

COUNCIL – 25TH FEBRUARY 2013

Report of the Personnel Committee

ITEM 7.5 PAY POLICY STATEMENT 2013/14

Purpose of Report

To consider a recommendation of the Personnel Committee that the Pay Policy Statement for 2013/14 be approved and adopted.

Recommendation

That the Pay Policy Statement for 2013/14 be approved and adopted, as set out in appendix A to the report considered by the Personnel Committee (Annex 1).

Reason

To ensure that the Council meets its obligations under Section 38 of the Localism Act 2011.

Policy Justification and Previous Decisions

Under Section 38 of the Localism Act 2011, local authorities in England and Wales are required to produce an annual Pay Policy Statement, which must be approved by full Council and published on the Council's website before the commencement of each financial year.

At its meeting on 29th January 2013, Personnel Committee considered a report of the Head of Strategic Support setting out the Council's Pay Policy Statement for the period 1st April 2013 to 31st March 2014. The Committee decided to recommend the Pay Policy Statement to Council as set out above. The report considered by the Committee is attached at Annex 1, together with an extract from the minutes outlining the Committee's decision at Annex 2.

Implementation Timetable including Future Decisions

If approved by Council, the Pay Policy Statement will be published on the Council's website either on or before 1st April 2013.

Report Implications

The following implications have been identified for this report:

Financial Implications

There are no financial implications arising from this decision.

Risk Management

There are no specific risks associated with this decision.

Background Papers: None.

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PERSONNEL COMMITTEE - 29 JANUARY 2013

Report of the Head of Strategic Support

Part A

ITEM PAY POLICY STATEMENT 2013/2014

Purpose of Report

To gain the Personnel Committee's approval for the Council's Pay Policy Statement covering the period 1st April 2013 to 31st March 2014.

Recommendation

That the Pay Policy Statement for 2013/14, attached at Appendix A, be recommended to full Council for formal approval and adoption.

Reason

To ensure that the Council meets its obligations under Section 38 of the Localism Act 2011.

Policy Justification and Previous Decisions

Under Section 38 of the Localism Act 2011, local authorities in England and Wales are required to produce an annual Pay Policy Statement, which must be approved by full Council and published on the Council's website before the commencement of each financial year.

Implementation Timetable including Future Decisions

The Pay Policy Statement will be submitted for consideration by full Council at their meeting on 25th February 2013. If approved, the statement will be published on the Council's website either on or before 1st April 2013.

Report Implications

The following implications have been identified for this report.

Financial Implications

There are no financial implications arising from this decision.

Risk Management

There are no specific risks associated with this decision.

Background Papers:

None

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Part B

Background

1. On 15th November 2011 the Localism Act received Royal Assent. Under Section 38 of the Act, local authorities in England and Wales are required to produce a Pay Policy Statement for each financial year, which must be approved by full Council.
2. The statement must set out the Council's policies in relation to:
 - i. The remuneration of its chief officers;
 - ii. The remuneration of its lowest-paid employees; and
 - iii. The relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers.
3. For the purposes of this statement, remuneration includes basic salary, bonuses and other allowances or entitlements related to employment.

Proposals

4. The proposed Pay Policy Statement attached sets out:
 - The Council's approach to job evaluation and grading of posts;
 - Additional payments that employees are eligible to receive, such as overtime, etc.
 - The Council's pay multiple (the ratio between the highest paid employee and the median average salary of the Council's workforce), which is 5.83;
 - The Council's approach to pay progression, honorariums, market supplements, salary protection and the re-engagement of employees;
 - That there is no distinction between chief officers and other employees in relation to pension benefits and severance payments.
5. The Pay Policy Statement for 2013/14 has been updated to provide a more comprehensive account of the Council's approach to the remuneration of its workforce. The additional sections which have been included in the Pay Policy Statement for 2013/14 are:
 - Remuneration on appointment;
 - Market supplements;
 - Pay progression for employees who are not Chief Officers;
 - Overtime payments;
 - Information relating to professional fees, standby, first aid, and emergency planning allowances;
 - Honoraria;
 - Salary protection;
 - Severance payment information relation to early retirement on the grounds of efficiency of service;

- Re-engagement of employees.
6. The Council is required to publish the Pay Policy Statement for 2013/14 on or before 1st April 2013.

