

COUNCIL

24 MARCH 2015

REPORT OF CORPORATE DIRECTOR (CORPORATE SERVICES)

A.3 PAY POLICY STATEMENT 2015/16

(Report prepared by Anastasia Simpson)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To present a Pay Policy Statement for 2015/16.

EXECUTIVE SUMMARY

Section 38(1) of the Localism Act 2011 requires local authorities to produce a pay policy statement. The matters that must be included in the statutory Pay Policy Statement are as follows:

- A local authority's policy on the level and elements of remuneration for each Chief Officer.
- A local authority's policy on the remuneration of its lowest-paid employees (together with its definition of "lowest- paid employees" and its reasons for adopting that definition).
- A local authority's policy on the relationship between the remuneration of its Chief Officers and other Officers.
- A local authority's policy on other aspects of Chief Officers' remuneration: remuneration on recruitment increases and additions to remuneration, use of performance related pay and bonuses, termination payments and transparency.

The Pay Policy Statement 2015/16 has been designed to give an overview of the Council's framework regarding pay and rewards for staff within the Council. This framework is based on the principle of fairness and that rewards should be proportional to the weight of each role and each individual's performance. The framework aims to ensure the ability of the Council to recruit talented individuals whilst reassuring the citizens of Tendring that their money is being used efficiently.

RECOMMENDATION(S)

IT IS RECOMMENDED TO FULL COUNCIL

- (a) That the Pay Policy Statement 2015/16 set out at Appendix A be adopted.**
- (b) That costs will be met from existing salary/vacancy provision within budgets.**
- (c) The Human Resources Committee resolved that the Chief Executive's gesture be acknowledged and he be thanked but that the Human**

Resources Committee recommends to Council that the full cost of the introduction of the Living Wage be funded from the General Fund budget.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The Council's annual consideration and formal approval of a Pay Policy Statement is part of the Council's governance arrangements and provides transparency for the citizens of Tendring.

FINANCE, OTHER RESOURCES AND RISK

The changes to the Pay Policy Statement 2015/16 include a cost of £25,955 to introduce the Living Wage as a non-consolidated lump sum payment to staff paid below the Living Wage (Spinal column point 10 and below).

LEGAL

The Council is required to consider and approve an annual Pay Policy Statement in accordance with the provisions of the Localism Act 2011 (Section 38).

OTHER IMPLICATIONS

**Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.
Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.**

The introduction of the Living Wage shows that the Council is demonstrating its role as a community leader and the Pay Policy is designed to ensure that there is a fair and transparent process for pay and rewards.

PART 3 – SUPPORTING INFORMATION

BACKGROUND

Over the past two years the Council has been moving incrementally towards the Living Wage. In 2013/14 the Council removed Spinal Column Points 4-6, three spinal column points on the pay band and in 2014/15 the Council removed a further one spinal column point, point 7, making the starting salary, spinal column point 8 (£12,915 per annum, £7.19 per hour).

On 7 July 2014 the Human Resources Committee noted the progress made by the Council in moving towards the Living Wage during 2013/14 and 2014/15 and resolved that the Council would continue to aspire to paying The Living Wage.

The Pay Policy Statement 2015/16 is recommending that the Living Wage is introduced to support staff employed on the lower pay bands. This will ensure that all staff receive a minimum payment of £7.85 per hour (which equates to £15,145 per annum). The Council is aware that there may be some staff that query pay differentials, however it is being recommended that the Living Wage is paid as a

non- consolidated lump sum payment so that there is no impact on the Council's pay line or job evaluation.

The cost of introducing the Living Wage is £25,955. The Chief Executive made a decision not to take his personal inflationary pay award in January 2015 and to contribute that towards the cost of the Council introducing the Living Wage. This would have reduced the cost of the introduction of the Living Wage to £23,289. However, the Human Resources Committee, on 26 February 2015, resolved to acknowledge this and to thank the Chief Executive, but the Committee decided to recommend to Council that the full cost of the introduction of the Living Wage be funded from the General Fund Budget.

Employees that will benefit from the implementation of the Living Wage include cleaners, theatre staff and leisure attendants.

UNISON has been consulted and is supportive of the Council introducing the Living Wage.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

APPENDIX A - PAY POLICY STATEMENT 2015/16
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Tendring District Council
Pay Policy Statement 2015/16

Introduction

Tendring District Council recognises in the context of managing public resources, remuneration at all levels needs to be adequate to secure and retain high quality employees dedicated to the service of the public; but at the same time needs to avoid being unnecessarily generous or otherwise excessive.

Section 38(1) of the Localism Act 2011 requires local authorities to produce a pay policy statement for each financial year .The matters that must be included in the statutory Pay Policy Statement are as follows:

- A local authority's policy on the level and elements of remuneration for each Chief Officer (for Tendring District Council this includes the Chief Executive, Corporate Directors/Head of Department, Monitoring Officer and the Section 151 Officer)
- A local authority's policy on the remuneration of its lowest-paid employees (together with its definition of "lowest- paid employees" and its reasons for adopting that definition).
- A local authority's policy on the relationship between the remuneration of its Chief Officers and other Officers.
- A local authority's policy on other aspects of Chief Officers' remuneration: remuneration on recruitment increases and additions to remuneration, use of performance related pay and bonuses, termination payments and transparency.

