

**Pay Policy Statement 2014/2015**

**1. Introduction**

- 1.1 Oadby and Wigston Borough Council recognises that remuneration at all levels needs to be adequate to secure and retain high quality employees dedicated to the service of the public. However, in the context of managing scarce public resources with ever decreasing funds and further spending cuts to be made, such remuneration needs to avoid being unnecessarily generous or otherwise excessive.
- 1.2 It is important that local authorities are able to determine their own pay structures in order to address local priorities and to compete in the local labour market.
- 1.3 In particular, it is recognised that senior management roles in local government are complex and diverse functions in a highly politicised environment where often national and local pressures conflict. The Council's ability to continue to attract and retain high calibre leaders capable of delivering this complex agenda, particularly during times of financial challenge, is crucial if the Council is to retain its current high performance levels.

**2. Legislation**

- 2.1 Section 38/11 of the Localism Act 2011 requires local authorities to produce a Pay Policy Statement for each financial year thereafter, by the 31 March.
- 2.2 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, the Transfer of Undertakings (Protection of Employment) Regulations 2006.
- 2.3 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.
- 2.4 The Act and supporting statutory guidance provides details of matters that must be included in this statutory pay policy but also emphasises that each local authority has the autonomy to take its own decisions on pay and pay policies.
- 2.5 The format of this policy statement was approved by the full Council in April 2012 and is subject to review in accordance with the relevant legislation prevailing at that time, currently annually.

**3. Scope**

- 3.1 This Pay Policy Statement includes a policy on:-
  - (a) the level and elements of remuneration for each Chief Officer;
  - (b) the remuneration of the lowest paid employees;
  - (c) the relationship between the remuneration of Chief Officers and other officers; and
  - (d) other specific aspects of Chief Officer remuneration, fees and charges and other discretionary payments.

3.2 Remuneration in this context 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.

#### **4. Senior Pay**

4.1 In this policy the senior pay group covers posts in the top three tiers of the organisation. These include the Chief Executive, the Director of Services and Heads of Service.

4.2 The numbers in the above posts are as follows:-

Chief Executive (1)  
Directors (1)  
Heads of Service (4)

There are currently 2 Heads of Service posts that are interim posts and the statutory role of the Chief Financial Officer (S151 Officer) is also an interim post.

4.3 The policy for each group is as follows:-

#### **4.4 Chief Executive**

(a) The Chief Executive's pay is a locally agreed Chief Executive Pay Grade and is currently in the following range:-

|                 |        |                   |
|-----------------|--------|-------------------|
| Chief Executive | C1 - 3 | £85,933 - £94,575 |
|-----------------|--------|-------------------|

(b) This salary was approved by Full Council and no additional bonus, performance, honoraria or ex gratia payments have been made.

(c) Other Conditions of Service are as prescribed by the Joint National Council (JNC) for Local Authority Chief Executives national conditions.

#### **4.5 Director of Service**

(a) The Director post has been evaluated externally and independently under the HAY Job Evaluation Scheme and the pay grade is currently in the following range:-

|          |        |                   |
|----------|--------|-------------------|
| Director | D4 – 6 | £73,497 - £77,817 |
|----------|--------|-------------------|

(b) This salary was approved by Full Council and no additional bonus, performance, honoraria or ex gratia payments have been made.

(c) Other Conditions of Service are as prescribed by the Joint National Council (JNC) for Local Authority Chief Officers national conditions.

#### **4.6 Heads of Service**

(a) The Heads of Service jobs have been evaluated using the Greater London Provincial Council Job Evaluation Scheme and the Management Levels 1-4 were agreed locally and are currently within the following range:-

|                  |         |                   |
|------------------|---------|-------------------|
| Heads of Service | M 1 – 4 | £46,406 - £49,249 |
|------------------|---------|-------------------|

(b) Other terms and conditions are as prescribed by the NJC for Local Authority Services.

4.7 All posts remain linked to either NJC (National Joint Committee) or JNC (Joint Negotiating Committee for Chief Officers and Chief Executives), in respect of national increments where they apply.

#### 4.8 **Additional fees**

(a) Special fees are paid for Returning Officer duties with regards to fulfilling Borough Election duties which on average is £2.5k. This does not form part of the post holder's substantive role and these fees are payable as required and can be made to any senior officer appointed to fulfil the statutory duties of this role. The Returning Officer is an officer of the Borough Council who is appointed under the Representation of the People Act 1983. The role of the Returning Officer involves and incurs personal responsibility and accountability and is statutorily separate from duties as an employee of the Borough Council, hence the additional remuneration which is paid. As Returning Officer, the employee is paid a separate allowance for each election for which they are responsible.

### 5. **Lowest paid employees**

5.1 The lowest paid employees on the pay structure are currently paid at Band 1, Scale Points 6 – 10, £12,614 - £14,013, as a full time equivalent basic rate. These are in line with the recommendations outlined in the national guidance from the Local Government Association.

