

STAFFING COMMITTEE

**Venue: Town Hall, Moorgate
Street, Rotherham.**

Date: Tuesday, 5 February 2013

Time: 11.30 a.m.

A G E N D A

1. To determine if the following matters are to be considered under the categories suggested in accordance with the Local Government Act 1972.
2. To determine any item which the Chairman is of the opinion should be considered as a matter of urgency.
3. Annual Pay Policy Statement (report herewith) (Pages 1 - 7)
4. Employee Relations Update (report herewith) (Pages 8 - 12)

ROTHERHAM BOROUGH COUNCIL – REPORT TO STAFFING COMMITTEE

1.	Meeting:	Staffing Committee Meeting
2.	Date:	5th February, 2013
3.	Title:	Pay Accountability
4.	Directorate:	Resources

5. Summary

This report provides detail of the Pay Policy Statement for 2013-14 that the Council has to publish under Chapter 8 of the Localism Act 2011.

6. Recommendations

Staffing Committee is asked to:

(1) Recommend the Pay Policy Statement for consideration by full Council

7. Proposals and Details

The Localism Act 2011 Chapter 8 Pay Accountability made it a legal requirement to produce and publish a Pay Policy Statement by the 31st March each year which has been agreed by full Council detailing the remuneration of its Chief Officers.

The Council must then comply with the Pay Policy Statement for the financial year in making any determination.

The statement must state:

- Policies relating to remuneration of Chief Officers
- Remuneration of its lowest paid employees
- Relationship between remuneration of Chief Officers and employees who are not Chief Officers
- Level and elements of remuneration for each Chief Officer including charges, fees or allowances (includes election fees)
- Remuneration of Chief Officers on appointment
- Increases and additions to remuneration for each Chief Officer
- Use of performance related pay for Chief Officers
- Use of bonuses for Chief Officers
- Benefits in kind to which the Chief Officer is entitled
- Any increase of enhancement to Chief Officer pension entitlement
- Approach to payment of Chief Officers on their ceasing to hold office
- Any amounts payable upon the Chief Officer ceasing to hold office other than that payable by virtue of any enactment
- Approach to publication and access to information relating to remuneration of Chief Officers

In addition full Council should be offered the opportunity to approve salary packages £100,000 plus offered for new appointments.

The Council's Scheme of Delegation has empowered the Staffing Committee to determine conditions of service, employment policies and procedures and remuneration relating to the Chief Executive and Chief Officers.

In line with last year Staffing Committee is therefore asked to review the Pay Policy Statement (appendix 1) and make recommendation to full Council.

8. Finance

It is not anticipated that there will be any financial cost other than officer time associated in publishing the data.

9. Risks and Uncertainties

The Council must comply with the Pay Policy Statement resolved by full Council during the financial year it relates to. There is a risk that organisational circumstances may unexpectedly change over the year and the Pay Policy Statement restricts options to change Chief Officer remuneration.

10. Policy and Performance Agenda Implications

The way we do business – treating everyone fairly and with respect

11. Background Papers and Consultation

Coalition Agreement

Local Government Group – Local Transparency Practitioners Guide

Office National Statistics

Local Government Association

CIPFA Best Value Accounting Code of Practice

Data Protection Act 1998

Information Commissioners Office

Freedom of Information

Localism Act 2011

Hutton Review of Fair Pay in the Public Sector: Final Report March 2011

Staffing Committee Report February 2012

Full Council meeting 7th March 2012

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Appendix 1



PAY POLICY STATEMENT 2013-14

Introduction & Scope

This policy statement sets out the arrangements for the salary and related allowances paid to Chief Officers of the Council meeting the requirements of the Localism Act in this regard and also meeting the requirements of guidance issued by the Secretary of State for Communities and Local Government to which the authority is required to have regard under Section 40 of the Act.

It does not cover teaching staff whose salaries and terms of conditions of employment are set by the Secretary of State.

Underlying Principles

The Council is committed to and supports the principle of equal pay for all our employees.

Equal pay between men and women is a legal right under both United Kingdom and European Law. The Equality Act 2010 requires employers not to discriminate on grounds of race and disability and similar rules apply to sexual orientation, religion and age.

The authority applies terms and conditions of employment that have been negotiated and agreed through appropriate collective bargaining mechanisms (national or local) or as a consequence of authority decisions, these are then incorporated into contracts of employment.

1. Determination of Pay

Chief Executive and Chief Officers conditions of service are in line with the Joint Negotiating Committees for Chief Executives and Chief Officers. Local agreements and remuneration are determined by full Council on recommendation made by the authority's Staffing Committee.

In the case of shared management arrangements with partner organisations, where the job continues to be filled by an employee of the Council, posts will be graded in line with the above.

