

## **EXECUTIVE**

## **COMMITTEE**

## **Appendix D**

20th February 2012

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### **REDDITCH BOROUGH COUNCIL PAY POLICY STATEMENT**

#### **Introduction and Purpose**

1. 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. It shall apply for the financial year 2012 – 2013 and each subsequent financial year, until amended.
2. 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;
  - a. the methods by which salaries of all employees are determined;
  - b. the detail and level of remuneration of its most senior staff i.e. ‘chief officers’, as defined by the relevant legislation;
  - c. the Committee(s) responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and for recommending any amendments to the full Council
3. Once approved by the 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.

#### **Legislative Framework**

4. 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 Favorable Treatment) Regulations 2000, The Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations. With regard to the equal pay requirements contained within the Equality Act, the Council ensures 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. These directly relate salaries to the requirements, demands and responsibilities of the role.

## EXECUTIVE

## COMMITTEE

## Appendix D

20th February 2012

---

### Pay Structure

5. The Council's current pay and grading structure comprises grades 1 – 6, S01 – S02, and M01 – M011. There are also grades for Head of Service 2, Head of Service 1, Director, Executive Director, Deputy Chief Executive and Chief Executive; all of which arise from the introduction of shared services with Bromsgrove District Council and which specifically accommodate the joint management team for shared services.
6. Within every grade there are a number of salary / pay points (spinal column points). Up to and including spinal column point 49 (at scale M04) the Council uses the nationally negotiated pay spine. Salary points above this are locally determined. This current complete pay structure is set out below.

**REDDITCH BOROUGH COUNCIL**

**EXECUTIVE**

**COMMITTEE**

**Appendix D**

20th February 2012

---

Grade	Spinal Column Points		Nationally determined rates	
			Minimum £	Maximum £
1	4	11	12,145	14,733
2	11	13	14,733	15,444
3	14	17	15,725	16,830
4	18	21	17,161	19,126
5	22	25	19,621	21,519
6	26	28	22,221	23,708
SO1	29	31	24,646	26,276
SO2	32	34	27,052	28,636
MO1	34	37	28,636	30,851
MO2	38	41	31,754	34,549
M03	42	45	35,430	38,042
M04	46	49	38,961	41,616
M05	50	53	42,519	45,234
MO6	54	57	45,922	48,505
MO7	58	62	48,260	53,059
MO8	63	67	54,363	59,058
MO9	68	72	60,291	65,469
MO10	73	77	72,747	80,811
MO11	78	82	82,827	90,906

**REDDITCH BOROUGH COUNCIL**

**EXECUTIVE**

**COMMITTEE**

**Appendix D**

20th February 2012

---

Head of Service 2	Hay evaluated	50%	61,250	63,750
Head of Service 1	Hay evaluated	60%	73,500	76,500
Director	Hay evaluated	67%	82,000	85,000
Executive Director	Hay evaluated	72.5%	89,000	92,500
Deputy Chief Executive	Hay evaluated	80%	98,000	102,000
Chief Executive	Hay evaluated		122,500	127,500

7. All Council posts are allocated to a grade based on the application of a Job Evaluation process. Posts on grades 1 – 6, S01 – S02, and M01 – M011 (the majority of employees) are job evaluated under a different scheme to posts on grades Head of Service 2, Head of Service 1, Director, Executive Director, Deputy Chief Executive and Chief Executive. These latter posts are evaluated by an external assessor using the Hay Job Evaluation scheme. This scheme identifies the salary for these posts based on a percentage of Chief Executive salary. Where posts are identified as being potentially too 'large' and 'complex' for the majority scheme, they are double tested under the Hay scheme, and where appropriate, are taken into the Hay scheme to identify levels of pay.
8. In common with the majority of authorities the Council is committed to the Local Government Employers national pay bargaining framework in respect of the national pay spine and annual cost of living increases negotiated with the trade unions.
9. There have been no increases in the national pay spine since April 2009. There have been no increases to the pay rates for the Chief Executive or Chief Officers since April 2008.

## EXECUTIVE

## COMMITTEE

## Appendix D

20th February 2012

---

10. 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 Council policy. 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 all times those services are required.
11. The Council is currently undergoing consultation with the unions to implement a new Job Evaluation scheme, along with a new pay and grading model. This will replace the current majority scheme. The intention is to implement this fully during 2012. This would not change the overall approach to remuneration as outlined above. The proposed revised pay and grading model can be found at *(insert hyper link)*
12. 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.
13. For staff not on the highest point within the salary scale there is a system of annual progression to the next point on the band, which can be made subject to satisfactory performance.

### **Senior Management Remuneration**

14. For the purposes of this statement, senior management means 'chief officers' as defined within S43 of the Localism Act. The posts falling within the statutory definition are set out below, with details of their basic salary as at 1<sup>st</sup> April 2012.
15. Redditch Borough Council is managed by a senior management team who manage shared services across both Redditch Borough and Bromsgrove District Councils. All of the posts listed below have been job evaluated on this basis, with the salary costs for these posts split equally between both Councils excluding the Head of Housing as this post does not provide support to Bromsgrove District Council and is therefore fully charged to Redditch Borough Council.

