

Report of the Head of Resources

PAY POLICY STATEMENT 2017/18**1 Purpose of report**

To seek approval for the council's Pay Policy Statement so that it can be published by 1 April 2017.

2 Executive summary

The Localism Act 2011 requires the council to publish a Pay Policy statement each year by 1 April that has been approved by Full Council.

3 Appendices

Appendix A - Draft Pay Policy Statement.

4 Proposed action:

The committee is invited to **RECOMMEND** the approval of the Pay Policy Statement 2017/18 for publication.

5 Background

- 5.1 Section 38(1) of the Localism Act 2011 required English and Welsh local authorities to produce a Pay Policy Statement for 2012/13 and for each year after that.
- 5.2 The Act requires the Statement to cover a number of aspects of remuneration policy. Matters that must be included are:
- (a) a local authority's policy on the level and elements of remuneration for each chief officer;
 - (b) a local authority's policy on the remuneration of its lowest-paid employees (together with its definition of "lowest-paid employees", and its reason for adopting that definition);
 - (c) a local authority's policy on the relationship between the remuneration of its chief officers and other officers;
 - (d) a local authority's policy on other specific aspects of chief officers' remuneration: remuneration on recruitment; increases and additions to remuneration; use of performance-related pay and bonuses; termination payments; and transparency.
- 5.3 The Act defines remuneration widely, to include not just pay, but also: charges, fees, allowances, benefits in kind, increases in/enhancements of pension entitlements, and termination payments.
- 5.4 The Policy must be approved formally by the Council by 31 March each year. It must be published on the website with any subsequent amendments that are also subject to approval by Council.
- 5.5 This Policy must then be used when determining the terms and conditions of a chief officer.

6 Discussion

- 6.1 The draft Pay Policy Statement attached is essentially the same as the one for 2016. Figures quoted have been checked and amended if necessary.
- 6.2 The Statement provides an overview of remuneration arrangements for officers, from the Chief Executive down. It includes all aspects of remuneration and background information on when decisions were made.
- 6.3 The notable change to this year's Statement is that Chief Officers received a 1% pay increase with effect from 1 April 2016 and 1 April 2017; the first increase since April 2009.

7 Legal powers

Section 38(1) of the Localism Act 2011 requires the council to publish a Pay Policy Statement by 1 April each year.

8 Financial and value for money implications

This statement does not have any direct impact on the finances of the council as it sets out the current policy on pay and benefits. It does, however, provide a framework for future recruitment and review of policy.

9 Risk analysis

Nature of risk	Consequences if realised	Likelihood of occurrence	Control measures
Statement not published	Non-compliance with legislation and reputational impact	Unlikely	Ensure that the statement has been approved by Council by 31 March 2017

10 Implications for resources

This statement has no direct impact on resources currently, but the approach taken in the Pay Policy may affect the council's ability to recruit and retain employees.

11 Implications for stronger and safer communities

Transparent and accountable local government supports an atmosphere of trust between the council and the local community.

12 Implications for equalities

An equality impact analysis has not been carried out in respect of this statement as it is a collation of existing policies which have already been analysed, or will be analysed as part of the council's equalities programme.

13 Author and contact officer

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14 Consultees

Chief Executive, Monitoring Officer, Heads of Services, Human Resources, Payroll, Electoral Services

15 Background papers

Legislation, Local Government Association guidance, confidential salary records

Pay Policy Statement 2017/18

This statement is made in compliance with Section 38(1) of the Localism Act 2011.

A. The level and elements of remuneration for each chief officer

The following posts are regarded as chief officers for the purpose of this statement:

- Chief Executive
- Heads of Service (Finance, Planning and Local Development, Resources)

A summary of the roles of the chief officers is as follows:

Chief Executive

This post is responsible to the Council as Head of the Paid Service for the effective management of the Council; for providing advice and guidance on major policy options; and for ensuring the effective implementation of the Council's vision, values, priorities and objectives. This includes responsibility for cost-effective and efficient service delivery; working with Members to determine corporate objectives; and monitoring performance in the attainment of those objectives.

Head of Service

Heads of Service provide leadership and management for services, translating corporate objectives and priorities into operational goals. To deputise for the Chief Executive in the role outlined above.

B. Salary scales

Chief Executive: £105,844 - £106,951 - £108,050 - £109,152 - £110,257 pa

The last full review of the Chief Executive's salary was carried out by the Policy and Resources Committee in July 2004. A decision was made to increase the salary band by 9% at that time after making comparisons with the payments awarded to Chief Executives in 120 shire districts with a population of between 50,000 and 100,000. The resulting salary scale was intended to align the Chief Executive's salary with the average upper quartile maximum salary (at that time: £93,855). The salary band received a nationally agreed 1% increase with effect from 1 April 2016 and 1 April 2017, the first increases since April 2009.

