

## **PAY POLICY STATEMENT 2017/18**

### **POLICY STATEMENT**

The Council aims to have remuneration packages that ensure appropriate and fair pay and benefits for employees in a diverse range of roles and responsibilities.

#### **1. Remuneration Provisions**

Under section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as the authority thinks fit”. This Pay Policy Statement sets out the Council’s approach to pay policy in accordance with the requirements of Sections 38 and 40 of the Localism Act 2011. The purpose of the statement is to provide transparency with regard to the Council’s approach to setting the pay of its employees.

In determining its grading structure and setting remuneration levels for all posts, the Council takes account of 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.

##### **1.1 Definition of Chief Officers**

The definitions of Chief Officers are taken from the Localism Act 2011. These currently include:

- Executive Directors
- Heads of Service
- Section 151 Officer and Deputy
- Monitoring Officer and Deputy

##### **1.2 Definition of Lowest Paid Employees**

The lowest paid persons employed under a contract of employment with the Council could potentially be on a full time [37 hours] equivalent salary at the bottom of our Grade A, which will, from April 2017, start at £15,014 per annum. For information, the National Living Wage will increase to £14,470 per annum in April 2017.

Whilst we may employ apprentices on a lower wage, they are considered to be on a training agreement with the Council, rather than a full employment contract. We also employ Casuals who will be paid at the Grade A salary quoted above. Apprentices and Casual employees have been excluded from our pay data.

## **2. Policy on Remuneration of Chief Officers**

### **2.1 Levels of Pay for Each Chief Officer**

Executive Directors and Heads of Service are paid on a salary which is considered a market rate within the local government sector. The Council currently aims to provide salaries within the lower quartile to median range of market rates.

Executive Directors and Heads of Service are paid on a salary scale with three incremental levels.

A supplement is paid on basic pay to remunerate the additional responsibilities of the Section 151 Officer, Monitoring Officer and their deputies. These allowances however are not paid if the post is held by a Head of Service or an Executive Director.

The current levels of pay for each Chief Officer are set out in Appendix 1.

### **2.2 Value for Money**

Value for Money, to the whole of the public sector, is considered when setting Chief Officers' pay. We generally seek to match salaries at the lower quartile pay benchmark level. There are currently no arrangements in place, for Chief Officers, which could be perceived as seeking to minimise tax payments.

### **2.3 Elements of Remuneration for Each Chief Officer**

In addition to basic salary, set out below and in Appendix 1, are details of other elements of 'additional pay' which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfillment of duties;

There are currently no Chief Officers in receipt of an Essential Car User allowance. However, with a new Car Allowances Policy due to be implemented in July 2017, it is anticipated there will be one Chief Officer in receipt of an Essential Car User allowance. This policy is for those employees that meet the requirements as set out in our Car Allowances Policy.

The Executive Director who is the Council's Returning Officer receives an Election Allowance. This allowance is set by central government. It varies each year depending on the number and type of elections in the year. The Monitoring Officer, who is the deputy Returning Officer, also receives recompense for any work he carries out on the running of an election.

For an exceptional piece of work or an exceptional achievement, a Chief Officer may be awarded an honorarium. An honorarium is either a one off payment or can be a monthly allowance for a temporary period.

These elements of remuneration for 2016/17 are set out in Appendix 1.

## **2.4 Pay Levels on Recruitment**

The pay level offered on recruitment is typically the bottom point of the salary grade. In situations, however, where the individual recruited has a high level of knowledge or skills, and/or previous relevant experience, a higher salary, up to the maximum salary for that post, may be authorised, by the recruitment appointment panel, who would be advised by Human Resources.

From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector.

Where the Council is unable to recruit to a post at the designated grade, it will consider increasing the salary scale to be closer to the 'market rate' for the job. For those Chief Officers below the level of Head of Service, we may authorise a market forces supplement. Such supplements are reviewed, at least on a three yearly basis.

Where the Council remains unable to recruit chief officers under a contract of service, or there is a need for interim support to provide cover for a vacant substantive chief officer post, the Council will, where necessary, consider and utilise engaging individuals under 'contracts for service' (for example a consultancy contract or a contract with a sole trader/freelancer). These will be sourced through a relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. The Council does not currently have any chief officers engaged under such arrangements.

## **2.5 Increases to Pay**

Any cost of living increases agreed through the National Joint Council for Local Government Services (NJC) are applied to Chief Officers pay. This is typically on 1<sup>st</sup> April each year.

Chief Officers will receive an incremental increase to their pay as follows:

Chief Officers appointed between 1<sup>st</sup> October and 31<sup>st</sup> March will receive an increment after six months service.

Chief Officers appointed between 1<sup>st</sup> April and 30<sup>th</sup> September will receive an increment on the following 1<sup>st</sup> April.

Thereafter, all Chief Officers will receive increments annually on 1<sup>st</sup> April until they reach the top of their grade.

All increments are subject to satisfactory performance and will be withheld if the Chief Officer has a live formal written warning for absence, conduct or performance issues.

Where a Chief Officer has given exceptional performance then they may be awarded additional increments in line with our policy on Accelerated Increments. This is subject to their pay not exceeding the maximum salary for their post.

As mentioned above, Chief Officers' pay, for Heads of Service and above, will be measured against the market on, at least, a three yearly basis to ensure we maintain consistency with our peer local authorities. Where there are significant changes in market rates then a pay benchmarking assessment will be carried out for Chief Officers. Pay levels were benchmarked, in April 2016, for Executive Director and Heads of Service as part of the proposed restructure of the Senior Management Team. Pay levels for other Chief Officers were benchmarked in 2015/16.

Where a Chief Officer is, for more than three months, temporarily working in a higher level role, then they receive the higher salary relevant to that role. Shorter periods of 'acting up' may be remunerated by an honorarium or the officer receives the higher salary of the new role for the specified period.

