

Report to Council 20 February 2019

Wychavon District Council

2019/20 Pay Policy Statement

Introduction and Purpose

Wychavon District Council employs approximately 240 employees (c.211 full time equivalent (FTE) people). The provision of many of the Council's services is outsourced to the private or third sectors and others are carried out by partner councils through shared services arrangements. Wychavon remains responsible for these services, and in addition, provides services to other councils, including Malvern Hills District Council, also under shared service arrangements. The Council's annual turnover is in the region of £58 million (gross expenditure as per Comprehensive Income and Expenditure Account for 2017/18).

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 (the '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 Council's approach to setting the pay of its employees 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 arrangements for ensuring the provisions set out in this Statement are applied consistently throughout the Council.

Once approved by the Council, this Pay Policy Statement will be effective for the relevant financial year and will be subject to review on a minimum of an annual basis in accordance with the relevant legislation prevailing at that time.

Legislative Framework

In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Employment) Regulations. With regard to the Equal Pay requirements contained within the Equality Act, the Council seeks to ensure there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality proofed Job Evaluation mechanisms which directly relate salaries to the requirements, demands and responsibilities of the role. The Council will conduct an annual gender pay gap audit, will publish its gender pay gap figures as required under the Equality Act 2010, and will undertake action to reduce any pay inequalities identified.

In addition to this legislative compliance, the Council also ensures it pays at least the national living wage to all of its employees, and thus is compliant with regard to mandatory national living wage requirements.

Pay Structure

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.

The Council's pay and grading structure comprises Grades 1–M3, which encompasses all employees excluding the senior management team (Managing Director, Deputy Managing Director and Heads of Service). Within each grade there are a number of salary / pay points. Up to and including Grade 9, the Council uses the nationally negotiated pay spine for local government employees. Salary points above this, i.e. for Grades 10, M1, M2 and M3 inclusive, are locally determined.

Wychavon District Council has formally entered into a joint senior management structure with Malvern Hills District Council and as a result is sharing resources at a senior level. In support of this, senior officers with joint responsibilities are aligned to grade SMT2. Band SMT1 exists for any senior management post without joint responsibility other than the post of Deputy Managing Director who is aligned to grade SMT2. The Council's Managing Director remains on the individual MD grade.

In compliance with the most recent National Joint Council for Local Government pay agreements, the Council has consulted upon assimilation to a new pay spine from 1 April 2019. The Council has extended assimilation to Grades 10, M1, M2 and M3 at its discretion in order to avoid confusion over spinal column point numbering.

The Council's Pay Structure from 1 April 2019 is set out below¹²:

Grade	Spinal Column Points		Annual (full time) rates from 1 April 2019	
			Minimum £	Maximum £
1	1	2	17,364	17,711
2	2	4	17,711	18,426
3	4	6	18,426	19,171
4	6	8	19,171	19,945
5	8	12	19,945	21,589

¹ Subject to formal written agreement with UNISON

² SMT1, SMT2 and MD rates as at 1 April 2018, pending any pay award for 1 April 2019

6	12	17	21,589	23,836
7	18	24	24,313	27,905
8	24	28	27,905	31,371
9	28	32	31,371	34,788
10	W33	W36	34,788	38,084
M1	38	42	40,760	44,632
M2	43	47	45,591	50,026
M3	48	51	50,600	57,423
SMT 1	1	5/6*	£67,678	£74,560/*76,280
SMT 2	1	4/5*	£77,996	£82,752/*£84,450
MD	1	4	£122,778	£132,663

Key * denotes excellence point/salary – see ‘Additions to Salaries of Chief Officers’ below.

The Council remains committed to adherence with national pay bargaining in respect of the national pay spine and any annual cost of living increases negotiated in the pay spine as appropriate to the respective staff group.

Council posts are allocated to a grade within this Pay Structure based on the application of a Job Evaluation process. For posts up to and including Grade 9, we use the Greater London Whitley Council (GLWC) scheme. Posts at Grade 10 and above are evaluated by an external assessor using the Hay Job Evaluation scheme.

In relation to progression within a post grade, with the exception of career grades which will usually require the achievement of some specified criterion before progression occurs, employees generally progress from the minimum spinal column point of their grade at April each year until they reach the maximum of their post grade.