Consultation

7. Due to the tight timescales for the production, approval and publication of the Pay Policy Statement for 2012/13 only the minimum amount of required information was included in order to fulfil the Council's obligations under the Act. The recognised Trade Unions were made aware of its production but were not formally consulted on its contents, again, due to the time constraints. However, an undertaking was given that the Pay Policy Statement for 2013/14 would be consulted on and it would also be presented at a meeting of JCC and Personnel Committee before going to full Council for final approval.
8. The statement was discussed at the TUKIT meeting on 27th November 2012 following which some amendments were made. The revised statement was agreed at JCC on 18th December 2012.

Appendices

Appendix A - Pay Policy Statement 2013/14

Pay Policy Statement 2013/2014

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Purpose

As a responsible employer Charnwood Borough Council is committed to delivering a fair, equitable and transparent policy covering pay and other employee benefits which improves flexibility in delivering services and provides value for money.

Within the framework of its terms and conditions of employment, the Council aims to develop and maintain appropriate pay systems and benefit packages to attract and retain motivated, flexible people who take responsibility, work as a team, improve performance and acquire new skills.

This Pay Policy Statement sets out the Council’s policies relating to the pay of its workforce for the period from 1st April 2013 to 31st March 2014, in particular the:

- Remuneration of chief officers;
- Remuneration of the lowest paid employees;
- Relationship between the remuneration of chief officers and employees who are not chief officers.

The statement meets the Council's obligations under the Localism Act 2011 and will enable the elected members of the Council to make decisions on pay policy. Any decisions in relation to the remuneration of Chief Officers will be made in accordance with this Pay Policy Statement.

The Council's Pay Policy Statement will be agreed by Full Council before the beginning of each financial year. The statement may also be amended by Full Council during the course of the year if necessary.

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Scope

This statement applies to all employees of Charnwood Borough Council employed under the conditions of service of the following bodies:

- National Joint Council for Local Government Services (Green Book);
- Joint Negotiating Committee for Chief Officers of Local Authorities;
- Joint Negotiating Committee for Local Authority Chief Executives;
- Joint Negotiating Committee for Local Authority Craft and Associated Employees (Red Book).

Employees who have TUPE transferred across from other organisations will remain on their existing terms and conditions unless agreed otherwise.

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Definitions

For the purposes of this Pay Policy Statement the following definitions will apply:

Remuneration

This includes three elements:

- Basic salary;
- Pension;
- Any other allowances arising from employment.

Chief Officers

Under the Localism Act 2011 a Chief Officer is defined as:

- The head of the Council's paid service designated under section 4(1) of the Local Government and Housing Act 1989;
- Its monitoring officer designated under section 5(1) of that Act;
- A statutory chief officer mentioned in section 2(6) of that Act;
- A non-statutory chief officer mentioned in section 2(7) of that Act;
- A deputy chief officer mentioned in section 2(8) of that Act.

In Charnwood Borough Council this relates to the posts set out in [Appendix A](#).

Lowest Paid Employees

This refers to employees on Scale 1, Pay Point 4. This definition has been adopted as it is the lowest level of remuneration attached to a post within the Council.

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Pay and Grading Structure

The grading of all posts within Charnwood Borough Council is determined using the nationally recognised Hay Job Evaluation Scheme. This is in order to ensure that all posts are graded and therefore rewarded financially through a fair and non-discriminatory process, that there is consistency in treatment between posts and that the Council complies with equal pay legislation. The scheme is an analytical one that takes into consideration three key elements of a post:

- Know How - the levels of knowledge, skill and experience (gained through work experience, education and training) which are required to perform the job successfully;
- Problem Solving - the complexity of thinking required to perform the job when applying Know How;
- Accountability - the impact the job has on the organisation and the constraints the job holder has on acting independently.