Head of Service: £58,214 - £58,823 - £59,427 - £60,033 - £60,641 pa

Head of Service salaries were set at 55% of the Chief Executive's salary band by Resources Committee in December 2014. A nationally agreed 1% increase to these was applied from 1 April 2016 and 1 April 2017.

C. Additional payments

In addition to the salary scales set out above the following payments are also made to chief officers:

Section 151 Officer:	£3,969 (responsibilities conferred by S151 of the Local Government Act 1972 in relation to local authority finances)
Returning Officer:	See appendix 1 for current schedule of fees
Telephone rental:	payable to Chief Executive only
Essential user car allowance:	not payable to any chief officers, but applicable to some lower graded posts
Honoraria:	these are rarely paid at chief officer level, but any payments are in accordance with the council's policy, which applies to all employees (appendix 3)

On appointment, officers (including chief officers) are usually paid at the minimum point of the salary scale, unless the Chief Executive or Head of Service makes an exception based on the employee's knowledge and experience. In the case of the Chief Executive this is decided by the Council; in the case of Heads of Service this is decided by the Chief Executive.

D. Performance related pay for chief officers

The council uses Personal Development Reviews to determine development needs and progress through salary bands for all employees.

Each year every officer is set a number of performance or behavioural SMART targets (SMART: specific, measurable, achievable, realistic, timebound); in order to be awarded an increment on 1 April next they are required to provide evidence that they have achieved all the targets set.

Reviews will be carried out, and targets set, even when the officer has reached the top of their salary scale.

E. Bonuses for chief officers

No bonuses are paid to chief officers.

F. Terms and conditions of employment: chief officers

The Joint Negotiating Committee (JNC) conditions of service for chief officers apply to all chief officer appointments (although Chief Executives have a separate JNC), the only exceptions being local collective agreements.

G. Approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority

If a chief officer is made redundant they will be paid a redundancy payment in accordance with discretions agreed by Council under Regulation 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (as amended). These were last considered in July 2012 by the Resources Committee.

The effect of the discretions is to base redundancy payments on twice actual weekly pay. Following consultation with the trade union a decision was made in September 2010 by Resources Committee to vary this, basing redundancy payments on actual weekly pay for any new contracts.

No severance payments were approved during 2016/17.

H. Publication of and access to information relating to remuneration of chief officers

Information relating to remuneration of chief officers is published on the council's website:

http://www.wellingborough.gov.uk/downloads/download/2477/senior_salaries_information

I. Lowest paid employees

The Council uses the local government single status job evaluation scheme, a nationally agreed system developed by the National Joint Council for Local Government Services. Each post below chief officer level is evaluated using this ranking system.

A job is scored objectively on thirteen factors:

- knowledge;
- mental skills;
- interpersonal and communication skills;
- physical skills;
- initiative and independence;
- physical demands;
- mental demands;
- emotional demands;
- responsibility for people – well-being;
- responsibility for supervision/ direction/co-ordination of employees;
- responsibility for financial resources;
- responsibility for physical and information resources;
- working conditions.

Scoring is carried out by a trained panel of union and employee representatives. The scores for each factor are weighted giving a total score that is then linked to nationally agreed pay scales for local government. The decision about how much a job needs to score for each point on the salary scale was agreed with unions in 1999.

For example, if a job scores 263 at evaluation its salary band will be spinal column points 8-14 (currently our lowest grade). If the job scores 774 at evaluation its salary band will be spinal column points 47–53 (currently our highest grade).

The council adopted a pay structure in 1999 which allocated an individual salary scale to each job type, rather than a generic banding system. Each salary band is made up of seven spinal column points.

J. Relationship between the remuneration of chief officers and other officers

The levels of remuneration of chief officers and officers subject to the job evaluation scheme have been set to provide a differential which is dependent on responsibility.

For example the salaries of the highest paid managers on the job evaluation scheme equate to 43% of the Chief Executive's salary, giving a reasonable differential between their posts and those of the Heads of Service who are calculated at 55% of the Chief Executive's salary.

The difference between the highest paid officer (Chief Executive) and the average (mean) salary of all employees below chief officer level is £85,945.28. This compares to £83,242.49 in 2016/17.