New appointments will normally be made at the minimum of the relevant grade, although this can be varied if necessary to secure the best candidate. From time to time it may prove appropriate to take account of the external pay market such as where difficulties in attracting applicants or retaining employees with particular experience and skills occur. Where necessary, the Council will ensure the requirement for any such market forces supplements is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate and timely data sources available from within and outside the local government sector. There are currently no such market forces supplements being paid within the Council.

Senior Management Team members’ pay is nationally negotiated through the Chief Executives and Chief Officers’ bargaining arrangements.

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 Council Policy.

Chief Officers Remuneration

For the purposes of this Statement, 'chief officers' is defined within section 43 of the Localism Act. The posts falling within the statutory definition are set out below, with details of their basic FTE salary as at 1 January 2019:

a) Managing Director

The current salary of the post is £132,663. The salary falls within a range of 4 incremental points between £122,778 rising to a maximum of £132,663. In addition to this, payment for returning officer duties is made. For local elections (Parish, District and County) this remains in accordance with the scale of fees agreed at the Council meeting on 12 December 2018, the agenda and minutes of which can be found on the Council's website. Fees for Parliamentary, European and national referenda are set nationally.

b) Deputy Managing Director and Heads of Service (SMT2)

The salaries of posts designated as Deputy Managing Director plus those of Heads of Service (3 posts in total) fall within a range of 5 incremental points from £77,996 rising to a maximum of £82,752/£84,450*.

c) Heads of Service (SMT1)

No posts currently exist within the SMT1 pay band.

d) Service Managers (Grade M3)

The salaries of 5 posts designated as Service Managers fall within the pay range set out in the table above for grade M3

e) Service Managers (Grade M2)

The salaries of 6 posts designated as Service Managers fall within the pay range set out in the table above for grade M2

f) Service Managers (Grade M1)

The salaries of 4 posts designated as Service Managers fall within the pay range set out in the table above for grade M1

Key * denotes excellence point/salary – see 'Additions to Salaries of Chief Officers' below

Recruitment of Chief Officers

The Council's policy and procedures with regard to recruitment of Chief Officers is set out within the rules for the Appointment, Discipline and Dismissal of Council Staff within Chapter 11 'Officers' of the Council's Constitution. When recruiting to all posts the Council will take full and proper account of its own equality and diversity responsibilities, Vacancy Management and Redeployment Policies. 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. Where the Council is unable to recruit to a post at

the designated grade, it will consider the use of temporary market forces supplements in accordance with its relevant policies.

Where the Council remains unable to recruit Chief Officers under a contract of service, or there is a need for interim support to provide cover for a vacant substantive Chief Officer post, the Council will, where necessary, consider engaging individuals under 'contracts for service'. The appointment of a suitably qualified agency worker or alternatively will be sourced in accordance with the Council's agreed procurement procedures. The Council does not currently have any Chief Officers engaged under such arrangements.

Additions to Salaries of Chief Officers

For all members of the Senior Management Team listed under (b) above, an additional increment is possible where the post-holder is assessed by their manager as delivering exceptional performance over the preceding year. The payment of an exceptional performance increment is subject to annual determination, and award in any one year does not entitle the post-holder to receive payment on an on-going basis. Exceptional performance increments are only payable when the post-holder has reached the substantive maximum of the grade.

In addition to basic salary, set out below are details of other elements of current 'additional pay' provisions which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfilment of duties:

- Fees paid for returning officer / other election duties where identified and paid separately (see above);
- Market forces supplements in addition to basic salary where identified and paid separately (see above);
- Car allowances are available for Senior Management Team members;
- Two Service Managers receive a lump sum payment to compensate them for needing to provide a private car as an essential part of their role;
- Relevant professional subscriptions are paid for all staff including Chief Officers;
- Honorarium or ex gratia payments may be made to staff including Chief Officers for undertaking additional duties outside of their substantive role for which they receive an amount reflective of the duration and nature of the work they undertake. For Chief Officers, such payments are rare and will only be made in accordance with the Council's relevant policy. For example, a standby allowance is currently paid to three Service Managers who will receive calls and deal with emergencies outside of normal office hours.

