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| Title: Approval of Pay Policy Statement 2017/18                                                                                                          |
| Contains Confidential or Exempt Information?: NO - Part I                                                                                                |
| Member reporting: Councillor Targowska, Principal Member for HR.                                                                                         |
| Meeting and Date: 24 January 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                                                                                                                                     |

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## 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 Employment Panel approve the updated Statement and recommend its approval by Council on 21 February 2016. 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 Employment Panel notes the report and:

- i) Approves the updated Pay Policy Statement for 2017/18 and recommends the statement to Council for approval on 21 February 2017.
- ii) Note 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 Pay Policy Statement, attached as appendix A, 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 – section 2.5.
- 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.

**Table 1: Options**

| <b>Option</b>                                                                       | <b>Comments</b>                                                                                                     |
|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| Approve the updated 2017/18 Pay Policy Statement.<br><br><b>Recommended option.</b> | 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.<br>Not recommended.                         | The statement includes all the required updates.                                                                    |
| Reject the updated 2017/18 Pay Policy Statement.<br>Not recommended.                | Council has to approve and publish an updated statement.                                                            |

### 3. KEY IMPLICATIONS

#### 3.1

**Table 2: Defined outcome**

| <b>Defined Outcome</b>                         | <b>Unmet</b>     | <b>Met</b>        | <b>Exceeded</b>   | <b>Significantly Exceeded</b> | <b>Date they should be delivered by</b> |
|------------------------------------------------|------------------|-------------------|-------------------|-------------------------------|-----------------------------------------|
| 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**

| <b>Risk</b>                                                                                                                                                       | <b>Uncontrolled Risk</b> | <b>Controls</b>                                 | <b>Controlled Risk</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------------------------------------------|------------------------|
| 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.                   |

**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**

| <b>Date</b>      | <b>Details</b>                                                               |
|------------------|------------------------------------------------------------------------------|
| 19 January 2017  | Employment Panel approves 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)

| <b>Name of consultee</b> | <b>Post held</b>                                 | <b>Date sent</b> | <b>Commented &amp; returned</b> |
|--------------------------|--------------------------------------------------|------------------|---------------------------------|
| L Targowska              | Lead Member/ Principal Member/Deputy Lead Member |                  |                                 |
| A. Alexander             | Managing Director                                |                  |                                 |
|                          | Strategic Director                               |                  |                                 |
| R Stubbs                 | Section 151 Officer                              |                  |                                 |
| T Baldwin                | Head of HR                                       | 06/01/17         |                                 |

## REPORT HISTORY

|                                                                |                            |
|----------------------------------------------------------------|----------------------------|
| <b>Decision type:</b><br>Non-key decision                      | <b>Urgency item?</b><br>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.
- 1.2 This statement must be reviewed, updated, approved by full Council and published by 31 March annually for the immediately following financial year.
- 1.3 RBWM may amend this statement during the financial year in which it is effective; however any change must be approved by full Council. Any amended statement will be published on the website within 10 working days of the Council meeting.
- 1.4 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).
- 1.5 Links to external websites:
  - [CLG Guidance](#)
  - [CLG Supplementary Guidance](#)
- 1.6 This statement does not include staff based in RBWM schools as this is outside the scope of the legislation.
- 1.7 This statement was approved by full Council on 21 February 2017.
- 1.8 RBWM fully endorses and supports the requirement to be open and honest about the reward packages of senior staff.

### 2. REMUNERATION OF CHIEF OFFICERS

- 2.1 Under the current structure of the Council, the following posts are included in the definition of 'Chief Officer':
  - 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

## Appendix A

- Deputy Director – Health and Adult Social Care
- Deputy Director – Operations and Customer Services\*  
\* Combined with the Head of Revenue and Benefits

### **Heads of Service:**

- Head of Commissioning, Adults, Children's and Health
- Head of Communities and Economic Development
- Head of Community Protection and Enforcement
- Head of Customer Services
- Head of Finance
- Head of Governance, Partnerships, Performance and Policy
- Head of Highways and Transport
- Head of HR
- Head of Information Technology Services
- Head of Culture, Libraries and Registration
- Director of Planning, Regeneration and Development
- 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 Strategic Director of Adult, Children and Health Services is paid within a salary band of £120,000 to £140,000. Other Strategic Directors are paid within a salary band of £95,950 to £131,300.
- 2.3 Deputy Directors are paid within a salary band of £85,000 to £100,000.
- 2.4 Heads of Service are paid within a salary band of £65,650 to £90,900.

Appointments are made on a market benchmarked 'spot salary'. Individual posts are market tested as and when required.