The average (mean) salary is £24,311.72. This equates to 22.05% of the Chief Executive's salary. The lowest salary band (£16,123 to £18,070) equates to 15.80% of the Chief Executive's salary band (calculated at mid-point of each band).

K. Retention of employees

It has been recognised that, on occasion, the operation of the council's job evaluation scheme may mean that the council is unable to compete in respect of certain job types. The council has therefore agreed a policy on market supplements which can be implemented if there are particular difficulties in recruiting or retaining certain specialist officers. A copy of the policy is attached as appendix 2.

L. Pension

Each employee who opts to do so pays a contribution into the Local Government Pension Scheme, ranging from 5.5% to 12.5% of salary in 2017/18, depending on how much they earn. The employer pension contribution rate is set at 16.6% for 2017/18.

The Council has set out its policy on early retirement and pension benefits, as provided by the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (as amended). This is incorporated into a report which was received by the Resources Committee in April 2009 and amended in September 2010, July 2012 and June 2014.

M. Decisions on policy and remuneration

All decisions in respect of remuneration are considered by the Resources Committee. The majority of decisions are delegated to the committee, but some will be recommended to Council for approval.

N. Re-employment of officers

If an officer has been dismissed from the council as a result of redundancy, or is in receipt of a local government pension, re-engagement in a similar role will be considered only on the following terms:

- the employee will be appointed on a fixed term contract of no more than eleven months if the appointment can demonstrate a reduction in costs (eg. part-time working) while retaining essential skills and knowledge; **and**
- any extension to the fixed term will be justified by a business case to continue to provide reduced costs or retain essential skills; a review will be carried out after ten months; **or**
- the employee will be appointed on a fixed term contract of no more than eleven months if required to cover a short-term need eg. to cover illness, maternity, vacancy etc.

O. Form of contract of employment

In normal circumstances the council will employ its officers via a contract of employment. On occasion it will employ via an agency or a service contract. This type of arrangement will not provide a permanent solution and will be used only in circumstances which require temporary cover. Examples of this might be: completion of a time-limited project; cover for periods of absence (maternity, long-term sickness); or cover during a recruitment or restructure exercise.

Appendix 1

BOROUGH COUNCIL OF WELLINGBOROUGH

COSTS, CHARGES AND EXPENSES APPLICABLE TO ELECTION OF BOROUGH/PARISH COUNCILLORS AS AT 1 APRIL 2016

Returning Officer fees		Parish Council Recharge
<u>Borough Council:</u> Uncontested	£40.88	Nil
Contested	£485.45 for every 10,000 electors on a pro rata basis	Nil
<u>Parish Council:</u> Uncontested	£40.88	100%
Contested	£485.45 for every 10,000 electors on a pro rata basis	100%
Additional payments where a Parish is divided into Wards – for each Ward	£20.44	100%

1. The budget for an all-out borough council election on 1 April 2016 will be £93,395. This takes account of the local government pay award for 2014-16. This sum will either be increased by future pay awards or amended via a review by Resources Committee.
2. The budget for a single by-election will be £10,000. This takes account of the local government pay award for 2014-16. This sum will either be increased by future pay awards or amended via a review by Resources Committee.
3. The sums outlined in 1 and 2 above will cover:
 - a. the appointment and payment of persons to assist the returning officer;
 - b. travel for the returning officer and any person appointed to assist the returning officer;
 - c. the costs of the nomination process;
 - d. printing or otherwise producing the ballot papers;
 - e. printing or otherwise producing or purchasing postal vote stationery;
 - f. printing or otherwise producing and arranging for the delivery of poll cards;
 - g. printing or otherwise producing and, where appropriate, publishing notices and any other documents required by any enactment or instrument for or in connection with the election;
 - h. renting, heating, lighting, cleaning, adapting or restoring any building or room;
 - i. providing and transporting equipment;
 - j. providing information and communications technology equipment and software and associated costs;
 - k. providing security, including secure storage of ballot boxes, ballot papers and verification documents;
 - l. conducting the verification and the count;
 - m. providing and receiving training;
 - n. providing stationery and meeting postage, telephone, printing, translation and banking;
 - o. costs and the costs of other miscellaneous items.

4. All employees of the council paid up to and including spinal column point 34 will be granted special leave if appointed to work during standard office opening hours: on polling stations, assist at the verification and/or counting of the votes, or open postal votes.
5. Parish councils will reimburse the council for all fees and charges incurred under this schedule in 3 above at a rate of 100% for a standalone election, and pro-rata for a combined election.

