

Report to Council
18 March 2014
Report of Head of HR and learning
Subject Pay policy statement 2014-15

Item

10

KEY DECISION

Purpose

To consider the *Pay policy statement* for 2014.

Recommendation

To approve the *Pay policy statement* for 2014-15.

Corporate and service priorities

The report helps to meet the corporate priority Value for money services.

Financial implications

The *Pay policy statement* sets out current remuneration arrangements and there are no additional or increased financial consequences of this report. There is a cost of £950.00 for job evaluation services to be funded from existing budgets

Ward/s: All

Cabinet member: Councillor Waters- Deputy Leader and resources

Contact officers

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Background documents

None

Report

Pay policy statement 2014-15

1. Section 38 (1) of the Localism Act 2011 requires English and Welsh authorities to prepare a pay policy statement for each financial year. The pay policy statement must be approved by a resolution of the full council before it comes into force and by 31 March each year.
2. The *Pay policy statement* has been prepared having regard to the Department of Communities and Local Government (DCLG) publication *Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011* and supplementary guidance.
3. The *Pay policy statement* must express clearly the council's policies relating to the pay of its workforce, particularly its senior management and lowest paid employees. The pay policy statement must include:
 - a) The remuneration of its chief officers including the level and elements of remuneration.
 - b) The remuneration of its lowest paid employees
 - c) The definition of the lowest paid employees adopted by the council for the purposes of the pay policy statement and the council's reasons for adopting that definition.
 - d) Remuneration of chief officers on recruitment
 - e) Use of performance related pay and bonuses for chief officers
 - f) The approach to the payment of chief officers on their ceasing to hold office under or to be employed by the council
 - g) The publication of and access to information relating to remuneration of chief officers.
4. The council's pay policy statement is not specific to chief officers but applies to the whole workforce.
5. The pay policy statement for 2014-15 (appendix A) has been updated to reflect changes during the course of the year, notably:
 - a) Section 1.5 salaries have been updated to reflect the National Joint Council (NJC) pay award applicable from 1 April 2013
 - b) Section 1.7 reference to the TUPE transfer to the council from Orbit Housing of 4.5 full time equivalent posts, whose terms and conditions of employment vary from other employees of the council due to protection under TUPE legislation
 - c) Section 2.5 addition of arrangements for approval of new appointments paid in excess of £100,000 per annum.
 - d) Section 2.6 reduction in senior head of service posts from 3.6 to 3

- e) Section 4.1 updated to reflect change of returning officer
- f) Section 4.2 updated to reflect changes to monitoring officer arrangements.
- g) Section 6.10 addition of requirement for severance packages in excess of £100,000 to be considered at full council
- h) Section 6.11 addition auto enrolment
- i) Section 7 addition of job evaluation of senior posts
- j) Section 8 clarification on publication of senior management salaries

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with completing the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Cabinet
Committee date:	18 March 2014
Head of service:	Head of HR and learning
Report subject:	Pay Policy Statement 2014-15
Date assessed:	7 March 2014
Description:	

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	☒	☐	☐	
Other departments and services e.g. office facilities, customer contact	☒	☐	☐	
ICT services	☒	☐	☐	
Economic development	☒	☐	☐	
Financial inclusion	☐	☐	☐	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	☒	☐	☐	
<u>S17 crime and disorder act 1998</u>	☒	☐	☐	
Human Rights Act 1998	☒	☐	☐	
Health and well being	☒	☐	☐	
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	☒	☐	☐	

	Impact			
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☒	☐	☐	Job evaluation will identify any issues in relation to equal pay
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	☒	☐	☐	
Natural and built environment	☒	☐	☐	
Waste minimisation & resource use	☒	☐	☐	
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☒	☐	☐	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	☒	☐	☐	

Recommendations from impact assessment	
Positive	
None	
Negative	
None	
Neutral	
None	
Issues	
None	

Norwich City Council Pay Policy Statement 2014 - 15

Introduction

This pay policy statement is provided in accordance with Section 38 of the Localism Act 2011 and is effective from 1 April 2014. The pay policy statement will be updated and approved at full council each financial year.

Norwich city council provides a wide range of services and recognises that levels of reward need to reflect the requirement to develop and sustain a high performance culture to deliver complex and diverse functions. The level of reward therefore needs to be sufficient to attract and retain talented people needed to maintain and improve the council's performance and lead the council, particularly in times of financial challenge.

