

# **Warwickshire County Council – Pay Policy Statement 2019/20**

## **1 Statutory Requirement**

- 1.1 Section 38 of the Localism Act 2011 requires that local authorities must prepare and approve an annual pay policy statement, applicable to all staff except those employed in schools, by 31 March immediately preceding the year to which it relates.
- 1.2 The pay policy statement must set out the authority's policies for the financial year relating to:
- the remuneration of its Chief Officers (which for the purposes of this Act and in the case of the County Council, includes the Chief Executive, Strategic Directors, Assistant Directors and the Chief Fire Officer)
  - the remuneration of its lowest paid employees, and
  - the relationship between:
    - the remuneration of its chief officers and
    - the remuneration of its employees who are not chief officers
- 1.3 The pay policy statement must state:
- the definition of "lowest paid employees" adopted by the authority for the purposes of the statement, and
  - the authority's reasons for adopting that definition
- 1.4 The statement must include the authority's policies relating to:
- the level and elements of remuneration for each chief officer
  - remuneration of chief officers on recruitment
  - increases and additions to remuneration for each chief officer
  - the use of performance-related pay for chief officers
  - the use of bonuses for chief officers
  - the approach to the payment of chief officers on their ceasing to hold office under or be employed by the authority
  - the publication of and access to information relating to the remuneration of chief officers
- 1.5 A pay policy statement may also set out the Authority's policies relating to the other terms and conditions applying to the authority's chief officers.
- 1.6 The following paragraphs seek to meet these statutory requirements by setting out County Council policy in the above prescribed areas, having firstly summarised the background to pay issues within this Authority.

## **2 Remuneration Policies**

- 2.1 In seeking endorsement of the pay policies summarised below, the wider picture of job reductions and reductions in benefits and allowances needs to be taken into account.
- 2.2 The savings proposals contained within the Council's One Organisation Plan 2017-20 involves an anticipated reduction of 317 posts. Further staffing reductions may result as the Council determines and introduces a new whole Council operating model during 2019/20.
- 2.3 The Council operates the National Living Wage for all staff regardless of age.
- 2.4 The County Council's policy in respect of the vast majority of its employees is to pay staff in accordance with pay frameworks and terms and conditions agreed by the national negotiating bodies representing local authorities and recognised trade

unions. Review of Pay and Conditions and any discretionary pay awards to Hay graded staff are agreed by the Staff and Pensions Committee which has delegated authority for all issues relating to remuneration of staff

- 2.5 For the majority of its employees the Council's policy is to implement the pay framework and terms and conditions, unless locally agreed otherwise, prescribed by the National Joint Council for Local Government Services ('NJC'). For Hay graded staff pay awards ordinarily follow the NJC national recommended award.
- 2.6 A NJC pay agreement and new NJC pay spine exists for the period 1 April 2018 to 31 March 2020.
- 2.7 The Council's policy is to evaluate posts in accordance with the job evaluation scheme agreed by the NJC and then to incorporate these posts into the relevant pay bands accordingly within the salary spine.
- 2.8 It is the Council's policy to pay a temporary and reviewable 'market supplement' to salary levels within the NJC pay framework where there is clear and demonstrable evidence that the salary level otherwise attached to the post creates substantial recruitment, retention or 'market uncompetitiveness' difficulties.
- 2.9 Other groups of employees are paid in accordance with salaries or salary scales agreed by the relevant national negotiating bodies. These groups include uniformed fire and rescue staff, youth workers, craft workers and those falling within the ambit of the Soulbury Committee or School Teachers' Pay and Conditions agreements.
- 2.10 For all groups of staff paid in accordance with pay frameworks agreed by the national negotiating bodies, the Council's policy is to implement such salary increases as are agreed by those bodies without further local negotiation. Staff and Pensions Committee will consider pay and remuneration which falls outside of the recognised national frameworks and recommendations.
- 2.11 The only exception to the Council's policy of determining remuneration in accordance with national pay agreements, relates to senior professional or managerial employees whose posts are evaluated at more than 760 points under the NJC job evaluation scheme (see paragraph 2.4 above) and for which it would therefore be inappropriate to accommodate within the NJC salary 'spine'. (The relationship between posts covered by the NJC pay framework and this group of employees was supported by the Staff & Pensions Committee on 27<sup>th</sup> May 2010).
- 2.12 The policy of the Council is to pay this group of employees, which includes the Chief Executive, Strategic Directors and Assistant Directors, within a framework of locally determined incremental salary grades (known as 'Management Bands'), or in the case of the Chief Fire Officer a 'spot' salary payment. See 4.1 detailing a review of the Chief Executive arrangements. Each post is evaluated using a proprietary job evaluation scheme devised by Hay Management Consultants and used widely in the public and private sectors both in the UK and abroad.
- 2.13 Any pay awards to the salary levels attached to each Management Band are reviewed in line with the outcome NJC agreements and where applicable they are applied with effect from the 1st January each year. Currently, the pay framework for Management Band staff covers a salary range from £42,219 to £168,545.
- 2.14 The above policies apply save in cases where the operation of the Transfer of Undertakings (Protection of Employment) Regulations, or other statutory provision, dictate otherwise.

