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| Report Title: | Approval of the updated Pay Policy Statement for 2017/18 |
| Contains Confidential or Exempt Information? | NO - Part I |
| Member reporting: | Councillor Targowska, Principal Member for HR. |
| Meeting and Date: | Council - 21 February 2017 |
| Responsible Officer(s): | Alison Alexander, Managing Director and Strategic Director of Adults, Children and Health Services and Terry Baldwin, Head of HR. |
| Wards affected: | None |

REPORT SUMMARY

1. This report deals with the approval of an updated Pay Policy Statement for 2017/18 as required by the Localism Act 2011. It recommends that Council approves the updated Statement agreed by Employment Panel on 19 January 2017. These recommendations are being made because the council is required to review, approve and publish a Pay Policy Statement by 31 March annually.
2. The Pay Policy Statement enables residents to understand the council's pay policy for senior staff and how it relates to the salaries of the lowest paid. It provides transparency and enables residents to assess whether salaries paid represent value for money.
3. The Pay Policy Statement supports all of the council's strategic objectives as it facilitates the council recruiting and retaining the calibre of staff it requires to deliver its services.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Council notes the report and:

- i) Approves the updated Pay Policy Statement for 2017/18.
- ii) Notes that further revisions will be required to the statement following the external transfer of some council services on 1 April 2017 and for the implementation of the Government's reforms to public sector exit pay arrangements.

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1 The Localism Act 2011 requires the council to review its Pay Policy Statement annually and publish an updated statement for 2017/18 by 31 March 2017.

2.2 The Statement has been updated to reflect:

- Latest structure for 'Chief Officers'.
- A change to the salary range for the Strategic Director of Adult, Children and Health Services – section 2.2.
- Addition of an allowance for the role of Managing Director and a simplification of the section on other allowances– sections 2.5 and 2.6.
- Simplification of the section on the use of interim managers in senior roles – section 2.21.
- The change to the lowest salary paid by the council as a result of the revised living wage from April 2017 – section 3.4.
- Updating of the pay ratio between the Managing Director and the lowest paid employees, which has seen a slight increase from 9.2 to 9.46.
- The updating of the pay ratio for median pay, which has seen an increase from 4.8 to 5.1 - section 4.
- Updating of staff numbers – section 11.1.

2.3 From 1 April 2017, the council will have a revised structure and therefore the Pay Policy Statement will have to be revised to reflect this new structure.

2.4 The Government are introducing regulations regarding the recovery of exit payments and limiting the total value of exit payments that will apply to organisations in the public sector. At the time of writing, these regulations were not finalised and therefore the Pay Policy Statement will be revised once the Regulations are in place.

2.5 Employment Panel approved the updated statement at their meeting on 24 January 2016.

Table 1: Options

| Option | Comments |
|---|---|
| Approve the updated 2017/18 Pay Policy Statement. Recommended option. | In accordance with the Localism Act an updated version of the statement must be approved by full Council each year. |
| Amend the 2017/18 Pay Policy Statement. Not recommended. | The statement includes all the required updates. |
| Reject the updated 2017/18 Pay Policy Statement. Not recommended. | Council has to approve and publish an updated statement. |

3. KEY IMPLICATIONS

3.1

Table 2: Defined outcome

| Defined Outcome | Unmet | Met | Exceeded | Significantly Exceeded | Date they should be delivered by |
|---|------------------|-------------------|-------------------|-------------------------------|---|
| Approve and publish statement by 31 March 2017. | > 31 March 2017. | By 31 March 2017. | By 17 March 2017. | By 1 March 2017. | 31 March 2017. |

4. FINANCIAL DETAILS / VALUE FOR MONEY

4.1 None.

5. LEGAL IMPLICATIONS

5.1 The amended Pay Policy Statement 2017/18 meets the requirements of the Localism Act 2011.

5.2 The Council was required by Sections 38-39 of the Localism Act 2011 to approve and publish its first pay policy statement by 31 March 2012 for the financial year 2012-13 and annually thereafter. Any changes during the year have to be approved by full Council. Failure to do so would be contrary to the Council's statutory duty under the Localism Act and could result in a number of adverse steps against it including judicial review for failing to comply with statutory duties.

