

WORCESTER CITY COUNCIL PAY POLICY STATEMENT 2019/20

1. Introduction and Purpose

- 1.1 The purpose of this policy is to clarify Worcester City Councils strategic approach to pay in order to provide direction to elected members and officers making detailed decisions on pay and to provide the citizens of Worcester with a clear statement of the principles underpinning relevant decisions on the use of public funds.
- 1.2 Under section 112 of the Local Government Act 1972, the Council has the "power to appoint officers on such reasonable terms and conditions as the authority thinks fit". 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.
- 1.3 The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its employees by identifying:
- the methods by which salaries of all employees are determined;
 - the detail and level of remuneration of its most senior staff i.e. chief officers, as defined by the relevant legislation;
 - the Committee(s) that are responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.
- 1.4 Once approved by the full Council, this policy statement will come into immediate effect and will be subject to review on a minimum of an annual basis in accordance with the relevant legislation prevailing at that time.

2. Legislative Framework

- 2.1 In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation.
- 2.2 This includes the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations.
- 2.3 With regard to the Equal Pay requirements contained within the Equality Act, the Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality proofed Job evaluation mechanisms which directly relate salaries to the requirements, demands and responsibilities of the role
- 2.4 The council has reviewed its job evaluation processes and re-evaluated all roles with a new grading structure being implemented from 1.1.17. We commissioned an equalities impact assessment of the new pay structure. This

established that the new structure somewhat improved what was already a very good position in terms of gender equality. On the basis of our Job evaluation work we are sure that the new pay structure is fair in terms of equity between roles within the Council.

3. Pay Structure

- 3.1 The Council's new pay and grading structure which is effective from 1.1.17 continues to be based on the national pay spine although it is approximately 1 % lower due to a local agreement struck with the recognised trade union covering the period 2013/4 to 2015/6.
- 3.2 The Council remains supportive of the existing arrangements for national pay bargaining in respect of the national pay spine and any annual cost of living increases negotiated within the pay spine.
- 3.3 All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by Council Policy.
- 3.4 In determining its grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and times at which those services are required.
- 3.5 New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate. From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity.
- 3.6 Where necessary, the Council will ensure that the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from both within and external to the local government sector.
- 3.7 The Councils pay scales are published on the Council's web site.

4. Senior Management Remuneration

- 4.1 For the purposes of this statement, senior management means "chief officers" as defined within S43 of the Localism Act.
- 4.2 The posts falling within the statutory definition are set out below, with details of their basic salary as at 1st January 2019:

a) Managing Director

The current salary of the post is £108,630. The salary falls within a range of 3 incremental points between £107,100, rising to a maximum of £110,160.

b) Corporate Directors

The salaries of the 3 posts designated as Corporate Director are paid based on the following scale:

Corporate Director Level 1 – £77,265 (1 post at this level at Jan 2019)

Corporate Director Level 2 – £78,553

Corporate Director Level 3 – £79,841

Corporate Director Level 4 – £81,128

Corporate Director Level 5 – £82,416(2 posts on this level at Jan 2019)

C) Deputy Directors

The salaries of the 3 posts designated as Deputy Director are paid based on the following scale:

Deputy Director Level 1 – £66,963

Deputy Director Level 2 – £68,251 (1 post at this level)

Deputy Director Level 3 – £69,539 (1 Post at this level)

Deputy Director Level 4 – £70,826

Deputy Director Level 5 – £72,114 (1 post at this level)

d) Head of Service

The 7 posts of Head of Service are paid based on the following scale:

Head of Service Level 1 - £56,661(1 post)

Head of Service Level 2 - £57,949 (3 posts)

Head of Service Level 3 - £59,237

Head of Service Level 4 – £60,524 (2 posts)

Head of Service Level 5 – £61,812 (1 post)

e) Monitoring Officer

The salary of the Monitoring Officer is included in the salary of the Deputy Director Governance – 1 post, salary £69,539.

5. Recruitment of Chief Officers

- 5.1 The Council's policy and procedures with regard to recruitment of chief officers is set out within the Employment Procedure Rules as set out in Part 10 of the Constitution.
- 5.2 When recruiting to all posts the Council will take full and proper account of its own Recruitment and Redeployment Policies. The determination of the remuneration to be offered to any newly appointed chief officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment.
- 5.3 Where the Council is unable to recruit to a post at the designated grade, it will consider the use of temporary market forces supplements in accordance with its relevant policies.

