

<b>Executive Member</b>	Councillor Charles Yarwood
<b>Strategic Management Team Lead Officer</b>	Rachel O'Reilly
<b>Author</b>	Kate Ivackovic
<b>Telephone</b>	01306 879360
<b>Email</b>	<a href="mailto:kate.ivackovic@molevalley.gov.uk">kate.ivackovic@molevalley.gov.uk</a>
<b>Date</b>	19 <sup>th</sup> March 2013

<b>Ward (s) affected</b>	All
--------------------------	-----

<b>Subject</b>	<b>Mole Valley District Council Annual Pay Policy Statement</b>
<b>RECOMMENDATIONS</b>	
It is recommended that the Council approves the Pay Policy Statement for the financial year 2013/14.	

<b>CORPORATE PRIORITIES</b>
The Council is committed to ensuring that it delivers value for money and this is reflected in its arrangements for remuneration of staff. The Council is also committed to ensuring that it is open and transparent in order to support its priority theme of increasing access to council services and communication with the community that it serves. The publication of this pay policy statement supports that commitment to openness and transparency.

1.1 The Localism Act 2011 requires relevant authorities (including county, district and borough councils and fire and rescue authorities) to prepare an annual pay policy statement setting out their policies for the financial year. The content of the Statement is prescribed in the legislation and aims to ensure transparency and accountability of Local Authorities in their remuneration practices.

1.2 During February 2013, guidance on completing the Pay Policy Statement has been released by South East Employers and this statement reflects that guidance. The contents of the statement reflect our existing local conditions, it does not imply any changes to existing pay arrangements, it is merely a prescribed articulation of the Council's current terms.

1.3 Before it takes effect, the pay policy statement has to approved by full Council. This must be done before the 31<sup>st</sup> March for the following financial year. Once approved, the Pay Policy Statement will be published on the Council's website.

1.4 In addition to this statement, the Council also publishes payments made to Chief Officers as part of the annual Statement of Accounts.

#### **CORPORATE IMPLICATIONS**

**Legal Implications** – The publication of the pay statement is a specific requirement of the Localism Act 2011.

**Financial and Risk Implications** – There are no financial or risk implications. The pay policy statement summarises or references provisions in staff contracts and in existing policies.

**Equalities Implications** – The Council regularly carries out an equal pay audit and has an equal pay policy in place. The publication of the pay policy statement as appended is consistent with both the audit and the policy.

**Employment Issues** - There are no employment implications as a result of this report.

**Sustainability Issues** - There are no sustainability implications as a result of this report.

**Reputational issues** – Publication of the Pay Policy Statement provides transparency in setting out the policy behind the remuneration of Council Officers.

## **Mole Valley District Council Pay Policy Statement 2013-14**

### **1.0 Purpose**

This Pay Policy Statement is provided in accordance with Section 38(1) of the Localism Act 2011 and this will be updated annually from April each year.

This pay policy statement sets out Mole Valley District Council's policies relating to the pay of its workforce for the financial year 2013-14, in particular: -

- the remuneration of its Chief Officers
- the remuneration of its "lowest paid employees"
- the relationship between the remuneration of its Chief Officers and the remuneration of its employees who are not Chief Officers

### **2.0 Definitions**

For the purpose of this Pay Policy Statement the following definitions will apply:

"Pay" in addition to salary includes charges, fees, allowances, benefits in kind, increases in/enhancements to pension entitlements, and termination payments.

Chief Officers are those as prescribed by the Local Government and Housing Act 1989. That Act states that a Chief Officer is one of the following:

- Head of the Paid Service (Chief Executive)
- Statutory Chief Officers – e.g. Section 151 Officer and Monitoring Officer
- Non-statutory Chief Officer
- Deputy Chief Officer - any Officer reporting to a statutory or non-statutory Chief Officer

For the purposes of this Pay Policy Statement, Mole Valley District Council does not have non-statutory Chief Officers. Corporate Heads of Service report to the Head of Paid Service or s151 Officer and are therefore included within the definition of Chief Officers. The s151 Officer is currently the only officer employed as a 'Strategic Director'.

