

# APPOINTMENTS COMMITTEE REPORT

22 March 2017

Presented by Cllr Mark Hawthorne, Chairman of the Appointments Committee

## 1. Pay Policy Statement

- 1.1 The 2011 Localism Act (Pay Accountability) requires the Council to produce a Pay Policy Statement for each financial year. At its meeting on 10 March 2017, the Committee gave consideration to the revised Pay Policy Statement for this financial year, prior to its publication.
- 1.2 A copy of the full report can be accessed at <http://glostext.gloucestershire.gov.uk/ieListDocuments.aspx?CId=262&MId=8458&Ver=4>
- 1.3 The Committee noted the general revisions to the Pay Policy Statement.
- 1.4 Members were informed that a number of statutory provisions relating to public sector severance payments are anticipated to come into force during 2017-18. Remuneration arrangements for apprenticeships are also to be reviewed in the context of the Apprenticeship Levy and other associated requirements. Additionally, the Committee noted the current review nationally of the Local Government Pay Spine, which is taking place in light of the impact of the introduction of the National Living Wage, and which could lead to changes to the present local government pay and grading arrangements.
- 1.5 Members acknowledged that any amendments to the Pay Policy Statement will need to be considered by the Appointments Committee, before being submitted to full Council for approval.
- 1.6 **RESOLVED TO RECOMMEND TO THE COUNCIL** *that the attached revised Pay Policy Statement 2017-18 be adopted.*

**Mark Hawthorne – Chairman**

**March 2017**

**Gloucestershire County Council**  
**The Pay Policy Statement 2017-18**

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**INTRODUCTION**

**About the Council**

Gloucestershire County Council (the Council) is a large and complex organisation which is accountable for the provision of a wide range of key services to a population of in excess of 600,000.

These services include the maintenance of over 3,300 miles of roads; managing the disposal of over 280,000 tonnes of waste; the provision of the county's registration and coroner's services; ensuring that the community are protected from illegal trading practices; planning for emergencies; and the provision of services for the most vulnerable children and adults in our communities. The Council is also responsible for providing the Fire and Rescue Service and takes a leading role to promote a thriving economy through supporting economic regeneration. All these demands need to be balanced against a very tight resource base.

The nature of these services requires some of the management team to have a statutory role, making them individually accountable in law for the services the Council provides. This includes the Head of Paid Service (Chief Executive), Chief Fire Officer, Director: Strategic Finance (Section 151 officer), the Monitoring Officer and two directors who are accountable for safeguarding vulnerable adults and children.

The complexity and diversity of these services requires the senior management team to make judgements across a wide range of professional disciplines and work with key partners including government departments and local partners including other councils, health and the police. This also entails leadership and management responsibility for considerable resources in respect of the delivery and commissioning of these services.

The senior management team is accountable for delivering these services within a total budget of £407m, through a directly employed staff complement of 3,640 (excluding schools) in addition to those services that are delivered by contracted providers commissioned by the Council.

It is essential for the effective maintenance of public services that councils and other public bodies can offer a remuneration package sufficient to attract and retain talented people in leadership and other roles, while ensuring this is appropriately balanced with the prudent use of public funds, and that the arrangements are open and transparent.

## **What is the Pay Policy Statement?**

This statement sets out the Council's policies for the financial year 2017-2018 relating to the:

- Remuneration of Chief Officers
- Remuneration of the lowest paid employees
- Relationship between the remuneration of Chief Officers and other employees

Remuneration for the purposes of this statement includes:

- Basic salary
- Any other allowance or fee arising from employment
- Pension on early termination of employment
- Redundancy pay

The term 'Chief Officer' refers to those defined as such within the Localism Act 2011. This policy therefore covers the Chief Executive and those posts which report directly to him/her and also the next management tier below (excluding any secretarial or clerical roles). Applying this principle to the Council's present senior management structure, which utilises a 'cluster' model to compress hierarchy, this group is taken to comprise: the Chief Executive; the 'cluster chairs'; and other directors within the senior management team 'cluster groups'. ***All references to Chief Officers in this policy statement are in respect of the above roles (i.e. to be distinguished from the wider group of senior staff employed on Executive Reward Band grades, all of whom are subject to 'chief officers' national conditions of service).***

The term '**lowest paid**' is defined as a full-time employee on the bottom point of grade B of the Green Book pay scales. These are the lowest paid employees other than apprenticeships, which are currently paid less to reflect the nature of the training and development role.

In September 2014 the Council introduced a discretionary 'Gloucestershire Living Wage Supplement' (currently at a rate of £7.85 per hour) to eligible employees at grades B and C. This operates as a discretionary non-consolidated top-up to £7.85 for those employees whose contractual rate of pay is less than £7.85 per hour. Continuation of the Supplement is subject to annual approval to funding through the budget-setting process.

