

REPORT OF GENERAL PURPOSES AND LICENSING COMMITTEE

(Meeting held on 10 January 2014)

1. PAY POLICY STATEMENT 2014-15 (REPORT A) (MINUTE NO. 25)

The Committee has considered the proposed Pay Policy Statement 2014-15 as set out in Appendix 1.

The Localism Act 2011 requires Councils to prepare a pay policy statement each financial year. The statement must set out the Council's policies for the financial year relating to the remuneration of its Chief Officers, the remuneration of its lowest paid employees and the relationship between the remuneration of its Chief Officers and other employees.

The new Local Government Pension Scheme comes into effect from 1 April 2014. As not all details are yet finalised, the Pay Policy Statement may need to be amended during 2014.

RECOMMENDED:

That the Council that the Pay Policy Statement 2014-15 as set out in Appendix 1 be approved.

**Cllr G C Beck
Chairman**

New Forest District Council

Pay Policy Statement Financial year 2014-15

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 2014-15, 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 onto General Purposes and Licensing Committee who will make recommendations to 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 2014/15 are outlined below:

8. The Head of Paid Service will be paid a salary of £115,731.
9. 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.
10. 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.
11. The Section 151 (Chief Financial Officer) and Executive Director will be paid a salary on Band 12.
12. The Monitoring Officer and 8 Heads of Service will be paid a salary on Band 11.
13. The Deputy S151 Chief Finance Officer and Deputy Monitoring Officer will be paid a salary on Bands 9 or 10.
14. 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.
15. 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.
16. 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.
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 provides for a maximum of 30 weeks. A multiplier of 1.5 is used to support efficient organisational change. The Council scheme therefore provides for an entitlement of up to a maximum of 45 weeks based on length of service and age. The council operates one redundancy scheme for both voluntary and compulsory redundancies. All redundancies are subject to a full Business case which requires a maximum financial payback of 3 years.
21. The Council practice is not to re-employ Chief Officers who have received a redundancy or severance package on leaving the council.
22. In accordance with the Code of Recommended Practice for Local Authorities on Data Transparency, pay and benefits information for staff paid over £58,200 are published. This information is contained on 'Transparency and Open Government' pages on the council's external website. Information on senior employees' remuneration can also be found in the council's annual Statement of accounts.

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

23. 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.
24. 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.
25. 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.
26. 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.
27. 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.
28. 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.

29. 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.
30. 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.
31. The Council's redundancy scheme is detailed in paragraph 20 and this applies to all employees.
32. The Council practice is not to re-employ staff who have received a redundancy or severance package on leaving the council; any request to do so would require specific approval from the appropriate Head of Service and Head of Human Resources.
33. In accordance with The Local Government Association guidance on the Government's requirement for reporting remuneration relationships (the ratio between the highest paid employee and the median average earnings across the organisation as a multiple). Based on 1st April 2014 (assuming no national pay award) this has been calculated as follows:

Chief Executive Remuneration	£115,731
Employees Median average remuneration	£18,748
Ratio	6.2

New Forest District Council Salary Scale-From 1st April 2014

Item 1

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	£96,930	£50.2414	81												
27	£94,110	£48.7797	80												
27	£91,369	£47.3589	79												
27	£88,707	£45.9792	78												£88,707
27	£86,126	£44.6414	77												£86,126
27	£83,604	£43.3341	76												£83,604
27	£81,179	£42.0772	75												£81,179
27	£78,859	£40.8747	74												£78,859
27	£76,613	£39.7105	73												£76,613
27	£74,430	£38.5790	72												
27	£72,307	£37.4786	71												
27	£70,262	£36.4186	70												
27	£68,287	£35.3949	69												
27	£66,383	£34.4080	68												
27	£64,545	£33.4554	67												
27	£62,786	£32.5436	66												
27	£61,087	£31.6630	65											£62,786	
27	£59,459	£30.8192	64											£61,087	
27	£57,904	£30.0132	63											£59,459	
27	£56,413	£29.2403	62											£57,904	
27	£54,941	£28.4774	61											£56,413	
27	£53,776	£27.8735	60											£54,941	
27	£52,689	£27.3101	59												
27	£51,607	£26.7493	58												
27	£50,532	£26.1921	57										£50,532		
27	£49,650	£25.7349	56										£49,650		
27	£48,750	£25.2684	55										£48,750		
27	£47,858	£24.8061	54										£47,858		
27	£46,974	£24.3479	53										£46,974		
27	£46,070	£23.8793	52										£46,070		
27	£45,182	£23.4190	51												
27	£44,126	£22.8717	50												
27	£43,402	£22.4964	49												
27	£42,522	£22.0403	48										£43,402		
27	£41,635	£21.5805	47										£42,522		
27	£40,730	£21.1114	46										£41,635		
27	£39,811	£20.6351	45										£40,730		
27	£38,863	£20.1437	44										£39,811		
27	£38,003	£19.6979	43										£38,863		
26	£37,100	£19.2299	42												
26	£36,175	£18.7504	41												
26	£35,272	£18.2824	40												
26	£34,352	£17.8055	39												
26	£33,464	£17.3453	38												
26	£32,408	£16.7979	37												
26	£31,473	£16.3133	36												
26	£30,591	£15.8561	35												
26	£29,791	£15.4415	34												
26	£29,190	£15.1299	33												
26	£28,370	£14.7049	32												
26	£27,548	£14.2788	31												
25	£26,758	£13.8694	30												
25	£25,924	£13.4371	29												
25	£25,076	£12.9975	28												
24	£24,113	£12.4984	27												
24	£23,330	£12.0925	26												
24	£22,587	£11.7074	25												
23	£21,867	£11.3342	24												
23	£21,199	£10.9880	23												
23	£20,526	£10.6392	22												
23	£19,945	£10.3380	21												
22	£19,437	£10.0747	20												
22	£18,748	£9.7176	19												
22	£18,091	£9.3770	18												
22	£17,441	£9.0401	17												
22	£17,105	£8.8660	16												
22	£16,693	£8.6524	15												
22	£16,322	£8.4601	14												
22	£15,986	£8.2860	13												
22	£15,695	£8.1351	12												
22	£15,281	£7.9205	11												
22	£14,999	£7.7744	10												
22	£14,087	£7.3017	9												
22	£13,670	£7.0855	8												
22	£13,265	£6.8756	7												
22	£12,875	£6.6734	6												
22	£12,501	£6.4796	5												
Employee Notice Period				One Month's Notice						Two Month's Notice			Three Month's Notice		

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.