- 2.15 Where a person is appointed under a 'contract for service', rather than as an employee, the Council's Contract Standing Orders are followed to ensure that maximum value for money is secured.
- 2.16 **It is proposed that the County Council applies the remuneration policies set out above for the financial year 2019/20.**

### **3 Relationship between the highest and lowest paid employees**

- 3.1 The policy of the Council to pay employees in accordance with the NJC pay framework means that its 'lowest paid employees' are paid an annual salary of £17,364 pa, or on a pro-rata basis if they work for less than 37 hours per week. This definition does not include those working as apprentices undergoing a recognised national training scheme, those on work experience or those on other placements related to training, which are not established posts within the Council. The reason for excluding those individuals from the definition of 'lowest paid employees' is that the primary aim of their engagement is training and as such, they are not considered to be carrying out the full range of duties when compared to employees in established posts.
- 3.2 This means that the 'salary ratios' between the Council's lowest paid staff and its Chief Executive and Strategic Directors are 1:10.5 and 1:8.4 respectively.
- 3.3 The salary differentials between the highest and lowest paid staff in the County Council, and local government in general, are very much less than in similar sized private sector businesses.
- 3.4 The salary ratios between the Council's median salary level (£25,463 pa) and that of the Chief Executive and Strategic Directors are 1:7.1 and 1:5.8 respectively.

### **4 Specific policy and practice: The level and elements of remuneration for each chief officer**

- 4.1 The remuneration arrangements for the Chief Executive salary are currently under review and will result in this position being paid on either a determined range or spot salary. Currently a spot salary of £168,545 pa is paid to the Chief Executive position. . No other salary payments are made to the Chief Executive.
- 4.2 The Chief Fire Officer is paid a 'spot' salary of £128,689 pa (including the 1 January 2019 pay award) based on Hay evaluation. No other salary payments are made to the Chief Fire Officer. A car is provided for this role.
- 4.3 Each of the Strategic Directors are paid on the same five point incremental scale under Hay, currently £132,038 - £146,464 as agreed in December 2015 and in accordance with independent advice from Hay Management Consultants and increased annually thereafter. (See paragraphs 2.5 and 2.12 above). No other salary payments are made to the Strategic Directors.
- 4.4 Assistant Directors are paid on a ten point incremental scale (£85,719 - £116,555). Progression within the scale is determined by a performance management framework.
- 4.5 Subject to the approval of the Chief Executive or Strategic Directors for Assistant Directors and Chief Fire Officer; Chief Executive for Strategic Directors; Staff and Pensions Committee for the Chief Executive, a temporary honoraria payment may be made where a Chief Officer undertakes duties outside the scope of their normal job.

- 4.6 It is not the Council's policy to increase the pension benefits of the Chief Officers.
- 4.7 It is not the Council's policy to provide benefits in kind to Chief Officers other than a car to the Chief Fire Officer which is necessary for their role.
- 4.8 The maximum car mileage allowance paid to Chief Officers is that prescribed for 'casual users'.
- 4.9 Details of the salary scales attached to the roles of the Chief Officers are accessible on the Council's website.
- 4.10 The appointment of all employees is made in accordance with the Council's Officer Employment Standing Orders.

## **5 Specific policy and practice: Remuneration of Chief Officers on recruitment**

- 5.1 Where recruitment is to a new post or the duties of the post have changed significantly, the post is re-evaluated and placed on the appropriate Management Band salary scale. Otherwise, the recruitment is to the existing salary scale.
- 5.2 Appointments will be to a relevant point on the scale recognising skills, experience and market consideration.
- 5.3 Where a new salary package exceeds £100,000 this will require specific approval by the Council in advance of adoption.

## **6 Specific policy and practice: Increases and additions to remuneration for each Chief Officer**

- 6.1 The salary scale attached to a post currently occupied would only increase in the event that the duties attached to the post changed significantly and this resulted in a fresh job evaluation suggesting that the post should be on a higher Management Band.
- 6.2 Any increases to the salary levels attached to Management Band salary scales are made in accordance with paragraph 2.13 above.

