



Pay Policy Statement 2019/20

1.0 INTRODUCTION AND POLICY STATEMENT

- 1.1 The Council aims to ensure that its remuneration packages are fair, equitable and transparent, leading to the employment of professional staff who have appropriate skills and experience to provide high quality services to its residents and visitors.
- 1.2 Under section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as the authority thinks fit”. This Pay Policy Statement (the ‘statement’) sets out the Council’s approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011.
- 1.3 The purpose of the statement is to provide transparency with regard to the Council’s approach to setting the pay of its employees by identifying:
- The methods by which salaries of employees are determined;
 - The detail and level of remuneration of its most senior staff, i.e. ‘Chief Officers’, as defined by the relevant legislation; and
 - The committee responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.
- 1.4 Once approved by the full Council, this policy statement will come into immediate effect, superseding the 2018/2019 Pay Policy Statement, and will be subject to review in accordance with the relevant legislation prevailing at that time, currently annually.

2.0 LEGISLATIVE FRAMEWORK

- 2.1 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.
- 2.2 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.

3.0 PAY STRUCTURE (National Joint Council Employees, NJC)

- 3.1 Based on the application of the job evaluation process, the Council uses the nationally negotiated, National Joint Council (NJC) pay spine as the basis for its local grading structure. .
- 3.2 The Council is committed to adherence with national pay bargaining in respect of the national pay spine and any annual cost of living increases negotiated in the pay spine.
- 3.3 All other pay-related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by Council Policy.

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- 3.4 In determining its grading structure the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees, who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.
- 3.5 The Council's current grading structure was implemented in 2005, following a single status exercise, when the Council also adopted a job evaluation scheme. There were four key objectives considered in adopting the grading structure, and these were fairness, motivation, effective resourcing and affordability. It was agreed by the Council in 2003, that the preferred quartile of pay in relation to the local authority market was the second quartile (50 – 74 percentile). This was in part due to the cost of housing in the District and the desire to recruit and retain high quality staff. With this in mind, the Council adopted a structure, which began at spinal column point (scp) 11 of the NJC pay scales.
- 3.6 The spinal column points which are within the grading structure are nationally negotiated annually as part of a collective bargaining arrangement between the National Joint Council for Local Government Services (NJC) and the recognised unions.
- 3.7 The most recent NJC pay agreement was made in April 2018 and sets a two year arrangement for 1 April 2018 and 1 April 2019. The pay award for 1 April 2018 was a straightforward 2% increase and was implemented accordingly. However the agreement made for 1 April 2019 includes the introduction of a new pay spine in order to address issues relating to meeting the Living Wage.
- 3.8 The Council has carried out a pay modelling exercise and consulted with the local Unison branch to reach a collective agreement to implement the assimilation of staff onto the new pay spine. This will be implemented with effect from 1 April 2019.
- 3.9 The grading structure which will be implemented on 1 April 2019 is shown in **Appendix 1**.
- 3.10 New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate. From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector.

4.0 POLICY ON REMUNERATION OF SENIOR MANAGEMENT

- 4.1 For the purposes of this statement, senior management means 'Chief Officers' as defined by s43 of the Localism Act 2011. The definition of Chief Officers is not limited to the Head of Paid Service or statutory Chief Officers (in SDC's case the Executive Directors and Head of Governance and Democracy). It also includes other Heads of Service (non-statutory Chief Officers) and their direct reports: in SDC's case Service Managers (deputy Chief Officers). This designation under the Council's pay policy does not affect existing job evaluations for the posts. The Localism Act requires the Council to report on these officers' remuneration. The posts falling within the statutory definition are set out below, with details of their basic salary as at 1 April 2016:

a) Executive Director (two posts)

The current salary for these posts is a band of £82,253 - £89,151. The band is split into 4 spinal column points as follows:

- 1) £82,253
- 2) £84,556
- 3) £86,857
- 4) £89,151

This is exclusive of any payments for Returning Officer or Deputy Returning Officer duties.

b) Heads of Service

The salaries of posts designated as Heads of Service fall within a range of 4 incremental points between £58,429 rising to a maximum of £65,168.

Where a Head of Service is also designated as a Statutory Officer a 7% supplement is paid in addition to the incremental points.

c) Service Managers

The salaries of posts designated as Service Managers fall within a range of Grade G to Grade C on the Council's staff grading structure, the distribution is as follows:

Grade:	Number of Posts:
Grade G	2
Grade F	2
Grade E	12
Grade D	2
Grade C	10

Where posts are responsible for operating over two or more authorities the job evaluation score is increased in line with the Council's Job Grading Procedure.

