

# HINCKLEY & BOSWORTH BOROUGH COUNCIL

## PAY POLICY STATEMENT 2014/2015

### 1. Introduction

- 1.1 Section 38 of the Localism Act 2011 requires local authorities to produce a Pay Policy Statement every financial year. This document comprises that Pay Policy Statement being recommended for adoption for 2014/15.
- 1.2 Whilst the Act and supporting guidance sets out the pay detail that must be included in the statutory pay policy, each local authority has the autonomy to make decisions on pay structures and pay policies. The Pay Policy Statement must be approved formally by full Council each year, can be amended in year, must be published on the Council's website and must be complied with when setting terms and conditions of Chief Officer employees.
- 1.3 This Pay Policy Statement includes a policy on:
  - (a) the level and elements of remuneration for each Chief Officer;
  - (b) the remuneration of the lowest paid employees;
  - (c) the pay differential, known as the 'pay multiple' between the remuneration of Chief Officers and other officers and
  - (d) other aspects of Chief Officer remuneration, fees and charges and other discretionary payments

### 2. Principles

- 2.1 HBBC recognises that, in the context of managing scarce resources, remuneration at all levels needs to be adequate to secure high quality employees who provide excellent services to the public, yet at the same time needs to avoid being unnecessarily generous or otherwise excessive. This pay policy sets out how the Council determines pay decisions across all aspects of pay and provides a framework to assist council Members in determining a pay strategy in a fair and equitable way within the council's Medium Term Financial Strategy.
- 2.2 The Public Sector Equality Duty also requires the Council to develop and publish a policy on how it is meeting its duty, having due regard to the need to eliminate unlawful discrimination particularly in relation to employment and pay. As an 'Achieving' authority under the Equality Framework for Local Government the council supports the principle of equal opportunities in employment and acknowledges that men and women should receive equal pay for the same or broadly similar work, for work rated as equivalent and for work of equal value. This Pay Policy Statement sets out the Council's approach in ensuring equality of pay in line with those legal requirements.

- 2.3 It is important that local authorities are able to determine their own pay structures in order to address local priorities and to compete in the local labour market.

### **3. Scope**

- 3.1 The policy covers all staff employed by the Council irrespective of grade and conditions of service. It will have reference to national agreements which affect pay and grading including:

- National Agreement on Pay and Conditions of Service (the Green book, for all staff below Head of Service)
- Joint Negotiating Committee for Chief Executives (Chief Executive and Deputy Chief Executive)
- Joint Negotiating Committee for Chief Officers

A copy of the Council's staffing structure is at Appendix A.

### **4. Remuneration of senior officers**

- 4.1 In this policy the senior pay group refers to posts within the top three tiers of the organisation. These include the Chief Executive Officer, Deputy Chief Executive (2) and Chief Officers (4).

#### **4.2 Chief Executive**

- 4.2.1 The term Chief Executive means the officer who is the head of the council's paid service. The salary paid to the Chief Executive (this excludes Returning Officer fees which are paid separately) is approved by full Council at the time of appointment.

- 4.2.2 The current salary range for the Chief Executive is £114,331 – £136,712 per annum; the range contains 5 increments and is subject to annual cost of living increases agreed by the Joint National Council (JNC). This is a local grade which was established in 2004, following an analysis of the degree of responsibility in the role, benchmarking with other comparators and the ability to recruit and retain an exceptional candidate.

- 4.2.3 The Council's review group, which comprises of the elected leader and the leader of the opposition group, determines incremental pay progression on an annual basis with the potential to award up to 3 increments in any one year. The 3 available increments will be awarded on the following basis, taking into account the Chief Executive's overall performance in relation to performance measures which are:

Satisfactory performance	-	0 increment
Good performance	-	1 increment
Excellent performance	-	2 increments
Outstanding performance	-	3 increments

The current Chief Executive reached the top of the scale in 2009.