2. Pay Relationship

The lowest pay point in the authority equates to a full time equivalent annual salary of £12,145 and can be expressed as an hourly rate of pay of £6.2951. This pay point and salary was determined by the authority as part of a pay scale for employees employed on Local Government Services Terms and Conditions.

The highest paid salary in this authority is £160,000 which is paid to the Chief Executive.

The ratio between the two salaries, the 'pay multiple' is 13.1 to 1. Against the average salary of £20,818 this multiple reduces to 8 to 1.

The Hutton review considered the multiple should be no greater than 20 to 1 and the Council falls well below this threshold. The authority does not have a policy on maintaining or reaching a specific 'pay multiple', however the authority is conscious of the need to ensure that the salary of the highest paid employee is not excessive and is consistent with the needs of the authority.

These pay rates may increase in accordance with any pay settlements which are reached through their respective national negotiating bodies.

3. Salary Packages over £100,000

The authority will ensure that before an offer of appointment is made, any salary package for any post that is in excess of £100,000 is considered by full Council on recommendation made by the Staffing Committee.

4. Market Supplements

In exceptional circumstances where there are recruitment difficulties; there may be a requirement to consider the payment of temporary market supplements such as 'golden hellos', retention payments or regular monthly payments.

In situations where a Market Supplement is being considered a report detailing the business case is considered by the Director of Human Resources who makes the final decision as to whether a supplement is payable, the amount and the frequency of review. For Chief Officer graded posts where this would result in a pay package in excess of £100k the case will be considered by full Council on recommendation made by the Staffing Committee.

Supplements can be reviewed at any time but a review must be undertaken on an annual basis.

5. Pay Awards

The authority will apply any pay increases that are agreed by relevant national negotiating bodies and/or any pay increases that are agreed through local negotiations.

6. Allowances

Posts covered by Chief Executive or Chief Officer terms and conditions do not attract any additional allowances.

7. Bonuses

The authority does not have or intends to introduce any bonus schemes.

8. Performance Related Pay

The authority does not operate a performance related pay system as it believes that it has sufficiently strong performance management arrangements in place to ensure high performance. Any areas of under-performance would be addressed through the capability procedure.

9. Earn back

The authority does not operate an earn-back pay system whereby a proportion of the employee salary is held back and only paid if specific targets are achieved as it believes that it has sufficiently strong performance management arrangements in place to ensure high performance. Any areas of under-performance would be addressed through the capability procedure.

10. Voluntary Employee Benefits

As part of its reward package the Council offers a range of salary sacrifice schemes where employees can exchange a portion of their salary for some other form of non-cash benefit. For example childcare vouchers, car parking permit, lease of a brand new car, cycles and purchase of additional leave.

11. Expenses

Approved additional expenses incurred in the course of their work are reimbursed subject to appropriate evidence of expenditure being produced. Employees should not be out of pocket but situations which warrant payment of expenses are not intended to result in a profit.

Mileage expenses are reimbursed at 2009 HMRC approved rates.

12. Election Fees

The duties of Electoral Registration Officer are undertaken by the authority's Chief Executive, the remuneration for which is included in their annual salary.

The authority's Chief Executive is also the Returning Officer for elections, referendums and other polls. The Returning Officer may appoint deputies and by convention has chosen to appoint the Director of Legal Services as a Deputy Returning Officer.

For national elections, referendums or other polls which may be required by statute, fees are paid in accordance with the amounts specified for each poll by statutory order.

For local Borough and Parish elections a local scale of fees, which has not increased since 2008, is approved by full Council.

13. Termination Payments

The authority's normal redundancy payment arrangements apply to all staff including Chief Officers and the Chief Executive. The authority also applies the appropriate Pensions regulations in circumstances where employees qualify for release of pensions.

14. Pension Enhancement

The authority has agreed policies in place on how it will apply any discretionary powers it has under Pensions regulations.

It is not Council policy to apply the available discretions to increase the active member's period of membership (regulation 12) or increase their pension (regulation 13).

15. Re-employment of Staff

The authority is under a statutory duty to appoint on merit and has to ensure that it complies with all appropriate employment and equalities legislation. The authority will always seek to appoint the best available candidate to a post who has the skills, knowledge, experience, abilities and qualities needed for the post.

If a candidate is a former employee in receipt of an LGPS pension or a redundancy payment this will not rule them out from being re-employed by the authority. Clearly where a former employee left the authority on redundancy terms then the old post has been deleted and the individual cannot return to the post as it will not exist.

The authority will apply the provisions of the Statutory Redundancy Payments Modification Order regarding the recovery of redundancy payments if this is relevant and appropriate. Pensions Regulations also have provisions to reduce pension payments in certain circumstances to those who return to work within the local government service.