It must also be clarified that, for day to day purposes, the Council operates a 'senior management' team of seven. This consists of two Executive Directors and four permanent Heads of Service. The agreed management structure is shown in Appendix 2.

4.2 Remuneration of the Executive Directors and Heads of Service

Remuneration for the Executive Directors and Heads of Service is in accordance with the Joint Negotiating Committee (JNC) Conditions of Service for Chief Officers. The JNC allows for local determination of Chief Officer salaries, in accordance with a 'range appropriate to their type of authority and population'. The JNC benchmarking range has not been updated since 2001, and as such determination of 'appropriate' salary has been agreed in 2016 by Full Council as part of a senior management re-structure. The setting of the salary levels was informed by benchmarking data provided by West Midlands Employers.

In addition to the locally agreed grade, the JNC may also agree national 'cost of living' rises which the Council are required to implement. A 2% pay award has been nationally agreed for 2019/20.

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- 4.3 The basic pay for these officers is reviewed locally at appropriate intervals. The recommended review period is three years.
- 4.4 Progression through the grade is subject to satisfactory performance, development and achievement of agreed targets, and is reviewed on an annual basis. If performance levels are achieved then progression is by one increment per annum, implemented on 1 April each year, until the individual reaches the top of the grade. The grade is set out in **Appendix 1**.
- 4.5 With the exception of progression through the incremental scale of the relevant grade being subject to satisfactory performance, which is assessed on an annual basis, the level of remuneration is not variable dependant upon achievement of defined targets.
- 4.6 Impact of Shared Service Working for Executive Directors and Heads of Service
The Council is seeking opportunities to work in partnership with other local authorities; this approach is in line with the approved Sourcing Strategy of the Council. Any such proposal under this Strategy should lead to:
- Reduction in cost to the Council
 - Maintained/improved service performance
 - Increased resilience to the service.

The Council's Job Evaluation Scheme which is applied to the majority of staff takes account of such opportunities and where an officer is expected to provide a role across more than one authority, then this is reflected within the evaluation of that post. Chief Officers' remuneration is determined outside of the staff Job Evaluation scheme and therefore in the event that shared services are undertaken it is suggested that alternative arrangements would need to be developed to ensure that officers are suitably remunerated for the roles they undertake.

- 4.7 Remuneration of Service Managers
Remuneration for Service Managers is in accordance with the National Joint Council (NJC) National Agreement of Conditions of Service. The NJC provides the spinal column points, and the Council determines locally the staff grading structure around it. Grades are determined using the local government job evaluation scheme.

Progression through the grade is subject to satisfactory performance and is reviewed on an annual basis. If performance levels are achieved then progression is by one increment per annum, implemented on 1 April each year, until the individual reaches the top of the grade. The staff grade structure is set out in Appendix 1.

- 4.8 Recruitment of Head of Paid Service, Executive Directors and Heads of Service
The Council's policy and procedures with regard to recruitment of Executive Directors and Heads of Service is set out within the Officer Employment Procedure Rules in Part 4/Section (10) of the Constitution. The Council is required to approve any salary which is over £100,000. There are currently no posts for which the salary exceeds £100,000. When recruiting to all posts the Council will take full and proper account of its own recruitment policies. The determination of the remuneration to be offered to any newly appointed officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment. Where the Council is unable to recruit a post at the designated grade, it will consider the use of temporary market forces supplements in accordance with the Market Forces Procedure.

4.9 Where the Council remains unable to recruit under a contract of employment, or there is a need for interim support to provide cover for a vacant substantive post, the Council will, where necessary, consider and utilise engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. The Council does not currently have any Officers engaged under such arrangements.

4.10 Recruitment of Service Managers

Service managers are recruited under the Councils usual officer recruitment procedures, and are not elected member appointments.

4.11 Re-employment / Re-engagement of former Chief Officers

Where a former Chief Officer applies for employment with the Council, and they have been previously made redundant from either this Council, or another public body under the Redundancy Modifications Order, their application will be treated on its own merits and taking into account the financial benefits to the Council.

