

COUNCIL

19 February 2015

WINCHESTER CITY COUNCIL – PAY POLICY STATEMENT 2015 - 16

REPORT OF DEMOCRATIC SERVICES MANAGER

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RECENT REFERENCES:

PER263 - Winchester City Council – Pay Policy Statement 2015 - 16 (2 February 2015)

EXECUTIVE SUMMARY:

At its meeting held on 2 February 2015, Personnel Committee considered the Winchester City Council Pay Policy Statement 2015/16. An extract of the minutes of this meeting are set out at Appendix A to this Report. The Committee agreed to recommend to Council that the document be approved, subject to minor drafting corrections. Subsequent to the meeting, further revisions identified by Councillor Nelmes following consultation with the Head of Organisational Development, together with a small number of further drafting corrections had also been identified. These corrections are highlighted in the track changes below. These changes have been incorporated into the final version of the Statement at Appendix B, which is recommended for approval.

Drafting corrections as identified by the Personnel Committee.

**2) Remuneration of the “lowest paid employees” and “all other employees who are not chief officers”**

The lowest grade in the Council’s pay framework is Grade 1. However we do at present employ one member of staff on that grade. The lowest paid members of staff ~~is~~ ~~are~~ in Grade ~~1~~<sup>2</sup> of the pay framework, and this should, for the purposes of the Act, be taken as the “lowest paid employees”.

## Drafting corrections identified by the Head of Organisational Development.

### General

“Chief Officer” refers to the following roles within WCC: -

- Chief Executive, as Head of Paid Services
- Chief Operating Officer as the Council’s statutory Monitoring Officer, Electoral Registration Officer and Returning Officer
- Corporate Director, as non-statutory Chief Officer\*
- Chief Finance Officer as Statutory Section 151 Officer and a member of CMT
- Assistant Directors, Chief Housing Officer and Heads of Service if reporting directly or is directly accountable to a statutory or non-statutory Chief Officer in respect of all or most of their duties.\*
- Members of the Council’s Corporate Management Team (CMT)

## Drafting corrections identified by Councillor Nelmes, and agreed with the Head of Organisational Development:

### **2) Remuneration of the “lowest paid employees” and “all other employees who are not chief officers”**

#### Bonuses

There is also an acting up allowance which can be paid where an additional payment may be made for covering part of all of a higher graded post duties. This would be commensurate ~~to~~with the additional work being undertaken and the period of time these duties have been carried out. Any payment of this nature must have Chief Officer approval.

#### Charges, fees or allowances

Any allowancess or other payments will only be made to staff in connection with their role or the patterns of hours they work and must be in accordance with the Council’s collective agreements and subsequent amendments which were agreed by Members.

### **3) Remuneration of Chief Officers**

#### Salary

Ministers require that all remuneration packages above a threshold (Guidance suggest £100,000, although it is for Councils to decide) be approved by Full Council. The City Council’s Constitution already requires that Council confirm the appointment of the Chief Executive, offering an opportunity for remuneration to be confirmed on appointment. It is proposed that the Pay Policy providess for formal approval of all packages at or above Scale 12 in our pay scheme **before** recruitment is commenced for any such post.

### **4) Relationship between remuneration of “Chief Officers” and “employees who are not Chief Officers”**

#### Comment

Winchester adopts a maximum multiple of 1:10 (ie. The remuneration of the highest

paid officer should be no more than 10 times that of the lowest paid.

#### Publication of pay policy statement

#### Comment

Pay policies, including this Senior Pay Policy Statement, will be published on the City Council's website, alongside details of senior staff remuneration.

#### RECOMMENDATION:

1. That Council agrees the Winchester City Council Pay Policy Statement 2015 – 2016 set out at Appendix B to this Report.

## APPENDIX A

**EXTRACT FROM MINUTES OF PERSONNEL COMMITTEE – 2 February 2015****2. WINCHESTER CITY COUNCIL PAY POLICY STATEMENT 2015 - 2016**

(Report PER263 refers)

The Chief Executive stated that he would be discussing the development of a Winchester City Council Pay and Reward Policy with the Portfolio Holder for Finance and Organisational Development. The draft policy would be discussed with Personnel Committee members as part of its development.

The Committee identified a number of minor drafting errors within the Pay Policy Statement, which the Head of Organisational Development stated would be corrected before the report was presented to Council.

**RECOMMENDED:**

**THAT, SUBJECT TO CORRECTION OF MINOR DRAFTING ERRORS, THE PAY POLICY STATEMENT 2015 - 2016 IN APPENDIX 1 TO THE REPORT BE AGREED.**

**RESOLVED:**

That the development of a Winchester City Council Pay and Reward Policy be agreed and that no additional comments be made to Council.

