

Cabinet



21 November 2018

Report of Assistant Director – Policy and Author

Corporate

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Title Officer Pay Policy Statement for 2019/20

Wards affected

Not applicable

1. Executive Summary

- 1.1 Local authorities must publish an officer pay policy statement each year. The statement must be approved by Full Council.
- 1.2 The statement covers all pay and benefits for all Colchester Borough Council employees.
- 1.3 The draft statement for 2019/20 is attached, with the detailed rates in the appendix.

2. Recommended Decision

2.1 To recommend the approval and adoption of the 2019/20 Statement by Full Council.

3. Reason for Recommended Decision

3.1 The Localism Act requires "authorities to prepare, approve and publish pay policy statements articulating their policies towards a range of issues relating to the pay of its workforce, which must be approved by full Council annually. An authority's pay policy statement must be approved by a resolution of that authority before it comes into force".

4. Alternative Options

4.1 The only alternative would be to not recommend the approval of the Pay Policy Statement, but that would be contrary to the requirements of the Localism Act.

5. Background Information

5.1 Local authorities must publish a pay policy statement for the financial year. The Officer Pay Policy for 2018/19 was approved by Full Council on 6 December 2017.

The Localism Act specifies items that must be covered by the statement including 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 and bonuses for chief officers, the approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority, and the publication of and access to information relating to remuneration of chief officers.

- 5.2 The Council's pay policy statement has been extended beyond the statutory requirements relating to chief officers as shown in 5.1 above to include all officers employed by the Council, in the interests of openness and transparency.
- 5.3 Please see the attached Officer Pay Policy. Appendix 1 of the policy contains the mostly numerical data which sits behind it, and the definitions of terms such as 'chief officers'. These two documents form the Council's officer pay policy statement.
- 5.4 The statement covers all pay and benefits for every employee of Colchester Borough Council. There are no financial allowances or bonuses other than those mentioned.
- 5.5 The three Amphora trading companies were set up in January 2018, within the Colchester Commercial (Holdings) Ltd holding company (CCH). CCH staff and those who transferred across to Amphora in April 2018 are not covered by this statement.
- 5.6 Mandatory requirements for data publication under the <u>Local government transparency</u> code 2015, and for the Council's <u>Statement of Accounts</u> under the <u>Accounts and Audit Regulations 2015</u> have also been taken into account when preparing this year's update of the pay policy to ensure that the published data is complete and consistent.

6. Living Wage

- 6.1 The Council has chosen to pay the <u>Living Wage</u> as set by the Living Wage Foundation, since 2013 as part of its commitment to being a good employer, and its approach to <u>Social Value</u>. The Council will continue to pay the Living Wage as a minimum standard for all its employees.
- 6.2 The Living Wage is set independently and calculated according to the basic cost of living in the UK. From 5 November 2018 the Living Wage rate is now £9.00, for workers who are 18 and older (see Appendix 1 of policy for more details, annual salary rate etc).
- 6.3 This Living Wage hourly rate, paid by the Council and set by the Living Wage Foundation, is higher than the statutory National Living Wage brought in by central government in April 2016 for workers who are 25 years or over (currently £7.83) or the National Minimum Wage (£7.38 if 21-24, £5.90 if 18-20, £4.20 if under 18).
- 6.4 The Council signed a 'Living Wage Employer' licence with the Living Wage Foundation in February 2016. This means that as well as paying the Living Wage Foundation's recommended hourly rate to staff, this has been included in new third-party contracts from that date. The Council is also implementing a phased plan which rolls out as contracts come up for renewal so that these third-party contracted staff also receive the Living Wage.

- The first contract to come up for renewal was grounds maintenance in 2016. More than 300 permanent/casual Council staff and 40 third-party contracted employees had their wages increased to meet the £8.45 an hour Living Wage rate set in November 2016 (rose to £8.75 from 6 November 2017 and now £9.00 from 5 November 2018).
- Arrangements are underway to renew the current cleaning contracts. The intention is for this to be one new cleaning contract comprising of all office, communal areas and sheltered schemes from March 2019. The Living Wage will be part of that contact renewal, improving the pay for around 12 to 16 third-party contracted cleaning staff.

