



PAY POLICY STATEMENT 2012/13

Introduction

1. Section 38 (1) of the Localism Act 2011 requires English and Welsh Councils to produce a Pay Policy Statement for 2012/13 and for each financial year thereafter.
2. The pay policy statement:-
 - Must be approved formally by the Full Council.
 - Must be approved by the end of March each year.
 - May be amended during the course of the financial year.
 - Must be published on the Council's website.
3. The statutory pay policy statement must include the Council's policy on:
 - The level and elements of remuneration for each Chief Officer.
 - The remuneration of its lowest-paid employees (together with its definition of "lowest-paid employees" and its reasons for adopting that definition).
 - The relationship between the remuneration of its Chief Officers and other Officers.
 - 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.
4. Remuneration is defined widely, to include not just pay but also charges, fees, allowances, benefits in kind, increases in/enhancements of pension entitlements, and termination payments.

5. The Council proposes to include information on other discretionary policies relating to remuneration and pensions.
6. The discretionary pay policy statement may include statements:-
 - (a) To confirm that the JNC conditions of service for Chief Executives and Chief Officers are incorporated in those Officers' employment contracts and other related local agreements that have been included.
 - (b) To confirm what any additional arrangements if any that may not amount to formal terms and conditions, but which relate to a Chief Officer's employment and which are a charge on the public purse. This may include volunteering, membership of external bodies etc.
7. Previous legislation already requires Councils to publish statements relating to remuneration:-
 - (a) The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 requires Councils to formulate, review, and publish its policy on making discretionary payments on early termination of employment.
 - (b) The Local Government Pension Scheme (Administration) Regulations 2008 requires Councils to publish its policy on increasing an employee's total pension scheme membership and on awarding additional pension.
 - (c) The Local Government (Discretionary Payments) Regulations 1996 (as amended) requires Councils to publish its policy on amount and payment of injury allowances following loss of employment.

Publication of remuneration packages.

8. The Council will continue to publish the salary ranges covering all employees on Harloweb, the official web site for the Council. Where employees have been transferred into the Council under the Transfer of Undertakings (Protection of Employment) Regulations 2006 their remuneration packages reflect their protected rates of pay.

Effect of this policy

9. Nothing in this Pay Policy Statement enables unilateral changes to employees' terms and conditions of contract. Changes to terms and conditions of employment must follow consultation and negotiation with individuals and recognised trades unions as set out in agreements and in line with legislation.

Council's general approach to remuneration.**Posts below Head of Service**

10. The majority of employees are covered by the National Joint Council for Local Government Services, the National Agreement on Pay and Conditions of Service. This covers the lowest paid (grade 2 through to Heads of Service).
11. Rates of pay for this group are reviewed annually in line with nationally agreed salary increases. For the financial year 2010/11 there was a reduction in salary and associated allowances by 1.3333% linked to a reduction in hours from 37.5 to 37 hours per week.
12. In 2000 with the implementation of Single Status, a new salary structure was agreed with trade unions and implemented covering grades 1 to 25. This three step band continues to be used up to grade 19.
13. The lowest paid group of employees are on grade 2. Apprentices are paid on grade 1 and are subject to the National Minimum Wage and they are paid the higher of the two rates.
14. A number of allowances are payable for this group, depending on the roles carried out. Some are flat rate and others are linked directly to salary. These allowances are only paid for those on grades up to 19.

Senior managers (Heads of Service and above)

15. During 2004, the Council approved the restructuring of the Council's management structure; the grading and salary levels were changed with a clear differential in salary ranges for those on single status and Heads of Service. The number of Heads of Service positions was reduced from 22 to 10 following the amalgamation of roles and re-design of posts.
16. The Corporate Management Team was reduced to a Chief Executive and three Strategic Directors.