6. RISK MANAGEMENT

6.1

Table 3: Risk

| Risk | Uncontrolled Risk | Controls | Controlled Risk |
|---|--------------------------|---|------------------------|
| Failure to approve the revised Pay Policy Statement at Council on 21 February 2017, results in contravention of the council's obligations under the Localism Act. | High. | Statement approved at Council 21 February 2017. | Low. |

| Risk | Uncontrolled Risk | Controls | Controlled Risk |
|-------------|--------------------------|-----------------|------------------------|
| | | | |

7. POTENTIAL IMPACTS

- 7.1 The original EQIA was not reviewed as there are no significant changes to the updated statement.
- 7.2 There are no other impacts.

8. CONSULTATION

- 8.1 The updated statement contains minimal changes of factual information and therefore no consultation has been undertaken.

9. TIMETABLE FOR IMPLEMENTATION

9.1

Table 4: Timetable

| Date | Details |
|------------------|--|
| 24 January 2017 | Employment Panel approved statement. |
| 21 February 2017 | Full Council approves statement. |
| 31 March 2017 | Deadline for the updated statement to be published on the council's website. |

- 9.2 Implementation date if not called in: By 31 March 2017.

10. APPENDICES

- 10.1 Appendix A – Updated Pay Policy Statement 2017/18.

11. BACKGROUND DOCUMENTS

- 11.1 None.

12. CONSULTATION (MANDATORY)

| Name of consultee | Post held | Date sent | Commented & returned |
|--------------------------|--|------------------|---------------------------------|
| L Targowska | Lead Member/ Principal Member/Deputy Lead Member | 1/2/17 | 3/2/17 |
| A. Alexander | Managing Director | 27/1/17 | 27/1/17 |
| A Jeffs | Strategic Director | 27/1/17 | |
| R O'Keefe | Strategic Director | 27/1/17 | |
| R. Stubbs. | Section 151 Officer | 27/1/17 | 30/1/17 |
| T Baldwin. | Head of HR | 27/1/17 | 27/1/17 |
| | | | |

REPORT HISTORY

| | |
|--|----------------------------|
| Decision type: Non-key decision For information | Urgency item? No |
| Report Author: Karin Zussman-Ward, HR Consultant, 01628 796211 | |

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD Pay Policy Statement for the year 2017/18

1. INTRODUCTION

- 1.1 Under sections 38 to 43 of the Localism Act 2011, Local Authorities are required to prepare, approve by full Council (as a Part 1 item) and publish on their website, a pay policy statement by 31 March 2017, for the financial year 2017/18. This statement does not include staff based in RBWM schools, which are outside the scope of the legislation.
- 1.2 Full Council approved this statement on 21 February 2017. RBWM may amend this statement during the financial year, with approval from full Council and publish an amended statement on the website within 10 working days of the Council meeting.
- 1.3 In drawing up this statement, RBWM has taken into account the guidance issued by the Department of Communities and Local Government and the advice supplied jointly by the Local Government Association and the Association of Local Authority Chief Executives (ALACE). Links to external websites:
 - [CLG Guidance](#)
 - [CLG Supplementary Guidance](#)

2. REMUNERATION OF CHIEF OFFICERS

- 2.1 The following posts are included in the definition of 'Chief Officer' in the Council:
 - Managing Director and Strategic Director of Adult, Children and Health Services.
 - Strategic Director of Corporate and Community Services.
 - Strategic Director of Operations and Customer Services.
 - Deputy Director – Health, Early Help and Safeguarding.
 - Deputy Director – Health and Adult Social Care.
 - Head of Finance (Section 151 Officer) and Deputy Director of Corporate and Community Services.

Heads of Service:

 - Head of Commissioning, Adults, Children's and Health.
 - Head of Corporate and Community Projects.
 - Head of Community Protection and Enforcement.
 - Head of Customer Experience.
 - Head of Strategy and Communities.
 - Head of Highways and Transport.
 - Head of HR.
 - Head of Information Technology Services.

Appendix A

- Head of Law and Governance.
- Deputy Director – Operations and Customer Services*.
* Combined with the Head of Revenue and Benefits
- Head of Planning.
- Director of Regeneration, Development and Property Services.
- Head of Revenue and Benefits.
- Head of Schools and Educational Services.

NB A revised structure is expected post 1 April 2017.