### **Other payments**

- 2.5 The role of Managing Director/Head of the Paid Service is offered on a fixed term basis to one of the Strategic Directors and therefore attracts an additional annual payment of £15,000.
- 2.6 The Head of Governance, Policy & Performance performs the role of the Council's Returning Officer, appointed for this role under the Representation of the People Act 1983. The Returning Officer is eligible for fees linked to duties undertaken for running national, European or local elections/referenda. These fees are determined by the number of electors registered in the borough/parliamentary constituency and are determined by a formula operated by the Government for determining fees to all Returning Officers across the country.
- 2.7 The amount paid is published on the website –[Pay & benefits of staff earning over £50,000](#)

## Appendix A

- 2.8 There are no other regular payments made to the post holders in the roles listed in section 2.1.

### **Honoraria**

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

### **Salary reviews**

- 2.9 The annual pay review is undertaken by RBWM and any pay award is determined by the Employment Panel. The annual pay review date is 1 April.

- 2.10 Since 2009 the Employment Panel has not awarded an annual pay increase to the Managing Director, Directors and Heads of Service.

- 2.11 With effect from 1 April 2014 the Council introduced a Pay Reward Scheme that allows the Council to reward performance based on an assessment of achievement of objectives and demonstration of its corporate behaviours, CREATE. This applies to all staff on RBWM local terms and conditions.

### **Expenses and benefits**

- 2.12 The Council has a comprehensive Expenses policy, which applies to all staff.

- 2.13 The Council will pay for one annual membership of a professional body, where the membership/qualification is required for the post held.

- 2.14 All other benefits are available to all staff and identified in point 3.7.

### **Remuneration on appointment**

- 2.17 In the event of a vacancy the market levels for the post, see 2.4, may be reassessed and any appointment would be made in accordance with the market comparability evidence.

### **Termination payments**

- 2.18 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**

- 2.19 Since 1 March 2013 the terms and conditions for this group of staff have been wholly locally determined and set out in the RBWM Employee Handbook.

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

### **Use of interim managers in senior roles**

- 2.21 RBWM would not normally appoint a consultant to a permanent post.

## Appendix A

2.22 There may be occasions when RBWM has a short term need for an interim senior manager, for example pending a permanent appointment or for maternity cover etc. In these cases RBWM may use a consultant appointed via their temporary worker agency or a direct consultancy agreement, both routes being in accordance with Contract Rules.

2.23 The council would consider appointing a senior manager via their agency or on a consultancy contract for a fixed period where they have been unable to recruit to the post. Such appointments would be in accordance with Contract Rules. In addition they will be approved by Employment Panel and reviewed every six months.

### **3. DEFINITION AND REMUNERATION OF THE LOWEST PAID EMPLOYEES**

#### **Definition of RBWM lowest paid employees**

3.1 The simplest definition to use is that of the lowest pay point that the council uses.

3.2 The reasons for adopting this definition is because it is recommended by the JNC for Chief Executives in their guidance to local authorities.

#### **Salaries**

3.3 The hourly rate of the lowest paid employee is £7.66, which equates to an annual salary of £14,789.

3.4 RBWM's lowest paid employees are above the national living wage rate of £7.50 per hour from April 2017.

#### **Other payments**

3.5 It is unlikely that this particular pay level would receive any additional payments. The council's Pay and Benefits policy sets out their policy on additional payments such as overtime; stand by among other things.

#### **Salary review and increments**

3.6 Since 2010, the annual pay review for this group of staff has been undertaken by RBWM and any pay award is determined by the Employment Panel. The pay review date is 1 April.

#### **Benefits**

3.7 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



## Appendix A

- Contributory pension scheme (employee contribution rates from 5.5% to 11.4% and employer contribution rate of 12.8%)
- 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 salary for the Managing Director is £140,000, plus employer's pension contributions. [Director's salary information](#)
- 4.2 The remuneration of the lowest paid employee was £14,789, which represents solely basic salary as no other allowances are payable.
- 4.3 Using a remuneration figure for the Managing Director of £140,000 and a remuneration figure of £14,789 for the lowest paid employee, the pay multiple is 9.46.
- 4.4 The ratio between the highest paid employee, the Managing Director and the average pay of all RBWM employees is 1:4.2 and the median pay of all employees is 1:4.7.
- 4.5 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.
- 4.6 The policy regarding the pay of senior staff aims to ensure that the Council can recruit and retain the calibre of staff that is needed 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

## Appendix A

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).
- 6.3 RBWM does not enhance the number of statutory week's redundancy pay an individual is entitled to under the Employment Rights Act 1996.

### Pension enhancement

- 6.4 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.
- 6.5 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

- 6.6 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

## Appendix A

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

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

- 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                |
| <b>Total</b>     | <b>1,253</b>     |

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