

January 2015

## **PAY POLICY STATEMENT**

### **INTRODUCTION AND PURPOSE**

1. Under section 112 of the Local Government Act 1972, the Council has the 'power to appoint officers on such reasonable terms and conditions as the authority thinks fit'. This Pay Policy Statement (the 'statement') sets out the Council's approach to pay policy in accordance with the requirements of Section 38 to 43 of the Localism Act 2011.
2. The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its employees (excluding teaching and other school staff working for the local authority under the purview of the School Governing Body) by identifying;
  - the methods by which salaries of employees are determined;
  - the detail and level of remuneration of its most senior staff i.e. 'chief officers', as defined by the relevant legislation;
  - the Committee(s) responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.

### **PUBLICATION**

3. Our statement will be reviewed and prepared for each financial year and will be approved by the full Council usually by the end of March each year or at the earliest Council in the financial year for which it applies. It will be published on our website as soon as it is reasonably practicable following any amendment and approval.
4. Alongside this Statement will be full details of all senior employees in the Council (excluding teachers and school based staff) that have a salary over the threshold outlined in the Localism Act 2011 and any associated Codes of Practice, including the Local Government Transparency Code 2014. The Pay Policy Statement will be linked to Council's Annual Statement of Accounts where we are required to publish the full time equivalent salaries of at least £50,000 per annum.

### **OTHER LEGISLATION RELEVANT TO PAY AND REMUNERATION**

5. In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes legislation such as the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations. The Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of job evaluation mechanisms, which directly establish the relative levels of posts according to the requirements, demands and responsibilities of the role.

### **PAY STRUCTURE**

6. The Council uses the nationally negotiated pay spine(s), with a defined list of salary points (see appendices for Oldham Council's Grading structure) as the basis for its local

pay structure, which determines the salaries of the majority of its non-schools workforce, together with the use of locally determined grades where these do not apply.

7. The Council adopts the national pay bargaining arrangements in respect of the establishment and revision of the national pay spine(s).
8. All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery.
9. Salaries for employees under the National Joint Council (NJC) terms and conditions (Green Book), who are the majority of staff at Oldham Council, are determined by the points score through the appropriate job evaluation scheme. For employees within grades 1 to 10, this has been through the NJC Job Evaluation Scheme. Employees on senior management grades have been evaluated with the HAY Scheme, widely used nationally for evaluating senior jobs. Single Status, to harmonise former officers and former manual workers, was implemented on January 1<sup>st</sup> 2011.
10. In determining its grading structure and setting remuneration levels for any posts which fall outside its scope, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times when those services are required.
11. New appointments will normally be made at the minimum of the grade for the relevant pay scale, although this can be varied where the successful candidate is currently on a spinal column point/salary that is higher than minimum of the grade/salary of the job being recruited to. Where this occurs it is within the discretion of the Executive Director, as per the Council's scheme of delegation, to make the appointment above the minimum of the pay scale.
12. From time to time it may be necessary to take account of the external pay levels in the labour market in order to attract and retain employees with particular experience, skills and capability. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using data sources available from within the local government sector and outside, as appropriate.
13. Any temporary supplement to the salary scale for the grade is approved by the Director of People, in conjunction with the Selection Committee for Chief Officers' pay.

## **SENIOR MANAGEMENT REMUNERATION**

14. For the purposes of this statement, senior management means 'chief officers' as defined within the Localism Act. This includes the Chief Executive and all senior management posts on Joint National Council (JNC) Chief Officer Terms and Conditions of Employment. The posts falling within these definitions are set out in Annex 1 (**Table 2**) of the Appendices, with details of their basic salary.
15. **Annex 1 (Chart 1)** shows the organisational chart of the job roles set out in Annex 1 (Tables 1 and 2), which are linked through the use of common job titles and a number referencing system. Annex 1 (Table 2) shows the grade, type of contract, salary, allowances, responsibilities, budget held and number of staff directed by the senior managers that are covered within the scope of this exercise.

