

<b>DECISION-MAKER:</b>	COUNCIL		
<b>SUBJECT:</b>	PAY POLICY 2016 -2017		
<b>DATE OF DECISION:</b>	16 MARCH 2016		
<b>REPORT OF:</b>	CHIEF EXECUTIVE		
<b><u>CONTACT DETAILS</u></b>			
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#### STATEMENT OF CONFIDENTIALITY

None

#### BRIEF SUMMARY

The purpose of this report is to approve the Pay Policy for 2016-2017. The proposals affect all employees of the Council (approx. 3400 including schools based support staff) with the exception of: Teachers; support staff in Voluntary Aided (VA)/Trust and Academy schools; Modern Apprentices (separate pay framework); Non SCC employees who work for the Council (No Limits; St.James'; Women's Aid; NHS (including Public Health staff who transferred under COSOP (Transfer of Undertakings (TUPE) equivalent) and have retained NHS pay).

#### RECOMMENDATIONS:

- (i) To consider this report and confirm the Pay Policy statement for 2016-2017
- (ii) To note the June 2015 implementation of a Living Wage as the minimum hourly rate for NJC evaluated posts.
- (iii) To agree the application of the full Chief Officer pay scale aligned to the revised Operating Model (application of CO5 grade and differentiated CO1A grade)

#### REASONS FOR REPORT

##### 1 Purpose

This Pay Policy Statement ("Pay Statement") is provided in accordance with the Localism Act 2011 ("Localism Act") and has to be updated prior to the commencement of each subsequent financial year.

2

This Pay Statement sets out Southampton City Council's pay policies relating to its workforce (excluding schools) for the financial year 2016 - 2017, including the remuneration of its Chief Officers, lowest paid employees and the relationship between its Chief Officers and that of its employees who are not Chief Officers.

## Definitions

3 For the purpose of this Pay Statement the following definitions apply:

- **“Pay”** in addition to base salary includes charges, fees, allowances, benefits in kind, increases in/enhancements to pension entitlements and termination payments.
- **“Chief Officers”** refers to the following roles within the Council:

Statutory Chief Officers roles are:

- a) Chief Executive, as Head of Paid Service
- b) Service Director – Legal & Governance (Monitoring Officer)
- c) Service Director – Children & Families (DCS)
- d) Service Director – Adults, Housing & Communities (DASS)
- e) Service Director – Finance and Commercialisation (Chief Financial Officer, as Section 151 Officer)
- f) Director of Public Health

Non Statutory Chief Officers roles are

- i) Director, Transformation Implementation
- ii) Chief Strategy Officer
- iii) Chief Operations Officer
- iv) Service Director - Transactions & Universal Services
- v) Service Director – Growth
- vi) Service Director – Business Operations
- vii) Service Director – Commissioning (tbc)
- viii) Service Director – Intelligence & Policy

Deputy Chief Officers are:

- a) Those roles that report directly to/or are accountable to a statutory or non-statutory Chief Officer in respect of all or most of their duties
  - **“Lowest paid employees”** refers to those employees paid within Grade 1 of the Council’s mainstream pay structure. This definition has been adopted because Grade 1 is the lowest grade on the Council’s mainstream pay structure and these posts have been as assessed through the NJC Job Evaluation Scheme as having the least amount of complexity and responsibility.
  - **“Employee who is not a Chief Officer”** refers to all employees who are not covered under the “Chief Officer” group above. This includes the “lowest paid employees”. i.e. employees on Grade 1.

## **Pay Framework and remuneration levels**

### **General approach**

- 4 The pay structure and pay scales have been designed to enable the Council to recruit and retain suitably qualified employees at all levels dedicated to fulfilling its corporate objectives and delivering services to the public whilst operating within an acceptable financial framework. With a diverse workforce the Council recognises that the Pay Policy needs to retain sufficient flexibility to cope with a variety of circumstances that may arise that might necessitate the use of market supplements or other such mechanisms for individual categories of posts where appropriate. The decision to apply a market premium will be approved by the Chief Executive based on advice from the HR Service Lead

### **Responsibility for decisions on pay structures**

- 5 It is essential for good governance that decisions on pay are made in an open and accountable manner. The Council's locally determined pay structures are based on the outcome of recognised job evaluation schemes (Hay and National Joint Council (NJC)). This is in line with the national requirement for all Local Authorities to review their pay and grading frameworks to ensure fair and consistent practice for different groups of workers with the same employer and to comply with employment legislation as well as the economic climate locally. The current mainstream pay structure was implemented in June 2015 under the Pay & Allowances Framework collective agreement. The pay structure for Chief Officers and Service Leads (deputy chief officers) is determined separately and pay rates are allocated through the Hay Job evaluation process .

