

PAY POLICY STATEMENT 2017/18

This document is subject to the policy statement included in the Employee Handbook

This document is subject to the standard policy statements

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1. Introduction and Purpose

- 1.1 This is the Pay Policy Statement for the period 1st April, 2017 – 31st March, 2018. This pay policy statement provides the framework for decision making on pay. Under Section 112 of the Local Government Act 1972 the Council has ‘the power to appoint officers on such reasonable terms and conditions as the Council thinks fit’. This Pay Policy statement sets out the Council’s approach to pay in accordance with the requirements of s38 (1) of the Localism Act 2011 which requires English and Welsh Local Authorities to produce and publish a Pay Policy Statement each financial year, detailing:
- a) The Council’s Policies towards all aspects and elements of the remuneration of Chief Officers
 - b) Their approach to the publication of and access to information relating to all aspects of the remuneration of Chief Officers
 - c) The Council’s Policies towards the remuneration of its lowest paid employees (including the definition adopted and reasons for it)
 - d) The relationship between the remuneration of its Chief Officers and other employees.
- 1.2 Local Authorities are large complex organisations with multi-million pound budgets. They have a very wide range of functions and provide and/or commission a wide range of essential services. The general approach to remuneration levels may therefore differ from one group of employees to another to reflect specific circumstances at a local, Welsh or UK national level. It will also need to be flexible when required to address a variety of changing circumstances whether foreseeable or not.
- 1.3 Overall funding for councils in Wales, along with most of the public sector in the UK, has reduced continually over a sustained period. As national policies continue to aim to reduce or remove the deficit between government revenues and spending, it is likely that funding for councils in Wales will continue to reduce, over the medium term. At the same time, councils are dealing with significant financial pressures in areas such as social care and education. The council has a medium term financial strategy and robust budget processes but the nature of financial settlements to councils has been unpredictable in recent years and may continue to be due to political change and the potential for uncertainty throughout the process of the UK leaving the European Union.
- 1.4 Approval of the Pay Policy Statement is required by Full Council as required by the legislation, this policy statement will come into immediate effect and will be subject to review on a minimum of an annual basis in accordance with the relevant legislation prevailing at that time.

2. Legislative Framework

- 2.1 In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes the
- a) Equality Act 2010
 - b) Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000
 - c) Agency Workers Regulations 2010 and where relevant, the
 - d) Transfer of Undertakings (Protection of Earnings) Regulations
- 2.2 With regard to the Equal Pay requirements contained within the Equality Act, the Council completed a review to ensure that there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality proofed Job Evaluation mechanism which directly relate salaries to the requirements, demands and responsibilities of the role.
- 2.3 This policy must be applied consistently to all job applicants or employees regardless of their age, disability, gender reassignment, marital or civil partnership status, race, pregnancy or maternity, religion or belief, sex, sexual orientation or caring responsibilities.

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3. Scope of the Pay Policy

- 3.1 The Localism Act 2011 requires Authorities to develop and make public their Pay Policy on all aspects of Chief Officer Remuneration (including on ceasing to hold office), and that pertaining to the 'lowest paid' in the Council, explaining their Policy on the relationship between remuneration for Chief Officers and other groups. However, in the interests of transparency and accountability the Council has chosen to take a broader approach and produce a Policy covering all employee groups with the exception of School Teachers (as the remuneration for this latter group is set by the Secretary of State and therefore not in Local Council control).
- 3.2 Nothing within the provisions of the Localism Act 2011 detracts from the Council's autonomy in making decisions on pay that are appropriate to local circumstances and which deliver value for money for local tax payers. However, this Policy will be complied with in setting remuneration levels for all groups within its scope.

