

## PAY POLICY STATEMENT 2016/17

### **Introduction**

1. Section 38 (1) of the Localism Act 2011 required English and Welsh Councils to produce a Pay Policy Statement from 2012/13<sup>1</sup> 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.

---

<sup>1</sup> Approved at Cabinet 31 January 2012

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.

### **Legislative Framework**

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 2014 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.
8. In determining the pay and remuneration of all of its employees. The Council will comply with all relevant employment legislation. This includes the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Workers Regulations 2010, and where relevant, Transfer of Undertakings (Protection of Employment) (Amendment) (Regulations) 2014 (TUPE Regulations 2014).
9. With regard to the equal pay requirements contained within the Equality Act, the Council ensures there is no pay discrimination in its pay structures and that all pay differentials are objectively justified through the use of an equality-proofed job evaluation mechanism, which directly relates salaries to the requirements, demands and responsibilities of the role. See 18 below for more detail.

## **Objectives**

10. The Authority seeks to be able to recruit and retain staff in a way which is externally competitive and internally fair.
11. This pay policy applies in a consistent way from the lowest to the highest grade.

## **Publication of Remuneration Packages.**

12. The Council will continue to publish the salary ranges covering all employees on the official website for the Council. Where employees have been transferred into the Council under the Transfer of Undertakings (Protection of Employment) (Amendment) (Regulations) 2014 (TUPE Regulations 2014) their remuneration packages reflect their protected rates of pay.

## **Effect of this Policy**

13. 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**

14. 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.
15. Rates of pay for this group are reviewed annually in line with nationally agreed salary increases. At time of going to press consultation is still on-going with the trade unions and a nationally negotiated award has not been agreed for 2016/17. If any nationally negotiated changes are subsequently agreed and ratified these will be implemented accordingly.
16. In 2000 with the implementation of Single Status, a new salary structure was agreed and implemented with trade unions which continue to be operated.
17. The Council uses a pay spine that commences at national spinal column point (SCP) 6 (as amended following national union agreement in Oct 2015) and ends at local SCP 57. This pay spine is divided into 15 pay bands containing 3 incremental points numbered 2 to 19.

18. Post are allocated to a pay grade through a process of job evaluation. The Council uses the NJC for Local Government Job Evaluation Scheme.
19. The lowest paid group of employees are on grade 2 (representing 0.76% of the workforce). The Council will have regard to the "Living Wage" which following the most recent announcement of November 2015 increased the rate by 40p per hour to £8.25 per hour meaning this increase impacts on more employees and casual staff specifically those who are on grades 2 and 3 resulting in increases for SCPs 6, 7, 8 and 9 which received an additional uplift to the Living Wage level.
20. 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.
21. In exceptional circumstances with appropriate senior management approval the Council may pay a market supplement in addition to the salary for the role where, in the absence of such a payment, it would not be possible to recruit and retain suitable employees. The value of the market supplement takes into account the labour market pay information for similar jobs. Any market supplements are to be reviewed on an annual basis and are varied or cease as necessary according to the labour market evidence for the role in question. Such a supplement is lawful under the Equal Pay Act (1970) where there is evidence to justify that market factors are the "material reason" for the post attracting a higher rate of pay than other posts graded similarly.

### **Senior Managers (Heads of Service and above)**

22. There are 3 step salary ranges for Heads of Service, Chief Operating Officer and the Chief Executive, further information is available on the official website.
23. 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 Section 151 Officer.

### **Chief Executive**

24. 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.

25. Notwithstanding the above, the value of the scale point in the Chief Executive's grade will be updated by the pay awards notified from time to time by the Joint Negotiating Committee for Chief Executives of Local Authorities.
26. 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.
27. At the time of going to press no nationally negotiated decision on pay has been publicised for Chief Officers. There has been no annual pay award to Chief Officers since April 2008.

**Chief Operating Officer**

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

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

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

**Pay Multiples.**

30.

	2016/ 17
Ratio of the Chief Executive's FTE salary to the median FTE salary of the Council (£30,211.94 inclusive of Living Wage)	4.68 : 1
Ratio of the Chief Executive's FTE salary to the lowest paid FTE employees (£15,915.74 inclusive of Living Wage).	8.88 : 1

**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 the lowest scale point within the pay grade for the post to which they are appointed. Appointment to a higher scale point will only be with the approval of the Head of Service and HR Manager (Chief Executive for senior positions). 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, in line with their individual terms and conditions of employment, subject to the top of their grade not being exceeded. In exceptional circumstances, individuals will receive accelerated increments with the approval of the Head of Service and HR Manager. 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 a contract of employment are 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. Eligible workers who have opted out of the scheme will be automatically re-enrolled providing they meet the auto enrolment criteria.
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 2014.
  - (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 policies on Flexible Retirement, Organisational Change and Redundancy Payments are available on the Council's official website.

## **Pension Contribution bandings from April 2014**

40. The following contribution rates in accordance with full time equivalent salary continue to apply from April 2015. At the time of going to press no further change/updates have been advised, although it does state that the pay band ranges will be increased each April in line with the cost of living, any changes implemented by the Essex LGPS will be followed:-

<u>Whole time equivalent pay range</u>	<u>Employee contribution rate</u>
£0 - £13,600	5.5%
£13,601 - £21,200	5.8%
£21,201 - £34,400	6.5%
£34,401 - £43,500	6.8%
£43,501 - £60,700	8.5%
£60,701 - £86,000	9.9%
£86,001 - £101,200	10.5%
£101,201 - £151,800	11.4%
More than £151,800	12.5%

## **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.
43. Professional membership fees when associated with the role being undertaken for the Council are reimbursed to employees at the rate of 100% of fees incurred and only one membership per employee is reimbursed in any financial year.
44. In accordance with the People Resource Plan (PRP) to enhance employee motivation and assist with employee retention it is necessary to consider the total rewards package available to the Council's employees. The Council currently offer many benefits including the Local Government Pension Scheme, flexi scheme (for 98 per cent of the Council's employees), childcare vouchers and a dedicated Harlow Council employee benefits discount scheme which includes access to the cycle to work scheme. Over the forthcoming year it is intended to continue to promote the non-cash benefits employees receive.

## **Review**

45. If it should be necessary to amend this 2016/17 Policy during the year it applies, an appropriate resolution will be made by Full Council.