

## **HUMAN RESOURCES AND APPEALS PANEL**

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**To: All Members of Human Resources and Appeals Panel**

**Councillors** : D Cassidy, R Hodgkinson and T Holt (Chair)

Dear Member/Colleague

### **Human Resources and Appeals Panel**

You are invited to attend a meeting of the Human Resources and Appeals Panel which will be held as follows:-

<b>Date:</b>	Wednesday, 18 March 2015
<b>Place:</b>	Lancashire Fusiliers' Room, Town Hall, Knowsley Street, Bury, BL9 0SW
<b>Time:</b>	11.30 am
<b>Briefing Facilities:</b>	If Opposition Members and Co-opted Members require briefing on any particular item on the Agenda, the appropriate Director/Senior Officer originating the related report should be contacted.
<b>Notes:</b>	

## **AGENDA**

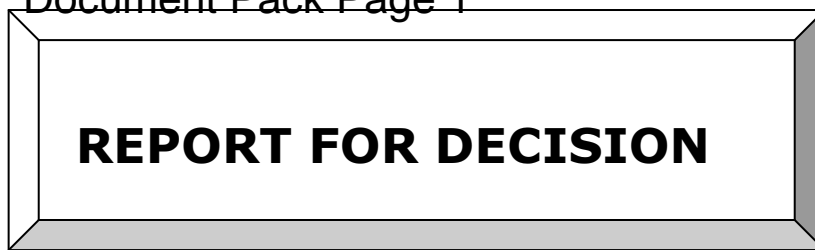
### **1 APOLOGIES FOR ABSENCE**

### **2 DECLARATIONS OF INTEREST**

Members of Human Resources Committee are asked to consider whether they have an interest in any of the matters on the Agenda, and, if so, to formally declare that interest.

### **3 PAY POLICY STATEMENT** *(Pages 1 - 14)*

A report from the Leader of the Council is attached.  
Appendix attached



Agenda Item	
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<b>DECISION OF:</b>	<b>HUMAN RESOURCES AND APPEALS PANEL COUNCIL</b>
<b>DATE:</b>	<b>18 MARCH 2015 1 APRIL 2015</b>
<b>SUBJECT:</b>	<b>PAY POLICY STATEMENT</b>
<b>REPORT FROM:</b>	<b>COUNCILLOR MIKE CONNOLLY, LEADER OF THE COUNCIL</b>
<b>CONTACT OFFICER:</b>	<b>TRACY MURPHY ACTING ASSISTANT DIRECTOR (HUMAN RESOURCES)</b>
<b>TYPE OF DECISION:</b>	<b>COUNCIL DECISION</b>
<b>FREEDOM OF INFORMATION/STATUS:</b>	The Paper is within the public domain
<b>SUMMARY:</b>	<p>Section 38 (1) of the Localism Act 2011 required English and Welsh local authorities to produce a Pay Policy Statement for 2012/13 and for each financial year after that.</p> <p>The purpose of the Pay Policy Statement is to provide transparency in respect of the Council's approach to setting the pay of its employees (excluding teaching staff 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 and the agreed decision making arrangements for ensuring the provisions set out in this statement are applied consistently throughout the Council.</p>
<b>OPTIONS &amp; RECOMMENDED OPTION</b>	The Localism Act requires that pay policy statements and any amendments to them are considered by a meeting of full Council.

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	The attached Pay Policy Statement [2015-2016], Appendix A, has been drafted to ensure compliance with the Act and it is put before the Council for approval.
<b>IMPLICATIONS:</b>	
<b>Corporate Aims/Policy Framework:</b>	Do the proposals accord with the Policy Framework?  Yes
<b>Statement by the S151 Officer: Financial Implications and Risk Considerations:</b>	This report outlines the Council's Pay Policy as required by the Localism Act.  The report is a statement of fact.  All pay costs are provided for and fully funded within the Council's approved budget.
<b>Statement by Executive Director of Resources &amp; Regulation:</b>	The attached Pay Policy Statement (2015-2016) has been drafted to ensure compliance with the Localism Act. There are no additional resource implications arising from the report.
<b>Equality/Diversity implications:</b>	Yes The purpose of the Pay Policy Statement is to provide transparency in respect of the Council's approach to setting the pay of its employees. Pay and grading decisions are based on the application of agreed Job Evaluation Schemes which are designed to eliminate discrimination.
<b>Considered by Monitoring Officer:</b>	Yes JH Section 38 of the Localism Act 2011 sets out that the Council must prepare and approve a pay policy statement for 2012-2013 (and each subsequent financial year) before 31 March each year. This must then be published as soon as is reasonably practicable following approval.
<b>Wards Affected:</b>	All Wards
<b>Scrutiny Interest:</b>	Internal Scrutiny Committee

