

## **Pay Policy Statement**

### **Introduction and Purpose**

The purpose of this policy is to clarify the County Council's strategic stance on pay in order to provide direction for members and officers making detailed decisions on pay and to provide the citizens of Worcestershire with a clear statement of the principles underpinning decisions on the use of public funds.

Under section 112 of the Local Government Act 1972, the Council has the power to appoint officers on such reasonable terms and conditions, including remuneration, as the authority thinks fit. This Pay Policy Statement (the 'statement') sets out the Council's approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011. The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its employees (excluding those working in local authority schools) by identifying;

- the methods by which salaries of all employees are determined;
- the detail and level of remuneration of its most senior staff i.e. 'chief officers', as defined by the relevant legislation;
- the Panel responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and for recommending any amendments to the statement to the full Council.

Once approved by the full Council, the statement will come into immediate effect and will be published by no later than 1 April each year, subject to review on a minimum of an annual basis in accordance with the relevant legislation prevailing at that time.

### **Legislative Framework**

In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes, but is not an exhaustive list, the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations. With regard to the Equal Pay requirements contained within the Equality Act, the Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality-proofed job evaluation mechanisms which directly relate salaries to the requirements, demands and responsibilities of the role.

### **Pay Structure**

The purpose of pay is to encourage staff with the appropriate skills to seek to work for the County Council and then to reward them appropriately for the tasks they undertake in order to maintain their motivation and retain their services.

Based on the application of job evaluation processes, the Council uses the nationally negotiated pay spine as the basis for its local grading structure (known as the main salary scale). This determines the salaries of the majority of the workforce, together with the use of other nationally defined rates where relevant. In common with the majority of authorities, the Council is committed to the Local Government Employers national pay bargaining framework in respect of the national pay spine and any annual associated cost of living increases negotiated with the trade unions.

Any other pay rates are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by Council policy. In determining its grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.

New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate. From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources.

## Senior Management Remuneration

For the purposes of this statement, senior management means 'chief officers' as defined within S43 of the Localism Act. The posts falling within the statutory definition are set out below, with details of their basic salary as at 31<sup>st</sup> March 2015. Salaries quoted are based on the full time equivalent (FTE) of 37 hours per week. The Council since April 2011 has adopted a maximum of 35 hours per week for new appointments and corresponding salaries are shown in brackets. Currently 13 of the chief officers are employed on a 35 hour per week contract. Table 1 lists the 32 chief officer posts that make up 0.67% of the 4750<sup>1</sup> people employed by the County Council (excluding schools).

**Table 1: Chief Officer posts**

<b>Title</b>	<b>Grade</b>	<b>Pay range minimum</b>	<b>Pay range maximum</b>	<b>Incremental points</b>
Chief Executive (35 hours per week)	Chief Executive	(£151,000)	(£170,000)	4
Director of Children's Services; Director of Adult Services and Health (DASH); Director of Business, Environment & Community (BEC); Director of Commercial and Change (COaCH)	Director (4 posts)	£112,998 (£106,884)	£124,296 (£117,571)	6
Head of Community & Environment; Head of Adult Social Care; Head of Integrated Commissioning Unit (ICU); Strategic Commissioner - Education Services; Head of Children's Social Care; Head of Legal & Democratic Services; Head of Strategic Infrastructure & Economy; Strategic Commissioner – Early Help and Partnerships; Strategic Commissioner - Major Projects; Strategic Commissioner - Service Transformation; Chief Financial Officer	Head of Service 1 (11 posts)	£82,556 (£78,089)	£90,932 (£86,012)	6

<sup>1</sup> Refers to the staffing count as at 31 December 2014

Head of Human Resources & Organisational Development; Head of Finance & Resources (Children's Services); Head of Finance & Business Support (DASH)	Head of Service 2 (3 posts)	£77,540 (£73,345)	£85,906 (£81,258)	6
Head of Public Health & Senior Consultant	Public Health Band 9 (1 post)	£77,850	£98,453	6
Public Health Consultant	Public Health Band 9 (3 posts)	£77,850	£98,453	6
Director of Improvement and Efficiency West Midlands	Director of IEWM (1 post)	£77,417	£77,417	n/a
Commercial Manager (Commercial and Change)	PO7 (1 post)	£57,619 (£54,501)	£61,145 (£57,837)	4
Senior Brand Manager	PO6 (1 post)	£51,880 (£49,073)	£54,970 (£51,996)	4
Senior Finance Manager (Financial Planning & Reporting)	PO6 (1 post)	£51,880 (£49,073)	£54,970 (£51,996)	4
Senior Manager (Internal Audit & Assurance)	PO6 (1 post)	£51,880 (£49,073)	£54,970 (£51,996)	4
Finance Manager	PO4 (3 posts)	£41,823 (£39,560)	£45,104 (£42,663)	4
Business Administration & Systems Manager (BEC)	PO3 (1 post)	£36,571 (£34,592)	£39,267 (£37,142)	4

For information the main salary scale, covering the majority of the workforce, is shown in Table 2 in the Appendix. The number of posts in each grade is also shown in Chart 1 in the Appendix.

### Recruitment of Chief Officer Related Posts

The Council's policy and procedures with regard to recruitment of chief officer related posts i.e. Chief Executive, Directors and Heads of Service, is set out within the Constitution which can be accessed at [insert link to Constitution](#). When recruiting to all posts the Council will take full and proper account of its own policies and procedures. The determination of the remuneration to be offered to any newly appointed chief officer related position will be in accordance with the pay structure and relevant policies in place at the time of recruitment. Where the Council is unable to recruit to a post at the designated grade, it will consider the use of temporary market forces supplements in accordance with its relevant policies. At this time there are no market forces supplements paid to any chief officer related posts.

