaluated the roles using the Hay Group Job Evaluation Method (which is used for senior management roles in a number of local authorities across the UK) and provided benchmarking data from our Public and Not for Profit, and Industrial and Service sector databases. The data is national and covers a wide range of public and private sector organisations, but excludes the financial services industry.

To support the evaluation process we were provided with background information on the Bristol's structure charts and a sample of role profiles. We understand the structure is currently under review; as a result the evaluations at this level may need further review.



## Developing new arrangements – good practice

As a matter of good practice, our view is that the important elements when developing new pay arrangements are:

### **Good governance:**

- Ensure there is a sound structure for pay and performance management governance, and that there are good processes in place for establishing and reviewing reward.

### **Establish a clear pay policy:**

- Review and agree a pay policy for senior roles based on clear principles related to the organisation's strategy. This should specify how pay is set, how it is composed, for example the balance between base salary and variable pay, and the rationale.

### **Consider links to performance:**

- Tie pay clearly and explicitly to the performance of the organisation and, where appropriate, the individual or team. The measures of success should relate as closely as possible to easily recognisable performance indicators.

Underpinning all three should be **effective communication** which explains the policy, the governance process and the relationship to performance so that role holders, employees and stakeholders can see both what senior managers are paid and why.



## Evaluation levels and pay benchmarking

Role title	Evaluation level	Current pay	Public sector and not for profit median	Industrial and service sector median
Chief Executive	26	£160,000	£190,000	£280,143
Strategic Director	24	£136,000	£134,608	£164,109
Service Director	22	£98,213	£96,326	£120,000
Service Director	21	£98,213	£87,312	£102,779

Our analysis showed that the more junior roles we have reviewed in the senior leadership structure are competitively remunerated against public sector benchmarks – e.g. Heads of Service and technical professionals. It is only when starting to compare more senior roles where they start to drift behind the public sector market median and market average:

- There are broadly two groups of Service Director roles (smaller and larger) with the smaller roles above the market median and average and the larger roles behind the median and the average, suggesting a need for different levels of pay going forward.
- Strategic Directors are remunerated around the market median but below the market average.

Much of our analysis suggests that pay levels for more junior roles are not the main reason for challenges in recruiting or retaining staff, and it is therefore important to take a more strategic view of reward and to consider the wider Bristol City Council employee value proposition.



## Pay policy questions

For Bristol City Council to decide on its new senior management pay arrangements, the following questions need to be addressed:

- The level at which it sets pay against the market, and which market(s) to use
- Whether to use pay ranges or spot salaries
- If pay ranges are used, how individuals are placed and progressed within the range.
- In relation to job size, whether to use narrow or broader grades
- Whether to introduce an element of variable pay as part of the overall salary package, and if so the level e.g. 5, 10 or 20%.



## Pay options

Role title	Proposed minimum	Proposed maximum
Group Director	£135,000	£165,000
Service Director (large)	£100,000	£120,000
Service Director (small)	£85,000	£105,000

There are a number of points to take into account with these proposed ranges:

- The approach taken is to set the minimum of the new band at around the public sector median and the maximum at the industrial and service sector median.
- The proposed ranges provide flexibility to pay very competitively against the public sector median and broadly in line with the Industrial and Service sector median.
- When adopting such bands our view is that pay increments with time served progression would not be appropriate. Instead placement and progression in the range should reflect factors such as performance, capability, experience, and marketability.
- Placement and progression of individuals within the bands would require rigorous management, to ensure fairness and that higher salaries, particularly at the Group Director level, are only paid in exceptional circumstances. A clear framework for managing pay within each range would therefore be needed, again particularly for the Group Director roles where the range is broadest, combined with governance oversight from the HR Committee.
- Smaller Service Director and Group Director roles can be accommodated within these new ranges without any uplift to existing pay levels. Larger Service Directors would require a small uplift of existing pay within the proposed ranges, £1,787 p.a., excluding on costs.

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