

**REPORT TO:** Council

**DATE:** 6<sup>th</sup> February 2013

**REPORTING OFFICER:** Strategic Director – Policy & Resources

**SUBJECT:** Pay Policy Statement 2013 – 2014

**PORTFOLIO:** Resources

**WARDS:** Borough-wide

## **1.0 PURPOSE OF THE REPORT**

1.1.1 The Localism Act 2011 required every local authority to produce and publish a Pay Policy Statement for each financial year from 2012/13. This report details the Council's recommended Pay Policy Statement for 2013/14.

## **2.0 RECOMMENDATION: That the Council approves the Pay Policy Statement for 2013/14.**

## **3.0 INTRODUCTION**

3.1 The Council is committed to transparency and fairness in its pay and remuneration of all its employees. The Localism Act requires the Council to produce a policy statement that covers a number of matters concerning the pay of the Council's staff; principally its Chief Officers and the Authority's lowest paid employees. This pay policy statement meets the requirements of the Localism Act 2011 and takes account of the guidance issued by the Secretary for Communities and Local Government "Openness and Accountability in Local Pay : Guidance under Section 40 of the Localism Act".

3.2 This pay policy statement does not apply to schools maintained by the Council and is not a requirement to do so.

## **4.0 THE PAY POLICY STATEMENT**

4.1 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 sees fit." The purpose of the Statement is to provide transparency with regard to the Council's approach to setting the pay of its employees by identifying;

- The methods by which salaries of all employees are determined;
- The detail and level of remuneration of its most senior staff, i.e., chief officers, as defined by relevant legislation;
- The Committee responsible for ensuring the provisions set out in this Statement are applied consistently throughout the Council and recommending any amendments to the full Council.

- 4.3 Once approved by full Council, this Policy will come into immediate effect and will be reviewed on an annual basis although it may be amended in year by reference back to full Council.

## **5.0 BACKGROUND – PAY STRUCTURE**

- 5.1 The Council uses the nationally negotiated pay spine (i.e. a defined list of salary points) as the basis for its local pay structure, which determines the salaries of the majority of its staff.
- 5.2 The Council adopts the national pay bargaining arrangements in respect of the establishment and revision of the national pay spine for example, through any agreed annual pay increases negotiated with the joint trade unions.
- 5.3 All other pay related allowances are the subject of either national or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery.
- 5.4 Starting salaries for new appointments will normally be made at the minimum of the grade, although this can be varied where necessary to secure the best candidate for the job.
- 5.5 There is a formal job evaluation process for new positions created or proposed changes to current grades. For positions which are subject to the National Joint Council (NJC) for Local Government Services ('Green Book'), the grading review is undertaken with representation from the Human Resources Division, the Trade Unions and the Manager, utilising the 'GAUGE' system to evaluate the duties detailed in the job description.
- 5.6 From time to time, it may be necessary to take account of the external pay levels in the labour market in order to attract and retain employees with particular experience, skills and capabilities. Where necessary, the Council will ensure the requirement for this is objectively justified by reference to clear and transparent evidence of relevant market comparators, using data sources available from within the local government sector and outside, as appropriate and where such retention payments are necessary, they will be subject to local negotiations.
- 5.7 Any temporary supplement to the salary scale for any grade is approved in accordance with the "Green Book" criteria on such matters and can only be approved by the Chief Executive in consultation with the Head of Human Resources.

## **6.0 SENIOR MANAGEMENT REMUNERATION**

- 6.1 For the purposes of this Statement, senior management means "chief officers" as defined within the Localism Act. The posts falling within the statutory definition are set out below with details of their basic salary at 01 April 2013:
- Chief Executive
    - The current salary package of the Chief Executive is a spot salary negotiated in 2010 with the Leader and Deputy Leader in

accordance with Minute APC 11 of the Appointments Committee ( 29<sup>th</sup> November 2010 ).The annual remuneration at 01 April 2013 is £166,400. This is in accordance with the two yearly review of Chief Executives salary and reflective of a renegotiation of terms and conditions which applies to all officers of the council and is, in real terms a 1.53% annual pay cut.

- The salary package is to be reviewed every 2 years and is exclusive of any additional payments made in respect of returning officer duties.

- Strategic Directors

- The current salary package of Strategic Directors falls within a range of 6 incremental points from £98,603 rising to a maximum of £104,082. Reflecting a 1.53% annual pay cut on previous year, applied to all officers of the Council.

- Operational Directors

- The current salary package of Operational Directors falls within a range of 6 incremental points from £70,119, rising to a maximum of £80,532. Reflecting a 1.53% annual pay cut on previous year, applied to all officers of the Council.

5.2 The basis of salary levels of Chief Officers was established following a review exercise in April 2005 carried out by Tribal Resources, using the Hay system to evaluate grades and salary points.

5.3 There has been no annual “cost of living” pay award to any of the above posts since April 2008. This pay freeze applies to the whole of the Council’s officers.

5.4 The arrangements and factors considered in determining progression through the relevant grade is incremental progression awarded on an annual basis until the top of the grade is reached.

5.5 The attached structure chart details the chief officer positions.

<http://intranet/documents/structurecharts/newmgmntstructureapril2011?a=5441>

The Council employs 2478 staff in 2563 posts and is responsible for spending annually over £320 million of public money.

5.6 The terms and conditions for Chief Executives are negotiated by the Joint Negotiating Committee (JNC) and a handbook is available via the Local Government web site: <http://www.lge.gov.uk/lge/dio/2546689>

## **6.0 RECRUITMENT OF CHIEF OFFICERS**

6.1 The Council’s policy and procedures with regard to the recruitment of chief officers is as contained in the Council’s Constitution which is reviewed annually by the full Council.