Salaries

- 2.2 The salary bands of Chief Officers are benchmarked and market tested. Current salary bands are:
- Strategic Director of Adult, Children and Health Services £120,000 to £140,000.
 - Strategic Directors £95,950 to £131,300.
 - Deputy Directors £85,000 to £100,000.
 - Heads of Service £65,650 to £90,900.

Additional payments

- 2.3 There are two additional payments:
- Managing Director/Head of Paid Service £15,000pa
 - Returning Officer fees. Currently undertaken by the Head of Strategy and Communities. The amount paid is published on the website –[Pay & benefits of staff earning over £50,000](#)
- 2.4 There are no other regular payments made to the post holders in the roles listed in section 2.1.

Honoraria

- 2.5 A Honorarium Scheme applies to all employees including Chief Officers.

Salary reviews

- 2.6 The annual pay review is undertaken by RBWM and any pay award is determined by Employment Panel. The annual pay review date is 1 April.
- 2.7 A Pay Reward Scheme, applicable to all staff on local terms and conditions, was introduced from April 2014. This allows the Council to reward performance based on an assessment of achievement of objectives and demonstration of its corporate behaviours, CREATE.

Expenses and benefits

- 2.8 The Council has a comprehensive Expenses policy, which applies to all staff.
- 2.9 The Council will pay for one annual membership of a professional body, where the membership/qualification is required for the post held.
- 2.10 All other benefits are available to all staff and identified in point 3.4.

Remuneration on appointment

- 2.11 For vacant posts the market levels may be reassessed, see 2.4 and any appointment would be made in accordance with the market comparability evidence.

Termination payments

- 2.12 RBWM does not treat the Managing Director, Directors, Deputy Directors and Heads of Service differently to other Council employees in relation to termination payments. See section 6.

Other terms and conditions

- 2.13 The terms and conditions for this group of staff are wholly locally determined and set out in the RBWM Employee Handbook.

- 2.14 All staff receive 28 days annual leave plus 8 bank holidays each year.

Use of interim managers in senior roles

- 2.15 RBWM would not normally appoint a consultant on a permanent basis to a permanent post.

3. DEFINITION AND REMUNERATION OF THE LOWEST PAID EMPLOYEES

Definition of RBWM lowest paid employees

- 3.1 The simplest definition, recommended by the JNC for Chief Executives in their guidance to local authorities, is to use the lowest pay point the council uses.

Salary, reviews and increments

- 3.2 The hourly rate of the lowest paid employee is £7.66, which equates to an annual salary of £14,789. This is above the national living wage rate, £7.50 per hour from April 2017. The annual pay review and any pay award is determined by Employment Panel. The pay review date is 1 April.

Other payments

- 3.3 The council's Pay and Benefits policy sets out their policy on additional payments for all staff such as overtime or stand by.

Benefits

- 3.4 The Council offers a range of benefits to its staff:
- Advantage card – for those staff who are non residents (residents automatically qualify)
 - Bike Lease Scheme via salary sacrifice
 - Buy and sell annual leave
 - Car Lease Scheme via salary sacrifice
 - Childcare Vouchers via salary sacrifice
 - Contributory pension scheme (employee contribution rates from 5.5% to 11.4% and employer contribution rate of 12.8%)

Appendix A

- Employee Assistance Programme (EAP)
- Employee Benefits Portal
- Eye care vouchers for designated DSE users
- Car parking at work
- Physiotherapy – subject to criteria
- Season ticket loan
- Discounted rail travel to Maidenhead on Great Western routes

4. RELATIONSHIP BETWEEN THE REMUNERATION OF CHIEF OFFICERS AND THE LOWEST PAID STAFF

- 4.1 The Hutton Review of Fair Pay in the public sector, published in March 2011, did not recommend a defined pay multiple, but instead recommended that the public sector should publish, track and explain their pay multiples over time.
- 4.2 The salary for the Managing Director is £140,000, plus employer's pension contributions. [Director's salary information](#). The remuneration of the lowest paid employee was £14,789, which represents basic salary as no other allowances are payable. Using these figures the pay multiple is 9.46.
- 4.3 The ratio between the highest paid employee, the Managing Director and the average pay of all RBWM employees is 1:4.57 and the median pay of all employees is 1:5.1.
- 4.4 The policy regarding the pay of senior staff aims to ensure that the Council can recruit and retain the calibre of staff required to deliver continuous improvement in service delivery. RBWM uses market comparability to determine pay levels to ensure that they are not over or underpaying for these key roles.