### **Pay scales and grading framework**

- 6 All employees below the level of Chief Executive, Chief Officers and some Service Leads (deputy chief officers) are within the SCC Pay Scale (with the exception of teachers).
- 7 The SCC main pay scale consists of 62 pay spine points within 13 grades with grade 1 being the lowest and grade 13 the highest. Each employee will be on one of the 13 grades based on their job evaluated role. Each grade contains several spinal column points (SCP) to allow for incremental advancement within the grade. As part of the Pay & Allowances Framework each grade in the SCC Pay Scale has been reduced in length to a maximum of 8 SCP with effect from 1 June 2015. To reduce or eliminate grade overlap, one more point will be removed from the bottom of grades 5 to 13 in April 2016 and the same again in April 2017, to leave a maximum of 6 SCP in each grade.
- 8 The Council has committed to ensuring that all employees receive a rate of pay at least equal to a Living Wage (in line with the Living Wage Foundation review and recommendations) and currently applies an additional payment to employees on the lowest SCP which fall below the Living Wage (currently SCP 6-10 on the basis of national pay agreements). This has had the effect of increasing annual salaries for the lowest paid Council employees
- 9 The Chief Executive and Chief Officers pay grades reflect similar principles

as the main SCC pay structure. It is proposed to reflect the full range of pay points on the SMG Pay Rate structure from 1st April 2016 and reapply pay points pay points 70-73 (CO5) and CO1A (pay points 103-104) to provide a more open and differentiated approach to the Council's new operating model at senior levels and the requirement for increased spans of control and responsibility across services

10 Details of the Chief Officer pay scales (Appendix 1) and the Council's mainstream pay structure (Appendix 2) are appended to this Statement and are published on the Council's website.

11 Pay awards are considered annually for all employees but are subject to restrictions imposed nationally by the Government and/or negotiated locally. The outcome of national consultations by the Local Government Association in negotiation with the Trade Unions in relation to the settlement of the annual pay award is normally applied. If there is an occasion where to do so would distort the local pay structures alternative proposals are developed, discussed with the trade unions and brought to Elected Members for formal approval. Employees on the SCC Pay Scale received a 2.2% pay award from 1 January 2015. An inflationary pay award to the Chief Executive and Chief Officers of 2% was agreed in January 2015 for employees earning under £100,000. This covers the period 1st January 2015 to 31st March 2016.

## **Remuneration – level and element**

### **12 Salaries**

“Chief Officers” are identified at 3 above. They are all paid within the Council's pay structures as follows:

- a. Chief Executive, as Head of Paid Service will be paid a salary within the grade range £145,350 to £172,618.
- b. Statutory and Non-Statutory Chief Officers and Service Leads (deputy chief officers) will be paid a salary within the grade range £61,148 to £140,436 according to post rating under the Hay scheme (CO5 to CO1A).

Details of Chief Officer and Heads of Service remuneration have been published since 2010 on the Council's website.

### **13 Bonuses and Performance related pay**

There is no provision for bonus payments or performance related pay awards to any level of employee. There is, however, an honorarium provision for an accelerated increment which may be awarded where an employee performs duties outside the scope of their post over an extended period or where there are short term additional duties and responsibilities. All such payments/increments are subject to approval by a Service Director and an HR Service Lead.

### **14 Other pay elements**

The pay structure for Chief Officers takes account of the clearly defined additional responsibilities in respect of the Section 151 and Monitoring Officer roles.

### **15 Charges, fees or allowances**

Allowances or other payments, for example linked to irregular or unsocial hours working, standby, etc. may be made to employees, below Chief Officer pay grade in connection with their role or the pattern of hours they work in accordance with National or local collective agreements.

