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## **PAY POLICY STATEMENT 2016/17**

### **1 SUMMARY**

- 1.1 This report presents a revised pay policy statement (PPS) for approval by Full Council (attached). The current PPS has been in place for 2016/17 since it was approved by Full Council on 23 February 2016 to meet the annual deadline of 31 March. Since the Full Council meeting on 23 February there have been changes to the senior management structure within the Council and therefore a revised PPS, reflecting the changes, is attached for approval by Full Council.

### **2 INTRODUCTION**

- 2.1 One of the requirements of the Localism Act 2011 (“the Act”) is that local authorities must approve and publish a pay policy statement to articulate their policy towards a range of issues relating to the pay of their workforce and, particularly, senior staff and the lowest paid employees.
- 2.2 The provisions in the Act aim to increase accountability, transparency and fairness in the setting of local pay and ensure that communities have access to the information they need to determine whether remuneration, particularly senior remuneration, is appropriate and commensurate with responsibility. The Act requires Full Council to approve the PPS and any in year changes and this cannot be delegated to a Sub-Committee.
- 2.3 Each local authority is an individual employer in its own right and can make decisions on pay that are appropriate to local circumstances and which deliver value for money for residents. The Act does not seek to change this or determine what pay decisions should be taken, but it does require authorities to be open about their policies in relation to pay and how decisions are made.
- 2.4 The Code of Recommended Practice for Local Authorities on Data Transparency asks Councils to consider the way they release data on senior salaries.
- 2.5 The Council already publishes information about the salaries and the role of its chief officers on the Council’s website and in the annual Financial Statements.

### **3 REQUIREMENTS FOR THE PPS**

- 3.1 The Act sets out in detail the elements which the PPS must include, as a minimum. In addition to the determination of senior salaries, authorities must make clear what approach is taken to awarding other elements of pay, including severance payments, additional fees (such as election duties), pay increases, etc.

- 3.2 The Act also requires that Full Council should be offered the opportunity to vote before large salary packages (in excess of £100,000) are offered to new appointees.
- 3.3 The Statement must set out a Council's policies relating to:-
- (a) the remuneration of its chief officers,
  - (b) the remuneration of its lowest-paid employees, and
  - (c) the relationship between:-
    - (i) the remuneration of its chief officers, and
    - (ii) the remuneration of its employees who are not chief officers
  - (d) the level and elements of remuneration for each chief officer
  - (e) remuneration of chief officers on recruitment
  - (f) increases and additions to remuneration for each chief officer
  - (g) the use of performance related pay for chief officers
  - (h) the use of bonuses for chief officers
  - (i) the approach to the payment of chief officers on their ceasing to hold office or to be employed by the authority, and
  - (j) the publication of and access to information relating to remuneration of chief officers.
- 3.4 The statement must state the definition of 'lowest-paid employees' and the authority's reasons for adopting that definition.
- 3.5 The Act requires authorities to set their policy for the remuneration for their highest and lowest paid staff and to explain what they think the relationship should be. The 2011 Hutton Review of Fair Pay recommended the publication of an organisation's pay multiple - the ratio between the highest paid employee and the mean average earnings across an organisation - as a means of illustrating that relationship. This is the approach taken in the attached PPS.

#### **4 LEGAL IMPLICATIONS**

- 4.1 The PPS is necessary to comply with the Localism Act 2011.

#### **5 EQUALITY AND DIVERSITY IMPLICATIONS**

- 5.1 The application of the PPS should ensure fairness and equality in dealing with issues of pay.

#### **6 RECOMMENDATION**

- 6.1 It is proposed that Council **RESOLVES**

That the revised Pay Policy Statement for 2016/17 be adopted.



Shaun Scrutton  
Managing Director

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**Background Papers:-**

None.

For further information please contact Shaun Scrutton on:-

Phone: 01702 546366

Email: [shaun.scrutton@rochford.gov.uk](mailto:shaun.scrutton@rochford.gov.uk)

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## ROCHFORD DISTRICT COUNCIL

### PAY POLICY STATEMENT 2016/17

#### 1. Introduction

- 1.1 This Pay Policy Statement (PPS) sets out the Council's approach to the remuneration of its employees to comply with provisions of the Localism Act 2011 to increase accountability, transparency and fairness in the setting of local pay.
- 1.2 This PPS is produced in accordance with Chapter 8 of the Localism Act 2011 ("the Act"). It is made available on the Council's website which also includes separately published data on salary information relating to the Leadership Team.
- 1.3 This PPS complies with the requirements of the Localism Act and the guidance "Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011", published 17 February 2012).

