

Addendum

Employment Committee

Dear Councillor,

Employment Committee - Tuesday, 15 December 2020, 7.00 pm

I enclose, for consideration at the meeting of the Employment Committee to be held on Tuesday, 15 December 2020 at 7.00 pm, the following reports which were unavailable when the agenda was published.

Mari Roberts-Wood
Interim Head of Paid Service

4. Pay Policy Statement 2021/22 (Pages 3 - 14)

To consider, and recommend to Council, the Pay Policy Statement 2021/22.

For enquiries regarding this addendum;

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TO	Employment Committee Council
DATE	15 December 2020 11 February 2021
EXECUTIVE MEMBER	Executive Member for Corporate Policy and Resources

KEY DECISION REQUIRED	No
WARDS AFFECTED	N/A

SUBJECT	Pay Policy Statement 2021/22
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RECOMMENDATIONS
That the Employment Committee recommend to Council the approval of the Pay Policy Statement, for the year 2021/22.
REASONS FOR RECOMMENDATIONS
To ensure that the Council complies with the requirement in the Localism Act 2011, to approve and publish an annual Pay Policy Statement, in advance of the financial year to which it relates.
EXECUTIVE SUMMARY
<ol style="list-style-type: none"> 1. The Pay Policy Statement sets out how the Council determines appropriate employee remuneration, in terms of salary and performance related pay. 2. Statistical information provided within the statement demonstrates the relationship of remuneration between different levels of employees, such as Chief Officers and the lowest paid employees.

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3. The Pay Policy Statement reaffirms the Council's ongoing commitment to paying a fair and real living wage to all employees and workers, above national minimum wage levels.

STATUTORY POWERS

4. The Localism Act 2011 ('the Act') provisions in relation to 'Pay Accountability' set out the requirements for Councils to determine and publish annual pay policy statements.
5. Relevant authorities are required by section 38(1) of the Act to prepare pay policy statements. These statements must articulate an authority's own policies towards a range of issues relating to the pay of its workforce, particularly its senior staff (or 'chief officers') and its lowest paid employees.
6. The Act defines remuneration widely, to include not just pay but also charges, fees, allowances, increases, enhancements of pension entitlements etc, and termination payments.
7. The guidance, "Openness and accountability in local pay: Guidance under section 40 of the Localism Act" (plus any supplementary guidance issued from time to time) sets out the key policy principles that underpin the pay accountability provisions in the Act.
8. Pay policy statements must be prepared for each financial year and must be approved by the Council.

BACKGROUND

9. The pay policy statement must be approved by the Council in advance of the financial year to which it relates.
10. 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.

KEY INFORMATION

11. 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

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12. For the purposes of the statement, 'Chief Officer' includes a total of six positions; the Head of Paid Service, Statutory Chief Officers (Monitoring Officer and Section 151 Officer) and Non-Statutory Chief Officers (Directors - who report directly to the Head of Paid Service).

13. The pay policy statement sets out the Council's commitment to paying a fair wage for all, regardless of employment status.

14. Statistical and salary data is correct as at 1 January 2021.

LEGAL IMPLICATIONS

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

FINANCIAL IMPLICATIONS

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

EQUALITIES IMPLICATIONS

17. There are no adverse equalities implications arising from this policy statement, which confirms that the Council's approach to pay helps to mitigate equal pay issues.

18. Equality Impact Assessments are considered at every stage of reviewing the Council's approach to pay, or policy impact on remuneration.

CONSULTATION

19. Representatives from the two Unions the Council recognises; Unison and GMB, have been consulted on the Pay Policy Statement.

20. Employment Committee members have been consulted on the Pay Policy Statement, and recommend its approval by Council.

POLICY FRAMEWORK

21. The Pay Policy Statement helps to ensure that talented high performing employees are attracted and retained.

22. This directly and indirectly supports the Council's Corporate Plan, by ensuring that the Council (councillors and officers) has the right skills to deliver the plan, through attraction, retention and reward.

BACKGROUND PAPERS

23. None

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Pay Policy Statement 2021

This Pay Policy Statement (the 'statement') sets out the Council's approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011. The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its employees.

Reigate and Banstead Borough Council provides a wide range of services to around 150,000 residents, as well as visitors and businesses in the Borough. To be able to provide these services, we depend on our employees.

As at 25 November 2020 we engaged:

- 515 directly employed permanent or fixed term employees
- 80 casual workers

Of these 595 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 pay scales cover all employees of the Council (including Chief Officers as defined below) and was approved by the Council following negotiation with relevant bodies in 2002/3.

