

COUNCIL – 25 FEBRUARY 2013

PAY POLICY STATEMENT

1. Introduction

1.1 The Localism Act 2011 requires the Council to prepare a pay policy statement for each financial year. The statement must be prepared and approved before the end of March 2013. A recommended statement for 2013-14 is included at appendix 1. The statement details the policies in place for 1st April 2013, if policies are changed during the year, this will be reflected in the statement for 2014/15.

2. Background

2.1 A pay policy statement for the financial year must set out the authority's policies for the financial year relating to:

- (a) The remuneration of its chief officers,
- (b) The remuneration of its lowest-paid employees, and
- (c) The relationship between –
 - (i) the remuneration of its chief officers, and
 - (ii) the remuneration of its employees who are not chief officers.

2.2 The statement must state –

- (a) The definition of “lowest paid employees” adopted by the authority for the purposes of the statement, and
- (b) The authority's reasons for adopting that definition

3. Recommendation

3.1 That the attached Pay Policy Statement for 2013/14 be approved.

For further information please contact:

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Background Papers

Pay Policy Statement
- Council Feb 2012

New Forest District Council Pay Policy Statement Financial year 2013-14

Background

1. The purpose of this Pay Policy Statement ("Pay Statement") is to set out New Forest District Council's pay policies relating to its workforce for the financial year 2013-14, including the remuneration of its Chief Officers and that of its lowest paid employees.
2. The functions of appointment, dismissal and related matters for all employees below Chief Officer level shall be dealt with by the Chief Executive and Heads of Service, or such other employees as may be authorised. Standing Orders for General Procedures deal with procedures for appointing and dismissing employees at Chief Officer level.
3. With the exception of apprentices on the National Minimum Wage, pay for all staff, including Chief Officers, is negotiated and recommended by the Pay Panel. Consultation takes place through Industrial Relations Committee and changes are agreed by Council.
4. For the purposes of this Pay Statement and in accordance with the Localism Act 2011 ("Localism Act"), staff employed by the Council have been separated into two groups:-
 - (a) Chief Officers as defined by the Localism Act
 - (b) Employees who are not Chief Officers as defined by the Localism Act
5. An "employee who is not a Chief Officer" refers to all staff that are not covered within the "Chief Officer" group as outlined below. This includes the "lowest paid employees". In the context of the Council, the "lowest paid employees" are those employed at Band 1 on the District Council's pay structure (the pay structure assuming no national pay award is appended as item 1).
6. Section 43(2) of the Localism Act defines Chief Officers for the purposes of the Localism Act. The following roles within the Council fall within the definition of "Chief Officers": -
 - (a) Head of Paid Service (Chief Executive)
 - (b) Monitoring Officer
 - (c) Section 151(Chief Finance Officer)
 - (d) Non-Statutory Chief Officers (Executive Director)
 - (e) Deputy Chief Officers (Heads of Service)
 - (f) Officers reporting directly to those officers falling within (a), (b), (c) and (d) above (Deputy Monitoring Officer and Deputy S151 Chief Finance Officer)

Chief Officers as defined by the Localism Act 2011

7. The Chief Executive's pay is set in comparison with other district councils. The majority of Chief Officers below the Chief Executive are paid on Bands 11 and 12 of the Council's pay structure (the Band for each role is determined by a consistent job evaluation process), in very exceptional cases individuals are paid a pay supplement. Chief Officer Salaries for 2013/14 are outlined below:
8. The Head of Paid Service will be paid a salary of £114,585.

9. The Section 151 (Chief Financial Officer) and Executive Director will be paid a salary on Band 12.
10. The Monitoring Officer and Heads of Service will be paid a salary on Band 11.
11. The Deputy S151 Chief Finance Officer and Deputy Monitoring Officer will be paid a salary on Bands 9 or 10.
12. The council reviews its terms and conditions and pay levels regularly. The last review took place in 2009. The review concluded that the pay levels of Chief Officers were appropriate in comparison with other district councils. Pay awards are considered annually for all staff including Chief Officers. The outcome of the national consultations by the Local Government Employers in negotiation with the Trades Unions is applied.
13. Chief Officers' performance during the course of the year is reviewed within the council's performance management arrangements, and pay progression within the Band is subject always to good performance.
14. The council believes in rewarding outstanding performance. It operates this through a system of bonus payments which are designed to reward outstanding performance at the time it occurs. The size of the award paid to a Chief Officer will be commensurate with the work being rewarded. The Chief Executive will approve bonus payments for Chief Officers. Any bonus payments to the Chief Executive will be agreed by the Council.
15. The council has a duty to appoint a Returning Officer responsible for local government elections, and has decided that this role be carried out by the Chief Executive. The Returning Officer fees are regarded as a special responsibility payment in relation to independent duties carried out.
16. The fees and charges for European, UK Parliamentary and Police Commissioner elections and National Referendums are set by external bodies. The scale of fees and expenses for County, District, Parish and Town Council elections will be set in partnership with the County Council and other Hampshire local authorities to ensure uniformity and will be submitted to General Purposes and Licensing Committee.
17. The council recognises that Chief Officers sometimes incur necessary expenditure in carrying out their responsibilities e.g. travel costs. Chief Officers will be reimbursed for reasonable expenses incurred on Council business in accordance with local Terms and Conditions.
18. The pay package of Chief Officers previously included the option of a Lease Car. The Councils pay and reward package will no longer contain the entitlement to lease cars. All lease car contracts will cease no later than 31st August 2014.
19. Chief Officers as a result of their employment are eligible to join the Local Government Pension Scheme in the same way as other employees. The pensions policy statement is appended as item 2 to this statement applies to all employees including chief officers.
20. All employees including Chief Officers with more than 2 years continuous service will be entitled to a redundancy payment. If employees are aged at least 55 they are also