## Winchester City Council Pay Policy Statement – Financial year 2015-16

### 1) General

Area	Proposed Policy	Comment
Purpose	<p>The purpose of this pay policy statement is to set out Winchester City Council's (WCC's) policies relating to the pay of its workforce for the financial year 2015-16, in particular: -</p> <ul style="list-style-type: none"> <li>a) the remuneration of its Chief Officers</li> <li>b) the remuneration of its "lowest paid employees"</li> <li>c) the relationship between               <ul style="list-style-type: none"> <li>▪ the remuneration of its Chief Officers</li> <li>▪ the remuneration of its employees who are not Chief Officers</li> </ul> </li> </ul>	<p>This Policy sets out the principles behind the City Council's approach to remuneration of senior officers, in accordance with the requirements of s.40 of the Localism Act 2011 (the Act) and Guidance there under. It does not give details of individual salary levels.</p>
Definitions	<p>For the purpose of this pay policy statement the following definitions will apply: -</p>	
	<p><b>"Chief Officer"</b> refers to the following roles within WCC: -</p> <ul style="list-style-type: none"> <li>▪ Chief Executive, as Head of Paid Services</li> <li>▪ Chief Operating Officer as the Council's statutory Monitoring Officer, Electoral Registration Officer and Returning Officer</li> <li>▪ Corporate Director, as non-statutory Chief Officer</li> <li>▪ Chief Finance Officer as Statutory Section 151 Officer and a member of CMT</li> <li>▪ Assistant Directors, Chief Housing Officer and Heads of Service if reporting directly or is directly accountable to a statutory or non-statutory Chief Officer in respect of all or most of their duties.</li> <li>▪ Members of the Council's Corporate Management Team (CMT)</li> </ul>	<p>The statutory definition in the Act covers a range of roles within the City Council. All those are encompassed within the national pay schemes the Council has adopted (see below), so this Policy is consistent with the requirements of the Act</p>

	The “ <b>lowest paid employees</b> ” refers to those staff employed within grade 1 and 2 of the Council’s pay framework.	The lowest paid permanent staff in the Council at present are paid on Scale 2 (£15,000 pa full time). This is therefore the appropriate point at this time on which to base comparisons of pay relativity. The Pay Policy Review will consider the option of the median point as a comparator as highlighted in the Hutton Report.
	An “ <b>employee who is not a Chief Officer</b> ” refers to all staff, who are not covered under the “Chief Officer” group above. This includes the “lowest paid employees” i.e. staff on grades 1 and 2.	

## 2) Remuneration of the “lowest paid employees” and “all other employees who are not chief officers”

Area	Proposed policy	Comment
Under the Act the Council is required to agree the basis of the remuneration of the “lowest paid employees”, including the following elements: - <ul style="list-style-type: none"> <li>▪ Salary</li> <li>▪ Any allowance or other payments in connection with their role and shift patterns</li> <li>▪ Local Government Pension Scheme, where a member</li> <li>▪ Policy on severance</li> </ul> Policies on each of these elements are set out below.		
Salary	The lowest grade in the Council’s pay framework is Grade 1. However we do at present employ one member of staff on that grade. The lowest paid member of staff is in Grade 1 of the pay framework, and this should, for the purposes of the Act, be taken as the “lowest paid employees”.	The toppoint on Scale 1 offers a salary of c.£15,000pa – full time. This is therefore the appropriate point on which to base comparisons of pay relativity

	<p><i>Details of the Council's salary ranges are available on the website.</i></p> <p>Employees new to the Council will normally be appointed to the first step of the salary range for grade 1. Where the candidate's current employment package would make the first step of the salary range unattractive (and this can be demonstrated by the applicant in relation to current earnings) or where the employee already operates at a level commensurate with a higher salary, a higher salary may be considered by the recruiting manager up to mid point of the grade when further approval is sought from the Head of Organisational Development to appoint beyond this point but still within the grade band. This will be within the salary range for the grade. The candidate's level of skill and experience should be consistent with that of other employees in a similar position on the salary range.</p>	
Bonuses	<p>There is no current provision for making bonus payments to any employees.</p> <p>There is however a system of Honorarium payments whereby a one-off payment may be awarded to a member of staff as a reward for a particular piece of work or a substantial effort or duties above what is expected as part of their ordinary day-to-day work. The size of the award paid to should be commensurate with the work being rewarded. An award made may be up to 10% of the employees basic salary. Any payment of this nature must have Chief Officer approval and is classed as pensionable.</p> <p>There is also an acting up allowance which can be paid where an additional payment may be made for covering part of all of a higher graded post duties. This would be commensurate with the additional work being undertaken and the period of time these duties have been carried out. Any payment of this nature must have Chief Officer approval.</p>	

