

Council
22 February 2017

PAY POLICY 2017
Councillor N Blake
Leader of the Council and Chairman of the General Purposes Committee

1. Purpose

- 1.1 To approve the 2017 Pay Policy

2. Recommendations

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| 2.1 That the updated Pay Policy 2017, attached to this report, be approved. |
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3. Supporting Information

- 3.1 The attached report was considered by the General Purposes Committee on 24 January, 2017. As the report explains, the Council is statutorily required to publish an annual Pay Policy Statement. This statement must articulate the Authority's own policies towards a range of issues relating to the pay of its workforce, particularly its senior staff and its lowest paid employees.
- 3.2 The attached report summarises the information that has to be included within the Pay Policy Statement and defines the term "remuneration" as set out in the relevant legislation. The updated pay policy Statement has been discussed with the trades unions who suggested a minor amendment in relation to any apprenticeship scheme that the Council might introduce and the General Purposes Committee felt that this was eminently sensible. The attached Pay Policy Statement reflects this decision. The Committee commended the Statement for adoption by the Council.

4. Reasons for Recommendation

- 4.1 These are detailed in the attached report.

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Background Documents: None

AYLESBURY VALE DISTRICT COUNCIL – PAY POLICY 2017

1 Purpose

- 1.1 The Localism Act introduced responsibilities for local authorities to publish an annual pay policy statement. These statements must articulate an authority's own policies towards a range of issues relating to the pay of its workforce, particularly its senior staff (or 'chief officers') and its lowest paid employees.
- 1.2 The Council first published its Pay Policy in April, 2012, although the guidance states that pay policy statements must be prepared for each financial year and approved by full Council.

2 Recommendation for decision

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| 2.1 General Purposes Committee consider AVDC's Pay Policy as attached and recommend any changes before it proceeds to full Council. |
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3. Supporting information

- 3.1 The Localism Act requires local authority pay policies to be openly approved by democratically elected councillors. The Act was formally enshrined in law in November, 2011.
- 3.2 The associated guidance, 'Openness and accountability in Local Pay' sets out the requirement for councils to publish their remuneration arrangements, including for chief officers and approve large salary packages in an open session of full council.
- 3.3 Ministers explicitly say in the 2013 Supplementary Guidance that the pay vote ceiling should be set at £100,000. This includes publicly justifying any big bonuses, and above inflation annual pay rises, or hiring a person already in receipt of retirement or severance money. Authorities should have an explicit policy in their pay statement on whether or not they permit such practices.
- 3.4 At a time when the public are tightening their belts and all parts of the public sector are looking to make savings Ministers think taxpayers should have the opportunity to see whether value for money has been considered when setting pay policies.
- 3.5 The guidance states: "Taxpayers should rightly expect that their interests are being protected including when senior staff move posts within the public sector, particularly when those moves could be seen to have the effect of driving up average pay levels across the sector."
- 3.6 The guidance does not specify that a Council must establish a pay ratio or pay multiple between highest to lowest paid or highest to median salary. Even where it may choose to do so, the Hutton review of Fair Pay in the public sector published in March, 2011 does not recommend a single ratio between highest and lowest paid, or highest and median salary, as there are too many differences in sizes and roles within public sector organisations, so a single ratio does not make sense. Hutton recommended that authorities should be required to publish pay multiples between top pay and median pay and this is published annually, together with senior pay

information, as part of AVDC's data transparency obligations. In 2015/16 the multiple between top pay and median pay was 5.47.

- 3.7 The pay policy statement must include the authority's policies relating to:
- a. the level and elements of remuneration for each chief officer
 - b. remuneration of chief officers on recruitment
 - c. increases and additions to remuneration for each chief officer
 - d. the use of performance related pay for chief officers
 - e. the use of bonuses for chief officers
 - f. the approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority, and
 - g. the publication of and access to information relating to remuneration of chief officers.
- 3.8 The pay policy has previously been circulated to the Trade Unions and Employee Representatives for comment.
- 3.9 The term 'remuneration' covers:
- a. the chief officer's salary or, in the case of a chief officer engaged by the authority under a contract for services, payments made by the authority to the chief officer for those services
 - b. any bonuses payable by the authority to the chief officer
 - c. any charges, fees or allowances payable by the authority to the chief officer
 - d. any benefits in kind to which the chief officer is entitled as a result of the chief officer's office or employment
 - e. any increase in or enhancement of the chief officer's pension entitlement (this could include "pension strain") where the increase or enhancement is as a result of a resolution of the authority, and
 - f. any amounts payable by the authority to the chief officer on the chief officer ceasing to hold office under or be employed by the authority, other than amounts that may be payable by virtue of any enactment.