The Council follows the NJC national agreement on pay and conditions of service (the Green Book) which includes the use of national pay scales. Advice was taken from Hay during the implementation of the job evaluation scheme in order to determine the relationship between the scoring of posts under the scheme and the relevant pay grade.

However a small number of staff employed under the Joint Negotiating Committee for Local Authority Craft and Associated Employees (Red Book) are paid on a different pay scale, a copy of which is attached at [Appendix B](#).

Basic pay is paid in accordance with the evaluated grade of the post. Each grade comprises a range of scale points. A copy of the Council's pay and grading structure is attached at [Appendix B](#). There has been no annual pay award to any group of staff since 1st April 2009.

A copy of the Council's organisation chart, showing grades of posts, can be found on the [Council's website](#).

Details of senior management remuneration are published annually in the [Council's Statement of Accounts](#) which are available on the website.

The 'pay multiple' - the ratio between the highest paid salary (JNC E, spinal point 90) and the median average salary of the Council's workforce is 5.83.

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Remuneration on Appointment

All employees are usually appointed to the minimum scale point applicable to the grade of the post. If the employee is already being paid above the minimum, managers have discretion in some circumstances to appoint to a higher scale point, subject to the maximum of the grade.

Full Council will be given the opportunity to consider remuneration packages over £100,000 per annum (including salary, any bonuses, fees or allowances routinely payable to the appointee and any benefits in kind to which the officer is entitled as a result of their employment) before new posts are established and advertised.

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Market Supplements

There is provision for the award of a market supplement (i.e. a temporary additional payment) where it can be shown that the salary level of a job is having an adverse impact on the Council's ability to recruit and retain the appropriate calibre of employee into a post. The award of a market supplement is subject to the agreement of the relevant Strategic Director. If approved, market supplements are awarded for a two year period and then subject to a review where a decision will be taken for it to either continue as the situation still continues to meet the criteria or it is ceased as the criteria no longer applies. It is anticipated that market supplements will be awarded on very limited occasions. Details of the scheme can be found in the Council's Market Supplement Policy and Procedure.

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Pay Progression

Chief Officers

Progression through the pay grade for Chief Officers is dependent on them achieving set criteria and objectives which are agreed at the officer's annual performance development review. This does not apply to the Chief Executive as this role is on a spot salary and therefore does not have grade progression.

Other Employees

Subject to satisfactory service, employees covered by the conditions of service of the National Joint Council for Local Government Services are eligible to receive annual increments on 1st April each year until they reach the maximum scale point for the grade of their job. If the employee's start date is between 1st October and 31st March then their first increment will be paid after completing 6 months in post. Any subsequent increments, until the maximum of the grade is reached, will be paid on 1st April thereafter.

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Overtime Payments

Employees in posts graded up to Scale 6 who work additional hours are eligible to receive payment at double time rate for hours worked on Sundays, bank holidays or extra statutory days and time and a half for hours worked at any other time. Employees in posts graded SO1 and above, who work additional hours are not eligible for payment, but may receive time off in lieu.

Heads of Service are also authorised to make payments, within existing budgets, for overtime to employees graded SO1 to PO4 for time limited projects of a non-repetitive nature as follows:

- (a) Plain time up to an agreed maximum number of hours for a particular project and over a certain number of weeks/months; or
- (b) A lump sum to cover completion of a particular project by an agreed deadline.

Where the payment of a lump sum is agreed in accordance with (b) above, it should not be made in full unless the project is completed by the due date and that provision for claw back considered for inclusion in the scheme. Payments for overtime cannot be authorised retrospectively.

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Other Allowances

All Chief Officers receive allowances as detailed in the Conditions of Service of the Joint Negotiating Committee for Chief Officers of Local Authorities and the Joint Negotiating Committee for Local Authority Chief Executives. However, where these conditions are silent or do not cover an allowance or process, the Chief Officer / Chief Executive will receive the same as those employees covered by the National Joint Council for Local Government Services.

