

## **PAY POLICY STATEMENT 2015/16**

### **Introduction and Purpose**

Warwick District Council aims to have a comprehensive remuneration package that is appropriate and fair for all levels of role and responsibility; ensuring that transparency and equality underpins any rewards.

Under section 112 of the Local Government Act 1972, the Council has the "power to appoint officers on such reasonable terms and conditions as 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. The purpose of the statement is to provide transparency with regard to the setting of pay for its employees by identifying:

- the detail and level of remuneration of its most senior staff i.e. 'chief officers', as defined by the relevant legislation
- the methods by which salaries of all employees are determined
- the Committee responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council

Once approved by Full Council, this policy statement will come into immediate effect and will be subject to review on a minimum of an annual basis in accordance with the relevant legislation prevailing at that time. This is the fourth Pay Policy Statement published; the first was for 2012/13.

### **REMUNERATION PROVISIONS**

#### **Definition of Chief Officers**

The definitions of Chief Officer are taken from the Localism Act 2011 and set out in Article 12 of the Council's Constitution as:

Chief Executive  
Deputy Chief Executive  
Heads of Service  
Section 151 Officer  
Monitoring Officer

#### **Definition of Lowest Paid Employees**

These are employees in Grades J and I of the NJC grading structure which are the bottom two bands in the scheme. The grading and banding is underpinned by Hay job evaluation scheme. Currently those employees in Grade J account for a very small proportion of the workforce, therefore Grade I is also included.

In October 2014 the National Living Wage (£7.65) was introduced as a discretionary supplement to ensure that all staff paid below the Living Wage were uplifted to that rate.

Apprentices are employed on a lower wage as they are considered to be on a training agreement with the Council, rather than a full employment contract.

The recommended pay rates should not be lower than the National Minimum Wage and according to research for the National Apprenticeship Scheme, the average pay for an Apprentice is £170 per week which is what the Council has based Apprentices' pay on.

## **Section 1- POLICY ON REMUNERATION OF CHIEF OFFICERS**

### **1. Levels of Pay for Each Chief Officer**

The Chief Executive as head of the paid service is employed on the JNC terms and conditions of service and paid a salary that is a spot payment, commensurate with the role.

The Deputy Chief Executives, Heads of Service (which include the Monitoring Officer and the Section 151 Officer) are paid within the Warwick Senior Management Grades (WSMG) on a salary which is considered a market rate within the local government sector. There are 3 salary scale incremental levels; the current levels of pay for each Chief Officer are set out in Appendix 1.

Employer contributions for LGPS for 2015/16 is 14.2% and Employee contributions can be found at [www.warwickshire.gov.uk/pensions](http://www.warwickshire.gov.uk/pensions)

These elements of remuneration for 2015/16 are set out in Appendix 1. This may be subject to increase dependent on a Chief Executive/Chief Officer Pay Award. Officers earning above £100,000 are excluded from the current pay negotiations.

### **2. Elements of Remuneration for Each Chief Officer**

In addition to the basic salary outlined above, Chief Officers may claim business mileage as a Casual Car User; none of the Chief Officers are in receipt of an Essential Car User Allowance payment.

The Chief Executive is the Council's Returning Officer and receives an Election Allowance. This allowance is set by central government and it varies each year depending on the number and type of elections held in each year.

The Council's Monitoring Officer role is carried out by one of the Deputy Chief Executives as part of the current role; a separate payment for Monitoring Officer is not made.

For an exceptional piece of work or an exceptional achievement, a Chief Officer may be awarded an honorarium. The Chief Executive can approve this for any employee and this is either paid as a one off payment or can be a monthly allowance for a temporary period.

### **3. Pay Levels on Recruitment**

The pay level offered on recruitment is typically the bottom point of the salary grade for all roles including Chief Officers. In situations, however, where the individual recruited has a high level of knowledge or skills, and/or previous relevant experience, a higher salary up to the maximum salary for that post, may be authorised by the Chief Executive.

The majority of Chief Officers are appointed by the Employment Committee (which reflects all political parties) exercising their delegated powers as outlined in the officer employment procedures.

