

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

COUNCIL – 26 MARCH 2013

Title of report	PAY POLICY STATEMENT 2013/14
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Purpose of report	The Council is required by the Localism Act 2011 to prepare and approve a pay policy statement in respect of each financial year, before the commencement of that financial year. This report has been produced to provide the relevant information in accordance with the relevant provisions of the Act.
Council Priorities	Value for Money
Implications: Financial/Staff Link to relevant CAT Risk Management Equalities Impact Assessment Human Rights Transformational Government	<p>The pay policy statement will apply to all of the most senior employees in the organisation.</p> <p>There are no additional costs to the Council resulting from the information in this report.</p> <p>Not Applicable.</p> <p>None.</p> <p>Has been previously completed. No equality issues identified. Held with the Author of the report as Background papers.</p> <p>No implications.</p> <p>This relates to the new ways in which council's are being asked to deliver their services.</p>
Comments of Head of Paid Service	The report is satisfactory.

Comments of Section 151 Officer	The report is satisfactory.
Comments of Monitoring Officer	The report is satisfactory.
Consultees	The report and pay statement has been provided to the Senior Officers of the Council for information.
Background papers	Held in Room 148 of the Council Offices. Some of the Background papers are confidential because they relate to individual employees.
Recommendations	THAT COUNCIL APPROVES THE COUNCIL'S PAY POLICY STATEMENT 2013/14, AS ATTACHED AT APPENDIX 1 OF THIS REPORT.

1.0 BACKGROUND

- 1.1 Under Section 38 of the Localism Act 2011, the Council is required to produce a Pay Policy Statement for each financial year, which must be approved by full Council before the beginning of the financial year to which it relates.
- 1.2 The Statement must set out the Council's policies in relation to:
- Senior Officers
 - Its lowest paid employees; and
 - The relationship between the pay of Senior Officers and the pay of other employees
- 1.3 For the purposes of this statement 'pay' includes basic salary, bonuses and all other allowances arising from employment.
- 1.4 The proposed pay policy statement attached sets out the Council's policy and explains the processes that apply to performance management and assessment. The Policy Statement also details the other benefits payable to Senior Officers and the approach to the engagement of Interim Senior Officers who may be in receipt of a previous public sector pension.
- 1.5 In accordance with the requirements of the Localism Act, the statement details the Council's pay multiple, which is 6 (the relationship between the median average pay of the Council's workforce compared to the salary of the most Senior Officer (the Chief Executive)). Members may note that the pay multiple appears to have increased when compared to the figure presented in last years statement, when the factor was 5. This is because the guidance on which "average" to use has changed – last year the "mean average salary" was used, now we are required to report on the "median average salary", which produces a lower salary figure for the multiple calculation. It is important to note that the salary of the most Senior Officer in the Council has not changed.

- 1.6 Members will note that a new paragraph has been added to the policy at 8.3, which covers any future severance arrangements that total in excess of £100,000. This paragraph has been included to take account of new guidance issued by the Department of Communities and Local Government in February 2013 under Section 40 of the Localism Act 2011.

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

Pay Policy Statement 2013 / 14

1.0 Introduction

- 1.1 This Statement sets out the Council's policies in relation to the pay of its workforce, particularly its Senior Officers, in line with Section 38 of the Localism Act 2011. In accordance with that Act, the Statement is required to be approved by full Council each year. The statement will be published on the Council's website. The Council is committed to an open and transparent approach to the pay and benefits that apply to its workforce.
- 1.2 This Statement sets out the Council's policies relating to the payment of the workforce particularly:
- Senior Officers
 - Its lowest paid employees; and
 - The relationship between the pay of Senior Officers and the pay of other employees
- 1.3 For the purposes of this statement 'pay' includes basic salary, bonuses and all other allowances arising from employment.

2.0 Objectives of this Statement

- 2.1 This Statement sets out the Council's key policy principles in relation to pay. The Council has employment law and contractual responsibilities in relation to the pay and benefits of its existing employees and these have been taken into account when formulating the Statement.
- 2.2 This Statement aims to ensure the Council's approach to pay and benefits attracts and retains a high performing workforce whilst ensuring value for money. It sits alongside the information on pay that the Council already publishes as part of its responsibilities under the Code of Practice for Local Authorities on Data Transparency.

