

COUNCIL MEETING – 25TH FEBRUARY 2016

AGENDA ITEM NO. 6 (3)

PAY POLICY STATEMENT 2016/17

A report from the meeting of the Licensing and General Purposes Committee held on 25th January, 2016.

1. Introduction

- 1.1 It is a requirement under the Localism Act for local authorities to agree and publish their Pay Policy Statement, which has to be produced on an annual basis and agreed by the Council. 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 Chief Officers 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 25th January, and noted that a series of ratios and analysis had been carried out as set out in the Statement attached as Appendix 1, and that this showed no significant change in the ratios over the previous twelve months.

2. Recommendation

The Council is recommended to approve the Pay Policy Statement 2016/17.

A.M. FERRIER
CHAIRMAN OF THE LICENSING AND
GENERAL PURPOSES COMMITTEE

RUSHMOOR BOROUGH COUNCIL PAY POLICY STATEMENT – FINANCIAL YEAR 2016-17

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 2016-17, 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 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 up-dated during 2013 and the Directors Management Board have commissioned a Working Group to consider the impact of these adjustments and make recommendations regarding improvements to the supporting procedures. An Equal Pay Audit was also undertaken at the start of the work. This established that there were no gender related issues. The local conventions have now been reviewed and further work is underway to test out a different approach to future evaluation of roles.

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 Living Wage Scheme. This had the effect of lifting the lowest salary point on the published pay spines to ensure that all permanent staff were in receipt of the Living Wage which now stands at £8.25 per hour.

The impact of this adjustment, which is made to salaries on 1st January 2016, will also affect staff within G2 salary band for the first time. All staff within G2 will be moved up to Spine Point 13 from that date.

The Living Wage Foundation up-date their figures every November but the government have announced this year that they will be introducing a National Living Wage(NLW) from next April. The NLW will be set at a lower level than the current Living Wage so it will not affect our permanent staff but it will affect our casual 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 an appraisal system in place. The scheme includes 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 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 Redundancy and Early Retirement's policy 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 Redundancy and Early Retirement's policy 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 substantive employees paid on the lowest grade of the council's pay structure and comparing this with the Chief Executive a pay ratio of **7.5: 1** emerges.

An alternative approach would be to compare against the median salary, which has been calculated as £30,183, which equates to a ratio of **3.8: 1**. The other view would be to use the arithmetic mean. This "average" salary has been calculated as £32,179, which in turn means a ratio of **3.5: 1**.

If these average salaries were only compared against all of those officers who were not Chief Officers there would be no change when looking at the median salary. The arithmetic mean becomes £30,925 bringing a ratio of **3.7:1**.

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**.

There has been little movement over the last 12 months and the alternative methods of establishing average pay do not produce any significant variation. These results indicate that there is no cause for concern regarding the ratio between the pay rates for staff and the Chief Executive.