- 16 The Council implemented a revised allowances framework from 1 June 2015, to achieve transparency and consistency across all employees.
- 17 The Council recognises that some employees incur necessary expenditure in carrying out their responsibilities, for example travel, parking and subsistence costs. Reimbursement for reasonable expenses incurred on Council business are paid in accordance with the Council's collective agreement and List of Rates and subsequent amendments to these.
- 18 The Council's Returning Officer for elections and the Deputy Returning Officers receive a fee payable according to a scale of costs, charges and expenses set by the Hampshire and Isle of Wight Election Fees Working Party and allowed under the Local Government Act 1972. This fee is for the performance of election duties in respect of local (Council) elections. (The scale is published on the Council's website.)
- 19 **Benefits in kind**
- The Council is very conscious of the requirement to demonstrate that employees are paid fairly and in supporting this key principle has removed all benefits in kind from its Pay and Reward structure and introduced a standard Allowance framework.
- 20 **Pension**
- All employees as a result of their employment are eligible to join the Local Government Pension Scheme (LGPS). There will be no increases or enhancement to pension entitlements. The Public Health employees come under the NHS pension scheme – there are no increases or enhances to this scheme.
- 21 **Severance payments**
- The Council publishes its policy on discretionary payments on early termination of employment and flexible retirement as well as publishing its policy on increasing an employee's total pension membership and on awarding additional pension. These policies cover all levels of employee and are applied in support of efficient organisational change and transformation linked to the need for efficiencies and expenditure reduction. Details of the Council's policies are attached as Appendix 3.
- 22 It is anticipated that the government will implement the Repayment of Public Sector Exit Payment Regulations from 1st April 2016. The Regulations will introduce new measures to allow public sector exit payments to be recouped where high earning individuals are re-employed within the public sector within 12 months. Final details have yet to be published, however the Council will ensure that appropriate policies and procedures are introduced to advise employees of the recovery rules and to take action to recover exit payments where the Regulations require it.
- 23 The Council will retain the flexibility to respond to unforeseen/exceptional circumstances as regards re-employing former local government and other

public sector employees. If the Council were to re-employ a previous local government/public sector employee who had received a redundancy or severance package on leaving, or who was in receipt of a pension covered by the Redundancy payments (Continuity of Employment in Local Government Modification order 1999, known as the Modification Order) (with the same or another authority); then the Council's policy is to ensure that the rules of the Modification Order and the anticipated Repayment of Public Sector Exit Payment Regulations are applied. In addition the council will ensure that an open and fair selection process has taken place before any appointment is confirmed. The same principle would be applied to such a person if they were to be engaged by the Council on a "contract for services" basis.

**24 New starters joining the Council**

Employees new to the Council will normally be appointed to the first point of the salary scale for their grade. Where the candidate's current employment package would make the first point of the salary scale unattractive (and can be demonstrated by the applicant in relation to current earnings) or where the employee already operates at a level commensurate with a higher salary, a different starting salary point within the grade may be considered by the recruiting manager. The candidate's level of skill and experience should be consistent with that of other employees in a similar position on the salary scale within the grade.

**25 Use of consultants, contractors and interim or temporary staff**

The Council always seeks to fulfil of its obligation to secure value for money in the employment of its own staff and those who carry our work on its behalf. Employees will be employed directly by the Council in most circumstances; where particular circumstances deem it necessary, people may be employed through personal service companies, external agencies or the internal Temporary Employment Agency (TEA). When this situation arises the Council will give detailed consideration to the benefit of doing so and will ensure value for money is achieved. Such arrangements will require prior approval by the Chief Strategy Officer or Chief Operations Officer after consultation with the HR Service Lead and Chief Financial Officer

**26 Relationship between remuneration of "Chief Officers" and "employees who are not Chief Officers".**

This relates to the ratio of the Council's highest paid employee (falling within the definition of "Chief Officers") and the median average earnings across the whole workforce as a pay multiple. By definition, the Council's highest paid employee is the Chief Executive.

The median average pay has been calculated on all taxable earnings for the financial year 2015 - 2016, which includes basic salary and any contractual allowances/payments.

<b>Highest paid employee</b>	<b>£166,786</b>
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<b>Median FTE salary</b>	<b>£25,440</b>
<b>Ratio</b>	<b>6.6:1</b>

The median salary was calculated on 27<sup>th</sup> November 2015 using pay data for all permanently employed staff

## RESOURCE IMPLICATIONS

### Capital/Revenue

27 None

### Property/Other

28 None

## LEGAL IMPLICATIONS

28 The publication of an annual Pay Policy is required under the Localism Act 2011

### Other Legal Implications:

29 None

## POLICY FRAMEWORK IMPLICATIONS

30 None

### KEY DECISION n/a

<b>WARDS/COMMUNITIES AFFECTED:</b>	none
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## SUPPORTING DOCUMENTATION

### Appendices

1.	SMG Pay Rates: Chief Officer Pay Structure
2.	SCC Main Pay scale (with Living Wage adjustment)
3.	Policies: Severance Payments

### Documents In Members' Rooms

1.	None
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### Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	<b>No</b>
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### Privacy Impact Assessment

Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	<b>No</b>
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