Where the Council remains unable to recruit to chief officer related posts under a contract of service, or there is a need for interim support to provide cover for a vacant substantive chief officer related post, the Council will, where necessary, consider engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. Currently the Council has engaged one interim chief officer related post under such arrangements who reports immediately to the Director of Children's Services.

## **Additions to Salary of Chief Officer Related Posts**

The Council does not normally apply any bonuses or performance related pay to its chief officer related posts. However progression through the incremental scale of the relevant grade is subject to satisfactory performance, which is assessed on an annual basis.

In addition to basic salary, the Council may pay other elements of 'additional pay' which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfillment of duties, which could include returning officer fees or responsibility allowances. This list is not exhaustive. The Council currently pays one additional responsibility allowance of 15% of salary to the Chief Financial Officer.

The Council is aware of the recommendations of the Hutton Review in relation to making an element of senior pay dependent upon performance i.e. as 'earn-back pay'. Such a system would see chief officer related posts required to meet pre-agreed performance objectives in order to 'earn back' an element of their basic pay that had been placed at risk. Only if objectives were met would executives receive their full basic pay, and only if objectives are clearly exceeded can any additional awards be made. The Council will keep this area under review and may consider opportunities to trial an earn-back system as part of any future pay review.

## **Payments on Termination**

The Council's approach to discretionary payments on termination of employment of chief officers, prior to reaching normal retirement age, is set out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and Regulations 12 and 13 of the Local Government Pension Scheme (LGPS) (Administration) Regulations 2008 (as amended) and Regulation 30 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007.

Any other payments falling outside the provisions or the relevant periods of contractual notice shall be subject to a formal decision made by the full Council or relevant elected members, committee or panel of elected members with delegated authority to approve such payments.

In 2011 the Council introduced a ceiling of £50,000 on redundancy payments for all employees.

## **Publication**

Upon approval by the full Council, this statement will be published on the Council's Website. In addition, the Council's Annual Statement of Accounts will include a note setting out the number of staff whose total remuneration is at least £50,000 and for chief officer posts it will show the amount of

- salary, fees or allowances paid to or receivable by the person in the current and previous year;
- employers contribution to the person's pension
- any bonuses so paid or receivable by the person in the current and previous year;
- any sums payable by way of expenses allowance that are chargeable to UK income tax;
- any compensation for loss of employment and any other payments connected with termination;
- any benefits received that do not fall within the above

## **Lowest Paid Employees**

The Council since April 2011 has adopted a maximum of 35 hours per week for new appointments. The lowest paid persons employed under a contract of employment with the Council are employed on 35 hour per week in accordance with the minimum spinal column point currently in use within the Council's grading structure. As at 1<sup>st</sup> April 2015 this is £13,120 per annum and is three points higher than the National pay spine minimum. Please note that this will be two points higher when

spinal column point (scp) 5 is removed from the national pay spine from October 2015. The Council employs Apprentices who are not included within the definition of 'lowest paid employees' as the terms and conditions are determined by the National Apprenticeship Service.

The relationship between the rate of pay for the lowest paid and chief officers is determined by the processes used for determining pay and grading structures as set out earlier in this policy statement.

The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton report was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The report concluded that "it would not be fair or wise for the Government to impose a single maximum pay multiple across the public sector". The Council accepts the view that the relationship to median earnings is a more relevant measure and the Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the authority's workforce.

The current pay levels within the Council define the multiple between the lowest paid (35 hours per week) employee and the Chief Executive (35 hour per week) as 1:11.51 and; between the lowest paid employee (35 hours per week) and average chief officer as 1:6.01. The multiple between the median (average) full time equivalent earnings and the Chief Executive (35 hours per week) is 1:7.14 and; between the median (average) full time equivalent earnings and average chief officer is 1:3.73

As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate.

### **Re-engagement and Re-employment of former Chief Officer Related Posts**

Other than in exceptional circumstances the Council would not normally re-employ or re-engage chief officers who were previously employed by the Council and who on ceasing to be employed, received severance or redundancy payment.

### **Accountability and Decision Making**

In accordance with the Constitution of the Council, the Appointments Etc Panel is responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to chief officer positions within the Council. Overall the Council aims to maintain a mid-market position on chief officer pay in comparison to similar authorities.

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#### **FOR OFFICE USE ONLY**

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## Appendix

**Table 2: Other main salary grades based on 37 hour full time equivalent (35 hour full time equivalent shown in brackets)**

Grade	Pay range minimum	Pay range maximum	National Pay spine Points
Scale 1	£13,871 (£13,120)	£14,075 (£13,313)	8 - 9
Scale 2	£14,338 (£13,562)	£15,941 (£15,078)	10 - 13
Scale 3	£16,231 (£15,352)	£17,372 (£16,432)	14 - 17
Scale 4	£17,714 (£16,755)	£19,742 (£18,674)	18 - 21
Scale 5	£20,253 (£19,157)	£22,212 (£21,010)	22 - 25
Scale 6	£22,937 (£21,696)	£24,472 (£23,148)	26 - 28
SO1	£25,440 (£24,063)	£27,123 (£25,655)	29 - 31
SO2	£27,924 (£26,413)	£29,558 (£27,958)	32 - 34
PO1	£29,558 (£27,958)	£31,846 (£30,123)	34 - 37
PO2	£32,778 (£31,004)	£35,662 (£33,732)	38 - 41
PO3	£36,571 (£34,592)	£39,267 (£37,142)	42 - 45
PO4	£41,823 (£39,560)	£45,104 (£42,663)	46 - 49
PO5	£46,505 (£43,989)	£49,448 (£46,772)	50 - 53
PO6	£51,880 (£49,073)	£54,970 (£51,996)	54 - 57
PO7	£57,619 (£54,501)	£61,145 (£57,837)	58 - 61

