



Report of: Cllr David Henderson, Leader and Philippa Davies, Corporate Director of Resources

Meeting: Council

Date: 06/03/2014

Item number: 7

## **Pay Policy Statement 2014/15**

### **1. Purpose of Report**

To consider the Council's Pay Policy Statement for the 2014/15 financial year in advance of it being published on the Council's web site.

### **2. Outcomes**

Increased accountability, transparency and fairness in the setting of local pay, ensuring that communities have access to the information they need to determine whether remuneration, particularly senior remuneration, is appropriate and commensurate with responsibility.

### **3. Recommendation**

That the Pay Policy Statement in respect of 2014/15, attached at Appendix 1, be approved.

### **4. Background**

The Localism Act 2011 requires the Council to prepare a Pay Policy Statement to articulate the authority's own policies towards a range of issues relating to the pay of its workforce, particularly its senior staff (or 'chief officers') and its lowest paid employees. Pay Policy Statements must be prepared for each financial year, must be approved by the full Council and published in such manner as the authority thinks fit, which must include publication on the authority's website. The first statement was prepared and approved by Council at their meeting 1 March 2012.

### **5. Key Issues and Proposals**

#### **Accountability**

The Secretary of State considers that decisions on pay policies should be taken by elected members i.e. those who are directly accountable to local communities. That is

why the Act requires that pay policy statements, and any amendments to them, are considered by a meeting of full Council and cannot be delegated to any sub-committee. Such meetings should be open to the public and should not exclude observers. In addition, full Council should be offered the opportunity to vote before large salary packages are offered in respect of new appointments and the threshold set by the Secretary of State is £100,000. This should include 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.

### **Transparency**

Approved policy statements must be published on the authority's web site as soon as is reasonably practicable after they are approved or amended. The definition of chief officers is not limited to Heads of Paid Service or statutory chief officers but also includes those who report directly to them (non-statutory chief officers) and to their direct reports (deputy chief officers).

### **Fairness**

The Act requires authorities to set their policies on remuneration for their highest paid staff alongside their policies toward their lowest paid employees. In addition, it requires authorities to illustrate the relationship between the remuneration of its chief officers and its employees who are not chief officers via the publication of an organisation's pay multiple – the ratio between the highest paid employee and the mean average earnings across the organisation.

## **6. Financial and legal implications**

Finance: None arising directly from the report

Legal: Compliance with section 38 to 43 of the Localism Act 2011.

### **Other risks/implications**

If there are significant implications arising from this report on any issues marked below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report for the following:

- community safety
- equality and diversity
- sustainability
- health and safety
- asset management
- climate change
- data protection

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**7. List of background papers**

None

**8. List of appendices**

Appendix A – Pay Policy Statement 2018/19 Appendix A



**Pay Policy Statement  
2014/15**

Wyre Council  
Civic Centre  
Breck Road  
Poulton-le-Fylde

March 2014

# The Pay Policy Statement for Wyre Council

## 1. Introduction

In order to demonstrate openness and accountability in local pay and in accordance with the Localism Act, the Council is required to publish a Pay Policy Statement for each financial year which must be approved by the full Council. This is the third statement produced by the Council, relating to the 2014/15 financial year, and must be approved and prepared before the end of March 2014. The statement must articulate the authority's own policies towards a range of issues relating to the pay of its workforce, particularly its senior staff (or 'chief officers') and its lowest paid employees.

For the purposes of the statement, the reference to 'Chief Officers' includes the head of paid service (Chief Executive), the monitoring officer (Corporate Director of People and Places), the S151 Officer (Corporate Director of Resources) and deputy chief officers or those reporting or directly accountable to one or more of the statutory chief officers (Heads of Service).

In accordance with the Act, remuneration includes:

- The employee's salary;
- Any bonuses payable by the authority to the employee;
- Any charges, fees or allowances payable by the authority to the employee;
- Any benefits in kind to which the employee is entitled;
- Any increase in or enhancement of the employee's pension entitlement where the increase or enhancement is as a result of a resolution of the authority;
- Any amounts payable by the authority to the employee on the employee ceasing to be employed by the authority, other than any amounts that may be payable by virtue of any enactment – e.g. statutory redundancy.

Under the new arrangements, full Council should be offered the opportunity to vote before large salary packages are offered in respect of any new appointments. The Secretary of State considers that £100,000 is the right level for that threshold to be set and salary packages should include salary, 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. There are currently no employees at Wyre Council entitled to a salary package in excess of £100,000.

The Act does not require authorities to use their pay policy statements to publish specific numerical data on pay and reward. Data is currently published on pay and reward in accordance with the [Code of Recommended Practice for Local Authorities on Data Transparency](#) in relation to senior employees defined as above £58,200 and the [Accounts and Audit Regulations 2011 Statement of Accounts Note 28 \(p65\)](#) for posts where the full time equivalent salary is at least £50,000.