It should be noted however that the Government issued draft regulations concerning the recovery of Exit Payments made to those employees with the public sector and returning to the same within a period of 12 months. It was anticipated that the Recovery Regulations were expected to be laid before Parliament in early 2017, however at the time of writing they are still awaited and there is no clear timeline for implementation.

4.12 Additional Remuneration Elements for Chief Officers

The Council does not apply any bonuses or performance related pay to its Chief Officers.

In addition to the basic salary, set out below are details of other elements of 'additional pay' which are chargeable to UK income tax and do not solely constitute reimbursement of expenses incurred in the fulfilment of duties.

4.12.1 *Returning Officer Fees*

For elections the Council is required to appoint an officer to be the Returning Officer. The position of Returning Officer is currently held by the Democratic Services Manager. The Returning Officer has delegated responsibility to appoint 'elections inspectors' for the day on which elections take place. This role is usually fulfilled by some Heads of Service and Service Managers. Some Heads of Service and Service Managers also accept special duties to help ensure the effective operation of elections. Such duties are the subject of a separate fee.

Fees for Parliamentary, European and Police and Crime Commissioner elections and referenda are set nationally. Fees for District and Parish elections are increased in line with national pay awards although the Returning Officer is authorised to negotiate a countywide scale of fees in relation to Presiding Officers and Poll Clerks for Warwickshire.

The Council is reimbursed for all elections apart from those relating to district elections.

4.12.2 *Car Allowances*

The Executive Directors and Heads of Service are entitled to receive a car allowance, which is currently equivalent to the maximum National Joint Council (NJC) essential car user lump sum of £1,239 per annum. Service Managers are subject to the Council's Essential Car User Scheme, and if they meet the set

criteria are entitled to receive essential car user lump sum of between £846 and £1,239 per annum, dependant upon car engine size.

At present 10 Chief Officers (Executive Directors, Heads of Service and Service Managers) receive a car lease contribution, instead of a car allowance. The car lease scheme has been phased out for new members of staff. The car lease scheme provides Chief Officers with a maximum monthly contribution towards their lease car of £282. The Council's contribution was reduced by 10% in 2011, and rates have been frozen since this point. Vehicles are limited to those with emissions at a maximum level of 150g/km- this is reviewed regularly with a reduction in the emissions limit being introduced as technology improves.

In all instances, the Chief Officer receives reimbursement for mileage completed on work-related activities (not home to office mileage), at either the essential car user rate, which is paid at the HMRC rate, currently 45p per mile; or at the Council's lease car user mileage rate, which is currently between 10.875p and 12.395p per mile (this rate has been frozen since 2008).

4.12.3 Local Government Pension Scheme

Employees have a right to join the Local Government Pension Scheme. The contribution rates for 2018/19 are as follows and at the time of writing have not been updated for 2019/20:

Employee Contribution Rates

Contribution Table 2018/19

Band	Actual pensionable pay for an employment	Contribution rate for that employment	
		Main Section	50/50 section
1	Up to £14,100	5.5%	2.75%
2	£14,101 to £22,000	5.8%	2.9%
3	£22,001 to £35,700	6.5%	3.25%
4	£35,701 to £45,200	6.8%	3.4%
5	£45,201 to £63,100	8.5%	4.25%
6	£63,101 to £89,400	9.9%	4.95%
7	£89,401 to £105,200	10.5%	5.25%
8	£105,201 to £157,800	11.4%	5.7%
9	£157,801 or more	12.5%	6.25%

The Employer contribution rates are set by Actuaries advising the Warwickshire Pension Fund and reviewed on a triennial basis to ensure the scheme is appropriately funded. The rate for 2019/20 is 19.6%.

4.12.4 *Honoraria and Ex-Gratia Payments*

Where a Chief Officer completes an exceptional piece of work, or provides an 'acting up' role, they may be awarded either a one off or monthly honoraria. Honoraria can be approved by the appropriate Head of Service for staff within their service area. Honoraria for Heads of Service can be approved by their Executive Director.

Where an honoraria payment is proposed for an Executive Director then the decision must be made by the Employment and Appointments Committee. Where the financial implications of an honorarium for an Executive Director are outside of the approved budget framework, then appropriate approval must also be sought in accordance with the Council's Constitution.

4.13 Termination Payments

Note: Proposals are currently being developed by central government which seek to bring into effect a 'cap' on the total value of exit payments made to, or in respect of, employees leaving the public sector. At present, the Regulations remain at draft stage and are a part of the Enterprise Bill. The current proposal, which has been subject to a first stage of consultation, proposes a cap of £95,000 and expressly includes the cost of pension strain payments (those made to the pension fund by the employer and not to the employee). At the time of writing the implementation timeline is not known.