Copies of the conditions of service for all employees covered by this statement can be requested from the [Local Government Employers website](#).

Essential Car User

Posts that are designated as essential car user, including those of Chief Officers, receive a monthly allowance and are eligible to claim mileage allowances as per the NJC Conditions of Service.

Broadband

Employees who meet the criteria for home working are able to claim a broadband allowance. Details of the scheme can be found in the Council's Home Working Policy and Procedure.

Professional Fees

The Council will pay the annual fee for membership of a professional body if it is considered a requirement of the individual's job.

First Aid Allowances

Employees who are classified as a 'designated first-aider' are eligible to receive an allowance.

Standby and Call-Out Payments

Employees who are required to provide out of hours call-out cover for essential services are eligible to receive a standby payment. Employees graded at PO1 or above will usually receive time off in lieu rather than payment. Those graded at JNC A or above are expected to respond as part of their role and will not receive any additional payments. Details of the scheme can be found in the Council's Policy for Standby and Call-Out Payments.

Emergency Planning

Employees who volunteer to respond in emergency situations are eligible to receive a payment. Details of the provisions can be found in the Employee Handbook.

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Bonus Payments

The Council does not pay any group of employees a bonus.

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Pension Benefits

All employees are eligible to join the Local Government Pension Scheme. The scheme is a statutory scheme with contributions from employees and employers. Details of the scheme can be found on the [Local Government Pension Scheme website](#).

The scheme allows for the exercise of discretion by employers. A copy of the Council's approach to these discretionary regulations can be found at [Appendix C](#). The Council will consider each case on its merits, but has determined that its usual policy is not to enhance benefits for any of its employees.

The scheme provides for flexible retirement. To be eligible to request flexible retirement, the Council normally requires that an employee either reduce their working hours by a minimum of 40% and/or be appointed to a post on a lower grade. If an employee wishes to reduce their hours of work by a lesser amount, they can still apply for flexible retirement, as each case will be considered on an individual basis. In applying this provision no distinction is made between employees.

Under the Local Government Pension Scheme there is no abatement (i.e. reduction or suspension) of pensions for employees who return to work after drawing their pensions except in the circumstance where they have previously been awarded "added years".

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Honoraria

Subject to certain conditions, employees who are temporarily required to undertake some or all of the duties of a higher graded post are eligible to be paid an honorarium. Details of the scheme can be found in the Council's Acting-Up Policy and Procedure.

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Salary Protection

Employees are eligible to receive salary protection for a period of up to three years if they are redeployed into a lower-graded post. Details of the provisions can be found in the Council's Organisational Change Policy and Procedure.

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Severance Payments

Early Retirement (Efficiency of Service)

The Council has discretionary provisions for employees to seek early retirement on the grounds of efficiency of service. Details of the scheme can be found in the Council's Retirement Policy and Procedure.

Redundancy

The Council has a single redundancy scheme which applies to all employees. Redundancy payments are calculated in accordance with the Employment Rights Act 1996 and the 2006 Discretionary Compensation Regulations and are based on the employee's age, length of continuous local government service and salary. The payment mirrors the statutory table but provides a multiplier of 2. Details of the redundancy scheme can be found in the Council's Organisational Change Policy and Procedure.

Employees have the option of using their redundancy payment, in excess of the statutory redundancy payment, to purchase a period of membership in the Local Government Pension Scheme. The amount of membership purchased by the cash sum will vary depending on the age of the employee and the number of year's service.

The Council does not provide any further payment to employees leaving the Council's employment other than in respect of accrued annual leave.

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Re-Engagement of Employees

Employees who have been made redundant are eligible to apply for vacancies which may arise after they have left the Council's employment. Any such applications will be considered together with those from other candidates and the best person

appointed to the post. Any necessary adjustments to pension would be made in accordance with the scheme regulations.

Employees who are offered another post with the Council prior to their redundancy leaving date and commence this post within 4 weeks of that date are not eligible to receive their redundancy payment.