## **7 Specific policy and practice: The use of performance-related pay for chief officers**

- 7.1 The performance progression of staff, in positions within Tiers 0-3 of the organisational structure, will be managed by the performance management framework. For all other staff this is managed via the My Appraisal process. Pay progression for all positions below Tier 3 level is to be through incremental pay scales and is on an annual basis, save that progression to the final two points of the scale for Hay positions below Tier 3 is subject to service in the post being certified as fully satisfactory by their line manager.

## **8 Specific policy and practice: The use of bonuses for chief officers**

- 8.1 It is not the Council's policy to make bonus payments to the Chief Officers.

**9 Specific policy and practice: The approach to the payment of chief officers on their ceasing to hold office under or be employed by the authority**

9.1 The Council's policies in respect of the payment of the Chief Officer ceasing to hold office are the same as for its other employees, as follows:

- In the case of an employee whose employment is terminated on grounds of redundancy or efficiency, any redundancy or severance payment should be based upon actual earnings.
- In the case of an employee whose employment is terminated on grounds of redundancy and who is aged 54 or less, or is aged 55 or over and is unable to immediately access accrued pension benefits, a severance payment based on applying a multiplier of 1.75 to the statutory redundancy payment formula, should be made.
- In the case of an employee whose employment is terminated on grounds of redundancy and who is aged 55 or over and is able to immediately access accrued pension benefits, a severance payment based on applying a multiplier of 1.75 to the statutory redundancy payment formula, should be made for the first £26,539 of the employee's salary. Thereafter, the following multiplier should be used at the following ages:
  - 55 - 1.65,
  - 56 - 1.55,
  - 57 - 1.45,
  - 58 - 1.35,
  - 59 - 1.25,
  - 60 - 1.15,
  - 61 - 1.05,
  - 62 - 0.95,
  - 63 - 0.85,
  - 64 - 0.75
  - 65 - 0.65
  - 66 - 0.55
  - 67 - 0.45
  - 68 - 0.35
  - 69 - 0.25
  - 70 - 0.15

9.2 In the case of an employee whose employment is terminated on grounds of efficiency, Strategic Directors (or where the employee is a Strategic Director, the Chief Executive; or where the employee is the Chief Executive, the Staff & Pensions Committee) have discretion to make severance payments up to the levels described above.

9.3 Regulation 31 of the LGPSR 2013 allows a scheme employer to award to a) an active member or b) a member who was an active member who was dismissed by way of redundancy or business efficiency additional pension in total not more than £6,500. It is the County Council's Policy that the award of additional pension should only be applied in exceptional circumstances where this is necessary to address a situation where there would otherwise be a significant risk of harm to the County Council's services or objectives.

- 9.4 The County Council will no longer apply the abatement rule save in exceptional circumstances where it determines that to not abate the pension in payment could lead to a serious lack of confidence in the public service.
- 9.5 Where an employee has to give up work in order to care for a chronically ill spouse or partner the Council's policy is to give consideration to waiving the actuarial reduction that would otherwise attach to the early payment of pension benefits.
- 9.6 Other discretions are exercised in accordance with the Council's scheme of delegation on a case by case basis.
- 9.7 The Council recognises that the One Organisational Plan 2020 may need to be refreshed and updated in light of any new financial settlement for local government and emerging budget priorities. Where it is within its power to do so the Council will dis-apply any applicable legal restriction in relation to the payment of exit payments under the relevant programme where the Chief Executive is satisfied that the savings which the relevant exit contributes to need to be made to ensure the delivery of the service within budget and that the payment concerned will be recouped within two years or in exceptional circumstances, with the approval of the relevant Portfolio Holder, within three years.

## **10 Specific policy and practice: The publication of and access to information relating to the remuneration of chief officers**

- 10.1 The Council's policy is to provide information on the remuneration of the Chief Executive, Strategic Directors and Assistant Directors on its website ([www.warwickshire.gov.uk](http://www.warwickshire.gov.uk)) in accordance with the Code of Recommended Practice for Local Authorities on Data Transparency and as required by s.7 of the Accounts and Audit (England) Regulations 2011.

## **11 Specific policy and practice: The Council's policy relating to the other terms and conditions applying to chief officers**

- 11.1 Except in respect of pay and pay related arrangements (see paragraphs 2.11 and 2.14 above), and car allowances, the terms and conditions that apply to the Chief Executive, Strategic Directors and Assistant Directors are those agreed by the Joint Negotiating Committee for Chief Officers of Local Authorities.