"Lowest paid employees" refers to those staff employed up to and including scale point 21 of the Council's pay framework. This excludes staff governed by National consultation groups (e.g. apprentices).

[The above definition for the "lowest paid employees" has been adopted because the top of the band within the Council's pay framework is the closest match to a definition referred to by Central government when recommending payment of £250 to 'lower paid workers' to reflect lack of cost of living rises over the past 3 years].

"Employee who is not a Chief Officer" refers to all staff not covered under the "Chief Officer" group above. This includes the "lowest paid employees", but excludes staff governed by National consultation groups (e.g. Apprentices).

### **3.0 Pay framework and remuneration levels**

#### **3.1 General approach**

Remuneration at all levels needs to be adequate to secure and retain high-quality employees dedicated to fulfilling the council's business objectives and delivering services to the public. This has to be balanced by ensuring remuneration is not, nor is seen to be, unnecessarily excessive. Each council has responsibility for balancing

these factors and each council faces its own unique challenges and opportunities in doing so. Flexibility to cope with various circumstances that may arise is retained by the use of market supplements or other such mechanisms for individual categories of posts where appropriate.

### 3.2 Responsibility for decisions on remuneration

It is essential for good governance that decisions on pay and reward packages for chief executives and chief officers are made in an open and accountable way and that there is a verified and accountable process for recommending the levels of top salaries.

With the exception of any groups where pay is governed by National consultation groups, pay for all employees bar the Chief Executive and Strategic Director(s) is determined by the Chief Executive exercising the delegated powers as set out in the Constitution. Decisions on pay are determined according to the grading framework, details for which are set out below.

### 3.3 Salary grades and grading framework

All Mole Valley District Council staff are on locally agreed conditions of service and the pay and reward structure applies to all staff employed by Mole Valley District Council. The salary and grading structure applies to all staff, including Chief Officers and the Chief Executive.

(For the current year 2013/14 the Chief Executive has been seconded from Surrey County Council and is therefore not on Mole Valley's pay and grading framework as she is not included as part of Mole Valley District Council's establishment).

The grade allocated to a post is determined by the duties, level of responsibility and competencies required as outlined in the job description and person specification. Mole Valley District Council has a job grading system which is used to evaluate the grade of posts. This followed a national requirement for all Local Authorities and other public sector employers to review their pay and grading frameworks to ensure fair and consistent practice for different groups of workers with the same employer.

The overall number of pay scales within the pay framework is 15. Within each scale in the pay framework there are 5 incremental points which are numbered. Each employee will be on a pay scale based on the job evaluation of their role. Employees can progress to the salary range maximum of their grade (the highest incremental point) subject to assessment of their performance in the annual performance appraisal process.

The Council has a contractual commitment with staff to award a cost of living rise equivalent to at least the Local Government national pay award each year.

Incremental and cost of living increases are normally paid with effect from 1st April.

There has been no annual pay award to any group of staff since April 2009. For the financial year 2013-14 a pay award equivalent of 2% will be made to the lowest paid staff (the bottom 4 scales) according to full time equivalent earnings, reducing on a phased basis to 1% for officers in the most senior grades (the top 3 scales).

The Council's pay scales can be viewed ([insert click through on website](#)).

## **4.0 Remuneration – level and element**

### **4.1 Chief Executive and Strategic Director(s)**

A Chief Executive (as a permanent officer) is appointed by the Council. The Council appoints a politically balanced sub-committee which undertakes the recruitment of the Chief Executive and recommends the appointment to the Council. A similar process exists for the appointment of the Strategic Directors with the exception that the Council gives the sub-committee delegated power to make the appointment. The salary of the Chief Executive and Strategic Directors is determined by the Council through the above process.

(For the financial year 2013-14 the Chief Executive has been seconded to Mole Valley District Council by Surrey County Council. The costs of the secondment arrangement are met within the pre-existing budget for the departing Chief Executive. The salary (therefore the budget) for the departing Chief Executive was determined by the above process).