16. Transparency

The authority meets its requirements under the Localism Act, the Code of Practice on Data Transparency and the Accounts and Audit Regulations in order to ensure that it is open and transparent regarding senior officer remuneration.

17. Policy Amendment

The Council may seek to change elements within the pay policy as part of any necessary efficiency review or as other circumstances dictate.

This policy statement will be reviewed each year and will be presented to full Council each year for consideration in order to ensure that a policy is in place for the authority prior to the start of each financial year.

18. Pay Policy References

- Agency workers directive 2011
- Hutton Fair Pay in the Public Sector Final Report (March 2011)
- Joint Negotiating Committee for Local Authority Chief Executives
- Joint Negotiating Committee for Chief Officers of Local Authorities
- Local Government (Early Termination of Employment)(Discretionary Compensation) (England and Wales) Regulations 2006
- Local Government Pension Scheme (Benefits, Membership & Contributions) Regulations 2007
- Localism Act 2011
- National Joint Council for Local Government Services
- Representation of the People Act 1983
- Rotherham Borough Council Scheme of Delegation
- The Accounts and Audit (England) Regulations (2011)
- The Equality Act 2010
- The Secretary of State for CLG Code of Recommended Practice for Local Authorities on Data Transparency

Prepared by Strategic Human Resources – 18th December 2012

1.	Meeting:	Staffing Committee Meeting
2.	Date:	5 th February 2013
3.	Title:	Employee Relations Update
4.	Directorate:	Resources

Summary

This report is a summary of current issues.

This paper details responses and proposals in respect of employee relations issues resulting from: -

- National Pay Award
- Living Wage implications
- Council budget challenge
- Pension Scheme Changes & Auto enrolment

6. Recommendations

Staffing Committee is asked to approve the recommended approach on these matters.

7. Proposals and Details

a) National Pay Award

Members will be aware that Local Government employees have had no annual pay award for 3 years (Chief Officers have had no pay increase for 4 years).

In addition in Rotherham we have agreed with local Trade Unions a temporary freeze on Annual increments for the last 2 years (to be re-instated this year) and also had a further 1 year pay reduction equivalent to 3 days pay (1.15%) alongside a significant programme of job reductions to help meet the budget challenges posed by the central government Comprehensive Spending Review.

National Employers are indicating there will likely be an offer of up to 1% this year across the board to all employees. This is an additional cost but has already been factored in to our budget proposals.

b). Living Wage

Significant national coverage, especially via Trade Unions and other social organisations, is being given to encourage employers across the country to adopt a minimum rate of pay of £7.45 per hour calculated using a range of factors (housing rents, transport costs, etc) by the Living Wage Foundation a Charitable Trust.

The National Minimum Wage (NMW) rate of pay set by legislation from central government is currently £6.19 and reviewed each October.

The Council lowest rate is £6.29 per hour paid mainly to 1500 non-schools employees working mainly in catering and cleaning with a further 850 school meals supervisors and teaching assistants/admin jobs in schools.

The National Minimum Wage rate has closed on our Local Government rates of pay as a result of our pay freeze etc while inflationary annual increase to NMW have continued to be applied.

Notwithstanding the social aspects of applying the Living Wage rate of pay, the economic costs of Rotherham applying such a rate would be unaffordable at over £950K (Non-schools). Many other employers including those local Councils allegedly supporting this initiative have already outsourced the services/occupations where this rate would have the major impact. Locally Sheffield is proposing to apply this minimum rate as a supplement but only 250 employees would be affected as opposed to our 1500.

Any increase with no commensurate re-appraisal of the job content could also have serious implications for our job evaluated pay structure, job hierarchies and supervisory demarcations that would open the Council to Equal Pay challenge and industrial relations issues.

c). **Council Budget Challenge**

The current challenge of £20.2m incorporates a range of measures to help set a balanced budget.

The agreement to re-introduce increments from April instead of July has resulted in an additional cost of £300K.

In addition, Elected Members have agreed to set a further £300K target to help set a balanced budget. Consultations have commenced with Trade Union colleagues and a range of potential options tabled for their consideration:-

- Forego anticipated National Pay Award (1%)
- Re-introduce a 3 day pay reduction (1.15%)
- 90% sick pay from day 1 of absence
- Bi-annual increments
- Remove allowances (Time & Qtr) for working weekends
- Remove additional day off for working on Bank Holidays
- Reduce future Pay protection
- End Excess Travel Allowances

Clearly not all the above will be acceptable nor necessarily achievable through negotiation/ballot of the workforce, so the list will be shaped as consultations continue.