The Council has no special arrangements with any of its chief officers which are aimed at minimising the tax burden for the officer or the Council.

Subject to qualifying conditions, employees are automatically admitted (auto enrolment) to join the Local Government Pension Scheme unless they choose to opt out or are employed in a contract for less than 3 months. The employee contribution rates, which are defined by statute, for Chief Officers range from 6.8% to 8.5% for those Service Managers on Grades M1, M2 and M3, 9.9% for Heads of Service and the Deputy Managing Director for total earnings up to £86,001 and 11.4% for the Managing Director. The Employer contribution rates are set by actuaries advising the Worcestershire Pension Fund and are reviewed on a triennial basis in order to ensure the scheme is appropriately funded. The rate from 1 April 2017, set at the last triennial review, is 14.8%.

Payments on Termination

The Council's approach to discretionary payments on termination of employment of Chief Officers, prior to reaching normal retirement age, is set out within its policy statement concerning discretions provided for under various Local Government Pension Scheme (LGPS) Regulations, Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007, Local Government Pension Scheme (LGPS) Regulations 2013 and the LGPS (Transitional Provisions and Savings) Regulations 2014.

These discretions relate to the funding of additional pensions, flexible retirement, waiving of actuarial reductions and the award of additional pension. The Statement of Policy on Pension discretions was agreed at the Council meeting on 24 June 2014, the agenda and minutes of which can be found on the Council's website.

Redundancy payments are based upon an employee's actual weekly salary and, in accordance with the Employee Rights Act 1996, will be up to 30 weeks, depending upon length of service and age.

The Council will not re-employ Chief Officers who have previously been made redundant by the Council either directly or under a contract for service.

The Council will comply with any legislation that is implemented during 2019/20 with regard to exit payments relating to the termination of employment.

Lowest Paid Employees

The lowest paid person employed in a substantive role with the Council is paid at Grade 1, lowest spinal point being point 1 from 1 April 2019 (see minimum salary for Grade 1 in table above). The Council also occasionally employs work experience students (in the past they have been paid around £14,199 per year). These students are not included within the definition of 'lowest paid employees' as they are employed under separate terms. Similarly, the Council employs apprentices on fixed term contracts for which we pay the national apprentice rate applicable to under 19 year olds of £3.90 per hour (from April 2019) in the first year of apprenticeship.

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.

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 Review was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can 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.

The current pay levels within the Council define the multiple between the lowest paid (full time equivalent) employee and the Managing Director as 1:7.5 and between the lowest paid employee and the (weighted) average Chief Officer (excluding the Managing Director) as 1:3.2 NB. If the lowest paid apprentices are included in these calculations, the multiple between the lowest paid (full time equivalent) employee and the Managing Director is 1:17.7 and between the lowest paid employee and the (weighted) average Chief Officer (excluding the Managing Director) is 1:7.6

The multiple between the median (average) full time equivalent earnings and the Managing Director is 1:5.0 and between the median (average) full time equivalent earnings and average Chief Officer is 1:2.2.

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. This will include the pay multiples as set out above.

Publication

Upon approval by the full Council, this Statement will be published on the Council's Website. In addition, for posts where the full time equivalent salary is at least £50,000, the Council's Annual Statement of Accounts will include a note on Officers Remuneration setting out the total amount of:

- Salary, fees or allowances paid to or receivable by the person in the relevant and previous year;
- Any bonuses so paid or receivable by the person in the relevant and previous year;
- Any sums payable by way of expenses allowance that are chargeable to UK income tax;
- Any compensation for loss of employment and any other payments connected with termination;
- Any benefits received that do not fall within the above.

In addition the key roles and responsibilities and employment benefits for each of our Senior Management Team members is available on the Council's website.

Finally the Council meets its obligations under the Local Government Transparency Code 2015, details of which can be found on the Council's website.

Accountability and Decision Making

In accordance with the Constitution of the Council, the full Council is responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees of the Council, subject to delegation as set out in the Council's constitution. In line with Government expectations in relation to openness and accountability in pay, the full Council will consider and approve new salary packages of more than £100,000 and severance payments of more than £100,000.

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