

Report to: The Appointments Panel

Date: 15 February 2016

Report of: The Chief Executive

**Report
No:**

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Report Title: Bolton Council Pay Policy Statement 2016/17

Non Confidential:

Purpose:

Since 2011, under the provisions of the Localism Act, the Council has been required to publish an annual pay policy statement. This year, for 2016/17, the attached policy has been updated to:

- To reflect the changes to the Chief Officer structure of the Council
- Reflect the proposed increase to the pay for our lowest earners via application of a Living Wage Supplement.
- Meet the requirements of the Local Government Transparency Code by providing an organisation chart covering staff in the top three levels of the organisation.

Recommendations:

The Appointments Panel is asked to approve the updated Pay Policy Statement for 2016/17.

Bolton Council Pay Policy Statement 2016/17

Introduction

This document sets out Bolton Council's pay policy principles for the period 2016-17.

The policy has been produced in response to the Localism Act 2011, which requires each authority to produce an annual pay policy statement and supporting detail. The statement does not reflect the arrangements for teachers or pay to staff in schools.

Background

Bolton Council recognises the complex and competing drivers underpinning public sector remuneration, especially at a senior level, including:

- The financial constraints of the public purse and imperative to transparently demonstrate value for money at all times
- The organisation's obligations under equal pay legislation
- The importance of attractive terms and conditions to enable us to recruit and retain quality staff

Within Bolton Council all decisions relating to pay and reward of senior staff are made by elected members, via the Appointments Panel. The role of this committee is to ensure that the complex considerations related to public sector pay are made.

Since 2009/10, the Appointments panel has overseen around a 50% reduction in the cost and numbers of Chief Officer posts delivering substantial savings to date. These reductions have been achieved by significant increases in the span of control and responsibility of every Chief Officer post. The current senior management structure is available at the following link.

Pay and grading structures

The Council's pay and grading structures for NJC and Chief Officers were determined following comprehensive pay and grading reviews implemented in 2009. These involved:

- The evaluation of all posts in scope using analytical job evaluation schemes to capture the full range of responsibilities for each post.
- Determination of pay structures with the assistance of independent experts and approval of these pay structures through the Cabinet and Appointments Panel for NJC and JNC structures respectively.

The Council's pay and grading structures are subject to ongoing reviews for effectiveness and value for money. Over the last 3 years a series of improvements to the values of Grade 1 and 2 have been made, to take account of an increase in value expressed by the national campaign for a Living Wage and to maintain the gap between minimum council earnings and the value of the National Minimum Wage

It should be noted that the Council also employs staff on Teachers, Soulbury and JNC for Youth Workers pay structures, whose terms, conditions and pay rates are determined by the relevant national negotiating body in accordance with the agreed collective bargaining machinery.

General remuneration policy principles

The Council agreed the principles of a core Pay Policy in 2004, which determined that pay levels should be based on analytical job evaluation outcomes and remuneration levels should be set with regard to the following criteria:

- To enable us to attract and retain the quantity and quality of staff we require to achieve our strategic and operational objectives.
- To achieve value for money, having regard to market forces and the Council's financial constraints
- To recognise the responsibility and accountability borne by employees and encourage the delegation of decision making to lowest level commensurate with effective service delivery.

- To recognise employee contribution and performance in achieving their objectives, including the acquisition of relevant skills and competencies and displaying the knowledge, ability and commitment required.
- To be transparent and fair ensuring that all employees receive equal pay for work of equal value having particular regard to gender, race, age and impairment.
- To support cost effective flexible working in meeting customer/client requirements and work/life balance for employees.

Annual cost of living pay awards

All grades are subject to annual review and cost of living awards, as determined by the relevant national negotiating body.

National negotiations for the period of 2014/16 have provided an average 2.2% uplift for NJC posts and a 2% uplift for JNC posts over the two year period.

For 2016 onwards the national agreements are yet to be finalised.

NJC pay and grading arrangements

All NJC posts have been assimilated on to a single pay spine. The NJC pay and grading structure covers the vast majority of posts within the Council and extends from Grade 1 (scp11) posts such as Cleaners and General Assistants through to very senior management posts, largely Heads of Services for large and complex areas which are paid up to Grade 15 (scp 68).