**TRACKING/PROCESS**

**DIRECTOR: Executive Director of Resources & Regulation**

Chief Executive/ Strategic Leadership Team	Executive Member/Chair	Ward Members	Partners
	√		
Scrutiny Committee	Committee	Council	
	√ <b>HRA</b>	√	

**1.0 BACKGROUND**

- 1.1 Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a Pay Policy Statement for 2012/13 and for each financial year after that.
- 1.2 Guidance issued by the Department for Communities and Local Government states that the purpose of the Pay Policy Statement is to address the Government’s issues with "top end pay" and some of the recommendations set out in the "Hutton review of Fair Pay in the Public Sector Report".
- 1.3 The Act requires Councils to prepare Pay Policy Statements which details their policy on a range of issues relating to the pay of its employees; in particular, its senior staff ("Chief Officers") and its lowest paid employees.
- 1.4 The provisions do not apply to local authority school employees and neither do they change any existing responsibilities or duties under relevant Employment Legislation.
- 1.5 The Pay Policy Statement must be prepared for each financial year. The Statement must be approved by full Council and then be published, at least, on the Council's web-site. This is to ensure transparency, so that local tax payers can take an informed view of whether local decisions and all aspects of remuneration are fair.
- 1.6 The Council’s existing Pay Policy Statement (2014/15) was approved at the meeting of Council held on 2 April 2014.
- 1.7 The matters that must be included in the statutory pay policy statement are:
  - The local authority’s policy on the level and elements of remuneration for each chief officer;
  - The 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);
  - The local authority’s policy on the relationship between the remuneration of its chief officers and other officers;
  - The local authority’s policy on other specific aspects of chief officers’ remuneration: remuneration on recruitment, increases and additions to

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remuneration, use of performance-related pay and bonuses, termination payments, and transparency.

- 1.8 The Act defines remuneration widely, to include not just pay but also charges, fees, allowances, benefits in kind, increases in/enhancements of pension entitlements, and termination payments.
  - 1.9 The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its employees (excluding teaching staff 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 ie 'Chief Officers', as defined by the relevant legislation;
    - the Committee(s) responsible for ensuring the provisions set out in the Pay Policy Statement are applied consistently throughout the Council and recommending any amendments to the full Council.
  - 1.10 The updated Pay Policy Statement: 2015-2016, which is attached at Appendix A, has been drafted to ensure compliance with the Localism Act and it is put before the Council for approval.
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### **List of Background Papers:**

- 1. DCLG Guidance (2011): Openness and accountability in local pay**
- 2. DCLG Supplementary Guidance (February 2013): Openness and accountability in local pay - Guidance under section 40 of the Localism Act 2011**

### **Contact Details:**

**Tracy Murphy**  
**Acting Assistant Director [Human Resources]**

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# Pay Policy Statement

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## Pay Policy Statement 2015 – 2016

*The purpose of the statement is to provide transparency in respect of the Council's approach to setting the pay of its employees (excluding teaching staff 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 and the agreed decision making arrangements for ensuring the provisions set out in this statement are applied consistently throughout the Council.*

## **1.0 INTRODUCTION AND PURPOSE**

- 1.1 In accordance with section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as the authority thinks fit”. This Pay Policy Statement sets out the Council’s approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011.
- 1.2 The purpose of the statement is to provide transparency with regard to the Council’s approach to setting the pay of its employees (excluding teaching staff 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 constitutional arrangements in place for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.
- 1.3 Subject to Council approval, this policy statement will come into immediate effect and will be subject to review on a minimum of an annual basis.
- 1.4 The current Pay Policy Statement (2014-2015) was approved by the Human Resources and Appeals Panel on 26 March 2014 and referred for approval by Council on 2<sup>nd</sup> April 2014.
- 1.5 This Pay Policy Statement (2015-2016) will be reported to the Human Resources and Appeals Panel on 18 March 2015 and referred to full council for ratification on 1<sup>st</sup> April 2015.

## **2.0 CONTEXT: LEGISLATION RELEVANT TO PAY AND REMUNERATION**

- 2.1 In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation.
- 2.2 The Council will ensure there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of job evaluation mechanisms, which directly establish the relative levels of posts in grades according to the requirements, demands and responsibilities of the role.