As required by law, the Council auto enrolls 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 large local employers.

Competition for some specialist roles remains high nationally and with our neighbouring Local Authorities, competing for the same skills and experience.

Aims of the Council’s approach to pay and reward

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) Be an employer of choice.
- 3) Provide reward and recognition of high organisational performance at individual and team levels.
- 4) Maintain cost effectiveness and provide value for money.
- 5) Comply with equal pay legislation.

Salary Budget

The Council’s base revenue salary budget continues to be well managed, and is built each year to reflect the resource required to deliver our ambitious corporate plan priorities.

Year	Salary Budget
2021/22	£21.9m
2020/21	£20.0m
2019/20	£18.3m
2018/19	£16.0m
2017/18	£15.5m
2016/17	£15.2m
2015/16	£14.8m

The salary budget is set taking into account various factors, including the two elements considered when reviewing employee pay:

- An annually reviewed **organisational award** paid to employees which recognises (but is not directly linked to) cost of living and overall organisational performance. This can

be a consolidated award (percentage or fixed value increase), a non-consolidated award (based on a percentage or fixed value) or a mixture of both.

- A **performance reward** based on consistently high or outstanding individual performance. This award comprises of incremental progression (consolidated) and/or a performance related pay bonus (non-consolidated) in accordance with the performance appraisal scheme

Organisational Pay Award

The organisational award is usually reviewed annually, and where applicable, pay negotiations are held between the Council's management, any staff association representatives, and recognised trade unions. Longer term awards may be negotiated by agreement.

These negotiations take into consideration a range of factors; including (but not limited to) the following:

- Results of external pay 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 and the immediate surrounding area.
- 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 employees.
- The level of the national 'Real Living Wage', and statutory National Minimum Wage rates.
- The wider economic environment and affordability.

Real Living Wage

The Council has committed to ensuring the pay rates of apprentices, casual workers and pay scales of employees mirror the national 'Real Living Wage' as determined by the Living Wage Foundation, as a minimum level of pay. From April 2021 the minimum pay rate will be £9.50 per hour.

This commitment will also apply to workers of any companies the Council owns and operates.

The Council has reviewed the official accreditation requirements set by the Living Wage Foundation and are confident requirements for our directly employed staff are met. To be officially recognised as an accredited Real Living Wage employer, we also need to review the pay arrangements of our contracted services to ensure compliance. Once complete, official accreditation will be applied for.

Definition and remuneration of Chief Officers'

The Council's senior management team consists of twenty officer roles; 6 of whom are considered to be Chief Officers for the purposes of this policy statement, under the definition in the Localism Act 2011 and Local Government and Housing Act 1989:

- Head of Paid Service (previously part of Chief Executive Officer role – vacant as at 25/11/2020 with the Director of People covering the interim Head of Paid Service role),
- Statutory Officer, Monitoring Officer (Director of Commercial & Investment Activities),
- Statutory Officer, Section 151 Officer (Head of Finance - vacant as at 25/11/2020, covered by an interim),
- Non Statutory Officer, reporting to Head of Paid Service (Director of People),
- Non Statutory Officer, reporting to Head of Paid Service (Director of Place),
- Non Statutory Officer, reporting to Head of Paid Service (Director of Organisation – vacant as at 25/11/2020).

Where any role listed above is vacant, the midpoint of the salary range for each role has been used for the purposes of reporting in this document.

As at 25 November 2020, the average salary of the Chief Officers is £109,417.

Including the salaries of the fourteen other officer roles which make up the wider senior management team of the Council, the average salary then becomes £85,314.

Definition and remuneration of lowest paid employees

To enable meaningful comparison, the Council looks at full time equivalent salaries 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.

As at 1 April 2020 the bottom point on the payscale for full time work was £17,922 (£9.54 per hour); part-time employees are paid on a pro-rata basis.

From 1 April 2021 the bottom spine point will be £18,152 (£9.67 per hour) which is above the national Real Living Wage (£9.50 per hour), and is in excess of the statutory National Minimum Wage rates, the highest of which is £8.72 per hour as at 1 January 2021, increasing to £8.91 per hour from 1 April 2021.

The relationship between Chief Officers' pay, and the pay of all other employees

The Council pays all employees including Chief Officers, on the same incremental payscale structure.

Using the full time equivalent, the average pay for employees other than Chief Officers is £30,562; therefore currently the ratio of average Chief Officers' pay to the average pay of other employees is 2.7:1.