4. Broad Principles of our Pay Strategy

4.1 Transparency, accountability and value for money

4.1.1 The Council is committed to an open and transparent approach to pay policy which will enable the tax payer to access, understand and assess information on remuneration levels across all groups of council employees. To this end copies of the following pay scales are included in appendix A – D:

- Employee Pay Scales
- Chief Officer Pay Scales
- Soulbury Pay Scales
- Youth Workers Pay Scales

and the following documents are available to view on the Denbighshire Intranet:

- Early Termination (Discretionary Payments) Policy
- Redundancy Policy
- Market Supplement Policy
- Acting up, Honoraria & Ex Gratia Payments Policy
- Senior Leadership Pay Maintenance Process

4.2 Development of Pay and Reward Strategy

4.2.1 The primary aim of a reward strategy is to attract, retain and motivate suitably skilled staff so that the Council can perform at its best. The biggest challenge for the Council in the current circumstances is to maximise productivity and efficiency within current resources. The Pay Policy then is a matter of striking a sometimes difficult balance between setting remuneration levels at appropriate levels to facilitate a sufficient supply of appropriately skilled individuals to fill the Council's very wide range of posts, and ensuring that the burden on the taxpayer does not become greater than can be fully and objectively justified.

4.2.2 In this context it does need to be recognised that at the more senior grades, in particular, remuneration levels need to enable the attraction of a suitably wide pool of talent (which will ideally include people from the private as well as public sector and from outside as well as within Wales), and the retention of suitably skilled and qualified individuals once in post. It must be recognised that the Council will often be seeking to recruit in competition with other good public and private sector employers.

- 4.2.3 In addition, the Council is the major employer in the area. As such we must have regard to our role in improving the economic well-being of the people of Denbighshire. The availability of good quality employment on reasonable terms and conditions and fair rates of pay has a beneficial impact on the quality of life in the community as well as on the local economy.
- 4.2.4 In designing, developing and reviewing the Pay and Reward Strategy, the Council will seek to balance these factors appropriately to maximise outcomes for the organisation and the community it serves, while managing pay costs appropriately and maintaining sufficient flexibility to meet future needs. This Pay Policy Statement will be reviewed on an annual basis in line with our strategy for pay and approved annually by the Full Council.

4.3 Pay Structure - Pay Spine

- 4.3.1 The Council uses the nationally negotiated pay spine as the basis for its grading structure. This determines the salaries of the larger majority of the non-teaching workforce, together with the use of other nationally defined rates where relevant.
- 4.3.2 A pay award has been agreed for the national pay spine for the period 1st April, 2016 to 31st March 2018. This Pay Award has consisted of increased percentages to be applied to SCP 6 – 18 in order to ensure compliance with the National Living Wage, and 1% awarded to SCP 18 and above, but an average total pay award of 2.4% over 2 years.

For Soulbury Staff and Youth & Community Workers a pay award of 1% for each year has been agreed for the period 1st September, 2016 to 31st August, 2018

For Chief Officers and Chief Executive, a pay award of 1% has been agreed for the period 1st April, 2016 to 31st March 2017 for salaries of £99,999 or less

- 4.3.3 All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by Council Policy.
- 4.3.4 New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate.

4.4 Job Evaluation

- 4.4.1 Job evaluation is a systematic way of determining the value/worth of a job in relation to other jobs within an organisation. It aims to provide analytical scoring and to make systematic comparison between jobs to assess their relative worth for the purpose of establishing a rational pay structure and pay equity between jobs. The Council currently uses the Greater London Provincial Council Job Evaluation Scheme.
- 4.4.2 The Council undertook a full evaluation and review of pay under Single Status for the non-teaching workforce in terms of Pay & Grading and Terms & Conditions in April 2008 and continues to evaluate any new posts or those that demonstrate a fundamental change in duties.

4.5 Market Supplements

- 4.5.1 Job evaluation will enable the council to set appropriate remuneration levels based on internal job size relativities within the council. However, from time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity.
- 4.5.2 Therefore, the Council has a Market Supplements Policy to ensure that the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector. It is the Council's policy that any such additional payments be kept to a minimum and be reviewed on a regular basis so that they can be withdrawn where they are no longer considered necessary.

4.6 Acting up, Honoraria & Ex Gratia Payments

- 4.6.1 There may be occasions when an employee is asked to carry out additional duties to those of their substantive post for a period of time. In such circumstances an additional payment may be made in line with the Council's policy on Acting Up, Honoraria & Ex Gratia Payments.