5.2 There are currently four employees on Band 1 and each of these is paid at Scale Point 10, £14,013, (on a pro rata basis), which equates to an hourly rate of £7.26, having reached the top of Band 1 as a result of being with the Council for several years respectively.

5.3 However, on 15 March 2013, Councillors resolved to implement the National Minimum Living Wage. The National Minimum Living Wage, calculated by the Centre for Research in Social Policy, is distinct from the National Minimum Wage. It focuses on the wage rate that is necessary to provide workers and their families with a basic but acceptable standard of living. The minimum standard of living is socially defined and is often intrinsically linked to other social goals such as the fulfilment of care responsibilities. The impact on employment or the effects on employers is given little if any consideration by this figure.

5.4 Following appropriate consultation, the change was implemented as at 1 September 2013, with the rate currently set at £7.65. Those employees currently on Band 1, whose ordinary salary falls below the National Minimum Living Wage, are therefore paid the difference between their hourly rate and the National Minimum Living Wage rate as a supplement to their salary, on a pro rata basis.

5.5 As noted, the National Minimum Living Wage is set externally by an independent third party, and this is reviewed in November each year. The Council does not have any input in the rate at which the National Minimum Living Wage is set, but nevertheless has committed to paying it to the lowest paid employees.

5.6 The Council also operates an apprenticeship programme that is designed to give young people the opportunity to gain a relevant qualification through study and on the job training. The training opportunities afforded to individuals through the apprenticeship programme are not directly comparable to other positions filled by employees within the authority. These apprentices are employed under the Government's national minimum wage legislation dependent on their age (which is over and above the apprentice minimum wage, currently £2.68 per hour).

## 6. Pay Structure

- 6.1 The pay structure for all employees except the Chief Executive, Director of Services and Heads of Service is established using NJC for Local Authorities Services National Pay Spine. Please see Appendix B for a copy of the Council's current pay structure.
- 6.2 All posts except that of the Chief Executive and Director of Services are evaluated using the Greater London Provincial Council Job Evaluation Scheme, which is recognised by employers and trades unions nationally. This Scheme allows for robust measurement against set criteria resulting in fair and objective evaluations and satisfies equal pay requirements.
- 6.3 Job Evaluation is an on-going process and where it is identified there are changes in duties or anomalies the post will be re-evaluated to ensure consistency and equality.
- 6.4 Job evaluation has been carried out in partnership with the unions and involving employees at all levels from across the Council. Every post on the establishment has been evaluated and ranked using the Greater London Provincial Council Scheme (Green book employees) and Hay (Chief Officers and Chief Executive). Both schemes were approved at the full Council meeting in December 2003.
- 6.5 Following the outcome of the rank order exercise, a new pay and grading structure was designed, agreed and adopted by full Council on 23 February 2006. Full implementation was achieved in May 2006 and backdated to 1 April 2005. Thereafter all following new or altered jobs have been evaluated by the same scheme.
- 6.6 Progression within the band for all staff is subject to satisfactory performance on 1 April each year, provided that the employee has completed a minimum of 6 months service when an increment is awarded up to the maximum of the band. If the employee has not completed 6 months service, the increment will be payable in the employee's 6<sup>th</sup> month with the Council subject to satisfactory performance.

## 7. Payments/Charges and Contributions

- 7.1 From April 2014, there will be significant changes to the Local Government Pension Scheme.
- 7.2 All employees automatically become a member of the Local Government Pension Scheme subject to an option out of the scheme. They will automatically be enrolled onto the "main scheme".
- 7.3 The amount of contribution payable by an employee in the "main scheme" will depend upon their salary. The amounts which are payable are shown in the table below:-

| <b>EMPLOYEE CONTRIBUTIONS</b>        |   |       |
|--------------------------------------|---|-------|
| Up to £13,500                        | - | 5.5%  |
| More than £13,501 and up to £21,000  | - | 5.8%  |
| More than £21,001 and up to £34,000  | - | 6.5%  |
| More than £34,001 and up to £43,000  | - | 6.8%  |
| More than £43,001 and up to £60,000  | - | 8.5%  |
| More than £60,001 and up to £85,000  | - | 9.9%  |
| More than £85,001 and up to £100,000 | - | 10.5% |

|                                       |   |       |
|---------------------------------------|---|-------|
| More than £100,001 and up to £150,000 | - | 11.4% |
| More than £150,001                    | - | 12.5% |

- 7.4 As an alternative to the “main scheme”, employees have the option to enrol onto the “50/50 scheme”. If they opt to join the “50/50 scheme” then, rather than making the full contributions as set out above, they will only have to contribute one half of what they ordinarily would in the “main scheme”; however, the Council continues to pay a full contribution as though the employee were in the “main scheme”. This will obviously reduce the amount of contributions made by the employee to their pension which will have an effect on the overall value of the benefits due to them under the Local Government Pension Scheme when they retire.
- 7.5 For part time workers, the rates of contribution are based on the whole time pay rate for their job, although contributions are only based on the actual pay earned.
- 7.6 The Council makes employer’s contributions into the scheme; the current rate is 22.5% of the whole time salary.

