

ROTHERHAM BOROUGH COUNCIL – REPORT TO STAFFING COMMITTEE

1. Meeting:	Staffing Committee Meeting
2. Date:	March 2015
3. Title:	Pay Policy Considerations
4. Directorate:	Resources

5. Summary

This report provides detail of the Pay Policy Statement for 2015-16 that the Council is obliged to publish under Chapter 8 of the Localism Act 2011, of the recruitment to Chief Executive and Strategic Director posts, including potential market supplements and increase to the local living wage rate.

6. Recommendations

Staffing Committee is asked to recommend to Council:-

(i) The Pay Policy Statement.

and to affirm (subject to approval by Council of the Pay Policy Statement):-

(ii) The current salary level of Chief Executive.

(iii) The current salary level of Strategic Directors.

and to approve: -

(iv) The appropriate use of market supplements in recruitment of senior management posts.

Staffing Committee is also asked to confirm:-

(v) The preferred approach to the increase to the Council's local living wage rate effective from 1st April 2015

7. Proposals and Details

7.1 Pay Policy Statement

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.

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 (definition includes Directors)
- 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 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

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.

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.

In line with usual practice, Staffing Committee is therefore asked to review the Pay Policy Statement for 2015/16 (appendix 1) and make recommendation to full Council.

7.2 Chief Executive Salary Level

In accordance with the Pay Policy Statement, and the situation where the Council is likely to undertake a recruitment process for a permanent position, Staffing Committee is asked to confirm their support for a continuation of the proposed salary for the new Chief Executive should remain at the current approved level of £160,000

per annum and that it continues to be inclusive of remuneration for undertaking the duties of Electoral Registration Officer.

Given the on-going challenges faced by the Council, recent benchmarking (appendix 2), advice by the external consultants assisting the Council in the current process and in the light of comments by members of the previous Improvement Board, it is possible that some salary flexibility may need to be retained in order to attract an appropriately experienced and capable Chief Executive. In this respect consideration may have to be given to the payment of an additional market supplement to reflect the unique circumstances applying in Rotherham. A later section of this report provides further general commentary on the principle of market supplements. Staffing Committee is asked to support this flexibility being applied if necessary and on recommendation by the Appointment Panel.

7.3 Strategic Director Salary Level

Following the departure of a number of senior managers a number of interim arrangements have been put in place in order that the Council continues to meet its mandatory statutory obligations.

It is planned that during 2015-16 the Council will undertake recruitment activity to fill those interim Chief Officer positions on a permanent basis. Although structures have yet to be finalised, the scope and value of the posts are unlikely to change significantly and therefore Staffing Committee is asked to recommend that the remuneration for this management level continues at its current 'fixed spot' salary level of £113,384 per annum.

Should it be identified that in the future Strategic Directors have differing levels of responsibilities a further report detailing recommended any changed salary levels would be submitted for consideration. As in the case of the prospective Chief Executive appointment above, consideration may again have to be given to a market supplement to attract appropriate candidates.

7.4 Market Supplements

Due to the recent negative publicity surrounding the Council, it may be necessary to consider awarding additional financial incentives to attract suitable applicants to senior managerial positions in Rotherham.

Teacher terms and conditions of employment, which are set by Government, include facility to pay additional payments to Teachers provided that they do not exceed 25% of the annual salary and other payments paid to the Teacher.

Should it be identified that a market supplement is necessary to recruit to a specific Chief Officer post, it is proposed that this principle of a maximum of an additional payment of up to 25% of the annual salary and other payments could be applied to the wider non-school Chief Officer cohort as a maximum market supplement if necessary.

Staffing Committee is therefore asked to comment on this and to indicate if market supplements of up to 25% of annual salary could be applied where necessary and authorise the Commissioner / Managing Director / Chief Executive in conjunction with

the Monitoring Officer and Director of Human Resources to determine the final level within these overall parameters.

Should this level of market supplement for recruitment and retention of posts prove insufficient a further report would be submitted to Staffing Committee for consideration.

7.5 Local Living Wage increase

The collective agreement reached with Trade Unions, to implement a local living wage from 1st October 2014 and in an attempt to maintain the new differentials in the pay structure, included the condition that the rate would be reviewed each year in line with any percentage pay award increase agreed by the National Joint Council (NJC) for Local Government Services.

The recent 2.2% NJC pay award effective from the 1st January 2015 (structure at appendix 3) covers a longer period than normal, up to 31st March 2016. This percentage uplift when applied to the current rate of £7.65 would increase to £7.82 from 1st April 2015 and cost £160k (inclusive of on cost) to implement for a full year. This increase is included in the budget assumptions for 2015/16.