4. Options considered

- 4.1 None. It is a statutory requirement to publish the Council's pay policy on an annual basis.

5. Reasons for Recommendation

- 5.1 To meet the Council's statutory requirements and to be demonstrate transparency in the determination and payment of remuneration rates to the taxpayer.

6. Resource implications

- 6.1 Officer time in compiling and publishing the information.

7. Response to Key Aims and Objectives

- 7.1 None. As this is a statutory requirement.

AVDC Pay Policy 2017

1. How pay is determined

- 1.1 AVDC has local pay arrangements. All pay is decided locally between Members and the Trade Unions/ Employee representatives. The AVDC Pay Negotiating Team is comprised of the Leader of the Council and up to 2 Cabinet Members. This Panel is supported by 2 officers; the Director responsible for Finance and a People and Payroll Manager.
- 1.2 All employed officers at AVDC are on single salary spine grades (1 to 12) with the exception of Entry-level apprentices (See paragraph 1.5) . All roles within any of the grades are subject to the Hay Job Evaluation criteria. That is, all jobs are assessed on the same criteria and the differential in grade is determined by the responsibilities and competencies of the role. It is not possible to conduct a direct comparison with the nationally negotiated pay scales as job roles and grades in AVDC have, since 1988, been determined locally.
- 1.3 The current salary and grading system was introduced in 1988 as a negotiated collective agreement. This was to ensure a fair and equitable approach to job grading and salary distribution. AVDC worked with Hay to structure the grades and the steps within each grade and the differential salary between grades. Originally, there was a fixed differential (%age) between each of the grades, however, over the years this has eroded due to merging of pay grades, shortening of pay spines and differential pay awards being granted, explained below. The differentials between grades now vary between 14% at the middle grades, 20-26% at the lower end of the payscale and 31% difference between SG11 and SG12.
- 1.4 All staff are subject to performance related incremental progression within their grade. A copy of the current salary rates can be found at Appendix 1.
- 1.5 AVDC may directly employ apprentices as part of a recognised apprenticeship scheme. Where any such role is an entry level role (not in lieu of a substantive post) which does not fall within one of AVDC's established grades , the apprentice will be paid a rate which is above the national minimum wage for apprentices in their first year of training. This rate is initially set at £4.00 per hour on appointment and may be uplifted with exceptional progress. Where the apprentice is in their second year of training the rate of £4.00 per hour or the minimum wage for the relevant age group will apply (if this is higher).
- 1.6 Employees who have been transferred in to AVDC will be paid in accordance with their personal terms and conditions as protected by the Transfer of Undertakings (Protection of Employment) Regulations (as amended), which includes, for example, arrangements for any annual pay award.
- 1.7 In 2004, Council approved a 4 year pay strategy which aimed to ensure that all AVDC salaries were based on benchmarks for comparative work. The strategy outlined that

the aim was over the 4 year period to bring the median point of each salary grade to 100% of the median salary determined by the Hay market place benchmarking data.

- 1.8 Whilst that pay strategy formally ended in 2008, the Council has continued to apply the principles, using the benchmark data from Hay as a starting point for annual pay negotiations with Unions and Employee Representatives. However, a number of years of significant financial constraints, resulting in low or zero pay awards, have seen all grades move away from their benchmark medians.
- 1.9 AVDC's Commercial AVDC transformation programme has led to a number of people related strategies designed to deliver the Council's commercial aspirations. As part of this transformation, there is an intention to revisit the pay, reward and recognition strategy with a view to negotiating appropriate mechanisms to reward employees in a modern, commercial environment. This review may include changes to the pay policy as it is described in this document. The review will take place during 2017 and will actively involve trade union and employee representatives. Any revised pay policy will be subject to approval by the Council.

2. Definition of lowest paid and highest paid and the relationship between them

- 2.1 AVDC defines its lowest paid employees as those at Grade 1, currently comprising 19% of the total full time equivalent staffing numbers (as at October 2016) or any entry level apprentices (see paragraph 1.5). The highest paid is defined as the Chief Executive at grade 12. The relationship between the lowest and highest paid is defined by the single salary spine and grading structure which was established in 1998.
- 2.2 There is no mechanism in the current pay policy to determine a maximum difference between the salary of the lowest graded worker (Grade 1) and the most senior (Grade 12).