REDDITCH BOROUGH COUNCIL

**EXECUTIVE**

**COMMITTEE**

**Appendix D**

20th February 2012

---

<b>Title</b>	<b>% of Chief executive salary</b>	<b>Pay range (minimum)</b>	<b>Pay range (maximum)</b>	<b>Incremental points</b>	<b>Cost to Redditch Borough Council</b>
Chief Executive	100%	£122,500	£127,500	3	£62,500
Director of Leisure, Environment and Community Services. (Also Deputy Chief Executive / Executive Director (Council 'lead officer'))	80%	£98,000	£102,000	3	£50,000
Director of Planning and Regeneration, Regulatory and Housing Services	72.5%	£89,000	£92,500	3	£45,375
Director of Finance and Resources. (Also section 151 Officer and Council 'lead' officer)	72.5%	£89,000	£92,500	3	£45,375
Head of Housing Services	50%	£61,250	£63,750	3	£31,250
Head of Customer Services	50%	£61,250	£63,750	3	£31,250
Head of Planning and Regeneration	60%	£73,500	£76,500	3	£37,500
Head of Business Transformation	60%	£73,500	£76,500	3	£37,500

**REDDITCH BOROUGH COUNCIL**

**EXECUTIVE**

**COMMITTEE**

**Appendix D**

20th February 2012

---

Head of Legal, Equalities and Democratic Services	60%	£73,500	£76,500	3	£37,500
Head of Resources	60%	£73,500	£76,500	3	£37,500
Head of Environmental Services	60%	£73,500	£76,500	3	£37,500
Head of Leisure and Cultural Services	60%	£73,500	£76,500	3	£37,500
Head of Community Services	60%	£73,500	£76,500	3	£37,500

**Recruitment of Chief Officers**

16. The Council's policy and procedures with regard to recruitment of chief officers is set out within the Officer Employment Procedure Rules as set out in the Council's Constitution (*insert hyperlink*). When recruiting to all posts the Council will take full and proper account of its own equal opportunities, recruitment 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.

17. 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 and utilise engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. The Council does not currently have any Chief Officers under such arrangements.

**Performance-Related Pay and Bonuses – Chief Officers**

18. The Council does not apply any bonuses or performance related pay to its chief officers. Any progression through the incremental scale of the relevant grade is subject to satisfactory performance which is assessed on an annual basis.

## EXECUTIVE

## COMMITTEE

## Appendix D

20th February 2012

---

### **Additions to Salary of Chief Officers ( applicable to all staff)**

19. In addition to the basic salary for the post, all staff may be eligible for other payments under the Council's existing policies. Some of these payments are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfilment of duties. The list below shows some of the kinds of payments made.
- a. reimbursement of mileage. At the time of preparation of this statement, the Council pays an allowance of 45p per mile for all staff, with additional or alternative payments for carrying passengers or using a bicycle;
  - b. professional fees. The Council pays for or reimburses the cost of one practicing certificate fee or membership of a professional organisation provided it is relevant to the post that an employee occupies within the Council.
  - c. long service awards. The Council pays staff an additional amount if they have completed 25 years of service.
  - d. honoraria, in accordance with the Council's policy on salary and grading. Generally, these may be paid only where a member of staff has performed a role at a higher grade;
  - e. fees for returning officer and other electoral duties, such as acting as a presiding officer of a polling station. These are fees which are identified and paid separately for local government elections, elections to the UK Parliament and EU Parliament and other electoral processes such as referenda;
  - f. pay protection – where a member of staff is placed in a new post and the grade is below that of their previous post, for example as a result of a restructuring, pay protection at the level of their previous post is paid for the first 12 months. In exceptional circumstance pay protection can be applied for greater than 12 months with the prior approval of the Chief Executive.
  - g. market forces supplements in addition to basic salary where identified and paid separately;
  - h. salary supplements or additional payments for undertaking additional responsibilities such as shared service provision with another local authority or in respect of joint bodies, where identified and paid separately;
  - i. attendance allowances.

### **Payments on Termination**

20. 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 in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and Regulations 12 and 13 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007.



## **EXECUTIVE**

## **COMMITTEE**

## **Appendix D**

**20th February 2012**

---

21. Any other payments falling outside the provisions or the relevant periods of contractual notice shall be subject to a formal decision made by the full Council or relevant elected members, committee or panel of elected members with delegated authority to approve such payments.

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

### **Publication**

23. 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:

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

### **Lowest Paid Employees**

24. The Council's definition of lowest paid employees is persons employed under a contract of employment with the Council on full time (37 hours) equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's grading structure. As at 1<sup>st</sup> April 2012, this is £12,145 per annum, (subject to the implementation of the revised job evaluation scheme and pay model).

25. The Council also employs Apprentices (or other such categories of workers) who are not included within the definition of 'lowest paid employees' (as they are employed under a special form of employment contract; which is a contract for training rather than actual employment).

26. 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.

## EXECUTIVE

## COMMITTEE

## Appendix D

20th February 2012

---

27. 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 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 "it would not be fair or wise for the Government to impose a single maximum pay multiple across the public sector". The Council accepts the view that the relationship to median earnings is 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 authority's workforce.
28. The current pay levels within the Council define the multiple between the lowest paid (full time equivalent) employee and the Chief Executive as [1:10.5] and; between the lowest paid employee and average chief officer as [1:5.8]. The multiple between the median (average) full time equivalent earnings and the [Chief Executive] is [1:6.7] and; between the median (average) full time equivalent earnings and average chief officer is [1:3.8].
29. 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.

### **Accountability and Decision Making**

30. In accordance with the Constitution of the Council, the Executive Committee and Overview and Scrutiny Committee are responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees of the Council.