7. Strategic Plan References

7.1 The performance, remuneration and motivation of employees are key to delivering effective, efficient public services and the Strategic Plan's aspirations and priorities.

8. Publicity Considerations

8.1 The data within the Officer Pay Policy is publicly available on the Council's website - 'Datashare' so it is all in one place, helping to improve openness and transparency.

9. Financial implications

9.1 The pay policy statement provides transparency about the Council's pay and benefits.

10. Equality, Diversity and Human Rights implications

101.1 The Equality Impact Assessment is on the Council's website here or by following the path: www.colchester.gov.uk > Your Council > How the Council Works > Equality and Diversity > Equality Impact Assessments

11. Other Implications

11.1 There are no community safety, consultation, health and safety or risk implications.



Officer Pay Policy



Customer Business Culture

OFFICER PAY POLICY

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Introduction

The purpose of this policy is to provide an open and transparent framework that ensures clarity, fairness and consistency in the remuneration of officers.

The Council will comply with this policy which covers all officers. It ensures that employees are paid on a fair and equitable basis in accordance with equality legislation.

Colchester Borough Council recognises the importance of administering pay in a way that:

- attracts, motivates and retains appropriately talented people needed to maintain and improve the Council's performance and meet future challenges
- reflects the market for comparable jobs, with skills and competencies required to meet agreed delivery and performance outcomes
- allows for a proportion of remuneration to be at risk, depending upon the delivery of agreed outcomes and results
- delivers the required levels of competence within an overall workforce strategy within approved budget parameters
- is affordable and transparent.

1. Pay strategy and framework

- 1.1 The Council determines the level of annual salary for employees, including chief officers, using an established job evaluation scheme. Jobs are independently evaluated, using this scheme, by experienced Human Resources staff and all employees have the right of appeal against their pay grade.
- 1.2 The pay grades and salary spines are shown on the Council's website here, and in Appendix 1 along with other definitions such 'chief officer'. Each pay grade has a number of incremental points and employees normally progress up their pay grade by one increment on an annual basis, subject to satisfactory levels of performance (see also section 5 rewarding performance).
- 1.3 The exception to this principle is where employees have transferred their employment to the Council and salary protection exists under the Transfer of Undertakings (Protection of Employment) legislation commonly known as TUPE.
- 1.4 The pay policy incorporates the Council's Equality and Diversity policy (website link Equality and Diversity in employment Colchester Borough Council) and periodic equal pay audits will be conducted.
- 1.5 From April 2017, <u>Equality Act regulations</u> require public organisations with more than 250 employees to publish a range of gender pay gap figures to show whether there are any differences in pay between male and female employees. The first annual gender pay 'snapshot' was published on the Council's website <u>here</u>. This includes a link to the Government's website where figures from other public and private organisations can also be seen/searched for to help with openness and transparency.
- 1.6 The Council implemented the 'Living Wage', which is independently calculated by the Living Wage Foundation, from April 2013 and became an accredited Living Wage Employer in February 2016.

2. Pay review and annual increases

- 2.1 The Council supports the principle of collective bargaining and has a recognition agreement with the trade union 'Unison'. Negotiation and consultation is conducted at a local level in relation to levels of pay and benefits for all employees including Chief / Senior Officers (see definitions in Appendix 1) using 'Colchester Managed Grades' (CMG) pay grades. The Council therefore is not part of any national terms and conditions for local government employees.
- 2.2 Local negotiations around a pay review are conducted on an annual basis, and any increase is agreed taking into account inflationary factors, local salary levels and affordability. Any decision to increase salary levels for all employees has to be approved by the Portfolio Holder under delegated powers set in the Council's Constitution.
- 2.3 The Council publishes its pay multiple (the ratio between the highest and lowest paid employees) and does not currently set a target for this.