3.0 Basic Salaries of Senior Officers

- 3.1 From a legal perspective, for the purposes of this Statement Senior Officers are defined as those posts with a salary above £58,200 which is the current Senior Civil Service minimum pay band.
- 3.2 In North West Leicestershire District Council 7 posts have the potential to earn a salary in excess of £58,200. The posts of Chief Executive and Director of Services and Deputy Chief Executive earn a basic salary in excess of £58,200. The other 5 posts are on a salary banding which starts at £51,880 and ends at £60,517,
- 3.3 The following posts are determined to be statutory, Chief or Deputy Chief Officer posts in the Council:-

Chief Executive (Head of Paid Service and Returning Officer)
Director of Services and Deputy Chief Executive
Head of Legal and Support Services (Monitoring Officer)
Head of Finance (Section 151 Officer)
Head of Housing
Head of Regeneration and Planning
Head of Community Services

- 3.4 It should also be noted for completeness that two other posts at Service Manager level are also technically Deputy Chief Officers because of their functions within the Council as Deputy Monitoring Officer and Deputy Finance Officer. Their information has not been included within this statement as their total pay package is less than £58,200 per annum.
- 3.5 The Heads of Service are all located within a salary range £51,880 to £60,517 (9 incremental points), The Deputy Chief Executive / Director salary range is £71,389 to £79,096 (6 incremental points) and the Chief Executive Salary range is £112,695 to £120,651.(4 incremental points).
- 3.6 The salaries of all Senior Officers have been set previously by formal meetings of elected members. In the case of the Chief Executive and the Deputy Chief Executive/Director, these were most recently reviewed in 2008 and the existing salary ranges were determined having regard to market conditions and the responsibilities associated with the roles. The Chief Executive's performance is considered annually at a meeting of the members Appointments Panel.
- 3.7 A member review of the salaries of the Heads of Service took place in 2011, which was in response to difficulties in recruiting to the Head of Finance post. The Deputy Chief Executive/Director and the Heads of Service are all subject to an annual appraisal process, and are required to report on their progress on Service delivery Plans to members.
- 3.8 Increments for all employees including Senior Officers are paid on an annual basis until the maximum of the scale is reached. The Chief Executive, or her nominated representative, has the discretion to award and withhold increments of officers' dependant on satisfactory or unsatisfactory performance.
- 3.9 Annual pay awards (cost of living) are decided at national level for all employees of the Council. There has been no annual pay award to any group of staff since 1 April 2009. Negotiations are continuing at national level between the Employers Organisations and the Trade Unions to see if agreement can be reached on a pay award for 2013/14. At the time of preparation of this Statement no agreement had been reached.

4.0 Car Allowance payments made to Senior Officers

- 4.1 It is a requirement of the contracts of all Senior Officers that they be on a call-out rota to be available for Service Emergencies or to act in the event of a civil or national emergency situation. The rotas offer 24/7 365 days a year cover.
Due to the need to respond to emergencies out-of-hours and being on-call, Senior Officers have retained either a Car Lease or car allowance. These criteria also apply to other employees in the workforce.
- 4.2 The annual car leasing value to Senior Officers varies depending on the year renewal date of their vehicle and the relative value of "benchmark" vehicles in the Car Leasing

scheme. On the basis of the current arrangements the maximum current annual value is a range between £2,554 and £3,000 (for the Senior Officers in this statement).

- 4.3 All Officers who are provided with a lease car are tied to a 4 year contract, with penalties payable if they terminate the contract prematurely. Officers are responsible for their own car insurance and petrol / diesel costs. If Officers with a lease car use the car for business mileage they are reimbursed the cost at 16.6p per mile. This rate is reviewed periodically by reference to the National Conditions of Service petrol element.
- 4.4 The Car Allowance rates for Senior Officers are identical to those for all other employees in the Council, and these have been determined at National Level by the annual negotiations between the Employers Organisations and the Trade Unions. The current rate is a lump sum allowance of £963 per annum which is paid in monthly instalments. Officers are then paid a fixed mileage rate for any business miles undertaken which varies from 36.9p per mile to 40.9p per mile.

5.0 Local Government Pension Scheme

- 5.1 All Council employees may join the Local Government Pension Scheme. The Scheme is a statutory scheme with contributions from employees and from employers. For more comprehensive details of the local government pension scheme see:

<http://www.lgps.org.uk/>

- 5.2 Neither the Scheme nor the Council adopt different policies with regard to benefits for any category of employee and the same terms apply to all staff. It is not normal Council policy to enhance retirement benefits but there is flexibility contained within some pensions discretions for enhancement of benefits. The Council will consider each case on its merits in accordance with the discretions determined by Council at the time. There is no flexibility for the discretions to be applied more favourably to Senior Officers.
- 5.3 A national review of the Local Government pension scheme is currently being undertaken.

6.0 Professional Fees

- 6.1 The Council will reimburse the cost of professional fees for Senior and other Officers where it is a requirement of their employment or contract. The Council will only reimburse the cost of one fee up to a maximum of £237 per annum. The annual maximum is linked to a percentage of one of the spinal column points in the main employee salary scale, so is increased when there is a nationally-agreed cost of living rise. As there has been no cost of living rise since April 2009, the rate has remained unchanged.

