

NORTH YORKSHIRE COUNTY COUNCIL

16 May 2018

COUNTY COUNCILLOR GARETH DADD

Commercial Investments

The Commercial Investment Board is now well established following approval of the investment framework by the Executive in August 2017. The Board have agreed an approach to property investment and considered a number of opportunities with our first investment now secured following a successful auction bid on a freehold property in Stafford currently used as a bank. The property was purchased for £850k with a rental yield of 6.24% and an estimated Internal Rate of Return of 4.53%. This represents a significant improvement in investment return when compared to our cash portfolio which achieved an average 0.61% in 2017/18. We are actively reviewing the market for further suitable investments and will report back to the Executive in due course.

Preparing for the General Data Protection Regulation (GDPR)

The General Data Protection Regulation (GDPR) replaces the current Data Protection Act 1998 (DPA). The GDPR sets out requirements for how organisations will need to handle personal data from 25 May 2018 which will give individuals greater transparency and control over the way that their information is processed.

The NYCC Data Governance Team and Veritau have been working together to support the organisation in achieving compliance. They have worked with Directorates and service areas but there is still further work to do.

We are ensuring that staff understand key messages on GDPR and how it may impact them. There is a new e-learning module to support the approach and ensure all understand their responsibilities.

Property Rationalisation

I am pleased to confirm that the Executive has approved proposals for a programme of investment in the County Council's property in Northallerton to address requirements arising from the ongoing programme of property rationalisation and to address the condition of the main County Hall building.

The 2020 North Yorkshire organisational change programme has an objective of achieving an annual reduction in expenditure on property of £1.5 million which will, in part, be achieved through reducing the County Council's total footprint across the county. Like many other organisations we have been reviewing how we can use our properties more efficiently.

Consideration has previously been given to the possible disposal of County Hall and development of a modern, purpose built headquarters that would include civic, office and meeting spaces. However, this exercise identified that the potential cost of such a project would be as much as £40 - £50 million and it was, therefore, determined that the retention of County Hall would be the most cost effective solution for the County Council. The

investment that is proposed, therefore, will ensure that the County Council is able to maximise the use of the building to enable other properties to be disposed of.

The programme of rationalisation will include the remodelling of the main County Hall building to provide more open and modern working environments, the demolition of the existing East Block and removal of a number of temporary buildings on the campus. This work will enable the disposal of two other properties within Northallerton.

The total cost of these works is estimated as being £2.175 million. However, the work will enable annual CASHABLE savings of £183,000 to be achieved representing a payback period of approximately 12 years.

The construction project that is to be undertaken is being developed to include essential maintenance activity, including to address the roofs, heating system and electrical infrastructure within the County Hall building. This work is considered essential as a result of the age and condition of some of the infrastructure within the building. It is expected that the additional work will cost approximately £3.1 million. It should be noted, however, that significant economies of scale will be achieved through addressing all works as part of a single project and that it is estimated that these works would have cost as much as £4.4 million in the event that each item was undertaken as a standalone project.

Finally, provision has also been made for the provision of additional parking on the County Hall campus. Whilst the works to demolish East Block and remove temporary buildings will enable up to 120 additional spaces to be provided work is also being undertaken to determine whether further additional spaces are required and where these would be provided.

The total investment that has been approved is, therefore, £5.6 million. I am confident that this will enable the County Council to obtain value for money in providing more efficient working environments and maintaining our property assets.

I MAKE THE POINT VERY STRONGLY THAT WE ARE PURSUING THIS AS A TOOL TO GENERATE REVENUE SAVINGS AND THUS HELP MAINTAIN FRONT LINE SERVICES

Gender Pay Gap

There has been a lot of national media coverage on this, mainly focusing on the media, finance and legal sectors.

It is a new requirement and all employers with a workforce of 250+ have to publish their pay gap based on set calculations by 30th March. So for the first time the Council has reported on its gender pay gap which is the difference in the hourly rate of pay for women and men. The gender pay gap should not be confused with equal pay. We have a robust approach to job evaluation for all roles, implemented in partnership with Unison which ensures equal pay for women and men doing jobs which are the same or of the same value. This means when we look at the gender pay gap by job pay band it reassuringly shows that in the majority of pay bands men and women are paid the same and for some grades men are marginally paid more and in others women are, depending on the gender composition for that specific grade.