MARKET SUPPLEMENT POLICY

1. What the Council has agreed

1.1 Market supplements will be capable of objective justification, have a clear evidence base and only be paid when specific criteria are met.

1.2 Market supplements will be:

- supported by a properly documented rationale;
- paid as a clearly identified and separate supplement to base pay;
- temporary and removable, i.e. subject to regular monitoring and review within a defined timescale in the light of changing conditions in the relevant comparator market. Any market supplement approved will not apply for more than one year without undergoing review;
- made on a case by case basis for each job type;
- used only after other initiatives and measures have been explored (see 1.5 below).

1.3 Any application for the payment of a market supplement must be supported by a clearly documented rationale in accordance with all of the following criteria:

1.3.1 there must be clear evidence of **pay-related recruitment and/or retention difficulties** by reference to one or more of the following indicators, as applicable:

- turnover rates in the specific job group;
- responses to job advertisements;
- qualitative assessment of job applicants;
- vacancy levels over the past year;

1.3.2 there must be clear evidence of the **impact on service delivery** as a result of a failure to recruit/retain the appropriate level and quality of employee;

1.3.3 there must be clear evidence that the council's pay rates for the defined post or group of posts fall below the required level in relation to the comparator market salary range. The "required level" will be determined by the Senior Management Team by reference to the needs of the specific job group/service and relevant comparator market data. In submitting a request managers must be careful to ensure that comparators used are as far as possible on a like for like basis. (Comparators used will be from a geographical area which is within a reasonable commutable distance from Wellingborough, be from a similar size organisation and the role will have a similar scope/range of duties.)

- 1.3.4 there must be clear evidence that all of the initiatives/measures outlined in 1.5 below have been thoroughly investigated and seriously considered as an alternative to a market supplement.

A market supplement will be appropriate only where evidence is provided to indicate that **all four** of these criteria are met.

- 1.4 The job type for which payment is proposed must be clearly defined and consideration must be given to the potential impact on any other existing employee within the defined job group. Where a supplement is agreed for a specific job type, any existing post holders in the same job(s), not already in receipt of a supplement, will also be entitled to the payment.
- 1.5 Market supplements will normally only be used after:
- other recruitment initiatives have been explored/exhausted, e.g. innovative/targeted advertising, promoting the whole employment package/non-pay benefits;
 - other measures to maintain service delivery have been explored, e.g. changes to organisational/working arrangements, role redesign.

Evidence must be provided of these, or similar, actions and their outcomes.

- 1.6 In considering the potential for payment of a market supplement, Senior Management Team must also take account of the wider employment context applicable to the particular occupational group, to be confident that the proposed payment will address the underlying recruitment/retention difficulties or whether alternative/additional actions are required. For example:
- are the difficulties an indicator of other issues of concern within the defined job group which are more appropriately resolved through management action and/or non-pay measures?
 - are the difficulties the result of a wider regional/national shortage in the particular workforce group which is more appropriately addressed through new/alternative training programmes/career pathways?
 - are there other ways of providing the service other than through an in-house workforce?

2. Amount of Supplement

- 2.1 The amount of the supplement will be assessed by reference to the comparator market range and the equivalent grade range within the council. This will be paid as a fixed amount, additional to the substantive salary, and will not be subject to incremental progression. The supplement payable will be linked to a spinal column point and will be for a maximum of seven spinal column points.

3. Application and Approval

- 3.1 Any case for payment of a market supplement must be submitted to Human Resources by the relevant Head of Service on the application form. Human Resources will be responsible, after consultation with Financial Services, for

submitting any requests for market supplements to the Senior Management Team with an appropriate recommendation as to whether the proposal meets all the criteria of this policy and the amount, if any, that should be paid. Details of any current market supplements being paid within the council will also be provided.

- 3.2 Human Resources, together with the Senior Management Team, will determine whether a market supplement will be applied and the level of any such market supplement payment. A report on the agreement of any supplements will be submitted to the Resources Committee once a new market supplement is agreed or a current market supplement extended.
- 3.3 If the Senior Management Team considers that, despite not meeting all of the criteria, a market supplement should be applied; a report will be submitted to the Resources Committee seeking approval to pay the supplement. JCNC employee representatives and UNISON will be given the chance to comment on such a report, and their comments will be reported to the Committee.
- 3.4 Budgetary provision must be made before any market supplement can be approved, taking into account the need to limit the council's expenditure to essential items
- 3.5 Payments will be made through payroll as a clearly identified separate payment in addition to the substantive salary and will be subject to the relevant statutory deductions.
- 3.6 The supplement will be authorised for a defined time period only (to be no longer than one year), at the end of which it will cease to be paid unless otherwise agreed. Prior to the end of this period a review will be undertaken by Senior Management Team against the above criteria to determine whether continued payment of a supplement is still justified, if a further application is received from the affected postholders. A cost-of-living uplift may be applied to the supplement at the time of any renewal but the overall level of the market supplement may be reduced to take account of comparator market conditions.
- 3.7 The employee(s) will be formally notified in writing by Human Resources of the decision regarding payment of the market supplement and the conditions attached to it.
- 3.8 The employee will be formally notified in writing of the termination of the market supplement.
- 3.9 Employee representatives/trade unions will be informed when the payment of any supplement has been agreed or extended and details of all other current market supplements will be provided at that time for information. Copies of the application and supporting papers for any supplement submission will be made available to Employee representatives upon request.