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Election Duties

The Chief Executive receives additional payments as the Returning Officer (or equivalent) for elections taking place within the Borough, to which role he has been appointed by the Council. These payments are funded by the organisation responsible for each election, which can include the Borough Council, County Council, Parish and Town Councils, and the Government.

Election fees and expenses for Borough, Town and Parish Council elections are agreed annually by full Council. For other elections, the scale of fees and expenses is specified by the relevant organisation.

The Chief Executive may also, on appropriate occasions, require officers, which may include Chief Officers, to undertake Deputy Returning Officer roles and other election duties. They will be remunerated for undertaking these roles.

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Publication and Access to Information

This Pay Policy Statement will be published on the Council's website, together with the Council's pay and grading structure and information relating to senior management remuneration.

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Appendix A - Charnwood Borough Council's Chief Officers

<u>POST TITLE</u>
Chief Executive
Neighbourhood and Community Wellbeing
Strategic Director - Neighbourhood and Community Wellbeing
Head of Cleansing and Open Spaces
Head of Leisure and Culture
Head of Neighbourhood Services
Corporate Services
Strategic Director - Corporate Services
Head of Finance and Property Services
Head of Revenues, Benefits and Customer Services
Head of Strategic Support
Housing, Planning, Regeneration and Regulatory Services
Strategic Director - Housing, Planning, Regeneration and Regulatory Services
Head of Housing
Head of Planning and Regeneration

Head of Regulatory Services

Assistant Director of Housing

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Appendix B - Pay and Grading Structure

Effective from 1st April 2009

Grade	Scale Point	Annual Salary (£)
1	4	12145
	5	12312
	6	12489
	7	12787
	8	13189
	9	13589
	10	13874
	11	14733
2	11	14733
	12	15039
	13	15444
3	14	15725
	15	16054
	16	16440
	17	16830
4	18	17161
	19	17802
	20	18453
	21	19126
5	22	19621
	23	20198
	24	20858
	25	21519
6	26	22221
	27	22958
	28	23708
SO1	29	24646
	30	25472
	31	26276
SO2	32	27052
	33	27849
	34	28636
PO1	35	29236
	36	30011
	37	30851
	38	31754

Grade	Scale Point	Annual Salary (£)
PO2	39	32800
	40	33661
	41	34549
	42	35430
	43	36313
PO3	44	37206
	45	38042
	46	38961
	47	39855
PO4	48	40741
	49	41616
	50	43977
JNC A	51	45108
	52	46230
	53	47361
	54	48492
JNC B	55	49611
	56	50856
	57	52092
	58	54150
JNC C	59	55374
	60	56607
	61	57834
	62	62190
JNC D	63	63741
	64	65301
	65	66852
	66	68406
JNC E	67	69981
	68	71553
	69	73131
	74	85752
	90	114327

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Pay Grades for Joint Negotiating Committee for Local Authority Craft and Associated Employees

	Scale Point	Annual Salary (£)
Group 1	25	21,519
	27	22,958
	31	26,276
Group 2	25	21,519
	26	22,221
	28	23,708
Group 3	23	20,198
	24	20,858
	27	22,958
Group 4	18	17,161
	19	17,802
	20	18,453

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Appendix C - Pension Scheme Discretionary Arrangements

Local Government Pension Scheme (LGPS) Regulations Policy Statement for all Eligible Employees

Under Regulation 66 of the LGPS Administration Regulations 2008, (as amended), each scheme employer must publish and keep under review a Statement of Policy to explain how it will apply certain discretions allowed under the Pensions Regulations.

This statement is applicable to all employees of Charnwood Borough Council who are eligible to be members of the LGPS from 1 April 2010.

LGPS Benefits Regulations - Regulation 30: Early payment of retirement benefits at the member, or former members request

Explanation & Employer's Policy

A scheme member or former member can request that the Employer grant early retirement between 55 & 60 years old.

It is possible that, where a member's pension is introduced early, these benefits will be reduced. The reduction is calculated in accordance with guidance issued by the Government Actuary. As an employer you may determine not to apply any reduction.