Scope

This document sets out the council's pay and reward arrangements for all posts within the council including senior pay arrangements. Remuneration for the purposes of this statement includes three elements:

- basic pay
- pension
- all other allowances arising from employment

Current Pay Policy

1. Employee remuneration up to and including heads of service

- 1.1 Employees up to and including head of service grades are subject to the National Joint Council (NJC) for local government services national agreement on pay and conditions of service. These are supplemented by locally agreed collective agreements reached with trade unions recognised by the council.
- 1.2 The current pay structure was introduced on 1 October 2011 following a review of pay and grading under the national single status agreement and to meet the requirements of equal pay legislation. Executive approved the pay structure on 22 July 2009.
- 1.3 Cost of living pay increases are made in line with NJC national negotiations. The last pay increase was applied from 1 April 2013.
- 1.4 The council uses a pay structure commencing at spinal column point (SCP) 12 up to SCP 65. SCP'S 12 to 49 reflect the NJC national pay points, SCP'S 50 to 65 are locally agreed pay points.

There are 14 grades within the pay structure. Each grade has 4 incremental points, with the exception of Grade 1 and grade 14, which contain 3 incremental points. Grade 1 is the lowest grade and Grade 14 is the highest of these pay grades. Grade 14 applies to head of service posts.

Posts are allocated to the pay grades through a process of formal job evaluation using the NJC job evaluation scheme.

1.5 Pay and grading structure – pay rates from 1 April 2013

Grade	JE score	SCP	Annual salary	Grade	JE score	SCP	Annual salary
1	Up to 260			8	502-547	39	33,128
		12	15,189			40	33,998
		13	15,598			41	34,894
		14	15,882			42	35,784
2	261-291	15	16,215	9	548-593	43	36,676
		16	16,604			44	37,578
		17	16,998			45	38,422
		18	17,333			46	39,351
3	292-332	19	17,980	10	594-644	47	40,254
		20	18,638			48	41,148
		21	19,317			49	42,032
		22	19,817			50	43,412
4	333-373	23	20,400	11	645-695	51	44,290
		24	21,067			52	45,463
		25	21,734			53	46,667
		26	22,443			54	47,905
5	374-414	27	23,188	12	696-751	55	49,174
		28	23,945			56	50,478
		29	24,892			57	51,815
		30	25,727			58	53,188
6	415-455	31	26,539	13	752-812	59	54,598
		32	27,323			60	56,044
		33	28,127			61	57,530
		34	28,922			62	59,054
7	456-501	35	29,528	14	813 +	63	60,618
		36	30,311			64	62,225
		37	31,160			65	63,874
		38	32,072				

1.6 Employees on Grade 1 are defined as our lowest paid employees.

1.7 On 1 July 2013, 5 employees (4.5 fte) transferred from Orbit housing to the council under TUPE Regulations. With the exception of pension provision the 5 employees retained Orbit housing terms and conditions of employment, in accordance with TUPE legislation.

2. Chief Executive and Chief Officer Pay

2.1 The Chief executive and corporate leadership team are together accountable for the implementation of agreed strategy and policies and for developing council services and delivering value for money. It is important to the council and local residents to have a highly effective management team in place in these senior roles.

2.2 The grading structure for chief officer pay, excluding heads of service and senior managers who are covered by arrangements detailed in 1, was approved by Executive on 6 February 2008. The grading structure for the chief executive was approved by Executive on 7 September 2005.

2.3 The current pay arrangements are locally determined and operated. Cost of living pay increases are made in line with Joint Negotiating Committee (JNC) national negotiations for Chief Executives and Chief Officers. No national pay increase has been applied since 1 April 2008.

2.4 Recommendations on chief executive and chief officer pay above head of service level are considered and agreed by Cabinet. A senior pay remuneration panel established from April 2013 review the pay and reward arrangements, and make recommendations to Cabinet, in relation to the remuneration of the following posts:

Chief executive
Deputy chief executive
Posts graded at senior head of service

The remit of the senior pay remuneration panel is laid down in the membership and terms of reference agreed at Cabinet on 18 February 2013.

2.5 New appointments to be paid a salary package of £100,000 per annum or above are approved by full council.

2.6 Chief executive and chief officer grading structure

Post	FTE	Spine point	Salary £
Chief executive (head of paid service)	1	150	118,891
		151	121,593
		152	124,296
		153	126,997
		154	129,699
Deputy chief executive	1	110	84,865
		111	88,130
		112	91,394
		113	94,658
Senior head of service	3.0	106	68,546
		107	71,810
		108	75,074
		109	78,338

3. Heads of service and senior managers

3.1 Some senior officers are classed as non statutory chief officers or deputy chief officers under the Local Government and Housing Act 1989, due to the council's organisational structure.