An alternative approach to force through all of the above would require a dismissal and re-engagement approach and is forecast to likely result in significant service disruption through industrial action.

d). **Pensions**

A number of changes are taking place in respect of pensions that will impact on both employees and the organisation: -

i) **New Scheme**

A Career average scheme is to start from April 2014 replacing the current Final Salary Pension Scheme.

Increases to personal contribution rates are proposed in the region of 3.5% and up to 5% more for the very highest paid.

Employees would see the accrual rate improve to 1/49th as opposed to 1/60th and part time employees would pay contributions on actual earnings rather than whole time equivalent salaries. A '50-50' scheme is also available that is hoped to reduce potential opt-outs from the scheme.

The future scheme also has additional cost implications for the Council in that all additional hours worked would be deemed pensionable and incur employer contribution costs of 12% on every pound earned. Based on current levels of overtime working, while halved over recent years (down from £2.3m in 2009 to £1.2m last year), this would still result in a potential additional cost of £140K to the Council from April 2014.

It is also being proposed that pensions for Elected Members would no longer be available through the Local Government Pension Scheme.

ii) Auto Enrolment

All organisations have now to provide a suitable pension scheme to its employees. Dates for enrolment in such schemes vary on employer size.

Local Government already offers membership of a pension scheme, to all employees, however not all choose to join. Employers of our size are requested to join non-members by April this year unless a deferment is sought. Cabinet has confirmed this approach and compulsory enrolment will not now take place as allowed under the rules until October 2017. Employees still retain the right to join themselves and so letters are currently being distributed to explain.

This action to defer automatic enrolment will potentially save the Council over £1.5m per annum and also avoid the need for lower paid employees to pay personal pension contributions of 5.5%, which in this climate would be a significant pressure for those lower paid employees not currently in the Scheme.

8. Finance

The cost to the Council of applying an across the board 1% pay increase to all employees would be £1.25m. The Council budget for 2013/14 is being set to take account of this increase.

Changes to terms and conditions are required to deliver at least £300K for the budget setting exercise and a further £300K to balance the additional cost associated with paying increments in 2013.

There may be additional legal costs if actions to introduce changes to terms and conditions are not voluntarily agreed, or if Equal Pay issues arise from Living Wage considerations.

Whilst the new Local Government Pension Scheme effective from 2014 is designed to be cost neutral the Council could be faced with additional wages costs from overtime working being deemed pensionable in future.

9. Risks and Uncertainties

- a) A failure to achieve the required savings would result in a pressure to the Council budget and require alternative solutions that would impact on service delivery.
- b) The need to retain experienced and motivated employees impacts directly on service delivery, and on employee and customer perceptions/reputations.
- c) Changes to the summarised items in this report will have an associated public impact as approximately 4 out of every 5 Council employees live in as well as work in the Borough. The impact of job losses or pay reductions could have implications for consumer spending in the town.

- d) Effective employee engagement will be vital to maintain service delivery standards during this period of uncertainty. The Council has a range of interventions and mechanisms such as team meetings and Focus Groups. Further direct communications will be required to ensure all employees understand the rationale behind these changes and these being taken to safeguard jobs as far as possible.
- e) There is a risk that the Council may be faced with future legal proceedings or employee relations difficulties. This could include strike action or lack of flexibility amongst the workforce.
- f) If pay reduction measures are not applied to all staff groups there may be perceived inequity or disproportionate impact on different staff groups.
- g) Potential equal pay challenges could be alleged if the Living Wage is applied or employment costs would become unsustainable if all other salaries have to be increased accordingly.
- h) Employee dissatisfaction because of negative impact on pension entitlements caused by reduction in pay.
- i) Increases in overtime payments to make up for productivity losses during normal working time if hours are cut or employees are taking additional unpaid leave.
- j) Reduced performance from employees who attend work whilst ill to avoid the potential of applying 90% sick pay.

10. Policy and Performance Agenda Implications

- a) Community Strategy & Corporate Plan – ‘Proud, Achieving and Fairness’

The work of the Council in this area is to clearly demonstrate we are treating all our employees fairly and sensitively.
- b) Workforce Development Strategy – ‘Ensuring RMBC has a sustainable pay and reward structure’.
- c) A failure to retain employees and working through serious economic downturn could lead to skills shortages, high turnover and high recruitment costs while de-motivating those employees who remain.

11. Background Papers and Consultation

Consultations have begun with employees and Trade Unions.

Formal consultation meetings with recognised Trade Union representatives have taken place since before Christmas on the need to identify potential options for change as a result of budget pressures.

Members are being updated through this meeting and at regular Joint Consultative Committee meetings.

Meetings/discussions are taking place with Trade Unions in specific service areas to seek to minimise any impact before any notices of redundancy are issued.