- 5.4 Where the Council remains unable to recruit chief officers under a contract of service, or there is a need for interim support to provide cover for a vacant substantive chief officer post, the Council will, where necessary, engage individuals under 'contracts for service'.
- 5.5 These will be sourced through a relevant procurement process ensuring the council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service.

6. Additions to Salary of Chief Officers

- 6.1 The Council does not apply any bonuses to its chief officers.
- 6.2 Progression through the incremental scale of the relevant grade is subject to satisfactory performance.
- 6.3 In addition to basic salary, set out below are details of other elements of 'additional pay' which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfilment of duties:

Returning Officer

- 6.4 Fees paid for returning officer duties where identified and paid separately. As dictated within the City Council Fees Order the Returning Officer is entitled to:

£120.00 per uncontested ward
£345.00 per contested ward

- 6.5 For Parishes the entitlement is:
£25.00 for uncontested
£71.00 for contested

- 6.6 All other Returning Officer or similar Officer fees for other elections are governed and set by the Cabinet Office and Worcestershire County Council, as appropriate.

7. Payments on Termination

- 7.1 The Council's approach to statutory and discretionary payments on termination of employment of chief officers, prior to reaching normal retirement age, is set out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and in compliance with the Enterprise Act 2016 cap on exit payments for public sector workers.
- 7.2 Any payments made in relation to the ending of employment by reason of redundancy are made in line with the relevant policy (last approved on 1 December 2008) which is recommended to Council by the Personnel and General Purposes Committee.

8. Publication

8.1 Upon approval by the Full Council, this statement will be published on the Councils Website.

8.2 In addition, for posts where the full time equivalent salary is at least £50,000, the Council's Annual Statement of Accounts will include a note setting out the total amount of:

- salary, fees or allowances paid to or receivable by the person in the current and previous year;
- any bonuses so paid or receivable by the person in the current and previous year (none currently paid);
- any sums payable by way of expenses allowance that are chargeable to UK income tax;
- any compensation for loss of employment and any other payments connected with termination;
- any benefits received that do not fall within the above.

9. Lowest Paid Employees

9.1 The lowest paid persons employed under a contract of employment with the Council are employed on full time 37 hours equivalent salaries at the rate set by the Living Wage Foundation unless the lowest rate in our pay scale is higher. A decision will be taken each year about whether we will continue to apply the Living Wage.

9.2 As at 1st April 2018, the Living Wage is £8.75 per hour (£16,880 p.a.) and the new rate of £9.00 per hour is due to be implemented (if approved) on 1 April 2019. Following changes to our pay scales to reflect the national local government pay award for 2019 our lowest pay point is £9.27 per hour so it will not be necessary to apply the Living Wage in 2019/20.

9.3 The Council employs registered student placements and apprentices, who are not included within the definition of 'lowest paid employees' as they are employed under the relevant terms and within the HMRC guidance in relation to such placements.

9.4 The relationship between the rate of pay for the lowest paid and chief officers is determined by the processes used for determining pay and grading structures as set out earlier in this policy statement.

9.5 The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton report was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The report concluded that the relationship to median earnings was a more relevant measure and the Governments Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the authority's workforce.

- 9.6 The current pay levels (at 1.1.2019) within the Council define the multiple between the lowest paid (full time equivalent) employee and the Managing Director as 1:6.4 and; between the lowest paid employee and the Corporate Directors as 1:4.8.
- 9.7 The multiple between the median (average) full time equivalent earnings of £21,460 per annum and the Managing Director is 1:5.06 and; between the median (average) full time equivalent earnings and the Corporate Directors is 1:3.84 based on 1.1.19 earnings.
- 9.8 As part of its overall and on-going monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate.

10. Re-engagement and Re-employment of former Chief Officers

- 10.1 Other than in exceptional circumstances the Council would not normally re-employ or re-engage chief officers who were previously employed and who, on ceasing to be employed, received severance or redundancy payment.

11. Accountability and Decision Making

- 11.1 In accordance with the Constitution of the Council, the Personnel and General Purposes Committee is responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to chief officers of the Council.