3.2 In accordance with the Local Government and Housing Act 1989 a non statutory chief officer for the purposes of this pay policy statement is defined as a person who reports directly to or is accountable directly to the head of paid service. A deputy chief officer is defined as a person who reports directly to or is directly accountable to a statutory or non statutory chief officer. This definition excludes secretarial, clerical and support services.

3.3 These senior officers and heads of service are not subject to the pay and conditions of service determined by the JNC for Chief Officers of local authorities but are employed

under NJC terms and conditions and are paid on Grades 7, 9, 10, 11, 12, and 14 of the pay structure detailed in 1.5.

4. Other arrangements

4.1 Returning Officer

The returning officer has overall responsibility for the conduct of elections and is appointed under the Representation of the People Act 1983. The role of returning officer is carried out by an employee of the council but is carried out in a personal capacity and is distinct and separate from their duties as an employee. Election fees are paid for the additional duties and are paid separately to the normal salary arrangements.

The Chief executive is the council's returning officer.

Parliamentary, Referendum and European fees are set by parliamentary statutory order.

Fees for undertaking County and District elections are calculated in accordance with a formula agreed annually by the Norfolk Chief Executives Group, supported by the County Electoral Officers Group.

The setting of returning officer fees is considered by a meeting of the Chairpersons of the Norfolk authorities' member remuneration panels.

Other employees of the council may receive additional payment for specific election duties.

4.2 Monitoring Officer (S51 Local Government and Housing Act 1989)

The council's monitoring officer is provided by an employee of Norfolk County Council who carries out the role under a delegation of function agreement. The remuneration arrangements for the post of monitoring officer are not covered under this pay policy statement.

4.3 S151 officer (S151 Local Government Act 1972)

The function of s151 officer is provided by Cambridgeshire county council under a delegation of function agreement. The remuneration arrangements for the post of S151 officer are not covered under this pay policy statement.

5.0 Lowest and highest paid employees

5.1

The councils lowest paid employees are paid on Grade 1 of the pay structure. The minimum pay point paid to any employee is SCP 12 of the pay structure. This equates to a basic salary of £15,189 per annum. The salary range for Grade 1 is £15,189 to £15,882 per annum.

The council's highest paid employee is the chief executive. The chief executive salary scale ranges from £118,891 to £129,699.

5.2

The pay ratio between the highest paid employee and other employees based on the median earner and highest paid employee and lowest paid employee. The pay multiple from 2013/14 has been calculated based on all taxable earnings for the period 1 January to 31 December.

	2012/13	2013/14	2014/15
Highest paid employee to median earner			
Ratio	1:5.64		
Highest paid employee to lowest paid employee*	£124,296 £15,444		
	1:8.048*		

*Based on mid points of grades as at 31 January 2012

In calculating the pay ratios, full time equivalent salaries have been used.

- 5.3 The council does not have a policy on maintaining or reaching a specific pay ratio between the highest and lowest paid employees.

6.0 General principles applying to remuneration of all employees

6.1 Pay on appointment

Starting salary on appointment is determined by assessment of relevant experience and competence to undertake the job role and taking account of current salary level. Salary on appointment will be within the salary range for the post.

6.2 Pay progression

All employees are remunerated on a pay range. The pay policy recognises that movement through defined pay ranges should continue as employees increase their effectiveness and expertise through knowledge and experience and employees will normally receive an annual increment on 1 April each year. Employees appointed between 1 October and 31 March receive their first increment after 6 months in post and any subsequent increments on 1 April each year. Any progression is subject to the maximum of the pay grade.

Accelerated increments can be awarded on the basis of special merit or ability, subject to the maximum of the scale not being exceeded.

6.3 Relocation and disturbance

Relocation expenses may be granted where new employees are required to move to the area in order to take up employment and their circumstances meet the criteria laid down in the relocation assistance scheme.

Existing employees required to move home for their employment or who incur additional costs as a result of a decision of the council in respect of their employment may be eligible for reimbursement of some expenses depending on the circumstances.

6.4 Expenses and Travel

- Travel for work

Employees are not required to provide a car for work purposes and pool cars are available for official work travel.

Employees may choose to use their own transport for official work travel and are reimbursed at the following rates:

Mileage per mile first 8,500 miles	46.9 p
Mileage per mile after 8,500 miles	18.7 p

These rates are reviewed and, where appropriate, updated annually in line with the NJC car allowance rates.

Employees required to have access to a vehicle, because of the nature of their duties are classified as operational users. Operational users have access to pool cars but may also use their own vehicle and be reimbursed mileage.

- **Car Parking**

Operational users who work in or from city hall are provided with a city centre car park pass for work purposes if they use their own vehicle for work.

Employees who are required to remain at work or return to work to attend an evening meeting will be provided with a city centre car park pass to enable them to attend the evening meeting.