The Chief Executive has delegated authority in the Constitution to make appointments not falling within the remit of the Council.

All salaries below those Officers (including other Chief Officers) are determined by the Chief Executive exercising delegated powers as set out in the Constitution.

### **4.2 “Lowest paid employees”**

Each “lowest paid employee” is paid within the appropriate salary range for their grade. For the financial year 2012-13 the lowest paid employees were made an additional payment of £250 to reflect the lack of cost of living rises for the past 3 years. For the financial year 2013-14 the lowest paid employees will receive a greater pay award than the rest of the organisation.

### **4.3 Bonuses**

As described in Section 3, the Council operates a performance related pay scheme whereby all staff can be awarded a single increment on the salary scale.

This is dependent on satisfactory performance throughout the year as assessed at their appraisal by the line manager. Once an employee reaches the top of their salary scale there is no opportunity to earn more. There are no additional performance related pay opportunities for Chief Officers.

In exceptional circumstances increments may be accelerated within the grade subject to the maximum of the grade not being exceeded. All requests for payment of an accelerated increment must be considered and approved by the Chief Executive or Strategic Director, and in the case of Strategic Directors by the Chief Executive. Any additional payments to the Chief Executive must be considered by the Council. This will not normally affect incremental progression on 1st April.

Any salary changes following assessment under the Appraisal process will be effected from April each year.

In addition there is scope subject to stringent criteria set out in Mole Valley District Council's Pay Policy to pay a market supplement. This is an additional, non-consolidated payment made to employees where the market value of their job is

higher than the value placed on them by an internal pay structure. It is therefore intended to recognise the need to reflect external pressures whilst ensuring internal equity. Requests for market supplements require a business case to be approved by the Chief Executive or a Strategic Director and are always removed when circumstances change.

The Pay Policy also provides in exceptional circumstances for payment of honoraria (a small one off lump sum) for exceptional and outstanding work over and above duties required in the job description. Such payment must be approved by the Chief Executive or a Strategic Director. There is no scope for such a payment to be paid to the Chief Executive or the Strategic Directors.

There is no other scope for payment of a bonus to any staff.

#### 4.4 Chief Officers

“Chief Officers” are subject to the same performance management process as the “lowest paid employees” and “employees who are not Chief Officers”.

Chief Officers receive incremental progression until the top of their grade is reached.

#### 4.5 Charges, fees or allowances

Any allowance 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 Pay policy.

Fees for parish, borough and county elections vary according to the size of the electorate and number of postal voters and are calculated in line with the Surrey wide scheme. Payments for national and European elections are set by central government and are not paid by the Council as the money is reclaimed.

#### 4.6 Benefits in kind

Any benefits will need to meet the tests of being affordable and supporting or enhancing ability of staff to achieve optimum performance levels. Those considered to meet these tests currently include the following:

- Childcare voucher scheme to help working parents pay for registered childcare
- Preferential rates for local leisure centre membership
- Access to an Employee Assistance Programme (EAP)
- Referral to an occupational health scheme where recommended by the line manager (i.e. if health issues are affecting job performance)
- External training to meet job/professional qualification requirements subject to approval by Chief Executive/Strategic Director if exceeding £1000 and Corporate Heads of Service if exceeding £500

Prior to April 2012 Chief Officers and officers who required a car for the performance of their duties or who joined the authority where a car was part of their salary package were entitled to a lease car or car allowance. The lease car scheme is now closed but operating as a protected discontinued entitlement. Any vehicles secured under this discontinued benefit scheme post April 2012 must have a low CO2 emission level (below 120g/km).

Employees subsequently joining the authority who travel by virtue of their post in excess of 3,500 miles per year are entitled to a car allowance paid in monthly installments. The amount paid is dependant on the engine size of the employee's vehicle. In addition business mileage is paid dependant on the engine size subject to a prescribed maximum. These amounts will be reviewed in line with HMRC guidance. Employees have to pay tax and national insurance on this allowance.

