

AGENDA MANAGEMENT SHEET

Report Title:	Localism Act - Pay Policy Statement
Name of Committee:	Council
Date of Meeting:	13 December 2023
Report Director:	Chief Officer - Legal & Governance
Portfolio:	Finance, Performance, Legal & Governance
Ward Relevance:	N/A
Prior Consultation:	N/A
Contact Officer:	Aftab Razzaq Chief Officer Legal & Governance
Public or Private:	Public
Report Subject to Call-In:	No
Report En-Bloc:	No
Forward Plan:	No
Corporate Priorities:	This report relates to the following priority(ies): <input type="checkbox"/> Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change. (C) <input type="checkbox"/> Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents. (E) <input type="checkbox"/> Residents live healthy, independent lives, with the most vulnerable protected. (HC) <input checked="" type="checkbox"/> Rugby Borough Council is a responsible, effective and efficient organisation. (O) Corporate Strategy 2021-2024 <input type="checkbox"/> This report does not specifically relate to any Council priorities but
(C) Climate (E) Economy (HC) Health and Communities (O) Organisation	
Summary:	The Council aims to have remuneration packages that ensure appropriate and fair pay and benefits for employees in a diverse range of roles and responsibilities.
Financial Implications:	No additional financial implications
Risk Management Implications:	A fair policy and process to assess jobs are consistent will give the Council a robust defence

against Equal Pay or Discrimination claims. High pay multiples could attract adverse publicity to the Council.

Environmental Implications: None

Legal Implications: A fair policy and process to assess jobs are consistent will give the Council a robust defence against Equal Pay or Discrimination claims.

Equality and Diversity: A fair policy and process to assess jobs consistent will give the Council a robust defence against Equal Pay or Discrimination claims.

Options: To approve the new Pay Policy Statement
or:
To request amendments to the Pay Policy Statement

Recommendation: The new Pay Policy Statement, as at Appendix 1 to the report, be adopted with immediate effect.

Reasons for Recommendation: To comply with legislative requirements to review, annually, our Pay Policy Statement.

Council - 13 December 2023

Localism Act - Pay Policy Statement

Public Report of the Chief Officer - Legal and Governance

Recommendation

The new Pay Policy Statement, as at Appendix 1 to the report, be adopted with immediate effect.

1. INTRODUCTION

- 1.1 The government, in 2011/12, introduced legislative requirements for councils to prepare and publish policy statements for how they intend to manage the pay of the most senior staff. At the same time, they have stressed the importance of fair rewards by highlighting the need to safeguard the lowest paid. The concept of fairness was amplified in The Hutton Review of fair pay in the public sector (March 2011), which stressed the importance of the relationship between the top and median salaries in organisations, which is now required in the government's Code of Recommended Practice on Data Transparency.
- 1.2 The Council's first Pay Policy Statement was approved by full Council on 23 February 2012. Chapter 8 of the Localism Act 2011 requires local authorities to review this each financial year.

2. REVISIONS TO STATEMENT

- 2.1 A copy of the latest Pay Policy Statement is attached at Appendix 1.
- 2.2 There was one change in 2023 that will impact on the Council's pay multiples (see section 4 of the Pay Policy Statement for more information on pay multiples):
- Annual Pay Award 2023 has been implemented.

3. CONSULTATION

- 3.1 A copy of the revised statement has been circulated to Trade Union representatives.

Name of Meeting: Council

Date of Meeting: 13 December 2023

Subject Matter: Localism Act - Pay Policy Statement

Originating Department: Legal and Governance

DO ANY BACKGROUND PAPERS APPLY YES NO

LIST OF BACKGROUND PAPERS

Doc No	Title of Document and Hyperlink

The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.

Exempt information is contained in the following documents:

Doc No	Relevant Paragraph of Schedule 12A

PAY POLICY STATEMENT 2023

POLICY STATEMENT

The Council aims to have remuneration packages that ensure appropriate and fair pay and benefits for employees in a diverse range of roles and responsibilities.

1. Remuneration Provisions

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 sets out the Council’s approach to pay policy in accordance with the requirements of Sections 38 and 40 of the Localism Act 2011. The purpose of the statement is to provide transparency about the Council’s approach to setting the pay of its employees.

In determining its grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money. This is in respect of the use of public expenditure, balanced against the need to recruit and retain employees who can meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.

1.1 Definition of Chief Officers

The definitions of Chief Officers are taken from the Localism Act 2011. These currently include:

- Chief Executive Officer
- Deputy Chief Executive
- Chief Officers (Leadership Team)
- Section 151 Officer and Deputy
- Monitoring Officer and Deputy

For the purposes of this report our posts of Chief Officer will be titled ‘Chief Officer (Leadership Team)’ to avoid confusion with the wider definition of Chief Officer set out in the Localism Act.

1.2 Definition of Lowest Paid Employees

The lowest paid persons employed under a contract of employment with the Council could potentially be on a full time [37 hours] equivalent salary at the bottom of our Grade A, which currently is £22,366 per annum. A pay review due from 1 April 2023. For information, the National Living Wage increased to £20,160 per annum in April 2023.