Overall the County Council's gender pay gap is around 12%, which is lower than the average for the public sector, local government, and across the Yorkshire Region. This

gender pay gap exists for a number of reasons with the main one relating to women still being the primary carer at home and so take breaks in employment and work to fit round family needs. This means for the County Council there is a high proportion of women in the lower graded part time roles in services such as cleaning, catering and adult care which results in an unsurprising pay gap. Other local authorities who have contracted out or do not have these services will have a different workforce profile and gender pay gap. For the County Council our gender pay gap results, substantially, from not having many men in these lower graded roles rather than not having many women in higher graded roles.

However we are not just going to accept this traditional and historic position and are working to reduce the gender pay gap, for example recruitment campaigns to attract men into care work (<http://www.makecarematter.co.uk/>) and encouraging women into roles in engineering and technology. We have already seen that the proportion of women in the lower paid roles is decreasing and in senior and management roles is increasing. This work will continue and we will report annually on progress.

Pay award for council staff

The County Council, like the vast majority of local authorities, is part of the national pay structure and arrangements which determine the annual inflationary pay award for staff on National Joint Council (NJC) terms and conditions. Most council and school staff in local authority maintained schools (non-teaching) are covered by this with the exception of Chief Officers and a small number of specialist staff in CYPS who are covered by a different national agreement. Academies determine their own pay and do not need to apply the national agreements.

The position for local authorities is that in the last couple of years there has been 1% for most staff with bigger percentage increases at the bottom of the pay spine to meet the legal requirement of the national minimum wage. This continues with this agreement and the national employers' side offer, communicated before Christmas, has now been accepted by the trade union side nationally. It covers a two year period from April 2018 to March 2020, and is a 2% increase in pay from April 18 and a further 2% increase from April 19 for the majority of staff, with the lowest paid staff receiving higher increases, of over 9% this year and nearly 16% across the 2 years. This level of increase, in part driven by the increase in the National Living Wage, had been anticipated in the Council budget. Work is progressing well with Unison to map current NYCC pay bands determined locally using the national pay spine, onto the new national pay spine from 1st April 2019. Some changes will be needed because the new pay spine is quite different to the current one with changed pay for different points and new points.

Whilst this is good news for our hard working and committed staff and provides some certainty for the next couple of years, there is no national funding to cover it. Local authorities unlike other areas of the public sector such as NHS, Fire and Police, do not have national pay awards centrally funded by the government. The cost to the County Council has in the main been accounted for in the budget but there may be some additional cost in changing the pay structure to fit onto the new national pay spine and the need to consider pay differentials. It will also cause budget pressures for cleaning and catering services as a traded service which is heavily impacted by the bigger increases at the bottom of the pay spine.

Senior Officers Pay

The issue of senior pay is worth some comment given recent local press coverage. Each year a report on the 'Town Hall Rich List' is published, detailing the numbers of senior managers at each council paid more than £100,000. This is inevitably covered in the media.

The County Council's position is we have 9 managers paid at this level, comprising of Chief Executive, 4 Directors, 2 Assistant Chief Executives, the Director of Public Health and one Assistant Director due to a market supplement. It is important to put this position in context as follows;

- This profile is unchanged from previous years and is **extremely modest** in comparison with shire counties and other councils of a similar size.
- **Since 2010 £6m has been saved** by reducing the number of management posts by over 20% with the most senior and highest paid posts having reduced further, such as assistant directors which have reduced by over 30%. This has left the remaining management posts with larger remits and more responsibility.
- These managerial reductions are despite the county council having to take on more responsibility which requires more higher paid staff in some areas notably public health which transferred from the NHS in 2013 and requires the employment of a number of medical and other highly qualified public health specialists.
- The County Council, unlike many other authorities, has not undertaken a high level of outsourcing and so continues to deliver services itself such as residential care and support in peoples own homes as well as support services internally, which in other councils are outsourced. It also delivers a range of paid for services to hundreds of schools in and outside the county as well as to other councils and bodies, which provides welcome income.
- Unlike some councils we have **not paid** generous exit payments when senior managers leave.
- **Chief Officers had no pay increase between 2008 and 2016** with the first increase in many years being 1% in 2017 and no increase agreed as yet for this year.
- We benchmark our management numbers and costs every year against other similar sized authorities and always come out as very lean by comparison. Compared to other similar sized authorities we pay **7% below the average** on Director, Assistant Director, Assistant Chief Executive and CEX salaries.

We know all of our staff, including our senior managers, work hard and show huge commitment. Our senior managers have busy and demanding roles managing varied and complex services to deliver good services to our residents. As such, it is unfortunate that no context or consideration is given within this report or by the media to the data and evidence and it is for me particularly disappointing that some councillors have chosen to make adverse comments in the media rather than be supportive of our managers, the latter having limited right of reply due to professional and courteous standards.

GARETH DADD