Bolton Council's pay and grading structure for NJC staff is available at the following link.

As part of the Pay and Grading Review, the Council also reviewed the other terms and conditions where there is flexibility for local review, as prescribed in Part 3 of the National Green Book. The Part 3 local provisions for Bolton are published on our website and are summarised as follows:

- Standard payments for unsociable hours, including shift working, weekend and night work
- A defined process for determining the value of any honoraria and additional duties payments
- A robust criteria for market rate supplements. At present the Council is not paying any market rate supplements.
- A clear criteria for allocation of essential car user allowance and regular review of all payments.
- The Council does not pay for car parking for staff within the Borough.

Employees who incur additional charges following an imposed relocation of their work base are able to claim an allowance which is payable for 4 years in line with the provisions of the former Purple Book.

Relocation allowances at appointment can be paid by the Council. Any requests would be considered on a case by case basis up to a maximum amount of £3000.

JNC (Chief Officer) Pay and Grading Arrangements

Context

A review of Chief Officer pay for all staff employed on JNC terms and conditions, including the Chief Executive, was undertaken in 2009 and overseen and approved by the Appointment's Panel, with technical advice from the Hay Group.

The current Chief Officer Structure chart is shown at the following link and comprises 16 Chief Officer posts. Any changes to the Chief Officer structure are approved by the Appointments Panel.

Remuneration for the Chief Executive

A review of pay for the post of Chief Executive was undertaken in 2006 and was included in the review of all Chief Officer remuneration in 2009, with advice from an independent advisor. The advisor considered the following factors before making a recommendation:

- The Hay job evaluation outcome
- Market forces
- Affordability
- Public accountability

The basic grade of Chief Executive is based on 5 pay points (£160,000 - £170,000). Progression is conditional on satisfactory performance against objectives and the post-holder not being subject to any disciplinary or capability procedures.

Chief Officer Pay Grades

The Chief Officer pay structure is as follows. At some levels there is both an upper and lower tier, dependent upon the scope and scale of particular roles:

Grade	Min	Bar	Titles	Number
5	£66,300	£77,010	Assistant Director	7
4	£77,010	£86,700	Assistant/Deputy Director & Borough Treasurer/Solicitor	4
3	£86,700	£91,800	Deputy Director/Director	0
Special	£92,920	n/a	Director of Public Health	1
2	£100,000	£110,000	Director	0
1	£110,000	£120,000	Director	3
Chief Executive	£160,000	£170,000	Chief Executive	1

The grades described above are complete remuneration and inclusive of all former additional allowances, including:

- Essential car user allowance
- Mileage

Actual remuneration for individual may be accessed via the following link:

<http://www.bolton.gov.uk/website/pages/Transparencyseniorsalaries.aspx> *

Incremental progression and extended grades for Chief Officers

All Chief Officer grades are incremental. Incremental progression within the basic grade is subject to satisfactory performance over the previous twelve months, which is determined with regard to the following criteria:

- Satisfactory performance against objectives set as part of the annual appraisal process.
- No disciplinary action undertaken in the past 12 months including any relating to managing absence. Increments would be withheld until any pending disciplinary action was concluded.
- Not being subject to formal capability procedures.

Performance related pay for Chief Officers and access to extended grades

All Chief Officers have a fixed salary. At present there is no additional remuneration which is subject to performance, e.g. performance related pay or bonuses of any kind. This is because the nature of most Chief Officer roles would make the determination of outcome objectives, dependent upon their personal performance, difficult to articulate.

