

Report for Resolution

Report to Council
20 March 2012

**Item
10**

Report of HR services manager
Subject Pay Policy Statement 2012/13

Purpose

To satisfy the requirements of section 38 of the Localism Act 2011 the council is required to produce a pay policy statement for 2012/13 and for each subsequent financial year, which needs to be approved by full council by 31 March.

Recommendations

To approve the pay policy statement for 2012/13 in accordance with the requirements of the Localism Act 2011.

Financial Consequences

The pay policy statement sets out current remuneration arrangements and there are no additional or increased financial consequences of this report.

Strategic Priority and Outcome/Service Priorities

The report helps to meet the strategic priority “Aiming for excellence – ensuring the Council is efficient in its use of resources, is effective in delivering its plans, is a good employer and communicates effectively with its customers, employees and partners” and the service plan priority (Click here to type service plan priority)

Contact Officers

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Background Documents

Localism Act 2011, Chapter 8 Pay Accountability, section 38 Pay policy statements

Communities and Local Government – Openness and accountability in local pay: Guidance under section 40 of the Localism Act

Report

Pay policy statement 2012/13

1. Section 38 (1) of the Localism Act 2011 requires English and Welsh authorities to prepare a pay policy statement for each financial year, commencing 2012/13. The pay policy statement must be approved by a resolution of the full council before it comes into force and by 31 March each year.
2. The pay policy statement has been prepared having regard to the Department of Communities and Local Government (DCLG) publication Openness and accountability in local pay: Guidance under section 40 of the Localism Act.
3. The pay policy statement must express clearly the council's policies relating to the pay of its workforce, particularly its senior management and lowest paid employees. The pay policy statement must include:
 - The remuneration of its chief officers including the level and elements of remuneration.
 - The remuneration of its lowest paid employees
 - The relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers
 - The definition of the lowest paid employees adopted by the council for the purposes of the pay policy statement and the councils reasons for adopting that definition.
 - Remuneration of chief officers on recruitment
 - 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 council
 - The publication of and access to information relating to remuneration of chief officers.

The councils pay policy statement includes information on the policies for the whole workforce not just chief officers.

4. The Localism Act does not change the councils right to make its own decisions on pay that are appropriate to local circumstances and deliver value for money and it does not determine what policies the council should have or what decisions on pay should be taken. The Act requires the council to be open about local policies and how local decisions are made.
5. Pay policy statements may be amended during the course of a financial year to reflect changes in the pay policy. However, as required by the Localism Act any amendments can only be made by resolution of the full council.

**Norwich City Council
Pay Policy Statement 2012/13**

Introduction

Section 38 of the Localism Act requires English and Welsh local authorities to produce a pay policy statement for 2012/13 and for each financial year after that. Norwich city councils pay policy statement meets the requirements of the Localism Act 2011 and was approved by full council on 20 March 2012

Norwich city council provides a wide range of services and recognises that levels of reward need to reflect the requirement to develop and sustain a high performance culture to deliver complex and diverse functions. The level of reward therefore needs to be sufficient to attract and retain talented people needed to maintain and improve the council's performance and lead the council, particularly in times of financial challenge.

Scope

This document sets out the Council's pay and reward arrangements for all posts within the council including senior pay arrangements. Remuneration for the purposes of this statement includes three elements:

- basic pay
- pension
- all other allowances arising from employment

Current Pay Policy

- 1. Employee remuneration up to and including heads of service**
 - 1.1 Employees up to and including head of service grades are subject to the NJC for local government services national agreement on pay and conditions of service. These are supplemented by locally agreed collective agreements reached with trade unions recognised by the council.
 - 1.2 The current pay structure was introduced on 1 October 2011 following a review of pay and grading under the national single status agreement and to meet the requirements of equal pay legislation. Executive approved the pay structure on 22 July 2009.
 - 1.3 Cost of living pay increases are made in line with NJC national negotiations. No national pay increase has been applied since 1 April 2009

- 1.4 The council uses a pay structure commencing at spinal column point (scp) 12 up to scp 65. SCP's 12 to 49 reflect the NJC national pay points, scp's 50 to 65 are locally agreed pay points.