In determining the pay and remuneration of all its employees, the Council complies with all relevant employment legislation including the Equality Act 2010, Part Time

Employment (Prevention of Less Favourable Treatment) Regulations 2000 and, where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations. The Council ensures that 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.

## **2. Pay Multiple**

In June 2010, the Government asked Will Hutton to undertake a review of Fair Pay in the public sector and the final report was published in March 2011. The report highlighted that there is value in ensuring that decisions about senior pay are taken in context of similar decisions on lower paid staff and that the relationship between those decisions should be considered. The Government welcomed this approach and the Act therefore requires authorities to set their policies on remuneration for their highest paid staff alongside their policies toward their lowest paid employees. The recommended way of illustrating this relationship is via the publication of an organisation's pay multiple – the ratio between the highest paid employee and the mean average or median earnings.

Using information held in the payroll system as at January 2014, a pay multiple of 3.81 (previously calculated as 3.79 at Jan'13) has been calculated as the mean average and 4.66 (previously 4.57) as the median.

The relationship between the remuneration of chief officers and other employees is determined by the pay and grading evaluation system and is not based on pay differentials associated with seniority. The pay and grading system determines salary levels based on skills, knowledge, relationships, the work environment and responsibilities, including managerial sphere of responsibility.

Following a series of staffing reviews which has seen significant reductions in cost, the Council's policy going forward will be to ensure that the pay multiple is not significantly changed. The Council will monitor its alignment with external pay markets, both within and outside the sector, and use available benchmark information as appropriate.

## **3. Remuneration**

At the Council meeting 9 June 2011 the Council agreed a revised senior management structure which included a remuneration package of £85,000 to £90,000 for the Chief Executive (with 3 incremental points) and £70,000 to £75,000 for the two corporate directors (again with 3 incremental points). In determining the grading structure for these posts, which fall outside the nationally agreed arrangements, the Council takes account of the need to ensure value for money balanced against the need to recruit and retain employees who are able to meet the requirements of the role.

Heads of Service are remunerated in accordance with the pay and grading structure agreed by both the Employment and Appeals Committee and the Cabinet at their meeting 8 December 2008. This revised pay and grading structure was implemented

as a result of the 1997 Single Status Agreement which required all Councils to review their local grading structures and to implement a structure which was fair and non-discriminatory. The Council adopts the national pay bargaining arrangements in respect of the establishment and revision of the national pay spine and the pay and grading structure is published on the Council's web site. For the 2014/15 financial year, Heads of Service will be remunerated as follows:

- Head of Transformation – Grade 14
- Head of Housing Services – Grade 14
- Head of Planning Services – Grade 14
- Head of Environmental Health and Community Safety – Grade 13
- Head of Culture, Leisure and Tourism – Grade 13
- Head of Operations – Grade 14
- Head of Built Environment – Grade 13
- Head of Contact Centre – Grade 14
- Head of Business Support – Grade 13
- Head of Governance – Grade 13
- Head of Engineering Services – Grade 14 Head of Finance – Grade 14

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. Progression through the incremental scale is subject to satisfactory performance which is assessed on an annual basis. The level of remuneration is not variable dependent upon the achievement of defined targets.

The Council does not award any other elements of senior remuneration such as bonuses, performance related pay or severance payments. Fees for the 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 election duties as and when they arise, they are distinct from the process for the determination of pay for Chief Officers.

### **Referendum, Parliamentary and European Elections**

An estimate of the likely cost of conducting the election is received from the Cabinet Office (Elections and Democracy Division) in advance of holding the election which details the fee for the Returning Officer and the total amount available for those involved in working at the polling stations and undertaking the count. There is a set fee for Presiding Officers, Polling Clerks and Polling Station Inspectors. For the last Referendum on the voting system for UK Parliamentary elections counting assistance was remunerated at £100 for the entire evenings work.

### **County Council Elections**

The Council receives notification of set fees for the Returning Officer, Presiding Officers, Poll Clerks and Polling Station Inspectors.

Remuneration for the count is a set fee based on the number of electoral divisions. The next County Council election will be held in May 2017.

## **Borough and Parish Elections**

The last elections took place in May 2011 and the fees and disbursements are determined by the Returning Officer under delegated powers. The schedule is reviewed annually and published on the web site with the majority of fees being determined by the number of wards or parishes contested and the number of registered postal voters.

There may be occasions when employees are subject to formal standby arrangements such as Albion and Neptune concerning river and tidal flooding. This is paid at £85.93 per week with recall to work being paid for chief officers at plain time or time off in lieu.