#### 2. Definitions

- 2.1 Pay Spine - For employees subject to the 'National Agreement on Pay and Conditions of Service of the National Joint Council for Local Government Services' (commonly known as the 'Green Book'), the Council uses a pay spine based on national Spinal Column Points up to PO18. The rest of the pay line has been determined based on locally agreed Pay and Conditions. The banded grading structure is shown in the Appendix.
- 2.2 Section 43 of the Localism Act defines the meaning of a Chief Officer. In relation to Rochford District Council's management structure the following is included in the definition of a Chief Officer:
  - Statutory Chief Officers (Head of Paid Service and Section 151 Officer)
  - Non Statutory Chief Officers (Executive Director and Monitoring Officer)
  - Deputy Chief Officers (Assistant Directors)
- 2.3 Employees on Scale 2 are defined as our lowest-paid employees. The Council also employs apprentices who are paid on a fixed rate below the pay spine and receive free professional training as part of their employment. The Council may employ temporary staff to deliver specific time limited activities such as sport coaches, whose remuneration will be based on market rates

**3. General Principles Applying to Remuneration of The Leadership Team and other Employees**

- 3.1 All posts have been subject to a job evaluation process to determine the correct grading for the post and to ensure consistency and equality.
- 3.2 The recruitment of the Leadership Team is covered by the Council's Constitution.
- 3.3 The salary for new appointments or promotions will be made at a salary point within the range for the post dependent on skills, knowledge, experience and abilities. Full Council, or a meeting of Members, would be offered the opportunity to vote before salary packages exceeding £100,000 in respect of new appointments are offered. For this purpose, salary packages would include salary, allowances and any benefits in kind.
- 3.4 Increments - Employees will normally receive an annual increment, subject to the top of their grade not being exceeded and subject to satisfactory performance. In exceptional circumstances (e.g. examination success), individuals will receive accelerated increments. Again, this is subject to the top of their grade not being exceeded. Some employees are on a career matrix where progression through the increments will depend on meeting certain criteria. For the Leadership Team incremental progression will be determined locally subject to financial affordability and performance. The Leadership Team comprises the Managing Director, Executive Director and Assistant Directors.
- 3.5 Pay Awards - For posts evaluated at PO18 or below the values of the scale points in the pay grades are updated by the pay awards notified from time to time by the National Joint Council for Local Government Services. For the Leadership Team the values of the scale points will be reviewed annually and determined locally subject to financial affordability.
- 3.6 The Managing Director, as Head of Paid Service, has delegated authority to determine and issue guidelines with regard to national and local pay awards.
- 3.7 If there is a future agreement for a pay award, the appendix to this PPS will be updated.
- 3.8 The Council does not apply performance-related pay or bonuses.
- 3.9 On ceasing to be employed by the Council, individuals will only receive compensation in circumstances that:
- (a) are relevant (e.g. redundancy); and
  - (b) are in accordance with the various employer discretions provided by the Local Government Pension Scheme (LGPS); and/or
  - (c) comply with the specific term(s) of a settlement agreement.

- 3.10 Any decision to re-employ an individual who was previously employed by the Council and, on ceasing to be employed, was in receipt of a severance or redundancy payment, or to appoint a Chief Executive or member of the Leadership Team who is already in receipt of a pension under the LGPS, will be made on merit.
- 3.11 The Council has a Flexible Retirement policy setting out when this might be allowed. This is where an individual aged 55 or over who reduces their grade or hours of work (or both) may receive all or part of their LGPS benefits immediately, even though they haven't left the Council's employment. This will be allowed only in circumstances where it is demonstrated to be in the Council's interests.
- 3.12 Where changes to a job description result in the downgrading of a post or an employee is permanently redeployed to a post with a lower salary, the individual may be entitled to a limited period of pay protection as per the Council's Managing Organisational Change Policy.
- 3.13 Salary sacrifice schemes are available.