There are 14 grades within the pay structure. Each grade has 4 incremental points, with the exception of Grade 1 and grade 14, which contain 3 incremental points. Grade 1 is the lowest grade and Grade 14 is the highest of these pay grades.

Posts are allocated to the pay grades through a process of formal job evaluation using the NJC job evaluation scheme.

- 1.5 Pay and grading structure 1 October 2011

Grade	JE score	SCP	Annual salary	Grade	JE score	SCP	Annual salary
1	Up to 260	12	15,039	8	502-547	39	32,800
		13	15,444			40	33,661
		14	15,725			41	34,549
						42	35,430
2	261-291	15	16,054	9	548-593	43	36,313
		16	16,440			44	37,206
		17	16,830			45	38,042
		18	17,161			46	38,961
3	292-332	19	17,802	10	594-644	47	39,855
		20	18,453			48	40,741
		21	19,126			49	41,616
		22	19,621			50	42,982
4	333-373	23	20,198	11	645-695	51	43,851
		24	20,858			52	45,013
		25	21,519			53	46,205
		26	22,221			54	47,431
5	374-414	27	22,958	12	696-751	55	48,687
		28	23,708			56	49,978
		29	24,646			57	51,302
		30	25,472			58	52,661
6	415-455	31	26,276	13	752-812	59	54,057
		32	27,052			60	55,489
		33	27,849			61	56,960
		34	28,636			62	58,469
7	456-501	35	29,236	14	813 +	63	60,018
		36	30,011			64	61,609
		37	30,851			65	63,242
		38	31,754				

- 1.6 Employees on Grade 1 are defined as our lowest paid employees.

2. Chief Executive and Chief Officer Pay

- 2.1 The Chief Executive and corporate leadership team are together accountable for the implementation of agreed strategy and policies and for developing council services and delivering value for money. It is important to the Council and local residents to have a highly effective management team in place in these senior roles.
- 2.2 The grading structure for Chief Officer pay, excluding heads of service and senior managers who are covered by arrangements detailed in 1, was approved by Executive on 6 February 2008. The grading structure for the Chief Executive was approved by Executive on 7 September 2005.
- 2.3 The current pay arrangements are locally determined and operated. Cost of living pay increases are made in line with JNC national negotiations. No national pay increase has been applied since 1 April 2008.

Post	FTE	Spine point	Salary £
Chief Executive (head of paid service)	1	150	118,891
		151	121,593
		152	124,296
		153	126,997
		154	129,699
Director	2	110	£84,865
		111	£88,130
		112	91,394
		113	94,658
Senior head of service	2.6	106	68,546
		107	71,810
		108	75,074
		109	78,338

Salaries quoted are the annual full time equivalent salaries

3. Heads of service and senior managers

Some senior officers are classed as non statutory chief officers or deputy chief officers under the Local Government and Housing Act 1989, due to the council's organisational structure.

In accordance with the Local Government and Housing Act 1989 a non statutory chief officer for the purposes of this pay policy statement is defined as a person who reports directly to or is accountable directly to the head of paid service. A deputy chief officer is defined as a person who reports directly to or is directly accountable to a statutory or non statutory chief officer. This definition excludes secretarial, clerical and support services.

These senior officers and heads of service are not subject to the pay and conditions of service determined by the JNC for Chief Officers of local authorities but are employed under NJC (Green Book) conditions and are paid on Grades 9, 10, 11, 12, 13 and 14 of the pay structure detailed in 1.5.