## **3.0 PAY STRUCTURE**

- 3.1 The Council uses the nationally negotiated pay spine(s) (i.e. a defined list of salary points) as the basis for its local pay structure. These pay spines are used to determine the salaries of the large majority of the Council’s non teaching workforce.



- 3.2 The pay and terms and conditions of employment of the Council's workforce are determined by the following negotiating bodies in accordance with the agreed collective bargaining machinery:

National Joint Council (NJC) for Local Government Services;  
The Soulbury Committee, (*educational advisers/inspectors, other school improvement professionals, educational psychologists*)  
Joint Negotiating Committee (JNC) for Local Authority Craft and Associated Employees;  
Joint Negotiating Committee for Youth and Community Workers;  
Joint Negotiating Committee (JNC) for Chief Officers  
Joint Negotiating Committee (JNC) for Chief Executives

- 3.3 The Council adopts the national pay bargaining arrangements in respect of the establishment and revision of the national pay spines.

- 3.4 The pay of those employees whose terms and conditions fall within the purview of the Joint Negotiating Committee for Chief Executive's and the Joint Negotiating Committee for Chief Officers are also determined by reference to Joint Secretarial advice issued by the JNC for Chief Officers of Local Authorities in 2002. The Joint Secretarial advice recommended the establishment of local salary structures as a result of a move from benchmark to median salaries, identified through the annual salary and numbers survey conducted by the Local Government Employers' Organisation.

- 3.5 All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery.

- 3.6 In determining its grading structure and setting remuneration levels for any posts which fall outside its scope, 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.

- 3.7 New appointments will normally be made at the minimum of the relevant pay scale for the grade, although this can be varied where necessary to secure the best candidate subject to an equal pay risk assessment. Where the appointment salary is above the minimum point of the pay scale and is not affected by other council policies, for example promotion, redeployment or flexible retirement, this is approved in accordance with the Officer Delegation Scheme within the [Council's Constitution](#).

- 3.8 From time to time it may be necessary to take account of the external pay levels in the labour 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 data sources available from within the local government sector and outside, as appropriate.

- 3.9 Any temporary supplement to the salary scale for the grade is approved in accordance with the Council's [Market Supplement Policy](#).

## 4.0 SENIOR MANAGEMENT REMUNERATION

- 4.1 For the purposes of this statement, senior management means 'chief officers' as defined within the Localism Act; i.e.

- i. The head of the paid service designated under section 4(1) of the [Local Government and Housing Act 1989](#);
- ii. The monitoring officer designated under section 5(1) of that Act;
- iii. A statutory chief officer mentioned in section 2(6) of that Act;
- iv. A non-statutory chief officer mentioned in section 2(7) of that Act;
- v. A deputy chief officer mentioned in section 2(8) of that Act.

- 4.2 The posts falling within the statutory definition are set out below, with details of their salary as at 1<sup>st</sup> April 2015:

§ **Chief Executive:** The salary of the Interim Chief Executive post on 1<sup>st</sup> April 2015 is £152,286. The salary falls within a range of 5 incremental points between £152,286, rising to a maximum of £165,124. The Chief Executive (Head of Paid Service), also carries out the duties of the Returning Officer in accordance with the Representation of The People Act 1983. The duties of the Returning Officer are separate from the duties undertaken as a local government officer; the office of Returning Officer is totally distinct from the office of Chief Executive and Head of Paid Service. Payments due to the post holder in respect of the conduct of local municipal elections are consolidated within the salary. Payments in respect of the conduct of National Government Elections, European Elections and any National Referenda are paid in addition to salary. These payments are pensionable and subject to deductions for tax and National Insurance.

§ **Executive Directors:** The current salaries of the post holders designated as Executive Director fall within 5 incremental points between £109,450 rising to a maximum of £119,653.

§ **Assistant Directors and Designated Heads of Service:** The salary package of these posts fall within a range of 30 incremental points between £51,913 rising to a maximum of £96,581.