## **Why has the Pay Policy Statement been developed?**

The purpose of the policy statement is to provide a clear and transparent policy to the public, which demonstrates openness, accountability and value for money. The policy also meets the Council's obligations under the Localism Act 2011 and the associated statutory guidance set out in the document *Openness and Accountability in Local Pay*:

*Guidance* under section 40 of the Localism Act 2011, together with the *Local Government Transparency Code 2014*.

The Council's pay arrangements reflect the need to recruit, retain and motivate skilled and committed employees to ensure high levels of performance, balanced with accountability to the public purse. It also recognises the importance of maintaining the high levels of flexibility and adaptability that are essential to the effective delivery of a diverse range of services in a challenging and rapidly changing environment. The Council's pay and grading arrangements are underpinned by the principles of fairness and equality set out in the Equality Act 2010, the Public Sector Equality Duty and associated codes of practice.

### **Who does the Pay Policy Statement apply to?**

This pay policy statement applies to all non-schools employees of Gloucestershire County Council, including the Gloucestershire Fire and Rescue Service (GFRS) and centrally employed teachers.

Locally managed schools are not covered by this policy but are separately required to produce an annual pay policy setting out the terms on which the remuneration of their staff (including pay awards) is based.

## **POLICY STATEMENT**

### **Job evaluation**

1. The job evaluation (JE) process is applied to all jobs in the Council unless the salary is set nationally (e.g. Firefighters). JE is a process by which organisations evaluate comparative job size by reference to a range of factors that measure and ascribe numerical values to the levels of responsibility to be carried by the job holder and the associated knowledge/skills required for effective job performance. The highest rated jobs are placed at the top of the grading structure and the lowest rated at the bottom. Objective application of a non-discriminatory JE scheme ensures that different jobs of 'equal value' are paid at the same rates.
2. The Council is committed to ensuring the fair and non-discriminatory determination of pay in accordance with equal pay legislation (Equality Act 2010) and the local government 'single status' agreement of 1997. The Council applies nationally recognised JE schemes, which were introduced in 2003 in consultation and agreement with our recognised trade unions.
3. The Hay JE scheme is used to evaluate senior manager jobs within the Council, which are those placed within the Executive Reward Band grades. The GLPC (Greater London Provincial Council) JE scheme is used to evaluate all other posts within the Council.

### **Grades and salary bands**

4. As noted above, once a job has been evaluated, the total JE score will determine the pay grade or band that will apply to the post.
5. The pay scale that applies to senior staff employed under the chief officers' national conditions of service is called Executive Reward Bands.
6. There are two Chief Officer posts that are currently on a 'spot salary' (i.e. no incremental progression). These are:
  - The Chief Executive (Head of Paid Service)
  - The Chief Fire Officer, whose post is also that of a director with wider responsibilities for several other services within the Council
7. The Council's policy is to apply the nationally negotiated pay award for the following groups of employees:
  - Joint Negotiating Committee for Chief Executives – national Salary Framework and Conditions of Service Handbook
  - Joint Negotiating Committee for Chief Officers of Local Authorities (for employees attached to Executive Reward Bands)

- National Joint Council for Local Government Services ('Green Book') conditions of service (for employees attached to Grades B-L)
- Soulbury Committee national negotiating body (for Educational Psychologists and educational advisory posts that are not schools-based)
- National Joint Council for Local Authority Fire and Rescue Services ('Grey Book')
- National Conditions of Service for School Teachers in England and Wales ('Burgundy Book') - relates to teachers employed in maintained schools (n.b. there are a small number of 'centrally employed' teachers within the Council to whom this agreement is applied).

Any changes to the Council's pay scales/grading structure are developed through consultation and negotiation with the relevant recognised trade unions, and subject to final approval by the council's Appointments Committee and Full Council as appropriate. Full details of the council's Appointments Committee are set out in the Council's Constitution (a copy of which is available on the Council's web site).

#### 8. Senior salaries of over £100,000:

The following senior employees have an FTE salary of £100k plus:

- Chief Executive (Head of Paid Service)
- Director: Strategic Finance (Section 151 Officer)
- Commissioning Director: Children's and Families (Statutory Director of Children's Services)
- Commissioning Director: Adults and DASS (Statutory Director of Adult Social Care)
- Chief Fire Officer (and service director)
- Strategic Commissioning Director and Chair: Communities and Infrastructure

Any future changes to salary scales for Chief Officers will be submitted to Full Council as an amendment to this Policy Statement.