This new rate would only be 3p less than the new national living wage rate of £7.85 announced by the Living Wage Foundation in November 2014. To uplift our local rate by way of increased supplement up to the national rate for 2015-16 would cost an additional £28k (inclusive of on costs).

In addition, if the rate is increased to the new national living wage rate, in order to maintain differentials for supervisory posts, it is proposed to increase the hourly rate for these supervisory employees (105) from £7.88 to £7.96. This would incur a further £10k cost (inclusive of on costs).

Staffing Committee are asked to advise on whether they wish Officers to consult with recognised trade union representatives on the proposal to increase the local living wage rate in line with the NJC pay award and adhere strictly to the terms of the collective agreement. Alternatively whether they wish to increase to the higher national living wage rate of £7.85 per hour and implement the associated change for supervisory posts for 2015-16.

8. Finance

The salaries proposed for the Chief Executive and Strategic Directors do not deviate from those currently approved. Additional costs for such senior management posts would be incurred if market supplements are deemed to be necessary to recruit suitable applicants.

The cost of increasing the local living wage to the national rate is £38k (£28k plus £10k) over and above the amount expected from the pay award and included in budget forecasts for 2015/16.

9. Risks and Uncertainties

The Council must comply with the Pay Policy Statement resolved by full Council during the relevant financial year described.

There is a risk that organisational circumstances may unexpectedly change over the year and the Pay Policy Statement then restricts options to change Chief Officer remuneration. This could be remedied by bringing forward a further report to members to amend the Pay Policy Statement.

10. Policy and Performance Agenda Implications

The way we do business: Right people, right skills, right place, right time, reducing bureaucracy and getting better value for money.

11. Background Papers and Consultation

Coalition Agreement

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

Previous Staffing Committee Reports

Local Government Transparency Code 2014

Local Government Chief Officer's remuneration (House of Commons report)
September 2014

School Teachers' Pay and Conditions document 2014

Contact Name: Phil Howe
Director of Human Resources
Ext. 23716

PAY POLICY STATEMENT 2015-16

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.

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 £7.65 to bring them up to this rate. This rate will be reviewed in line with any nationally agreed increase applied by the nationally negotiated pay award amount on 1st April or as determined by Staffing Committee.

2. Pay Relationship

The lowest pay rate in the authority (excluding apprentice rates) equates to a full time equivalent annual salary of £14,759 and can be expressed as an hourly rate of pay of £7.65. 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 11 to 1. Against the median salary of £19,317 this multiple reduces to 8 to 1 and against the average salary of £22,555 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.

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 at least a minimum of 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 except in cases where a mandatory role is carried out by an Officer below Strategic Director level. In these cases an additional payment equating to 2.5% of the Officer's annual basic salary is paid.

7. Bonuses

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

8. Performance Related Pay

The authority does not operate performance related pay.

9. Earn back

The authority does not operate earn-back pay.

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 normally 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.

Interim arrangements have been put in place by the Council for the delegation of the Electoral Services Officer and the Returning Officer to the Director of Legal Services until the recruitment of a new Chief Executive takes place.

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 and published 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 & Chief Officers

- 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
- Local Government Transparency Code 2014
- HM Treasury Recovery of Public Sector exit payments consultation response

Rotherham Metropolitan Borough Council January 2015

Appendix 2

Chief Executive & Chief Officer Salary Benchmarking January 2015

Council	Job Tier	Min Salary	Max Salary
Barnsley	Chief Executive	£148,000	£148,000
	Strategic Director	£110,000	£110,000
Doncaster	Chief Executive	£147,500	£162,000
	Strategic Director	£112,695	£120,379
Rotherham	Chief Executive	£160,000	£160,000
	Strategic Director	£113,384	£113,384
Sheffield	Chief Executive	£184,588	£184,588
	Strategic Director	£123,066	£123,066
Epaycheck average*	Chief Executive	£156,184	£162,933
	Strategic Director	£107,585	£113,066

*epaycheck National Local Government benchmarking service 22nd January 2015

- Local Government Chief Officer's remuneration (House of Commons report September 2014) states average Chief Executive salary for Unitary Council is £157,000

- Bolton Metropolitan Borough Council – currently recruiting at salary £160,000 (Jan 2015)

NJC Single Status Pay Rates January 2015

Band	Scale Point	Salary	£/hour
A_{LW}	8	£13,871	£7.1897
	9	£14,075	£7.2954
B_{LW}	10	£14,338	£7.4318
	11	£15,207	£7.8822
C	12	£15,523	£8.0460
	13	£15,941	£8.2626
D	14	£16,231	£8.4130
	15	£16,572	£8.5897
	16	£16,969	£8.7955
	17	£17,372	£9.0044

Scale points 8 to 10 attract local living age supplement taking hourly rate to £7.65 per hour from 1st October 2014