3. Remuneration for senior officers including performance related pay

- 3.1 As defined in The Accounts and Audit Regulations 2015, a senior employee is an employee whose salary is £150,000 or more per year, or an employee whose salary is £50,000 per year (pro-rata for part-time employees) and who is either:
 1. head of paid service (or a chief officer, as defined)
 2. head of staff, or
 3. a person who has responsibility for the management of a major activity, with power to direct and control the expenditure of money (paraphrased)
- 3.2 For the purposes of this policy, senior employees refers to officers graded SG7 and above and who are a manager in charge of a service area.
- 3.3 In 2004, Council approved a performance pay element for the role of Chief Executive. This element was used as part of the recruitment attraction package when the role of Chief Executive was advertised in 2006. This was a three year arrangement which

ceased in 2010. This element of salary (which is an aggregation over performance related pay payments over 3 years) was permanently consolidated into the Chief Executive's remuneration in 2010, and is contractually binding. Since that date, this amount is not subject to any further increase, except any cost of living increases applicable to all staff.

- 3.4 At this time, no other officers have performance related pay as part of their remuneration package.
- 3.5 All salaries at AVDC, regardless of grade or gender, are considered collectively as part of an overall grading and single salary spine and no additional or special pay arrangements put in place for senior salaries. The contractual consolidated performance element of the Chief Executive's pay is in addition to this arrangement, but is fixed and only subject to cost of living increases. Senior salaries are considered alongside all other grades when determining appropriate levels of pay award, including Grade 12 which is the substantive grade of the Chief Executive.
- 3.6 There is no guarantee that the performance related pay element will be incorporated in any future recruitment of senior officers. If the circumstance arose which necessitated the need for a recruitment process to be commenced, it will be discussed and considered at that time, and be subject to Council approval.
- 3.7 In 2016, following the departure and decision not to replace the Deputy Chief Executive, the salaries of the two Corporate Directors were reviewed and, in recognition of the additional commercial and strategic transformation responsibilities required in the role, it was deemed appropriate for them to be remunerated in accordance with Grade 11. The incremental scale points for grade 11 extend beyond £100,000, the level requiring Council approval, and when the two Directors progress incrementally, they will ultimately exceed the £100,000 remuneration threshold.
- 3.8 There may be occasions where it is necessary to pay a market premia in addition to the substantive pay in order to attract a candidate/s of suitable quality, particularly if there are skills shortages in the labour market. This may apply either for fixed term (interim) or permanent appointments. Where the market supplement does not take the total annual salary package beyond £100,000, this market premia may be determined by a Director in consultation with the Chief Executive and the relevant Cabinet Member. Where the proposed market supplement takes the total annual salary package beyond £100,000 this would be subject to full Council approval. The conditions surrounding the payment of market premia will apply in accordance with section 8 of the Hay Agreement, 2000 (updated 2009).
- 3.9 Where market premia is not justified, but external recruitment to a particular role is deemed to require additional financial incentive, the council may consider offering a one-off or staged payment in addition to normal salary within the first 12 months of employment. Payments of this type will require approval by a Director in consultation with the relevant cabinet member. If the proposed payment in addition to salary exceeds £100,000 this will require approval from Council.

4. Additional responsibility allowances and honorarium

- 4.1 Where staff, of any grade, undertake duties of a higher graded responsibility, they may be eligible for the payment of a responsibility allowance. The allowance reflects the difference between their current salary and normally the lowest spinal point of the grade into which the employee is temporarily undertaking higher level duties. All responsibility allowances are to be paid for specific temporary periods of time, normally restricted to a maximum of 12 months and will be limited to a maximum difference of 2 grades.
- 4.2 Where an employee undertakes part of the responsibilities of a higher graded role, they receive a proportionate payment.
- 4.3 The Council's policies also allow for the payment of honoraria. These are normally one off payments, or a series of monthly payments (normally up to 12), where it is appropriate to acknowledge exceptional performance of a particular task/project. These are approved at Director Level and are paid from service area budgets.
- 4.4 Honoraria requests are directed through People and Payroll Services who aim to ensure that the levels of payments of honoraria are relatively consistent across grades and service areas. There is no limit on the maximum amount paid in an honorarium.
- 4.5 Variations to the honoraria and additional responsibility payments may be approved by a Director in exceptional circumstances.
- 4.5 If payment of such an allowance takes the total annual remuneration package above £100,000 then payment will be subject to approval by full Council. This shall, however, only apply if the arrangement endured for six months or more. Group Leaders will be kept advised of any such temporary arrangements.