9. The Council provides a discretionary Gloucestershire County Council Living Wage Supplement, which has been paid to all eligible employees since 1 September 2014. This enables lower-paid employees whose contractual rate of pay is less than £7.85 per hour to receive a non-consolidated 'top-up' to bring their pay to the designated level. The minimum pay rate for the purposes of the supplement is presently £7.85 per hour. Continuation of the Living Wage Supplement and the rate at which it is to be paid is at the Council's discretion and subject to annual review. It should be noted that this is a local arrangement that is entirely separate from the similarly-titled statutory National Living Wage (£7.50) and the non-statutory Living Wage Foundation rate (£8.45).

## **Remuneration on recruitment**

*The same recruitment and remuneration policies apply to all employees regardless of grade.*

10. Where there are difficulties in recruiting to a particular type of post and it can be evidenced that the Council is paying below the market rate for the job, a market rate supplement (MRS) may be paid in addition to the evaluated pay rate.
11. The amount of the MRS is based on market rate data and is reviewed annually. The MRS is removed or adjusted when market data shows that it is appropriate to do so, or otherwise at the council's discretion. In the case of Chief Officers the MRS must be agreed by Appointments Committee, and for all other employees it must be agreed by the Chief Executive.
12. Candidates are normally appointed on the minimum salary point of the grade for the post. However, if a candidate is already being paid above the minimum point of the post they are applying for, the appointment may be made on the next increment above their current salary, subject to not exceeding the maximum of the grade.
13. The appointment of the Chief Executive and his/her direct reports, including any senior post which holds a statutory role, is undertaken by the Appointments Committee. Appointments to these roles are made within the approved salary range for the post. Appointment of the Chief Executive is subject to the approval of Full Council.
14. Where it is necessary for a newly appointed employee to relocate in order to take up an appointment the Council may, in exceptional circumstances, make a contribution towards the reimbursement of relocation expenses.
15. The Council will only make interim appointments in exceptional circumstances, subject to an approved business case.
16. The Council is conscious of the need to secure value for money in the contractual arrangements for all appointments, including the need to ensure any individual is not inappropriately enabled to achieve a more favourable position in respect of their tax liabilities ('tax avoidance') than might otherwise apply. The Council will therefore have proper regard to this principle in determining the form of contract most appropriate to the particular circumstances of the engagement. In this regard HMRC is introducing, with effect from 6<sup>th</sup> April 2017, revised tax rules (known as IR35) across the public sector under which the Council will become responsible for determining the tax status of all off-payroll engagements.

### **Increases and additions to remuneration**

17. The Council's policy is to apply any nationally negotiated pay awards to employees at all levels of the Council. An exception to this will be where employees have transferred to the Council under the Transfer of Undertaking (Protection of Employment) Regulations 2006 ('TUPE'), retaining statutory protection of the pay and conditions that applied with their previous employer. Any pay award in such circumstances will be considered on a case-by-case basis and with due regard to equal pay legislation.
18. For staff employed on the Executive Reward Bands, incremental progression through the band is based on verification of satisfactory performance measured over a 12 month period. Increments are paid on 1<sup>st</sup> April each year subject to the performance review, and a minimum of six months service in post at that time. There is no provision for payment of an increment at any other time or in any other circumstances.
19. For employees on the Green Book pay scales, increments are awarded up to the maximum of the grade subject to the employee meeting the requirements of the job. Increments are paid on the 1<sup>st</sup> April each year, or six months after the start date (if starting date is between October and April) with April increments payable thereafter. There is no provision for the payment of an increment at any other time or in any other circumstances. The next annual increment will be withheld from an employee issued a formal warning under the Council's Disciplinary or Capability procedures.

### **The use of bonuses**

20. The Council does not make any bonus payments.

### **Payment on ceasing to be employed by the Council**

21. With the exception of firefighters (see 22 below) the Council operates the same redundancy policy for all staff, including Chief Officers and the lowest paid. The payment is based on the statutory redundancy table in respect of the 'age' and 'length of service' factors, but provides a multiplier of 1.75 to the number of weeks' pay due, and payment is calculated on actual weekly pay rather than being restricted to the statutory maximum. The application of a multiplier and use of actual pay are discretions permitted under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (as amended), and the Council's policy in this regard has previously been approved by the Appointments Committee.
22. For those posts that fall within the remit of the Firefighters' Pension Scheme, redundancy pay is calculated using the statutory redundancy scheme but based on actual weeks' pay, rather than the statutory minimum. This group fall outside the regulations specified above and therefore the Council does not have the discretion to consider further enhancing the redundancy payment for a firefighter.