## **2.6 Performance Related Pay or Bonuses**

Exceptional performance of Chief Officers is recognised by either accelerated increments or an honorarium, as detailed previously. Poor performance may result in an increment being withheld.

## **2.7 Termination Payments**

In the case of redundancy, a redundancy payment would be made to a Chief Officer in line with our Early Retirement, Redundancy and Ill Health Retirement policy.

In the case of termination due to ill-health, then there would be no termination payment but a higher pension benefit may be approved by the pension scheme. The pension benefit may include a lump sum in addition to an on-going pension payment.

Any contractual payments such as outstanding annual leave are usually included in payments on termination of employment. Similarly any monies owing to the Council would be deducted from payments made on termination.

The Council's approach to [statutory and] discretionary payments on termination of employment of chief officers, prior to reaching normal retirement age, is set out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 [and if adopted] Regulations 12 and 13 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007.

Any other payments falling outside these provisions or the relevant periods of contractual notice shall be subject to a formal decision made by the Leader of the Council with delegated authority to approve such payments.

The Council may choose to make a payment under a Settlement Agreement to protect against compensation claims that could be expensive or bring the Council into disrepute. These are not frequently used and will always be less than two years' salary.

New regulations are due to be introduced by end of June 2017 restricting the total value of an exit payment package within the public sector to £100,000.

Where a Section 151 Officer or Monitoring Officer or their deputies cease carrying out these statutory roles, or a supplement is no longer considered appropriate at that level of role, then the supplements paid will be ended by giving three months' notice. Consideration will be given to waive this notice period at the request of the individual.

### **3. Policy on Remuneration of our Lowest Paid Employees**

Our lowest paid employees' salary is determined by the grade for their post, which is underpinned by a job evaluation scheme, rather than being paid a market rate for their job. Market supplements are given to some posts where there are recruitment and retention difficulties. Currently none of our lowest paid employees receive a market supplement on their salary to bring it up to market rates.

Since 1<sup>st</sup> April 2014, we have paid the Foundation Living Wage pay rate (currently £8.45 per hour) to all our permanent employees who are not in a trainee or career-entry role. However, Council, on 6 March 2017, approved that we cease paying this. Those employees previously on the Foundation Living Wage will receive three years pay protection at the current rate of £8.45 per hour.

From 1<sup>st</sup> April 2016 we have paid the National Living Wage rate (currently £7.20 per hour, increasing to £7.50 per hour from April 2017) to all our employees over the age of 25, except for our apprentices for whom we pay the age-related National Living Wage rate. With the increases to the NJC (local government) pay scales, we do not anticipate any employees being on the National Living Wage.

In other aspects, there is equity of remuneration policy across all our employees. The same policies set out above apply to our lowest paid employees.

There are some differences for Casual employees, but these differences are due to their different contractual employment relationship and not due to the difference in seniority of role.

### **4. Relationship between Remuneration of our Chief Officers and Other Employees**

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 senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2011). The Hutton report was commissioned by the 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 the relationship to median earnings was 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.

Our current pay level multiples are as follows, using full time equivalent salaries for all posts:

<b>Pay Level Multiple</b>	<b>As at March 2017</b>	<b>Policy for 2017/18 to maintain Chief Officers' pay within the following multiples</b>
The lowest paid employee and the highest paid Chief Officer	1 : 7	1 : 10
The lowest paid employee and average (median) Chief Officer	1 : 4	1 : 7
The lowest paid employee and average (mean) Chief Officer	1 : 4	1 : 7
The average (median) pay for all employees and the highest paid Chief Officer	1 : 4	1 : 7

**5. Accountability and Decision Making**

In accordance with the Constitution of the Council, Cabinet are responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees of the Council.

**6. Publicity and Access to Information**

This policy including appendices will be available on our web site [www.rugby.gov.uk](http://www.rugby.gov.uk).

In addition, for posts where the full time equivalent salary is at least £50,000, the Council's Annual Statement of Accounts will include a note setting out the total amount of

- salary, fees or allowances paid to or receivable by the person in the current and previous year;
- 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; and
- any benefits received that do not fall within the above

**7. Related Documents**

- Redundancy Policy
- Retirement Policy
- Recruitment Policy
- Honoraria Policy
- Capability Procedure
- Disciplinary Procedure
- NJC Job Evaluation Scheme Outline
- Car Allowances Policy

Date last revised:	April 2017
Date of next review:	April 2018

**LEVEL AND ELEMENTS OF REMUNERATION FOR CHIEF OFFICERS****Basic Pay**

<b>Pay as at April 2017</b>	
Executive Director	£90,395 - £95,445
Head of Service	£64,135 - £69,185
Section 151 Officer and Monitoring Officer	Supplement of £2,301*
Deputy Section 151 Officer and Deputy Monitoring Officer	Supplement of £1,147*

\* Only paid if the Chief Officer is at a level below Head of Service

**Essential Car User Allowance (to be implemented on 1 July 2017)**

<b>Band</b>	<b>Bandings Proposed</b>	<b>Top Mileage</b>	<b>RAC/AA Mileage Rate (ppm)</b>	<b>Allowance</b>
A	500 - 1000	1000	0.57	570
B	1000 - 1500	1500	0.57	855
C	1500 - 2000	2000	0.57	1140
D	2000 - 3000	3000	0.57	1710
E	3000 and above (Typically up to 4000)	4000	0.57	2280

**Election Allowance Made in 2016/17**

<b>Post:</b>	<b>Allowance</b>
Executive Director (Returning Officer)	£7,401
Monitoring Officer (Deputy Returning Officer)	£1,956

**Honorarium Payments:** None expected for 2017/18.