

Report to: Chief Officer Appointments Panel

Date: 20 January 2014

Report of: The Chief Executive

**Report
No:**

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Report Title: Bolton Council Pay Policy Statement 2014/5

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 2014/15, the attached policy has been updated to reflect the following enhancements and efficiencies which were made to the council's pay structure during 2012/13:

- increasing the pay of Grades 1 and 2, to take account of the national campaign for a Living Wage and to restore the gap between minimum council earnings and the value of the National Minimum Wage
- deleting a Chief Officer grade and replacing it with a lower senior management grade, for specific use in situations when two or more senior management posts are collapsed into one in order to deliver further savings from senior management
- continuing progress to deliver a total of £2 500 00 savings from the Chief Officer structure since 2009/10

Recommendations: The Appointments Panel are requested to recommend the updated pay policy statement for approval and adoption by Council,

**Background
Papers:**

Review of Bolton Council Pay and Grading Arrangements – consultation report 29 April 2013; final report to Cabinet 16 July 2013

Bolton Council Pay Policy Statement 2014/15

Introduction

This document sets out Bolton Council's Pay Policy Principles for the period 2014-15, for all staff with the exception of teachers.

This policy has been produced in response to the Localism Act 2011, which requires each authority to produce annual pay policy statements and supporting detail, however transparent pay and remuneration structures for all staff have been defined and documented since the council concluded fundamental pay and grading reviews of all roles in 2009.

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 demonstrate transparently 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 have been satisfied as well as possible.

Since 2009/10, the Appointments panel has overseen a c.50% reduction in the cost and numbers of Chief Officer posts, to deliver a saving of c.£2 200 000 to date. Given the on-going financial challenges facing the organisation, additional reductions in Chief Officer posts have also been agreed which will deliver a further £300 000 of savings within the 2013-15 budget period through another re-organisation of our senior management capacity. The total savings from Chief Officer posts over this period is therefore £2.5m.

Pay and grading reviews and structures

The Council's pay and grading structures were determined following comprehensive pay and grading reviews, which involved:

- the evaluation of every post within the authority, using analytical job evaluation schemes (either NJC for staff covered by NJC terms and conditions or Hay for those employed on JNC conditions, as appropriate) in full consultation with the Trade Unions and the involvement of all staff and managers either directly or on a representative sample basis. This exercise ensured that the full range of responsibilities for each post were established and captured in the evaluation

- determination of pay structures with the assistance of independent experts based on a thorough technical assessment of the evaluation results within the financial parameters set and with regard to the pay policy principles established by the council
- approval of pay structures through the Executive 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 and during 2012/13 a further series of improvements were made, which are explained further in this document but may be summarised as:

- increasing the pay of Grades 1 and 2, to take account of the national campaign for a Living Wage and to restore the gap between minimum council earnings and the value of the National Minimum Wage
- deleting a Chief Officer grade and replacing it with a lower senior management grade, for specific use in situations when two or more senior management posts are collapsed into one in order to deliver further savings from senior management.

For further detail on the improvements made to the council's pay structure over the last 12 months, please see the background reports: Review of Bolton Council Pay and Grading Arrangements – consultation report to Cabinet 29 April 2013; final report to Cabinet 16 July 2013

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.

In addition to these principles, further specific considerations were made with regards the pay for particular roles and groups, as described below.

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.

Following national negotiations there has been no cost of living award for JNC staff (Chief Officers) since 2007/8. All other staff received from a 1% nationally negotiated uplift on 1 April 2013.

NJC Pay and Grading Arrangements

All posts employed on NJC terms and conditions have been evaluated and 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 (scp 7) posts such as cleaners and General Assistants through to very senior management posts, largely Heads of large and complex services in each of our departments which are paid up to Grade 15, scp 68.

The NJC pay and grading structure and the evaluation scores of all posts are appended.

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 final Part 3 conditions are published on our website and are summarised as follows:

- Standard payments for unsociable hours, including shift working, week end and night work
- A robust criteria for honoraria and additional payments, which ensures that additional payments are normally only made for a 3 month period, 12 months by exception
- 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 annual review of all payments made
- Withdrawal of 100% subsidised car parking for all staff from 1 April 2012

Information related to all pay and remuneration issues, including any temporary payments, are shared with the Trade Unions at quarterly DJCC meetings.