At the top of the grade there is, however, an extension to provide the flexibility to manage recruitment and retention issues and reward exceptional performance, subject to the agreement of the Appointments Panel. The value of the extension is as follows and may be applied as a series of up to 4 additional increments or a % payment:

- (a) Chief Executive and CO Grade 1 up to £15,000
- (b) CO Grades 3-4 – up to £5,100
- (c) CO Grade 5 –up to £7,140

The following criteria and processes apply to give access to this payment:

- The additional payment could be used as part of the recruitment to a vacant post along the lines of “more” available for an exceptional candidate. Any decision to apply a payment in this regard would need to be agreed by the Appointments Panel both prior to recruitment in respect of the principle that this was an option and to then agree this for a specific candidate.
- That if retention of a member of staff was deemed to be critical, evidence would usually need to be provided of an alternative job offer or similar. If agreed by the Chief Executive and relevant Director a report would be prepared on this basis, for approval by the Appointments Panel.
- If agreed by the relevant Director and Chief Executive that performance by a Chief Officer had been particularly outstanding and clearly evidenced, a report would be prepared on this basis for approval by the Appointments Panel.
- For all three categories: recruitment, retention and exceptional performance, the additional payment above the basic grade is paid as a “retention allowance”. This means that at the end of the 12 month period the agreed payment (up to a maximum of the additional grade) would be paid on the condition that the member of staff was in post and not serving notice. This would then apply to each subsequent year in the same way.

New appointments above £100,000

In line with Section 40 of the Localism Act, proposed new appointments to posts with remuneration exceeding £100,000 will be subject to a vote by Members.

Other allowances for additional responsibilities

An additional payment is made to the Chief Executive for Returning Officer Duties in accordance with the Representation of the People Act (1983)

The Returning Officer will make payments to those officers who undertake specific duties in relation to the elections, in accordance with their role.

It should be noted that any fees payable for duties undertaken in connection with elections are funded by central government in accordance with Fees and Charges Orders made by Parliament. Consequently, any such payments made to those officers who undertake specific duties in relation to these elections are not funded by the Council.

Pay multiples

The pay multiples for the current period are set out below, as at 31 January 2016. Two calculations are provided:

- The ratio between the highest paid salary (£170,000) and the median salary of the whole of the workforce (£19,742). This multiple is 1:8.6.
- The ratio between the highest paid salary (£170,000) and the lowest salary (£14,597). The pay multiple for 2015/16 is 1:11.6.

Taking into account the national pay award and the proposed Living Wage Supplement the figures as at 1 April 2016 will be:

- The ratio between the highest paid salary (£170,000) and the median salary of the whole of the workforce (£19,939). This multiple is 1:8.5.

- The ratio between the highest paid salary (£170,000) and the lowest salary (£15,917, includes Living Wage Supplement). The pay multiple for 2015/16 is 1:10.7
- This is an improvement on the 2014/15 figure of 1:12.3 because of the pay increase delivered at the bottom of the Council's pay structure.

Pay for the lowest earners

The Council is committed to being a good employer and as part of this paying our lowest earners at the highest affordable hourly rate. The Council defines the lowest paid workers as those paid on the lowest pay points in use.

The Council's approach to pay for the lowest paid takes account of:

- The borough Anti-Poverty Strategy.
- The established intention to maintain a "gap" in earnings between the value of the National Minimum Wage and minimum pay at Bolton Council.
- The continued commitment to ensure all staff are paid a living wage.

Over the last 3 years the Council has made a number of improvements to its pay rates to take account of the above. In April 2015, changes were approved to remove the bottom spinal column points of the existing Grade 1 to make it a spot point grade at the highest point, scp 11, which equates to £7.88 per hour.

For further details please see the background reports; Review of Bolton Council Pay and Grading Arrangements – consultation and final reports 2013, 2014, 2015 and 2016.

The 2016 proposals are currently out to consultation and if approved the changes will be to increase the value of the bottom two scale points of the pay structure by introducing an additional Living Wage Supplement (LWS) to any pay point paid less than £8.25 per hour. The lowest starting salary for any Council worker would then be **£8.25** per hour. If approved this change will be implemented from April 2016. The Council will continue to review the pay structure annually.

Our wider reward package

The Council is committed to providing a comprehensive employment package. In addition to salary, any associated allowances, leave entitlement and pension contributions, the Council also offers a number of optional opportunities* to staff:

- Salary sacrifice schemes – childcare vouchers, cycle to work, car lease and car parking.
- Interest Free Loans – gym membership and season ticket travel loan.
- Insurance and credit union options to be taken directly from wages.
- Occupational Health provision including access to physiotherapy and an EAP advice line.
- Training and development programmes.
- Other local discounts.
- Flexible working options.