- 6.2 When recruiting to all posts the Council will take full and proper account of all provisions of relevant employment law, its recruitment guidance and equal opportunities policies.
- 6.3 The determination of any newly appointed chief officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment.

## **7.0 ADDITIONS TO SALARY OF CHIEF OFFICERS**

- 7.1 Incremental progression through the grade is time related i.e., employees are entitled to receive an increment (i.e., the next salary point on the pay spine in accordance with the maximum of the grade) on an annual basis and this cannot be withheld or varied from the agreed pay spine, under the employment contract, unless formal proceedings on capability have been implemented.
- 7.2 To meet specific operational requirements it may be necessary for an individual to temporarily take on additional duties to their identified role. The Council's arrangements for authorising any additional remuneration (e.g., honoraria, acting up) is dependant upon the provision and approval of a business case to the Chief Executive and relevant Strategic Director in consultation with the Head of Human Resources.
- 7.3 In addition to basic salary, the following post(s) - Chief Executive, Strategic and Operational Directors, receive an essential car user payment which can be taken in salary or in lieu of a car lease. Currently £1000 per annum from April 2013 (in 2010/11 was £4,000). This is the same amount as for other essential car users employed by the Council.
- 7.4 The Chief Executive also receives reimbursement for the duties undertaken as a returning officer.
- 7.5 Additions to pay are negotiated for all employees, including those covered by the NJC ('Green Book') and JNC terms and conditions.

## **8.0 PENSION CONTRIBUTIONS**

- 8.1 Where employees have exercised their right to become members of the Local Government Pension Scheme, the Council is required to make a contribution to the Scheme representing a percentage of the pensionable remuneration due under the contract of employment of that employee. The rate of contribution is set by Actuaries advising the Pension Fund and reviewed on a triennial basis in order to ensure the Scheme is appropriately funded. The current employer's rate, set at April 2013/14 is 20.1%. The employee contribution rates, which are defined by statute, are currently based on their annual full time equivalent rate of pay at the following rates:

Rate of Contribution	Annual Rate of Pay (01 April 2013 to 31 March 2014)
5.5%	Up to £13,700
5.8%	£13,700.01 - £16,100

5.9%	£16,100.01 - £20,800
6.5%	£20,800.01 - £34,700
6.8%	£34,700.01 - £46,500
7.2%	£46,500.01 - £87,100
7.5%	More than £87,100.01

## **9.0 PAYMENTS ON TERMINATION**

9.1 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 Pensions Discretions Policy (insert link) and in accordance with Regulation 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 (and if adopted) Regulations 12 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007.

9.2 The Council's Policy on Voluntary Early Retirement and Voluntary Redundancy are contained in its Staffing Protocol which was approved by the Appointments Committee on 21<sup>st</sup> September 2009 with revised reduced terms being agreed by the Committee on 14<sup>th</sup> November 2011. The Staffing Protocol can be found below. These arrangements apply to all employees at all levels.

<http://intranet/documents/efficiencydocs/staffprotocol1111rev>

## **10.0 PUBLICATION**

10.1 Upon approval by full Council, this Statement will be published on the Council's website.

10.2 For posts where the full time remuneration 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 years;
- Any bonuses so paid 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;
- Any benefits received that do not fall within the above.

## **11.0 LOWEST PAID EMPLOYEES**

11.1 Employees not on Chief Officer or Soulbury terms and conditions are paid in accordance with the National Joint Council (NJC) for Local Government Services ('Green Book'). The basic pay for each 'Green Book' employee consists of a salary scale containing a number of spinal column points on the NJC pay spine.

- 11.2 An increment is awarded on an annual basis up to the maximum of the salary scale. The normal increment date is 01 April. Pay awards are generally awarded with effect from 01 April, although the date can be influenced by the negotiation process.
- 11.3 The lowest spinal column point on the current NJC pay scale is 004 which equates to a full time equivalent salary of £12,145 per annum.
- 11.4 The Code of Recommended Practice for Local Authorities on Data Transparency, issued by the Department for Communities and Local Government, recommends that the Authority publishes its “pay multiple” i.e. the ratio between the highest paid salary and the mean average salary of the whole of the Authority’s workforce. For Halton, the mean average earnings across the Council is 1:6.99. The mean average salary is £24,155.00
- 11.5 The Hutton Review asked for a pay multiple between the highest and the lowest paid median average salary not to exceed 1:20. On this basis, the Council has a pay multiple of 1:8:83, well within the recommended range. The median average salary for the Authority is £19,126.00
- 11.6 As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate. In addition, upon the annual review of this Statement, the Council will also monitor any changes in the relevant ‘pay multiples’ and benchmark against other comparable local authorities.

## **12.0 ACCOUNTABILITY AND DECISION MAKING**

- 12.1 In accordance with the Constitution of the Council the Appointments Committee is responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements relating to employees of the Council.

## **13.0 FINANCIAL IMPLICATIONS**

- 13.1 The Pay Policy Statement must be prepared for the financial year 2013/14 and each subsequent financial year. Once in place, it will provide the public with a clear rationale to explain the Authority’s approach to pay.

## **14.0 POLICY IMPLICATIONS**

- 14.1 The requirements under the Localism Act to produce and publish the Pay Policy Statement supplements existing duties and responsibilities that the Authority, as an employer, has, particularly its responsibilities under the Equality Act 2010 to avoid discrimination and provide equal pay.

## **15.0 EQUALITY AND DIVERSITY ISSUES**

15.1 The Pay Policy Statement will assist the Council to monitor remuneration across the Council and provide a fair system which avoids discrimination.

## **16.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

16.1 There are no background papers under the meaning of the Act.