4. Other arrangements

4.1 Returning Officer

The returning officer has overall, responsibility for the conduct of elections and is appointed under the representation of the people act 1983. The role of returning officer is carried out by an employee of the council but is carried out in a personal capacity and is distinct and separate from their duties as an employee. Election fees are paid for the additional duties are paid separately to the normal salary arrangements

The head of law and governance is the council's returning officer

Parliamentary, Referendum and European fees are set by parliamentary statutory order. Fees for PCC elections to be held in 2012 will be set by a statutory fees and charges order issued by government and laid before parliament.

Fees for undertaking County and District elections are calculated in accordance with a formula agreed annually by the Norfolk Chief Executives group, supported by the County Electoral Officers Group.

From 2012/13 the setting of returning officer fees will be considered by a meeting of the Chairpersons of the Norfolk authorities' member remuneration panels.

Other employees of the council may receive additional payment for specific election duties.

4.2 Monitoring Officer (S51 Local Government and Housing Act 1989)

The councils monitoring officer is employed directly by the council and is a senior head of service of the council. The head of law and governance is the councils monitoring officer. There are no additional remuneration arrangements other than those detailed above.

4.3 S151 officer (S151 Local Government Act 1972)

The council's s151 officer is employed directly by the council and is a senior head of service of the council. There are no additional remuneration arrangements other than those detailed above.

It is proposed to delegate the function of s151 officer to Cambridgeshire County Council from 12 April 2012 at which point the S151 officer will no longer be directly employed by Norwich City Council.

5.0 Lowest and highest paid employees

5.1 The councils lowest paid employees are paid on Grade 1 of the pay structure. The minimum pay point paid to any employee is spinal column point 12 of the pay structure. This equates to a basic salary of £15,039 per annum. The salary range for Grade 1 is £15,039 to £15,725 per annum.

The council's highest paid employee is the chief executive. The chief executive salary scale ranges from £118,891 to £129,699

The ratio between the highest and lowest paid at the mid points of grade 1 and the chief executive grade is 1:8

The council does not have a policy on maintaining or reaching a specific pay ratio between the highest and lowest paid employees

5.2 Median salary to be confirmed

In calculating the median salary, full time equivalent salaries have been used.

6.0 General principles applying to remuneration of all employees

6.1 Pay on appointment

Starting salary on appointment is determined by assessment of relevant experience and competence to undertake the job role and taking account of current salary level. Salary on appointment will be within the salary range for the post.

6.2 Pay progression

All employees are remunerated on a pay range. The pay policy recognises that movement through defined pay ranges should continue as employees increase their effectiveness and expertise through knowledge and experience and employees will normally receive an annual increment on 1 April each year. Employees appointed between 1 October and 31 March receive their first increment after 6 months in post and any subsequent increments on 1 April each year. Any progression is subject to the maximum of the pay grade.

Accelerated increments can be awarded on the basis of special merit or ability subject to the maximum of the scale not being exceeded.

6.3 Relocation and disturbance

Relocation expenses may be granted where new employees are required to move to the area in order to take up employment and their circumstances meet the criteria laid down in the relocation assistance scheme.

Existing employees required to move home for their employment or who incur additional costs as a result of a decision of the council in respect of their employment may be eligible for reimbursement of some expenses depending on the circumstances.

6.4 Expenses and Travel

- Travel for work

Employees are not required to provide a car for work purposes and pool cars are available for official work travel.

Employees may choose to use their own transport for official work travel and are reimbursed at the following rates:

Mileage per mile first 8,500 miles	£46.9 p
Mileage per mile after 8,500 miles	£18.7 p

These rates are reviewed and where appropriate updated annually in line with the NJC car allowance rates.

Operational users are, because of the nature of their duties, required to have access to a vehicle. Operational users have access to pool cars but may also use their own vehicle and be reimbursed mileage.

- Car Parking

Operational users who work in or from City Hall are provided with a city centre car park pass for work purposes if they use their own vehicle for work.

