

COUNCIL MEETING – 23RD FEBRUARY 2017

AGENDA ITEM NO. 6 (6)

PAY POLICY STATEMENT 2017/18

A report from the meeting of the Licensing and General Purposes Committee held on 30th January 2017.

1. Introduction

1.1 It is a requirement under the Localism Act for local authorities to agree and publish their Pay Policy Statement on an annual basis. The Statement is a procedural requirement which pulls together the Council's framework on pay and the various elements which make up pay. The main purpose of the policy document is to provide the background to workforce pay, particularly focusing on the remuneration of the Chief Executive and lowest paid employees and the relationship between them.

1.2 The Licensing and General Purposes Committee considered the attached Pay Policy Statement on the 30th January 2017 (Appendix 1), and noted that analysis had been conducted as set out. This showed a slight reduction in the ratio between the remuneration of the Chief Executive and lowest paid employees this year compared with last year, and no change to the ratio which compared the median remuneration of staff with the Chief Executive's pay.

2. Recommendation

The Council is recommended to approve the Pay Policy Statement 2017/18.

A. JACKMAN
CHAIRMAN OF THE LICENSING AND
GENERAL PURPOSES COMMITTEE

Rushmoor Borough Council Pay Policy Statement Financial Year 2017-18

PURPOSE

The purpose of this Pay Policy Statement is to set out Rushmoor Borough Council's (RBC's) policies relating to the pay of its workforce for the financial year 2017-18, in particular:-

- a) The remuneration of its Chief Officers
- b) The remuneration of its "lowest paid employees"
- c) The relationship between:
 - the remuneration of its Chief Officers
 - the remuneration of its employees who are not Chief Officers

DEFINITIONS

For the purpose of this Pay Policy Statement, the following definitions will apply:-

"Chief Officer" refers to the following roles within RBC: -

- Chief Executive, as Head of Paid Services*
- Corporate Directors*
- Heads of Service

** Members of the Council's Directors Management Board (DMB)*

The **"lowest paid employees"** refers to those staff employed within grade 1 of the pay framework. The above definition for the "lowest paid permanent employees" has been adopted because grade 1 is the lowest grade.

An **"employee who is not a Chief Officer"** refers to all staff, who are not covered under the "Chief Officer" group above, including the "lowest paid permanent employees" i.e. staff on grades 1.

REMUNERATION OF THE "LOWEST PAID EMPLOYEES" AND "ALL OTHER EMPLOYEES WHO ARE NOT CHIEF OFFICERS"

Pay Framework

Pay for the "lowest paid employees" and "all other employees who are not Chief Officers" is determined by the National Joint Council (NJC) for Local Government Services and in line with the Council's Pay and Reward Policy.

In addition to the lowest paid employees referred to above, there is a small and fluctuating number of casual staff, some of whom receive lower salaries.

The employment of casual staff recognises the need to have a small team of trained and available personnel who are deployed at short notice to assist with seasonal and emergency requirements. To comply with employment law and organisational policies, this approach to recruitment enables the organisation to have an efficient and economic response to demand but without the need to incur unnecessary costs or to rely upon employment agencies. The use of casual contracts is regularly reviewed and staff engaged in this way are encouraged to apply for the permanent roles when they become available.

The only other group employed by the Council who are excluded from the data on pay comparison are the modern apprentices. The apprentices are employed for a designated period during which time they are provided with on and off job training, alongside the opportunity to gain valuable experience within a working environment. For this reason, the salary comparison would not be relevant.

The Pay and Reward Policy was implemented in April 2007 in line with national guidance, with the grade for each role being determined by a consistent Job Evaluation process. This followed a national requirement for all Local Authorities, and a number of other public sector employers, to review their pay and grading frameworks to ensure fair and consistent practice for different groups of workers with the same employer. The NJC framework for Job Evaluation was updated during 2013 and the Directors' Management Board have recently approved an alternative approach to the procedure for collecting data for evaluation to streamline the process and assist with pay comparability within Rushmoor Borough Council.

Equal pay audits are regularly undertaken and the most recent exercise, completed in November 2016, revealed that there are no gender pay issues to be addressed.

The Council's grading structure is based on the NJC terms and conditions using the national spinal column points with the addition of a number of spinal column points at the top of the scale. There are 10 grades (1 – 7, Head of Service, Director and Chief Executive) in the pay framework, grade 1 being the lowest and grade 7 the highest (for those below Chief Officer). Each employee will be on one of the 10 grades based on the Job Evaluation of their role and the grading structure has been in place since 1998.

Each grade has a number of incremental steps and employees can progress along the salary range to the maximum of their grade, subject to assessment of their performance.

Pay awards for those staff up to and including grade G7, are drawn directly from the negotiations held between the Local Government Employers and the recognised Trades Unions. Since the implementation of the Council's pay framework, the same percentage award has been applied to Chief Officers.