4.7 Pay and Performance

- 4.7.1 The Council expects high levels of performance from all employees and has an Annual Appraisal Scheme in place to monitor, evaluate and manage performance on an ongoing basis.

Where unsatisfactory performance is identified, through performance management, increments can be withheld

Performance related pay is only applied to the Chief Executive as detailed in 5.2.3. below.

4.7.2 The Council does not use bonus schemes for any member of staff.

5. Chief Officer Remuneration

5.1 Definitions of Chief Officer & Pay Levels

5.1.1 For the purposes of this statement, 'Chief Officers' are as defined within S43 of the Localism Act. The posts falling within the statutory definition of S43 of the Localism Act are set out below:

- a) Chief Executive
- b) Corporate Directors
- c) Heads of Service

The current definition for senior posts is classed as:-

- Salaries in excess of £100,000 or;
- The head of body's paid service;
- Its monitoring officer;
- A statutory chief officer;
- A non-statutory chief officer;
- A deputy chief officer;
- An executive director; and
- A senior manager with or without board level responsibility who reports directly to the head of the body

5.1.2. Recent Welsh Government amendments to the Local Authorities (Standing Orders) (Wales) Regulations 2006 effective from 1st July 2014 introduced a new requirement that:

"The relevant authority must determine the level, and any change in the level, of the remuneration to be paid to a chief officer"

The impact of this amendment is that all changes to Chief Officer pay must be approved by the Council, not just those which are determined locally.

5.2 Pay Award

- 5.2.1. The Council employs Chief Officers under JNC terms and conditions which are incorporated in their contracts. The JNC for Chief Officers negotiates on national (UK) annual cost of living pay increases for this group, and any award of the same is determined on this basis. Chief Officers employed under JNC terms and conditions are contractually entitled to any national JNC determined pay rises and this Council will therefore pay these as and when determined in accordance with current contractual requirements following the recommendations made by the Independent Remuneration Panel for Wales.
- 5.2.2. The Chief Executive Officer is the senior officer who leads and takes responsibility of the organisation. The role of Chief Executive Officer is a full time appointment. Postholders are selected on merit, against objective criteria, following public advertisement. In respect of the nationally agreed JNC Pay Award for Chief Officers' and Chief Executive's salary, it should be noted that there has been no JNC National Pay Award for those on over £99,000 since April 2008 and that the current Chief Executive has been appointed on a spot salary of £126,250 p.a. with no incremental progression.
- 5.2.3 A performance related pay scheme applies to the Chief Executive subject to the achievement of agreed objectives, competencies and behaviours. A performance related payment of between 5% and 12% can be awarded subject to a review by the Remuneration Committee who will determine the actual amount payable. No payment will be given in cases where the agreed objectives, competencies and behaviour have not been achieved. Details of the process can be found in Appendix G.

5.3 Pay review for Chief Officers

- 5.3.1. A Remuneration Panel convenes to determine the pay and reward for the Council's Senior Leadership Team which consists of the Chief Executive, Directors and Heads of Service.

The scope of the panel is to:-

- Make recommendations on senior pay and reward issues to Council, ensuring consistency, transparency and accessibility.
- Make recommendations on the management of and structure of senior pay and reward, and grounds for pay progression.
- Determine the level of pay and any award of Performance Related Pay for the Chief Executive

The terms of reference for the Remuneration Panel are included in Appendix E.

- 5.3.2 With effect from 1st April, 2016 a new pay structure was implemented for Chief Officers following a full review of Corporate Director and Chief Officer posts, which was required to ensure that Denbighshire County Council were able to recruit and retain key Senior Leadership Team members. The Chief Officer posts were evaluated under HAY by HAY consultants to ensure that the reward is commensurate with the responsibility and role, this rank order was then considered in line with market

data and a new pay structure developed and implementing following agreement with the Remuneration Panel and Full Council. The new pay structure has also been considered by the Independent Remuneration Panel for Wales who have confirmed they are satisfied that it meets with their criteria, and is transparent and fair and that the proper processes have been adhered to.

