



REPORT OF:	HEAD OF CORPORATE SERVICES
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TO:	COUNCIL
DATE:	13 FEBRUARY 2014

AGENDA NO:	ITEM	10	WARD(S) AFFECTED:	N/A
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SUBJECT:	PAY POLICY STATEMENT
RECOMMENDATION: That the Council note and confirm the attached Pay Policy Statement for the year 2014/15.	
SUMMARY This report fulfils the requirement of the Localism Act 2011 to approve and publish a Pay Policy Statement annually.	

STATUTORY POWERS

1. The Localism Act 2011 provisions in relation to 'Pay Accountability' sets out the requirements for Councils to determine and publish annual pay policy statements.

PAY POLICY

2. The pay policy statement must be approved by the Council in advance of the financial year to which it relates.
3. The Council must publish the statement on its website and may choose to expand the publication in other ways as part of its approach towards transparency.
4. The pay policy statement must set out the Council's policies relating to:
 - Chief Officer remuneration,
 - Remuneration of its lowest paid employees plus the definition used for this group and the reason for adopting that definition,
 - The relationship between Chief Officer remuneration and that of other staff

5. The definition of Chief Officers is not limited to Heads of Paid Service or statutory Chief Officers. It also includes those who report directly to them (non-statutory Chief Officers).
6. The Councils approach to pay was last fundamentally reviewed in 1997. The statement for 2014/15 additionally outlines a revised approach.
7. The Pay Policy Statement also outlines the Councils approach to pay. Historically this has consisted of two elements:
 - Individual Performance Related Pay
 - Uniform award (linked to cost of living and other factors)
8. The 2014/15 Pay Policy Statement retains these two elements but adds a third:
 - Corporate Performance Award
9. The new element looks to make an even stronger link between the performance of the Council, the service it offers its residents and individual performance.
10. The aims of the pay approach are to:
 - Recruit and retain appropriately experienced and qualified employees.
 - Remain an employer of choice locally.
 - Increase motivation and drive service improvements, with a clear relationship between pay and both individual and corporate performance.
 - Maintain cost effectiveness and provide value for money.
 - Comply with equal pay legislation.
11. This moves away from a triennial benchmarking process which aimed to maintain the maximum of the Council's normal pay scales to the upper quartile of private and public sector pay.
12. The new approach is less prescriptive and reflects the reality of the conversations that are held between management and staff side representatives. This includes looking at benchmarking data, recruitment and retention trends, the living wage and the wider economic environment.
13. Following the changes in the management structure the Pay Policy Statement also proposes that all members of the Management Team are subject to the Chief Officer Appraisal scheme and associated ratings.

CONSULTATION

14. Executive Member with responsibility for Organisational Development, Cllr Julian Ellacott, and the HR Manager have met with staff side representatives on a number of occasions since August 2013 to discuss the Pay Policy Statement.
15. The attached statement (Annex 1) reflects the outcome of those productive discussions and was endorsed at the LJF on the 30th January 2014.

LEGAL IMPLICATIONS

16. There are no legal implications arising from this policy statement other than those set out in the body of this report or the statement itself.

FINANCIAL IMPLICATIONS

17. The changes in the performance appraisal system for the Management Team will be contained within existing budgets.

Background Papers: N/A

Pay Policy Statement

Reigate and Banstead Borough Council provides a wide range of services to residents, visitors and business in the Borough. To be able to provide those services, we depend on our employees. As at 1 January 2014 we employed:

- 457 directly employed permanent or fixed term employees
- 74 casual workers
- 13 young workers
- Of these 544 employees, 58% were male and 42% female

Background

- The Council opted out of the terms and conditions of employment operated by the National Joint Council (NJC) for Local Government Services in 2003 and since then have used a locally developed scheme.
- The local payscale covers all employees of the Council (including Chief Officers) and was approved by the Council following negotiation with relevant bodies.
- As required by law, the Council provides all of its eligible employees with the opportunity to join the Local Government Pension Scheme.
- Relative to most other parts of the country the Borough is expensive to move to and live in. The Council also operates in a competitive local recruitment market made more difficult by the proximity to London and Gatwick Airport.
- Competition for some specialist posts remains high with our neighbouring Local Authorities competing for the same skills and experience.

Aims

The Council's approach to pay and reward, embodied within its agreed payscales, is mindful of the following five aims. We want to:

1. Recruit and retain appropriately experienced and qualified employees.
2. Remain an employer of choice locally.
3. Increase motivation and drive service improvements, with a clear relationship between pay and both individual and corporate performance.
4. Maintain cost effectiveness and provide value for money.
5. Comply with equal pay legislation.

Salary Budget

The Council's salary budget continues to be driven down through on-going efficiencies and service reviews.

2010/11 - £17,025,000

2011/12 - £16,443,000

2012/13 - £15,840,000

2013/14 - £14,965,400

2014/15 - £14,818,700

Chief Officers' Remuneration

The Council has a group of five Chief Officers and two statutory officers which consists of the following. The mean Chief Officers' salary is £83,458.