#### 4.7 Pension

All employees as a result of their employment are eligible to join the Local Government Pension Scheme. If the Officer is a member of the Local Government Pension Scheme (LGPS) the employer's contribution is paid.

In line with our Early Retirement Policy Statement Mole Valley District Council considers requests from staff or new employees who wish to draw their pension but continue working in a reduced capacity where it is in the Council's interests to do so and taking account of the employer costs of early payment of flexible retirement pension benefits. All costs falling on the Council must be affordable therefore a request should typically involve a substantial reduction in salary, through reduced hours and/or reduced level of responsibility (grade). Authority to approve such requests rests with the Council (for the Chief Executive); the Executive (for members of the management team - Corporate Heads of Service and Strategic Director(s)) and the Management team for all other staff.

#### 4.8 Severance Payments

Mole Valley District Council's Employment policy sets out a consistent method of calculating redundancy pay allowing a discretionary enhancement to the statutory system by using a multiplier of 2 with no statutory cap on weekly earnings.

The payment is intended to recompense employees for the loss of their livelihood and provide financial support whilst they seek alternative employment. As an alternative to doubling the multiplier, employees who are members of the LGPS can elect instead to convert their enhanced redundancy payment into additional pensionable service on a cost neutral basis. Alternatively, there is discretion to augment service to staff in the LGPS according to multipliers set down in the Council's Employment Policy (not to exceed 3 years). In considering this discretion the merits of each case will be a matter of judgment by the Council in relation to the Chief Executive or Strategic Directors' and the Chief Executive in relation to all other staff based on overall cost, affordability, staff relations, the probability of the employee obtaining suitable alternative employment elsewhere and/or reasonableness.

The Employment policy applies to all staff below the Chief Executive and the Strategic Directors. In the event of the redundancy of the Chief Executive or a Strategic Director any redundancy payment would need to be approved by Council.

Our Employment Policy sets out how we will calculate any payments made to support early retirements in the efficiency of the service. These will only be made where they facilitate an employee leaving which will enable the Council to make savings, for example by restructuring. Payments made to the Chief Executive or a Strategic Director as a result of their employment being terminated also have to be approved by Council.

With regards to re-employing former local government staff who have been made redundant, if there is less than a 4 week gap between someone being made redundant from another council and joining Mole Valley District Council they will be required to repay their redundancy payment to their previous employer. If the gap is longer than 4 weeks they can retain their payment (and continuous service provided the gap is no longer than 2 years unless this is for maternity related reasons, for which separate rules on recognising continuous service apply). In order to be eligible for redundancy payments, 2 years continuous service is required.

#### 4.9 New starters joining the Council

Employees new to the Council will normally be appointed to the first point of the salary range for their grade. Where the candidate's current employment package would make the first point 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. 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.

These arrangements apply to all posts up to the Chief Executive and Strategic Director(s). In professions where there is a particular skills shortage, as a temporary arrangement, it may be necessary to consider a market premium to attract high quality applicants. The level and duration of premium will be determined by reference to a combination of national comparators, local conditions, recruitments difficulties, inflation, and whether the post has recently been advertised and the process has been unsuccessful.

#### **5.0 Relationship between remuneration of "Chief Officers" and "employees who are not Chief Officers"**

Using information as at 1<sup>st</sup> March 2013, the lowest paid member of staff is paid £15,290 as a full time employee. The total annual pay for the Chief Executive will be £102,400. The Chief Executive is not on Mole Valley's pay and grading framework by virtue of being a secondee from Surrey County Council. The cost of the arrangement with Surrey County Council is within the budget for the previous Chief Executive who was a permanent member of Mole Valley District Council's establishment (and was therefore determined under 4.1 of this Policy Statement). This gives a ratio between the highest and lowest paid members of staff of 1:6.7. This is within the maximum ratio of 1:20 identified as a maximum pay multiple within the Hutton review of public sector pay.

The mean salary of all employees excluding the Chief Executive is £28,287. Therefore the pay ratio between the Chief Executive and all other employees within the Council is 1:3.6.