automatically entitled to the immediate payment of pension benefits if they are retired on the grounds of redundancy. The redundancy payments are based on actual weekly pay. The number of weeks individuals are entitled to is based on the statutory redundancy grid which gives up to a maximum of 30 weeks. The council policy from 1st July 2009 was to multiply the statutory number of weeks by a multiplier of 2. The multiplier of 2 has been retained in support of efficient organisational change and the need for efficiencies and expenditure reduction. Individuals therefore are paid up to a maximum of 60 weeks and this is based on their length of service and age. The council has one redundancy scheme for both voluntary and compulsory redundancies. All redundancies are subject to a Business case which must achieve a maximum financial payback of 3 years.

21. Details of Chief Officer remuneration have been published annually since 2010 as part of the council's Statement of accounts and according to accountancy standards, as soon after the end of the relevant financial year as is reasonably practical.

Employees who are not Chief Officers as defined by the Localism Act

22. These employees are all paid on the councils pay structure on Bands 1-10. Each employee will be on one of the 10 Bands based on the job evaluation of their role. Each Band consists of 5 or 6 spinal points. Pay progression within the Band is subject always to good performance.
23. Each "lowest paid employee" is paid within the salary range for Band 1. All other employees are paid within the salary range for the Band of their role i.e. (2-10). In very exceptional cases individuals are paid a pay supplement.
24. Employees new to the council will normally be appointed to the first spinal point of the salary range for their Band. Where the candidate's current employment package would make the first spinal point of the salary range unattractive (and this can be demonstrated by the applicant in relation to current earnings) or where the employee already operates at a level commensurate with a higher salary, a different spinal point in starting salary may be considered by the recruiting manager. This will be within the salary range for the Band. The candidate's level of skill and experience should be consistent with that of other employees in a similar position on the salary range.
25. Employees' performance during the course of the year is reviewed within the council's performance management arrangements, and pay progression within the Band is subject always to good performance.
26. Pay awards are considered annually for staff. For all staff up to and including the Chief Executive the outcome of the national consultations by the Local Government Employers in negotiation with the Trades Unions is applied.
27. The council believes in rewarding outstanding performance. It operates this through a system of bonus payments which are designed to reward outstanding performance at the time it occurs. The size of the award paid to an employee will be commensurate with the work being rewarded. All bonuses are subject to Executive Management Team approval.
28. The Council recognises that employees sometimes incur necessary expenditure in carrying out their responsibilities, for example travel costs. Employees will be reimbursed for

reasonable expenses incurred on Council business in accordance with the council's local Terms and Conditions.

29. All employees as a result of their employment are eligible to join the Local Government Pension Scheme. Details of the council's pension policy are appended as item 2 of this Pay Statement.
30. The Council's redundancy scheme is detailed in paragraph 20 and this applies to all employees.
31. The Local Government Association has offered advice on the Government's requirement in reporting remuneration relationships. The advice is that the measure of the relationship between Chief Officers and employees who are not Chief Officers be considered by the ratio between the highest paid employee and the median average earnings across the organisation as a multiple. This has been calculated as follows:

Remuneration for the Chief Executive (excluding pension contributions)	£114,885
Median remuneration for all employees at the Council (excluding pension contributions)	£18,560
Ratio	6.2

Pension Policy Statement

Under the Local Government Pension Scheme (Benefits, Membership and Contributions Regulation 2008), the Councils policy in relation to the exercise of its functions under the following Regulations have previously been set out in the Councils Management Advice Notes.

Any decision that has a financial impact will be subject to a Business Case, where a payback period of no more than three years, is achievable.

1. Power to increase total membership (Regulation 12) and Power to award additional pension (Regulation 13)

Discretion not exercised. (Decision at Council April 2009)

2. Power to allow flexible retirement (Regulation 18 (1) and (3))

The Councils Flexible Retirement Policy came into effect from 1 August 2008, and applies to all employees at least 55 and over.