5. Payment for electoral duties

- 5.1 Where employees undertake electoral duties they receive payment for those duties, normally undertaken in work time, in addition to salary. Although it should be noted that the electoral duties undertaken are not in connection with their employment at the Authority*.
- 5.2 Aylesbury Vale District Council is required to appoint a Returning Officer by virtue of the Representation of the People Act 1983. Whilst appointed by the District Council, the role of the Returning Officer is one which involves and incurs personal responsibility and accountability and is statutorily separate from their duties as an employee of the District Council.
- 5.3 The fees for national elections and referendums are determined by the Government. The local election fees are reviewed annually on a County basis in conjunction with the other District Councils and Milton Keynes Council and are approved by the Chief

Executive. The local fees are kept as comparable as possible to those which apply for the national elections and any updating has regard to both the budget and pay situation across the authorities. The fees for any particular election are based on various prescribed calculations relating to for example the size of the electorate, quantity of postal votes and the number of seats contested to reflect the complexity and workload involved. The amount paid to staff assisting the Returning Officer depends on the role they undertake.

*note: electoral duties (including electoral registration canvas) are undertaken by some substantive AVDC employees and payments are made in the form of overtime, paid alongside their normal pay.

6. Other remuneration

- 6.1 A small number of employees have lease cars for operational reasons, as part of the enterprise car scheme. The lease car is deemed to be a benefit in kind, and is included in the definition of remuneration. In 2016 the Chief Executive was provided with a lease car with a view to supporting his business and increased travel commitments in pursuing commercial opportunities nationally and beyond.
- 6.2 Some employees are eligible to receive contractual or non-contractual overtime payments in accordance with the locally negotiated scheme. Overtime is not payable to employees on SG7 and above.
- 6.3 Eligible employees within the recycling and waste service receive some additional productivity related payments in accordance with the locally negotiated scheme and conditions of work. No such payments are in place for senior officers.
- 6.4 From April, 2012, a new recognition scheme was introduced which provides small and mainly non-financial rewards to staff for outstanding or exceptional performance as determined by an employee's regular performance reviews. The recognitions vary in value from non-financial to a maximum of £20 and were introduced to complement the Council's performance management processes. The scheme applies to all staff, regardless of grade.
- 6.5 There are no other additional elements of the remuneration package for senior officers other than those outlined above.

7. Approach to the payment of senior officers on their ceasing to hold office under or to be employed by the authority

- 7.1 AVDC's redundancy policy applies to all staff regardless of grade and awards redundancy payment at 1.73 of actual weekly salary. The amount payable depends on the employee's age and length of service and is consistent with the statutory table of calculating redundancy pay. The maximum amount payable under this scheme is equivalent to almost 12 months salary.

- 7.2 The payment of pension strain directly to the LGPS as part of a redundancy payment, which enables the payment of an unreduced pension, is non-discretionary and is determined on an individual basis, by the pension administrator. The cost of redundancy is set against on-going annual salary and employment on-costs (at 35%), typically recovered within two years. Each redundancy decision is approved at Chief Executive level in consultation with the relevant Cabinet Member.
- 7.3 Employer discretions exist, under the Local Government Pension Scheme, to enhance other pension entitlement upon termination. Any such awards require approval by the Chief Executive and Leader, such awards are rarely made.
- 7.4 Where an employee accepts voluntary redundancy and an unreduced pension, enabled by the payment of the pension strain they will not be re-employed directly by the Council except in accordance with the Council's Redundancy Procedure.
- 7.5 Where there exists a dispute between an employee and the Council, the Council reserves the right to consider an ex-gratia payment as part of a severance package. This is subject to the Chief Executive's approval in consultation with the Leader. Such arrangements will be legally protected by a formal Settlement Agreement arranged through the Council's solicitors.
- 7.6 These arrangements are subject to the Government's proposed reforms on such payments which are due to be implemented during 2017. No detail has been provided on the implementation, however, it is expected that the new rules will limit (cap) payments and/or change the way such payments are calculated. AVDC will be required to comply with the new rules, when they are implemented, and will consult with trade union and employee representatives when more details become available.

8. Transparency - Senior Employee's Salary Information.

- 8.1 Each year, the Council publishes the salaries of all senior employees, as described at Section 3.2 of this policy. A copy of the publication is available at view as Appendix 2.

