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| REPORT OF: | COUNCILLOR VICTOR BROAD |
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| TO: | COUNCIL |
| DATE: | 8 FEBRUARY 2018 |

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| AGENDA ITEM NO: | 9 | WARD(S) AFFECTED: | N/A |
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| SUBJECT: | PAY POLICY STATEMENT 2018/19 |
| RECOMMENDATIONS: | |
| 1. Council to note and confirm acceptance of the attached Pay Policy Statement, for the year 2018/19. | |
| 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 Officer includes the Head of Paid Service and Statutory Chief Officers.

6. The Pay Policy statement sets out the Council's commitment to paying a fair wage, regardless of age or employment status.

LEGAL IMPLICATIONS

7. 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

8. There are no financial implications arising from the policy statement.

Background Papers: N/A

Pay Policy Statement 2018

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 2018 we engaged:

- 438 directly employed permanent or fixed term employees, and
- 92 casual workers, and
- 6 individuals on the worker scheme, and
- 7 contractors / local authority partners.

Of these 543 individuals, 55% were male and 45% 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 has adopted local terms and conditions of employment.
- The local payscales cover 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 auto enrols all eligible employees into a pension scheme, 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 challenging 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 is mindful of the following five aims in its approach to pay and reward. We want to:

1. Recruit and retain appropriately experienced and qualified people.
2. Remain an employer of choice locally.
3. Reward and incentivise high 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 carefully managed; reflecting service efficiencies made, and rewarding individual and organisational performance.

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| 2010/11 | £17.0m | 2015/16 | £14.8m |
| 2011/12 | £16.4m | 2016/17 | £15.2m |
| 2012/13 | £15.8m | 2017/18 | £15.5m |
| 2013/14 | £15.1m | 2018/19 | £16.0m |
| 2014/15 | £14.9m | | |

Chief Officers' Remuneration

The Council's Management Team consists of 9 officer roles; three of whom are considered to be Chief Officers for the purposes of this policy statement:

- One Chief Officer; Chief Executive (Head of Paid Service), and
- Two Statutory Officers; Head of Finance (Section 151 and Chief Finance Officer), and Head of Policy & Performance (Monitoring Officer).

Including the salaries of the six other officer roles which make up the management team of the Council, for the Chief Officers' Remuneration calculation, brings the mean average salary to £95,502.

The commercial focus of the Council is resulting in changes to how we deliver our services and how we become self-sufficient financially. As members of the Council's management team or staff members take on additional responsibilities (including roles in commercial entities), pay and remuneration may be revised accordingly using the agreed approval channels.

Pay

The pay budget is set in consideration of various factors, namely the two elements to staff pay award:

- A **corporate award** paid to staff which recognises (but is not directly linked to) cost of living and overall corporate performance. 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/or a performance related pay bonus in accordance with the agreed scheme (non-consolidated).

Pay negotiations are held between the Council's management and the recognised trade unions on the corporate award to be made to all staff. These negotiations take into consideration a range of factors, seeking to ensure the Council remains competitive and able

to attract and retain appropriately skilled and experienced staff, in addition to rewarding corporate performance appropriately.

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

In relation to the corporate award for all staff, the considerations include (but not 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 voluntary National Living Wage, and mandatory National Minimum Wage rates.
- The wider economic environment and affordability, in the context of service delivery and staff recruitment and retention matters.

Where operationally appropriate the Council engages a small number of people on casual agreements to undertake work on an 'as and when basis'. The pay for these roles is determined by review of market rates & National Minimum Wage rates.

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, Streetsweepers-Drivers and Grounds Maintenance Operatives.

The Council pays the lowest paid employees in accordance with the same payscale structure as the Chief Officers.

From 1 April 2018 the bottom point on our payscale for full time work will be £17,154 (£9.14 per hour); part-time employees are paid on a pro-rata basis. This is above the "Voluntary National Living Wage" (£8.75 per hour), and is in excess of the "National Minimum Wage" and "National Living Wage" rates.

Regardless of age, all casual workers, apprentices and worker scheme participants attract at least the “over 21 National Minimum Wage” rate (£7.38 per hour) as a minimum, rising to the “National Living Wage” rate (£7.83 per hour) for those aged 25 and over.

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 average pay for employees other than Chief Officers is £27,525; therefore currently the ratio of mean average Chief Officer pay to the mean average pay of other employees is just below 3.5:1.

The ratio of the pay of the highest paid earner, the Chief Executive, to the pay of the lowest paid employee is just below 11:1.

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 including Childcare Vouchers and the Cycle to Work scheme.

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

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 the maximum point for the role. (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, Outstanding Performer, Consistently High Performer, Good or Unsatisfactory. A rating of Outstanding Performer or Consistently High Performer can result in an incremental increase within the pay scale, up to the maximum point for the role. Employees who receive an Outstanding Performer rating receive a non-consolidated bonus of 2.5%.

Remuneration of employees on appointment

As is the case for appointment of any new 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. Approval of Chief Officer pay is made by the Head of Paid Service or in the case of the Head of Paid Service, by the Council.

Assessing the gender pay gap

The gender pay gap is an equality measure that shows the difference in average earnings between women and men, expressed relative to men's earnings. For example, 'women earn 15% less than men per hour'.

The Council's use of a formal job evaluation process, structured payscales, and defined processes and procedures to award performance pay increases, limits inequality in pay between the genders and also limits a significant gender pay gap occurring. As we are an employer of over 250 staff, we must by law publish and report on specific figures around our gender pay gap. This information will be completed and published on our website by the end of March 2018 and reviewed annually thereafter.

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 directly 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.

The use of market supplements, honorarium and one-off payments

In a few cases the Council also pays market supplements to specific groups of employees where there is evidence that our local pay scale 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 a total of 17 positions in two departments (Development Management and Parking Services).

On occasion honorarium payments are paid temporarily to staff, for example, when they carry out other duties at a higher level e.g. cover for a higher graded colleague whilst they are on maternity leave.

There are also specific conditions for one-off bonus payments, which provide incentives and rewards for specific and exceptional achievements, such as the following:

- For achieving one-off projects clearly outside the range of the job
- For successfully carrying out something which was exceptionally difficult, or working to a much higher level for a temporary period of time
- For working unusually long or inconvenient hours because of a particular problem

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

Chief Officers who leave the Council's employment, will receive compensation if appropriate, in line with the Council's redundancy policy 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.reigate-banstead.gov.uk/info/20210/finance/268/annual_financial_reports

January 2018