*these benefits are subject to eligibility and some subject to service requirements

Voluntary severance

Staff may apply for a severance payment where this would deliver an efficiency for the service. Each application is considered on a case by case basis in line with the Council's restructure and redundancy policies.

Payments for staff at all levels are calculated based on the redundancy matrix and are therefore of a maximum value of 30 weeks' pay, depending on age and length of service. In addition, since 2011/12 under the terms of the council's Redundancy Policy, an additional payment of 12 weeks' pay in lieu of redeployment has also been made to the voluntary severance and voluntary redundancy offer.

Voluntary early retirement (VER)

Staff aged 55 or over who are members of the Local Government Pension Scheme may apply to take voluntary early retirement. Under this scheme staff may apply for the early release of their existing pension benefits. Unless in exceptional circumstances pensions will not be enhanced (i.e. additional pension).

The cost of capital release of pension must be met fully by the service within a three year period, unless special alternative arrangements are agreed.

Pensions contributions

Where employees have exercised their statutory right to become members of the Local Government Pension Scheme (or the Teachers' Pension Scheme for those on teachers terms and conditions), the Council is required to make a contribution to the scheme representing a percentage of the pensionable remuneration due under the contract of employment of that employee. The rate of contribution is set by Actuaries advising the Greater Manchester Pension Fund or the Teachers' Pension Scheme. This rate is reviewed on a triennial basis in order to ensure the schemes are appropriately funded. The current rates, set at 1st April 2015, are 19.5% for the LGPS and 14.1%, amended to 16.48% from 1/9/2015, for the TPS. The employee contribution rates, which are defined by statute (as at 1st April 2015), are currently:-

- **LGPS Main Scheme:** 5.5% for the LGPS for yearly pay between £0 and £13,600 and 5.8% for yearly pay between £13,601 and £21,200, and 6.5% for yearly pay between £21,201 and £34,400 and 6.8% for yearly pay between £34,401 and £43,500, and 8.5% for yearly pay between £43,501 and £60,700, and 9.9% for yearly pay between £60,701 and £86,000, and 10.5% for yearly pay between £86,001 and £101,200, and 11.4% for yearly pay between £101,201 and £151,800, and 12.5% for yearly pay of £151,801 and over.
- **LGPS 50/50 Option:** 2.75% for the LGPS for yearly pay between £0 and £13,600 and 2.9% for yearly pay between £13,601 and £21,200, and 3.25% for yearly pay between £21,201 and £34,400 and 3.4% for yearly pay between £34,401 and £43,500, and 4.25% for yearly pay between £43,501 and £60,700 and 4.95% for yearly pay between £60,701 and £86,000, and 5.25% for yearly pay between £86,001 and £101,200, and 5.7% for yearly pay between £101,201 and £151,800, and 6.25% for yearly pay of £151,801 and over.
- **TP Scheme:** 7.4% for the TPS for yearly pay between £0 and £25,999.99 and 8.6% for yearly pay between £26,000 and £34,999.99, and for the TPS 9.6% for yearly pay between £35,000 and £41,999.99 and 10.2% for yearly pay between £41,500 and £54,999.99, and 11.3% for yearly pay between £55,000 and £74,999.99, and 11.7% for yearly pay of £75,000 and over.

Policy of re-hire following termination

It is the council's policy that staff who have left under a severance arrangement or VER should not normally be re-hired or contracted by the Council. At officer level or any post holder engaged under a contract for services must be approved by the relevant Director and Chief Executive.

Tax avoidance

The Council is aware of arrangements whereby employees may be paid through a personal service company. In view of the value for money implications for the public sector as a whole, the Council would not normally intend to implement such arrangements for the payment of its employees.

Annual review of this policy

Under the terms of the Localism Act this document will be reviewed annually and approved by Full Council each year. The policy and supporting detail will also be published on the Bolton Council website

Links provided to:

- Part 3 Local Terms and Conditions Document
- Pensions Discretions Policy
- NJC Pay Spine
- Chief Officer Structure