5. RE-EMPLOYMENT OF THOSE IN RECEIPT OF SEVERANCE PAY OR RETIREMENT PENSION

- 5.1 If an individual is in receipt of a severance payment or retirement pension from another local authority or RBWM, that would not be taken into account in the decision as to whether or not to employ them.
- 5.2 Under Regulation 70 of the Local Government Pension Scheme (LGPS) (Administration) Regulations 2008, the Berkshire Pension Fund is required to determine its approach to the abatement of pensions in the event that the recipient re-enters Local Government employment. The Pension Fund Panel determined on 20 October 2003 (under the previous LGPS Regulation 109) that no abatement would be exercised for those returning to local government employment within the Berkshire fund area.
- 5.3 The Government is consulting on regulations regarding the recovery of public sector exit payments. Once the regulations are approved, then this section of the pay statement will be reviewed.

6. POLICIES ON REDUNDANCY AND PENSION ENTITLEMENT

Redundancy

- 6.1 The Policy and Procedure for Redundancy, Early Retirements on the Grounds of Efficiency of the Service and Ill Health defines how RBWM will approach redundancy including redundancy pay.
- 6.2 The council uses its discretionary powers to calculate redundancy pay using the individual's actual weekly salary (Capped at £80,000 per annum) and does not enhance the number of statutory week's redundancy pay an individual is entitled to under the Employment Rights Act 1996.

Pension enhancement

- 6.3 The LGPS contains provision for employers to enhance pension payments. Employers are required to determine how they will use these discretionary provisions. The council has determined generally not to use its discretion to enhance pension payments by either additional years or additional pension, RBWM will however consider any application on its merits.
- 6.4 The Government is consulting on regulations regarding the reforms to public sector exit payments. Once the regulations are approved, then this section of the pay statement will be reviewed.

Early retirement or flexible retirement

- 6.5 In certain circumstances, eligible employees may request early retirement or flexible retirement. (Flexible retirement gives access to accrued pension, whilst allowing the scheme member to continue working). In both these cases, there must be sufficient financial or other benefit to RBWM for such retirements to be approved.

7. APPROVAL OF SALARY PACKAGES OVER £100,000

- 7.1 Under the terms of the Constitution the appointment of the Managing Director is approved by full Council following a recommendation by the Employment Panel.
- 7.2 For Directors and Heads of Service and for posts attracting a remuneration package exceeding £100,000, the terms of recruitment for and appointments of these posts will be made by the Employment Panel.

8. HOW DECISIONS ON PAY AND REWARD POLICIES ARE MADE

- 8.1 All of the pay and reward policies are approved by the council's Employment Panel and are reviewed or updated regularly to reflect legislation, best practice and organisational changes.

9. PUBLICATION AND ACCESS TO INFORMATION AND REMUNERATION OF CHIEF OFFICERS

Appendix A

9.1 In accordance with the Accounts and Audit (England) Regulations 2011 and the Code of Recommended Practice for Local Authorities on Data Transparency, RBWM publishes annually the remuneration of the Managing Director and Directors on its website. [Director's salary information](#)

10. OTHER RELEVANT COUNCIL DOCUMENTS

- Expenses policy
- Flexible retirement
- Honoraria
- Pay & benefits policy
- Pension abatement policy
- Pension's discretion policy
- Policy and procedure for redundancy, early retirements on the grounds of efficiency of the service and ill health

11. NUMBER OF STAFF AND SALARY BANDS

11.1 This table shows the number of staff within specified pay bands:

| Pay band* £ | Number of staff* |
|------------------|------------------|
| <15,000 | 12 |
| >15,000 <25,000 | 485 |
| >25,000 <35,000 | 396 |
| >35,000 <45,000 | 250 |
| >45,000 <55,000 | 63 |
| >55,000 <65,000 | 21 |
| >65,000 <80,000 | 15 |
| >80,000 <100,000 | 8 |
| >100,000 | 3 |
| Total | 1,253 |

* Excludes casual workers. Multiple job holders counted individually. All data based on Full Time Equivalent salary and permanent allowances only.