Any subsequent minor changes to the senior leadership teams roles will be considered in line with the Senior Leadership Pay Maintenance Process, however a biannual review of the whole structure will take place ensuring the structure is fit for purpose and meets the needs of the Council at that time. Any major changes to Senior Leadership Pay must now be submitted to the Independent Remuneration Panel for Wales who will consider any documents pertaining to the changes, their role is to ensure transparency and fairness, they also have the remit to make recommendations they see fit in relation to any submissions. Further details of this process can be found in Appendix E

5.4 Honorarium

- 5.4.1 There are occasions when it is necessary for a Head of Service to carry out additional duties over and above their substantive post for a period of time. This would normally be to cover for a long term absence; following a restructuring whereby responsibility for additional services has been given to the Head of Service; or responsibility for a large project outside of their normal portfolio.
- 5.4.2 In such circumstances, the Chief Executive can award an honorarium of up to 15% of the Head of Service's substantive pay for a maximum period of 12 months. Any honorarium which exceeds 12 months will need to be considered by the remuneration panel and recommended to Full Council.
- 5.4.3 The pay policy is intended to provide Council approval for such payments to be made with the responsibility of when they are made delegated to the Chief Executive where the criteria is met. Such payments to be limited to the period until the Remuneration Committee is able to consider whether any permanent change to salary is required or until these additional responsibilities cease, whichever is the sooner.

5.5 Recruitment of Chief Officers

- 5.5.1 In accordance with the Standing Orders (Wales) Amended Regulations 2014, there is a requirement for posts with salaries of more than £100k and which are for the duration of 12 months or more, to be advertised externally.
- 5.5.2 The Council's Policy and Procedures with regard to recruitment of Chief Officers is contained within the Officer Employment Procedure Rules as set out in Part 4 of the Constitution. The determination of the remuneration to be offered to any newly

appointed Chief Officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment. The salary level on appointment for the Chief Executive is determined by full Council.

Where it is deemed necessary to pay a market supplement, this will be advised through market research and agreed by the Special Appointments Panel prior to recruitment.

5.5.3 Where the Council remains unable to recruit Chief Officers under a contract of service, or there is a need for interim support to provide cover for a vacant substantive Chief Officer post, the Council will, where necessary, consider and utilise engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. The Council does not currently have any Chief Officers engaged under such arrangements.

5.6 Additions to Salary of Chief Officers

5.6.1 The Council does not apply any bonuses to its Chief Executive or Chief Officers.

5.6.2 Other than the Chief Executive, the Council does not apply any performance related pay to its Chief Officers.

5.6.3 The Council does pay all reasonable travel and subsistence expenses on production of receipts and in accordance with JNC conditions and other local conditions.

5.6.4. The cost of membership of one professional body is met by the Council.

5.6.5 The Chief Executive's Job Description includes his role as Returning Officer for Local Government Elections. The Council's fees for payment to its Returning Officer for elections duties can be found in appendix F.

5.7. Payments on Termination

- 5.7.1 The Council's approach to statutory and discretionary payments on termination of employment of Chief Officers (and all other employees), prior to reaching normal retirement age, is set out within its Early Termination of Employment (Discretionary payments) & Redundancy Policy in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006. This is in respect of a redundancy payment being based on actual weekly earnings (Regulation 5) and when an enhanced redundancy payment of up to 45 weeks' pay would be granted (Regulation 6). Regulations 12 and 13 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007 do not apply as the Council does not increase the total membership of active members (Regulation 12) or award additional pension (Regulation 13).
- 5.7.2 The Council's severance and retirement schemes are applied equally and fairly to all staff their age, disability, gender reassignment, marital or civil partnership status, race, pregnancy or maternity, religion or belief, sex, sexual orientation or caring responsibilities and are implemented in accordance with the regulations of the relevant pension schemes. These will be published on the Council's website as part of the Council's conditions of service policies.
- 5.7.3 The Council ensures that all payments are made in accordance with H.M.R.C legislation and utilises the services of a professional tax advisor where there is a requirement for more detailed specialist advice or to assist should an H.M.R.C compliance audit be undertaken. The use of these outside tax advisors is now shared collaboratively with a neighbouring Council ensuring a joint best practice and cost effective service.