23. Full Council is responsible for approving the dismissal of the Head of Paid Service, the Monitoring Officer or the Chief Finance Officer. The dismissal of the Chief Fire Officer, the Director of Public Health and all Strategic Commissioning Directors is the responsibility of the Appointments Committee.
24. The Council will only make early payment of pension benefits in line with the relevant pension scheme regulations and the Pension Policy Statement which applies to all those staff who are scheme members, irrespective of grade. Any payments made in respect of early retirement for firefighters will be in accordance with the provisions of the Firefighters' Pension Scheme(s).
25. Any employee of the council in a teaching role but who is not employed in a school (a 'centrally-employed' teacher) and is subject to the Burgundy Book (Teachers' national conditions of service) will receive only the statutory redundancy payment if exercising their option under the Teachers Pension Scheme to take an enhanced pension.

### **Re-engagement**

26. The Council will not for at least two years re-engage ex employees who have left with a redundancy or pension or other severance payment, unless in exceptional circumstances (e.g. where an employee may have retrained in an area of skills shortage). A business case approved at director level is required before a final decision is made to re-engage within the two year period. Any re-engagement will also be subject to any regulations on abatement of pension that may apply. The same policy will be applied to all employees irrespective of grade.

### **Any other allowances arising from employment**

*The following allowances apply to all employees, with the exception of centrally employed teachers and firefighters:*

### **Payment for acting up or additional duties**

27. Staff employed on Executive Reward Band grades are expected to be flexible in managing changing requirements. Therefore an honorarium will only be paid in exceptional circumstances and subject to approval by the Chief Executive.
28. For other staff, in limited situations where when an employee may be required or requested temporarily to carry out work of a higher grade, or otherwise undertake duties outside the scope of their contract of employment, the Council may consider an honorarium payment, the value of which must be consistent with equal pay and JE principles. Any such payments are subject to review and are entirely at the Council's discretion and will only be made for a specified time-limited period.

### **Unsocial hours and overtime payments**

29. The Council does not make unsocial hours or overtime payments to Chief Officers.

30. For other employees, the Council recognises that certain roles and services require employees to work unsocial hours, or be available to work and therefore on standby. In these circumstances the Council has a policy to provide additional payments or time off in lieu for eligible employees (those up to and including point 31 of the Green Book pay spine) and has discretion to extend such arrangements to employees on higher salary points, subject to approval of a business case. Full details are set out in the Additional Payments Policy in the Employment Handbook on Staffnet.

#### **Recruitment and retention allowances**

31. The Council has discretion to apply recruitment or retention allowances in appropriate cases (e.g. evidenced recruitment or retention difficulties in respect of a particular type of post). The Appointments Committee would agree any such payments for Chief Officers and for all other employees the decision would be made by the Chief Executive.

#### **Car and motor cycle allowances**

32. Reimbursement of approved business mileage is made in accordance with the Council's locally agreed mileage rates, which currently mirror the approved HMRC rates.

#### **Election duties**

33. The Council is obliged to appoint a County Returning Officer who has specific duties in relation to council elections. A Returning Officer Payment is made in relation to this role, which is reviewed every four years in line with the Council election cycle.

#### **Additional payments for firefighters**

34. Any additional payments made to firefighters are in line with the National Joint Council for Local Authorities Fire and Rescue Services (known as the 'Grey Book') and, where appropriate, the National Joint Council for Brigade Managers of Local Authorities Fire and Rescue Services (known as the 'Gold Book').

#### **The relationship between the remuneration of Chief Officers and other employees**

35. The Council does not (and is not obliged to) have a specific policy on pay multiples, but recognises that the Hutton Review of Fair Pay in the Public Sector recommends a maximum ratio of 1:20 between the highest and lowest remunerated posts.

36. In accordance with the *Local Government Transparency Code (2014)*, the Council uses the principle of pay multiples to provide a wider understanding of the relationship between its highest and lowest paid employees and these multiples are published annually on the Council's web-site.

#### **Policy review**

37. This policy will be reviewed again no later than 31st March 2018.

38. The Council may amend the policy at any time with Full Council approval. If any within-year amendments are made the revised version will be published on the Council's website at that time.

39. In this regard it is noted that, at the time of publication, a number of statutory provisions relating to public sector severance payments are anticipated to come into force during 2017-18, which may require amendments to this Pay Policy Statement. Remuneration arrangements for apprenticeships are also to be reviewed in the context of the Apprenticeship Levy and associated requirements. Any such amendments resulting from the above will be considered by the Appointments Committee before being submitted to Full Council for approval.

**Publication of and access to information relating to the remuneration of Chief Officers**

40. Further information is available in the following documents on the Council's website:

- Statement of Accounts
- Pension Policy Statement
- Pay multiples