16. It is the policy of the Council to establish a salary for each Chief Officer post that is sufficient to attract and retain an employee with the appropriate knowledge, experience, skills and abilities that are needed, at that time, by the Council.
17. The arrangements and factors considered in determining an individual's progression through the relevant grade pay scale are set out at the time of appointment, with the individual 'Chief Officer'. If a cost of living increase is awarded to JNC Chief Officers through national collective bargaining then it is fully applied at that time.
18. Where the Council is unable to recruit chief officers, or there is a need for interim support to provide cover for a substantive chief officer post, the Council may, where necessary, consider engaging individuals under a 'contract for service' rather than making a temporary appointment. These individuals will be sourced through a relevant procurement process ensuring the Council is able to demonstrate the maximum value for money in securing the relevant service. In assessing such it should be noted that in respect of such engagements the Council is not required to make either pension or national insurance contributions for such individuals. The contractual arrangements for each of our Chief Officers are highlighted within Annex 1 (Table 1).

## **RECRUITMENT OF CHIEF OFFICERS**

19. The Council's procedure with regard to recruitment of Chief Officers is outlined within Part 3, Section 6, Sub-Paragraph H of the Council's Constitution and undertaken by a Selection Committee.

**Please note: [The link to the Councils Constitution is included here.](#)**

20. When recruiting to all posts the Council will take full and proper account of all provisions of relevant employment law and its own Equal Opportunities, Recruitment and Redeployment Policies as approved by the Council.
21. When recruiting to a Chief Officer vacancy the Council may engage a recruitment agency to provide external objectivity to the process. In that event, the agency may be used to: determine the market rate for the role, in the market quartile we wish to compete in at that time; generate interest in the role from potential applicants from inside and outside the sector; conduct the long listing exercise; co-ordinate any personality testing, group and technical exercises; conduct the short listing exercise with members of the Selection Committee and facilitate the interview sessions, providing a technical advisor to the interview panel when necessary.
22. The selection of a Chief Officer is made by a panel of Elected Members, the Selection Committee, who have delegated authority to appoint through the Council's Scheme of Delegation. The only exception to this is the appointment of the Chief Executive (Head of Paid Service) whose appointment has to be recommended to and approved by full Council. The Selection Committee are supported by the line manager of the post being recruited to and/or advised where necessary by a technical adviser on the service area as well as by People Services.
23. Full Council will consider the case for any salary in excess of £100,000, prior to any appointment to the 'Chief Officer' posts that it relates. The salary package will be defined as basic salary, any performance related pay, fees, routinely payable allowances and benefits in kind, that are due under the contract.

## **ADDITIONS TO SALARY OF CHIEF OFFICERS**

24. With the exception of progression through the incremental scale of the relevant grade being subject to satisfactory performance, which is assessed on an annual basis, the level of remuneration is currently not variable dependent upon the achievement of defined targets. Progress through grades for all employees including Chief Officers, has been temporarily suspended due to a variation to terms and conditions outlined later in this policy.
25. To meet specific operational requirements it may be necessary for an individual Chief Officer to temporarily take on additional duties to their identified role. The Council authorises such additional payments relevant to those duties through the Selection Committee.
26. Some Chief Officer posts receive additional payments. These additional payments are supplementary to basic salary and may represent a contractual obligation. The amounts are shown in Annex 1 (**Table 2**) and the reasons for the additional payments, are stated in Annex 1 (**Table 1**). The Chief Executive's salary does include payment for local election duties and no additional payment is made for those duties. Separate payments are received for any returning officer duties arising from parliamentary and European elections and referendums. It should be noted that payments for such elections are not funded by the Council and are not included in the tables.