The ratio of the pay of the highest paid earner, the Chief Executive, to the pay of the lowest paid employee is just over 8:1.

Components of employee total reward

The total reward package for all employees (including Chief Officers) comprises of salary, Local Government Pension Scheme employer contribution (where the employee has opted to join), enhanced holiday entitlement (in excess of statutory requirements), enhanced sick pay (in excess of statutory requirements), subsidised parking (where allocated), agile working benefits and other standard elements of contractual remuneration required in law.

All eligible employees have the opportunity to take advantage of a number of salary sacrifice schemes including Childcare Vouchers and the Cycle to Work scheme, and benefit from discounts on shopping, entertainment, and holidays through the employee benefits schemes.

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

For Chief Officers and members of the senior 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% of annual salary. A rating in one of the top three categories can also result in an incremental increase within the pay scale, 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 performance appraisal scheme results in one of four levels of rating; Outstanding Performer, Consistently High Performer, Good or Not at Required Standard. 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%, or 3% if at the maximum point for the role

Remuneration of employees on appointment

As is the case in the appointment of new employees across the Council, Chief Officers are generally appointed towards the bottom of the grade for the role or at a market level of pay negotiated on appointment.

In line with the constitution, approval of pay on appointment is made by the Head of Paid Service or officer(s) nominated by him/her. The appointment of the Head of Paid Service, Section 151 Officer, and Monitoring Officer is through recommendation from the Employment Committee to Full Council for ratification. The appointment of Directors (Non-Statutory Officers reporting directly to the Head of Paid Service), is made by the Employment Committee.

Assessing the gender pay gap

The gender pay gap is the difference in the average hourly wage of all men and women across a workforce. If women do more of the less well paid jobs within an organisation than men, the gender pay gap is usually bigger.

The gender pay gap is not the same as unequal pay, which is paying men and women differently for performing the same (or similar) work. Unequal pay has been unlawful since 1970.

A gender pay gap does not necessarily indicate the existence of an equal pay problem, albeit a gender pay gap may be a trigger for further investigation about the reasons why the gap exists.

The Council's ability to use a formal job evaluation process, use of structured pay scales, and defined processes and procedures to award performance pay increases, limits inequality in pay for roles of similar value, between the genders. As the Council has over 250 employees, by law we must publish and report specific figures around our gender pay gap as at 31 March of each year (relating to the previous year's data).

Our gender pay gap figures show that we do have a gap in terms of 'average hourly pay', but it is a gap in the favour of women - we are among a small percentage of organisations who, on average, pay women more.

The first gender pay gap data snapshot on 31 March 2017, showed that at the Council women's mean 'average hourly rate' was 4.5% higher than men's, and women's median 'average hourly rate' is 15.6% higher than men's. By comparison, on 31 March 2018 these figures were 6.9% and 18.9% respectively, and then on 31 March 2019 11.9% and 24.8% respectively - in favour of women each time.

Each year, the Council's gender pay gap figures are compared against preceding year, and examined to identify if there is an inequitable cause of a significant gap between genders, which may need addressing.

Exceptional increases and additions to remuneration for Chief Officers

The Chief Executive (or another nominated senior officer) receives additional payments for election duties when acting as Returning Officer or Acting Returning Officer. Some of these payments made will be funded by the Government or Surrey County Council, depending on the type of election. For local elections, the Returning Officer fees are paid by the Council. The Returning Officer or Acting Returning Officer is able to make payments to any Deputy they appoint.

The Section 151 Officer and Monitoring Officer positions attract an additional 10% salary payment respectively, to compensate for the additional duties and responsibilities that these roles hold. Again, payments (a proportion of the 10% salary payment) can be made to deputies in these roles.

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

In a few cases the Council also pays market supplements to specific groups of employees where there is evidence that the pay scale determined for the role is significantly out of alignment with the pay market, and / or where there is difficulty recruiting and retaining employees. These payments are non-contractual, and currently apply to a total of 4 positions in Development Management.

The Chief Financial Officer and Chairman of the employment committee are consulted on the application of market supplements, as per the constitution. Other payments as described below are approved by Officers through delegated authority outlined in the constitution.

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

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

- For delivering one-off projects clearly outside the responsibilities 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

Chief Officers' payments on ceasing to hold Office

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. These are subject to the approval of the Employment Committee and Head of Paid Service, after liaison with the Section 151 Officer.

Publication and access to information relating to remuneration of Chief Officers

A summary of 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