While we may employ apprentices on a lower wage, they are on a training agreement with the Council, rather than a full employment contract. We also enter into work contracts with zero-hours occasional workers who will be paid at the Grade

A salary quoted above. Apprentices and zero-hours occasional workers have been excluded from our pay data.

2. Policy on Remuneration of Chief Officers

2.1 Levels of Pay for Each Chief Officer

Chief Executive Officer, Deputy Chief Executive and Chief Officers (Leadership Team) are paid on a salary, which is considered a market rate within the local government sector. The Council currently aims to provide salaries within the lower quartile to median range of market rates.

The Chief Executive Officer and Deputy Chief Executive Officer are paid on a salary scale with three incremental levels. The Chief Officers (Leadership Team) salary scale has five incremental levels. External salary benchmarking undertaken in July 2023 confirms this.

The current levels of pay for each Chief Officer are set out in Appendix 1.

2.2 Value for Money

Value for Money, to the whole of the public sector, is considered when setting Chief Officers' pay. We generally seek to match salaries at the lower quartile pay benchmark level or, where there are recruitment and retention difficulties, at the median level. There are currently no arrangements in place, for Chief Officers, which could be perceived as seeking to minimise tax payments.

2.3 Elements of Remuneration for Each Chief Officer

In addition to basic salary, set out in Appendix 1, are details of other elements of 'additional pay' which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfillment of duties.

There are currently no Chief Officers in receipt of an Essential Car User allowance. This policy is for those employees that meet the business mileage requirements as set out in our Car Allowances Policy.

A supplement is paid on basic pay to remunerate the additional responsibilities of the Section 151 Officer, Monitoring Officer and their deputies. The supplement for the deputies is 50% of the supplement for the Section 151 Officer and the Monitoring Officer.

The Legal and Governance Chief Officer, who is the Council's Returning Officer receives an Election Allowance. This allowance is set by central government. It varies each year depending on the number and type of elections in the year. In previous years, this allowance has been partly shared with the Deputy Returning Officer.

For an exceptional piece of work or an exceptional achievement, a Chief Officer may be awarded an honorarium. An honorarium is either a one off payment or can be a monthly allowance for a temporary period.

2.4 Pay Levels on Recruitment

The pay level offered on recruitment is typically the bottom point of the salary grade. In situations, however, where the individual recruited has a high level of knowledge or skills, and/or previous relevant experience, a higher salary, up to the maximum salary for that post, may be authorised, by the recruitment appointment panel, who would be advised by Human Resources. For internal appointments, the new Chief Officer is appointed at the bottom of the new salary grade with a minimum of one increment increase on their previous salary.

From time to time, it may be necessary to take account of the external pay market to attract and retain employees with particular experience, skills and capacity. 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 appropriate data sources available from within and outside the local government sector.

Where the Council is unable to recruit to a post at the designated grade, it will consider increasing the salary scale to be closer to the 'market rate' for the job. For such posts, we may authorise a market forces supplement. Such supplements are reviewed, at least on a three-yearly basis.

Where the Council remains unable to recruit Chief Officers under a contract of service, or there is a need for interim support to provide cover for a vacant substantive chief officer post, the Council will, where necessary, consider and engage individuals under 'contracts for service' (for example a consultancy contract or a contract with a sole trader/freelancer). These will be sourced through a relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service.

2.5 Increases to Pay

Any cost of living increases agreed through the Joint National Council (JNC) or the National Joint Council for Local Government Services (NJC) are applied to Chief Officers pay, depending on whether the employee is covered by JNC or NJC conditions of service. This is typically on 1st April each year.

Chief Officers will receive an incremental increase to their pay as follows:

Chief Officers appointed between 1st October and 31st March will receive an increment after six months service.

Chief Officers appointed between 1st April and 30th September will receive an increment on the following 1st April.

Thereafter, all Chief Officers will receive increments annually on 1st April until they reach the top of their grade.

All increments are subject to satisfactory performance and will be withheld if the Chief Officer has a live formal written warning for absence, conduct or performance issues.

Where a Chief Officer has given exceptional performance then they may be awarded additional increments in line with our policy on Accelerated Increments. This is subject to their pay not exceeding the maximum salary for their post.

As mentioned above, Chief Officers' pay, for Chief Officers (Leadership Team) and above, will be measured against the market on, at least, a three yearly basis to ensure we maintain consistency with our peer local authorities. Where there are significant changes in market rates then a pay benchmarking assessment will be carried out for Chief Officers. Pay levels were benchmarked at the following times:

Posts	Date of Benchmarking Review
Chief Executive Officer	July 2023
Deputy Chief Executive Officer	July 2023
Chief Officer (Leadership Team)	July 2023
Section 151 Officer and Monitoring Officer allowances	July 2023

Where a Chief Officer is, for more than three months, temporarily working in a higher level role, then they receive the higher salary relevant to that role. Shorter periods of 'acting up' may be remunerated by an honorarium or the officer receives the higher salary of the new role for the specified period.

2.6 Performance Related Pay or Bonuses

Exceptional performance of Chief Officers is recognised by either accelerated increments or an honorarium, as detailed previously. Poor performance may result in an increment being withheld.