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 review involved:

- the evaluation of every post using the Hay job evaluation Scheme and
- determination of a pay and grading structure through a process of pay modelling with regard to the generic corporate pay policy principles and the following further objectives:
 - that the new Pay & Grading structure for Chief Officers should support the effective delivery of organisational objectives;
 - that overall cost of the Pay Bill for Chief Officers should be broadly the same at the conclusion of the review as at the commencement of the review;
 - that the new structure offered flexibility and a clear and transparent process for addressing issues of recruitment, retention and exceptional performance;
 - that the Job Evaluation and Pay & Grading structure should “look forward” in respect of organisational requirements and responsibilities of Chief Officers.

Specifically, remuneration arrangements were determined with regard to the organisation strategy to reduce the cost of the top tier structure and not to replace posts as they became vacant. As such, a 50% reduction in headcount and cost of the Chief Officer cohort has been achieved over recent years with numbers reducing from 7 Directors and 32 Assistant Directors in 2009 to 4 Directors and 17 Chief officers by 2013.

A further two posts will be deleted in order to achieve further budget savings for the period 2013-15. This has involved amending the organisation management structure in response to severance / VER requests from post holders:

- Deputy Chief Executive Spring 2014
- Assistant Director – Customer Services Spring/Summer 2014

The 2013-15 savings will reduce the budget for Chief Officers to c£1.5m and the number to 17 (including the Director of Public health post which transferred to the Council from the PCT in April 2013, under the provisions of the health and Social Care Act).

The further significant reduction in chief officer capacity will present a number of issues and challenges but given the overall context is felt to be appropriate. All responsibilities will continue to be absorbed by remaining Chief Officers, the majority of whom have now experienced a significant increase in their responsibilities, without any increase in pay at the grade they are employed on.

Remuneration for the Chief Executive

A review of pay for the post of Chief Executive was undertaken in 2006 as part of the recruitment of the current post holder. For completeness it was also agreed to include this post 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 and
- public accountability

On appointment in 2007 the Chief Executive post was paid £160 000 (salary and car allowance), plus fees for acting as Returning Officer for Parliamentary and European elections. Following the review in 2009 the grade was established at £160,000 to £170,000 including fees for acting as Returning Officer for Parliamentary and European elections. The new grade, which saw no increase in total remuneration, is based on 4 incremental points (£160,000 - £162,500 - £165,000 - £167,500 - £170,000). Progression is conditional on satisfactory performance against objectives and the post-holder not being subject to any disciplinary or capability procedures.

In addition, as for all staff on JNC terms and conditions, there is an extension to the grade in order to generate transparent flexibility in respect of recruitment, retention and the ability to reward exceptional performance. The model for the grade extension is described in detail below. In the case of the post of Chief Executive this extension is up to £15,000 and, if achieved, additional payments would be made annually in arrears. No grade extension has been approved by the Appointments panel for the Chief Executive at this time.

The Chief Executive has taken and will continue to absorb significant departmental responsibilities as well as his strategic role, to facilitate the reduction in numbers of Directors.

Chief Officer pay grades

The Chief Officer pay structure, prior to the deletion of posts described above, is as follows:

- A grade for the Chief Executive
- An allowance of £5000 for the responsibilities associated with the role of Deputy Chief Executive
- A grade for the Director of Children's and Adult Services
- A grade for the Director of Chief Executive's, Environmental Services, Development and Regeneration and Corporate Resources
- A grade for the Director of Public health

- A grade for Assistant Directors which comprises an upper and lower tier, dependent upon the scope and scale of particular roles

This year, following a review, the 6th Chief Officer Grade, which was established for those posts that have the levels of autonomy and accountability of a Chief Officer but operate within a narrow specialist area, was removed. It was concluded that such a role was better positioned and more cost effective as a senior management rather than a leadership grade, because by allowing a grade that remunerates a small number of management posts with wider spans of control there is more scope to reduce management numbers and therefore achieve further savings.