Purpose of the Statement

The Pay Policy Statement 2015/16 has been designed to give an overview of the Council's framework regarding pay and rewards for staff within the Council. The framework is based on the principle of fairness and that rewards should be proportional to the weight of each role and each individual's performance. The framework aims to ensure the ability of the Council to recruit talented individuals whilst reassuring the citizens of Tendring that their money is being used efficiently.

Tendring District Council needs to have high calibre leaders within the organisation to deliver high quality public services, especially in difficult fiscal conditions. At the same time taxpayers are right to demand value for money from public resources and an assurance that their money is not being wasted on excessive senior salaries. The primary aim of the Pay Policy is to set a framework to attract, retain and motivate staff so that the organisation can perform at its best. Research shows that individuals are attracted, retained and engaged by a range of both financial and non-financial rewards so a coherent link between reward and the overall approach to people management leads to the best possible outcome.

Managing Remuneration

Tendring District Council has a fair, equitable and transparent approach to remuneration, following equal pay legislation. This includes incremental progression based on length of service and more proactively on:

- Achieving annual performance levels
- Development progression against defined frameworks (Career Progression for many posts, following Fundamental Service Reviews)

The Council also benchmarks and reviews salary profiles within the job market and has access to the EPayCheck system provided by the East of England Employer's Organisation.

The Council has adopted the National Pay Grades as set by the National Joint Council (NJC) and is subject to the national negotiations regarding pay and conditions of service (commonly known as the 'Green Book'). The Council currently has a Pay Spine that commences on SCP (Spinal Column Point) 8 , which is the pay for the "lowest paid employee" and ends at SCP 75. Within the pay structure there are 18 Pay Bands

It should be noted that the Council has deleted a number of Spinal Column Points to support workers at the lower end of the pay line. In 2013/14 the Council removed points 4-6, three spinal column points and in 2014/15 a further one spinal column point was removed.

The Council proposes that from 1 April 2015 staff employed within Tendring District Council should be paid a minimum of SCP 8 and a non- consolidated payment to ensure that all employees within Tendring District Council are paid an amount equivalent to the Living Wage. This approach will ensure that employees will receive the Living Wage , without any impact on the Council's pay line or job evaluation. Apprentices will not be included as they have a contract for learning and training with the Council, rather than an employment contract.

The Living Wage is currently £7.85 per hour.

The Council's 2014/15 Statement of Accounts includes details of all Chief Officers pay. There has been no further restructuring at the senior level within the organisation, currently the Chief Executive is supported by three Corporate Directors and a Head of Service.

The values of the SCPs are updated by the national pay awards and the Council is notified of any changes by the National Joint Council for Local Government. Employees who are new to the Council and Local Government are usually appointed at the first point of the salary banding, apart from in exceptional circumstances.

National Single Status and the NJC Job Evaluation Scheme have been adopted by the Council with locally agreed conventions, which at the time of adoption were negotiated and agreed with local union officials. *During 2015 training will be provided*

by the Regional Employers (EELGA) to ensure that there is a sufficient number of managers and union officials within the organisation who have the skills to implement and apply job evaluation within the Council. This job evaluation scheme is recognised by employers and trade union nationally and the scheme allows for robust measurement against set criteria resulting in fair and objective evaluations. The Council plans to re-assess and benchmark its structure and salaries during 2015, as the current senior structure has now been in place for three years, which may initiate a further need for job evaluation and grading reviews.

Chief Officers are not subject to the NJC Job Evaluation Scheme. Chief Officers within the organisation have their pay set following benchmarking and pay rates which are set to attract and retain key employees. The agreement of pay is subject to Equal Pay legislation.

The highest paid employee is the Chief Executive who is on a salary scale of £112,000 to £121,200 per annum.

Car mileage payments for all employees is paid at the Inland Revenue Rate. This is currently 45p per mile. Use of the Inland Revenue rate enables the Council to have a fair and consistent rate of reimbursement for business mileage across the Council.

There are local rates in force for individuals who use their motorcycles or bicycles on official business and to encourage Officers to car share on business journeys the Council has also adopted the additional 5p per passenger per mile, in accordance with Inland Revenue guidance.

During 2014/15 a review was undertaken of all other allowances payable within the Council including the following:

- Committee Attendance
- Overtime Payments
- Standby Payments
- Callout Payments
- Telephone Line Rental
- First Aider Payments

It was determined that the majority of allowances would remain for 2015/16 , however some historical inconsistencies for Standby and Callout were identified and a new Standby and Callout Policy will be introduced in 2015/16 to ensure that payments are fair across the Council.

The Council does not currently operate any performance related pay or bonus schemes.

The Council has a Subsistence Policy (adopted by HR Committee on 19th September 2012). Any payment is made on production of actual receipts and payments adhere to the rates provided by the East of England, Local Government Association.