2.7 Termination Payments

In the case of redundancy, a redundancy payment would be made to a Chief Officer in line with our Redundancy policy.

In the case of termination due to ill-health, then there would be no termination payment, but a higher pension benefit may be approved by the pension scheme. The pension benefit may include a lump sum in addition to an on-going pension payment.

Any contractual payments such as outstanding annual leave are usually included in payments on termination of employment. Similarly, any monies owing to the Council would be deducted from payments made on termination.

The Council's approach to [statutory and] discretionary payments on termination of employment of Chief Officers, prior to reaching normal retirement age, is set out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 [and if adopted] Regulations 12 and 13 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007.

Any other payments falling outside these provisions, or the relevant periods of contractual notice shall be subject to a formal decision made by the Leader of the Council with delegated authority to approve such payments.

The Council may choose to make a payment under a Settlement Agreement to protect against compensation claims that could be expensive or bring the Council into disrepute. These are not frequently used and will always be less than two years' salary.

Where a Section 151 Officer or Monitoring Officer or their deputies cease carrying out these statutory roles, or a supplement is no longer considered appropriate at that level of role, then the supplements paid will be ended by giving three months' notice. Consideration will be given to waive this notice period at the request of the individual.

3. Policy on Remuneration of our Lowest Paid Employees

Our lowest paid employees' salary is determined by the grade for their post, which is underpinned by a job evaluation scheme, rather than being paid a market rate for their job. Market supplements are given to some posts where there are recruitment and retention difficulties. Currently none of our lowest paid employees receive a market supplement on their salary.

Those apprentices aged under 23 years, are paid at the relevant National Minimum Wage level. For information, the National Living Wage is £10.42 (outside of London) per hour, from April 2023.

In other aspects, there is equity of remuneration policy across all our employees. The same policies set out above apply to our lowest paid employees.

There are some differences for zero hours occasional workers, but these differences are due to their different contractual working relationship and not due to the difference in seniority of role.

4. Relationship between Remuneration of our Chief Officers and Other Employees

The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2011). The Hutton report was commissioned by the Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The report concluded that the relationship to median earnings was a

more relevant measure and the Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the authority's workforce.

Our current pay level multiples are as follows, using full time equivalent salaries for all posts:

Pay Level Multiple	As at March 2023	Policy for 2023 to maintain Chief Officers' pay within the following multiples
The lowest paid employee and the highest paid Chief Officer	1 : 5	1 : 10
The lowest paid employee and average (median) Chief Officer	1 : 3	1 : 7
The lowest paid employee and average (mean) Chief Officer	1 : 3	1 : 7
The average (median) pay for all employees and the highest paid Chief Officer	1 : 4	1 : 7

The pay policy ratios included in the table above are the maximum permitted multiples between the lowest paid officer and the relevant category of Chief Officer. Therefore, the pay of the highest paid Chief Officer can be no more than ten times that of the lowest paid employee in the organisation. As at March 2023 the actual ratio is 5 times that of the lowest paid employee and so well within the agreed policy.

5. Accountability and Decision Making

In accordance with the Constitution of the Council, Cabinet are responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees of the Council.

6. Publicity and Access to Information

This policy including appendices will be available on our web site www.rugby.gov.uk.

In addition, for posts where the full-time equivalent salary is at least £50,000, the Council's Annual Statement of Accounts will include a note setting out the total amount of

- salary, fees or allowances paid to or receivable by the person in the current and previous year
- any bonuses so paid or receivable by the person in the current and previous year
- any sums payable by way of expenses allowance that are chargeable to UK income tax
- any compensation for loss of employment and any other payments connected with termination
- any benefits received that do not fall within the above

7. Related Documents

Retirement Policy
Organisation Change Policy
Recruitment Policy
Honoraria Policy
Capability Procedure
Disciplinary Procedure
Absence Management Policy
NJC Job Evaluation Scheme Outline
Car Allowances Policy

These policies are in the process of being reviewed and updated.

Date last revised:	November 2023
Date of next review:	November 2024

Appendix 1

LEVEL AND ELEMENTS OF REMUNERATION FOR CHIEF OFFICERS**Basic Pay**

	Pay as at November 2023 (per annum)
Chief Executive Officer	£107,562 - £113,772
Deputy Chief Executive Officer	£88,346 - £94,822
Chief Officer (Leadership Team)	£59,771 - £70,276
Section 151 Officer and Monitoring Officer	Supplement of £5,615.04
Deputy Section 151 Officer and Deputy Monitoring Officer	Supplement of £2,808.12

Essential Car User Allowance

Band	Mileage Bandings	Top Mileage	RAC/AA Mileage Rate (ppm)	Allowance (£)
1	500 - 1000	1000	0.61	610
2	1000 - 1500	1500	0.61	915
3	1500 - 2000	2000	0.61	1,220
4	2000 - 3000	3000	0.61	1,830
5	3000 and above (Typically up to 4000)	4000	0.61	2,440

Election Allowance Paid in 2022-23

Post:	Allowance
Chief Officer Legal & Governance (Returning Officer)	£3,901.52

Honorarium Payments: None