- 4.3 When establishing or reviewing the senior management salary structure the Council complies with advice issued by the Joint Negotiating Committee's for Chief Executive's and Chief Officers, on the

establishment of a local salary structure based on median salary levels as identified through the annual salary survey. This advice states that when deciding at what level these posts should be remunerated the following factors are to be considered:

- a. The Authority's policy in respect of the pay of its JNC officers and any relationship to the median salary levels for similar Authorities;
- b. the chief executive's salary;
- c. the relationship of current salary to the appropriate illustrative national median salary (salaries may be above, around, or below the median);
- d. any special market considerations;
- e. any substantial local factors not common to authorities of similar type and size, e.g. London weighting;
- f. comparative information to be supplied on request by the Joint Secretaries on salaries in other similar authorities;
- g. top management structures and the size of the management team compared to those of other authorities of similar type and size, and;
- h. the relative job size of each post, as objectively assessed through job evaluation or otherwise.

4.4 Where the Council is unable to recruit chief officers, or there is a need for interim support to provide cover for a substantive chief officer post, the Council will, where necessary, consider engaging individuals under a 'contract 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. In assessing such it should be noted that in respect of such engagements the Council is not required to make either pension or national insurance contributions for such individuals. The Council does not currently have any chief officers engaged under such arrangements

### **5.0 RECRUITMENT OF CHIEF OFFICERS**

5.1 The Council's policy and procedures with regard to recruitment of Chief Officers is set out within the [Chief Officer Recruitment Guidelines](#).

5.2 The recruitment of Chief Officers is delegated to the Human Resources and Appeals Panel whose functions include:

- The shortlisting and appointment of Chief Officers and Deputy Chief Officers. The confirmation of appointment of all Chief Officers (with the exception of the Chief Executive/Head of Paid Service) is carried out in accordance with the [Council Constitution](#) – Officer Employment Procedure Rules and [The Local Authorities \(Standing Order\) \(England\) Regulations 2001](#)

- The shortlisting and appointment of the Chief Executive / Head of Paid Service is carried out in accordance with the [Council Constitution](#) for submission to the Council.
- 5.3 Where, on appointment the remuneration of a chief officer exceeds £100,000 a recommendation from the Human Resources and Appeals Panel shall be submitted for approval to the Council.
- 5.4 When recruiting to all posts the Council will take full and proper account of all provisions of relevant employment law and its own Equal Opportunities, Recruitment and Selection Code of Practice and Redeployment Policies as approved by Council.
- 5.5 The determination of the remuneration to be offered to any newly appointed chief officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment.

## **6.0 ADDITIONS TO SALARY OF CHIEF OFFICERS**

- 6.1 With the exception of progression through the incremental scale of the relevant grade being subject to satisfactory performance, (which is assessed on an annual basis), the level of chief officer remuneration is not variable dependent upon the achievement of defined targets.
- 6.2 To meet specific operational requirements it may be necessary for an individual to temporarily take on additional duties to their identified role. The Council's arrangements for authorising any additional remuneration [e.g. honoraria, ex gratia, 'acting up payments] relating to temporary additional duties are set out in the [Council's Constitution](#) and supplementary conditions of service.
- 6.3 In addition to basic salary, the Chief Executive receives additional pay in respect of Returning Officer duties in accordance with the Representation of The People Act 1983. The duties of the Returning Officer are separate from the duties undertaken as a local government officer; the office of Returning Officer is totally distinct from the office of Chief Executive and Head of Paid Service. Payments due to the postholder in respect of the conduct of local municipal elections are consolidated within the salary. Payments in respect of the conduct of national government elections, European elections and any national referenda are paid in addition to salary. These payments are pensionable and subject to deductions for tax and National Insurance.
- 6.4 Set out in table 1 below are details of 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 their duties;

<b>Payment details</b>	<b>Paid to:</b>
<ul style="list-style-type: none"> <li>• Fees paid for returning officer duties where identified and paid separately;</li> <li>• Salary supplements payable for fulfilling statutory officer duties (e.g. S151 / Monitoring Officer) where identified and paid separately;</li> <li>• Market forces supplements in addition to basic salary where identified and paid separately;</li> <li>• Essential Car User Allowance Lump Sums</li> <li>• Salary supplements or additional payments for undertaking additional responsibilities such as shared service provision with another local authority or in respect of joint bodies, where identified and paid separately.</li> <li>• Any arrangements for payment of untaken annual leave falling outside the requirements of relevant legislation;</li> </ul>	<ul style="list-style-type: none"> <li>• Chief Executive</li> <li>• None payable</li> <li>• None payable</li> <li>• None payable</li> <li>• None payable</li> <li>• None payable</li> </ul>

## **7.0 PENSION CONTRIBUTIONS**

7.1 Where employees have exercised their statutory right to become members of the Local Government Pension Scheme, the Council is required to make a contribution to the scheme representing a percentage of the pensionable remuneration due under the contract of employment of that employee.