Chief Executive
Deputy Chief Executive
Head of Corporate Services
Head of Neighbourhood Services & Parking
Head of Policy, Development and Property
Finance Manager (Section 151 Chief Finance Officer)
Legal Services Manager (Monitoring Officer)

Pay

The payscale is set by reference to various factors. Each member of staff will have three elements to their pay award:

- A **uniform award** paid to all staff which recognises (but is not directly linked to) cost of living. This can be consolidated, non-consolidated or a mixture of both.
- An **individual performance reward** (where appropriate) based on high individual performance. This comprises incremental progression (consolidated) and performance related pay in accordance with the agreed scheme (non-consolidated).
- A **corporate performance award** based on the overall performance of the Council. This can be consolidated or non-consolidated, and may not be awarded every year.

Pay negotiations are held between the Council's management and the recognised unions on the uniform award to be made to all staff. These negotiations take into consideration a range of factors and seek to ensure the Council remains competitive and able to attract and retain appropriately skilled and experienced staff and rewards corporate performance appropriately.

Pay negotiations are usually held annually but longer term awards may be negotiated by agreement.

In relation to the uniform award for all staff the considerations will include (but not be limited to) the following:

- Results of benchmarking:
 - to ensure the Council is able to recruit and retain appropriately experienced and qualified employees; that it remains competitive and an employer of choice within Surrey
 - to be undertaken as and when required by agreement with staff side representatives
 - local and South East regional data (both public and private sector) accessed from a variety of sources as agreed by Management and Staff side representatives
- Recruitment and retention trends – e.g. turnover and identification of skill types or service areas where recruitment is difficult.
- The nature and level of other benefits (i.e. non-salary) provided to staff.

- The level of the Living Wage.
- The wider economic environment and affordability, in the context of service delivery and staff recruitment and retention matters.

The basis of the corporate performance reward will be linked to the corporately agreed performance indicators.

Definition and remuneration of lowest paid employees

To enable meaningful comparison the Council uses employees on full time contracts for this definition. The lowest paid employees include those employed on our Administrative 3 and Operative 3 grades. These employees include: Support Assistants, Box Office Assistants, Streetsweeper/Drivers and Grounds Maintenance Operatives.

The Council pays its lowest paid employees in accordance with the same payscale as those of Chief Officers. The bottom point on our payscale is £14,064; part-time employees are paid on a pro-rata basis.

The National Minimum wage (currently £6.31 per hour for over 21's) is adhered to and the bottom spine point of the payscales is above or equivalent to the Living Wage (currently £7.65 per hour outside of London) recommendation.

The relationship between Chief Officers' pay and all other employees

The pay of all employees is set according to the cross organisational payscale. Although there is a fixed relationship between successive points on the payscale there are no predefined pay ratios between different groups or specified individual posts.

The mean pay for employees other than Chief Officers is £21,115; therefore currently the ratio of mean Chief Officer Pay to the mean pay of other employees is just under 4:1.

The ratio of the pay of the highest paid earner, the Chief Executive, to the pay of the lowest paid employees is just less than 10:1.

The level and elements of employee remuneration, including performance related pay and bonuses

Pay for all employees (including Chief Officers) comprises payments by way of salary, pensions and other standard elements of contractual remuneration required in law. All employees have the opportunity to take advantage of a number of salary sacrifice schemes (at no cost to the Council) including Childcare Vouchers and the Cycle to Work scheme.

All employees (including Chief Officers) are subject to an annual assessment of performance (individual performance award), and where performance meets the appropriate standard, contractual increments will be given, until the maximum of the pay scale is reached.

For Chief Officers, and members of the Management Team, the performance appraisal scheme results in one of five levels of rating with the potential to earn a non-consolidated bonus of 2.5%, 5% or 10%. A rating in one of the top three categories can also result in an

incremental increase within the payscale, up to a maximum point. (N.B. The middle rating results in either an increment or bonus – not both.)

For all other employees the scheme results in one of four levels of rating. A rating of Outstanding Performer or Consistently High Performer can result in an incremental increase within the payscale, up to a maximum point. Employees who receive an Outstanding Performer rating receive a non-consolidated bonus of 2.5%.

Remuneration of employees on recruitment

As with the recruitment of employees across the Council, Chief Officers are generally appointed at the minimum point on their payscale or at a market level of pay negotiated on appointment. Decisions to approve these negotiations are made by the Head of Paid Service or in the case of the Head of Paid Service, by the Council.

Exceptional increases and additions to remuneration for Chief Officers

One or more Chief Officers will be eligible for payments for election duties (e.g. as Returning Officer or Deputy Returning Officer/s). Some of these payments will be made direct by Government or other Authorities e.g. Surrey County Council.

The Section 151 Officer and Monitoring Officer positions attract an additional 10% salary payment to compensate for the additional duties and responsibilities.

There are no other reasons for additional remuneration or exceptional increases for Chief Officers.

The use of market supplements

In a few cases the Council also pays market supplements to specific groups of employees where there is evidence that our local payscale is significantly out of alignment with the local pay market and where we have difficulty recruiting and retaining employees. These payments are non-contractual and currently apply to 16 positions in three departments.

The approach to the payment of Chief Officers on their ceasing to hold office under or to be employed by the Authority

Chief Officers who leave the Council's employment, where appropriate, will receive compensation in line with the Council's redundancy payments policy (in line with statutory redundancy payments) or through a negotiated settlement.

The publication of and access to information relating to remuneration of Chief Officers

Chief Officers' pay is published as part of the Council's annual accounts and is available via the Council's website:

http://www.reigatebanstead.gov.uk/council_and_democracy/about_the_council/finance/annual_financial_reports/index.asp