It should be noted that on 3rd September 2013, Cabinet made a decision to adopt the Foundation Living Wage Scheme. Since April 2016, with the introduction of the National Living Wage, there is a requirement to consider whether and to what extent there will need to be an alternative approach to pay rates for permanently appointed staff at the lower points in the salary scale. This matter will be the subject of a further paper during 2017. The analysis used for this report draws upon the pay rates published by the Living Wage Foundation and used in the November pay for Rushmoor staff.

The remuneration of the “lowest paid employees” includes the following elements:-

- Salary
- Any allowance or other contractual payments in connection with their role

See below for comments on each element.

Salary

- Each “lowest paid permanent employee” is paid within the salary range for grade 1.
- Details of the Council’s salary ranges are available on the website.
- The normal starting salary for new employees will be at the entry point for the grade. However, in exceptional circumstances, employees may start at a higher point.

Charges, fees or allowances

- Any allowance or other payments will only be made to staff in connection with their role or the patterns of hours they work and must be in accordance with the Pay and Reward Policy.
- Further details of such allowances and payments are available on request.

Progression within the salary scale

- The Council has a personal development scheme in place. The scheme embraces a number of elements which can involve a joint review of performance, sharing organisational/team goals and setting future plans. Progression through the incremental scale appropriate to their grade is dependant upon the performance being judged as satisfactory or higher at the end of the appraisal year.

Pension

- All Rushmoor Borough Council staff are eligible to join the Local Government Pension Scheme. There is now an automatic enrolment procedure in place to help encourage membership of the scheme.
- There are no increases or enhancement to pension entitlements because of a resolution of the authority.

Severance Payments

- Any severance payments will be in line with the Council’s policy for Organisational Change and further details are available on request.

REMUNERATION OF CHIEF OFFICERS

Pay framework

“Chief Officers” are members of the Directors Management Board and Heads of Service.

This group of “Chief Officers” are paid within the Council’s pay framework, which applies to all other employees. Their pay scales were created by extending the NJC spinal column points.

Since the implementation of the Pay and Reward Policy, these Chief Officers have received the same percentage pay award as all other employees within the Council.

Salary

Each Chief Officer is paid within the salary range for the grade of their post, Head of Service, Director or Chief Executive.

Publication of remuneration for Chief Officers – this information is available on the Council’s website.

The normal starting salary for new employees will be at the entry point for the grade. However, in exceptional circumstances employees may start at a higher point.

Charges, fees or allowances

Any allowance or other payments will only be made to staff in connection with their role or the patterns of hours they work and must be in accordance with the Council’s Pay and Reward Policy.

The Chief Executive is appointed by the Council to act as the Returning Officer at the election of Councillors for the Borough and as acting Returning Officer at Parliamentary Elections. The additional fees associated with these functions will be paid in accordance with those set nationally or locally through the Hampshire and Isle of Wight Elections Fees Working Party.

Within the fees structure for elections, provision is made for payments to staff for specific duties. These payments are also made in accordance with nationally set rates or locally through the Hampshire and Isle of Wight Election Fees Working Party. Details are available on request.

Further details of such allowances and payments are available on request.

Progression within the salary scale

Progression through the incremental scale appropriate to their grade is dependant upon the performance being judged as satisfactory or higher at the end of the review year.

Pension

All employees, because of their employment, are eligible to join the Local Government Pension Scheme but the value of these benefits has been excluded from the figures used for pay comparison purposes.

There are no increases or enhancement to pension entitlements because of a resolution of the authority.

Severance Payments

Any severance payments will be in line with the Council's Policy for Organisational Change and further details are available on request.

THE RELATIONSHIP BETWEEN REMUNERATION OF HIGHEST AND LOWEST PAID EMPLOYEES OF THE COUNCIL

There are a number of different ways of presenting this information to provide a rounded picture of pay comparisons within the organisation.

By simply taking the salary of those permanently appointed employees paid on the lowest grade of the Council's pay structure and comparing this with the Chief Executive, a pay ratio of **7.1:1** emerges. This is a reduction to the ratio of 7.5:1 measured last year and is caused by the increase to the pay recommended by the Living Wage Foundation.

It was the Hutton Report (2010) looking at the relationship between pay levels in the public sector that suggested organisations should comply with, or to explain why they did not comply with a maximum pay multiple of **1:20**.

An alternative approach would be to compare against the median salary, which has been calculated as £30,480, which equates to a ratio of **3.8:1**. This is the same ratio as last year. If we excluded the Chief Officer group from the comparison, it does not make any change to the median figure on this occasion.

There has been no significant movement over the last 12 months. These results indicate that there is no cause for concern regarding the ratio between the pay rates for staff and the Chief Executive.