## **8. Multipliers**

- 8.1 Publishing the pay ratio of the organisation’s top earner to that of its lowest paid earner and median earner has been recommended to support the principles of Fair Pay (Will Hutton, 2011) and transparency.
- 8.2 In the context of the Council’s payroll the Chief Executive, who is the top earner in the Council, currently earns £94,575 per annum. This is 4 times the average earnings in the Council (which is £23,666, based on the 2014/15 salary budget) and 6.75 times the lowest earner, which is £14,013 per annum (excluding the supplemental payment in respect of the National Minimum Living Wage).
- 8.3 These multipliers will be monitored each year within the Pay Policy Statement.

## **9. Discretionary Payments**

- 9.1 The policy for the award of any discretionary payments is the same for all staff regardless of their pay level. The following arrangements apply:
- 9.2 ‘Redundancy payments under regulation 5 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England & Wales) Regulations 2006.’

The Council has based redundancy payment calculations on an unrestricted week’s pay but using the statutory age and service related redundancy scale to determine the number of weeks to be used in the calculation. This is payable to employees made redundant with 2 or more years local government service.

- 9.3 Severance payments under regulation 6

Redundancy – The Council has not elected to pay any additional discretionary compensation in excess of the redundancy payment.

- 9.4 Regulation 18 of the Local Government Pension Scheme (Benefits, Membership & Contributions) Regulations 2007 – Requirements as to time of payment (Flexible Retirement)

The Council has agreed to consider its discretion when a scheme member who is over 55 reduces their hours and/or grade and wishes to receive their accrued pension benefits without having retired from employment. However, under the changes to the Local Government Pension Scheme coming into effect from 1 April 2014, the employee will be advised that early retirement will have a more significant impact on their entitlement to benefits due under the Scheme.

9.5 No additional membership for revision purposes under regulation 12 of the Local Government Pension Scheme (Benefits, Membership & Contributions) Regulations 2007 is awarded.

9.6 No additional pension under regulation 13 of the Local Government Pension Scheme (Benefits, Membership & Contributions) Regulations 2007 is awarded.

## **10. Decision Making**

10.1 Decisions on remuneration are made as follows:-

- (a) Chief Executive Officer local pay level approved by Full Council;
- (b) Pay structure for all other posts approved by Full Council.

## **11. Disclosure**

11.1 This Pay Policy Statement is published on the Council's website. In addition, details of all staff paid above £58,200 as defined in line with the Code of Recommended Practice for Local Authorities on Data Transparency published in September 2011, are as follows:-

Chief Executive

Director of Services

## **12. Review - organisation restructure**

12.1 During the organisation restructure in 2012 all newly appointed jobs were re-evaluated through job evaluation and were re-graded accordingly.

12.2 Following the organisation restructure it was identified that there were inconsistencies in employees terms and conditions and therefore in the final phase of the restructure the Council engaged in consultation with all staff to harmonise the terms and conditions of employment to promote equality and fairness across the workforce by way of conditions of employment, access of opportunity and benefits. Contracts have now been harmonised and all employees have been issued with a revised contract of employment incorporating the harmonised terms and conditions.

12.3 The outcome of the harmonisation removed the following benefits, thus being:-  
Bupa healthcare, telephone allowance, clothing allowance, standby allowance for Resident Warden Scheme Manager

Essential Car User allowance - this is only permitted for those members of staff who are involved in a formal shared partnership working agreement.

Overtime - the harmonisation made the following changes to overtime provision in that Bands 1 – 5 can continue to receive overtime at time and a half or double time after completing 37 hours and Bands 6 – 9 overtime is not permitted and that staff receive flexi only for any additional hours worked.

12.4 As reported to the Policy, Finance and Development committee on 4 February 2014, a review of salaries, particularly at senior management level is to be undertaken, effective from 1<sup>st</sup> April 2014 to ensure this Council retains and recruits the right calibre of staff at this level and salaries are in line with market trends. Any increased will be contained within the Council's overall salaries budget.

12.5 Also in addition to the above the Council is currently reviewing the standby and emergency call out arrangements in agreement with trade unions in order to consider the sustainability and efficiency of this service. Currently there are three members of staff who rotate on a weekly basis who receive £413.83 for each completed week on standby.

### **13. Pay Awards**

13.1 A 1% pay increase was awarded to all Council staff in October 2013 and this was backdated to 1 September 2013. The Council's Salary Pay Grades were amended accordingly.

### **14. Performance related pay**

14.1 There are no performance related pay schemes in place.

### **15. Equality and Diversity**

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

For further information please contact:-

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