Charges, fees or allowances	Any allowances or other payments will only be made to staff in connection with their role or the patterns of hours they work and must be in accordance with the Council's collective agreements and subsequent amendments which were agreed by Members.	This includes allowances for being available "on-call" or for anti-social hours and professional membership fees or essential clothing telephone allowance or mobile phone for work use.
Performance related pay	<p>The Council has not adopted a system of performance related pay. However, progression within the employee's salary scale is through an annual assessment of performance. An employee's contribution during the course of the year is reviewed within the Council's Individual Performance Review process (IPR).</p> <p>The IPR process provides for the setting of targets on an annual basis and review of the employees achievement against those targets.</p> <p>Following assessment of the employee's achievement against targets the reviewing manager will recommend a rating for each employee. This rating will be subject to consistency checks and once finalised will be taken into account. Subject to satisfactory performance the salary progression within the salary range, up one step per year until the top step of grade is achieved, will be implemented.</p> <p>Any salary changes following assessment under the IPR process will be effected from 1 April each year.</p>	The Council has already adopted policies on incremental progression through the agreed performance review process up to the top point of a grade.
Expenses	All employees are entitled to claim certain expenses incurred in performing their duties (for example travel costs) or training expenses. These have been agreed by Members.	
Benefits in kind	<p>The Council has adopted policies which entitle employees, under certain circumstances, to a lease car or an allowance for essential car use in connection with their role. These policies can be found on the website.</p> <p>The Council pays professional subscriptions for officers in</p>	

	<p>accordance with terms and conditions of service.</p> <p>The Council offers staff access to certain employee benefit schemes, for example child-care vouchers or the national cycle-to-work scheme as agreed by Members. These are provided at no additional cost to the Council.</p> <p>Car Parking/Park and Ride provision is available to all staff.</p>	
Pension	All employees as a result of their employment are eligible to join the Local Government Pension Scheme and are auto enrolled from October 2013. There are no increases or enhancement to pension entitlements as a result of a resolution of the authority.	
Severance payments	As set out in the Council's Severance Policy and agreed by Members	

### 3) Remuneration of Chief Officers

Area	Proposed policy	Comment
Pay framework	<p><b>"Chief Officers" who are members of the Corporate Management Team.</b></p> <p>Chief Executive, Chief Operating Officer, Corporate Director, Chief Finance Officer.</p> <p>The annual pay review for these Chief Officers is determined nationally.</p> <p><b>"Chief Officers" who are Assistant Directors, Chief Housing Officer and Heads of Service</b></p> <p>Pay for Assistant Directors, Chief Housing Officer and Heads of Service falls within the main pay framework as well and is described above.</p>	<p>The City Council's pay and framework is based on the nationally agreed scheme and this incorporates the pay framework for Chief Officers. This sets out the pay and grade framework utilising agreed Job Evaluation Schemes.</p> <p>Council has already endorsed the adoption of this framework, and the Pay Policy simply confirms it is the basis for our approach to pay.</p>

Remuneration, including salary, allowances or other payments, pensions and severance payments.		
Salary	<p><b>“Chief Officers” who are members of the Corporate Management Team and Assistant Directors, Chief Housing Officer and Heads of Service.</b></p> <p>For this group of Chief Officers salary on appointment has regard to the relative size and challenge of the role compared to other Chief Officer roles within the Council. Account is also taken of other relevant available information, including the salaries of Chief Officers in other similar sized organisations.</p> <p><b>Chief Officers who are Assistant Director, Chief Finance Officer, Chief Housing Officer and Heads of Service</b></p> <p>Assistant Directors, Chief Finance Officer, Chief Housing Officer and Heads of Service are treated in accordance with the arrangements detailed above for “lowest paid employees” and “all other employees who are not Chief Officers”.</p> <p>Ministers require that all remuneration packages above a threshold (Guidance suggest £100,000, although it is for Councils to decide) be approved by Full Council. The City Council’s Constitution already requires that Council confirm the appointment of the Chief Executive, offering an opportunity for remuneration to be confirmed on appointment. It is proposed that the Pay Policy provides for formal approval of all packages at or above Scale 12 in our pay scheme <b>before</b> recruitment is commenced for any such post.</p> <p>Information on the remuneration of senior council officers is published in the Council’s annual accounts on the City</p>	<p>Information is already included in current pay statement agreed by Members. Pay relativities will be considered in more detail with the full Pay &amp; Reward Policy to be brought forward in 2015/16.</p> <p>Following initial Guidance received from the DCLG to cover the appointment of the Chief Executive and Corporate Directors and Chief Operating Officer to be approved by Full Council. along with any severance payments over £100,000 (see below).</p>