3. Remuneration of Chief Officers

- 3.1 The remuneration of all officers is determined using the Council's job evaluation and performance management schemes.
- 3.2 The median average value of Chief Officers' pay is shown in Appendix 1 together with the relationship to the lowest paid staff and other staff (referred to in the legislation as "the pay multiple").
- 3.3 The remuneration of all Chief Officers and Senior Officers is published in the Council's <u>Annual Statement of Accounts</u>, which also includes a wide range of financial information.

4. Other items in addition to salary

The Council pays the following additions to annual salary:

4.1 Overtime:

This is paid to employees who are required to work in excess of their contracted weekly hours. All overtime is paid at plain-time rate derived from annual salary, and enhancements are not normally paid for working at weekends or public holidays. Employees on pay grade CMG5 or above are not entitled to receive overtime pay.

4.2 Unsocial hours working:

The Council pays an allowance to employees who work unsocial hours which cover 24-hour shift working. Allowances are also paid to employees who undertake standby and call out duties. A small payment can also made to 'front-line' employees who are required to work over the Christmas and New Year period.

4.3 Maternity, paternity and shared parental arrangements:

The Council has a policy that supports parents and provides some enhancement to the statutory maternity, paternity and shared parental provisions. These enhancements are shown in Appendix 1.

4.4 Recruitment and retention payments:

Where the Council is faced with difficulties in recruitment to and retention of specific jobs, as a result of market pressures and skills shortages, the Chief Executive is able to sanction the use of a temporary recruitment/retention supplement, reviewed on a regular basis. This may include a non-consolidated payment on appointment and/or a retention payment to reflect the employment market and the needs of the business. Any such payment is to be authorised by the Chief Executive. If the employee leaves the Council voluntarily within a year, they will be required to pay back this non-consolidated payment.

Where an individual is being recruited and has significant experience or skills in the role for which they are being employed, Assistant Directors and above have discretion to appoint at any scale point (within the grade) above the lowest level.

Where an employee is upgraded using the Council's job evaluation scheme, the employee will move to the lowest point of the new pay grade such that they receive at least one increment. Any proposal to move the employee to a higher point on the pay grade has to be authorised by the Chief Executive.

4.5 Increases in responsibility:

Temporary or permanent payments can be paid at the discretion of the Chief Executive (for employees on CMG 7 and above), or at the discretion of a member of the Executive Management Team (for employees on CMG 8 and below), to reflect operational needs, the level of additional responsibility and the Council's increment/acting-up policies.

4.6 Other items:

The Council only reimburses reasonable business expenses actually incurred and in line with the Council's travel and subsistence policy.

Professional membership fees are reimbursed to employees at the rate of 50% of fees incurred and only one membership per employee is reimbursed.

External training costs are paid where they form part of agreed learning and development, and in line with the post-entry training policy.

There are no expense allowances or bonuses other than those mentioned within this pay policy.

5. Rewarding performance

- 5.1 The Council uses a performance management scheme to appraise the performance of all employees, including Chief / Senior Officers. Issues of poor performance can result in any annual increment being withheld.
- 5.3 The Council also recognises the need to incentivise specific jobs whose role involves a proportion of sales or income generation. In such cases a reward package will be developed, which needs approval by Senior Management Team. The annual salary and incentive payment will be determined outside of the job evaluation scheme and will be risk-assured in relation to equal pay.
- 5.4 The Council incentivises and recognises employees for their individual contribution towards the three organisational goals of 'Customer; Business and Culture' through a non-salary rewards scheme. Where an employee's contribution is deemed to be excellent they can be nominated for a non-consolidated payment up to the maximum value if authorised by an Executive Director. See Appendix 1 for the value of these incentives.

6. Pension

- 6.1 In accordance with statutory provisions, employees are offered membership of the Local Government Pension Scheme. The Council has a published pension policy and this policy applies to all employees including Chief / Senior Officers. It sets out the Council's decisions relating to discretionary powers allowed within the scheme. The pension contribution rates are shown in Appendix 1.
- 6.2 The Council also supports the principle of flexible retirement whereby employees are able to gain access to their pension whilst continuing in employment, subject to the restrictions laid down within the scheme and in the Council's Pension policy. This approach allows the Council to retain skilled employees and to assist individuals in managing the transition to retirement.