The remuneration values for Chief Officer pay are as follows:

Grade	From score	To score	Min	Bar	
5	773	993	65,000	75,000	Assistant Director (main band)
4	994	1141	75,000	85,000	Assistant Director (higher band)
Special	TUPE	TUPE	£92,920.00	n/a	Director of Public Health
2	1358	1627	100,000	110,000	Director (Environment, Regeneration, Resources and Deputy Chief Executive)
1	1628		110,000	120,000	Director (Children's & Adults and Deputy Chief Executive/ Director of Corporate Resources)
Chief Executive	2028		160,000	170,000	

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

- Essential car user allowance
- Mileage

There are no other allowances or benefits paid to Chief Officers, eg cars.

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

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

Incremental Progression for Chief Officers

All 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

All Chief Officers have a fixed salary. At present there is no additional remuneration which is subject to performance, eg 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 4 additional increments or a % payment, whatever is deemed most appropriate:

- (a) Chief Executive and Directors up to £15,000
- (b) Grades 3-4 - £5,000
- (c) Main Assistant Director band - £7,500

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 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 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

- As part of this scheme any Chief officer is required to agree to an extension of their notice period from 3-6 months for Directors and 3-4 months for Assistant Directors.

Access to extended grades

When the new pay structure was established in 2009 it was determined that the following post holders should have access to the extended grade:

- Director of Corporate Resources / Deputy Chief Executive
- Director of Children's & Adults Services
- Director of Development and Regeneration.

There has been no further remuneration via extended grades since 2009.

The Director of Children and Adults Services is, however, paid an additional £10 000 in recognition of the significant extra statutory, budget and service responsibilities for which the post is responsible, now that two Director posts have been combined into one.

New Appointments Above £100 000

In line with guidance under the Localism Act, proposed appointments to posts with remuneration exceeding £100 000 will be subject to a vote at full council.

Pay Multiples

The pay multiples for the current period are set out below, as at 31 December 2013. Two calculations are provided:

- the ratio between the highest paid salary (£170 000) and the median salary of the whole of the workforce (£28 636). This multiple is 1:5.9
- the ratio between the highest paid salary (£170 000) and the lowest salary (£12 915). This pay multiple for 2014/15 is 1:13.1, which is an improvement on the 2012/13 figure of 1:13.9 because of the pay increase delivered at the bottom of the council's pay structure

Policy for the Lowest Paid

The council is committed to being a good employer and, as part of this, to paying staff at the bottom of the pay structure at the highest affordable point.

When the new pay structure was implemented in 2009 a 58p gap between minimum council pay and the lowest Bolton Council wage was established. Over time this gap diminished as a result of regular national increases in the NMW but year on year pay freezes in local government. In response, therefore, this year the council reviewed its pay structure and reinvested the savings made through the removal of subsidised

car parking for (typically more senior) staff in the bottom of the pay structure as follows:.

- By removing the bottom two scale points in grade 1 and the bottom point of Grade 2, meaning that the lowest starting salary is now £6.69 per hour. The lowest Council pay rate is now 38p per hour more than the minimum wage
- adding an additional scale point to Grade 1 meaning that all staff could earn up to £7.26 per hour
- escalating all employed staff through this grade at six monthly intervals rather than the normal annual progression, to allow staff to achieve grade maximum earnings of £7.26 per hour within no more than a two year period.

Our current lowest pay, for apprentice posts, is national minimum wage plus a supplement of 10-15% dependent upon experience. This year the council has made a commitment to funding a further 25 apprentice posts during 2014 – 16 and will also provide 100 work placement opportunities, paid at the national minimum wage, over the same period.

Voluntary Termination Payments

Voluntary Severance

Staff may apply for a severance payment, under the terms of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006, where this would deliver an efficiency for the service.

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.

Under this scheme, staff have the option to apply for either:

- a one-off lump sum payment of up to 30 weeks' actual pay or
- a compensation payment of up to 30 weeks actual pay which, if they are a member of the LGPS, can be converted into additional pensionable service on a strictly cost-neutral basis.

Voluntary Early Retirement

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 (ie "added years").

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

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 by the Council. Any exceptions to this at Chief Officer level must be approved by the Appointments panel

Voluntary Termination Payments made in 2012/13

Around 50 staff left the council via voluntary severance or VER in 2012/13.

Agreements were made with around a further 500 staff for them to leave under severance / VER during 2014 as part of the 2013-15 budget period.

All exit payments were in line with the principles described above.

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 our Website

Appendix 1

NJC Pay and grading structure