7.0 Electoral Registration fees

- 7.1 In accordance with the national agreement the Chief Executive is entitled to receive and retain the personal fees arising from performing the duties of returning officer,

acting returning officer, deputy returning officer or deputy acting return officer and similar positions which he or she completes.

- 7.2 Fees for returning officer and other electoral duties are identified and paid separately for local government elections, elections to the UK Parliament and EU Parliament and other electoral processes such as referenda. As these relate to performance and delivery of specific elections duties they are distinct from the process for the determination of pay for Senior Officers. The fees are set externally by legislation and based on a formula linked to the number of electors.

8.0 Employment Stability Policy

- 8.1 The Council has previously determined that its “Employment Stability Scheme” will apply to all employees of the Council including Senior Officers. The Employment Stability Policy provides that actual weekly pay will be used when calculating an employee’s redundancy payment and the number of redundancy weeks payable is the statutory number of weeks redundancy multiplied by a factor of 1.5. This means that the maximum number of week’s payable, depending on age and service, is 45.
- 8.2 The Employment Stability Policy also includes the potential for any employee (including Senior Officers) who is at risk of being made redundant to receive salary protection for 3 years on a stand-still basis if they are redeployed to a lower graded post. It should be noted that in practice, this is a rare occurrence.
- 8.3 Full Council will be given the opportunity to vote on severance arrangements which exceed a total value of £100,000 before they are approved. The information presented will clearly set out the components of the severance package (e.g salary paid in lieu, redundancy compensation, pension capital costs, holiday pay and any other bonuses, fees or allowances paid).

9.0 Whole-time service

- 9.1 All Senior Officers are expected to devote the whole of their service to the Authority and are excluded from taking up additional business, ad hoc services or additional appointments without consent. Officers at a senior level are restricted from being involved in specified political activities, and all employees of the Council are bound by a code of conduct. Senior Officers are expected to work the hours required to complete the job, subject to a minimum of 36.26 hours per week. No additional payments are normally made for out-of-hours working, and there is an expectation that Senior Officer roles will include on-call and out-of-hours meetings and duties.

10.0 Other benefits

- 10.1 A number of the Senior Officers terms and conditions of Service are determined at National level according to the following frameworks:
- National Joint Council for Chief Executives Conditions of Service
National Joint Council for Chief Officers Conditions of Service
- 10.2 These frameworks provide the details of conditions of service such as annual leave, sick pay, maternity allowances, training and development etc.

11.0 Pay Relationships

11.1 The Localism Act 2011 requires the Council to set out its policy relating to the relationship between the pay of its Senior Officers and the pay of the rest of its employees. The Council has not previously set its pay structure of any group of employees by reference to a pay multiple. The Council has previously set the pay rates for different groups through processes of job evaluation, market comparability and the prevailing economic and market conditions. These can vary enormously from time to time and between the many occupational groups comprising the Council's workforce.

11.2 Pay of the Council's Lowest Paid Employees

The Council has defined its lowest paid employees as those on the lowest pay grade the Council operates, who are not undergoing an apprenticeship. On this basis the lowest paid full-time equivalent employee of the Council earned £12,145 in 2012/13.

11.3 The Localism Act requires Councils to calculate the pay multiples between the highest and lowest earners. The median average pay of the Council's workforce in January 2013 (including overtime payments) was £20,198 so the pay multiple factor is 6.

12.0 Approach to pensioners and Interim Managers

12.1 The Localism Act requires an explanation of the Council's policy in relation to the arrangements that might apply where it could appear that the public sector is paying an individual twice through a salary and a pension for doing the same job. This Council's view is that it is not good value for money for the taxpayer to make a person redundant (and pay a pension if they are aged 55 years and over) for them to then return to the same job. The Council will not condone this approach. However, it should be noted that there may be circumstances where the Council may employ individuals who are in receipt of a public sector pension for new roles where they are the best person for the job. An example of this may be the employment of ex-services or "blue-light" personnel, to a different role in this Council. It should also be noted that there might be risks of age or disability claims if the Council was to adopt a contrary position.

12.2 The Council has previously used Interim Managers to fill short-term vacancies or to undertake specific projects where there are capacity issues or a shortage of a particular skill set within the Council's own workforce. This may mean that the Council could engage Interim Managers who are in receipt of a public sector pension from other previous employment where an appropriate assessment has been completed on the value-for-money of the proposed arrangement for the Council. Such assessment will be completed by the Head of the Paid Service in consultation with the Leader of the Council.

13.0 Review and Changes

13.1 The Council will review this policy annually, or if amendments need to be made before the date of the scheduled review, in year, to full Council. Any significant amendments to the pay and benefits of Senior Officers will be determined according to the Council's constitution by the relevant Committee or Panel prior to a recommendation being made to full Council.