Appendix 3

Payment of honoraria/acting-up arrangements

1. An honorarium may be paid for one of two reasons:
 - a. where you are, at your manager's request, carrying out part of the duties and responsibilities of a higher graded post (for example because of the extended sickness (see note 3 below) of the higher graded postholder); or
 - b. where you carry out duties and responsibilities outside of the scope of your own post, and that of any other post, at a Head of Service's request.
2. Honoraria are time limited or in respect of a specific project/piece of work.
3. Extended sickness is defined as the period after which the council considers it essential for the duties and responsibilities of the post to be carried out by another employee. This may vary from post to post.
4. Separate arrangements exist when the **full duties and responsibilities** of a higher graded post are undertaken; see paragraph 12 below.
5. If you carry out part of the work of a higher graded post, as outlined in 1a above, an honorarium payment will be calculated as follows:
 - a. payroll will calculate the difference between your salary and the minimum salary point for the higher graded post;
 - b. if this point is not higher than your current salary the calculation will be based on one increment higher than what you are earning now;
 - c. your manager will state the length of time you have been carrying out the additional duties;
 - d. your manager will estimate, as a percentage, how much of that work you have been carrying out;
 - e. the honorarium will be based on the three calculations outlined in a (or b), c, and d above.
6. If you have been carrying out additional duties, as outlined in 1b above, an honorarium payment will be set by the Head of Service who requested the work, taking account of the following factors:
 - a. the nature, scope and complexity of the work;
 - b. the period of time for which the work was undertaken;
 - c. the extent to which the extra work was related your substantive post;
 - d. by consulting with HR, how the proposed honorarium compares to any previous and/or similar honoraria payments which have been made.

Payment

7. The Section 151 Officer has delegated authority to approve individual honoraria payments of up to £2,000 (Constitution, Section 3.15.10).

8. A request for the payment of honoraria up to £2,000 must be submitted in writing, by your Principal Manager or Head of Service, to the Section 151 Officer setting out the basis on which the recommendation is made and the level of payment recommended.
9. If the payment is authorised the Section 151 Officer will write to Human Resources and Payroll, asking them to confirm the decision in writing to you and pay the honorarium. The Principal Manager or Head of Service must wait until they have received confirmation of the payment before telling you informally.
10. If the payment is not authorised, the Section 151 Officer will notify the Principal Manager or Head of Service.
11. The Section 151 Officer will submit requests for the payment of individual honoraria in excess of £2,000 to the Resources Committee.

Undertaking full duties and responsibilities of a higher graded post ("Acting-up").

12. Your Principal Manager, in consultation with the Head of Service, will decide if they want you to carry out the full duties and responsibilities of a higher graded post, and will discuss the practical arrangements for this with you prior to deciding whether the acting-up criteria have been met before authorising it.
13. Where your Head of Service agrees that you will carry out the **full duties and responsibilities** of a higher graded post for a period of at least four weeks you will receive a salary within the salary band of the higher graded post equivalent to that which you would receive if appointed to the post. This will apply from the first day you undertake the higher graded duties but you will not receive the payment until you have been doing the work for four weeks.
14. Principal Managers and/or Heads of Service will give you feedback about your performance while you are acting up, and provide any training or support you need to carry out the work competently. To do this your manager will carry out a review with you at least once per month.
15. The Head of Service will also review the situation regularly with the Principal Manager.
16. The Principal Manager will notify HR and Payroll once you have been undertaking the full range of duties for four weeks, so that the allowance can be paid.
17. The Principal Manager will notify HR and Payroll once the acting up period has come to an end.

Appeal

18. If you have requested an honorarium in writing and you feel that you have had that request unjustly refused, you may invoke the Grievance Procedure.