4.13.1 *Redundancy or Interests of Efficiency*

Where the Council terminates a Chief Officer's employment by reason of redundancy, then they are entitled to a redundancy payment, in accordance with the Council's Discretionary Payments and Severance Policy. The redundancy policy applies to all employees regardless of grade.

In accordance with the Local Government Pension Scheme, a Chief Officer made redundant, who is also aged 55 years or over, will receive automatic unreduced access to their pension.

Where a Chief Officer is granted early retirement in the interests of efficiency, they will receive unreduced access to their pension, subject to being aged 55 years or over.

4.13.2 *Ill Health Retirement*

Where an individual leaves the Council's employment through ill health retirement, there is no immediate pension strain cost to the Council, as all costs are met by the Local Government Pension Scheme. However, it may affect costs following the routine actuarial review.

4.13.3 *Pay in Lieu of Notice*

Where it is not possible or otherwise appropriate for the Chief Officer to serve their contractual notice period, then the Council may make a lump sum payment in lieu of notice.

4.13.4 *Other Contractual Payments upon Termination*

Where an individual leaves due to redundancy or ill health, the Council may pay any outstanding contractual payments such as annual leave, car allowances etc. In addition, the Council will reclaim any monies owed.

4.13.5 *Compromise Agreements*

In exceptional circumstances the Council may make a payment to an individual under a Compromise Agreement. Such agreements protect the Council where there is a risk of compensation and/or damages claim, which could have high financial impact and/or damage the Council's reputation. Payments would be authorised by the Executive Director for Heads of Service/ Service Managers. In the event a compromise agreement involved the Executive Director, the decision would be made by Full Council.

5.0 POLICY ON REMUNERATION OF OUR LOWEST PAID EMPLOYEES

5.1 Lowest Paid Employees

The definition of 'lowest paid employees' is a matter for local determination. The Council has agreed that the definition of 'lowest paid workers' will be those employed under a contract of employment with the Council employed on full time (37 hours) equivalent, in accordance with the minimum grade of the Council's agreed grading structure, i.e. Grade M, spinal column point 1, which is £17,364 per annum (£9.00 per hour).

6.0 THE RELATIONSHIP BETWEEN THE REMUNERATION OF CHIEF OFFICERS AND OTHER EMPLOYEES

6.1 The relationship between the rate of pay for the lowest paid employee and Chief Officers is determined by the processes used for setting pay and grading structures as set out earlier in this policy statement.

6.2 The published pay multiples report the current position as of the 1 January 2019 and are factual representations rather than a statement of policy. Pay multiples will be reviewed and published annually.

6.3 The current pay levels within the Council can be defined in the following ratios:-

- Executive Director to the lowest paid (full time equivalent) employee – 5.0:1
- Average Chief Officer to lowest paid employee – 3.0:1
- Executive Director to the median (mid point) of full time equivalent earnings – 3.1:1
- The average Chief Officer to the median (mid point) of full time equivalent earnings – 1.7:1.

6.4 As part of its overall and ongoing monitoring of alignment with external payments, both within and outside the local government sector, the Council will use available benchmark information as appropriate.

7.0 PUBLICATION

7.1 Upon approval by the Full Council, this statement will be published on the Council's website. In addition, for posts where the full time equivalent salary is at least £50,000, the Council's Annual Statement of Accounts will include a note setting out the total amount of:

- Salary, fees or allowances paid to or receivable by the person in the current and previous year;
- Any bonuses so paid or receivable by the person in the current or previous year;
- Any sums payable by way of expenses allowance that are chargeable to UK income tax;

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- Any compensation for loss of employment and any other payments connected with termination;
 - Any benefits received that do not fall within the above.

8.0 ACCOUNTABILITY AND DECISION MAKING

- 8.1 In accordance with the Constitution of the Council, the Employment and Appointments Committee is responsible for decision making in relation to the recruitment, pay, terms and conditions, and severance arrangements in relation to employees of the Council subject to those matters that are delegated to the Head of Paid Service or which by law cannot be determined by the Committee. Further details of these matters are set out in the Council's Constitution under the Scheme of Delegation to Officers and also in the Officer Employment Procedure Rules.

Management Structure
2019/2020