The Chief Executive also receives a (Deputy/Local/Acting) Returning Officer fee in respect of Parliamentary, European Parliamentary, Referendums, County, Police and Crime Commissioner and District and Parish Council Elections. The fee for undertaking this role within the Tendring District is calculated in respect of District and Parish Council Elections by reference to the Scale of Fees and Expenses payable to the Returning Officer at elections of District and Parish Councillors, which has been approved under powers delegated to the Chief Executive in consultation with the Chairman of the Regulatory Committee. In respect of acting as Deputy Returning Officer at elections of County Councillors, reference is made to the Scale of Fees and Expenses payable at Elections of County Councillors supplied by Essex County Council. Fees for conducting Parliamentary, European Parliamentary Elections, Police and Crime Commissioner Elections and National Referendum are determined by way of a Statutory Instrument. The Returning Officer received a total payment of £9,345.40 in 2014/15 in respect of duties performed relating to the European elections, a UK Parliamentary by-election, a County Council by-election and a District Council by-election.

The Council is an admitted body of the Local Government Pension Scheme and the Pension Scheme for the Council is administered by Essex County Council.

Transparency within Tendring District Council

Existing legislation already requires the Council to publish statements regarding remuneration and each year in the Council's Statement of Accounts includes a detailed analysis of the pay, benefits and pension entitlements for all Chief Officers within the Council. The Council will continue to publish this information on an annual basis and it is readily available to view on the Council's website www.tendringdc.gov.uk. This information also includes a structure of the Council's Senior Officers.

In 2015/16 the remuneration for the lowest paid member of staff within the Council will be £13,871 per annum (with an additional supplement bringing pay to the Living Wage) which will bring the lowest wage to £15,145 per annum and the most senior officer within the Council will be paid £121,200 per annum. This is a multiple of 8, which is lower than half of the pay multiple detailed as the cap for Local Government pay as detailed in the Hutton Review of Fair Pay in the Public Sector. It should be noted that this multiple has reduced by a further 2 points in comparison to the Pay Statement 2014/15. The Council aims to keep this multiple under review to ensure that it is kept at an appropriate level. The median average pay for Chief Officers is £76,183 (this is based on full time equivalent annual salary, excluding election fees). The median pay for other staff other than Chief Officers is £22,937 per annum.

The Council publishes on the Tendring District Council website a monthly report of salaries paid, by pay band and the number of staff within each pay band - www.tendringdc.gov.uk.

Severance Payments

The Council has adopted policies regarding severance payments. Full details can be found in the following;

- Organisational Change and Redundancy Policy
- Flexible Retirement Policy

In the case of the Organisational Change and Redundancy Policy the authority has to ensure that the policy is workable, affordable and reasonable having regard to foreseeable costs.

The terms of severance all policies and payments are the same for the “lowest paid employee” and the Chief Officers of the Council.

Tendring District Council needs to ensure sufficient flexibility to allow for responding to unforeseen circumstances and there may be occasions when the Council has to take a pragmatic approach to severance. Any enhanced severance agreements will not be entered into without the advice of the External Auditor.

Other Rewards

The Council has both financial and non-financial rewards for staff; these are to reflect the different expectations and priorities of staff.

These other rewards include the following:

- Access to the Local Government Pension Scheme for all staff
- Training Support
- Being tax efficient and at nil cost to the Council– Salary Sacrifice Schemes, including Childcare Vouchers, Car Purchase Scheme and a Cycle to Work Scheme
- Health Schemes – the Council has been able to offer a number of Weight Management courses, Quit smoking clubs and Health Checks for employees in partnership with ACE and at nil cost to the Council.
- Occupational health and independent counselling
- Additional career development opportunities – secondments, special projects, flexible working and recognition through awards such as the Celebration of Success
- Free car parking
- Flexi time scheme
- Providing discounts at local shops and cafes for employees
- Additional days annual leave granted after 5 years of continuous service with Tendring District Council

There are no rewards that only benefit Chief Officers within the Council.

Review of the Pay Policy Statement

The Localism Act stipulates that the Council’s Pay Policy Statement should be kept under regular review on an annual basis. This includes a publication of the salaries

of the most senior employees within the organisation compared to the lowest paid employees. This includes using pay multiples.

The Policy is approved by the Human Resources Committee and presented to Full Council.

The Human Resources Committee will take responsibility for the role of the Council's Remuneration Panel. In fulfilling this role the Committee will ensure that decisions will be based on the following:

- Support the achievement of the Council's aims
- Take account of wider public sector pay policy and good practice
- Are proportionate, fair and equitable and support equal pay principles
- Take account of appropriate pay differentials
- Attract, retain and motivate Officers of the right quality and talent
- Take account of the resources required in transitioning to any revised arrangements

Other Policies

The Council has a number of policies that could have a financial benefit and should be read in conjunction with this Pay Policy Statement including the following:

- Disturbance Allowances Policy
- Organisational Change and Redundancy Policy
- Market Forces Policy
- Flexible Retirement Policy
- Acting Up Policy
- Relocation Policy
- Long Service and Retirement Gifts Policy

All of the above policies apply equally to all employees of Tendring District Council.