This excludes the appointment to the role of Head of Paid Service (Chief Executive) and any other posts where the salary is greater than £100,000 where the Employment Committee recommends the appointment to Full Council for approval.

#### **4. Increases to Pay**

Any cost of living increases agreed through JNC are applied to Chief Officers pay. This is typically on 1<sup>st</sup> April each year and incremental increase to their pay will be applied as follows:

- Chief Officers appointed between 1<sup>st</sup> October and 31<sup>st</sup> March will receive an increment on 1<sup>st</sup> October the following year and thereafter
- Chief Officers appointed between 1<sup>st</sup> April and 30<sup>th</sup> September will receive an increment on 1<sup>st</sup> April the following year and thereafter.

There are 3 levels of increment; the first is the recruiting salary, the second level is automatic but the final level is subject to a satisfactory performance as signed off by their line manager. It may be withheld if the Chief Officer is deemed to not have a satisfactory performance appraisal or has a live formal written warning for conduct or performance issues.

Where a Chief Officer has given exceptional performance then they may be awarded additional increments outside of the normal incremental timescale as detailed above - subject to their pay not exceeding the maximum salary for their post. This would be authorised by the Chief Executive.

Chief Officers' pay will be benchmarked regularly against the market to ensure consistency is maintained both in the peer local authorities and nationally if relevant. Where there are significant changes in market rates then a pay benchmarking assessment will be carried out for Chief Officers.

Where a Chief Officer is temporarily working in a higher level role, (duration of 3 months or more) this may be recognised by payment of an honorarium or the higher salary relevant to that role on a temporary basis.

#### **5. Performance Related Pay or Bonuses**

Exceptional performance of Chief Officers is recognised by either accelerated increments or an honorarium as detailed previously. Poor performance may result in an increment being withheld.

#### **6. Termination Payments**

In the case of redundancy, a severance payment would be made to a Chief Officer in line with the current the Redeployment and Stability of Employment policies and as per the Redundancy Calculator.

Leavers who wish to apply for Early Retirement or Flexible Retirement may do so in accordance with the associated policies for early retirement and flexible retirement.

In the case of termination due to Ill-health, a termination payment would not be applicable but a higher pension benefit may be approved by the pension scheme. The pension benefit may include a lump sum in addition to an on-going pension payment.

On termination of employment, if it is not possible or desirable for the Chief Officer to serve their contractual or statutory notice period, then a payment may be made in lieu of the notice period.

Any contractual payments such as outstanding annual leave are usually included in payments on termination of employment. Similarly any monies owing to the Council would be deducted from payments made on termination.

The Council may choose to make a payment under a Settlement Agreement to protect against compensation claims that could be expensive or bring the Council into disrepute. Typically such payments are less than a year's salary. The approval for payments of this nature need to have the support of the Chief Executive who will then seek approval at Executive Committee.

## **Section 2 - POLICY ON REMUNERATION OF ALL EMPLOYEES AND IDENTIFICATION OF OUR LOWEST PAID EMPLOYEES**

Our definition of the lowest paid employees within the Council is determined by the grade for their post, which is underpinned by Hay job evaluation scheme. Market supplements may be given to some posts where there are recruitment and retention difficulties. Currently none of our lowest paid employees receive a market supplement on their salary.

The Council implemented a discretionary supplement in October 2014 for staff paid spinal column point 10 and below to bring their hourly rate in line with National Living Wage (NLW). The NLW rate of £7.65 was increased to £7.85 in October 2014 and it is proposed within the Budget Report to implement the increase with effect from 1<sup>st</sup> April 2015 for Council staff.

Using the Hay Job Evaluation process, the Councils uses the nationally negotiated pay spine (further details can be found at [www.LGE.gov.uk](http://www.LGE.gov.uk)) as the basis for its local grading structure. This determines the salaries of the large majority of the workforce – apart from Chief Officers – together with the use of other nationally defined rates where relevant. The last increase to the national pay scheme was January 2015. 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 and/or as determined by the Council. In determining its grading structure and setting remuneration levels for all posts, 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.