	Council website.	
Bonuses	<p>The City Council does not pay bonuses to Chief Officers.</p> <p>“Chief Officers” are subject to the same performance management process as the “lowest paid employees” and “employees who are not Chief Officers”.</p> <p><b>“Chief Officers” who are members of the Corporate Management Team.</b></p> <p>Targets are set and performance against those targets is assessed. Chief Officers receive the same incremental or step progression.</p> <p><b>“Chief Officers” who are Assistant Directors, Chief Housing Officer and Heads of Service</b></p> <p>Assistant Directors, Chief Finance Officer, Chief Housing Officer and Heads of Service are treated in accordance with the arrangements detailed above for “lowest paid employees” and “all other employees who are not Chief Officers”.</p>	<p>The guidance in relation to the Localism Act states that authorities should consider Hutton’s recommendation on the value of a system of ‘earn back’ pay. This will be considered as part of the review of the Pay and Reward Policy.</p>
Charges, fees or allowances (incl. election fees)	<p>No additional extra charges, fees or allowances are paid to Chief Officers.</p> <p>The Returning Officer is paid a fee in respect of his duties in managing local and national elections. For national elections, that fee is based on scales in Regulations made by the Cabinet Office or other relevant Govt Department. For local elections, that fee is based on Hampshire and Isle of Wight scales fees. Where appropriate, these are included in published details of remuneration.</p> <p>Other Chief Officers may be paid fees for assisting in the management of elections. These fees are determined by the Returning Officer having regard to the relevant scale fees.</p>	

Performance Related Pay	The Council has not adopted a system of performance related pay for Chief Officers. However, progression within the employee's salary scale is through an annual assessment of performance , as described in section 2 –	
Expenses	All employees are entitled to claim certain expenses incurred in performing their duties (for example travel costs). These are set out in the agreed policies	
Benefits in kind	<p>The Council has adopted policies which entitle employees, under certain circumstances, to a lease car or an allowance for essential car use in connection with their role.</p> <p>The Council pays professional subscriptions for officers in certain circumstances in line with agreed policies.</p> <p>The Council offers staff access to certain employee benefit schemes, for example child-care vouchers or the national cycle-to-work scheme. These are provided at no additional cost to the Council.</p> <p>Car Parking/Park and Ride provision is available to all staff.</p>	
Pension (increase/enhancement) Payment twice	All employees as a result of their employment are eligible to join the Local Government Pension Scheme and will be auto enrolled from October 2013. The Council operates within an agreed policy for severance and flexible retirement practices.	
Severance payments – for any reason	The Council has an agreed Severance Policy	<p>Council have an agreed policy on offering discretionary compensation for relevant staff in the event of redundancy which is the Severance Policy.</p> <p>Following Guidance received from the</p>

		DCLG the policy was amended to cover the severance payments of over £100,000 (regardless of the post to which they apply) which will be required to be considered by Full Council.
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#### 4) Relationship between remuneration of “Chief Officers” and “employees who are not Chief Officers”

Guidance	Comment
<p>The Hutton Report on Fair Pay in the Public Sector recommended publication of a pay multiple (ratio between the total remuneration of the highest paid employee and the median earnings across the organisation)</p> <p>The Code of recommended Practice for Local Authorities on Data Transparency includes pay multiples within the minimum set of Data that Authorities should publish. Authorities should include their current policy towards maintaining or reaching a specific pay multiple within their broader policy on how pay and reward should be fairly dispersed across their workforce.</p>	<p>Winchester adopts a maximum multiple of 1:10 (ie. The remuneration of the highest paid officer should be no more than 10 times that of the lowest paid.</p> <p>The proposed maximum pay multiple and actual multiple will be published alongside other data on senior staff remuneration on the Council’s website. Annually based on the year end published account information which is reconciled and audited and in line with the Hutton report.</p>

#### Publication of pay policy statement

Guidance	Comment
Statement must include WCC’s approach to the publication of and access to information relating to the remuneration of Chief Officers (incl. salary etc)	Pay policies, including this Senior Pay Policy Statement, will be published on the City Council’s website, alongside details of senior staff remuneration.