7. Other financial benefits

The Council currently offers the following financial benefits to employees, with the value of these charges and benefits shown in Appendix 1:

7.1 Travel Plan incentives/charges:

In order to encourage employees to use 'greener' travel modes, which also help to reduce town centre congestion, the Council has developed a package of travel plan measures. These measures include a charge for car parking for employees based in the town centre, and discounts for 'home to work' use of bus and rail travel.

7.2 Salary sacrifice schemes:

The Council has adopted approved government salary sacrifice schemes which enable employees to have deductions from pay to purchase childcare vouchers or cycles for travel to work. These schemes are tax efficient for the employee and are cost-neutral to the Council.

7.3 Long Service Awards:

The Council recognises the commitment of employees to public service and provides a gift to employees for 25 years' service with the Council.

7.4 Other allowances:

An allowance is paid for employees who volunteer to be designated First Aiders in the workplace.

8. Recruitment

- 8.1 In accordance with the Council's <u>Constitution</u>, appointments to Head of Paid Service (Chief Executive), Executive Directors, Assistant Directors, Chief Finance Officer and Monitoring Officer, have to be approved by the Full Council.
- 8.2 All appointments are made in line with this pay policy.
- 8.3 The appointment of other Chief Officers and starting salaries within the grade must be approved by the Chief Executive.
- 8.4 The appointment of employees other than Chief Officers is delegated to the appropriate management level, relevant to the vacant job. The starting salary within the pay grade range is determined taking into account the skills and experience of the applicant and market pressures.
- 8.5 The Council does not restrict the re-employment of employees previously made redundant by either the Council or other Local Government. All applicants for vacancies are considered equally, based on their knowledge, skills and experience.
- 8.6 Full Council will be offered the opportunity to vote before large salary packages are offered in respect of new appointments. This level is set out in statutory guidance, and the current level is shown at Appendix 1 along with definitions of roles/posts.

9. Sick Pay

The Council applies the following sick pay scheme for all employees.

Service (years)	Full Pay (months)	Half Pay (months)
During first year	1	*2
During second year	2	2
During third year	4	4
During fourth/fifth years	5	5
After five years	6	6

^{*} After completing 4 months' service

10. Payments when employment status changes

10.1 Redundancy:

The Council operates a redundancy payment scheme which applies to all employees including Chief / Senior Officers. The scheme is based on the employee's rate of pay and on the number of weeks paid under the statutory scheme, with an enhancement of 50% subject to a maximum of 45 weeks' pay.

10.2 Pay Protection:

The Council operates pay protection for a limited time period, within the terms of the redundancy policy. This applies when staff have their pay reduced as part of a process of re-deployment or job evaluation.

10.3 Agreements:

Where the Council is in dispute with an employee, the Council will make use of legally binding agreements to settle disputes in appropriate circumstances. The use of these agreements and the value of any settlement will be determined by a consideration of factors such as the potential costs of litigation, the degree of risk at employment tribunal adjudications and any reputational impact. The decision to agree a legally binding agreement will rest with the Chief Executive or, in the case of the Chief Executive, will rest with the Cabinet.

11. Election duties

- 11.1 The Council has determined that the Returning Officer is the Chief Executive, and the remuneration is separate from the Chief Executive's salary. Remuneration levels for employees who assist with local government election duties on a secondary employment basis are set by Essex County Council for county elections, and by central government for national and European elections.
- 11.2 The amount paid for election duties will vary depending on the number and type of elections which take place. The amount paid to the Returning Officer in the previous year is shown in Appendix 1.

12. Temporary staff and interim arrangements

12.1 The Council occasionally uses temporary agency or interim staff where it meets specific business needs and delivers best value. Levels of reward are determined by market rates. However, the Council will not use payment arrangements that could be perceived to be designed to deliberately avoid personal taxation.

13. Supporting Information

The following references have been used in producing this Pay Policy, along with the Council's existing Human Resource policies:

Legislation

- The Localism Act 2011 chapter 8 pay accountability.
- The Equality Act 2010
- Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006
- Local Government Pension Scheme Regulations 2008
- Accounts and Audit Regulations 2015.