9. Revisions

- 9.1 Section 3.2 revised to more accurately define the meaning of the term "senior employee" (Nov 2015).
- 9.2 Section 1.5 added to include pay for entry level apprentices
- 9.3 Section 1.3 updated with current figures (Dec 2016)
- 9.4 Section 1.8 describes the plan to revisit the pay policy and remuneration strategy during 2017 (Dec 2016)
- 9.5 Section 3.7 added to reflect salaries of Corporate Directors. (Dec 2016)
- 9.6 Section 3.9 added in respect of additional recruitment incentives (Dec 2016)
- 9.7 Section 6.1 revised to include additional remuneration for the Chief Executive (Dec 2016)
- 9.8 Section added to explain the implications of the Government's exit payments reforms. (Dec 2016)

AVDC's Salary Spine as at 1 April 2016

	Salary April '16		Salary April '16
SG1			
508	15,204	SG7	672 50,220
509	15,948		673 51,096
510	16,740		674 51,996
512	17,628		675 52,956
513	18,576		676 53,868
SG2			
517	20,892	SG8	682 57,180
518	21,540		683 58,152
519	22,164		684 59,160
520	22,848		685 60,228
521	23,472		686 61,308
SG3			
524	25,764	SG9	692 64,824
525	26,520		693 65,976
526	27,324		694 67,140
527	28,140		695 68,340
528	29,004		696 69,540
SG4			
641	32,352	SG10	903 74,664
642	33,000		904 76,008
643	33,660		905 77,352
644	34,308		906 78,720
645	34,968		907 80,136
SG5			
652	36,744	SG11	952 95,244
653	37,500		953 96,948
654	38,244		954 98,664
655	38,976		955 100,416
656	39,756		956 102,240
SG6			
662	43,116	SG12	992 125,028
663	43,860		993 127,284
664	44,628		994 129,576
665	45,396		995 131,904
666	46,188		996 134,268

Senior Salary information

Financial year 2016/17 – as at 31/10/16

Job title	Service Area	FTE	Responsible for: (aggregated budget/ no.of staff)	Pay Band (FTE)	Other remuneration #
Chief Executive		1		£125,028 - £145,247	Car
Director	Business Strategy & Governance Business Enablement & Support Leap Business Strategy, Governance & Support Commercial - Property	1	£5,127,700 125	£95,244 – 102,240	None
Director	Community Fulfilment Customer Fulfilment	0.8	£13,482,900 315	£76,195 - £81,792	None
Head of Transformation		1	19	£64,824 - £69,540	None
Sector Lead	Commercial Property	1	-£1,436,400 35	£64,824 - £69,540	None
Sector Lead	Customer Fulfilment	1	£10,220,30 272	£57,180 - £61,308	None
Sector Lead	Business Enablement & Support	1	£459,600 39	£57,180 - £61,308	None
Sector Lead	Community Fulfilment	1	£3,262,600 43	£57,180 - £61,308	None
Sector Lead	Commercial – People / IP	1	£434,400 3	£57,180 - £61,308	None
Sector Lead	Business Strategy & Governance	1	£3,553,300 29	£57,180 - £61,308	None
Partnership Director	Leap	1	£1,246,400 14	£57,180 - £61,308	None
Operations Manager	Recycling & Waste	1	£5,516,800 119	£57,180 - £61,308	None
Business Assurance Manager	Business Assurance	0.92	£32,400 3	£52,605 - £56,403	None
Finance Manager	Finance	1	Nil 5	£50,220 - £53,868	None
Building Control & Access	Building Control	1	£51,300 10	£50,220 - £53,868	None

Manager					
Planning Manager	Planning	1	£820,800 35	£50,220 - £53,868	£250 pm allowance undertaking additional responsibilities
Forward Plans Team Leader	Forward Plans	1	£855,800 13	£50,220 - £53,868	None
Environmental Health Services Manager	Environmental Health	1	£1,255,100 22	£50,220 - £53,868	None
Estates & Facilities Manager	Estates & Facilities	1	-£1,474,600 20	50,220 - £53,868	None
Partnership & Projects Manager	Commercial Property	1	£1,134,700 9	£50,220 - £53,868	None
Licensing Manager	Environmental Health & Licensing	1	£56,100 9	£50,220 - £53,868	None

Other remuneration (overtime, bonuses, allowances, benefits in kind)

The pay multiple between median pay to highest pay is 5.47.

The total number of employees whose annual FTE pay is more than £50,000 is 28