Employees who are required to remain at work or return to work to attend an evening meeting will be provided with a city centre car park pass to enable them to attend the evening meeting.

Employees working at other council offices may use the parking at the site, where this is available.

- Subsistence

Subsistence will be paid to employees who necessarily incur additional expense in the course of their work. Claims will generally be supported by a receipt. Actual expenditure is reimbursed, subject to locally agreed maximum amounts.

6.5 Bonus scheme

The council does not operate a bonus scheme.

6.6 Performance related pay

The council does not operate a performance related pay scheme

6.7 Professional fees and subscriptions

The council reimburses professional fees and subscriptions to employees undertaking approved studies towards a professional qualification, which require professional membership. The subscription is paid for the period of the studies, subject to satisfactory progress being made.

The council reimburses professional fees to statutory chief officers where the professional membership is a requirement in accordance with their statutory function.

6.8 Overtime and enhancements

Some posts within the council attract enhancements and/or overtime payments. Overtime and enhancements are applied in accordance with set criteria which are nationally and locally agreed.

6.9 Honoraria

If it is appropriate for an honorarium to be paid, this will be in accordance with agreed principle for payment of honoraria.

6.9 Severance arrangements

On ceasing to be employed by the council, employees will only receive compensation where this is appropriate as outlined below:

Employees who are dismissed for redundancy and who have a minimum of two years' continuous service with the Council will normally be entitled to be paid statutory redundancy pay, which is calculated according to the individual employee's age, length of service and gross weekly pay subject to a statutory maximum.

The Local Government (early termination of employment) (Discretionary Compensation) England and Wales Regulations 2006 enable local authorities to increase redundancy payments above the statutory maxima subject to certain limits and to pay discretionary compensation in certain circumstances. Norwich City Council has exercised its discretion to increase the redundancy payment as follows:

- The Council will disregard the statutory upper pay limit when calculating a week's pay for the purposes of the statutory redundancy payment. This means that the employee's actual week's gross pay will be used for this purpose.

and

- The statutory redundancy payment with the upper pay limit disregarded as set out above will be enhanced by a factor of 2.2

Such discretionary enhanced redundancy payments will be made to employees who:

- are entitled to receive a statutory redundancy payment;
- or
- have voluntarily agreed to the termination of their employment where, had they been dismissed, the dismissal would have been by reason of redundancy.

Redundancy payments paid by the Council may therefore comprise the required element: which is the statutory redundancy payment and the discretionary element: which provides for a discretionary enhanced redundancy payment.

Redundancy calculation is the same across the council irrelevant of position and pay grade.

Employees aged 55 and over and who are redundant and are members of the local government pension fund immediately become entitled to receive their pension benefits. Pension benefits are not increased or augmented in these circumstances.

Outplacement support is offered to all employees who are redundant

6.10 Flexible retirement

The council gives consideration to requests for flexible retirement from employees aged 55 and over who reduce their grade and/or hours of work. This enables the employee to have immediate access to their Local Government Pension Scheme benefits whilst retaining employment.

Requests are normally only granted when the overall financial impact is neutral or results in savings for the council.

The council does not waive any actuarial reductions resulting from early payment of pension benefits for flexible retirement

6.11 Market supplements

The council does not currently pay market supplements. Should there be a future requirement for payment of market supplements a protocol for payment of market supplements will be agreed.

6.12 Re-employment

Any decision to re-employ a former employee and who left their employment in receipt of a severance or redundancy payment will be made on merit.

7.0 Proposals for 2012/13

The council will give consideration to establishing a remuneration panel to review and make recommendations on pay and reward in respect of senior pay.

8.0 Amendment and review of pay policy

The council's pay policy statement will be reviewed and agreed by council on an annual basis and before 31 March each year.

Subject to circumstances it may be necessary to amend the pay policy statement during the year that it applies. Any amendment will be by resolution of the council.

The policy and any subsequent amended policy will be published on the council's website within 21 days of council approval.