

## **Pay Policy Statement 2020**

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 over 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 1 January 2020 we engaged:

- 484 directly employed permanent or fixed term employees,
- 75 casual workers, and
- 2 individuals on the worker scheme

Of these 561 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 Gatwick Airport.
- Competition for some specialist roles remains high nationally and 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. 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
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 long 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 2020 the minimum pay rate will be £9.30 per hour.

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

The Council will be seeking official accreditation from the Living Wage Foundation to be recognised as a Real Living Wage employer.

## **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 (Chief Executive Officer),
- Statutory Officer, Monitoring Officer (Head of Legal and Governance),
- Statutory Officer, Section 151 Officer (Head of Finance),
- 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 1/1/2020).

As at 1 January 2020, the average salary of the Chief Officers is £110,535.

Including the salaries of the fourteen other officer roles which make up the senior management team of the Council, the average salary then becomes £82,951.

## **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 2019 the bottom point on the payscale for full time work was £17,154 (£9.14 per hour); part-time employees are paid on a pro-rata basis. As at 1 April 2020 the bottom spine point will be £17,922 (£9.54 per hour) which is above the national Real Living Wage (£9.30 per hour), and is in excess of the statutory National Minimum Wage rates, the highest of which is £8.21 per hour as at 1 January 2020, increasing to £8.42 per hour from 1 April 2020.

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

The Council pays all employees including Chief Officers, from the same incremental payscale structure, with the exception of the Chief Executive.

Using the full time equivalent, the average pay for employees other than Chief Officers is £30,817; therefore currently the ratio of average Chief Officers' pay to the average pay of other employees is just over 2.6:1.

The ratio of the pay of the highest paid earner, the Chief Executive, to the pay of the lowest paid employee is just over 10:1.

### **Components of employee total reward**

The total reward package for all employees (including Chief Officers) comprises of salary, Local Government Pension Scheme employer contribution, enhanced holiday entitlement (in excess of statutory requirements), enhanced sick pay (in excess of statutory requirements), subsidised parking, 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 (Individual performance award), until the maximum of the applicable grade for the role is reached (individual performance award). For the top grades, a non-consolidated bonus may also be payable.

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.

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 RBBC, 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, both in favour of women.

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 receives additional payments for election duties when acting as Returning Officer or Acting Returning Officer. Some of these payments made will be refunded by the Government or Surrey County Council, depending on the type of election. For local elections, the Returning Officers fees are paid by the Council. The Returning Officer or Acting Returning Officer is able to make payments to any Deputy he appoints.

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

### **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 16 positions in two services (Development Management and Parking Services).

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 whilst 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 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

### **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.

### **Publication 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](http://www.reigate-banstead.gov.uk/info/20210/finance/268/annual_financial_reports)