17. In 2007, the senior manager posts were reduced to seven Heads of Service, two Strategic Directors and a Chief Executive. No changes to salaries or benefits were made at that time though it had been envisaged that a review would happen during 2008/09.
18. In late 2008, a review of the management structure was carried out and a consultant was commissioned to review the senior management salaries and other benefits.
19. The outcome of the structure review was to further reduce the number of Heads of Service by two, the introduction of a new role of Assistant Chief Executive and a reallocation of responsibilities to other Heads of Service. From May 2011, there was a further reduction to the Corporate Management Team of one Strategic Director.
20. The review also proposed revised three step salary ranges for Heads of Service, Strategic Directors and the Chief Executive. These were effective from 1 April 2009.
21. The basis for the review took into account the geographical location of Harlow, in terms of the proximity of London, the significant growth and regeneration issues facing the town, the increase in the range of responsibilities of all senior managers and the significant improvements that arose from the transformation of the Council's CPA rating.
22. Recruitment and retention is a real issue for the Council from real and actual danger of losing key senior staff and the difficulties faced in recruitment to two previous key roles. The review concluded that the Council had lost ground significantly with local and regional comparators.
23. The salary ranges are reviewed annually in line with any national negotiated salary increases. In reality there have been no increases since 1 April 2009, and for financial year 2010/11 there was a reduction in salary and associated allowances by 1.3333% linked to a reduction in hours from 37.5 to 37 hours per week.
24. No other allowances linked to these positions are paid, apart from Returning Officer remuneration (the Chief Executive), Deputy Returning Officer remuneration (the Chief Operating Officer) and an allowance paid to one Head of Service for undertaking the role of Chief Finance Officer.

Chief Executive

25. National advice states that a Chief Executive's salary range should not be more than 20x the FTE salary range of a Band 2 'Green Book' employee. It is the Council's policy that the FTE salary range for the post of Chief Executive will not be greater than the nationally advised level. The Chief Executive's salary is well within this multiple.
26. Notwithstanding the above, the value of the scale point in the Chief Executive's grade will be uprated by the pay awards notified from time to time by the Joint Negotiating Committee for Chief Executives of Local Authorities.
27. The Chief Executive also receives a Returning Officer fee in respect of District Council, County Council, Parliamentary and European Elections and for other national referenda or elections.

Chief Operating Officer

28. The value of the scale points in the Chief Operating Officer's grade will be uprated by the pay awards notified from time to time by the Joint Negotiating Committee for Chief Officers of Local Authorities. The Chief Operating Officer also receives a Deputy Returning Officer fee for elections and other national referenda or elections.

Assistant Chief Executive

29. The value of the scale points in the Assistant Chief Executive's grade will be uprated by the pay awards notified from time to time by the National Joint Council for Local Government Services.

Heads of Service (includes Monitoring Officer and Section 151 Officer).

30. The value of the scale points in the Heads of Service's grade will be uprated by the pay awards notified from time to time by the National Joint Council for Local Government Services.

Part Time/ Full time.

31. All annual salaries and annual allowances are paid pro rata to part time employees based on the hours contracted to work.

General Principles Applying to Remuneration of Chief Officers and Employees

32. On recruitment, individuals will be placed on an appropriate scale point within the pay grade for the post to which they are appointed. Access to appropriate elements of the Council's Relocation Scheme may also be granted in certain cases, when new starters need to move to the area, with the approval of the Chief Executive or nominated Officer.
33. Individuals will normally receive an annual increment, subject to the top of their grade not being exceeded. In exceptional circumstances, individuals will receive accelerated increments. Again, this is subject to the top of their grade not being exceeded.
34. The Council does not apply performance-related pay or bonuses.
35. The minimum point of a pay grade will not be lower than the maximum point of the preceding pay grade.

Pensions and Termination Payments

36. All employees, with contracts of three months or more are automatically enrolled into the Local Government Pension Scheme (managed by Essex County Council). Details of contributions rates are set out below, these are set by the Administering authority ECC.
37. The Council has the option to adopt a number of statutory discretions under the:-
 - (a) The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006.
 - (b) The Local Government Pension Scheme (Administration) Regulations 2008.
 - (c) The Local Government (Discretionary Payments) Regulations 1996 (as amended). (Organisational Change policy).
38. The policies are available on the Council's official website. In general the Council has chosen not to exercise these options due to the additional costs that would be placed on the Council. One exception relates to the multipliers and calculation of weekly pay used for voluntary and compulsory redundancy payments. The policy follows the position adopted by most Councils.

39. The Council's policy on flexible retirement is available on the Council's official website.

Pension Contribution bandings from April 2011

40. Please note that the following pay ranges will apply to contribution rates from April 2011:-

<u>Whole time equivalent pay range</u>	<u>Employee contribution rate</u>
£0 - £12,900	5.5%
£12,901 - £15,100	5.8%
£15,101 - £19,400	5.9%
£19,401 - £32,400	6.5%
£32,401 - £43,300	6.8%
£43,301 - £81,100	7.2%
More than £81,100	7.5%

Allowances (below Head of Service)

41. Ad hoc allowances are paid as and when a duty is carried out and will be paid monthly in arrears.
42. Where possible allowances will be paid as a monthly allowance, for example where staff follow a set pattern of work.