The Council will not consider the premature retirement of an employee except on compassionate grounds. To qualify for consideration, an employee must be entitled to a pension under the LGPS and be able to prove primary responsibility for a medium to long term caring commitment for a dependent person. The Council will not waive any actuarial reductions which may apply.

LGPS Benefits Regulations - Regulation 18: Requirements as to time of payment (Flexible Retirement)

Explanation & Employer's Policy

A member who is 55 or over, and with their employer's consent, reduces their hours and/or grade can, but only with the agreement of the employer, can make an election to the administering authority for payment of their accrued benefits without having retired from employment. It is possible that, where a member's pension is introduced early, these benefits may be reduced. The reduction is calculated in accordance with guidance issued by the Government Actuary. As an employer you may determine not to apply any reduction.

The Council has decided to adopt this discretion but the decision on whether to allow flexible retirement will be entirely at the discretion of the Council.

LGPS Administration Regulations – Regulation 25 (3) and LGPS Benefits Regulations – Regulation 15 (3): Shared Cost Additional Contribution Facility

Explanation & Employer's Policy

This discretion allows the Employer to maintain and contribute to an employee's Additional Voluntary Contribution Scheme.

The Council has not adopted this discretion. This will not have any effect on the existing AVC facility available where the employee only is able to make such contributions.

LGPS Benefits Regulations - Regulation 12: Augmentation (increase of scheme membership)

Explanation & Employer's Policy

An employer may resolve to increase the total membership of an active member.

The Council has not adopted this discretion. This decision does not affect the discretion available to the employer to allow a scheme member to convert a lump sum discretionary payment using the augmentation factors. (See Early Termination of Employment Discretionary Compensation).

LGPS Benefits Regulations - Regulation 13: Power of employer to award additional pension

Explanation & Employer's Policy

An employer may resolve to award a member additional pension of not more than £5000 a year payable from the same date as his pension payable under any other provisions of these Regulations. Additional pension may be paid in addition to any increase of total membership resolved to be made under regulation 12.

The Council has not adopted this discretion.

The Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006

New provisions provide local government employers with the powers to consider making a one off lump sum payment to an employee which must not exceed 104 week's pay. The regulations no longer provide for the award of compensatory added years.

This statement is applicable to all employees of Charnwood Borough Council who are eligible to be members of the LGPS.

Regulation 5: Power to increase statutory redundancy payments

Explanation & Employer's Policy

The Employer may decide to calculate a redundancy payment entitlement as if there had been no limit on the amount of a week's pay used in the calculation.

The Council has decided to adopt this discretion and base redundancy payment calculations on an unrestricted week's pay.

Regulation 6: Discretionary Compensation

Explanation & Employer's Policy

A "one off" lump sum compensation payment may be awarded to an employee up to a maximum value of 104 weeks pay, inclusive of any redundancy payment made. If the above Regulation is adopted, employees who are members of the LGPS can be given the option of converting compensation payments, (less the statutory redundancy payment), into additional pensionable service, in accordance with the augmentation factors provided by the authority. An employer should specify whether they intend to provide this option.

Employees who have been continually employed for two years or more by members of the modification order will receive a redundancy payment. The payment is based on the statutory formula with a multiplier X 2 applied. The maximum number of weeks an individual can receive is 60 weeks. Employees have the option of using their redundancy payment, in excess of the statutory redundancy payment, to purchase a period of membership in the LGPS.

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Extract from Minutes of Personnel Committee – 29th January 2013

“12. PAY POLICY STATEMENT 2013/14

A report of the Head of Strategic Support was submitted setting out the Council’s Pay Policy Statement for the period 1st April 2013 to 31st March 2014 (item 4 on the agenda filed with these minutes).

RESOLVED that the Pay Policy Statement for 2013/14, as set out in Appendix A to the report, **be recommended to Council** for approval and adoption.

Reason

To ensure that the Council meets its obligations under Section 38 of the Localism Act 2011.”