

Summary Sheet

Staffing Committee Report

Title

Pay Policy Statement 2016

Is this a Key Decision and has it been included on the Forward Plan?

No

Officer Approving Submission of the Report

Human Resource Manager – Simon Cooper

Ward(s) Affected

None

Executive Summary

This report provides detail of the Pay Policy Statement for 2016-17 that the Council is obliged publish under Chapter 8 of the Localism Act 2011

Recommendations

Staffing Committee is asked to accept the Pay Policy Statement for 2016-17 (Appendix 1) and recommend approval by full Council.

List of Appendices Included

Appendix 1 Pay Policy Statement 2016-17

Background Papers

Local Government Association

CIPFA Best Value Accounting Code of Practice

Freedom of Information

Localism Act 2011

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

Previous Staffing Committee Reports

Local Government Transparency Code 2015

Consideration by any other Council Committee, Scrutiny or Advisory Panel

The annual Pay Policy Statement has to be approved by full Council on recommendation of Staffing Committee.

Council Approval Required

Yes

Exempt from the Press and Public

No

Pay Policy Statement 2016

1. Recommendations

- 1.1 Staffing Committee is asked to accept the Pay Policy Statement for 2016-17 (Appendix 1) and recommend approval by full Council

2. Background

2.1 Pay Policy Statement

2.1.1 The Localism Act 2011, Chapter 8 Pay Accountability, made it a legal requirement for authorities to produce and publish a Pay Policy Statement by the 31st March each year. This must be agreed by full Council and detail the remuneration of its Chief Officers.

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

2.1.3 The statement must state:

- Policies relating to remuneration of Chief Officers (definition includes Directors)
- Remuneration of its lowest paid employees
- Relationship between remuneration of Chief Officers and employees who are not Chief Officers
- The remuneration of its Chief Officers
- 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 and 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

2.1.4 In addition full Council should be offered the opportunity to approve salary packages offered for new appointments and exit packages for leavers where the value of either is £100,000 or more.

2.1.5 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 the Pay Policy Statement.

2.1.6 In line with usual practice, Staffing Committee is asked to review the Pay Policy Statement for 2016/17 (Appendix 1) and make recommendation to full Council.

3. Key Issues

3.1 It is a legal requirement for the Council to publish a Pay Policy Statement each year which has been agreed by full Council.

4. Options considered and recommended proposal

4.1 The format and content of the Pay Policy is in line with previous practice and in accordance with guidance previously issued by the regional Local Government Employers Association. It is therefore felt to reflect good practice and it has not been considered appropriate to deviate from this.

5. Consultation

5.1 Consultation has taken place with the Assistant Director of legal Services.

6. Timetable and Accountability for Implementing this Decision

6.1 Approval of decisions will be taken to the meeting of full Council scheduled to take place on the 2nd March 2016

7. Financial and Procurement Implications

7.1 None

8. Legal Implications

8.1 It is a legal requirement that the Council publishes a Pay Policy Statement.

9. Human Resources Implications

9.1 An appropriately rewarded workforce motivates employees and meets standards of fairness and equality required by employment legislation.

10. Implications for Children and Young People

10.1 Employees working in Children's and Young People's Services will be covered by the Pay Policy Statement.

11. Equalities and Human Rights Implications

11.1 Fair pay structures are a requirement of employment and equalities legislation.

12. Implications for Partners and Other Directorates

12.1 The Pay Policy Statement applies to employees across the Council.

13. Risks and Mitigation

13.1 The pay policy needs to conform to requirements stipulated by Central

Government. In developing the pay policy, account has been taken of advice and guidance issued by the National Local Government Employers and Regional Employers Organisation.

14 Accountable Officer(s)

14.1 Chief Executive Sharon Kemp.

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Approvals Obtained from:-

Chief Executive – Sharon Kemp

Assistant Director of Legal Services:- Catherine Parkinson

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PAY POLICY STATEMENT 2016-17

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 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. Academy schools are an entirely separate employer covered by the Academies Act 2010 and are responsible for setting salaries for their employees.

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.

This also applies to shared management arrangements with partner organisations, where the job continues to be filled by an employee of the Council.

The Chief Executive's salary is £160,000 and Chief Officer remuneration is within the salary range £82,720 to £145,000 per annum.

With effect from the 1st October 2014 the Council introduced a local Living Wage rate by means of a pay supplement applied to Council employees whose hourly rate of pay falls below £7.85 to bring them up to this rate. This rate will be reviewed in line with the nationally negotiated NJC pay award.

2. Pay Relationship

The lowest pay rate in the authority (excluding apprentice rates) equates to a full time equivalent annual salary of £15,202 and can be expressed as an hourly rate of pay of £7.85. This pay rate 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 10.5 to 1. Against the median salary of £19,742 this multiple reduces to 8 to 1 and against the average salary of £22,801 to 7 to 1.

The Hutton review considered the multiple should be no greater than 20 to 1 (lower is better) and based on the current situation 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 following recommendation by 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 Head 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 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, mobile phones, home electronics 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 and in accordance with the terms of the Council Subsistence policy. 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 £0.40 per mile.

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.

Full Council will also be given the opportunity to vote on any severance package with a cost in excess of £100k. The components of any such package will be clearly set

out and will include pay in lieu of notice, redundancy payment, pension release costs, settlement payments, holiday pay and any fees or allowances paid.

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 award additional pension to members of the pension scheme (regulation 31).

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.

The authority will apply the provisions of the Recovery of Public Sector exit payments when legislation under the Small Business Enterprise and Employment bill comes into force.

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
- 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
- Local Government Transparency Code 2015
- HM Treasury Recovery of Public Sector exit payments

Rotherham Metropolitan Borough Council January 2016