Employees working at other council offices may use the parking at the site, where this is available.

- **Subsistence**

Subsistence will be paid to employees who necessarily incur additional expense in the course of their work. Claims will generally be supported by a receipt. Actual expenditure is reimbursed, subject to locally agreed maximum amounts.

6.5 Bonus scheme

The council does not operate a bonus scheme.

6.6 Performance related pay

The council does not operate a performance related pay scheme.

6.7 Professional fees and subscriptions

The council reimburses professional fees and subscriptions to employees undertaking approved studies towards a professional qualification, which require professional membership. The subscription is paid for the period of the studies, subject to satisfactory progress being made.

The council reimburses professional fees to statutory chief officers where the professional membership is a requirement in accordance with their statutory function.

6.8 Overtime and enhancements

Some posts within the council attract enhancements and/or overtime payments. Overtime and enhancements are applied in accordance with set criteria which are nationally and locally agreed.

6.9 Honoraria

If it is appropriate for an honorarium to be paid, this will be in accordance with agreed principle for payment of honoraria.

6.10 **Severance arrangements**

On ceasing to be employed by the council, employees will only receive compensation where this is appropriate as outlined below:

Employees who are dismissed for redundancy and who have a minimum of two years' continuous service with the council will normally be entitled to be paid statutory redundancy pay, which is calculated according to the individual employee's age, length of service and gross weekly pay subject to a statutory maximum.

The Local Government (early termination of employment) (Discretionary Compensation) England and Wales Regulations 2006 enable local authorities to increase redundancy payments above the statutory maxima subject to certain limits and to pay discretionary compensation in certain circumstances. Norwich city council has exercised its discretion to increase the redundancy payment as follows:

- The council will disregard the statutory upper pay limit when calculating a week's pay for the purposes of the statutory redundancy payment. This means that the employee's actual week's gross pay will be used for this purpose.

and

- The statutory redundancy payment with the upper pay limit disregarded as set out above will be enhanced by a factor of 2.2.

Such discretionary enhanced redundancy payments will be made to employees who:

- are entitled to receive a statutory redundancy payment;

or

- have voluntarily agreed to the termination of their employment where, had they been dismissed, the dismissal would have been by reason of redundancy.

Redundancy payments paid by the council may therefore comprise the required element: which is the statutory redundancy payment and the discretionary element: which provides for a discretionary enhanced redundancy payment.

Redundancy calculation is the same across the council irrelevant of position and pay grade.

Employees aged 55 and over and who are redundant and are members of the local government pension fund immediately become entitled to receive their pension benefits. Pension benefits are not increased or augmented in these circumstances.

Outplacement support is offered to all employees who are redundant.

Severance packages in excess of £100,000 will be considered at full council.

6.11 **Pension**

All employees who have a contract of employment for at least 3 months and are under age 75 are eligible to join the Local Government Pension Scheme. Employees who are

eligible for membership automatically become members of the scheme unless they opt out.

The council make a contribution to the employee's pension, expressed as a percentage of the employee's pensionable pay. The contribution rate is assessed and set every three years following an actuarial valuation of the Norfolk Pension Fund.

From 1 October 2013 Norwich city council auto enrolls all eligible employees into the Local Government Pension Scheme in accordance with legislative requirements.

6.12 Flexible retirement

The council gives consideration to requests for flexible retirement from employees aged 55 and over who reduce their grade and/or hours of work. This enables the employee to have immediate access to their Local Government Pension Scheme benefits whilst retaining employment.

Requests are normally only granted when the overall financial impact is neutral or results in savings for the council.

The council does not waive any actuarial reductions resulting from early payment of pension benefits for flexible retirement.

6.13 Market supplements

The council does not currently pay market supplements. Should there be a future requirement for payment of market supplements a protocol for payment of market supplements will be agreed.

6.14 Re- employment

Any decision to re-employ a former employee, who left their employment in receipt of a severance or redundancy payment, will be made on merit.

6.15 Salary sacrifice

The council provides salary sacrifice arrangements for childcare vouchers and the cycle to work initiative.

7.0 Proposals for 2014/15

A job evaluation process will be carried out in relation to the senior posts identified in section 2.

8.0 Amendment and review of pay policy

The council's pay policy statement will be reviewed and agreed by full council on an annual basis and before 31 March each year.

Subject to circumstances it may be necessary to amend the pay policy statement during the year that it applies. Any amendment will be by resolution of the full council.

The policy and any subsequent amended policy will be published on the council's website within 21 days of full council approval. Information on senior management salaries is published on the website in accordance with the Code of Recommended Practice for Local Authorities on Data Transparency and will be updated on 1 April each year.