Best practice guidance

Ministry of Housing, Communities and Local Government:

 Openness and accountability in local pay: Guidance under section 40 of the Localism Act and Local government transparency code

The Chartered Institute of Public Finance and Accountancy:

Code of Practice in Local Authority Accounting

Local Government Association

• Pay Policy Statements - guidance.

Our website

The Council's website <u>www.colchester.gov.uk</u> has a <u>section with more information about employment</u> at Colchester Borough Council.

The following policies and forms should be taken into account alongside this document:

Policies	
Equality and Diversity policy	Increment policy
Maternity and Paternity policies	Acting up policy
Pensions policy	Overtime policy
Local Government Pension Scheme	Performance management scheme
(Administration) Regulations 2013	-
Discretionary Decisions by Colchester	
Borough Council	
Post-entry training policy	Change Management and Redundancy policy
Travel and subsistence policy	Travel Plan

The policies are on the Intranet in the HR section: A to Z of HR Policies and Procedures

Document Information

Title: Officer Pay Policy

Status: 2018 update of existing policy

Version: Current

Consultation: Cabinet 21 November 2018

Approved By: Full Council
Approval Date: 6 December 2018

EQIA: click here
Review Frequency: Annual

Next Review: November / December 2019

This policy applies to you if you are working under the Terms and Conditions of Colchester Borough Council.

Pay Data - Appendix 1

1. Annual Salary scales

Salary spine

point	Annual salary (£.p)	point	Annual salary (£.p)
4*	17,363.55	32	35,629.32
5*	17,363.55	33	37,001.74
6*	17,363.55	34	38,275.53
7*	17,363.55	35	39,549.35
8*	17,363.55	36	40,823.15
9*	17,363.55	37	42,147.62
10*	17,363.55	38	43,472.10
11*	17,363.55	39	44,796.54
12	17,723.59	40	48,089.22
13	18,111.20	41	51,381.93
14	18,501.56	42	54,674.62
15	18,886.44	43	59,061.71
16	19,272.06	44	63,448.77
17	19,661.66	45	67,835.85
18	20,043.83	46	72,222.89
19	20,624.55	47	76,609.96
20	21,205.30	48	80,816.22
21	21,786.03	49	85,022.51
22	22,336.77	50	89,228.75
23	22,947.51	51	93,435.04
24	23,574.82	52	97,641.28
25	25,444.42	53	101,847.58
26	27,360.60	54	106,574.34
27	29,276.77	55	111,301.07
28	30,479.37	56	116,027.81
29	31,681.94	57	120,754.54
30	32,884.50	58	125,481.29
31	34,256.92	59	128,017.92

The last pay increase was in April 2018 – 1.5%. The Living Wage rate, as set by the Living Wage Foundation, was uplifted to £9.00 an hour/£17,363.55 a year on 5 November 2018.

Pay Grade range - Colchester Managed Grades (CMG)

Pay Grade (CMG)	Salary spinal column point (SCP) range	Pay Grade (CMG)	Salary spinal column point (SCP) range
14	4 to 7	7	32 to 36
13	7 to 12	6	35 to 39
12	11 to 18	5	38 to 42
11	18 to 24	4	42 to 47
10	23 to 27	2-3	46 to 53
9	26 to 30	1	54 to 59
8	29 to 33		

^{*} Note these salary points are 'Living Wage' (£9.00 from November 2018 – was £8.75). Employers can choose to pay the Living Wage on a voluntary basis, and the Council has done so since 2013. This is higher than the compulsory National Living Wage introduced by the government from April 2016 for all employees who are over 25 (currently £7.83).

Apprentices

The national introduction of an Apprenticeship Levy in April 2017 aimed to encourage businesses to create three million new apprenticeships by 2020. Employers operating in the UK with a pay bill over £3 million each year are now required to invest in apprenticeships via an apprenticeship levy charged at a rate of 0.5% of the annual pay bill.