4.2.3 Other conditions of service are as prescribed by the JNC for Local Authority Chief Executives national conditions.

### 4.3 Deputy Chief Executive and Heads of Service

4.3.1 The pay and grading for both Deputy Chief Executives and Chief Officers are evaluated using the HAY evaluation scheme. The HAY scheme methodology reviews current job information including: job descriptions, staff structure including lines of accountability and capital and revenue budget responsibility. This information is used to determine the value of the job size. The external officer also reviews salary scales for similar posts in other councils in order to make a meaningful comparison.

4.3.2 The grades are as follows:

Deputy Chief Executive Grade	Fixed Salary	£95,231
Chief Officers	Spinal point 1-5	£57,900 - £67,500

Salary is subject to annual cost of living increases agreed by Joint Negotiating Committee for Chief Officers.

4.3.3 Other conditions of service are as prescribed by the JNC for Local Authority Chief Executives national conditions.

### 4.4 Other allowances

4.4.1 The Chief Executive, Deputy Chief Executives and Chief Officers do not receive a car allowance. It is expected that the basic salary payable covers all motoring costs.

4.4.2 Fees are payable for Returning Officer duties which are not part of the post holder's substantive role. Whilst appointed by the council, the role of the Returning Officer is one which involves and incurs personal responsibility and accountability and is statutorily separate from his/her duties as an employee of the council. Returning Officer fees are variable and paid based upon the number of electors per election. The Returning Officer for the council is the Chief Executive.

- 4.4.3 For any Chief Officer who undertakes duties that have been procured by another local authority, a discretionary payment (honorarium) will be made based on a percentage of the amount charged to the procuring authority, following an assessment by the Head of Paid Service of the additional time, over and above the contracted hours, that the Chief Officer will spend in carrying out these additional duties.
- 4.4.4 There are no other additional elements of remuneration in respect of: overtime, bank holiday working, standby payments etc. paid to senior staff as they are expected to undertake duties outside their contractual hours and working patterns without additional payment.

## **5. Pay Structure**

- 5.1 The locally agreed pay structure (Grade 1 -11) applies to all employees excluding the senior pay group (Appendix B). Salaries within the pay spine are subject to pay awards as agreed by the National Agreement on Pay and Conditions of Service (NJC). The lowest spinal point 5 within Grade 1 is currently £6.45 at a full time equivalent basic pay rate £12,145 per annum. However in April 2014 the council provided a commitment to pay all staff a minimum rate of £7.71 (£14,880 per annum) which is above the living wage rate of £7.65.
- 5.2 All posts are evaluated using the NJC Job Evaluation Scheme, which is recognised by public sector employers and unions nationally. This scheme allows for robust measurement against set criteria resulting in fair and objective evaluations and ensures equal pay.
- 5.3 Progression within the grade for all staff is subject to satisfactory performance which is assessed annually through the council's appraisal process.
- 5.4 Incremental progression is subject to the employee meeting the following criteria, such as
- Mandatory core skills training e.g. customer care, equalities
  - Achievement of national standards (where they exist)
  - Working as part of a team to meet service objectives
  - Competence to cover absence of immediate supervisors and colleagues on sickness or holiday
  - Attainment of any NVQ/national/ professional/post graduate/qualification necessary to operate at a fully competent level

- Contributing to 'on the job' training and induction for new employees

5.5 The grading structure aims to meet the current and/or market position for most jobs. At certain times some types of jobs are very scarce either because of national shortages or high demand for certain skills. The consequence of this is recruitment and retention problems in the service. In these circumstances market premiums can be paid in order to attract good candidates. The criteria for payment of market premiums, which must be established before any payments are offered to either recruit or retain, is set out below:

- Recruitment problems - identified by the failure of at least one advertising campaign
- Retention problems - identified by a higher than normal turnover rate
- A high pay market - where credible market information advises of high rates of pay

The Strategic Leadership Board will review all market arrangements to be approved by the Ethical Governance and Personnel Committee.

## **6. Other allowances**

6.1 NJC employees may claim allowances which may be locally and nationally agreed in the course of their work duties. A list of typical allowances that employees can claim is set out at Appendix C.

