

PAY POLICY STATEMENT 2016/17

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 are employed on full time [37 hours] equivalent salaries in accordance with the new the National Living Wage which is currently £13,891 per annum. Our Grade A (currently starts at £13,614 per annum) would be our lowest salary if we employed someone aged under 25 years, in a Grade A post.

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, under the age of 25 years, who will be paid at a lower equivalent salary of £13,614 per annum. 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. 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;

Currently one Chief Officer receives 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. A portion of this allowance has been shared with the Monitoring Officer, who is the deputy Returning Officer, in 2015/16.

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 1st April each year.

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

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

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

Thereafter, all Chief Officers will receive increments annually on 1st 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 have been benchmarked for Executive Director and Heads of Service as part of the proposed restructure of Leadership and Operations Team. They are detailed in the report on the review of Senior Management at Part 2 of this agenda.

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 very rarely used and will always be less than two years' salary.

New regulations are due to be introduced later this year restricting the total value of an exit payment package within the public sector to £95,000.

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 1st April 2014, we have paid the Living Wage pay rate (currently £8.25 per hour) to all our permanent employees who are not in a trainee or career-entry role. From 1st April 2016 we will pay the National Living Wage rate (currently £7.20 per hour) to all our employees over the age of 25, except for our apprentices for whom we pay the age-related National Living Wage rate

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:

Pay Level Multiple	As at March 2016	As from implementation of new LOT Structure	Policy for 2016/17 to maintain Chief Officers' pay within the following multiples
The lowest paid employee and the highest paid Chief Officer	1: 6	1:6	1 : 10
The lowest paid employee and average (median) Chief Officer	1 : 4	1:4	1 : 7
The lowest paid employee and average (mean) Chief Officer	1 : 4	1:4	1 : 7
The average (median) pay for all employees and the highest paid Chief Officer	1 : 4	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.

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 2016
Date of next review:	April 2017

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

	Salary as at 1 st April 2016	Salary post restructure of Leadership and Operations Team
Executive Director	£76,752 - £87,411	£89,500 - £94,500
Head of Service	£55,716 - £62,264	£63,500 - £68,500
Section 151 Officer and Monitoring Officer	Supplement of £2,251	Supplement of £2,251*
Deputy Section 151 Officer and Deputy Monitoring Officer	Supplement of £1,122	Supplement of £1,122*

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

Essential Car User Allowance

Band A – Allowance of £2,000 pa

- An annual business mileage of at least 1,500 miles; or
- An average of at least 3 journeys per week

Band B – Allowance of £2,600 pa

- An annual business mileage of at least 3,000 miles per year; or
- An average of at least 4 journeys per week

Election Allowance Made in 2015/16

Post:	Allowance
Executive Director (Returning Officer)	£2,479
Monitoring Officer (Deputy Returning Officer)	£1,240

Honorarium Payments: None expected for 2016/17.