Taking account of costs and other considerations the policy is that the Council will:

- Consider all written requests for flexible retirement.
- Approve requests only when it is in the Council's interests to do so. All costs falling on the Council as an employer must be affordable. Only where proposals are fully supported by a business case, where a payback period of no more than three years is achievable.
- A request should typically involve a reduction in salary of 40%, either through reduced hours or level of responsibility (Band). Any change is to be made on a permanent basis.
- The Council will not provide automatic replacement employment for the reduction in an individual's pay.
- The employee's contract of employment will be amended by mutual agreement to reflect the new hours or band, as agreed, and continuity of service will be preserved for terms and conditions purposes.
- The waiving of pension benefit reductions will only be considered in exceptional circumstances.

3. **Election of Early Payment of Benefits (Regulation 30 (2) and (5))**

The Councils Early Retirement Policy came into effect from 1 July 2009, and applies to all employees at least 55 and over. Early Retirement can only occur in the following circumstances:

REDUNDANCY – for employees where employment is terminated for reasons of redundancy.

EMPLOYEE REQUEST FOR VOLUNTARY EARLY RETIREMENT – any application made by an employee for voluntary early retirement will be considered in the context of: whether it is in the interest of the Council, the employee's personal circumstances if appropriate and the financial consequences of granting any request.

EFFICIENCY - for employees where early retirement is in the interests of the efficiency of the service.

New Forest District Council Salary Scale-From 1st April 2013

Leave Days	Salary	Hourly Rate	SCP	BAND 1	BAND 2	BAND 3	BAND 4	BAND 5	BAND 6	BAND 7	BAND 8	BAND 9	BAND 10	BAND 11	BAND 12
27	£95,970	£49.7439	81												
27	£93,178	£48.2964	80												
27	£90,464	£46.8897	79												
27	£87,829	£45.5239	78												£87,829
27	£85,273	£44.1994	77												£85,273
27	£82,776	£42.9047	76												£82,776
27	£80,375	£41.6604	75												£80,375
27	£78,078	£40.4699	74												£78,078
27	£75,854	£39.3171	73												£75,854
27	£73,693	£38.1968	72												
27	£71,591	£37.1074	71												
27	£69,566	£36.0578	70												
27	£67,611	£35.0448	69												
27	£65,727	£34.0679	68												
27	£63,906	£33.1240	67												
27	£62,164	£32.2215	66												
27	£60,482	£31.3493	65											£62,164	
27	£58,870	£30.5138	64											£60,482	
27	£57,331	£29.7160	63											£58,870	
27	£55,854	£28.9506	62											£57,331	
27	£54,397	£28.1952	61											£55,854	
27	£53,244	£27.5978	60											£54,397	
27	£52,167	£27.0393	59												
27	£51,096	£26.4843	58												
27	£50,032	£25.9331	57										£50,032		
27	£49,158	£25.4797	56										£49,158		
27	£48,267	£25.0180	55										£48,267		
27	£47,384	£24.5604	54										£47,384		
27	£46,509	£24.1071	53										£46,509		
27	£45,614	£23.6427	52										£45,614		
27	£44,735	£23.1873	51												
27	£43,689	£22.6449	50												
27	£42,972	£22.2738	49												
27	£42,101	£21.8220	48									£42,972			
27	£41,223	£21.3670	47									£42,101			
27	£40,327	£20.9027	46									£41,223			
27	£39,417	£20.4310	45									£40,327			
27	£38,478	£19.9441	44									£39,417			
27	£37,627	£19.5028	43									£38,478			
26	£36,733	£19.0395	42												
26	£35,817	£18.5647	41												
26	£34,923	£18.1014	40												
26	£34,012	£17.6292	39												
26	£33,133	£17.1737	38												
26	£32,087	£16.6314	37												
26	£31,161	£16.1513	36												
26	£30,288	£15.6990	35												
26	£29,496	£15.2886	34												
26	£28,901	£14.9802	33												
26	£28,089	£14.5593	32												
26	£27,275	£14.1374	31												
25	£26,493	£13.7322	30												
25	£25,667	£13.3039	29												
25	£24,828	£12.8689	28												
24	£23,874	£12.3747	27												
24	£23,099	£11.9727	26												
24	£22,363	£11.5915	25												
23	£21,650	£11.2219	24												
23	£20,989	£10.8790	23												
23	£20,323	£10.5341	22												
23	£19,748	£10.2357	21												
22	£19,245	£9.9749	20												
22	£18,562	£9.6211	19												
22	£17,912	£9.2844	18												
22	£17,268	£8.9504	17												
22	£16,936	£8.7782	16												
22	£16,528	£8.5667	15												
22	£16,160	£8.3762	14												
22	£15,828	£8.2039	13												
22	£15,540	£8.0547	12												
22	£15,130	£7.8422	11												
22	£14,850	£7.6971	10												
22	£13,948	£7.2296	9												
22	£13,535	£7.0155	8												
22	£13,134	£6.8077	7												
22	£12,748	£6.6076	6												
22	£12,377	£6.4153	5												
Employee Notice Period				One Month's Notice						Two Month's Notice			Three Month's Notice		