## **7. Pension Arrangements**

All employees, of the council, irrespective of pay group, are entitled to join the Local Government Pension Scheme. The table below sets out the varied rates that employees are required to contribute based upon their whole time salary.

The employee contribution rates for 2014/15 are below:

<b>Full time salary range</b>	<b>Contribution rate</b>
Up to £13,500	5.5%
More than £13,501 and up to £21,000	5.8%
More than £21,001 and up to £34,000	6.5%
More than £34,001 and up to £43,000	6.8%
More than £43,001 and up to £60,000	8.5%
More than £60,001 and up to £85,000	9.9%
More than £85,001 and up to £100,000	10.5%
More than £100,001 and up to £150,000	11.4%
£150,001 or more	12.5%

The council, as an employer, currently contributes 16.4% of the whole time salary.

## **8. Multipliers**

- 8.1 Publishing the pay ratio of the organisation's top earner to that of its lowest paid earner and median earner has been recommended to support the principles of Fair Pay (Will Hutton, 2011) and transparency.
- 8.2 In the context of the council's payroll the Chief Executive, who is the top earner in the Council, currently earns £136,712 per annum. This is 5.79 times the average earnings in the Council, 6.89 times the median earnings and 9.19 times the lowest earner, which is £14,880 per annum.
- 8.3 The multipliers are monitored each year and notably the differential between the top earner and lowest earner has decreased compared to 2012/13.

## **9.0 Severance Payments**

9.1 The council operates a voluntary severance scheme which is applicable to all employees of the Council. The scheme applies to:

- Redundancy
- Voluntary early retirement

The policy for the award of any discretionary payment due to termination is the same for all staff regardless of level.

### **9.2 Redundancy**

Under regulation 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England & Wales) Regulations 2006 the Council can exercise discretion to increase statutory redundancy payments.

The Ethical, Governance and Personnel Committee will determine severance terms in accordance for Senior Officers (Heads of Service and above). For other Officers it will be the Council's Chief Executive in consultation with the Deputy Chief Executive (Corporate Direction).

The Council's redundancy policy allows for the number of weeks pay accrued (via the statutory formula) to be enhanced by applying a multiplier of 1.5. This is payable to employees made redundant with 2 or more years local government service regardless of their age.

### **9.3 Early Retirement – inefficiency grounds**

Employees who will be 55 or more and have at least 2 years' pensionable service in the Local Government Pension Scheme (LGPS) may retire early upon entering into a formal agreement with the Council which will include a mutually agreed retirement date, where it is considered to be in the interests of the efficient exercise of the Council's functions. The employee will not receive a severance payment or additional year's service but will have access to the pension scheme. The capital cost of early payment of pension benefits is subject to approval and costs must be met by savings within a 3 year period.

This will not generally be awarded other than in exceptional circumstances and not where there would be any entitlement to redundancy.

#### 9.4 Early Retirement

An employee can request to retire early from the age of 55 years. For employees between aged 55 – 59 years there will be a capital cost incurred by the employer. The Council therefore will use discretion as to whether to grant early retirement but each case will be at the Chief Executive's discretion in consultation with Deputy Chief Executive (Corporate Direction).

#### 9.5 Flexible Retirement

An employee who is a member of the LGPS and 55 years or over may request with the council consent reduces their hours and/or grade and make an election to the administering authority for payment of their accrued benefits without having retired from employment. However the council will only agree to release pension where there is no capital cost to the authority.

### **10. Re-employment/engagement of senior managers**

Where a senior manager, as defined under paragraph 4.1, has left the authority on redundancy or early retirement grounds, the authority will not re-employ at a later stage or re-engage the former employee as a consultant.

### **11. Decision Making**

Decisions on remuneration are made as follows:

- (a) Chief Executive local pay structure approved by full Council
- (b) Performance progression of Chief Executive Officer approved by the leader and opposition leader in accordance with the Chief Executive Performance Related Pay Scheme
- (c) Pay structure for all other posts approved by full Council
- (d) Performance progression for all other posts in accordance with the locally agreed scheme and as approved by officers under existing delegated powers