## **PENSION CONTRIBUTIONS**

27. Where employees have exercised their statutory right to become members of the Local Government Pension Scheme, the Council is required to make a contribution to the scheme representing a percentage of the pensionable remuneration due under the contract of employment of that employee. The rate of contribution is set by Actuaries advising the Greater Manchester Pension Fund and reviewed on a triennial basis in order to ensure the scheme is appropriately funded. The current rate, set at April 2015 is 18.20%. The employee contribution rates, which are defined by statute, are currently 5.5% to 12.5% depending on the level of annual salary.
28. Oldham Council has a flexible retirement scheme which is run in accordance with the Local Government Pension Scheme and Regulation 18 of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (SI 2007/1166) as amended by the Local Government Pension Scheme (Miscellaneous) Regulations 2012 (SI 2012/1989).

## **PAYMENTS ON TERMINATION**

29. The Council's approach to statutory and discretionary payments on termination of employment of Chief Officers, prior to reaching normal retirement age, mirrors the policy applied to all staff in the Council (excluding teachers, where there are different pension arrangements) and is covered within the redundancy policy, in accordance with regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and Regulation 12 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007. A link to Oldham Council's Redundancy policy can be found in the appendices.
30. Any payments falling outside these provisions or the relevant periods of notice within the contract of employment shall be subject to a rigorous risk assessment, as they would be for any member of staff within the Council and a formal decision will be made by the Director of People and the Director of Legal Services of the Council.

## **LOWEST PAID EMPLOYEES**

31. From April 1<sup>st</sup> 2015, Oldham Council has adopted the National Living Wage for its lowest paid central directorate staff. This was announced by the Living Wage Foundation in November 2014 as £7.85 per hour. This is an increase from the Council's previous Oldham Living Wage of £7.24 set in April 2013. This was a further increase from the inaugural Oldham Living Wage of £7.11 per hour when initially established in April 2012.
32. Full time hours at Oldham Council are 36 hours and 40 minutes per week.
33. The relationship between the rate of pay for the lowest paid and the Chief Executive is determined by the processes used for determining pay and grading structures, as set out earlier in this policy statement. This relationship is expressed as a ratio in Annex 1 (**Table 3**), which also shows the multiple between the median full time equivalent earnings and the earnings of the Chief Executive. Oldham Council has a commitment that the ratio between its highest earner, the Chief Executive and those who are the lowest paid, on the National Living Wage, will not exceed 1:11.
34. As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate.

## **TEMPORARY VARIATION TO TERMS AND CONDITIONS OF SERVICE**

35. As part of the Council-wide budget saving programme, Cabinet have agreed to a number of measures including some elements which temporarily vary the terms and conditions of service for employees at all levels of the Council. The measures include a deduction to salary of 1.15%, which is equivalent to three days unpaid leave. The figures quoted above regarding the hourly rate of our lowest paid employees is inclusive of this deduction.
36. There is also a temporary freeze on incremental progression through grades, so employees will remain on their current spinal column point as of 30 March 2014 through the variation period. All of these temporary variations will end on 31 March 2017, and employee terms and conditions of service will revert back to their substantive form.

## **ACCOUNTABILITY AND DECISION MAKING**

37. In accordance with the constitution of the Council, the Selection Committee is responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to Chief Officers. Accountability and decision making for all other employees of the Council is the responsibility of Executive Directors through the Scheme of Delegation.

## **RE-EMPLOYMENT / RE-ENGAGEMENT OF FORMER EMPLOYEES**

38. Oldham Council has an obligation to ensure that it is managing public monies responsibly against any requirements to achieve savings and reductions in posts through voluntary or compulsory redundancy, efficiency release or employer consent retirement which results in a cost to the Council.
39. The Council will not re-engage ex-employees who have left their prime employment with the Council on the grounds of voluntary or compulsory redundancy, efficiency release or employer consent retirement (where there is a cost to the Council) for a period of 12 months with effect from the date of leaving. This policy does not cover those employees who access their pension via the Council's Flexible Retirement Scheme.

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