

# COUNCIL

5 APRIL 2016

## REPORT OF CORPORATE DIRECTOR (CORPORATE SERVICES)

### A.2 PAY POLICY STATEMENT 2016/17

(Report prepared by Anastasia Simpson)

#### PART 1 – KEY INFORMATION

##### **PURPOSE OF THE REPORT**

To present a Pay Policy Statement for 2016/17.

##### **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 2016/17 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.

Since the Pay Policy Statement was adopted in 2015/16, the Government has introduced a new National Living Wage. With effect from 1<sup>st</sup> April 2016, employees over the age of 25, will receive £7.20 per hour. Employees under this age will continue to receive the national minimum wage of £6.70 per hour.

Although it is recognised that the National Living Wage should be benchmark for the lowest salaries within the authority, it is proposed that the Council continues to pay £7.85 per hour (which equates to £15,145 per annum). This is an additional 65p per hour, above the National Living Wage.

This payment will be paid as a non-consolidated lump sum payment so that there is

no impact on the Council's pay line or job evaluation. Employees that will benefit from this additional payment include Cleaners, Theatre Staff and Leisure Attendants.

#### **RECOMMENDATION(S)**

##### **IT IS RECOMMENDED TO FULL COUNCIL**

- (a) That the Pay Policy Statement 2016/17 set out at Appendix A be adopted.**
- (b) That costs of applying the enhanced salary payments will be met from existing salary/vacancy provision within budgets.**

## **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 Pay Policy 2016/17 proposes to continue paying the Council's lowest earners a non- consolidated lump sum payment to ensure that employees receive a minimum wage of £7.85 per hour. The Council will use vacancy savings to meet the cost of this additional payment to staff.

#### **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.**

Paying employees above the National 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**

The Pay Policy Statement 2016/17 is recommending that the rate of £7.85 continues to be paid to support staff employed on the lower pay bands. This equates to £ 15,145 per annum for a full time employee.

The Council is aware that there may be some staff that query pay differentials, however it is being recommended that the additional payment 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 continuing to pay employees above the National Living Wage can be met

from vacancy savings across the Council.

Employees that benefit from the additional payment include cleaners, theatre staff and leisure attendants.

UNISON has been consulted in relation to the changes within the Pay Policy Statement and supports the actions of the Council in relation to increased pay for staff on the lower pay bands. UNISON have also asked the Council whether it is possible to request that all Council contractors apply the enhanced rate of pay for their employees and that the Council considers using the AA rates of reimbursement for mileage, rather than Inland Revenue rates.

<b>BACKGROUND PAPERS FOR THE DECISION</b>
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None
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<b>APPENDICES</b>
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<b>APPENDIX A - PAY POLICY STATEMENT 2016/17</b>
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# Tendring District Council

# Pay Policy Statement 2016-17

April 2016



## **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 excessive.

Section 38(1) of the Localism Act 2011 requires local authorities to produce a pay policy statement for each financial year .*The Council will also publish details of its senior pay, salary and structural information as required by the Code of Recommended Practice for Local Authorities on Data Transparency.* 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 2016/17 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)

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 79. *Within the pay structure there are 19 Pay Bands*

*Over the past few years 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.*

From 1 April 2015 it was agreed that staff employed within Tendring District Council should be paid a minimum of SCP 8 and a non- consolidated payment to ensure that all employees are paid an amount equivalent to the Living Wage.

*Since the adoption of the Pay Policy in 2015/16 the government has introduced a National Living Wage of £7.20. This payment comes into effect from 1<sup>st</sup> April 2016 and applies to all employees over the age of 25. The Council, however, proposes to continue to pay all employees a minimum of £7.85 per hour during 2016/17, which is an additional 65p per hour above the National Living Wage.*

*This will be paid to employees as a non- consolidated lump sum payment. This approach ensures that all employees of Tendring District Council receive a higher wage, without any impact on the Council's pay line or job evaluation.*

Apprentices are not included as they have a contract for learning and training with the Council, rather than an employment contract.

*The Council's 2015/16 Statement of Accounts includes details of all Chief Officers pay. During 2015 there has been a further restructuring at the senior level within the organisation, the Chief Executive is now supported by two Corporate Directors and a Head of Service. Due to the additional corporate and departmental responsibilities of Corporate Directors the pay line has been extended.*

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 was 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 continue to re-assess and benchmark its structure and salaries during 2016, 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 £123,866 per annum.*

Car mileage payments for all employees is paid at the Inland Revenue Rate. This is currently 45p per mile (for the first 10,000 miles). 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.

Other allowances payable within the Council included the following:

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

*Following a review it was determined that the majority of allowances as detailed above would remain for 2016/17, however some historical inconsistencies for Standby and Callout were identified and a new Standby and Callout Policy will be introduced in 2016/17 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. 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 was last revised and approved in 2014, 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. Whilst the Returning Officer was entitled to a fee of £15,330.55 in respect of the District and Parish elections held in May 2015, he decided to distribute £6,270 of this amongst staff working on the elections and therefore received a reduced fee in connection with these polls.*

*The Returning Officer received a total payment of £14,222.75 in 2015/16 in respect of duties performed relating to the UK Parliamentary election and District and Parish elections in May 2015, a District Council by-election and 4 Parish by-elections.*

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](http://www.tendringdc.gov.uk). This information also includes a structure of the Council's Senior Officers.

*In 2016/17 the remuneration for the lowest paid member of staff within the Council will be £15,145 (based on £7.85 per hour) per annum and the most senior officer within the Council will be paid £123,866 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 £83,500 (this is*



*based on full time equivalent annual salary, excluding election fees). The median pay for other staff other than Chief Officers is £25,440 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](http://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 maybe 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 and will adhere to current legislation. The Enterprise Bill 2015 is likely to place a cap of £95k on exit payments, including pension strain costs with effect from Summer 2016.*

## **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 and STARS Event*

- 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.