7.2 The Employer’s rate of contribution is set by Actuaries advising the Greater Manchester Pension Fund and reviewed on a triennial basis in order to ensure the scheme is appropriately funded. The triennial valuation covers the period 1 April 2014 to 31 March 2017. The employer’s contribution rate, (2015/16) is 19.2%.

7.3 From April 2014 with the introduction of a new local government pension scheme the rate of pension contributions will be based on actual [pensionable pay](#). In the new scheme there are 9 different contribution banding rates between 5.5% and 12.5%.

**Member Contribution Table**

<b>Pay Bands</b>	<b>Contribution Rates</b>
Up to £13,500	<b>5.5%</b>
£13,501 - £21,000	<b>5.8%</b>
£21,001 - £34,000	<b>6.5%</b>
£34,001 - £43,000	<b>6.8%</b>
£43,001 - £60,000	<b>8.5%</b>
£60,001 - £85,000	<b>9.9%</b>
£85,001 - £100,000	<b>10.5%</b>
£100,001 - £150,000	<b>11.4%</b>
More than £150,000	<b>12.5%</b>

**8.0 PAYMENTS ON TERMINATION**

- 8.1 The Councils approach to statutory and discretionary payments on termination of employment of chief officers, prior to reaching normal retirement age, is in accordance with [The Local Government Pension Scheme Regulations 2013](#) and Regulations 5 and 6 of the [Local Government \(Early Termination of Employment\) \(Discretionary Compensation\) Regulations 2006](#).
- 8.2 Any payments falling outside these provisions or the relevant periods of notice within the contract of employment shall be subject to a formal decision made by The Human Resources and Appeals Panel.
- 8.3 In accordance with supplementary guidance issued by DCLG on 20<sup>th</sup> February 2013, Local authorities are required to present details of any severance package paid to an officer where the value of the package

exceeds £100,000. Approval of the severance package is subject to a vote by full Council.

## **9.0 LOWEST PAID EMPLOYEES**

- 9.1 The lowest paid persons employed under a contract of employment with the Council are employed on full time [37 hours per week] equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's grading structure.
- 9.2 As at 1<sup>st</sup> January 2015, this is £13,500 per annum which is spinal column point 5 on the NJC salary structure. The Council employs Apprentices who are not considered within the definition of 'lowest paid employees.' Spinal column point 5 will be removed from the pay spine from 1<sup>st</sup> October 2015 and at that point the lowest full time salary will be £13,614.
- 9.3 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.
- 9.4 The current pay levels within the Council define the multiple between the median (average) full time equivalent (FTE) earnings and the Chief Executive as 1:7.
- 9.5 The current pay levels within the Council define the multiple between the lowest paid employees' full time equivalent (FTE) earnings and the Chief Executive as below 1:12.
- 9.6 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. In addition, upon the annual review of this statement, the Council will also monitor any changes in the relevant 'pay multiples' and benchmark against other comparable local Authorities.

## **10.0 ACCOUNTABILITY AND DECISION MAKING**

- 10.1 In accordance with the Constitution of the Council, the Human Resources and Appeals Panel is responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees of the Council. The Human Resources and Appeals Panel is also responsible for the recruitment selection and appointment of Chief Officers; (see Section 5.0 above).

## **11.0 RE-EMPLOYMENT / RE-ENGAGEMENT OF FORMER CHIEF OFFICERS**

- 11.1 The Council's policy with regard to the re-employment /re-engagement of former employees (including Chief Officers) was approved by the Executive Committee on 20<sup>th</sup> October 1999.

As a general principle the Council is opposed to re-employing retired employees. Retired employees will be permitted to register with our in-house supply registers subject to them being employed on a zero hours contract basis and that no single engagement extends beyond 13 weeks.

However in exceptional circumstances, where it is considered necessary to re-employ or re-engage a former employee who is in receipt of a pension from the Local Government Pension Scheme:-

- (a) There should be clear evidence that the work cannot be undertaken by someone else, either internal, external or through agency staff;
- (b) If the individual is engaged under the terms of a contract for services and claims to be self-employed or a consultant the Assistant Director (Finance and Efficiency) must be satisfied that they meet the criteria laid down by HMRC;
- (c) A former employee should not be re-engaged unless agreement has been given by the Executive Member for Finance and/or the Cabinet Member for Resources.

### **12.0 PUBLICATION**

Upon approval by the full Council, this statement will be published on the Council's Website.