The Council's first intake of apprentices joined in September 2017. CBC agreed the apprenticeship pay rate as the <u>National Minimum Wage by age</u> - this is more than the NMW rate for apprentices of £3.70 an hour, and CBC apprentices gets the NMW for their age straight away without having to complete the first year of an apprenticeship or be 19.

2. Pay relationship for Chief Officers

	2017/18	2018/19
Median average pay for Chief Officers	£75,477.80	£76,609.96
Median average pay for staff other than Chief Officers	£23,226.42	£23,574.82
Median average pay for lowest paid staff	£16,302.45	£16,881.23
Pay multiple of Chief Officer (Chief Executive) pay to staff other than this Chief Officer	5.43	5.43
Pay multiple of Chief Officers' pay to staff other than Chief Officers	3.25	3.25
Pay multiple of Chief Officers' pay to lowest paid staff	4.63	4.54

Notes – please also see definitions of officers at section 8 below:

- Median average pay is based on full-time equivalent annual salary plus additional payments for Chief Officers. It excludes election fees.
- 'Lowest paid staff' is defined as those paid the 'Living Wage' see chart of pay grades on page 9.
- Pay multiple the ratio between the highest and lowest paid staff.

3. Additional payments for Chief Officers

Returning Officer election fees paid to the Chief Executive:

Elections held	Amount paid Year	
Borough and Parish elections	£9,136.98	2018/19

4. Other pay additions and allowances – see pages 2 and 4 for eligibility

Unsocial hours working:

Where an employee is required to be on call "out of hours" as part of their duties: Standby allowance:

	0	higher rate – immediate response must be made – day rate	£16.95
	0	standard rate - non-immediate response – day rate	£8.48
Call-out:		·	£42.30.

Maternity, Paternity and Shared Parental pay:

In addition to the statutory provisions, the Council pays 20 weeks at half-pay for mothers who go on maternity leave and subsequently return to work. Up to two weeks' paid paternity leave is granted to eligible employees.

Non-salary rewards scheme:

Quarterly – 1,500 loyalty points (£15 in value) can be redeemed on activities or products within Colchester Leisure World. Maximum of 42 staff across all services each quarter. Annually – incentive is sourced via reciprocal marketing and voucher schemes.

Exceptional performance:

Non-consolidated payment/honorarium to a maximum of £1,000 if authorised by an Executive Director.

6. Pension contribution rate

Employer rate is 15.1%. Employee rates are:

LGPS Contribution Bands April 2018		
Actual Pay (includes overtime,	Contribution rate per year	
additional hours and so on)		
Up to £14,100	5.5%	
£14,101 - £22, 000	5.8%	
£22,001 - £35,700	6.5%	
£35,701 - £45,200	6.8%	
£45,201 - £63,100	8.5%	
£63,101 - £89,400	9.9%	
£89,401 - £105,200	10.5%	
£105,201 - £157,800	11.4%	
More than £157,801	12.5%	

7. Other financial benefits – see page 5 for eligibility

Travel Plan benefits and charges:

Car parking charge – this is paid by employees if they drive to work:

£2 per day.

Home to work travel, in line with Travel Plan policy:

• Bus season ticket discount 50% / train season ticket or 'bulk buy' discount 35%.

Long Service award:

Maximum value of £250 for 25 years' service with the Council.

First Aid allowance - for employees designated as First Aiders in the workplace:

• £155.82 a year.

8. Definition of terms used in the Officer Pay Policy and Pay Data documents

- Chief Officers posts requiring appointment by elected councillors designated as Chief Executive, Executive Directors and Assistant Directors within the Council's constitutional arrangements for appointment. It also includes the Section 151 and the Monitoring Officer where those roles are not performed by an Assistant Director. These posts meet the Chief Officer definition in paragraph 43 Localism Act.
- Chief Officer this is the Chief Executive.
- Senior Officers any post with a salary of £58,200 and above, which is the Senior Civil Service minimum pay band (paragraph 12 code of practice).
- Senior Management Team the Chief Executive, Executive Directors and Assistant Directors.
- Large salary package this is defined in statutory guidance and the current threshold is £100,000 (paragraph 14 Localism Act guidance).