Employment Status is regularly checked and the Council will only class someone as self-employed where there is no question of doubt. Individuals who have previously regularly been treated as self-employed with other authorities, have been paid under P.A.Y.E. by Denbighshire, this is where we have not been fully convinced of their self-employment status.

- 5.7.4 The Welsh Government recommends that the council should offer full council the opportunity to vote before large severance packages beyond £100,000 are approved for staff leaving the organisation. Members must be made aware of any statutory or contractual entitlements due to the employee and the consequences of a non-approval by Council, in which failure to fulfil statutory or contractual obligation may enable the employee to claim damages for breach of contract.

All termination payments are fully compliant with H.M.R.C requirements

Central UK Government are introducing a cap at £95,000 on public sector exit payment, effective from summer, 2017 at the earliest. At this time it is unclear how this may operate in Wales, although early indications are that it may not be applied in its current form to the devolved Welsh Public Sector. As and when we receive clarification, all policies on severance payments

in Denbighshire County Council would be reviewed as appropriate in due course to accommodate any relevant changes in legislation.

6. Publication

- 6.1 This statement will be published on the Council's Website. In addition, for posts where the full time equivalent salary is at least £60,000, as required under the Accounts and Audit (Wales) (Amendment) Regulations 2010, the Council's Annual Statement of Accounts will include a note setting out the total amount and detail payments to Corporate Directors and Chief Executive Officer.

7. Pay Relativities within the Council

- 7.1 The lowest paid persons employed under a Contract of Employment with the Council are employed on full time [37 hours] equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's grading structure. As at 31 March, 2017, this was £14,514. The Council employs Apprentices [and other such Trainees] who are not included within the definition of 'lowest paid employees' as they are not employed under Contracts of Employment.
- 7.2 The relationship between the rate of pay for the lowest paid and Chief Officers is determined by the processes used for determining pay and grading structures as set out earlier in this Policy Statement.
- 7.3 The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton Report was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The report concluded that the relationship to median earnings was a more relevant measure and the Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the Council's workforce.

The current pay levels within the Council define the multiple between the lowest paid (full time equivalent) employee and the Chief Executive as 1:9.4 and; between the lowest paid employee and average Chief Officer as 1:5.6 The multiple between the average full time equivalent earnings for contract staff (excluding teachers) and the Chief Executive is 1:6.5 and; between the average full time equivalent earnings and average Chief Officer is 1:3.8

- 7.4 As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate.

8. Accountability and Decision Making

- 8.1 In accordance with the Constitution of the Council, the Council is responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees of the Council.

9. Re-employment

- 9.1. Staff who, upon leaving the employment of the Council, receives any form of compensation payment for loss of office, will not be re-employed in any capacity by the Council for the duration of the compensation payment. e.g. If a member of staff receives 20 weeks redundancy payment, they cannot be re-employed by the Council for 20 weeks after the termination date. This includes those employed in schools but excludes those employed on School Teachers Conditions of Service.
- 9.2. Staff who, upon leaving the employment of the Council, receive a pension for which the Council incurred additional costs, cannot be re-employed in a similar area of work within the Council during the first 12 months without authorisation by CET. Where authorisation is given, the individual is still subject to 9.1 above if they have received a compensation payment and will only be allowed to commence work after the compensation period ends. This would also apply to the appointment of previously employed staff as consultants. This includes those employed in schools but excludes those employed on School Teachers Conditions of Service.

Central UK Government are introducing legislation to enable recovery of public sector exit payments, effective from Summer, 2017 at the earliest. This will apply to employees returning to the public sector or sub sector within 12 months of leaving, who earn over £80,000 per annum. At this time it is unclear how this may operate in Wales, all policies on severance payments in Denbighshire County Council would be reviewed as appropriate in due course to accommodate any relevant changes in legislation.

10. Reviewing the Policy

- 10.1 This Policy outlines the current position in respect of pay and reward within the Council. The Policy will be reviewed annually in line with market forces and reported to Council.