New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate. From time to time it may be necessary to take account of the external pay 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

appropriate data sources available from within and outside the local government sector.

During 2012/13, the Council fulfilled its commitment to employ Apprentices and had two young people engaged under this scheme. They were paid at the average pay rate for Apprentices which is £170 per week. Both apprentices secured fixed term posts within the Council. In 2014/15 three more Apprentices were recruited.

### **Section 3 - THE RELATIONSHIP BETWEEN REMUNERATION OF CHIEF OFFICERS AND OTHER EMPLOYEES**

The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers (as included within the Hutton 'Review of Fair Pay in the Public Sector' 2010). The Hutton report was asked by Government to explore the case for a fixed limit on dispersion of pay – in that a public sector manager cannot earn more than 20 times the lowest paid person in the organisation. The report concluded that the relationship to median earnings was a more relevant measure and the Government's 'Code of Recommended Practice on Data Transparency' recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the Council's workforce.

Currently the average (mean) of the Chief Officers pay is 3.0 times that of the rest of the employees. The highest earning Chief Officer earns 4.4 times the mean of the rest of the employees. The highest earning Chief Officer earns 11.8 times the mean of the lowest paid employees. This is higher ratio than last year as it includes the pay of the Apprentices.

Currently the median Chief Officers' pay is 2.6 times that of the rest of the employees. The highest earning Chief Officer earns 4.6 times the median salary of the rest of the employees.

These figures are accurate as of January 2015 and exclude any other payments or allowances.

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.

### **Section 4 - PUBLICITY AND ACCESS TO INFORMATION**

This policy including Appendices will be available on our web site [www.Warwickdc.gov.uk](http://www.Warwickdc.gov.uk).

### **Section 5 - RELATED DOCUMENTS**

Early Retirement  
Redeployment and Stability of Employment  
Recruitment Policy  
Final Increment Scheme for Chief Officers  
Disciplinary Policy  
Hay Job Evaluation Scheme Outline

Flexible Retirement  
Ill-Health Retirement Policy  
Honoraria Policy  
Capability Policy  
Car Users guidelines

Date of first issue:	March 2012
Date of Version 2:	March 2013
Date of Version 3:	March 2014
Date of Version 4:	January 2015
Date of next review:	January 2016

**WARWICK SENIOR MANAGERS GRADES**  
(WSMG Scheme for Chief Officers excluding the Chief Executive)

**Basic Pay**

<b>Grade</b>	<b>Post</b>	<b>Starting Point</b>	<b>Mid Point</b>	<b>Max Point</b>
	Chief Executive	£95,750	-	£104,840
WSMG1	Deputy Chief Executive	£78,000	£81,250	£84,500
WSMG2	Head of Finance	£69,000	£71,750	£74,500
WSMG3	Head of Housing & Property Services	£55,310	£57,615	£59,921
WSMG3	Head of Neighbourhood Services	£55,310	£57,615	£59,921
WSMG3	Head of Cultural Services	£55,310	£57,615	£59,921
WSMG3	Head of Development Services	£55,310	£57,615	£59,921
WSMG3	Head of Health and Community Protection	£55,310	£57,615	£59,921

*Subject to possible pay award for Chief Officers and Chief Executive currently under negotiation. Officers earning above £100,000 are excluded from the current pay negotiations.*

**ELEMENTS OF REMUNERATION FOR CHIEF OFFICERS**

**Car Mileage Payments**

The accumulative mileage claim for the Chief Officer population for 2014/15 is approximately £1,100. It is estimated that the figure would be in the same region for 2015/16.

**Election Allowance for 2015/16 (Chief Executive only)**

The fee paid to the Returning Officer is determined by legislation and the recovery of the costs for the Returning Officer duties at a UK or European Election is met from Central Government funds and as such does not constitute a cost the Council.

**Honorarium Payments**

None expected for Chief Officers in 2015/16

**Relocation Scheme**

None anticipated for 2015/16

**Mortgage Subsidy Scheme**

None currently