#### **4. Additional Payments for PO18 and below**

- 4.1 In addition to the basic salary for the post, staff at PO18 and below may be eligible for other payments including, but not limited to:
- Subsistence in line with the National Agreement on Pay and Conditions.
  - Essential and casual car user payments based on co2 bandings.
  - Acting Up allowance where an officer covers the duties of a higher grade position.
  - An award in relation to maintaining 100% attendance during a 6 month period may qualify to receive an award
  - The Council may pay where membership of a professional organisation is a requirement to carry out the role.
  - Overtime is paid in line with the Council's policy, up to staff grade PO2. No overtime is paid to staff above grade PO2.

#### **5. Additional Payments for all staff**

- 5.1 Additional payments are made to staff who undertake additional duties such as emergency on-call officers, health and safety departmental co-ordinators, first aiders and fire marshalls.

**6. Remuneration of the Leadership Team**

- 6.1 The Leadership Team's salary range is in accordance with an agreed salary banding and published on the Council's website and reproduced in the Appendix. Staff are subject to annual appraisal, and progression on the scale only happens if satisfactory progress is evidenced.
- 6.2 Car mileage is paid at HMRC rates. Essential car payments are not paid. Subsistence allowances will be paid in line with those for other staff.
- 6.3 The Executive Director also receives a Returning Officer and Deputy Returning Officer fee in respect of County, District and Town/Parish Council elections. The fee for undertaking this role is calculated in accordance with a formula previously agreed by the Council. Fees for conducting Parliamentary Elections, European, Police and Crime Commissioner Elections and referenda are determined by way of a Statutory Instrument.

**7. Relationship between the lowest and highest paid employees**

- 7.1 The Act requires authorities to set out the relationship between the remuneration for their highest paid staff compared to their lowest paid employees and to explain what they think the relationship should be. The Hutton Review recommended the publication of an organisation's pay multiple – the ratio between the highest paid employee and the mean average earnings across an organisation - as a means of illustrating that relationship and this is the approach adopted in this PPS.
- 7.2 The Council's current pay multiples, set out below for general guidance, are:
- The ratio of the highest earning officer to the median average of all other employees is 4.88
  - The ratio of the median average Chief Officers earnings to the median average of all other employees is 2.46
- 7.3 The relationship between earnings at the highest and lowest levels is controlled by job evaluation.

**8. Tax Avoidance**

- 8.1 The Council is committed to supporting the Government in tackling all forms of tax avoidance. In some circumstances, it can be more cost effective and appropriate to employ individuals through private companies. In these rare instances, compliance with HMRC tax legislation is checked and value for money would need to be demonstrated.

**9. Transparency and Access to Information**

- 9.1 This Policy will be published on the Council's website once it has been approved by Full Council. The Council also publishes details and the salary ranges of the Leadership Team on its website.
- 9.2 The Council will publish details of the remuneration for the Leadership Team in its Financial Statements on the website by 30 June after the year end. The Financial Statements will also include a note setting out the number of employees whose remuneration was £50,000 or more in bands of £5,000.

**10. Review**

- 10.1 The Localism Act 2011 requires relevant authorities to prepare a Pay Policy Statement for each subsequent financial year. Our next Statement will be for 2016/17 and will be submitted to Full Council for approval by 31 March 2017.
- 10.2 If it should be necessary to amend the Statement during the year that it applies, an appropriate resolution will be made by Full Council. This does not apply to the updating of the Appendix on salary scales if there is a nationally set pay award agreed.

If you would like this information in large print, Braille or another language, please contact 01702 318111

## APPENDIX

## GRADING STRUCTURE

Grade	Scale Point Range	
	From	To
Scale 1	5	11
Scale 2	11	13
Scale 3	14	17
Scale 4	18	21
Scale 5	22	25
Scale 6	26	28
SO1	29	31
SO2	32	34
PO1 – 18	33	50
AD 1-4	51	54
Executive Director	55	55
Managing Director	56	56

## LEADERSHIP TEAM REMUNERATION

Grade	Salary Range	
	From	To
AD 1-4	£56,109	£61,206
Executive Director	£76,000	£76,000
Managing Director	£105,789	£105,789