## **4. Pension Contributions**

Where employees have exercised their statutory right to become members of the Local Government Pension Scheme (LGPS), 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. The rate of contribution is set by the Actuary advising the Pension Fund and is reviewed on a triennial basis in order to ensure that the scheme is appropriately funded. The future service rate, set at 1 April 2014, is 13.7%.

## **5. Redundancy**

The LGPS Regulations require the Council to formulate and keep under review a policy [Employer Discretions](#) concerning the exercise of functions in awarding additional pension or service to members and in operating early retirement and flexible retirement provisions.

The policy makes it clear how the Council intends exercising its discretionary functions in order to ensure that Members remain in control and that the council tax payers' interests are safeguarded.

Section 2 shows the options available to the Council and scheme members to terminate employment including early retirement, redundancy/early retirement in the interests of efficiency of the service, voluntary early retirement and ill health retirement.

Section 3 lists all the discretions that have been considered and how the Council wishes to exercise their discretion in each case. The award of additional membership can only be exercised via augmented service, cannot exceed 10 years with each case being considered on its own merits and any enhancement being restricted to the minimum level to achieve the efficiency savings required. Such enhancement would not be applied other than in exceptional circumstances.

Whilst the Council has a discretionary power to award a one-off lump sum payment of up to 2 years pay (104 weeks) inclusive of any redundancy payment it has decided not to award enhanced payments and will use the statutory formula to calculate redundancy payments giving a maximum of 30 week's pay but has adopted the power

to use the actual week's pay for the calculation of redundancy rather than the statutory limit.

In approving early retirement with employer consent, with or without additional membership of LGPS, the Council will assess each case on its merits, taking into account the costs of early retirement, the efficiency savings that will accrue, impact on service, potential for service improvements, etc.

## **6. Flexible Retirement**

Sometimes it can appear that the public sector is paying an individual twice – through a salary and a pension – for doing the same job. The Council can determine whether all or some benefits can be paid if an employee applies for flexible retirement at or after age 55. Employees opting for flexible retirement by reducing hours or moving to a lower grade can draw their pension benefits whilst continuing in employment and building up further benefits in the scheme. The Council does not automatically operate this discretion but each case is considered on its merits.

## **7. Re-employment of Chief Officers**

The Council does not specifically preclude the employment or contracting of chief officers who were previously employed by the authority and who, on ceasing to be employed, were in receipt of a severance or redundancy payment.

Lancashire County Council, the administering authority for the LGPS, are responsible for determining any policies concerning the abatement of pensions i.e. where pension has been enhanced previously either through the award of added years or ill health retirement.

## **8. Contracts**

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 may consider engaging individuals under a 'contract for service'. These will be sourced through the relevant procurement process ensuring that the Council can demonstrate value for money. It should be noted that with such arrangements the Council is not required to make either pension or national insurance contributions. The Council does not currently have any chief officers engaged under such arrangements.

## **9. Lowest Paid**

In accordance with the Localism Act, the Council is required to develop its own definition of "lowest paid" and explain why that definition has been chosen.

The lowest paid persons employed by the Council are reimbursed in accordance with the established pay and grading structure with the minimum spinal column point in use being scp5, namely £12,435 per annum for a full time equivalent (37 hours), being the minimum wage.

## 10. Terms and Conditions

For the purposes of the Pay Policy Statement, the reference to 'Chief Officers' includes the Chief Executive, the two Corporate Directors and the Heads of Service and each of these has a different set of terms and conditions as indicated below.

Chief Executive – the Joint Negotiating Committee for Chief Executives;  
Corporate Directors – the Joint Negotiating Committee for Chief Officers; and  
Heads of Service – the National Joint Council for Local Government Services.

All posts carry a casual car user status which entitles the employee to reimbursement at the rate of 52.2p per mile.

A telephone allowance is paid to the Corporate Director of Resources in lieu of the provision of a mobile telephone.

Entitlement to sickness absence for all posts is detailed below.

Length of service	Sickness absence entitlement
During 1st year of service	One month's full pay and (after four months' service), two months' half pay
During 2nd year of service	Two months' full pay and two months' half pay
During 3rd year of service	Four months' full pay and four months' half pay
During 4th and 5th years of service	Five months' full pay and five months' half pay
After completing 5th year of service	Six months' full pay and six months' half pay

Annual leave entitlement for both the Chief Executive and the Corporate Directors is 30 working days with Heads of Service being eligible for the following:

Amount of service	Annual leave
Up to the completion of 4 years	23 days
From the 4th complete year to the 5th complete year	25 days
After completion of 5 years	28 days

No chief officers or any other employees, excluding legal officers who require a practising certificate to represent the Council in court, receive any reimbursement for professional fees.